



**Credit Bank of Iraq**

**Governance Report**

**2023**

### **Governance:**

The Credit Bank of Iraq adheres to the Corporate Governance Guide issued in 2018 and is dedicated to implementing the fundamental principles of "good governance" as outlined in the "Rules of Good Governance and the Internal Control System" in Instructions No. (4) of 2010. The bank also aligns with corporate governance standards based on the best global practices. The responsibilities of the Board of Directors and its committees include ensuring that regulatory, compliance, and ethical standards are maintained in all of the bank's activities. Additionally, the Board of Directors oversees the implementation of corporate governance policies and practices.

### **Board of Directors:**

In 2023, the composition of the bank's Board of Directors underwent changes, including the resignation of member Ali Mohammed Noor Rashad, the passing of member Saad Latif Hamad Nassir, and the nomination of reserve board members: Mrs. Munira Ali Abdulmohsin Al-Salim to replace Mr. Ali Mohammed Noor Rashad, and Mrs. Taghreed Mahmoud Shubar Khalil to replace Mr. Saad Latif Hamad Nassir. These nominations were approved by the Central Bank of Iraq and the Bank's Board of Directors, with the number of reserve members limited to five. The Board of Directors is responsible for ensuring the accuracy and adequacy of the bank's financial statements and the information presented in the annual report, as well as the sufficiency of the internal control and oversight systems. The Board reviews and approves the interim and annual financial statements, which reflect the bank's actual performance, during periodic meetings. The Board of Directors of the Credit Bank of Iraq is committed to complying with all laws, instructions, and regulations issued by the Central Bank of Iraq.

### **General Principles for Selecting Members of the Board of Directors:**

The General Assembly selects members of the Board based on their qualifications and experience, and determines their remuneration according to their participation in the Board's meetings, committees, and other activities, in accordance with the following conditions:

1. Complying with the legal requirements outlined in Banking Law No. (94) of 2004 and Companies Law No. (21) of 1997 and its amendments.
2. Adhering to the legal requirements specified in the Central Bank of Iraq's instructions No. 281/2/9 dated 25/08/2021.
3. Not being a partner or employee of the bank's external auditor during the three years prior to their election as a Board member, nor having any relation to the partner responsible for the audit process.
4. Not serving as a lawyer or legal advisor to the bank, or as an auditor of the bank's accounts.
5. Neither the member nor any company of which they are a board member, owner, or major shareholder should have received a credit from the bank exceeding 5% of the bank's capital. Additionally, they should not be a guarantor of a credit from the bank that exceeds the same percentage of the shares of any company of any type.
6. Two-thirds of the Board members must possess basic university qualifications and degrees, and have experience in banking.

7. He shall not be a member of the board of directors, a managing director, a regional director, or an employee of any other bank within Iraq, unless the latter bank is affiliated with the current bank.
8. He must not be a member of the boards of more than five joint-stock or public companies, either in his personal capacity or as a representative of a legal entity.
9. He must not be an administrator or employee of another bank or a managing manager of another bank.
10. A member of the Board of Directors may be a non-resident or non-Iraqi.
11. He must not have been an employee of the bank or one of its related parties during the previous three years.
12. He must not have any relationship with any of the members of the Board, senior management, or any related parties, up to the fourth degree.
13. He must not be a major shareholder in the bank or its representative.
14. He must not own, directly or indirectly (including ownership by family members who are shareholders or related parties), more than 5% of the shares of any company of any kind.

The tables below show the names of the original and reserve board members, their qualifications and experience, the amount of their contribution to the bank's capital, any memberships they hold on the boards of other companies, and the loans granted to them.

**First: The table below shows the names of the original members of the Board of Directors:**

No.	Member Names	Position	Original Membership Start Date	Academic Achievement	Years of Experience	Number of Shares as of 31/12/2023	Membership in other Boards
1	Mohammed Ali Radhi Al-charchafchi	Board Chairman /Independent Member	06/02/2020	Bachelor of Business Administration	21	1,425,479,850	Al-Khatam Company
2	Walid Jamal Al-Deen El-Seyoufi	Vice President	06/02/2020	Executive Master in Business Administration	25	100,000	
3	Zaid Essam Jassim Al-Saquer (Representative of the National Bank of Kuwait)	Member	06/02/2020	Bachelor of Science, majoring in finance and minoring in information technology	15	27,500,000.000	
4	Ali Nizar Ali Khalil	Member	06/02/2020	Master of Finance	13	50,000	
5	Amr Mostafa Mohamed El-Shenawy	Member/Managing Director	16/10/2021	Bachelor of Commerce and Accounting	29	100,000	
6	Abdulrahman Jalhem Hamzah Al-Janabi	Independent Member	16/10/2021	Doctorate of Law	11	22,692,625	
7	Ghada Fareed Ghani Al-Tuma	Independent Member	16/10/2021	Bachelor of Accounting (Chartered Accountant)	9	50,000	

8	Muneera Ali Abdulmohsin Al- Salem	Member	02/10/2023	Diploma in Applied Commercial Sciences	19	50,000	
9	Taghreed Mahmoud Khalil	Independent Member	24/10/2023	Master of Administrative Law	2	50,000	

**Second: The table below represents the names of the reserve members of the Board of Directors:**

No.	Member Names	Position	Number of Shares as of 31/12/2023	Academic Achievement
1	Marwan Hafez Ibrahim	Reserve Board Member	50,000.000	Bachelor of Economics
2	Salim Ahmed Salim Al-Barjas	Reserve Board Member	50,000.000	Bachelor of Commerce/Accounting major
3	Muna Ahmed Muhi Al-Deen Safa	Reserve Board Member	50,000.000	Bachelor of Business Administration, specializing in management
4	Shaikha Othman Mohammed Al- Quraishi	Reserve Board Member	50,000.000	Bachelor of Administrative Sciences, specializing in Business Administration, Marketing Division
5	Mays Emad Al-Deen Mohammed	Reserve Board Member	50,000.000	Bachelor of Administrative Sciences

The independent members chair the committees emanating from the Board of Directors and attend the General Assembly annually. They also gather the opinions of major shareholders regarding the bank's performance to reach an agreement and common understanding of their views.

There are no interests or benefits acquired by members of the Board of Directors, nor were any loans granted to members of the Board of Directors of the Credit Bank of Iraq during the year 2023.

**Council Responsibilities and Tasks:**

The Board of Directors operates in accordance with the approved internal regulations, which detail the Board's responsibilities comprehensively. The Board manages the bank's affairs and is primarily responsible for the outcomes resulting from the application of the strategies, objectives, plans, and policies it adopts, facilitating the various activities within the bank. The Board has extensive powers to manage the bank and carry out all necessary work to achieve its purposes. This authority is only limited by the law, the decisions of the General Assembly, the articles of incorporation, the bank's bylaws, or relevant supervisory instructions. The Board's responsibilities include protecting the rights of shareholders, depositors, creditors, customers, employees, and all other parties with interests in the bank, within the framework of clear, prudent strategies, policies, and procedures approved by the Board and implemented with the required professionalism and expertise to achieve the bank's objectives. Below we review the tasks of the Board of Directors:

- 1- Endorsing the bank's strategies, encompassing its vision, mission, goals, strategic objectives, and core values in alignment with directives from the General Assembly. Then, tasking the executive management with executing these strategies while overseeing, evaluating, and adjusting their performance as needed to ensure their effective implementation.
- 2- Overseeing the executive management, monitoring its performance, and ensuring the financial stability and solvency of the bank. This entails formulating appropriate policies and procedures for regular supervision and control of the bank's performance.
- 3- Instituting a policy for evaluating and appraising the performance of the executive management by establishing Key Performance Indicators (KPIs) to assess, measure, and track performance and advancement towards the bank's institutional objectives.
- 4- Guaranteeing the existence of comprehensive policies, plans, and operational procedures across all bank activities, consistent with applicable legislation, and ensuring their dissemination to all administrative tiers while subjecting them to regular review.
- 5- Defining the bank's fundamental principles, delineating clear lines of responsibility and answerability for all bank activities, and fostering a robust culture of ethical standards, integrity, and professional conduct among the bank's leadership.
- 6- Assuming accountability for the effectiveness of all bank procedures, including its financial health and reputation, and adhering to the requirements set forth by the Central Bank and other regulatory bodies. This includes managing stakeholder interests, ensuring compliance with legislation and internal policies, and maintaining rigorous oversight over the bank's operations.
- 7- Presenting the bank's finalized financial accounts and statements, along with a comprehensive report on the annual plan's outcomes, to the General Assembly for deliberation and approval. Additionally, overseeing the execution of decisions made by the General Assembly.
- 8- Ensuring adherence to international standards across all bank operations and activities.
- 9- Deliberating on and sanctioning annual plans and budgets concerning the bank's operations, and subsequently monitoring their execution.
- 10- Establishing committees within the Board of Directors and appointing members from among the Board to these committees, tailored to the bank's scale. Essential committees include Governance, Audit, Risk, and Nomination and Remuneration. The Board sets their objectives and delegates authority accordingly. It is imperative not to make decisions unilaterally, requiring the Board's vote, and ensuring continuous oversight of committee functions for their effectiveness.
- 11- Authorizing the appointment of candidates for executive management roles, conducting periodic evaluations of their performance, overseeing their activities, and ensuring accountability. Any appointments must receive approval, including that of the Central Bank of Iraq.

- 12-Embracing the bank's internal control and oversight systems and conducting annual reviews thereof, ensuring that the internal auditor collaborates with the external auditor to review these systems at least once annually. The board is mandated to include in the bank's annual report an affirmation of the adequacy of these systems.
- 13-Safeguarding the independence of the external auditor from initiation throughout their tenure.
- 14-Enacting an effective risk management framework and overseeing its execution, encompassing the determination of acceptable risk levels and averting exposure to high-risk scenarios. The Board must possess a comprehensive understanding of the bank's operational landscape and associated risks, ensuring the availability of requisite tools and infrastructure for risk management. These tools should be proficient in identifying, measuring, controlling, and monitoring all types of risks confronting the bank.
- 15-Ensuring the bank adheres to the fundamental principles of "good governance" as delineated in the "rules of good governance and internal control system" articulated in Directive No. (4) of 2010.
- 16-Guaranteeing the presence of robust and dependable Management Information Systems (MIS) encompassing all facets of the bank's operations.
- 17-Promoting a culture of governance within the bank and advocating for all employees and executive management to embrace its principles, including participation in relevant training programs. Furthermore, ensuring that the bank actively encourages its clients to integrate governance principles into their organizations. Additionally, verifying that the bank's credit policy incorporates corporate governance criteria, particularly for companies, to assess risks based on their governance practices.
- 18-Ensuring alignment with sustainability standards outlined in Appendix No. (1) of the Corporate Governance Guide.
- 19-Implementing measures to establish a clear demarcation between the authority of shareholders with significant tenure and executive management, aiming to bolster robust corporate governance. It is essential to devise appropriate mechanisms to mitigate the influence of such long-tenured shareholders.
- 20-Establishing an organizational structure for the bank that delineates a transparent administrative hierarchy.
- 21-Defining executive powers pertinent to the bank's operations, whether vested in the managing director or executive management, encompassing functions such as banking operations, credit approval, and authorization for financial instruments like transfers, checks, guarantees, loans, mortgages, and letters of credit.

- 22-Endorsing a succession plan for the bank's executive management and conducting annual reviews thereof.
- 23-Ensuring that the Executive Management regularly accesses the official website of the Anti-Money Laundering Office to stay informed about daily updates regarding the freezing of terrorist funds. In the event of any individual's inclusion in the list, immediate notification to both the Anti-Money Laundering Office and the Banking Control Department at the Central Bank of Iraq is mandatory.
- 24-Furnishing the Central Bank of Iraq with information concerning the members of boards or directorial bodies and executive departments of its subsidiaries within and outside Iraq biannually, as well as promptly updating the Central Bank in the event of any amendments.
- 25-Overseeing the bank's comprehensive disclosure, transparency, and information quality.
- 26-Clearly delineating the duties of the Council Secretary in a written format and granting approval thereto.
- 27-Establishing temporary committees either by Council decision or upon request from the Central Bank of Iraq. Such decisions outline the committee's formation, scope of work, responsibilities, and the stipulated timeframe for completion.
- 28-Ensuring that the Internal Audit Department operates under the direct oversight of the Audit Committee, with reports submitted directly to the Committee Chairman to uphold its independence. The Council appoints and dismisses the internal auditor, sets their remuneration, and evaluates their performance. Additionally, adopting a procedural manual for the Internal Audit Department, subject to periodic review and updating by the Audit Committee, at least biennially.
- 29-Ratifying the governance guide devised by the Corporate Governance Committee and ensuring its publication on the bank's website for accessibility by all employees and Board members.
- 30-Reviewing and sanctioning external consultations and technical support sought by any committee.

### **The Key Accomplishments of the Board of Directors in 2023:**

The key accomplishments of the Credit Bank of Iraq's Board of Directors in 2023 were as follows:

1. Approval of amending the bank's organizational structure by adding the departments required by the Central Bank of Iraq.
2. Approval of the policies of the Risk Department, which are listed below:
  - Updated business continuity plan
  - Emergency financing plan
  - Stress testing
  - Comprehensive risk report
  - General risk strategy
  - General framework of risks
  - Risk register and board
  - Credit risk policies and procedures

- Anti-Money laundering and terrorist financing risk policy
- Market risk policies and procedures
- Liquidity and concentration risk policies and procedures
- Stress testing scenario policy

3. Approval of policies related to corporate governance, which are:

- Conflict of interest policy
- Stakeholder protection policy
- Confidentiality policy
- Policy and procedures for reporting violations
- Related party treatment policy
- Disclosure and transparency policy
- Board of Directors performance evaluation guide
- Board of Directors training program
- Training plan for the Board of Directors 2024
- Social responsibility policy
- Human rights policy
- Policy and procedures for nominating and appointing members of the Board of Directors

4. Approval of the following policies and procedures:

- Policies and procedures of the Internal Control and Audit Department.
- Cybersecurity policy
- Policies and procedures for making letters of guarantee
- Policies and procedures of the internal audit department
- Compliance Department Policies and Procedures Manual
- Updated anti-money laundering and terrorist financing policy
- FATCA American Person Policy.
- Investment policy and plan
- Policy and procedures of international standard No. (9)
- Replacement policy
- Rewards policy
- Business continuity plan for the IT department

5. Approval of the following regulations and charters:

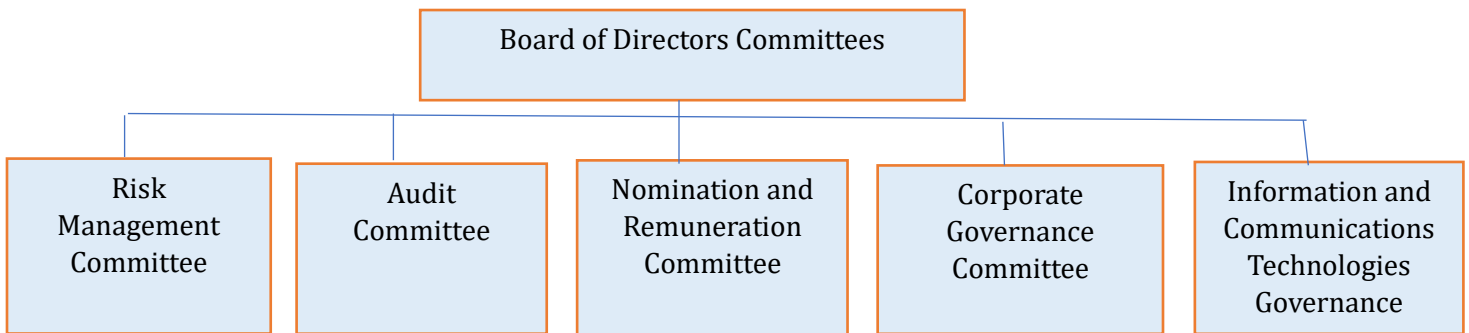
- Executive management list
- Regulations of the Investment Committee
- Credit committee regulations
- Regulations of the Information Technology Committee
- Work regulations for the Secretary of the Board of Directors
- Regulations for the Information Technology Governance Committee
- Procedures for the work of the secretary and rapporteur of the committees emanating from the Board of Directors
- Regulations of the Corporate Governance Committee
- Charter of the Internal Control and Audit Department.
- Audit Committee Charter
- Nominations and Remuneration Committee Charter
- Risk Committee Charter



6. Endorsement of the updated Credit Bank of Iraq's Corporate Governance Manual (second edition).
7. Approval of the budget plan for the year 2024.
8. Ratification of the information technology strategic plan for the period 2023-2027.

**Committees Formed by the Board of Directors:**

In adherence to the governance system and institutional governance guidelines for banks issued by the Central Bank of Iraq in 2018, and the governance controls and institutional management of information and communications technology in the banking sector issued in 2019, the Credit Bank of Iraq has established a suitable number of committees aligned with the bank's operations. The Board formed five committees to augment the Council's effectiveness. The subsequent descriptions outline these committees formed by the Board of Directors:



**1. Audit Committee:**

The Audit Committee was established during the General Assembly meeting convened on 16/10/2021, wherein the committee members were duly elected. The committee comprises Mrs. Ghada Fareed Ghani Al-Tuma serving as the "Chairman" and Mr. Walid Jamal Al-Deen El-Seyoufi and Mr. Ali Nizar Ali Khalil as members.

➤ **Duties of the Audit Committee:**

First: General Responsibilities:

1. Oversight of the extent, outcomes, and adequacy of internal audits, including monitoring the activities of the external auditor and deliberating on their reports.
2. Examination of accounting matters that significantly impact the bank's financial statements.
3. Periodic review of the internal control and oversight systems conducted by both the Audit Committee and the Bank's Internal Audit Department, either annually or as required.
4. Ensuring adherence to international standards and anti-money laundering protocols across all bank operations and activities. The committee retains the authority to scrutinize, investigate, and audit any operations, procedures, or regulations that it deems to influence the bank's strength and security.

5. Advising the Board of Directors on endorsing the bank's organizational structure, including the establishment, dissolution, or amalgamation of organizational units, as well as delineating their responsibilities and authorities, and effecting any necessary amendments.
6. Scrutinizing executive management reports regarding the status of human resources within the bank.
7. Evaluating the annual training and development plan and monitoring its execution.
8. Reviewing policies and directives pertaining to the recruitment, advancement, resignation, and dismissal of all bank personnel, including executive management, while adhering to applicable legal provisions.
9. Assessing and endorsing accounting procedures, the annual audit schedule, and accounting controls.
10. Ensuring the bank's compliance with the disclosure requirements stipulated by the International Financial Reporting Standards (IFRS), directives from the Central Bank of Iraq, and other relevant legislation and guidelines. Additionally, guaranteeing that executive management remains informed about updates to international financial reporting standards and other pertinent regulations.
11. Incorporate into the bank's annual report an assessment of the adequacy of internal control and oversight systems concerning "Financial Reporting", comprising at minimum the following components:
  - A section elucidating the collaborative responsibility of the internal auditor, in conjunction with executive departments, in establishing and maintaining internal control and oversight systems concerning financial reporting within the bank.
  - An overview of the framework utilized by the internal auditor, along with an evaluation thereof to ascertain the efficacy of the internal control and oversight systems.
  - Ensuring adherence to international standards across all bank activities and operations.
  - Establishment of an anti-money laundering and counter-terrorism financing office under the purview of the Council, tasked with executing "Know Your Customer" (KYC) policies and associated duties, including the preparation of periodic activity reports.
  - Oversight of US tax compliance, particularly compliance with the Foreign Account Tax Compliance Act (FATCA).
  - Disclosure of deficiencies in internal control and oversight systems that may impede the prevention or detection of material misstatements.
  - Inclusion of an external auditor's report, providing their opinion on the effectiveness of internal control systems.
12. Scrutinizing the reports furnished by the bank to the Central Bank of Iraq.
13. Overseeing and monitoring procedures facilitating employees to confidentially report any discrepancies in financial reports or other concerns. The committee ensures the availability of requisite arrangements for impartial investigation and safeguarding of the employee, and ensures objective follow-up and resolution of investigation outcomes.
14. Evaluating reports on anti-money laundering and counter-terrorism financing efforts.

15. Monitoring the execution of business continuity programs and crisis recovery efforts in collaboration with the Information and Communications Technology Committee.
16. Exploring the option of seeking consultations and technical assistance from external entities, subject to disclosure and authorization by the Council.
17. Nomination of the external auditor and determination of their remuneration by the Audit Committee, with subsequent presentation to the Board of Directors and the General Assembly. The General Assembly selects the most qualified candidate and sets their remuneration in accordance with professional regulations.

**Tasks of the Information and Communications Technology Audit Committee:**

1. The Audit Committee is required to furnish the Central Bank of Iraq with annual reports for both internal and external audits, inclusive of responses from executive management and the Board's evaluations and recommendations. These reports must align with the relevant information and technology audit report template established by the Central Bank of Iraq and be submitted during the first quarter of each year.
2. The audit committee is mandated to delineate the responsibilities, authorities, and scope of ICT audit work within the audit charter, as well as within mutually agreed procedures with the external auditor. This alignment should be consistent with and encompassed by the controls stipulated by the Central Bank of Iraq in this context.
3. The committee must ensure that both the bank's internal auditor and external auditor, when conducting specialized audits related to information and technology, adhere to the following guidelines:
  - Compliance with information and communications technology audit standards as per the latest update of the international standard (Information Technology Assurance Framework) issued by the Information Systems Audit and Control Association (ISACA), including:
    - Execution of audit missions within an approved plan that considers the relative importance of operations, risk levels, and their impact on the bank's objectives and interests.
    - Provision and adherence to training and continuous education plans for staff specialized in this domain.
    - Adherence to standards of professional and administrative independence, with no conflicts of present or future interests.
    - Adherence to standards of objectivity, professional care, and continuous enhancement of competitive and professional knowledge and skills. This includes a thorough understanding of the bank's various mechanisms and operations based on information and communications technology, as well as other audit reports (financial, operational, and legal).
    - Ability to evaluate evidence proportionately to the situation and prevailing circumstances to detect any unacceptable practices contravening legal provisions, regulations, and controls.
  - Examining, assessing, and reviewing IT and communications resource management and recruitment operations, as well as the banking operations reliant on them. Providing a reasonable overall audit assurance regarding the overall risk level of the relevant information and technology within an audit program. This program should at least cover the areas mentioned in the governance and institutional management controls for information and communication technology issued by the Central Bank of Iraq.

The frequency of auditing all or part of these areas should be at least once a year if the risks are assessed at level (5 or 4) according to the risk assessment scale specified in the aforementioned controls issued by the Central Bank of Iraq. It should be once every two years if the risks are assessed at level (3), and once every three years if the risks are assessed at level (2 or 1), while continuously monitoring the risk levels and taking into account significant changes in the relevant information and technology environment during the specified audit periods. The audit reports should be submitted to the Central Bank of Iraq for the first time regardless of the risk assessment level. The evaluations of the mentioned areas should include the bank's adopted mechanisms in terms of strategic planning and policy formulation, written and approved principles and procedures, resource recruitment mechanisms, including IT and communication resources and human resources, monitoring, improvement, and development tools. The audit results should be documented and evaluated based on the significance of the discrepancies and weaknesses (observations), as well as the activated controls and the residual risk level associated with each of them using a systematic risk analysis and measurement standard. This should include the agreed corrective actions to be followed by the bank's management with specific dates for correction, and a special table indicating the rank of the responsible person in the bank responsible for the observations.

- Regular procedures should be in place to follow up on audit results to ensure that the observations and discrepancies in the auditor's reports are addressed within the specified dates. Efforts should be made to escalate the level of importance and risks in the event of non-compliance, and the Council should be informed of this whenever necessary.
  - Annual evaluation mechanisms (Performance Evaluation) for ICT audit staff should be incorporated with objective measurement standards. These evaluations should be conducted by the Council, represented by the Audit Committee, according to the organizational administrative hierarchy of the audit departments.
4. The task of the internal auditor for relevant information and technology (internal IT Audit) can be assigned to a competent third party that is entirely independent of the external auditor approved in this regard (Outsourcing).

### **Third: Tasks of the Audit Committee Related to Internal Audit**

1. Appoint the internal auditor or recommend their dismissal, promotion, or transfer after obtaining approval from the Central Bank of Iraq.
2. Develop an internal audit charter that outlines the purpose, status, and authority of the internal audit activity within the bank.
3. Ensure that the internal audit provides the necessary periodic evaluation of the quality of the bank's accounts, performance, and operations in compliance with international standards.
4. Review and approve the internal audit plan.
5. Ensure the Director of Internal Audit and their assistant have at least a bachelor's degree in accounting, bank management, financial and banking sciences, or a related field, along with supervisory experience in accordance with the controls and instructions issued by the Central Bank of Iraq.
6. Request reports from the Internal Audit Director.

7. When selecting internal audit employees, ensure they are specialists in accounting and auditing with sufficient experience.
8. The Audit Committee must verify the availability of sufficient financial resources and a sufficient number of qualified human resources to manage internal audit and provide necessary training.
9. The Audit Committee must ensure that internal audit employees are not assigned any executive tasks and maintain their independence, free from bias and conflicts of interest, following the policy of role separation within this department.
10. If some internal audit activities are outsourced, the Board of Directors or the Audit Committee is ultimately responsible for monitoring the quality of these activities. The Director of the Internal Audit Department must assist the Audit Committee in evaluating the quality of outsourced audit activities.
11. The Audit Committee follows up on the Internal Audit Department in carrying out its tasks as follows:
  - The Internal Audit Department is subject to the direct supervision of the Audit Committee and submits its reports directly to the Chairman of the Audit Committee.
  - It has the authority to communicate directly with the Board of Directors, the Chairman of the Board of Directors, the Audit Committee, the external auditor, and the bank's compliance monitor.
  - Prepare a guide for the policies and procedures of the Internal Audit Department, which must be approved by the Audit Committee and the Board of Directors and reviewed and updated by the Audit Committee at least every one or two years.
  - Ensure that the internal auditor, in coordination with the external auditor, reviews the internal control systems for the bank's activities annually and presents them to the Council for approval.
  - Develop a risk-focused action plan and procedures, updated annually and approved by the Board of Directors or its Audit Committee at the beginning of the year. This plan should include a requirement for the internal audit department to visit the bank branches at least quarterly. The updated work plan and procedures must be implemented during the year and monitored by the Audit Committee of the Board of Directors.
12. Establishing policy frameworks for internal audit and overseeing the preparation of financial reports.
13. Supervising both the bank's internal and external auditors as well as its compliance activities, ensuring that all external audit work is conducted professionally and in alignment with international accounting and auditing standards.
14. Taking into account laws and regulations, issues identified by auditors, compliance activities, and other oversight activities.
15. Supervising the bank's development of accounting policies and practices.
16. Reviewing third-party opinions on the design and effectiveness of the overall risk governance framework and internal control system.

➤ **The most important achievements of the audit committee emanating from the Board of Directors during 2023:**

The committee held five (5) meetings during the year and the following was accomplished:

1. Reviewed and approved the bank's interim and annual financial statements.
2. Reviewed and approved reports sent to the Central Bank of Iraq by supervisory departments (internal audit, compliance, reporting on money laundering, and terrorist financing).
3. Reviewed and approved various policies and procedures, recommending them to the Board of Directors for approval:
  - FATCA American Person Policy
  - Compliance Department Policies and Procedures Manual
  - Mechanism for proposing qualified external auditors and recommending their dismissal
  - Anti-money laundering and terrorist financing policy
  - Policies and procedures of the Internal Control and Audit Department
4. Approved the internal audit plan for 2024 and recommended it to the Board of Directors for approval.
5. Approved amendments to the organizational structure, recommending them to the Board of Directors for approval.

**2. Risk Management Committee:**

The Risk Management Committee was reconstituted during the Board of Directors meeting on 09/11/2023. The committee members were selected as follows:

Chairman: Mrs. Taghreed Mahmoud Khalil Members: Mr. Walid Jamal Al-Deen El-seyoufi and Mr. Ali Nizar Ali Khalil

➤ **Tasks of the Risk Management Committee:**

**1. Risk strategies, risk propensity and overall risk governance:**

- Review the bank's risk management strategy and risk appetite, ensuring appropriateness and comprehensiveness, and present it to the Board of Directors for approval.
- Review the credit policy, make recommendations to the Board of Directors for approval, supervise its implementation, and ensure credit risks align with decisions and directives from the Basel Committee on Banking Supervision.
- Periodically review the risk management policy proposed by senior management, make recommendations to the Board of Directors for approval.
- Supervise senior management's procedures to ensure compliance with approved risk policies.

- Continuous communication with the Director of the Risk Department and obtaining periodic reports from him on matters related to the current status of risks in the bank and the risk culture, in addition to reports on the limits and ceilings set and any violations thereof and risk avoidance plans.
- Monitoring the credit risks borne by the bank, whether related to the standard approach or the approach based on internal classification, operational risks, market risks, supervisory review, and market discipline contained in the decisions issued by the Basel Committee on Banking Supervision.
- Determine credit ceilings that exceed the authority of the managing director or the regional director.
- Monitoring the bank's ability to avoid liquidity risks in accordance with Basel II decisions, including liquidity standards.
- Internal assessment of capital adequacy in accordance with the methodology approved by the Board of Directors and in accordance with the decisions of the Basel Committee (2) and Basel (3) and any other international standards.
- Supervising capital strategies, liquidity management, and all related risk management strategies to ensure their compatibility with the bank's approved risk framework.
- Receiving periodic reports from the committees emanating from the executive management (credit, investment).
- Evaluating the performance of the investment portfolio in terms of return and risk with regard to the bank's internal and external investments, and continuously monitoring the indicators and movement of the local and external capital markets.
- Recommending to the Board of Directors to abandon activities that cause risks to the bank that it is unable to confront.
- Ensuring that the bank adheres to the regulations, instructions and policies related to risk management and the possibility of obtaining advice and technical support from external sources, provided that this is with the knowledge and approval of the Board.
- Reviewing the investment policy and submitting recommendations thereon to the Board of Directors for approval and supervising its implementation.
- The policies approved by the Board of Directors must include the acceptable limits of risks to which the bank may be exposed, with the need for those limits to be consistent with the extent of the bank's ability to accept risks and the suitability of this with the size of capital.
- Ensure that the steps for measuring, monitoring, and managing risks remain appropriate, making necessary adjustments in line with market developments and the bank's operating environment.
- Utilize suitable and efficient information and communication systems, particularly for risk monitoring processes, ensuring the effectiveness of the information management system. This system should facilitate the provision of periodic reports (at least monthly) to the bank's senior management, the Risk Management Committee, and the Board. These reports should reflect the bank's adherence to specified risk limits and provide explanations for any violations, including their causes and necessary corrective actions.
- Establish effective risk management and internal control practices to uphold data confidentiality, system security, reliability, resilience, and recoverability within the bank.

- Develop a strategy and oversee roles in the ICT risk process and distribution.
- The Risk Management Committee annually reviews policies and procedures for risk management.
- Establish a framework for ICT risk management concepts systematically and cohesively, incorporating the following characteristics:
  - Clarification of rules and responsibilities.
  - Identification and prioritization of information system assets.
  - Assessment of potential threats, risks, and current and emerging vulnerabilities.
  - Adherence to international standards such as IT, ISO/IEC 27005:2018, COBIT for RISK, NIST, and ISO31000 GXM.
  - Implementation of appropriate practices and controls for risk mitigation.
  - Regular updates and risk assessments, considering changes in environmental systems or operational conditions that may impact risk analysis.

**2. Other Responsibilities:**

- Reviewing and approving data included in the annual report related to risk management.
- Monitoring anticipated changes in the economic and business environment, considering new trends and other factors relevant to the bank's risk profile and risk propensity.
- Assessing potential risks in proposed transactions involving related parties and providing recommendations to the Board of Directors regarding such transactions.

➤ **The most important achievements of the Risk Management Committee emanating from the Board of Directors during 2023:**

The committee held four (4) meetings during the year and the following was accomplished:

- 1- Approval of the policies and procedures for the risk department (credit, liquidity and concentration, market, operation, stress tests, money laundering and terrorist financing risks, International Standard No. 9).



- 2- Approval of the comprehensive risk framework.
- 3- Approval of the overarching risk strategy.
- 4- Approval of the risk matrix.
- 5- Approval of the updated business continuity plan.
- 6- Endorsement of risk reports submitted to the Central Bank of Iraq (monthly, quarterly, semi-annually, annually).

### **3. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was reconstituted during the Board of Directors meeting held on 09/11/2023. The committee members selected are as follows:

Chairman: Dr. Abdulrahman Jalhem Hamzah Al-Janabi

Members: Mr. Zaid Essam Jassim Al-Saqer, Mrs. Muneera Ali Abdulmohsin Al-Salem.

#### **➤ Duties of the Nomination and Remuneration Committee**

##### **First: Nomination Tasks**

1. Ensure that Board members meet the conditions specified in legislation and the Corporate Governance Manual.
2. Identify individuals qualified to join the Board of Directors or senior management, excluding the identification of candidates for Director of Internal Audit, which is the responsibility of the Audit Committee.
3. Ensure the suitability of Board members, confirming their credibility, integrity, competence, necessary experience, and commitment.
4. Ensure the independence of Board members, obtaining and preparing a signed pledge of independence from the independent members.
5. Ensure the suitability and performance of executive management members, evaluating them periodically to confirm their credibility, integrity, competence, necessary experience, commitment, and ability to devote time to the bank's work.
6. Supervise training and development activities, ensuring that all employees and executive management attend courses on governance culture and practices.
7. Ensure the existence of a succession plan for senior executive management, review it annually, and present it to the Board for approval. Establish a replacement policy for executive management positions, reviewed at least annually, to ensure the bank's readiness to handle changes in executive management without affecting performance and operations continuity.

##### **Second: Reward Tasks**

Prepare a remuneration policy and submit it to the Board of Directors for approval and periodic review. Implement this policy, ensuring it includes the following elements:

- Consistency with the principles and practices of sound governance, prioritizing the bank's long-term interests over immediate or short-term considerations.
- Consideration of all risks to which the bank is exposed, balancing achieved profits with the degree of risks involved in banking activities and business.
- Alignment with the bank's achievement of its long-term goals according to its approved strategic plan.
- The rewards and salaries policy must include all levels and categories of the bank's employees. Periodically review the policy for granting rewards, salaries, and incentives, or when recommended by the Board of Directors, and submit recommendations for amendments or updates to the Board. Conduct periodic evaluations of the policy's adequacy and effectiveness in granting bonuses, salaries, and incentives to ensure it meets its stated objectives.
- Ensure plans are prepared and programs are provided to train members of the Board of Directors and continuously qualify them to keep pace with important developments in banking and financial services.
- Supervise the performance evaluation of the bank's human resources, especially the executive management, review relevant reports, and submit recommendations to the Board of Directors.
- Ensure the rewards policy considers all types of risks the bank faces, balancing the achieved profits with the degree of risks involved in banking activities and business.

➤ **Key achievements of the Nomination and Remuneration Committee from the Board of Directors during 2023:**

The committee held two meetings during 2023, accomplishing the following:

- Approving the replacement policy and submitting a recommendation to the Board of Directors for approval.
- Approving the remuneration policy and submitting a recommendation to the Board of Directors for approval.
- Approving the Board of Directors' performance evaluation guide and submitting a recommendation to the Board of Directors for approval.
- Approving the Board of Directors training program and submitting a recommendation to the Board of Directors for approval.
- Approving the training plan for the Board of Directors and submitting a recommendation to the Board of Directors for approval.

4. **Corporate Governance Committee:**

The Corporate Governance Committee was reconstituted at the Board of Directors meeting on 09/11/2023, with the following members selected:

- Mr. Mohammed Ali Radhi Al-charchafchi, Chairman
- Mr. Zaid Essam Jassim Al-Saqer, Member
- Mr. Taghreed Mahmoud Khalil, Member

**Tasks of the Corporate Governance Committee:**

The Board of Directors authorizes the Committee to undertake the following tasks and responsibilities:

1. Prepare a governance guide for the bank approved by the Board of Directors and follow up on its implementation. Ensure that it is published on the bank's website, accessible to all employees and members of the Board of Directors, and that the governance framework approved and applied by the bank is consistent with applicable laws, regulations, instructions, and global best practices.
2. The committee oversees the implementation of standards and control systems outlined in the Corporate Governance Manual.

3. It evaluates and discusses the findings of both internal controls and independent external auditors related to the governance guide and framework. Subsequently, the committee forwards recommendations to relevant parties for addressing any identified deficiencies.
4. Reviewing the bank's governance system in accordance with relevant laws, regulations, standards, and practices, and annually presenting a report on the audit findings to the Board of Directors.
5. Offering recommendations for enhancing and refining governance practices at the bank in alignment with the best international practices applicable.
6. Examining the bank's annual disclosures concerning governance practices in accordance with applicable laws and legislative regulations.
7. Providing guidance and counsel to various committees and Board members regarding the disclosure of conflicts of interest.
8. Overseeing the adherence of various committees to governance policies.

The committee may collaborate with consulting entities to seek advice and assistance in developing new requirements in the Governance Guide, as well as technical support consultations, provided that such actions are done with the knowledge and approval of the Board.

➤ **The significant achievements of the Corporate Governance Committee arising from the Board of Directors during 2023:**

The committee held two meetings during the year and the following was accomplished:

1. Approval of the Corporate Governance Department's policies, which were recommended to be presented to the Board of Directors for approval. These policies include:
  - Conflict of interest policy
  - Stakeholder protection policy
  - Confidentiality policy
  - Policy and procedures for reporting violations
  - Related party treatment policy
  - Disclosure and transparency policy
2. Endorsement of the updated Corporate Governance Guide (second edition) with a recommendation for approval by the Board of Directors.

5. **Information and Communications Technologies Governance Committee**

The ICT Governance Committee underwent reconstitution during the Board of Directors meeting held on 11/9/2023. The committee members were appointed as follows:

- Mrs. Taghreed Mahmoud Khalil, Chairman
- Mr. Walid Jamal Al-Deen El-seyoufi, Member
- Mr. Ali Nizar Ali Khalil, Member

Additionally, the Director of Information and Communications Technology and the Director of Information Security were included as members.

Responsibilities of the ICT Governance Committee:

➤ **The Board of Directors delegates the following duties and obligations to the Committee:**

1. Formulating strategic plans for information and communication technology (ICT) and appropriate organizational frameworks, including senior executive management steering committees, notably the ICT steering committee, to ensure alignment with the bank's strategic objectives. This entails optimizing the value derived from ICT projects and investments, adhering to established standards for monitoring and ensuring their effectiveness. Methods such as utilizing the IT Balanced Scorecards system, assessing Return on Investment (ROI), and evaluating the impact on enhancing financial and operational efficiency are utilized for this purpose.
2. Establishing a comprehensive framework for managing, overseeing, and supervising ICT resources and projects, drawing upon globally recognized best practices, particularly the Control Objectives for Information and Related Technology (COBIT) framework in all its iterations. This framework aims to fulfill institutional goals sustainably and meet the requirements outlined in ICT governance processes embedded within governance and institutional management controls.
3. Adopting the matrix of institutional objectives and pertinent information and technology objectives outlined in the governance and institutional management controls for ICT, ensuring a minimum dataset and detailing the requisite sub-objectives for their attainment.
4. Implementing a responsibility matrix (RACI Chart) concerning primary information technology governance processes and their derived sub processes, delineating the roles of entities, individuals, or parties as primarily responsible (Responsible), ultimately responsible (Accountable), and consultative (Consultant). This chart encompasses all involved parties in the governance controls and institutional management of information and communication technology, ensuring comprehensive oversight.
5. Guaranteeing the existence of a comprehensive framework for managing risks associated with information and communication technology (ICT) that aligns with the overarching risk management framework of the bank and integrates seamlessly with it, in accordance with international standards such as ISO 31000 and ISO 73. This framework encompasses all ICT governance processes embedded within the governance controls and institutional management of ICT and ensures their fulfillment.
6. Endorsing a budget allocation for ICT resources and projects in alignment with the strategic objectives of the bank.

7. Conducting general oversight and evaluation of the progress of information and communication technology (ICT) operations, resources, and projects to ensure their adequacy and effective contribution to meeting the bank's requirements and objectives.
8. Examining audit reports concerning information and communication technology and taking necessary actions to address any deviations, along with providing recommendations for corrective measures as required.
9. Reviewing and revising the ICT Governance Guide as needed.
10. Evaluating recommendations put forth by the Information and Communications Technology Steering Committee, which may include:
  - Allocating requisite resources and mechanisms to fulfill the tasks of the ICT Governance Committee.
  - Identifying and addressing any deviations that could impede the achievement of strategic objectives.
  - Addressing any unacceptable risks pertaining to information technology, security, and safeguarding.
  - Assessing reports on performance and compliance with the general framework for managing, controlling, and monitoring ICT resources and projects.
11. Reviewing the minutes of meetings held by the Executive Information Technology Steering Committee, with the committee promptly providing its reports to the Information and Communications Technology Governance Committee and facilitating their review.
12. Taking direct responsibility for the evaluation, guidance, and control processes, as well as ensuring prudent management of information and communication technology (ICT) and risk management processes outlined in the governance controls and institutional management of ICT, in collaboration with the bank's risk management framework. These controls are designed to meet stakeholder needs and fulfill the bank's directives and objectives by achieving ICT goals. This includes ensuring:
  - a. Provision of high-quality information to support the bank's decision-making mechanisms.
  - b. Prudent management of ICT resources and projects to optimize resource utilization and minimize wastage.
  - c. Provision of a robust and supportive technology infrastructure enabling the bank to achieve its objectives.
  - d. Enhancement of the bank's operational efficiency through the implementation of an efficient and highly reliable technical system.
  - e. Prudent management of ICT risks to safeguard the bank's assets adequately.
  - f. Assistance in achieving compliance with legal requirements, regulations, and internal business strategies, policies, and procedures.
  - g. Improvement of the internal control system.
  - h. Enhancement of user satisfaction with ICT by efficiently and effectively meeting their work requirements.
  - i. Management of third-party services entrusted with implementing operations and tasks related to ICT services and products.

➤ **The committee's responsibilities regarding principles, policies, and frameworks are outlined as follows:**

1. Establishing a set of principles, policies, and frameworks essential for achieving the overarching framework for managing, controlling, and monitoring ICT resources and projects. These should align with the objectives and processes of ICT governance outlined in the governance controls and institutional management of ICT.

2. Adopting principles, policies, and frameworks, particularly those pertaining to ICT risk management, information security management, and human resources management, to meet the requirements of ICT governance processes detailed in the Governance Controls and Institutional Management of ICT.

3. Implementing a comprehensive system of policies for managing ICT governance resources and processes outlined in the Governance and Institutional Management Controls for Information and Communications Technology. This system of policies serves as a baseline, with flexibility for consolidation and integration as needed by the nature of operations. Additionally, other regulatory policies must be developed to align with the bank's evolving objectives. Work mechanisms should specify the owner of each policy, its scope, review and update frequency, review and distribution powers, objectives, responsibilities, associated work procedures, penalties for non-compliance, and compliance examination mechanisms.

4. When formulating policies, soliciting contributions from all internal and external stakeholders and referencing international best practices and their updates as benchmarks. Examples of such practices include COBIT, ISO/IEC 27001/2, ISO 31000, ISO/IEC 9126, ISO/IEC 155504, ISO 22301, PCI DSS, ITIL, among others.

➤ **The committee's responsibilities regarding services, programs, and information and communications technology infrastructure are twofold:**

A- To embrace a framework encompassing services, programs, and infrastructure for information and communications technology, outlined within the governance controls for managing information and communications technology within the institution. This framework should be regarded as a baseline, subject to continual provision and enhancement to align with the evolving objectives and operations of the bank, adhering to internationally recognized best practices.

B- To endorse a framework of services, programs, and ICT infrastructure that facilitates and contributes to the fulfillment of ICT governance processes, subsequently advancing associated information and technology objectives and institutional aims.

➤ **The committee's responsibilities concerning knowledge, skills, and experience:**

- Adopt a competency matrix (HC Competences) and human resources management policies essential for fulfilling the requirements of ICT governance processes delineated within the governance controls for ICT management, ensuring alignment with these controls overall, and guaranteeing appropriate personnel placement.

- Recruit skilled and knowledgeable personnel with expertise in information and communications technology resource management, risk management, information security management, and ICT audit management. This recruitment should adhere to academic, technical, and professional standards, subject to approval from competent authorities. Moreover, existing staff should undergo rehabilitation and training to meet the specified requirements outlined in directives issued by the Central Bank of Iraq.

The significant accomplishments of the Information and Communications Technology Governance Committee stemming from the Board of Directors in 2023 are as follows:

➤ **Throughout the year 2023, the committee convened for a total of four meetings, where it:**

- Assessed and endorsed the business continuity plan for the Information Technology Department, recommending it for approval by the Board of Directors.
- Evaluated the information technology strategic plan for the period 2023-2027, recommending its approval by the Board of Directors.

**The meetings conducted by the Board of Directors and its various committees:**

In 2023, the Board of Directors of the Credit Bank of Iraq convened six meetings, all of which were meticulously documented through audio recordings, duly archived within the bank's records.

It's important to highlight that the conduct of meetings by the Board of Directors and its subsidiary committees in 2023 adhered strictly to the bank's regulatory framework governing the operations of the Board and its committees. This framework delineates the frequency of meetings, attendance requirements, and the scope of agenda items for discussion and review by members. The Information and Communications Technology Governance Committee, however, operated under its own set of guidelines.

For detailed information on the composition of the Board of Directors of the Credit Bank of Iraq and their involvement in subsidiary committees stemming from the Board, including a total of 23 meetings held, along with individual attendance records for the year 2023, please refer to the table provided below:

Board of Directors	Membership in committees	Board of Directors	Governance	Nominations and Remuneration Committee	Risk Committee	Audit Committee	ICT Governance Committee
Mohammed Ali Radhi Al-charchafchi	Chairman of Board of Directors Chairman of the Corporate Governance Committee	2					
Walid Jamal Al-Deen Abdou El-seyoufi	Deputy Chairman of the Board Member of the Audit Committee Member of the Risk Committee Member of the ICT Governance Committee	6			4	3	4
Zaid Essam Jassim Al-Saqer	Representative of the National Bank of Kuwait Member of the Corporate Governance Committee Member of the Nominations and Remuneration Committee	5	2	2			
Amr Mostafa Mohamed El-Shenawy	Managing Director	6					
Ghada Fareed Ghani Al-Tuma	Chairman of the Audit Committee	6				5	
Abdulrahman Jalham Hamza Mohsin Al-Janabi	Chairman of the Nominations and Remuneration Committee	6		2			
Muneera Ali Abdulmohsin Al-Salem 09/11/2023	Member of the Nominations and Remuneration Committee	2					
Taghreed Mahmoud Khalil as of 09/11/2023	Chairman of the Risk Committee Chairman of the ICT Governance Committee Member of the Corporate Governance Committee	2	1				
Ali Nizar Ali Khalil	Member of the Audit Committee Member of the Risk Committee Member of the ICT Governance Committee	6			4	5	4
Total number of meetings		6	2	2	4	5	4



### **Executive Management:**

The senior executive management team is composed of individuals appointed by the Board of Directors to oversee the bank's operations. This team includes the managing director, their deputies, assistants, and other senior executive members, all of whom possess the highest levels of credibility, integrity, efficiency, and essential banking expertise. They are dedicated to the bank's operations.

**The following table lists the names and positions of the executive management team:**

No.	Name	Position
1	Amr Mostafa Mohamed El-Shenawy	Managing Director
2	Marwan Ali Kinder	Assistant Director Commissioner / Chief Operating Officer
3	Ali Nizar Al-Hassani	Chief Financial Officer
4	Georges Victor Farah	Business Executive Director
5	Rawaa Majeed Rishan	Compliance Monitor
6	Omar Raad Taleb	Branch Administration Manager
7	Mohammed Khairallah Mohammed	Director of Money Laundering and Terrorist Financing Reporting
8	Ahmed Fawzi Dahry	IT Manager
9	Dina Siham Khalil	Risk Management Manager
10	Raad Sobeih Faraj	Internal Audit Director

### **General Principles for Selecting Executive Management**

The individual appointed by the Board of Directors to serve as a managing director of a bank, a designated manager of a branch, or in any other senior position as determined by the Central Bank of Iraq must meet the following criteria:

1. They must have legal capacity and be of good character.
2. They must possess the necessary competence and banking experience relevant to banking operations.
3. They must not be affiliated with, serve as an administrator for, or be employed by another bank, nor act as a managing director for another bank.
4. They must reside in Iraq and be fully committed to managing the bank's operations.

Additionally, any person appointed to the senior executive management of the bank, as per the Corporate Governance Guide issued by the Central Bank in 2018, must also adhere to the following condition:

1. They must not be a member of the board of directors of any other bank, unless the other bank is affiliated with their current bank.

2. They must be fully dedicated to managing the bank's business.
3. They must hold at least a primary university degree in financial or banking sciences, business administration, finance, accounting, economics, law, or information technology, which are relevant to the bank's business.
4. They must have a minimum of five years of experience in banking or a related field. However, for the positions of general manager, authorized director, or regional director, they must have at least ten years of experience in banking or financial sector-related activities.

#### **Duties and Responsibilities of Executive Management**

1. Prepare and implement strategic and operational plans after Board of Directors approval, ensure their effectiveness, and submit proposals for their development or amendment.
2. Implement relevant laws, regulations, instructions, policies, and directives issued by the Board of Directors with integrity, responsibility, and transparency.
3. Provide recommendations for making important decisions related to banking operations, including managing deposits, loans, and investments, and offering local and international services, focusing on requirements, implementation methods, and continuous improvement.
4. Review and implement expansion plans for new branches and offices.
5. Prepare and develop policies and procedures for all work details.
6. Create an organizational structure for the bank, defining duties and responsibilities, distributing them among organizational units, and establishing vertical and horizontal lines of communication.
7. Prepare the necessary annual budgets for the bank.
8. Commit to adequate internal control systems to protect the bank's funds and assets, ensuring the integrity of financial transactions and information, and working to implement them.
9. Establish appropriate systems to manage all types of risks.
10. Provide internal and external oversight bodies with requested reports and information, facilitating their oversight and inspection tasks.
11. Ensure compliance with international standards in all bank activities and operations.
12. Submit periodic reports to the Board of Directors on the progress of the bank's business.
13. Maintain comprehensive and sound records and information systems for all activities and decisions, supported by necessary documents.
14. Discuss and follow up on the progress of work in the bank and propose solutions.
15. Coordinate between different departments to ensure compatibility, harmony, and integration.
16. Determine human resource needs and follow up on their training to enhance performance.

17. Monitor the bank's financial status and ensure appropriate profits by balancing risk and return, in accordance with the annual plan.

18. Review the Anti-Money Laundering Office's official website daily for the latest lists of frozen terrorist funds. Immediately notify the Anti-Money Laundering Office and the Central Bank's Banking Control Department if a person's name appears on the list.

19. Establish the Steering Committee for Information and Communications Technology to achieve the bank's strategic goals sustainably. This committee, led by the General Manager, includes sub-managers, the Director of Information and Communications Technology, the Director of Risk Management, and the Director of Information Security. The Board appoints a member as an observer in this committee, alongside the director of internal audit, who attends only to present or discuss their report to maintain independence and objectivity. Others may be invited to meetings as necessary, and the committee documents its meetings with official minutes.

20. The Board and senior executive management must develop the necessary infrastructure and information systems to provide information and reports for the bank's decision-making processes. Information quality requirements include credibility, integrity, accuracy, and availability, alongside confidentiality per data classification policy and compliance. Additionally, the COBIT - Enabling Information standard requirements must be met, which include objectivity, believability, reputation, relevance, appropriate amount, concise representation, consistent representation, interpretability, understandability, ease of manipulation, and restricted access.

21. The bank's executive management must provide ongoing training and education programs for employees to maintain the necessary knowledge and skills for effective information and communications technology (ICT) governance processes, as outlined in the governance and institutional management controls for ICT.

22. The bank's executive management must implement mechanisms for the annual evaluation of staff, using objective measurement standards that assess their contributions to the bank's objectives through their respective job positions.

23. The senior executive management must approve the services, programs, and infrastructure systems for ICT as specified in the governance and institutional management controls for ICT in the banking sector. These systems should be considered a minimum requirement and must be continuously developed to align with the bank's evolving objectives and operations, in accordance with accepted international best practices.

24. The senior executive management must adopt services, programs, and ICT infrastructure that support and facilitate the achievement of ICT governance processes, as well as the associated information, technology, and institutional goals.

25. The executive management plays a significant role in the quality management unit by approving the application of administrative system specifications and international standards. They also review reports to ensure compliance with these requirements, as provided by the authorized director. These reports cover employee and customer satisfaction, strategic goal initiative completion rates on a quarterly and annual basis, and assessments from companies granting quality control certificates. The management then takes necessary actions based on the report findings.

26. The Role of Executive Management in Risk Governance According to the Supervisory Work Manual/Risk Management Controls:

Executive management is responsible for bearing risks and implementing and developing the framework for risk management and the internal control system. Their tasks include, at a minimum, the following:

- a. Directing and supervising the daily management of the bank's operations.
- b. Developing policies and procedures to implement the general risk management strategy.
- c. Establishing an effective internal control system.
- d. Establishing an effective management information system.
- e. Measuring performance against strategic and operational objectives.
- f. Following up on the implementation of established policies and procedures, ensuring their effectiveness and adequacy, and addressing any weaknesses in the general framework of risk management and internal control systems. This includes weaknesses noted by the risk management, compliance management, and internal audit departments, as well as observations from the Central Bank of Iraq.
- g. Keeping the Board of Directors informed about the level and development of risks, and the adequacy and effectiveness of established policies and procedures through periodic reporting to the relevant authorities.
- h. Ensuring the appropriate distribution of human resources, training staff, and fostering a risk-aware culture.

**The most important achievements of the executive management during the year 2023:**

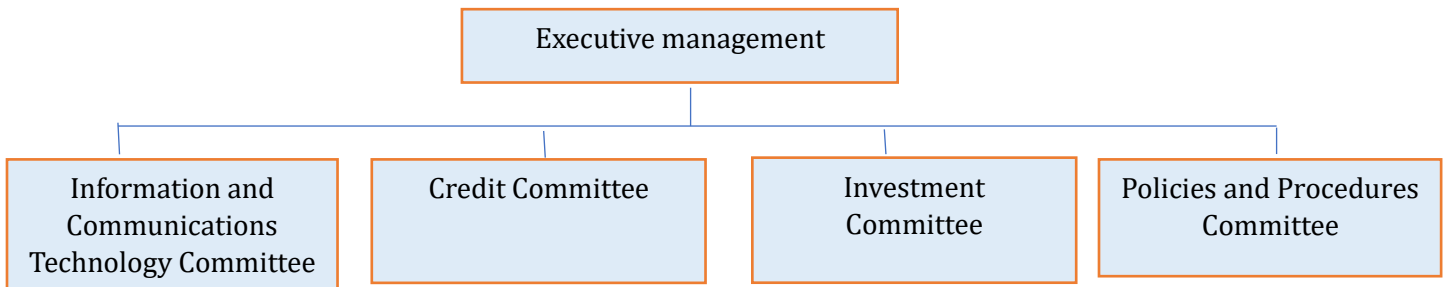
The Credit Bank of Iraq made many achievements during the year 2023, the most important of which was increasing the bank's profits by 63.2% to reach 17.53 billion Iraqi dinars during the year 2023, compared to 10.73 billion Iraqi dinars during the year 2022. This is through the bank diversifying investments and increasing banking services to customers.

During 2023, the bank also completed the review and update of a number of the bank's department policies and procedures to be consistent with business and regulatory requirements. In addition to completing the sale and transfer of ownership of real estate not used for banking work, according to the requirements of the Central Bank of Iraq.

## Committees Emanating from the Executive Management:

The senior management of the Credit Bank of Iraq has formed committees to assist it in carrying out its tasks and submit reports to the relevant Board of Directors committees on a regular basis to ensure effective oversight and supervision.

The chart below shows the committees emanating from the executive management:



### 1. Credit Committee:

The senior management forms the Credit Committee to assist in carrying out its tasks and submit reports to the relevant management committees on a periodic basis to ensure effective monitoring and supervision. The committee is composed of at least three members, with members of the Board of Directors attending as observers to assist them. The committee sends the date of its meetings to the Board of Directors before the meeting so that any member can attend as an observer if desired, according to the Governance Manual issued by the Central Bank of Iraq for the year 2018.

- ❖ The Credit Committee is composed of the following members:
  - Managing Director, acting as Chairman of the Committee
  - Risk Management Manager
  - Credit Department Manager
  - Director of Corporate Administration
  - Director of the Legal Affairs Department
  - Committee Rapporteur

#### ➤ Tasks of the Committee:

The Executive Management authorizes the Committee to assume the following tasks and responsibilities:

1. Supervise and follow up on the implementation of instructions issued by the Central Bank of Iraq regarding the principles of evaluating the creditworthiness of customers and forming allocations.
2. Follow up on credit exposures in cooperation with two divisions:
  - Credit history accounts.
  - Customer affairs (consumers and beneficiaries).
3. Follow up on loan repayment movements.
4. Work to recover written-off loans as much as possible.

5. Simplify loan granting procedures.

6. Cooperate with the legal department in following up on the collection of non-performing loans.

➤ **The most important achievements of the Credit Committee from the Executive Management during 2023:**

The Committee held 10 meetings during 2023. Decisions taken include:

- Transferring debts from within the budget to accounts outside the budget.
- Promoting Emaar bonds, with the bank offering borrowing opportunities to customers against the guarantee of bonds.

**2. Investment Committee:**

The Executive Management forms the Investment Committee to assist in its tasks and submit reports to the relevant management committees regularly to ensure effective monitoring and supervision. The committee consists of at least three members, with Board of Directors members attending as observers if needed. The committee notifies the Board of Directors about its meetings in advance so that any member can attend as an observer if desired, according to the Governance Guide issued by the Central Bank of Iraq in 2018.

❖ The Investment Committee is composed of the following members:

- Managing Director, Chairman of the Committee
- Assistant Managing Director
- Assistant Director of Investment and Treasury
- Director of the Financial Department
- Risk Management Director
- Committee Rapporteur

➤ **Tasks of the Committee:**

The Executive Management authorizes the Committee to undertake the following tasks and responsibilities:

- Divide the investment portfolio into “equity” and “debt” instruments, including treasury transfers and government bonds, along with the portfolio’s foreign instrument components.
- Propose buy, sell, or hold decisions for the investment portfolio components and oversee their implementation upon approval by the Board of Directors.
- Review periodic indicators used by the investment department or units and submit necessary proposals based on these reviews.

➤ **The Most Important Achievements of the Investment Committee from the Executive Management During 2023:**

The committee held 12 meetings throughout 2023, achieving the following key milestones:

- Purchased Emaar second issuance bonds offered by the Ministry of Finance, valued at 200 billion Iraqi dinars, in denominations of 500,000 Iraqi dinars, for a period of two years with an interest rate of 6%.
- Invested the bank's surplus Iraqi dinars with the Central Bank of Iraq for periods of 30 and 90 days, at interest rates of 4% and 5%, respectively, during the months of January through July.
- Invested surplus Iraqi dinars with the Central Bank of Iraq in treasury transfers for 14 days, at an interest rate of 7.5%, from July to December.
- Invested surplus US dollars in deposits with the National Bank of Kuwait/Bahrain, divided into periods of 30, 90, or 182 days, based on the offered interest rates.

**3. Information Technology, Communications, and Cybersecurity Committee:**

The senior executive management formed the Information and Communications Technology Steering Committee to achieve the bank's strategic objectives sustainably. The committee is headed by the General Manager and includes sub-managers such as the Director of Information and Communications Technology, the Director of Risk Management, and the Director of Information Security. The Board elects one of its members to serve as an observer on this committee, along with the Director of Internal Audit, who also serves as an observer and attends only when their report is presented or discussed to maintain independence and objectivity. The committee can invite others to attend meetings when necessary and documents its meetings with original minutes.

The Information and Communications Technology Committee is composed of the following members:

- Managing Director, Chairman of the Committee
- Assistant Director Commissioner
- Business Sector Manager
- Director of Operations Department
- Director of Information Technology Department / Committee Rapporteur
- Director of Financial Department
- Risk Management Director
- Cybersecurity Manager
- Internal Audit Director (Observer)

➤ **Tasks of the Committee:**

The Executive Management authorizes the Committee to assume the following tasks and responsibilities:

1. Review and develop the bank's use of information and communications technology.
2. Verify the security of information and communications.
3. Ensure the preparation and updating of a guide to information and communications technology policies and procedures, and submit necessary proposals for its development in accordance with work requirements.
4. Verify the adequacy of the infrastructure, information and communications systems, electronic networks, and software used in the bank.
5. Verify the adequacy of measures taken to maintain updated backup copies of information to address potential disasters and database loss.
6. Follow up on electronic customer service techniques.
7. Ensure the quality and suitability of managing the bank's internal network and its website on the Internet.
8. Ensure the separation of duties between the Information and Communications Technology Department and other departments in the bank.
9. Follow up on the implementation of business continuity and disaster and crisis recovery programs.
10. Prepare strategic and operational plans for managing risks to achieve the strategic objectives set by the Council, supervise their implementation, and monitor internal and external factors affecting them on an ongoing basis.
11. Link the matrix of institutional objectives to the matrix of relevant information and technology objectives as stated in the governance and institutional management controls for information and communications technology issued by the Central Bank of Iraq. Approve and review these matrices regularly to ensure the achievement of the bank's strategic objectives and the objectives of the controls, define measurement standards, review them, and assign concerned management personnel to monitor them continuously. Inform the committee of this process.
12. Recommend the allocation of necessary financial and non-financial resources to achieve the objectives and processes of information and communications technology governance mentioned in the controls as a minimum. Use the appropriate competent human resources through organizational structures that support the objectives, ensuring the separation of tasks, the absence of conflicts of interest, and adapting the technical infrastructure and related services to serve the objectives. Supervise the implementation of information and communications technology governance projects and operations.
13. Prioritize information and communications technology projects and programs.
14. Monitor the level of technical and technological services and work to continuously raise their efficiency and improve them.



15. Submit necessary recommendations to the ICT Governance Committee regarding the following matters:
- Allocate the necessary resources and mechanisms to achieve the tasks of the ICT Governance Committee.
  - Address any deviations that may negatively affect the achievement of strategic objectives.
  - Identify any unacceptable risks related to information technology, security, and protection.
  - Provide performance and compliance reports with the requirements of the general framework for managing, controlling, and monitoring ICT resources and projects.

Provide the Information and Communications Technology Governance Committee with the minutes of meetings in a timely manner and obtain evidence that supports reviewing them.

➤ **The Most Important Achievements of the Information and Communications Technology Committee from the Executive Management During 2023:**

The committee held four (4) meetings during 2023, achieving the following key milestones:

1. Approval of the information technology strategy for 2023-2027.
2. Redesigning all network points at the headquarters.
3. Implementing the GOAML suspicious transactions reporting system.
4. Developing a business continuity management plan for information technology.
5. Preparing quarterly information security reports.
6. Implementing a ticketing system.
7. Approving the budget for information technology and cybersecurity.
8. Obtaining the PCI-DSS Certificate for 2023-2024.
9. Conducting the SWIFT CSP Assessment.
10. Raising awareness of information security.
11. Acquiring new information security systems.

**4. Policies and Procedures Committee:**

The executive management formed the Policies and Procedures Committee to assist in reviewing all the policies and procedures followed by the bank and ensuring their consistency with the laws and instructions in force in Iraq.

The Policies and Procedures Committee is composed of the following members:

- Managing Director, Chairman of the Committee
- Assistant Director-General
- Compliance Monitor
- Director of the Risk Management Department
- Chief Financial Officer

- Director of Branches Administration
- Director of the Operations Department

➤ **Tasks of the Committee:**

The Executive Management authorizes the Committee to assume the tasks and responsibilities for the following:

- Review and approve the policies and procedures for all sections of the bank in line with the controls and instructions of the Central Bank of Iraq and submit recommendations to the Board of Directors for approval.
- Display all circulars of the Central Bank of Iraq issued so that they can be discussed and decisions taken if there is a need to update any of the policies and procedures and inform the relevant departments in this regard.

➤ **The Most Important Achievements of the Policies and Procedures Committee from the Executive Management During 2023:**

The committee held three (3) meetings during 2023, achieving the following key milestones:

The committee reviewed the final draft of the procedures listed below, approved them, and circulated them to the departments and branches:

- Work procedures for the foreign currency buying and selling window and the electronic platform.
- Procedures for issuing letters of guarantee.
- Working procedures for cash and branch funds.
- Procedures for handling shortages and overages in cash and ATMs.
- Procedures and standards for dealing with counterfeit currency and trading local and foreign banknotes.
- Procedures for issuing and coding deed books.
- Procedures for creating electronic clearing instruments and internal transfers.
- Updating the work procedures for paying shareholders' dividends.
- Updating the work procedures for opening and updating customer accounts and the permissions matrix.
- Updating procedures for making outgoing and incoming external transfers and updating the powers matrix.
- Procedures for creating documentary credits.
- Legal department work procedures.
- Working procedures for handling reserved balances at the request of official bodies.
- Updating procedures for reconciling accounts opened with others.

## **Rewards and Incentives Policy**

### ➤ Introduction:

The Credit Bank of Iraq values the efforts of all its members and affiliates, implementing a reward and motivation system for individuals with outstanding performance. Recognizing that the human element is the fundamental pillar for achieving the bank's goals and attaining its desired position in the Iraqi market in line with its strategic objectives, we have established clear systems and criteria to reward and appreciate high performers.

### ➤ Performance Evaluation:

The bank periodically evaluates the performance of all its employees to determine the rate and level of individual performance. This evaluation ultimately reflects the overall performance of the bank and showcases the executive management's capability in achieving strategic goals. It also demonstrates their skill in activating operating plans using modern management methods, in compliance with the instructions and laws governing the banking sector.

### ➤ Performance Evaluation Criteria:

The bank employs the latest methods in performance evaluation to accurately determine the true level of performance. These evaluations are calculated based on numerical rates prepared by experts in human resources management. The elements associated with performance evaluation include the following:

#### 1. General Performance of the Job:

- Career goals
- Customer care
- Employee relations
- Work procedures

#### 2. Competencies and Skills:

A set of pre-defined competencies and skills divided into two levels:

- General competencies and skills
- Administrative competencies and skills

### ➤ **Rewards and Incentives:**

Based on the performance evaluation and the performance results of each employee, the rewards granted are determined and approved by the bank's executive management according to the following criteria:

1. The bank's overall performance rate
2. Profitability rates
3. Individual performance evaluation results and excellence rates
4. Rewards are defined as either a percentage of the salary or a lump sum.

### **Remuneration Disclosures:**

The bank granted a bonus of 7 million Iraqi dinars to each independent member of the Board of Directors for the fiscal year 2022, according to the decision of the bank's general assembly held on 03/06/2023. The recipients were:

- Mrs. Ghada Fareed Ghani
- Mr. Abdulrahman Jalhem Hamzah

Mr. Ali Mohammed Noor Rashad

- Mr. Saad Latif Hamad Nassir

Additionally, the bank donated 33 million Iraqi dinars for the treatment expenses of a Board of Directors member, following the decision of the bank's general assembly held on 03/06/2023.

### **Ethics and Professional Conduct Rules**

#### ➤ **Introduction:**

A healthy work environment is crucial for institutional success and internal stability. Therefore, the Credit Bank of Iraq diligently establishes ethics and principles of good behavior, fighting and preventing actions that may pollute or disturb the internal work environment.

The bank's Board of Directors has adopted a general guide to the policy and principles of professional conduct, serving as a constitution for all employees, regardless of their job grades and administrative levels.

This guide was prepared according to international and banking standards, with the following key principles:

1. Confidentiality of Information: Preserve all information and not disclose it as long as it remains confidential.
2. Compliance with Anti-Money Laundering and Terrorist Financing Laws: Adhere to rules and methods of dealing as per regulating laws.
3. Non-Conflict of Interest: Promote awareness to maintain a clean work environment characterized by integrity and professionalism.
4. Anti-Harassment: Criminalize and combat harassment of all kinds and forms.
5. Respect and Dignity: Ensure everyone is treated with appropriate respect and methods.
6. Freedom of Beliefs and Political Rights: Emphasize that freedom of religious beliefs and the exercise of political rights is an inherent right of every person.

7. Avoiding Rumors: Emphasize not obeying rumors and unofficial news that may affect the safety and health of work or lead to instability within the work environment.

### **Rights of Stakeholders:**

A specific mechanism has been developed to ensure communication with stakeholders through effective disclosure and provision of significant information about the bank's activities. This is achieved through general assembly meetings, the annual report with the governance report, the bank's website, a report on shareholder relations, quarterly financial reports, and the Board's report on the trading of the bank's shares and its financial position during the year.

#### **➤ Customers:**

To enhance transparency with stakeholders, particularly existing and potential customers, the bank implements appropriate systems to meet customer needs, ensure the protection of their interests, and provide high levels of service quality. This includes addressing customer complaints in a timely, effective, and appropriate manner.

#### **➤ Employees:**

The bank protects the rights of its employees by providing a transparent structure for rewards and benefits, fostering an environment characterized by transparency and dialogue, and participating in periodic employee training programs.

### **Relationship with Shareholders and Investors**

In line with the commitment to apply international best practices for enhancing corporate governance in banks and complying with the instructions of the Central Bank of Iraq, the Credit Bank of Iraq aims to improve the processes of disclosure and transparency and enhance shareholders' rights by providing necessary data and organizing communication with them. To this end, the (Shareholder Relations) Unit was established in 2022, along with a dedicated (Investors Relations) window. Through this, the Board of Directors ensures that the bank provides all essential information to shareholders in a timely manner, enabling them to fully exercise their rights. Below are some rights related to shareholders:

1. Access to Information: Shareholders obtain all relevant information regularly and without delay, enabling them to fully exercise their rights.
2. Participation and Voting: Shareholders can participate and vote in General Assembly meetings, with consideration given to topics they wish to raise in such meetings.
3. Discussion and Inquiry: Shareholders can discuss topics on the General Assembly's agenda and direct inquiries to Council members.
4. Board Elections: Shareholders have the right to elect members of the bank's Board of Directors.
5. Meeting Information: Shareholders are provided with information about the location, date, and agenda of the General Assembly meeting 30 days before the meeting date.

6. Board Member Affairs: Shareholders can nominate, elect, and terminate the service of Board members, inquire about their qualifications, experience, and ability to perform their duties, discuss the rewards and financial incentives received by Board members and senior executive administrators, and submit inquiries regarding any unprofessional practices.

7. Representation for Small Shareholders: Small shareholders have the right to elect one or more members to represent them on the Board of Directors based on the cumulative voting mechanism.

Amr Mostafa Mohamed El-Shenawy  
Managing Director

Walid Jamal Al-Deen El-seyoufi  
Vice Chairman of the Board of Directors