ASIA ALLIANCE BANK

Money Laundering and Sanctions Program:

Risk assessment procedure

Tashkent – 2024

Abbreviations:	
Bank	"ASIA ALLIANCE BANK" JSCB
ROBS	Regional Office of Banking Services
Anti-money laundering	Legalization of proceeds from criminal activities
TM	Financing of terrorism
FPWMD	Financing the proliferation of weapons of mass destruction
GRR	Geographic risk rating
SPRR	Service and product risk rating
CRR	Customer risk rating
PRA	Procedure for risk assessment
KYC	The Procedure "Know Your Customer"
Field of activity	Employees responsible for customer service and customer banking operations, including managers

Internal and external legal documents:
The law of the Republic of Uzbekistan "regarding banks and banking activities";
The law of the Republic of Uzbekistan No 660-II dated August 26, 2004 " on combating money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction ";
"RULES of internal control in commercial banks to combat money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction" registered under No 2886 dated May 23, 2017 at the Ministry of Justice of the Republic of Uzbekistan
THE REGULATION "Suspension of operations of persons included in the list of persons participating or suspected of participation in terrorist activities or distribution of weapons of mass destruction, suspension without use of funds or other property, on the procedure for allowing the use of suspended property and resuming operations" registered under No 3327 dated October 19, 2021 at the Ministry of Justice of the Republic of Uzbekistan.

1. General provisions

This policy is designed for distributing the respective resources and following the regulations of the internal control for the purpose of development and implementation of the approaches and main methodologies based on the risk in order to detect and assess the money laundering, terrorist financing, sanctions, proliferation of weapons of mass destruction by “ASIA ALLIANCE BANK” JSC (herein after referred in as the Bank) (jointly Anti-Money Laundering and Sanctions Risk) and for the purpose of the reduce of the main risk of the bank. In order to proactively prevent potential threats in advance the Bank shall appoint Risk appettitee and its tolerance in terms of the program for following Fight against money laundering and Sanctions. Besides, in accordance with Risk Appetite Statement related to jurisdictions, products, services, operations, customers and the Bank itself (hereinafter referred in as the Risk appettitee) the Bank shall implement Bank-wide risk assessment for Continuous identification, assessment, mitigation and monitoring of Anti-Money Laundering and Sanctions risks.

1.1. Scope of application

The risk assessment procedure (hereinafter referred to as the Procedure) applies to all products and services offered by the Bank, geographical location, the Bank's clients and related parties. In addition, this Regulation is also applied to the lines of activity with relevant categories of products and services, as well as to the Bank's internal control over risk assessment. This Procedure is intended to regulate the daily and periodic activities of Bank employees related to risk assessment.

1.2. Relative internal normative documents

This Regulation should be read together with the following internal regulatory documents:

- ✓ The Bank's Anti-Money Laundering, Terrorist Financing and WMD Proliferation and Sanctions Policy;
- ✓ Regulation of the Bank regarding compliance control department.
- ✓ Transaction monitoring (“TM”)and reporting procedure of the bank;
- ✓ The Regulation of the Bank regarding Sanctions Supervision (“SS”); and
- ✓ The Process of the Bank Know Your Customer (KYC).

2. Responsibility

This paragraph defines the responsibilities and liabilities of Bank employees in terms of RA "Risk Assessment".

2.1. Employees of the activity department

The employees of the activity department assume the following responsibilities and accountabilities:

- Conduct customer risk rating for new and existing customers based on the methodology established by the Compliance control Department.

2.2. Head of the Regional office of banking services

2.2. Head of the Regional office of banking servicesbears the followings responsibilities and liabilities:

- Assisting the Compliance Control Department in the process of risk assessment;
- Advise the head of the Compliance Control Department in reviewing the results of risk assessments and developing plans for implementing existing corrections.

2.3. Employees of the bank's information technology practice

The Information Technology Practice staff assumes the following responsibilities and accountabilities:

- • Provide and assist with necessary inherent risk information upon request by the Head of Compliance Control Department.

2.4. Employees of the compliance control department

Employees of the Compliance Control Department, as well as the Deputy Head of the Department, undertake the following responsibilities and responsibilities:

- Carrying out the process of geographic risk rating, Service and product risk rating and Bank-wide risk assessment;
- Identifying the necessary changes in the planning process of risk assessment regarding bank-wide risk assessment;
- Review the results of assessment of inherent risks, internal control deficiencies and residual risks.

2.5. Head of the compliance control department

The head of the compliance control department assumes the following responsibilities and responsibilities:

- Consideration and approval of necessary changes in the risks identified during the planning process of bank-wide risk assessment;
- Review and approve the results of assessment of inherent risks, internal control deficiencies and residual risks;
- Development of corrective plans in consultation with structural units and relevant departments;
- Developing a bank-wide risk assessment report and submitting it to the Bank's Management and the Bank's Board.

2.6. Chairman of the Board

The chairman of the board assumes the following responsibilities and responsibilities:

- Review and approval of the bank-wide risk assessment report;

2.7. Council of the Bank

The bank board assumes the following responsibilities and responsibilities:

- Review of the bank-wide risk assessment report;

3. Risks assessment system

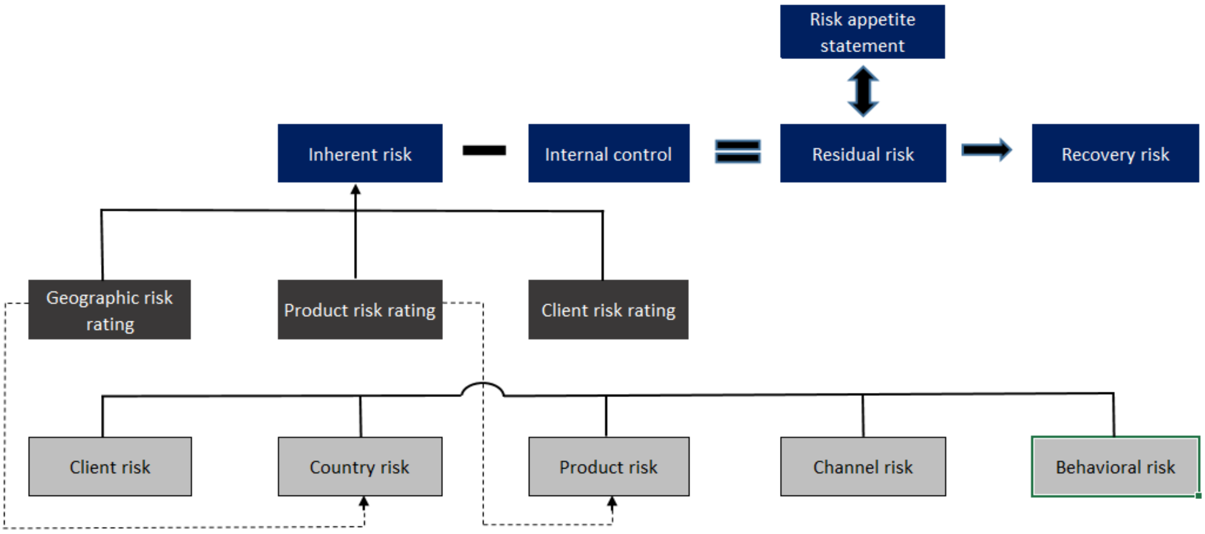
3.1. Overview

The risk assessment system is designed for the Bank to identify, evaluate and reduce risks associated with money laundering, terrorist financing and proliferation of weapons of mass destruction based on a risk-based approach. The risk assessment mechanism includes Geographical Risk Rating and Service Risk Rating for Anti-Money Laundering and Sanctions Risk Assessment related to geographic locations and products and services offered by the Bank.

In addition, the Bank develops a Customer Risk Rating, which reflects the results of the Geographic Risk Rating and the Product Risk Rating for the relevant countries and the customer's services, in order to combat money laundering and assess the risk of sanctions related to customers. After that, the Bank implements appropriate internal controls to reduce the assessed risk through various levels of due diligence, risk management, transaction monitoring, etc.

In order to determine and assess the risk inherent in the bank's operations and the effectiveness of internal control, the bank assesses the risk of anti-money laundering and sanctions at the bank level at least once a year by assessing the risk of money laundering and sanctions. Subsequently, on the basis of the results of the Bank-wide Anti-Money Laundering and Sanctions Risk Assessment, the Bank will develop and implement revision measures.

The above-mentioned risk assessment system, including Geographical, Product and Customer risk rating, as well as Bank-wide risk assessment should be consistent with the Bank's established Risk appetite. A risk assessment system works in conjunction with internal control to ensure that risk assessment is interactive and consistent.



3.2. Geographic risk rating

The Geographic Risk Rating (GRR) is based on sanctions, embargoes, money laundering and terrorist financing, and sanctions against geographic areas or countries identified by reliable sources for countries with weaknesses in their money laundering and terrorist financing systems. used to determine and assess risk or includes similar measures and others with a serious level of corruption or criminal activity. The results of the risk rating of geographic locations or countries are then included in the assessment of the risk of money laundering and sanctions related to customers and the Bank.

The Compliance control Department has developed a Geographic Risk Rating methodology that includes risk factors derived from global guidelines and national legal requirements. The Compliance control department is responsible for assessing the Geographic Risk Rating based on the methodology *(For more information, see Appendix A on the Geographic Risk Assessment Methodology).*

3.2.1. Manage geographic risk rating

The Compliance control Department must periodically and event-based monitor the Geographic Risk Rating and ensure compliance. Geographic risk rating management covers the management of the following aspects:

<u>Risk assessment data sources</u>

- list of countries;
- list of risk factors;
- assessment of risk factors.

<u>Geographic risk rating and assessment</u>

- weight of risk factors;
- risk rating limits;
- special settings;
- manual control.

<u>Risk assessment data sources</u>

List of countries

The employee of the Compliance control department shall review and update the International Organization for Standardization annually on the country risk level for the application of the Geographic Risk Ratings based on the latest data from all recognized countries.

On a case-by-case basis, as well as for countries identified for customers or transactions not included in the applicable country list, employees of the Compliance control department must update the country list rating.

List of risk factors

Employees of the Compliance Control department shall review the Geographic Risk Score annually and adjust accordingly. Since the risk factors consist of publications of international organizations and national regulatory authorities regarding geographical information related to the fight against money laundering and the risk of sanctions, The employee of the Compliance control department shall review the compliance of each publication with respect to customers and transactions based on the geographical location or the countries with which the Bank is affiliated.

Based on the events, the staff of the Compliance control department should update the list of risk factors in cases where it is necessary to make changes based on the relevant international and local publications. In addition, employees of the Compliance control department should immediately contact the head of the compliance control department regarding any high-risk geographic locations or countries identified by national regulatory authorities for special settings.

3.2.2. Assessment of geographic risk factors

At least once a year, employees of the compliance control department should review and update risk factor assessments based on the most recent geographic information published by international organizations or risk factors. Risk factor in binary format, each risk factor should be assessed for relevance or applicability to each geographic location or country.

On a case-by-case basis, employees of the compliance control department should update the risk factor assessment whenever they become aware of any changes or recent updates to the Bank's risk factors during the periodic review period.

Geographic risk rating and assessment

The head of the Compliance Control Department should annually check the adequacy and appropriateness of the geographical risk rating and assessment aspects, taking into account the client's risk profiles, operations and the Bank itself, according to the results of the Bank-wide risk assessment in accordance with the risk appetite. Potential changes include:

- weight of risk factors;
- risk rating limits;
- special settings;
- manual control.

Special settings apply to the designation of high-risk countries required by national regulatory authorities or the Bank. Specific settings required by national regulatory authorities, unless changes are made by national regulatory authorities, these settings will not be modified. At the same time, the specific settings implemented by the Bank may be periodically reviewed and changed depending on the risk profiles and the Bank's Risk Appetite. Also, the possibility of increasing or decreasing the geographical risk rating of certain countries was prevented by the employees of the Bank's business activities.

Special settings introduced by the bank

Certain countries identified as high risk based on the Bank's Risk Appetite will automatically be assigned a "high risk" rating.

Specific settings to be introduced by the national regulatory authority

In order to comply with regulatory requirements and expectations, countries designated by the national regulatory authority should automatically be designated as "high risk" countries.

Based on events, the head of the compliance control department should review the Geographic Risk Rating and Assessment aspects in cases where there are potential changes in the above risk assessment data source aspects.

3.3. Risk rating of products and services

The product and service risk rating is used to determine and assess the risk of anti-money laundering and sanctions that may occur in connection with the characteristics and structure of the products and services offered by the Bank. Subsequently, the results of the risk assessment of the products and services are included in the Anti-Money Laundering and Sanctions risk assessment table related to customers and the Bank.

The compliance control department should develop a methodology for assessing the risk of products and services, including risk factors, based on international guidelines and national legal requirements. The Compliance Control Department is responsible for assessing the risk of products related to money laundering, terrorist financing, and proliferation of weapons of mass destruction for existing and new products and services based on this methodology *(See Appendix C on Product Risk Assessment Methodology for more information)*.

3.3.1. Product and service risk rating management

Employees of the Compliance Control Department must review, evaluate and approve the risk rating of products and services together with the department responsible for the management of the Bank's products and services.

The Bank must take measures aimed at preventing the use of technological advances in order to finance the legalization of the proceeds of criminal activities, the financing of terrorism and (or) the distribution of weapons of mass destruction. Commercial bank for this purpose:

- development of new types of services and new work practices;
- should identify and assess the levels of risk that may arise due to the use of new or developing technologies for new and existing services.

Such risk assessment should be conducted before implementing new services, work practices, or using new or emerging technologies. In this case, the identification and assessment of such risks is carried out by the department of the Bank that directly introduces new types of services (new technology) together with the Compliance Control Department.

It is necessary for the Compliance Control Department to periodically and event-based monitor the Product's risk rating and ensure its adequacy. Management of the product risk rating includes the management of the following aspects:

Sources of risk assessment information

- list of products and services;
- list of risk factors;
- assessment of risk factors.

Product and service risk rating and assessment

- weight of risk factors;
- risk rating limits;
- special settings;
- manual control.

List of products and services

Employees of the Compliance Control Department must prepare a list of products and services offered by the Bank that fall within the scope of the product and service risk rating and approve them together with the department responsible for the management of the Bank's products and services.

Employees of the Compliance control department are required to update the list of products and services, including new delivery mechanisms, as new products and new business practices are developed, and new and developing technologies should be applied to both new and existing products and services. In addition, in cases where a product or service is identified in relation to customers or transaction-based data that is not included in the current list of products and services, the employees of the Compliance Control department must update the list of products and services.

3.3.2. Assessment of product risk factors

Employees of the Compliance control department must review and update risk factor assessments annually with the latest information on the structure and characteristics of each product or service. A risk factor should be assessed in a dichotomous format, that is, each risk factor should be assessed based on whether it is relevant or applicable.

On a case-by-case basis, Employees of the Compliance Control department should periodically update risk factor assessments for periodic review of any changes or recent updates to the structure and nature of products and services.

<u>Product and service risk rating and assessment</u>

The head of the Compliance Control Department should annually check the adequacy and appropriateness of risk rating and evaluation aspects of products and services, taking into account the client's risk profiles, operations and the Bank itself, according to the results of the Bank-wide risk assessment in accordance with the risk appetite. Potential changes include:

- weight of risk factors;
- risk rating limits;
- special settings;
- manual control.

Special settings apply to the designation of high-risk products and services required by national regulatory authorities or the Bank. Specific settings required by national regulatory authorities will not be subject to change if changes are made by national regulatory authorities. However, the specific settings implemented by the Bank may be periodically reviewed and modified depending on the risk profiles and the Bank's Risk Appetite. Also, the possibility of raising or lowering the risk rating of certain products and services was prevented by the employees of the Bank's business activities.

Special settings introduced by the bank

Certain countries identified as high risk based on the Bank's Risk Appetite will automatically be assigned a "high risk" rating.

Specific settings to be introduced by the national regulatory authority

In order to comply with regulatory requirements and expectations, products and services defined by a national regulatory body should automatically be designated as "high risk" products and services.

Based on the events, The head of the compliance control department should review the risk rating and assessment aspects of products and services in cases where there are potential changes in the aspects of risk assessment data sources mentioned above.

3.4. Customer risk rating

Customer risk rating is used to identify and assess the risk of anti-money laundering and sanctions against customers and related parties. A customer's risk score includes the risk factors listed above, including nationality or country of incorporation, products and services used by customers, and the results of a geographic risk score. Subsequently, measures are taken to mitigate the risk identified by the Bank's internal control based on a risk-based approach and related to the client. This approach establishes customer due diligence, ongoing review periods, and other additional internal control measures.

Based on international guidelines and national legal requirements, the Compliance Control Department develops the Client's risk rating methodology, which includes risk factors and high risk indicators. The staff of the activity area are responsible for assessing the client's risk related to anti-money laundering and sanctions risk for new and existing clients based on the methodology *(See Appendix E on Client Risk Assessment Methodology for more information).*

In relation to new clients, line of business staff should assess the client's risk rating when establishing a relationship with a client or conducting suspicious transactions.

For existing customers, line of business personnel should periodically review the risk rating of all customers, as well as conduct incident-based and real-time reviews of customers and related risk factors. *(For more information, please refer to the section on "Continuous Due Diligence" in the Bank's Know Your Customer (KYC) Procedure).*

3.4.1. Customer risk management

The Compliance Control Department shall periodically and event-based monitor and ensure compliance with the Client's risk rating. Managing the risk rating of the client covers the management of the following aspects:

<u>Sources of risk assessment information</u>

- list of information;
- list of risk factors;

<u>Customer risk rating and assessment</u>

- table of assessment of risk factors;
- weight of risk factors;
- limits of risk rating;
- special settings;
- manual control.

Information list

The bank should periodically check whether the information about customers is in accordance with their risk rating. The above review should be done through a quality control review process. This process is detailed in the Bank's "Know Your Customer (KYC) Procedure" to ensure that the operations performed by the Bank's customers are carried out in accordance with the established KYC standards and that continuous monitoring is carried out *(For more information, please refer to the section on "Quality Control" in the Bank's Know Your Customer (KYC) Procedure).*

On a case-by-case basis, Employees of the Compliance control department must review and update the list of information related to the Customer's risk rating. This activity is based on the Bank's KYC requirements for customer information, including additional types of activity, field of activity, products, channels, etc. is carried out during the review process.

3.4.2. List of client risk factors

Employees of the Compliance control department are required to annually review the adequacy of the risk factors for the Client's risk rating and adjust accordingly. Due to the customer risk rating is based on the applicability and relevance of risk factors to customer information, employees of the Compliance control department should review the appropriateness of established risk factors based on client profiles.

Based on events, Employees of the Compliance Control Department should review and assess the risk level of customers in case of requests to include additional risk factors based on the requirements of national legislation. Also, in the event of any high risk indicator for customers being raised by national regulatory authorities, Employees of the Compliance Control Department should immediately contact the head of the Compliance Control Department regarding the introduction of special settings.

Customer risk rating and assessment

The head of the compliance control department should annually review the aspects of risk assessment and rating of clients taking into account the risk profiles of the client, transaction and the Bank, based on the results of the risk assessment of the Bank-wide risk appetite. Potential changes include:

- table of assessment of risk factors;
- weight of risk factors;
- limits of risk rating;
- special settings;
- manual control.

Unlike geographic risk rating and risk factor assessment for products and services, the client's risk rating includes a risk factor rating table for each risk level. The risk factor assessment table defines the categorized risk levels and corresponding risk estimates for each risk factor based on the client's data.

The method of risk assessment of customers can be systematically evaluated based on their identification data automatically during the process of establishing a representative relationship with a customer or during a periodic review.

Special settings introduced by the bank

Certain customers identified as high risk based on the Bank's Risk Appetite will automatically have a "high risk" rating.

Specific settings to be introduced by the national regulatory authority

In order to comply with regulatory requirements and expectations, customers identified by the national regulatory authority should be automatically designated as having a "high risk" level.

Based on the events, the head of the compliance control department should review the customer risk rating and assessment aspects in cases where there are potential changes in the aforementioned aspects of the risk assessment data sources.

4. Bank-wide risk assessment

This section describes in detail the procedure for assessing the risk of sanctions and combating money laundering at the Bank level. Bank-wide risk assessment is developed in proportion to the size and complexity of the Bank and includes the mechanism of Global Risk Assessment to satisfy certain legal requirements. Therefore, the Anti-Money Laundering and Sanctions Risk Assessment System at the Bank level was developed in accordance with the guidelines published by the Basel Committee and the framework of

FATF quality indicators. The purpose of this is to fight against the legalization of proceeds from criminal activities and more effectively carry out the assessment of sanctions, and for this purpose, to fight against the legalization of proceeds from criminal activities and determine the risks of sanctions ("Inherent risk") in the Bank, the general program of these risks ("Internal control ") consists of the practice of monitoring how it is controlled and determining the residual risk ("Residual risk").

Although there may be some overlap between Anti Money Laundering risk assessment and sanctions risk assessment at the bank level, Taking these two practices into account, the Bank has developed a separate Anti-Money Laundering Risk Assessment Methodology and Sanctions Risk Assessment Methodology. Although they each contain the same specific risk factors, such as Customer Risk Score, Product and Services Risk Score, and Geographic Risk Score, individual risk factors should be weighted differently. In addition, the risk factors included in the Geographic Risk Rating methodology are divided into two specific groups, namely Anti-Money Laundering Geographic Risk Rating and Sanctions Geographic Risk Rating groups *(For more information, see Annex G on the JFODL Risk Assessment Methodology and Annex I on the Sanctions Risk Assessment Methodology)*

The process of combating money laundering and assessing the risk of sanctions at the bank level consists of the following:

- Plan a risk assessment:
  - ➢ Risk assessment table;
  - ➢ Scope of risk assessment.
- Conduct risk assessment:
  - ➢ Inherent risk assessment;
  - ➢ Assessment of internal control;
  - ➢ Residual risk assessment.
- Risk assessment report:
  - ➢ Recovery plan;
  - ➢ Risk assessment report.

The risk assessment process should be carried out over a period of 12 weeks. Risk assessment steps and deadlines are listed in the table below:

Process	Maint tasks	Deadline
Risk assessment planning	**Risk assessment chart:** *Compliance with the requirements of the Basel Committee and the FATF organization; consulting with relevant departments and departments regarding the schedule.* **Scope of risk assessment:** *determining the directions of activity in the field and relevant product categories.*	1 week for the schedule 3 weeks to prepare

Conduct a risk assessment	**Integral risk assessment:** *Inherent risk assessment based on active customer, account and transaction data;* **Assessment of internal control:** *Assessment of Internal Control based on questionnaire and relevant internal and external audit reports.* **Residual risk assessment.**	3 weeks to evaluate 1 week for approval
Risk assessment report	**Recovery plan:** *Consultation with relevant departments and departments regarding the recovery process.* **Risk assessment report:** *Draft and report assessment results and recovery plans.*	3 weeks for recovery plan 1 week for risk assessment report

Anti-money laundering and sanctions risk assessment is carried out by the Compliance Control Department with the support of the operational lines and other relevant departments. Detailed procedures are given in the relevant sections of this Procedure.

4.1. Risk assessment planning

4.1.1. Risk assessment chart

Risk assessment should be carried out annually, covering one calendar year, in accordance with the Bank's risk assessment period. At the Bank's discretion, Risk Assessments may be conducted more frequently if there is a significant change in control over risk factors. Such changes include the following situations that may have a general impact on the Bank:

- mergers;
- acquisitions;
- significant external risk events or changes;
- major violations of the compliance system;
- introducing new products or services that have a significant impact on inherent risk;
- recommendations of auditors, local regulatory bodies;
- in other cases not foreseen.

The Compliance Control Department should inform and discuss the expected Bank-wide risk assessment schedule with business lines (branches and operational divisions) and supporting departments (IT and other departments). Next, the Compliance Control Department should plan timelines for each Risk Assessment process as described above and report to the Chairman of the Board for review.

In the event that the Bank may have a serious impact on restrictions, including business activities or other key activities such as examination by a national regulatory body, they may make changes to the Bank's Risk Assessment Schedule. In such cases, the head of the Compliance Control Department may refer to the Chairman of the Board with supporting grounds for review and approval to amend the risk assessment schedule.

4.1.2. Scope of risk assessment

Before carrying out a risk assessment, the compliance control department must prepare for it. Preparation of the risk assessment, based on the requirements of the Integral Risk Assessment and Internal Control Assessment, includes determining the scope of the Anti-Money Laundering and Sanctions Risk Assessment and determining the necessary future changes.

Integral risk assessment

As for the integral risk assessment, the Anti-Money Laundering and Sanctions Risk Assessment covers 12 months of each calendar year, as defined in the Anti-Money Laundering and Sanctions Risk Assessment Guidelines. Appraisal areas are areas of activity, including branches or operational units according to their organizational structure.

The employee of the Compliance Control Department should determine the areas of activity and relevant product categories based on the risk assessment criteria mentioned above. In the event that the indicators of the defined activity lines and perforated product categories differ from the indicators of the risk assessment conducted in the previous year, employees of the Compliance control department should escalate to the head of the compliance control department to review and review changes that have occurred during the risk assessment process.

Assessment of internal control

The scope of the internal control assessment includes the effectiveness of internal control activities within the key pillars of the Anti-Money Laundering and Sanctions Compliance Program.

Employees of the compliance control department, taking into account the operations of the Bank within the scope of risk assessment, clarifying the implementation of the necessary internal control requirements based on the requirements of the national legislation must act according to Anti-Money Laundering and Sanctions Policy Program of the Bank. In the event that the assessment of compliance with internal control requirements differs from the risk assessment of the previous year, in order to cover the changes in the process of risk assessment, the employee of the Compliance Control Department must submit the changes to the head of the Compliance Control Department for the purpose of reviewing and studying the changes. The potential changes required may arise from the external environment, including regulatory, event-based changes, and from the internal environment, including changes in business operations and related internal controls.

4.2. Conduct a risk assessment

Anti-Money Laundering and Risk Assessment of Sanctions, including assessment of **intrinsic risk, internal control and residual risk** shall be implemented according to the respective methodologies by the compliance control department. *(For more information, see Annexes G on Anti-Money Laundering Risk Assessment Methodology and Annex I on Sanctions Risk Assessment Methodology).*

4.2.1. Integral risk assessment

Integral Risk Anti-Money Laundering and Sanctions are considered one of the two main elements of risk assessment shall be defined as **"A risk that does not consider actions taken by bank management to change the likelihood or impact of the risk"**. Inherent risk is calculated based on the results of the Risk Assessment of Customer Risk, Product and Services Risk, and Geographic Risk. Inherent risk assessment is carried out by employees of the Compliance Control Department according to the methodology, and the results are sent to the head of the Compliance Control Department for review and approval.

4.2.2. Internal control assessment

Internal control assessment is the second key component used to determine <u>residual risk</u> in the Anti Money Laundering and sanctions risk assessment. Internal control assessment quantifies the effectiveness of internal control that reduces inherent risks of the Bank. The Internal Control Assessment is conducted by the employees of the Compliance control department and sent to the Head of the compliance control department for review and approval along with the Internal Control Questionnaire *(See Annex K on the Anti-Money Laundering and Sanctions Internal Controls Questionnaire).* In addition, the following should be taken into account when making an assessment:

- review of deficiencies in reports based on relevant regulations;
- reviewing deficiencies based on relevant internal audit reports;
- results of any review or testing of the Anti-Money Laundering and Sanctions Program by independent third parties;
- results of any review or testing of the Anti-Money Laundering and Sanctions Program by the Compliance control department; or
- results of any review or testing of the Anti-Money Laundering and Sanctions Program by the Head Bank.

4.2.3. Residual risk assessment

After the process of assessing and confirming the effectiveness of internal control and inherent risk, it is possible to determine the residual risk. **Residual risk represents the risk that remains after controls have been applied to inherent risk.** The practice of combating money laundering and assessing the residual risks of sanctions is carried out by the employees of the Compliance Control Department based on appropriate methodologies, and the results are presented to the head of the Compliance Control Department for review and approval.

4.3. Risk assessment report

4.3.1. Recovery planning

The identified gaps or internal control weaknesses should be reviewed and completed by implementing appropriate measures and corrections to correct them within the framework of the established requirements. The head of the compliance control department will draw up a recovery plan in consultation with relevant lines of activity and other departments. It is necessary to establish measures to combat money laundering and mitigate the risk of sanctions identified in the recovery plan and to strengthen the internal control weaknesses that are lacking in accordance with the Risk Appetite Statement. The recovery plan should include the following issues:

- description of the problem;
- description of corrective action;
- set period; and
- responsibility of the relevant department.

The recovery plan is then submitted to the Bank's Chairman for review and consultation with the Compliance control Department. It is necessary for the management of the bank to provide management control for continuous improvement. The Compliance Control Department should promote the initiative of constantly presenting the recovery plan to the Bank's management. The progress of the recovery process should be reported to the Bank's management and any deficiencies in the recovery plan should be eliminated through the development of an action plan.

These recovery efforts may have a significant impact on the Bank's overall residual risk upon completion. Therefore, the Compliance Control Department regularly reports to the Bank's management on the progress and implementation of restoration work.

4.3.2. Risk assessment report

The head of the compliance control department prepares a report on risk assessment, including an executive summary, in particular, details and supporting documents on assessment of inherent risks, assessment of internal control and assessment of residual risks, as well as details of recovery plans *(For more information, see Annex L on the Anti-Money Laundering Risk Assessment Report and Annex M on the Sanctions Risk Assessment Report).*

The report will be submitted to the Bank's board and the Bank's management for consideration. After that, the report should be approved by the Chairman of the Board.

5. Attachment

Ma’lumot	Sarlavha	Fayl
Attachment A	Geographic Risk Rating Methodology	
Attachment B	Guide to determining geographic risk rating	
Attachment C	Methodology of product risk rating	
Attachment D	Product risk rating guide	
Attachment E	Customer Risk Rating Methodology	
Attachment F	Guide to determining geographic risk rating	

Attachment G	Money Laundering Risk Assessment Guide	
Attachment I	Sanctions Risk Assessment Methodology	
Attachment K	Money Laundering and Sanctions Internal Control Questionnaire	
Attachment L	Money Laundering Risk Assessment Report	
Attachment M	Sanctions Risk Assessment Report	