

## Info on Members and Duties of Board of Directors' Committees

Organization and Procedures Affairs Division

March 2015

## **High Committee on Risk Management**

### **Members:**

- 1. A Member of Board of Directors (Chairman of Committee)**
- 2. Senior Advisor to Managing Director (Member)**
- 3. Deputy Director of Finance and Procurement (Member)**
- 4. Deputy Director of Credit and Legal Affairs (Member)**
- 5. Deputy Director of Planning & Supervision (Member)**
- 6. Deputy Director of International Affairs (Member)**
- 7. Head of Risk Management Department (Secretary of Committee)**

### **Responsibilities and Authorities:**

- Evaluating proposals submitted by the divisions in relation to risk-taking and providing the necessary recommendations to the Bank's Board of Directors;
- Reviewing the status of the Bank and its subsidiaries and affiliates, in terms of the risk appetite set by the Board of Directors and, if necessary, having consultation with the Audit Committee and internal and independent auditors, these include evaluating the level or volume of the Bank's major risks including credit risk, market risk, operational risk, liquidity risk and reputation risk;
- Reviewing the reports on the risks involved in banking operations provided by the management and evaluating the measures taken by the management to efficiently managing risks and providing necessary recommendations to the Board of Directors;
- Cooperating with the Audit Committee to evaluate the performance of internal control and risk management systems, reviewing the management reports on the implementation, approval and control over them and developing such systems;

- Determining supervisory and control systems for reporting within the framework of the legal requirements and other applicable laws regarding financial and non-financial risks control;
- Evaluating the cases of exceeding the specified risk limits by the relevant divisions and appraisal of their vindicatory reasons;
- Reviewing, and if necessary, applying the internal and independent auditors' recommendations on risk management and asset liability management;
- Identifying the risks which need to be improved and the necessary corrective actions to eliminate the existing shortcomings therein;
- Pursuing the requests for new changes that are proposed for the risk management system;
- Receiving and Evaluating the proposals of the relevant divisions on how to minimize the direct and indirect losses resulting from risks;
- Evaluating the risk level of special transactions within the framework of authorities assigned by the Bank's Board of Directors in accordance with the provided rules and regulations and providing necessary recommendations;
- Promoting the risk management culture throughout the Bank;
- Informing the Bank's Board of Directors of the major and potential risks that the Bank is exposed to as well as the effectiveness of the risk management system;
- Reviewing the divisions' recommendations regarding the Bank's limits and policies of liquidity and providing necessary reports to the Board of Directors;
- Evaluating the divisions' recommendations for the assignment of certain authorities to them by the Board of Directors and providing the committee's opinions to the Bank's Board of Directors (for approval).

## **Audit Committee**

### **Members:**

- 1. A Member of Board of Directors (Chairman of Committee)**
- 2. Chairman of Board of Directors (Member)**
- 3. Two independent auditor (Member)**
- 4. A Member of Iranian Association of Certified Accountants (Member)**
- 5. Head of Internal Audit Department (Secretary of Committee)**

### **Responsibilities and Authorities:**

#### **A) Financial Reporting**

- Reviewing considerable issues of accounting and financial reporting;
- Reviewing the drafts of the interim and annual financial statements before approval of the Board of Directors;
- Reviewing the proposed timetable of Financial Affairs Division regarding the release of the financial reports, in order to ensure their timely release;
- Reviewing the internal and independent auditors' recommendations on the financial reporting process;
- Ensuring the timely release and the suitable quality of the financial reporting of the Bank's subsidiaries.

#### **B) Internal Control**

- Ensuring the effectiveness of the risk management and internal control system;
- Reviewing the draft reports on internal controls prepared by the Internal Audit Department and submitting the reports to the Board of Directors for approval;

- Reviewing the reports issued by the internal auditors, including the most important findings and recommendations on the risk management and controls over financial reporting, as well as the division's actions and responses on the findings;
- Reviewing the independent auditors' reports on internal controls over financial reporting;
- Applying macro-supervision on the subsidiaries' internal controls.

### **C) Internal Audit**

- Reviewing the organizational charter and structure of the Internal Audit Unit and the relevant regulations;
- Reviewing the Internal Audit Unit's reports on missions carried out based on the approved plans and other specific missions referred, and sending them to the Board of Directors, once being approved;
- Making recommendations on the appointment, replacement or dismissal of the head of Internal Audit Unit as well as assessing the qualifications of the unit's head and personnel;
- Ensuring that there are no unreasonable restrictions for activities of the Internal Audit Unit;
- Monitoring the contracts concluded for outsourcing the activities of Internal Audit Unit;
- Supervising the subsidiaries' internal audit.

#### **D) Independent Auditor**

- Evaluating the performance of independent auditors and providing recommendation to the Board of Directors in relation to retaining or replacing them;
- Arranging exclusive meetings with independent auditors concerning the overall planning, strategy, audit, etc.;
- Setting and regulating the relations of independent and internal auditors to implement the standards of accounting;
- Proceeding with the necessary follow-ups to resolve the problems mentioned in the report of the independent auditor and legal inspector and providing the results thereof to the Board of Directors;
- Allowing the independent auditor to have free access to the Committee;
- Ensuring the observance of all laws and regulations governing the Bank's activities;
- Evaluating the Committee's performance whether individually or collectively;
- Interacting with other committees, in particular with the Risk Committee;
- Revising the Audit Committee's Charter at least once a year.

## **"Specialized Committee on Planning and Appraisal of Plans"**

### **Members:**

- 1. A Member of Board of Directors (Chairman)**
- 2. Deputy Director of Planning and Supervision (Member)**
- 3. Deputy Director of Provinces Affairs (Member)**
- 4. General Manager of Organization and Procedures (Member and Secretary)**
- 5. At least one person who is expert in strategic planning preferentially having necessary knowledge in futurology (from inside or outside the Bank) to be elected and confirmed by the Chairman of Committee (Member)**

### **Responsibilities and Authorities:**

- Monitoring the implementation of the Bank's macro policy in the area of planning and execution of programs;
- Monitoring the implementation of the prescribed policies as well as the quality of the implementation and realization of strategies approved by the Board of Directors;
- Controlling the adequacy of the systems and tools controlling the execution of the Bank's current plans and monitoring their progress;
- Providing recommendations on the prioritization of the objectives and plans, as well as the implementation of the plans by units of the Bank, in accordance with the explanatory policies;
- Providing recommendations on the revision of the Bank's objectives, strategies and operational plans.

## **"Specialized Committee on Human Capital"**

### **Members:**

- 1. A Member of Board of Directors (Chairman)**
- 2. Deputy Director of Planning and Supervision (Member)**
- 3. Deputy Director of Provinces Affairs (Member)**
- 4. General Manager of Human Capital (Member and Secretary)**
- 5. General Manager of Organization and Procedures (Member)**
- 6. At least one person who is expert in human capital (from inside or outside the Bank) to be elected and confirmed by the Chairman of Committee (Member)**

### **Responsibilities and Authorities:**

- Monitoring the execution of the Bank's macro policy in the area of human capital;
- Providing strategic views regarding salaries, privileges, bonuses, etc. of the Bank's Board of Directors, Directorate Board and advisors;
- Ensuring the consistency of the General Managers bonuses with the strategy, objectives and organizational culture and the results of their performance;
- Providing recommendations to the Board of Directors for applying incentive programs in the Bank;
- Providing guidelines on the Bank's remuneration amounts and procedures to enhance the staff's efficiency.



## **"Specialized Committee on IT Policies"**

### **Members:**

- 1. A Member of Board of Directors (Chairman)**
- 2. Deputy Director of Information Technology (Member)**
- 3. Deputy Director of Planning and Supervision (Member)**
- 4. General Manager of Centralized Banking Affairs and Electronic Services Development (Member and Secretary)**
- 5. General Manager of Information Technology Executive Affairs (Member)**
- 6. At least one person who is expert in information technology and banking business (from inside or outside the Bank) to be elected and confirmed by the Chairman of Committee (Member)**

### **Responsibilities and Authorities:**

- Monitoring the implementation of Bank's macro policy in the field of information technology;
- Providing necessary guidelines on the Bank's attitude regarding the future technologic developments affecting the practice and quality of banking services;
- Monitoring to ensure the integrity of the information technology systems to meet the Bank's objectives and strategies in the area of IT;
- Monitoring to ensure the existence of controls and information security systems to meet the prudential requirements;
- Providing recommendations to determine the Bank's strategy in the area of expanding Information Technology and its related infrastructures and making policies in this respect to be presented to the Board of Directors.
- Receiving the necessary reports from the Bank's various units on the performance of the Bank's units in terms of various indicators in the area of IT.

## **"Specialized Committee on Assets and Liabilities Management"**

### **Members:**

- 1. A Member of Board of Directors (Chairman)**
- 2. Deputy Director of Provinces Affairs (Member)**
- 3. Deputy Director of Finance and Procurement Affairs (Member)**
- 4. Deputy Director of Investment Affairs (Member)**
- 5. Deputy Director of Credit and Legal Affairs (Member)**
- 6. Deputy Director of International Affairs (Member)**
- 7. General Manager of Financial Affairs (Member and Secretary)**
- 8. At least one person who is expert in financial management and banking (from inside or outside the Bank) to be elected and confirmed by the Chairman of Committee (Member)**

### **Responsibilities and Authorities:**

- Monitoring the implementation of Bank's macro policy in the area of assets and liabilities management;
- Monitoring to ensure the adequacy of the existing systems and tools to check and prevent any coincidence between the due dates of the assets and liabilities of the Bank;
- Providing guidelines on the enhancement of the quality of the Bank's assets and liabilities considering the nature of assets and liabilities, customers, economic status and competitive environment;
- Contributing to the simultaneous management of assets and liabilities by taking advantage of the adequate and comprehensive information and documents concerning the composition of assets and making recommendations regarding the attraction of resources or the control of future consumptions of the Bank;
- Providing guidelines on modifying the procedures affecting the quality of the Bank's assets and liabilities especially the procedures of granting facilities and absorbing deposits.