

REGISTERED
by Methodology Management
of the Legal Department
No. ____ dated _____, 2020

Appendix No. ____
to the Resolution of the
Board of JSCB
Uzsanoatqurilishbank
No. ____ dated _____, 2020

Internal Control policy of JSCB Uzsanoatqurilishbank

I. GENERALITIES

This policy is 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", the Regulation "On requirements to internal regulatory documents of commercial banks by the Central Bank" (Reg. No.: 916 dated 05.04.2000), the Law of the Republic of Uzbekistan "On joint-stock companies and protection of shareholders' rights", the Decree of the President of the Republic of Uzbekistan dated April 24, 2015 No. PD-4720 "On measures to introduce modern methods of corporate governance in joint-stock companies", The regulation "On corporate governance in commercial banks" (Reg. No.: 943, July 5, 2000), improving the efficiency of joint-stock companies and improving the corporate governance system were developed in accordance with the corporate governance Code and other regulatory legal acts approved by the minutes of the meeting of the Government Commission dated February 11, 2016 No.02-02/1-187.

This internal regulatory document establishes the procedure for effective internal control in the system of ATB "Uzsanoatkurilishbank" (hereinafter - the **Bank**), as well as the responsibility of persons and structural divisions responsible for internal control.

1. For the purposes of this Regulation the following basic concepts are used:

Internal control - the Bank considers a continuous business process aimed at improving the effectiveness of the risk management process, further optimizing control and corporate governance, as well as ensuring the achievement of set goals, and includes the following:

Ensuring the efficiency and productivity of business operations, as well as making a profit while maintaining the integrity of assets;

reliability and accuracy of financial statements;

compliance with legal acts on banking activities and internal regulations of the Bank;

internal control system - a set of activities organized and implemented by the Bank's Board, management and other employees at all levels in the implementation of management policies and procedures, the distribution of responsibilities and powers, the procedure for conducting audits and monitoring daily operations;

internal control procedures - It aims to identify violations of legislation in the financial-economic activities of the Bank and in order to achieve the intended purpose, the implementation of internal control for assessing the efficiency of economic activities of the company, of the Board, the audit Committee of the Supervisory Board, the audit Committee of the Bank.

2. The main goal of implementing an effective internal control system in the Bank is to ensure the rights and legitimate interests of all shareholders, including minority shareholders.

3. Internal control is used to ensure the following:

Rational and efficient use of banking resources, integrity of assets;

Compliance with current legislation and internal regulations of the Bank in banking activities;

Achieving the indicators set out in the Bank's business plan;

Information about the Bank's management, Financial statements, as well as the accuracy and completeness of accounting statements;

Identification and analysis of risks in banking operations;

Risk management and planning of banking activities, as well as timely adoption of appropriate decisions on their management;

Compliance with the requirements of legislation on preventing risks related to fraud and combating the legalization of proceeds from crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction;

Maintain the Bank's reputation among clients and partners and further improve it.

II. PRINCIPLES OF THE INTERNAL CONTROL SYSTEM

4. The Bank's internal control system is based on the following principles:

Continuous workflow - the constant and necessary level of functioning of the internal control system allows the Bank to timely identify circumstances that contradict the norms established by the current legislation, and be aware of their further occurrence;

accountability of all participants in the internal control system - the quality of performance of the control function assigned to each person is controlled by another participant in the internal control system;

distribution of liabilities - The Bank seeks to avoid duplication of control functions, in which the approval of individual operations with assets, their maintenance and transfer of inventory should not be carried out by a single employee;

approval and adoption of the transactions to the extent necessary - The Bank establishes the procedure for approving all financial and economic operations within the powers granted to them by the relevant persons;

responsibility for the implementation of control functions to the extent that all subjects of the internal control system operating in the Bank are subject to;

all structural divisions of the Bank exercise joint internal control;

continuous development and improvement - increasing the flexibility of the internal control system as well as implementing operational solutions to new problems and shortcomings of the existing system.

III. COMPONENTS OF THE INTERNAL CONTROL SYSTEM

5. The internal control system includes the following interrelated components:

Control environment - in-depth knowledge of the Bank's employees, management policies, the way management allocates authority and responsibility, the structure of the Bank and the training of its employees, as well as coverage of management issues and management methods of the Bank's management Board;

risk assessment - identification and interrelation of various levels analysis of risks associated with achieving internal goals;

control action — a set of generalized policies and procedures that help guarantee the implementation of activities such as approval, authorization,

verification, monitoring of current activities, guaranteeing the distribution of assets and authority, and implementing management guidelines;

activities to provide information and exchange of information - this is an activity to ensure the implementation of internal control policies and procedures by all the Bank's internal control entities through timely and effective identification, registration and mutual exchange of information, as well as the creation of effective communication channels. The Bank takes the necessary measures to protect against unauthorized access to information;

monitoring – continuous monitoring process to assess the performance of the internal control system based on the results of the internal control system in banking, identify shortcomings, develop proposals and implement decisions. The internal control system is evaluated in order to identify errors that affect the reliability of financial statements and ensure the fulfillment of tasks assigned to the internal control system.

6. The Bank's management should create an organizational structure that will become the basis for planning, executing, controlling and monitoring its activities, and determine the main areas of responsibility of the organizational structure. Individual responsibility for the internal control system in accordance with the principle of "three lines of defense", the first line is the internal audit service, which reports to the management Board - managers and employees engaged in current operational activities, the second line - business coordination, compliance support units, and the third line.

VI. BODIES AND PERSONS RESPONSIBLE FOR INTERNAL CONTROL

7. Internal control is carried out within its competence by the Bank's Board, the audit Commission, the Bank's management, the internal audit Department, the internal control Department, as well as by the Bank's employees who are responsible for internal control at all other levels.

8. The functions, rights and obligations of the bank's structural divisions are determined by the bank's internal regulations and regulations on structural divisions. These documents, as well as other documents that directly or indirectly affect internal control issues, may not contradict this regulation.

9. Internal control in ensuring system control of financial and economic activities of the bank is carried out by the internal audit service and the audit commission of the bank together with other structural divisions.

10. The functions of the Bank's Board in the process of internal control include:

approval of the strategy and specific operations of the internal control system and identification of development directions;

Reporting on the results of evaluation and analysis of the effectiveness and reliability of the internal control system at the General meeting of shareholders based on information regularly provided by the Bank's management, internal and external audit, the audit Commission, as well as their own observations. At the same time, the internal control system will be evaluated in terms of financial control, operational control, compliance of operations with legislation and control of internal regulatory documents;

continuous improvement of internal control processes.

11. The audit Committee of the Bank's Board of Directors is Responsible for organizing control over the accuracy and effectiveness of the Bank's internal control system and the accuracy and completeness of financial statements.

12. The risk management Committee submits a report and recommendations to the Supervisory Board on the results of its activities to ensure effective oversight of the risk management system.

13. The bank's management board is responsible for compliance with the internal control policy approved by the bank's board. The bank's management implements and ensures the effective operation of the internal control system, as well as informs the board in a timely manner about all risks in the bank, existing deficiencies in the internal control system and measures developed to eliminate them.

14. The internal audit service is responsible for continuous monitoring of compliance with the legislation of the republic of uzbekistan and the bank's charter, the completeness and reliability of accounting and financial statements, as well as the correctness of the internal control processes of operations carried out by the Bank and its branches.

15. The internal audit Service provides independent assessments and advice on the functioning of the internal control system. The role, goals, tasks and powers of the internal audit Service, the responsibility of officials and employees for late submission of documents and materials for evaluating financial and economic activities are determined by the Regulation "on the internal audit Department of JSCB Uzsanoatqurilishbank.

16. The internal control Department performs final control over compliance with the Bank's internal regulatory documents in the field of risk management and control and the procedures stipulated by them. It also analyzes, identifies and controls the risk of new products introduced by the Bank, as well as participates in the development of internal regulatory documents in terms of risk reduction.

17. The risk management Department should assess risks in banking practices and inform the Board and Management of the main issues related to risk management.

18. The accounting and financial management Department is responsible for providing financial statements, as well as developing, implementing and monitoring the reporting system.

19. Each employee of the Bank (including managers) is directly involved in the development of the strategy and procedure for internal control within their competence.

The proper functioning of the internal control system also depends on the professional qualifications of the Bank's employees. Therefore, the Bank should pay attention to the effective implementation of the incentive system through the selection, recruitment, professional development, retraining and advanced training of employees.

V. INTERNAL CONTROL PROCESSES AND METHODS

20. The internal control processes in the banking system include:

defining relationships at different levels of Bank management, goals and objectives that do not negate each other;

identification and operational analysis of potential financial, operational, strategic and other risks that may hinder the Bank's goals;

assessment of important internal control components;

evaluating the effectiveness of the internal control system in business processes;

defining criteria and evaluating the effectiveness of the Bank's officials and other employees, as well as structural divisions;

comparison of financial and other information with the results of previous relevant periods and expected performance;

using appropriate accounting methods for events, transactions, and transactions;

check the integrity of the asset;

proper documentation of internal control processes;

systematic assessment of the quality of the internal control system;

Informing all employees of the Bank of their responsibilities in the field of internal control;

distribution of responsibilities among the Bank's employees (as well as confirmation of transactions, record keeping, maintaining the integrity of assets, checking and analyzing transactions);

approval and execution of transactions only by persons who have the appropriate authority;

other methods necessary to achieve internal control goals.

21. On the basis of this Regulation, the Bank's internal control body interacts with the Bank's Board, the General meeting of shareholders and the Bank's shareholders.

VI. FINAL PROVISIONS

22. This policy, as well as all amendments and additions to it, are approved by the resolution of the Bank's Board and take effect from this date.

<i>Introduced:</i>		
Interim Director of the internal control Department		O.Ikromov
<i>Agreed</i>		
Director of the risk management Department		Z.Usmanov
Director of the internal audit Department		F.Ruziyev
Head of the methodology Department of the legal Department		S.Nizametdinov