**"Approved»**

**Decision of Management Board of JSCB «Turonbank»**

**Dated February 3, 2020, No. 14 / 3**

**№771**

**REGULATION ON " THE COMMITTEE FOR CONTROL OVER BANKING RISKS" OF JSCB" TURONBANK"**

**1. General provisions**

1.1. This Regulation has been developed in accordance with the Laws of the Republic of Uzbekistan No. ZRU-582 dated November 11, 2019 "On the Central Bank of the Republic of Uzbekistan", No. ZRU-580 dated November 5, 2019 "On Banks and Banking Activities", with the resolutions of the President of the Republic of Uzbekistan No. PP-4071 dated December 21, 2018 "On measures to ensure financial Stability, increase the efficiency of activities and improve the credit policy of commercial Banks" and No. PP-3270 dated September 12, 2017 "On measures to further develop and increase the Stability of the Banking System of the Republic", the Regulation "On Corporate Governance in Commercial Banks", registered by the Ministry of Justice of the Republic of Uzbekistan, with regulatory documents of the Central Bank of the Republic of Uzbekistan and internal regulatory documents of joint - stock commercial Bank Turonbank (the "Bank").

1.2. These Regulations define the goals, objectives, functions and status of the Banking Risk Supervision Committee and determine the procedure for the Committee's work, decision-making on the issues discussed, and interaction with the Bank's Management Board and Council.

1.3. The Banking Risk Supervision Committee is a collegial advisory body of the bank, which in its activities is guided by the legislation of the Republic of Uzbekistan, regulatory acts of the Central Bank of the Republic of Uzbekistan, the Bank's Charter, decisions of the General Meeting of Shareholders, the Bank's Council, the Bank's" Banking Risk Management Policy " and recommendations of international committees.

1.4. The Banking Risk Supervision Committee reports directly to the Bank's Board of Directors and is accountable to it.

2. Goals and objectives of the Banking Risk Supervision Committee

2.1. The main purpose of the Banking Risk Supervision Committee (hereinafter referred to as the Committee) is to assist the Bank's Board in meeting the business plan indicators set by the Bank's Board, in ensuring the bank's reliability and stability in the interests of the bank's shareholders, as well as in ensuring prompt measures to prevent possible risks in the interests of depositors and creditors of the bank by monitoring and regulating the process of effective risk management.

2.2. The Committee performs the following tasks:

\* Effective implementation of bank risk management policies to achieve an optimal balance between risk and return on banking operations;

\* Monitoring the state of the bank's assets and risks affecting it, when the bank performs all types of operations;

\* Review relevant measures aimed at preventing banking risks and submit proposals to the bank's board on their implementation.

\* Ensuring and creating conditions for independent activities of the Banking risk management Department.

**3. Functions of the Committee**

3.1. In order to perform the above tasks, the Committee is assigned the following functions::

\* Continuously obtain information and analyze the status of the bank's portfolio of loans and investments, as well as other assets of the bank in terms of risk;

\* Timely identification and assessment of various risks (credit, market, liquid, operational, etc.) that arise during banking operations, and control over the creation of an effective system to reduce the negative consequences that arise from their impact;

\* Review all internal documents related to the bank's risk management policy and submit proposals for their approval to the bank's board, taking into account the situation on the local and global financial markets;

\* Submission to the Bank's Board of Directors for review and approval of internal documents, methods and instructions of the bank for analyzing and evaluating various risks (for example, creditworthiness scoring analysis, liquidity and solvency stress testing, GAP analysis in interest rate risk management, analysis of the imbalance between the volume of assets and liabilities and maturity, etc.);

\* Systematic study of the risk analysis of the loan and investment portfolio and other bank assets based on the above methods and techniques in order to develop and approve proposals for reducing the risk consequences;

\* Approves the following limits for banking operations:

- limits on interbank deposits;

- limits on foreign currencies;

\* Systematic study and monitoring of compliance with signed debt agreements with financial indicators established by international financial organizations, and in case of violation of such requirements by the bank - taking appropriate measures to comply with these requirements and indicators;

3.2. Interaction with the bank's management regarding the organization and functioning of the risk management system.

4. Composition and working procedure of the Committee

4.1. The composition of the Committee is approved by the Bank's Board of Directors. The Committee is composed of at least three (3) members of the Board of Directors.

Member of the Bank's Board Chairman of the Committee

Member of the Bank's board (representative representing the interests of the state) Committee member

Independent member of the Bank's Board Member

4.2. The members of the Committee are appointed by the Bank's Board of Directors, and the Deputy Chairman of the Committee is elected from among the members of the Committee.

4.3. During the period when the Chairman of the Committee is on a work study leave, business trip or vacation, his duties are temporarily performed by the Deputy Chairman of the Committee.

4.4. The term of office of the Committee is determined by the Bank's Board of Directors.

4.5. The schedule of work of the Committee provides for holding meetings in accordance with the work plan, which is drawn up for each year and signed by all its members.The Committee's work plan is approved by the Bank's Board of Directors.

4.6. Meetings of the Committee are considered competent with the participation of all members of the Committee.

4.7. If necessary, the meeting of the committee is held in an extraordinary manner on the basis of::

- on your own initiative;

- request from the Bank's Board of Directors;

- at the request of the Audit Commission or the company's auditor;

- at the request of major (shareholders holding at least 10%) shareholders of the bank;

- At the request of the bank's management;

- If necessary and / or in times of crisis.

4.8. At meetingsКIssues identified in the work plan and raised by the relevant structural divisions of the Committee or the bank are considered by the Sub-Committee.

4.9. Attend meetings if necessaryMembers ofthe Management Board, managers or responsible specialists of the relevant structural divisions of the bank, as well as independent consultants may be invited to participate in the audit.

4.10. Materials on the agenda of the meetingThedecisions of the sub-committee are submitted to its members for consideration not later than two days before the date of the meeting.

4.11. Decisions on the issues under discussion are made by open voting by a simple majority of votes.

4.12. Each meeting is recorded in the appropriate minutes, which must include the date and place of the meeting, the committee members who were present at the meeting, brief information on the issues on the agenda, speeches and decisions taken.

4. 13. The minutes of a meeting of the Committee shall be signed by all its members. In cases of disagreement of any member with the decision taken, the reasons for their disagreement must be indicated without fail.

4.14. The working body of the Committee is the Banking Risk Management Department, the Deputy Director of this Department is the Secretary of the Committee, whose duties include::

• Collection and preparation of working materials for the agenda of committee meetings;

• Familiarization of the committee members with the case materials;

• Preparation of minutes of committee meetings;

\* Making extracts from the minutes of the committee meetings available to all interested departments of the bank;

• Organization of work on proper accounting and storage of documents related to the Committee's activities.

**5. Rights and obligations of the Committee**

5.1. For the effective implementation of the assigned tasks, the Committee has the right to receive all necessary information from the relevant structural divisions of the Bank, including the following::

• Information on the status of the Bank's credit, investment portfolios and other assets thorough analysis of their credit and market risks;

• Analysis of the bank's propensity to interest rate risk (GAP analysis);

\* That the bank is exposed to currency risk;

\* Analysis of the bank's propensity for liquidity risk (analysis of the balance of assets and liabilities by volume and maturity, identification of cash deficits based on the analysis of current charges and receipts of the bank's customers);

\* Analysis of the bank's compliance with limits when performing basic operations.

5.2. The Committee has the following responsibilities::

consideration of all issues raised within the time limits set by the work plan, as well as additional requests received from the bank's structural divisions;

report every six months to the bank's board of Directors on the work done.

6. Responsibility of the Committee:

6.1. Members of the Committee are liable to the Board and Shareholders of the Bank for improper performance of their duties.

Submitted by:

Acting Director

Department of Management

banking risks D. G. Gayratov