

«APPROVED»

**by the General Meeting of Shareholders
of “Kapitalbank” JSCB
as of December 30, 2019**

(Minutes №4/2019)

Chairman of the meeting

Signature M.A. Abdusamadov

Round seal:

*Republic of Uzbekistan, Tashkent city,
Joint-stock commercial bank KAPITALBANK*

**REGULATION ON THE AUDIT COMMITTEE
OF “KAPITALBANK” JSCB
(new wording)**

Tashkent – 2019

I. GENERAL PROVISIONS

1. Current Regulation on the Audit Committee of “Kapitalbank” JSCB (hereinafter referred to as the “Regulation”) has been developed in compliance with the Civil Code of the Republic of Uzbekistan, the laws of the Republic of Uzbekistan “On the Central Bank of the Republic of Uzbekistan” (new wording), “On banks and banking activity” (new wording), “On joint-stock companies and protection of shareholders’ rights” (new wording) and other statutory acts of the legislation of the Republic of Uzbekistan (hereinafter referred to as the “legislation”) as well as the Charter of “Kapitalbank” JSCB, Corporate Governance Code and other local acts of “Kapitalbank” JSCB.

2. The Regulation determines the composition, functions, powers of the Audit Committee of the bank, the procedure for its formation, performance and interaction with the bank governing bodies.

II. LEGAL STATUS AND COMPETENCE OF THE AUDIT COMMITTEE OF THE BANK

3. The Audit Committee is the bank’s authority that exercises the functions of internal control over the financial and economic activities of the bank.

An examination of the financial and economic activities of the bank is implemented in reliance upon the performance for a year or another period at the initiative of the Audit Committee, the General Meeting of Shareholders, the Supervisory Board of the bank or at the request of a shareholder (shareholders) who own at least five percent of the bank’s voting shares by prior notice to the Supervisory Board of the bank.

In reliance upon the examination results of the financial and economic activities of the bank, the Audit Committee of the bank compiles a report, which should contain:

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

information on violations of the accounting and presentation of financial statements, as well as legislation in the implementation of financial and economic activities.

In addition, the bank’s Audit Committee maintains a separate register of transactions with persons affiliated with the bank and on the quarterly basis submits to the meeting of the bank’s Supervisory Board a conclusion on the existence of transactions with affiliated persons or major transactions in the bank, as well as compliance with the requirements of legislation and local acts of the bank for such transactions.

4. In its performance the bank’s Audit Committee is guided by the Constitution of the Republic of Uzbekistan, the Civil Code of the Republic of Uzbekistan and the Laws of the Republic of Uzbekistan “On banks and banking activities” (new wording), “On the central bank of the Republic of Uzbekistan” (new wording), “On the Securities market” (new wording), “On joint-stock companies and protection of shareholders’ rights” (new wording), normative statutory acts and orders of the Central Bank of the Republic of Uzbekistan, as well as other legislative acts, the Charter of the bank and other local acts of the bank.

III. COMPOSITION OF THE AUDIT COMMITTEE

5. The Audit Committee is elected by the General Meeting of Shareholders of the bank. Voting performed separately for each candidate for membership of the Audit Committee.

6. The decision to include a certain person in the Audit Committee is made by a majority of votes of the owners of the bank’s voting shares participating in the General Meeting of Shareholders. Shares owned by members of the Bank’s Supervisory Board or by persons holding positions in the bank’s governing bodies cannot vote when electing members of the Audit

Committee.

7. The number of members of the Audit Committee is determined by the Charter of the bank. The Audit Committee is elected for a term of one year with the right to re-elect its members by decision of the General Meeting of Shareholders of the bank. Moreover, the same person may not be elected to the Audit Commission of the same company more than three times in row.

8. The members of the Audit Committee cannot simultaneously be members of the Supervisory Board of the bank, hold other positions in the governing bodies of the bank, and may also work under the employment contract (agreement) in the bank.

9. The powers of the members of the Audit Committee may be pre-schedule terminated by the General Meeting of Shareholders of the bank.

The following qualification requirements are submitted to members of the bank's Audit Committee:

- presence of higher professional education, work experience in the field of economics / financial institutions / law for at least a three-year period;
- presence of secondary vocational education, work experience in the field of economics / finance / law for at least a five-year period.

10. The monthly remuneration to the Chairman of the Audit Committee is fixed in the amount equal to 10 times the basic calculation amount established in the Republic of Uzbekistan.

The monthly remuneration to the members of the Audit Committee is fixed in the amount equal to 8 times the basic calculation amount established in the Republic of Uzbekistan.

Remuneration is paid to the chairman and members of the Audit Committee of the bank for the past month not later than the fifth day of the following month.

In case a new member is included in the bank's Audit Committee or a member of the bank's Audit Committee exits the bank's Audit Committee, the amount of remuneration shall be calculated based on the actual calendar days of a member's performance in the bank's Audit Committee.

When calculating the remuneration to the chairman and members of the Audit Committee of the bank, there is used the value of the basic calculation amount that was effective on the date of the remuneration calculation.

IV. FUNCTIONS OF THE AUDIT COMMITTEE

11. An examination (audit) of the financial and economic activities of a bank is implemented in reliance upon the results of activities for a year or another period at the initiative of the Audit Committee, the General Meeting of Shareholders, the Supervisory Board of the bank or at the request of a shareholder (shareholders) who owns less than 5 (five) percent voting shares of the bank by prior notice to the Supervisory Board of the bank.

Based on the results of the examination of the financial and economic activities of the bank the bank's Audit Committee compiles a report which should contain:

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

information on violations of the accounting and presentation of financial statements, as well as legislation in the implementation of financial and economic activities.

12. In performing its functions, the Audit Committee shall perform:

verification of the financial information accuracy prepared by the bank;

preparation of an independent opinion on the general financial position of the bank and a report on the results of the work of the Audit Committee for informing the bank's shareholders at or before the bank's General Meeting of Shareholders;

preparation of an independent opinion on the general financial position of the bank and a report on the results of the work of the Audit Committee for notifying the bank's shareholders at the General Meeting of Shareholders or before it;

verification of the legitimacy of concluded contracts on behalf of the bank, transactions made, settlements with counterparties;

verification of compliance with financial, economic and industrial activities of established standards, rules, etc.;

analysis of the financial position of the bank, its solvency, liquidity of assets, the ratio of own and borrowed funds, identifying reserves for improving the economic condition and making recommendations for the bank's governing bodies;

checking expediency and accuracy of making payments to the budget, repayments of other obligations;

verification of the accuracy of compiling the balance sheets of the bank, reporting documents for the tax inspectorate, statistical authorities, public administration authorities;

analysis of the compliance of accounting and statistical accounting with existing regulations, if necessary, with reference to the primary accounting documents;

verifying the accuracy of decisions made by the bank's Supervisory Board or the Executive Board of the bank, their compliance with the bank's Charter, the provisions on the bank's Supervisory Board and the bank's Executive Board, as well as decisions of the General Meeting of Shareholders;

analysis of the decisions of the General Meetings of Shareholders of the bank, making proposals for their amendment in case of discrepancy with the legislation and other statutory acts of the Republic of Uzbekistan;

in compliance with the Regulation on internal control of "Kapitalbank" JSCB, the Audit Committee of the bank represents permanently functioning body of internal control and is responsible for exercising control over the financial and economic activities of the bank and its separate subdivisions.

V. RIGHTS OF THE AUDIT COMMITTEE

13. With the aim of proper exercising of its function, the Audit Committee has the right to: at the written request of the persons holding positions in the bank's governing bodies, receive the documents on the financial and economic activities of the bank necessary for the performance;

materials, which study corresponds to the functions and powers of the Audit Committee. The specified documents and materials are provided to the Audit Committee within 3 (three) days after their written request;

upon written request, convene an extraordinary General Meeting of Shareholders and the Supervisory Board of the bank according to the procedure established by the Charter of the bank. The decision to refuse to convene an extraordinary General Meeting of Shareholders of the bank at the request of the Audit Committee may be made in cases stipulated by applicable;

demand personal explanation from bank employees, including any officials, on issues which refer to the competence of the Audit Committee;

posing the questions of the responsibility of bank employees, including officials, in case of violation of applicable laws and requirements of local bank acts, to the bank's governing bodies, its subdivisions, services, branches and representative offices.

VI. RESPONSIBILITIES OF THE AUDIT COMMITTEE AND ITS MEMBERS

14. The main responsibilities of the Audit Committee are to verify the accuracy of financial information prepared by the bank, compile an independent opinion on the general financial position of the bank and a report on the results of the commission's performance for reporting to the bank's shareholders at or before the General Meeting of Shareholders.

15. When performing inspections, members of the Audit Committee must carefully examine all documents and materials related to the subject of inspection. The members of the Audit Commission are responsible for inaccurate conclusions in compliance with applicable law

16. If during the effective term of the powers assigned, a member of the Audit Committee ceases to perform his functions, he is obliged to notify the Supervisory Board of the bank about this one month before the termination of his performance in the Audit Committee. In this case, the General Meeting of Shareholders at its next meeting replaces a member of the Audit Committee.

17. The Audit Committee is obliged to:

in due time communicate to the General Meeting of Shareholders, the Supervisory Board of the bank, the Executive Board of the bank the results of audits and inspections in the form of written reports, memos, messages at meetings of the bank's governing bodies;

observe commercial secrets, do not disclose confidential information and bank secrets to which members of the Audit Commission have access in the performance of their functions;

require competent authorities to convene an extraordinary General Meeting of Shareholders in the event of a real threat to the interests of the bank or the identification of abuses committed by officials;

use the results of the independent annual audit and materials of the internal audit service.

18. The Audit Committee submits a conclusion on annual reports and balances to the General Meeting of Shareholders of the bank in compliance with the rules and procedures for maintaining financial statements and accounting. The General Meeting of Shareholders has no right to approve the balance without this conclusion.

20. On the quarterly basis the Audit Committee submits to the meeting of the bank's Supervisory Board a conclusion on the availability of transactions with affiliates or major transactions in the bank, as well as compliance with legal requirements and internal documents of the bank for such transactions. The conclusion containing the information specified in clause 11 of this Regulation is heard at the annual General Meeting of Shareholders of the bank.

VII. MEETING OF THE AUDIT COMMITTEE

21. The Audit Committee resolves all issues at its meetings. Meetings of the Audit Committee are held according to the approved plan, as well as before the start of the inspection or audit and according to their results. A member of the Audit Committee may require the convening of an extraordinary meeting of the commission in case of violations that require the urgent resolution of the Audit Committee.

22. A meeting of the Audit Committee is considered legally competent in case of presence of at least 2 (two) members of the Audit Committee.

23. Each member of the Audit Committee has one vote. The acts and conclusions of the Audit Committee are established by a simple majority of votes present at the meeting. In case of equality of votes, the vote of the Chairman of the Audit Committee is decisive.

24. In case of disagreement with the decision of the Committee, the members of the Audit Committee have the right to record particular attention in the minutes of the meeting and communicate it to the Executive Board of the bank, its Supervisory Board and the General Meeting of Shareholders.

25. The Audit Committee shall elect a chairman and a secretary from among its members.
The chairman of the Audit Committee:
convenes and holds meetings;
arranges the ongoing performance of the Audit Committee; represents it at meetings of the Executive Board of the bank, its Supervisory Board and the General Meeting of Shareholders;
signs documents coming out on its behalf.
Secretary of the Audit Committee:
arranges handling the minutes of its meetings;
communicates the acts and conclusions of the Audit Committee to the addressees;
signs documents coming out on its behalf.

XII. VIII. FINAL PROVISIONS

26. This Regulation, as well as alterations and additions thereto, are approved by the General Meeting of Shareholders.

Developed:

Corporate Consultant	<i>signature</i>	A.S. Khudayberganov
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Agreed:

Director of the Risk Management Department	<i>signature</i>	T.V. Kan
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Acting Director of the Internal audit Department	<i>signature</i>	A.S. Kariev
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Director of Legal Service Department	<i>signature</i>	V.V. Pachurin
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