

Summary of the internal Audit Committee Charter

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Introduction

To establish corporate governance in Tejarat bank in accordance with directives of Central Bank of the Islamic Republic of Iran and the internal controls guideline for accepted publishers in Tehran Stock Exchange and Iran OTC market, bank's audit committee charter was approved by the board of directors in December 2014 and will be binding since the date of approval.

Purposes

Bank audit committee has been formed to assist the board fulfilling their control responsibilities in concern with the financial reporting process, internal control system, audit process and the bank processes and also in order to monitor compliance with laws, regulations and ethical rules; this committee is under control of the board.

Authorities

- Using the services of consultants and experts to carrying out their duties;
- accessing freely to administrators, counselors, staff and external auditors of the bank
- Initial approving of audit and non-audit services referred to audit organization and audit institutions

Meetings and Reporting

- Holding at least one meeting per month (ordinary meetings);
- Approving schedule of committee's ordinary meetings every 6 months;
- Holding special meetings with independent auditors, at least 2 times per fiscal year;
- Approving the annual plan of the committee in the first meeting of each year;
- Holding special meetings with board of directors, At least once a year to present committee's performance reports or, (if necessary), to make recommendations for improving the status of domains which are controlled by the committee.

Responsibilities

a. Financial Reporting

- Reviewing the significant issues of accounting and financial reporting;
- Reviewing the draft of midterm and annual financial statements before approving in the board
- Reviewing the proposed schedule of financial office in concern with publication of financial statements, in order to ensure their timely publication;
- Reviewing internal and independent auditor's suggestions in concern with financial reporting process
- Ensuring that bank's subsidiaries' financial reporting are release timely and quality

b. Internal Control

- Ensuring the effectiveness of internal control systems and risk management;
- Reviewing the draft of internal control reports prepared by internal audit and submitting them to the board for approving
- Reviewing those findings and recommendations in reports of internal auditors which are in concern with risk management and controls over financial reporting; management actions and responses to these findings must be reviewed too.
- Reviewing independent auditors' reports in concern with internal controls over financial reporting;
- Comprehensive controlling to subsidiaries' internal controls

c. Internal Audit

- Reviewing the charter and organizational structure of internal audit and relevant regulations;
- Reviewing internal audit reports in concern with missions which are accomplished in accordance with approved plans and other special referred missions; and submitting these reports to the board after their approval
- Proposing the appointment, replacement or dismissal of head of internal audit and also reviewing competency of him and staff
- Ensuring the absence of unreasonable restrictions for internal audit activities;
- controlling over outsourcing internal audit activities;
- Comprehensive controlling to internal audit of subsidiaries

d. Independent Auditor

- Evaluating the performance of independent auditors and offer to the board about their retention/replacement
- Holding special meetings with independent auditors about overall planning, audit strategy and etc.
- Setting up and maintaining a relationship between external and internal auditors in line with accounting standards;
- Doing the necessary follow-ups to resolve problems which are explained in the report of independent auditor and legal inspector
- Allowing independent auditor to have free access to the committee
- Ensuring compliance with all laws and regulations over the bank's activities

e. Other responsibilities

- Evaluating the performance of committee (both individual and collective)
- Interacting with other committees, particularly the risk committee;
- Reviewing audit committee charter at least once a year.