**Registered "Approved»**

**Under the number 868 Based on decision of Management board of JSCB «Turonbank» Dated December 23, 2020, No. K-91 №771**

**POSITION**

**ABOUT THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

**JSCB TURONBANK"**

This Regulation has been developed in accordance with the Law of the Republic of Uzbekistan "On Auditing Activities", the Regulation "On Central Bank requirements for Internal Audit of Commercial Banks", registered with the Ministry of Justice on April 20, 2004 No. 992-1, the Regulation "On Corporate Governance in Commercial Banks", registered with the Ministry of Justice on June 6, 2020 No. 3254, the Charter of JSCB “Turonbank” and other regulatory acts.

This regulation, which contains the main tasks, functions, rights and obligations, responsibilities of the Audit Committee of the Board of Directors of JSCB “Turonbank” (hereinafter referred to as the" Audit Committee"), as well as other responsibilities related to the activities of the Committee, is a fundamental official document in the activities of the Audit Committee.

**I. GENERAL PROVISIONS**

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

**The Audit Committee** is a structural unit that, after reviewing the internal audit reports and drawing its conclusions on the bank's activities, makes recommendations to the Bank's Board of Directors in order to organize and maintain an appropriate internal control system.

**Internal Audit Service** (hereinafter referred to as the " Audit Service”)-this is an independent expert examination conducted by the bank to check and evaluate the bank's activities in order to assist the bank's employees in the effective performance of their official duties. The main purpose of internal audit is to assist the Board and Management of the Bank in achieving the objectives of the bank's activities by providing the internal audit service with objective analysis, assessment, recommendations and information on the control and results of the bank's activities.

**II. COMPOSITION OF THE AUDIT COMMITTEE AND ITS REQUIREMENTS**

2. The Audit Committee should be formed from among the members of theBank's Board of Directors in order to organize and maintain an appropriate internal control system. The majority of the Committee members should not be affiliated persons of the bank, except for their membership in the Board of Directors. The Chairman of the audit committee should not be the Chairman of the Board.

3. The Chairman and members of the Audit Committee are approved by the Bank's Board of Directors on the recommendation of the Chairman of the Bank's Board, by its decision. Members of the Bank's Board of Directors who are members of the Audit Committee may not be appointed as members of other Board committees responsible for the bank's activities.

4. The Chairman of the Audit Committee may also be elected by the members of the Committee by mutual agreement by submitting their proposals to the Bank's Board in writing. At the same time, based on the submitted proposal, the Chairman of the Audit Committee is appointed on the basis of a decision of the Bank's Board.

5. The Audit Committee consists of 3 members of the Board of Directors.

6. The structure of the Audit Committee is as follows:

Chairman of the Audit Committee - 1;

Members of the audit committee-2 persons.

7. Members of the Audit Committee must have a higher education and sufficient work experience to perform the tasks and organize the activities of the audit service. At least one member of the Audit Committee must have 5 years of experience in the field of financial reporting and accounting or auditing.

8. In its activities, the Audit Committee is guided by the laws of the Republic of Uzbekistan, decrees and resolutions of the President of the Republic of Uzbekistan, resolutions of the Cabinet of Ministers, regulatory acts of the Central Bank of the Republic of Uzbekistan, the Charter of JSCB “Turonbank” and decisions of the Bank's Council, as well as other legislative and subordinate regulatory documents.

9. The Audit Committee reports to and is accountable to the Bank's Board of Directors.

**II. MAIN TASKS OF THE AUDIT COMMITTEE**

10. The main tasks of theAudit Committee are::

1) in order to ensure the efficiency and соответствиеeffectiveness of the Audit Service's work, in accordance with the established procedure, develop, make a decision and submit to the Audit Council an annual internal audit plan;

2) participate in the process of developing and approving financial reporting and internal audit policies;

3) Control over the provision, completeness, and reliability of supervisory, financial, and other reports, as well as the examination of audit service reports submitted after each internal audit audit;

4) prepare information for Board meetings and submit reports to the Board on issues within its competence, as well as study quarterly internal audit reports and submit them to the Bank's Board;

5) providing practical assistance to the Bank's Management Board in developing technical specifications for external auditors;

6) monitor the bank's communication with internal and external auditors;

7) providing practical assistance to the Bank's Board in evaluating the external auditor's proposals, preparing recommendations to the Bank's Board when selecting an external auditor;

8) submit proposals to the Board of Directors on the maximum amount of payment for external auditors services and on concluding (terminating) an agreement with them;

9) coordination with the Chairman of the Management Board of the bank of the process of implementation of recommendations of the internal audit service and external auditors;

10) receiving internal and external audit reports and monitoring the timely elimination by the bank's management of inconsistencies and deficiencies in the bank's legislation, policies and internal documents identified in them and other control units;

11) the external auditor reviews reports and conclusions, including a letter to management, and submits them to the Board of Directors;

12) make suggestions to eliminate problems and shortcomings identified in the course of external and internal audits, if necessary, establish appropriate logical control of the bank's automated system programs to prevent errors from returning in the future, as well as monitor the implementation by the bank's management of recommendations given by the auditors;

13) make recommendations to the Council on changing the activities of external auditors in case of their unsatisfactory assessment;

14) review the transparency of banking activities and disclosure of information at a sufficient and accurate level;

15) preparation of a report on its activities;

16) performing other duties assigned by the Management Board;

17) ensuring the independence of the Audit Service's activities and preventing interference of members of the Management Board and other heads of the bank's divisions in its activities, as well as in the composition and scope of audits.

**III. FUNCTIONS OF THE AUDIT COMMITTEE**

11. In the course of its activities, the Audit Committee performs the following functions::

1) joint activity with the Bank's Board of Directors;

2) assistance to Internal Audit Service auditors in the effective performance of their duties;

3) submit to the Bank's Board of Directors an independent opinion on the actual state of the bank and the effectiveness of internal control based on the study of the results of the conducted internal audit audits.

**IV. RIGHTS AND OBLIGATIONS OF THE AUDIT COMMITTEE**

12. The Audit Committee has the right to:

1) consideration of candidates for employment in the internal audit service, as well as the issue of appointing (dismissing) the head of the Internal Audit Service and making proposals to the Board of Directors;

2) consideration in accordance with the established procedure of issues related to additional incentives for auditors, allocation of financial assistance;

3) Resolving issues related to the auditors ' vacation time in accordance with the procedure established by labor legislation;

4) request information on the status of implementation of the auditors ' annual work plans;

5) request audit reports that are prepared after each internal audit conducted by the bank's Internal Audit Service auditors;

6) request from the auditors of the bank's Internal Audit Service all documents related to the internal audit report, if necessary, request written and oral explanations from the auditors;

7) review of external auditors ' reports, including a letter to management;

8) internal audit conducted by the Internal audit service of the bank in its branches;

review the reference materials on supervisory inspections and make an appropriate decision.

13. Auditors are required to report to the auditors:

1) conducting an internal audit of the bank in order to ensure the reliability, objectivity and reliability of the results of the audit conducted by the bank's auditors;

2) ensuring the effectiveness and monopolization of the bank's internal control and internal audit system, monitoring the conduct and frequency of internal audit audits, monitoring the fulfillment of tasks and responsibilities of the bank's Internal audit Service;

3) study the information on inspections carried out by the bank's Internal Audit Service in branches in the order of supervision and make an appropriate decision;

4) hold meetings with the head of the Internal Audit Service at least once a quarter to discuss issues related to the activities of the Internal Audit Service;

5) ensure the independence of the Internal Audit Service and prevent interference in its activities, as well as in the composition and scope of audits of members of the Management Board and managers and other employees of independent structural divisions of the bank.

**V. Responsibility of Audit Committee members**

14. Members of theAudit Committee are responsible for:

1) ensuring the reliability of the bank's report submitted to theBank's Report based on the results of audits provided by the Internal Audit Service employees;

2) ensuring the confidentiality of any information constitutinga bank secret, in accordance with the legislation of the Russian Federation;;

15. Members of the Audit Committee are responsible in accordance with the current legislation of the Republic of Uzbekistan.