

“APPROVED”

**by the General Meeting of Shareholders
of “Kapitalbank” JSCB dd. June 27, 2018**

(Minutes no. 1/2018)

Chairman of the Council of the Bank

F.Kh. Otakhonov

**REGULATIONS
On the Audit Committee of “Kapitalbank”
Joint-Stock Commercial Bank**

Tashkent - -2018

I. GENERAL PROVISIONS

1. These Regulations are developed in accordance with the laws of the Republic Uzbekistan “On Banks and Banking Activities”, “On Joint-Stock Companies and Protection of Shareholders' Rights” (new edition), Regulations on Corporate Governance in Commercial Banks, approved by the Central Bank of the Republic of Uzbekistan dated June 24, 2000 No. 472, registered by the Ministry of Justice of the Republic of Uzbekistan on July 5, 2000 with No.943 and other regulatory acts, as well as the Charter and the Corporate Governance Code of "Kapitalbank" JSCB (hereinafter - the "bank").

2. These Regulations determine the composition, functions, and authorities of the Audit Committee of the bank, the order of its establishment, operation and interaction with governing bodies of the bank.

II. AUDIT COMMITTEE LEGAL STATUS

3. The Audit Committee is a body of the bank that performs the functions of internal control over the financial and economic activities of the bank.

4. In its activities, the Audit Committee is guided by the Constitution of the Republic of Uzbekistan, the Civil Code of the Republic of Uzbekistan, and laws of the Republic Uzbekistan “On Banks and Banking Activities”, “On the Central Bank of the Republic of Uzbekistan”, “On Stock Market”, “On Joint-Stock Companies and Protection of Shareholders' Rights” (new edition) and other regulatory acts, as well as the Charter of the bank and other internal documents of the bank related to activities of the Audit Committee and members thereof.

III. AUDIT COMMITTEE COMPOSITION

5. The Audit Committee shall be elected by the General Meeting of Shareholders. A vote is held separately for each candidature for membership in the Audit Committee.

6. Decision on inclusion of a specific person to the Audit Committee Composition requires a majority vote of voting shares holders participating in the General Meeting of Shareholders. Shares owned by the members of the Council of the Bank or persons holding position in governing bodies of the bank shall not participate in the vote when electing the Audit Committee members .

7. The number of members of the Audit Committee shall be determined by the Charter of the bank. The Audit Committee shall be elected for a period of one year with a right of re-election of its members upon the decision of the General Meeting of Shareholders. However, the same person shall not be elected to the Audit Committee of the same company more than three consecutive times.

8. The Audit Committee members shall not simultaneously be members of the Council and the Board of the Bank, occupy other positions in the bank’s governing bodies as well as work under an employment agreement in the bank.

9. Authority of the Audit Committee members can be terminated early by the General Meeting of Shareholders.

The following qualification requirements are set for the Audit Committee members:

- higher vocational education, at least 3 years of work experience in economics, finance and law;
- secondary vocational education, at least 5 years of work experience in economics, finance and law.

10. Monthly remuneration of the Chairman of the Audit Committee is fixed in the amount equal to 10 times the minimum wage amount, established in the Republic of Uzbekistan.

Monthly remuneration of the Audit Committee members is fixed in the amount equal to 8 times the minimum wage amount, established in the Republic of Uzbekistan.

Remuneration for the month ended shall be paid to the chairman and members of the Audit Committee not later than the fifth day of the following month.

In the event a new member is introduced into the composition of the Audit Committee or a member of the Audit Committee leaves the Audit Committee, the remuneration amount shall be calculated based on actual calendar days of a member’s stay in the Audit Committee of the Bank.

When calculating the remuneration to the chairman and members of the Audit Committee of the bank, minimum wage amount on the date of remuneration is used.

IV. AUDIT COMMITTEE FUNCTIONS

11. The audit of financial and economic activities of the bank shall be conducted following the results of activities for a year or another period upon the initiative of the Audit Committee, the General Meeting of Shareholders, the Council of the Bank or upon a request of a shareholder(s), who owns at least 5 (five) percent of the voting shares of the Bank, by prior notification of the Council of the Bank.

Following the results of the audit of financial and economic activities of the bank, the Audit Committee draws up an opinion, where the following shall be stated:

assessment of reliability of data contained in statements and other financial documents of the bank;

information on acts of infringement of accounting records maintenance and financial statements presentation as well as violation of laws when conducting financial and operating activities.

12. When performing its functions, the Audit Committee shall make the following:

check the reliability of financial information prepared by the bank;

prepare an independent opinion on overall financial position of the bank and

report on the Audit Committee performance to inform shareholders of the bank on the General Meeting of Shareholders or prior to it;

check the legitimacy of agreements signed on behalf of the bank, deals closed, settlements with counterparties;

check business and production activities for compliance with established rules, regulations and etc.;

analysis of bank's financial position, capacity to meet its liabilities, assets liquidity, debt to equity ratio, identification of reserves for economic performance improvement and development of recommendations for the governing bodies of the bank;

check for promptness and correctness of tax (budget) payments, settlements of other liabilities;

check for correctness of preparation of bank's balance, reporting documents for tax, statistical and government authorities;

analysis of accounting and statistical records for compliance with current regulations, if necessary, with reference to original accounting documents;

check for validity of decisions made by the Council of the bank or the Board of the bank, their compliance with the Charter of the bank, provisions on the Council of the bank and Board of the bank as well as with decisions of the General Meeting of Shareholders;

analysis of decisions made by the General meeting of Shareholders, offers related to amendments thereof in case of conflicts with legislation or other laws and regulations of the Republic of Uzbekistan;

in accordance with Regulations on Internal Control of "Kapitalbank" JSCB, the Audit Committee of the bank is a permanent body of internal control and is responsible for exercising control over the financial and economic activities of the bank and its separate subdivisions.

V. AUDIT COMMITTEE RIGHTS

13. In order to properly perform its functions, the Audit Committee shall have right to:

receive documents regarding financial and economic activities of the bank, necessary for its operations including Minutes of meetings of the Board of the bank upon written request from persons holding positions in bank's governing bodies;

materials study of which corresponds to the functions and authorities of the Audit Committee. The specified documents and materials shall be submitted to the Audit Committee within 3 (three) days after written request;

upon the written request, to convene an extraordinary General Meeting of Shareholders and the Council of the bank in accordance with the procedure set out in the Charter of the bank. Decision to refuse to convene an extraordinary General Meeting of Shareholders upon the request of the Audit Committee can be made in cases stipulated by legislation in force;

to require personal explanation from employees of the bank, including any executives, regarding matters falling within the competence of the Audit Committee;

to raise a questions of liability of bank's employees, including executives, for violation of current legislation and internal regulations of the bank with governing bodies of the bank, its departments, units, branches and representative offices.

VI. DUTIES OF THE AUDIT COMMITTEE AND ITS MEMBERS

14. Principal duties of the Audit Committee are the following: to check the reliability of financial information prepared by the bank, to prepare independent opinion on overall financial position of the bank and report on the Audit Committee performance to inform shareholders of the bank on the General Meeting of Shareholders or prior to it;

15. When conducting an audit, members of the Audit Committee shall thoroughly study all documents and materials related to audit subject. Members of the Audit Committee are liable for false conclusions in accordance with current legislation.

16. When during the term of authorities granted, a member of the Audit Committee ceases to perform its functions, he/she is obliged to notify the Council of the Bank of this fact one month prior to the termination of his (her) work in the Audit Committee. In this event, the General Meeting of Shareholders during its next meeting shall replace the member of the Audit Committee.

17. The Audit Committee shall:

promptly bring to notice of the General Meeting of Shareholders, the Council of the bank, the Board of the bank results of audits and checks in written reports, memorandums, statements at meetings of the governing bodies of the bank;

keep commercial secret, not to disclose information which is confidential and which members of the Audit Committee have access to in performance of their functions;

require authorized bodies to convene the extraordinary General Meeting of Shareholders in the event of credible threat to interest of the bank or when abusive practices among executives were detected;

use results of independent annual audit and materials of Internal Audit Department.

18. The Audit Committee submits the Council of the bank opinion on annual reports and balances in accordance with the rules and procedures for maintaining financial statements and accounting reports. Without Committee's opinion, the General Meeting of Shareholders shall have no right to approve balance.

19. Members of the Audit Committee shall be present at the General Meeting of Shareholders and shall answer questions of its participants.

20. The Audit Committee shall quarterly submit the meetings of the Council of the Bank an opinion on transactions with Affiliates or major deals of the bank as well as on compliance with requirements of legislation and internal documents of the bank for such transactions performance. An opinion containing information set out in the clause 11 of these Regulations shall be heard during the annual General Meeting of Shareholders.

VII. AUDIT COMMITTEE SESSIONS

21. The Audit Committee shall make decisions regarding all matters during its sessions. Sessions of the Audit Committee shall be held according to the established plan prior to the beginning of an audit or following its results. A member of the Audit Committee shall have right to request to convene an emergency session of the Committee when violations requiring immediate decision of the Audit Committee were detected.

22. A session of the Audit Committee shall be deemed valid if at least 2 (two) members of the Audit Committee are present.

23. Each member of the Audit Committee shall have only one vote. Acts and opinions of the Audit Committee shall be approved by simple majority of the votes present at the meeting. When votes divide equally, the vote of the Chairman of the Audit Committee is decisive.

In the event members of the Audit Committee disagree with the decision of the Committee, they shall have right to record special attention in the report of the session and bring it to notice of the Board and the Council of the bank and the General Meeting of Shareholders.

24. The Audit Committee shall elect a chairman and a secretary among its members.

The Chairman of the Audit Committee:

shall convene and held sessions;

shall organize routine work of the Audit Committee; present it during Meetings of the Board and Council of the Bank, General Meeting of Shareholders;

shall sign documents issued on behalf of the Committee. shall arrange for maintenance of minutes of Committee's meetings;
shall bring acts and opinions of the Audit Committee to recipients;
shall sign documents issued on behalf of the Committee.

VIII FINAL PROVISIONS

25. These Regulations as well as amendments and additions thereto shall be approved by the General Meeting of Shareholders.

Introduced by:

Director of Legal Service Department

M.D.Samandarov

Agreed by:

Chairman of the Board

K.A. Olimov

