

Asia Iraq Islamic Bank for Investment and Finance

Audit Committee Charter

Definitions:

The words and phrases used in this guide shall have the meanings defined hereinafter, unless the context indicates otherwise. Reference will be made to the Central Bank of Iraq law for any other definitions not included in this guide.

The Bank	Asia Iraq Islamic Bank for Investment and Finance
Chairman of the Board	Chairman of the Board of Directors of Asia Iraq Islamic Bank for Investment and Finance
The Board	Board of Directors of Asia Iraq Islamic Bank for Investment and Finance
Governance of the Audit Committee	The distribution of roles and responsibilities and the description of relationships between different parties and stakeholders, aiming to maximize the added value for the bank by following the optimal approach that ensures balancing risks and expected returns.
Audit Governance Operations	A set of practices and activities derived from the bank's policies necessary to achieve the information and associated technology objectives.
Audit Committee Goals	A set of main and sub-goals related to governance activities and information management and technology necessary to achieve institutional objectives.
Institutional Objectives	A set of objectives related to governance and institutional management necessary to meet stakeholders' needs and the goals of this guide.
Executive Management	Includes the Bank’s General Manager, Deputy General Manager, Credit Manager, Finance Manager, Operations Manager, International Banking Operations Manager, Local Banking Services Manager, Internal Audit Manager, Anti-Money Laundering and Terrorist Financing Manager, Human Resources "Personnel" Manager, Administration "Administrative Affairs" Manager, Main Branch Manager, Risk Management Manager, Treasury Manager, Compliance Manager, and any other employee with executive authority equivalent to any of the above, directly reporting to the General Manager or Regional Manager, and any other person at the managerial

	level requested by the Central Bank to comply with the requirements of the Central Bank of Iraq Law No. (56) of 2004 and the Banking Law No. (94) of 2004.
Audit Committee	The Audit Committee formed by a decision of the Board of Directors.
Stakeholders	Any parties with an interest in the bank, such as depositors, shareholders, employees, creditors, customers, or relevant regulatory authorities.

Formation of the Committee

Formation and Number of Committee Members	Formation and Number of Committee Members | The Audit Committee, or the Audit Review Committee, is formed from no less than three (3) independent members from the Board of Directors or consultants or experts in the fields of finance or auditing, with the approval of the Central Bank of Iraq. The Chairman of the Committee must be an independent member of the Board of Directors and may not be a member of any other subcommittee. The members are appointed during the General Assembly meeting from among the Board of Directors for a term of four years, with the possibility of reappointment for the same term. The Chairman of the Board, the General Manager, or any bank official or employee cannot be members of the Audit Committee. The General Assembly appoints the Chairman of the Audit Committee
Qualifications of Committee Members	All members of the Committee must have academic qualifications and practical experience in accounting, auditing, financial management, or other related disciplines relevant to the bank's activities, in line with the contemporary auditing profession's requirements. The members must have a good understanding of accounting standards, experience in auditing practices and procedures, knowledge of internal auditing methods, procedures

for preparing financial reports, and awareness of the Committee's roles and significance. They must be able to read, understand, and evaluate the bank's financial statements, including th

Powers of the Committee

Scope of Internal Audit	Follow up on the adequacy of internal audit and review and discuss the reports of the external auditor.
Accounting Issues	Address accounting issues that have a significant impact on the bank's financial statements.
Internal Control Systems	Ensure the effectiveness of the internal control systems within the bank.
Compliance with International Standards	Ensure compliance with international standards and anti-money laundering regulations in all banking activities.
Recommendations to the Board	Recommend to the Board of Directors the organizational structure of the bank, including the creation or modificatio of departments.
Review of Training Plan	Review the annual training and development plan and monitor its implementation.
Review of Policies	Review policies related to hiring, promotions, resignations, and termination of employment for all bank employees.
Report Preparation	Prepare a quarterly report on the committee's activities after each financial quarter and submit it to the Board of Directors.
Approval of Accounting Procedures	Audit and approve accounting procedures, the annual audit plan, and accounting controls.
Financial Disclosure Compliance	Ensure the bank complies with financial disclosure requirements set by International Financial Reporting Standards (IFRS).
Annual Report	Include in the annual report a statement about the adequacy of internal control systems related to financial reporting
Anti-Money Laundering Compliance	Ensure the existence of an Anti-Money Laundering and Counter-Terrorism Financing office linked to the board, ensuring the implementation of "Know Your Customer" (KYC) policies and reporting duties.
Tax Compliance	Monitor compliance with U.S. tax compliance regulations (FATCA).

External Audit	Recommend qualified external auditors and agree on audit scope with external auditors.
Internal Audit	Appoint the internal auditor and approve the internal audit plan.
Compliance Monitoring	Monitor compliance with applicable laws and regulations for the bank, including anti-money laundering and counte terrorism financing.
Meetings with Auditors	Hold meetings with external auditors, internal auditors, compliance officers, and anti-money laundering officers (at least 4 times per year, without the presence of executive management).
Whistleblowing Procedures	Review and monitor procedures that enable employees to confidentially report financial statement errors or other issues, ensuring employee protection and following up on the investigation results.
Business Continuity Programs	Follow up on the implementation of business continuity and disaster recovery programs in coordination with the Information Technology Committee.

Committee Membership

Rewards

The Chairman and members of the committee receive attendance allowances for meetings in accordance with the privileges and rights regulations approved by the Board of Directors

Committee Secretary

The Committee Secretary is considered to be the person deemed suitable by the committee members Secretary is entrusted with performing the following tasks:

- Coordinating the Audit Committee meetings and sending invitations and agendas.
- Preparing the meeting agendas and providing the members with them at least seven days prior t meeting.
- Preparing, organizing, and distributing materials related to these meetings in advance to the members as internal and external audit reports, IT reports, as well as any reports related to the evaluation of IT sys follow-up reports on observations and recommendations, and authority matrices, etc.).
- Recording, documenting, and numbering the meeting minutes.
- Ensuring that committee members sign the decisions made during the meetings.
- Following up on the implementation of the decisions made during the committee meetings.
- Maintaining the committee's records and documents

Committee Meetings

Location of Committee Meetings

The main headquarters of the bank or any other location decided by the Chairman of the Committee if it is not possible to hold the meeting at the administration headquarters

Duties and Powers of the Committee

- ✓ Here is the translation of the provided text into English:
- ✓ The scope, results, and adequacy of internal and external auditing.
- ✓ Accounting issues with a significant impact on the bank's financial statements.
- ✓ The internal control systems in the bank.
- ✓ Ensuring compliance with international standards in all the bank's activities and operations.
- ✓ Recommending to the Board of Directors to approve the bank's organizational structure, create or cancel organizational units, merge them, define their tasks and responsibilities, and modify them.
- ✓ Supervising the process of evaluating human resources performance in the bank, especially the senior executive management, reviewing related reports, and submitting recommendations to the Board of Directors.
- ✓ Reviewing the executive management's reports on the status of human resources.
- ✓ Reviewing the annual training and development plan and monitoring its implementation.
- ✓ Reviewing the policies and instructions related to recruitment, promotion, resignation, and termination of service for all bank employees, including senior executive management, in accordance with applicable laws.
- ✓ Preparing an annual report on its activities to be submitted to the Board of Directors.
- ✓ Auditing and approving accounting procedures, the annual audit plan, and accounting and risk management controls for the bank.
- ✓ Reviewing the external auditor's report on the bank's financial statements and informing the board of any results before approval.
- ✓ Requesting reports from the internal audit manager.
- ✓ Recommending and approving the appointment or reappointment of the external auditor.
- ✓ Monitoring compliance with the laws and regulations applicable to the bank and submitting a report on this to the board.

Duties and Powers of the Committee

- ✓ Reviewing reports submitted by the bank to the central bank.
- ✓ Reporting any matters presented to it by the board.
- ✓ Reviewing the bank's operations and transactions based on the plans approved by the audit committee or upon the board's request or at the request of shareholders owning more than 10% of the total voting rights, or as determined by the bank's articles of association.
- ✓ Submitting the annual report to the general assembly to disclose the bank's activities and operations.
- ✓ Submitting periodic reports to the board concerning observations, recommendations, and any other matters deemed appropriate by the committee or requested by the board.
- ✓ Performing other responsibilities upon the board's request.
- ✓ Reviewing the committee's tasks and responsibilities annually and submitting recommendations for amendments to the board, where applicable.
- ✓ The committee shall coordinate and communicate with the Governance Committee to ensure timely and adequate reports on compliance with laws, regulations, and legislation.
- ✓ This translation reflects the meaning and content of the original text.



Responsibilities of the Committee

- ✓ resources and the adequate number of qualified human resources to manage the auditing process and train them.
- ✓ Ensure the rotation of internal audit employees across the bank's activities every four years at most.
- ✓ Ensure that internal audit employees are not assigned any executive tasks.
- ✓ Ensure that all bank activities, including "outsourced activities," are subject to auditing.
- ✓ Evaluate the performance of the internal audit manager and staff and determine their bonuses.
- ✓ Provide recommendations to the General Assembly, which makes decisions regarding the appointment, termination, fees (determined by the professional board), and any terms related to the external auditor's contract, in addition to evaluating their independence, considering any other tasks assigned to them outside the audit scope.
- ✓ Meet at least once a year with the external auditor, internal auditor, and compliance management, without the presence of any senior executive management members.
- ✓ Review and monitor procedures that allow employees to report any errors in financial reports or other issues confidentially, ensuring the committee has the necessary arrangements for independent investigations, protecting the employee, and ensuring that investigation results are followed up and addressed objectively.

Responsibilities of the Committee