



مصرف الائتمان العراقي
Credit Bank of Iraq

Annual report 2022

Chairman's speech

In the name of God, the most gracious, the most merciful

Dear Gentlemen, respected shareholders of the Credit Bank of Iraq

In my name and on behalf of the members of the Board of Directors, I extend my sincere thanks to you for accepting our invitation and your attendance at the annual meeting of the Bank's General Assembly.

I am pleased to welcome all of you and to place in your hands the annual report, including the financial statements and final accounts of the bank for the year (2022).

Dear Shareholders...

As you know, the global economy witnessed a remarkable decline this year as a result of the Russian-Ukrainian war and its negative impact on the global economy, as the countries of the world faced a wave of unrest that included many economic sectors, and all of this affected the growth of the economy, the halt of a large number of investment projects and the decline of local economic activities.

However, the bank dealt with all circumstances and difficulties efficiently and professionally, as it maintained its obligations towards shareholders and customers, and adopted during the past year a strict credit policy to preserve depositors' funds and protect shareholders' rights. It adopts a policy of investing in debt instruments available by the state, which is a safe haven that achieves profitable returns, based on the belief in the bank's role in supporting the role of the state and achieving the desired goals.

The bank also maintained liquidity ratios in excess of the ratios specified by the regulatory authorities. The banking market in Iraq testifies to our bank's success in preserving the rights of shareholders and depositors.

At the same time, the bank sought to establish a policy of compliance with the requirements of the authorities and regulators. In addition to enhancing risk management in accordance with international standards through the development of control mechanisms and procedures and compliance with corporate governance rules, the bank adopted a strict policy to monitor and combat money laundering in accordance with international standards.

In its plan, the bank seeks to enhance its capabilities and develop the competence of its employees, which leads to improving and upgrading banking services and keeping abreast of developments in the banking industry, including accelerating the application of new technologies to develop digital and electronic services, while ensuring ease and security in using these technologies.

In conclusion, on my behalf and on behalf of the members of the Board of Directors, I thank our customers for their support and trust, which has always been a subject of our appreciation and pride, and we record our thanks and appreciation to the executive management of the bank and all employees for their efforts in carrying out their role to the fullest extent.

I also cannot fail to express my appreciation and gratitude to the Central Bank of Iraq, the Companies Registration Department, the Securities Commission, and the Iraq Stock Exchange for their continuous support, and I wish your meeting success.

God grants success...

Chairman Deputy

Waleed Jamal Al-Din Al-Sioufi



مصرف الائتمان العراقي
Credit Bank of Iraq

Board of Directors report
2022

Annual Report of the Board of Directors of the Credit Bank of Iraq

The Board of Directors of the Credit Bank of Iraq presents you with its best regards, and we are pleased to present to the shareholders the annual report on the bank's performance attached to the financial statements for the ending fiscal year as of December 31, 2022 in accordance with the provisions of Articles (117 and 134)

From the amended Companies Law No. 21 of 1997 and the two accounting rules no. (6, 10) issued by the Accounting and Supervisory Standards Board in the Republic of Iraq and the provisions of Banking Law No. 94 of 2004 and the Corporate Governance Guide for Banks issued in 2018 by the Central Bank of Iraq.

Brief Profile of the Bank

The Credit Bank of Iraq was established in 1998 with a capital of (200) million Iraqi dinars according to the incorporation certificate numbered M / U / 6615 on 7/25/1998 and the license to practice banking on 10/6/1998 and was able to open its doors for banking work on 10/14 / 1998.

Since the participation of the National Bank of Kuwait by 75% and the International Finance Corporation by 10% of the bank's capital in 2005, the bank has adopted a policy represented in strengthening its financial resources and developing its services as a contribution to the development of the Iraqi economy through the provision of distinguished services and various banking, commercial and investment activities that enter Under the provisions of the Banking Law No. 94 of 2004. The bank also continued its expansionary policy in all its departments and activities in accordance with the policies, procedures, laws and instructions in force.

During the year 2014, the shareholding of the National Bank of Kuwait increased to 84.3% of the capital, while the percentage of the International Finance Corporation decreased to 6.7%, and a new board of directors was elected.

The approval of the General Assembly was obtained on 6/29/2012 to increase the bank's capital to become (150) billion Iraqi dinars; the procedures for the increase were completed according to the Companies Registration Department letter No. 22735 dated 9/8/2013.

And in implementation of the instructions of the Central Bank of Iraq and based on the decision of the General Assembly of the bank taken in its session held on 10/1/2013 to increase the bank's capital from (150) billion Iraqi dinars to (250) billion Iraqi dinars, the procedures for increasing the capital began on 12/1/ 2013 and completed in early February 2014 according to the Companies Registration Department letter No. 3421 dated 6/2/2014.

During the year 2019, the percentage of the National Bank of Kuwait's contribution became (91.0%) of the capital, after purchasing the entire stake of the International Finance Corporation, amounting to 6.7%.

The Main Activities and Objectives of the Bank

The bank carries out its banking, investment and financing activities under the supervision and control of the Central Bank of Iraq in accordance with its Law No. (56) of 2004 and Banking Law No. (94) of 2004 and

their instructions; It also carries out these activities in accordance with Companies Law No. (21) of 1997 and the instructions issued thereunder. The bank seeks to achieve the main objectives, which are:

- Profitability: Our bank seeks to achieve the largest possible profit through credit interest on credit facilities and commissions it charges as a result of the services it provides, in addition to what it achieves from foreign currency returns and investment returns.
- That the bank's pursuit of profits is accompanied by procedures that ensure that uncalculated risks are not taken, that liquidity is provided to depositors, and that all its obligations towards them are fulfilled smoothly and easily.
- The bank is keen to provide the greatest possible level of security by avoiding entering into high-risk projects and investments.
- Increase the local and international customer base by providing services to customers.

The Most Important Achievements of the Bank during the Year 2022

The Credit Bank of Iraq made many achievements during the year 2022, the most important of which was the bank's transformation to profitability of (10.7) billion Iraqi dinars, compared to a loss of (4.9) billion Iraqi dinars in the year 2021. This was through the bank investing an amount of 200 billion Iraqi dinars in the second issue from construction bonds issued by the Iraqi Ministry of Finance, in addition to the bank's investment of 5 million US dollars in international Iraqi government bonds traded in dollars EURO BONDS.

During 2022, the bank also reviewed and updated a number of policies and procedures of the bank's departments to comply with work requirements and regulatory requirements. In addition to the sale and transfer of ownership of three unused properties for banking work, according to the requirements of the Central Bank of Iraq. The site of the business continuity plan was also moved to the bank's site from the Mansour area to the Al-Bayaa area.

The Iraqi Credit Bank is keen to continue paying attention to the infrastructure and operation and to the development of technological services and information security, so the Online Banking service has been developed and updated, and a new mobile banking application has been launched. In addition, the bank obtained a certificate of compliance with the Payment Card Industry Security Standard (PCI-DSS) for bank card security.

Fundamental Changes

The most important fundamental change that occurred during 2022 is obtaining the approval of the Central Bank of Iraq to merge the Al-Mansour branch with the main branch (Al-Alawiya).

Aspects of the Bank's Future Plan During 2023

Among the most important aspects of the future plan of the Credit Bank of Iraq during the year 2023 are as follows:

- Renovation and development of the General Administration building and the main branch.

- Complete the liquidation and sale of the two (2) properties owned and not used for banking work.
- Reorganizing the warehouses of Al-Bayaa branch for paper archiving.
- Completion of the implementation plan for corporate governance and management of information and communication technology (COBIT 2019).
- Acquisition of an electronic system for approving the application of the IFRS 9 standard.
- Increasing the volume of deposits of all kinds to finance other banking activities.

Bank Products and Services

The Credit Bank of Iraq was keen to be the first choice for customers wishing to deal with a financial institution capable of providing the latest services and products to customers in a manner commensurate with their requirements and expectations, as it provides many services, including trade services, which include (documentary credits, internal and external letters of guarantee), remittance service Internal (RTGS/ACH) and external incoming and outgoing, certified instruments and vouchers, debit cards, online and mobile banking services, buying and selling currencies according to local and international prices, in addition to the payroll settlement service for companies.

The Five Largest Shareholders of the Bank

The following table summarizes the five (5) largest shareholders in the Credit Bank of Iraq and the amount of their contribution to the capital as of December 31, 2022:

No.	Name	No. of Shares	Percentage to Capital %
1	National Bank of Kuwait	227,500,000,000	% 91.00
2	Ban Iyad Salman Abdel Wahhab	2,767,325,777	% 1.11
3	Aras Habib Muhammad Karim	1,991,337,112	% 0.80
4	Yasser Muhammad Aref Al-Kufi	1,991,337,111	% 0.80
5	Hikmat Qais Hikmat Kibbeh	1,875,000,000	% 0.75
	Total	236,125,000,000	% 94.5

Bank branches

The branches of the Credit Bank of Iraq are distributed in the northern, southern and central regions in order to serve all customers, as the bank has three branches as shown below, their addresses, phone numbers and e-mail:

- Main Branch and General Administration:

Where the main branch is located in Al-Karrada, Al-Saadoun district, Locality 102 / Street 9, Al-Alawiyya Building 187, and the branch can be contacted via phone number and e-mail:

+9647708451581

LaithIbrahim@creditbankofiraq.com.iq

➤ Basra Branch:

The branch is located in Basra, Al-Saadi Street, near Al-Tayaran Square. The branch can be contacted via the phone number and e-mail:

+964 7707085372

AyadJasim@creditbankofiraq.com.iq

➤ Erbil Branch:

The branch is located in Erbil - Al-Manara, Al-Hilali Street / Warsh, behind the Kurdistan Council of Ministers. The branch can be contacted via phone number and e-mail:

+964 750 442 4684

DahamMeazer@creditbankofiraq.com.iq

Human Resources Department

The number of bank employees reached (140) employees as at the end of the year 12/31/2022, and they receive their salaries according to the two categories shown below:

The Company	Annual Salary (Thousands of Dinars)	Iraqis	Non-Iraqis	Total
Credit Bank of Iraq Company	2,681,851	135	5	140
Total	2,681,851	135	5	140

Classification of employees according to the educational certificates held by the bank staff:

No.	Educational attainment	Number (of the employees)
1	Master's	3
2	Bachelor's	77
3	diploma	10
4	High School	20
5	Elementary certificate	30
	Grand Total	140

The number of workers covered by social security has reached (128) members, and an amount of (187,156) thousand Iraqi dinars has been paid for the bank's commitment to social security, and the rest of the employees are not subject to the insurance.

The names of five employees who received the highest salaries in 2022:

No.	Name	Job Title
1	Amr Mostafa El-Shennawy	Managing Director
2	Marwan Ali Kinder	Operations Executive Director
3	George Victor Farah	Business Executive Director
4	Lina Ali Nimr Al-Jazzar	Consultant in the Internal Control Department
5	Ali Nizar Al-Hasani	Director of the financial department

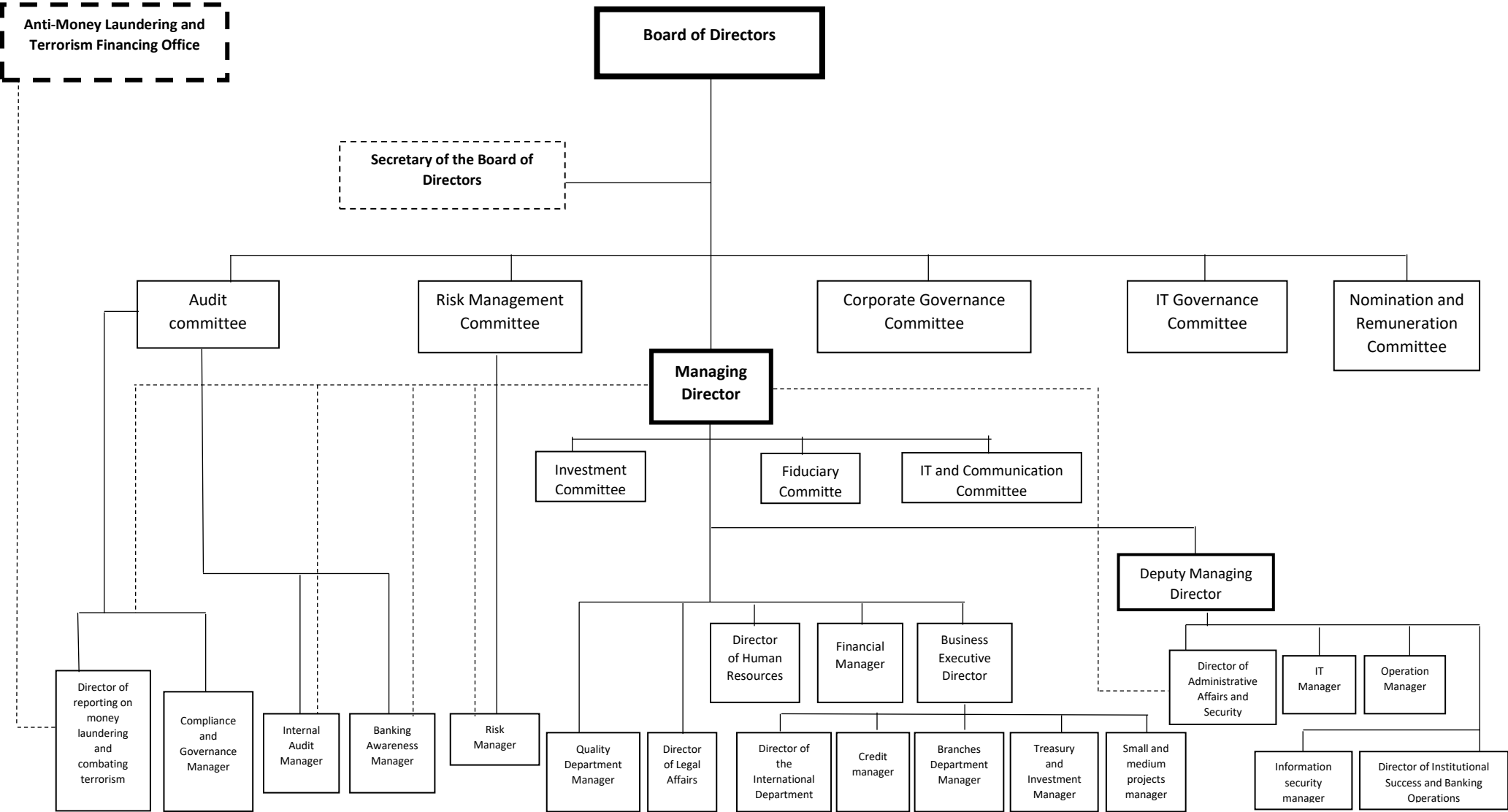
Training courses:

The Credit Bank of Iraq was keen to develop its human resources due to the importance of the human element in implementing the bank's business and reaching its goals, and in compliance with the requirements of the Central Bank of Iraq, which recommends that all banks have an integrated training program. Where the number of training courses during 2022 (41) courses, and the number of participants was 91 employees, and the most prominent areas in which the bank trained its employees are as follows:

- 1- Risk management (market, credit, early warning indicators, emergency preparedness and crisis management, operational and concentration risks, liquidity risks)
- 2- Corporate Governance and Scorecard
- 3- Governance of Information Technology (COBIT)
- 4- Developing human resources
- 5- Accounting standards, financial reporting and banking reporting system BSRS
- 6- CCM Certified Compliance Controller Certificate
- 7- Banking operations
- 8- Internal courses for branch employees to use the CIM banking system screens
- 9- US tax compliance(Foreign Account Tax Compliance Act, FATCA)
- 10- CBS Credit Inquiry System
- 11- The Go AML system of the Money Laundering and Terrorist Financing Reporting Section.
- 12- Letters of guarantee
- 13- Customer account registration system
- 14- Foreign exchange centers
- 15- The regulatory controls related to the classification of systemically important local banks (D-SIBs).
- 16- Anti-money laundering and terrorist financing
- 17- Information security

In addition to courses for newly appointed employees and leadership development

The Organizational Structure of the Bank:



Risk Management:

The Bank follows a comprehensive strategy in managing the risks it may be exposed to (credit risks, operational risks, market risks, liquidity risks, and any other risks) in a way that maintains the Bank's financial position and profitability.

The general system of risk management in the bank, its follow-up and mitigation, and compliance with the instructions of the regulatory authorities and the Basel Committee, is considered a comprehensive and shared responsibility through various parties in the bank, starting with the Board of Directors and its committees.

The Credit Bank of Iraq is committed to international standards, and relies on modern accounting systems that produce appropriate reports on risks that are used to identify and measure the risks to which the bank is exposed.

Risk Management Tasks:

The risk management department, which is an independent and specialized department in the bank, focuses its tasks according to the multiple risk management policies in identifying existing and potential risks, how to deal with them, measure them, and submit the necessary reports periodically, in addition to adopting and implementing the requirements of the Basel Committee and the Central Bank of Iraq, and carrying out best practices in the field of risk management and measurement as well. The Risk Management Department participates in evaluating the bank's ability, adequacy and distribution of its capital in achieving its strategic objectives, determining the necessary requirements and controlling the associated risks through:

- 1- The Board of Directors and its Risk Committee review and approve acceptable risk limits at all risk levels and risk management policies to keep pace with all developments and growth in the bank's business and expansion of its services, in addition to ensuring the implementation of its strategy.
- 2- The Executive Management is responsible for ensuring the implementation of the recommendations and standards of the Board of Directors and its Risk Committee in the field of risk management.
- 3- The risk management manager is responsible for risk management and the practices associated with it within the structure of the bank's activities and for submitting periodic reports to the risk committee and the executive management.
- 4- Developing risk management systems and taking several steps and measures necessary for the bank to implement the requirements of new international standards, the most important of which are Basel III requirements and IFRS9 standards.
- 5- Risk management is the responsibility of all bank employees.
- 6- The role of risk management within the Investment and Credit Committee is optimal capital planning and continuous monitoring of liquidity, market and credit risks.

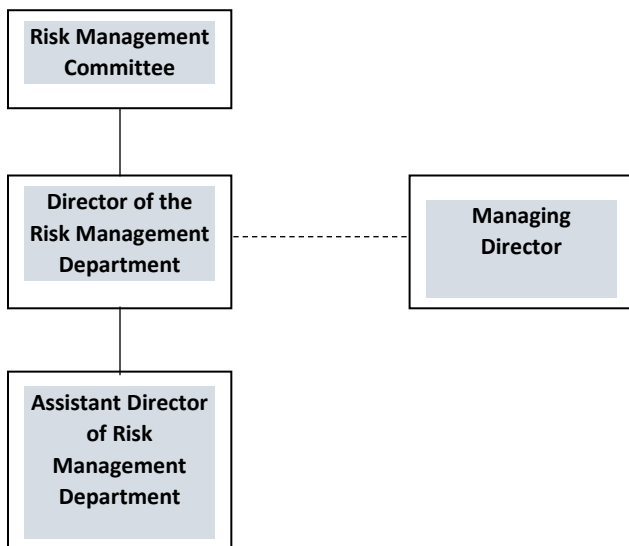
During the year 2022, the Iraqi Credit Bank worked on a range of aspects in the field of risk management, including but not limited to:-

- Appointing a manager and assistant director for the risk management department.

- Implementation of risk management controls as per the requirements of the Central Bank of Iraq.
- Develop a general framework for risk management
- Develop a general strategy for the risk department.
- Determining the risks acceptable to the bank (Risk Appetite).
- Updating policies and work procedures for managing (operational risks, market risks, credit risks, liquidity and concentration risks).
- Update and test procedures for the business continuity plan.
- Monitoring risks in the bank and analyzing the impact on the business through the risk matrix
- Preparing periodic reports that show the level of risk in the bank and the deviation from the limits and standards by the senior management.
- Studying the internal environment by identifying the strategic factors of strengths and weaknesses in the bank, as they contribute to the completion of business with experience and skill and exploit opportunities for the benefit of the bank through basic axes:

❖ Organizational Structure:

Where it represents the sum of the organizational relationships, business and tasks involved according to the levels of the bank's objectives based on the requirements of the general strategy. Below is the diagram that shows the organizational structure of risk management:



❖ **Organizational Culture:**

It includes the standards of acceptable and unacceptable behavior within the bank. The organizational culture follows a strategy that should not conflict with it if a change in its formulation is necessary to suit the strategy that will be implemented.

❖ **Available Resources:**

It is done by creating a state of balance between the financial, human and technological capabilities, administrative systems and management information systems related to research and development available at the bank.

- Study the external environment. By monitoring and evaluating the positive and negative variables that occur due to economic, technological and political factors, and the forces of competition in order to determine the opportunities that exist within the external region and what happens in terms of positive variables that can be exploited for the benefit of the bank and monitoring the negative variables and their impact on the bank such as (change of interest rate, emergence of products or services New, changes in labor and wage laws, the degree of political stability,...).

The Iraqi economy is witnessing significant growth during the year 2022 compared to the year 2021, as the increase in the rate of oil production and export quantities and global prices had a major role in this increase in addition to the increase in the productivity of the non-oil sector in Iraq and the increase in public revenues represents an important opportunity that supports prospects The future Iraqi economy is towards diversifying the economy and increasing the contribution of non-oil sectors to the gross domestic product. However, the Iraqi economy is still suffering from many problems looking for urgent solutions to sustain resilience and economic growth, including the water crisis and climate challenges. The monetary policy of the Iraqi economy seeks to Achieving stability and economic growth by using various monetary policy tools, traditional and unconventional, as its various initiatives, whose amount exceeded (18) trillion Iraqi dinars, contributed to providing appropriate financing on soft terms for many small, medium and large projects to support the private sector and economic diversification.

- The annual review of risk management includes all aspects of risk, for example, updating policies and procedures, updating the financing emergency plan, updating risk appetite limits according to the regulatory controls for risk management for the year 2021.

The Main Tasks of Internal and Social Environmental Risk Management:

The environmental or social criterion is concerned with creating job opportunities, generating income, striving to reduce poverty, promoting economic growth, building a sound relationship between management and employees, and promoting interdependence, solidarity and equality through fair and just dealing with employees and providing safe and healthy working conditions.

The most important objectives of the internal and social environment can be summarized in the following points:

- Promote health and safety at work.
- Promoting fair treatment, non-discrimination and equal opportunities at work.
- Protection of employees in the bank.
- Prevent the use of all forms of forced labor.

- Supporting the principles of freedom of association and collective negotiation for employees in a manner consistent with the Labor Law.
- Provide ways for employees to discuss their work-related problems.

Department of Control and Internal Audit

The internal audit is an independent function and is part of the continuous control of the bank's internal control system and its internal procedures, to assess the adequacy of the bank's risk management and control systems and thus improve the performance of its operations.

The Credit Bank of Iraq has internal control and control systems that are reviewed annually by the internal auditor in coordination with the external auditor (accountant) through meetings of the Audit Committee and periodic meetings of the Board of Directors.

Autonomy:

The Internal Audit Department enjoys the independence of its work in the field of auditing the various activities in the bank and works under the supervision of the Board of Directors and follows the Audit Committee emanating from it and submits its reports directly to it.

Work Area:

The scope of work of the Internal Audit Department included all departments and branches of the bank, as it examined the extent to which these units adhere to the instructions approved by the administration. Samples of daily work documents related to the branches and sections that carry out these banking operations were reviewed. It was noted that the operations are carried out in a manner that respects the principle of separation of tasks and Duties, i.e. two employees, one of whom organizes the transaction document and the other certifies the passing of the transaction in the system in force in the bank, through the main tasks:

- Financial audit, which aims to assess the validity and fairness of the financial statements and the extent of reliance on approved accounting standards.
- Checking the extent of compliance with the laws and instructions issued by the relevant authorities and the policies and procedures set by the bank's management.
- Auditing operations aimed at evaluating the quality of operations to suit the rest of the systems and procedures followed in the bank, analyzing the administrative structure and evaluating the efficiency of procedures related to tasks and functions.
- Administrative audit, which aims to assess the quality of the methods used by the General Administration to control risks.

Powers:

In order to perform the work of control and internal auditing, the department employees have been authorized to:

- Complete and unrestricted authority to view all the bank's records and documents, as well as the work of the staff in all activities and departments being audited.
- Contact all bank employees.
- Direct contact with the Chairman and members of the Audit Committee and the Compliance Department.
- Direct contact with the bank's external auditor.

Money Laundering and Terrorist Financing Reporting Section

The anti-money laundering and combating the financing of terrorism is a priority for financial institutions around the world. All countries have developed legislation that criminalizes money laundering and terrorist financing activities and requires the participation of financial and other professional institutions in preventing such activities. Therefore, the Credit Bank of Iraq established an independent department, which is the Money Laundering and Terrorist Financing Reporting Department, where the Board of Directors, the Audit Committee, and the Anti-Money Laundering and Terrorist Financing Office are affiliated. It is responsible for monitoring, following up, and coordinating the bank's compliance with the Anti-Money Laundering and Terrorist Financing Law No. 39 of 2015, and the instructions and controls. Relevant and follow up on the application of the Bank's policies and procedures for combating money laundering and terrorist financing.

Anti-money laundering and terrorist financing policy

The AML (anti-money laundering) and CFT (combating the financing of terrorism) policy is one of the main pillars taken by the Credit Bank of Iraq in the field of financial control in accordance with the provisions of the Anti-Money Laundering and Terrorist Financing Law No. 39 of 2015 and the instructions, controls and circulars issued by the Central Bank of Iraq and the Anti-Money Laundering and Terrorist Financing Office and the recommendations of the Financial Action Task Force (FATF). And the recommendations of the Basel Committee, and the risks associated with financial crimes are dealt with firmly and seriously at the local, regional and international levels, as the Credit Bank of Iraq complies with all laws, instructions and controls related to combating money laundering and terrorist financing and performs its tasks accordingly, which in turn are included in the policies of combating money laundering and financing terrorism For all departments of the bank, the Credit Bank of Iraq adopts an effective policy regarding KYC (know- your- customer) requirements, which include detailed requirements for customer identification and verification of the identity and data of customers and the real beneficiary. Where this policy prevents operating units from establishing any new business relationship unless all parties involved in the relationship are identified and verified, and the nature of the business expected to be carried out is clearly verified. AML/CFT represents the main pillars for financial institutions all over the world. The foundations of AML/CFT policy have been laid down and the know-your-customer principle and business standards and requirements that guide business activities have been established with the aim of ensuring full compliance with AML and CFT.) and fulfilling applicable regulatory requirements applicable to the Bank and its activities.

Money Laundering and Terrorist Financing Reporting Officer and His Assistant:

He is the designated Compliance Officer at the senior management level and is responsible for updating and maintaining the AML/CFT policies and applying the Know Your Customer (KYC) principle in line with the legislation and regulatory obligations issued.

The department follows up the bank's compliance with the instructions of the Central Bank of Iraq, decisions and laws, as well as the bank's policies, controls and procedures regarding combating money laundering and terrorist financing operations, such as:

- ❖ Risks of service delivery channels in adopting the principle of risk-based approach.
- ❖ Maintaining and updating AML/CFT policies and applying the Know Your Customer principle according to the evolution of legal and regulatory obligations.
- ❖ Act as a channel of communication with all employees who have knowledge or suspicion of potential money laundering activities in order to implement the necessary procedures to deny or confirm the suspicion.
- ❖ Provide guidance and clarification to staff on combating money laundering and terrorist financing.
- ❖ Investigating suspicious transactions according to the daily reports extracted by the Anti-Money Laundering System and following up with the concerned relationship manager / employee to ensure that all required documents supporting the case under investigation are obtained.
- ❖ Maintain an updated database of all transactions/cases that have been investigated with the results of the investigation into the money laundering file. This file is carefully examined before starting any new investigation. The decision to investigate any transaction is taken after taking into account the outcome of the previous investigation.
- ❖ Conduct periodic sample-based review of customers' KYC information.
- ❖ Ensure that training courses for employees that are provided on AML/CFT are subject to current standards in this regard.
- ❖ Submit regular monthly and quarterly reports on money laundering and terrorist financing to the Board of Directors and senior management that reflect the extent of the Credit Bank of Iraq's commitment to regulatory requirements in the field of combating money laundering and terrorist financing and applying the know-your-customer principle.

Compliance Department

It evaluates the extent of the bank's compliance in its daily banking operations with the requirements of the relevant laws and instructions, and ensures the correctness of these policies and procedures, and avoids errors and violations that would expose the bank to various risks, in cooperation with other executive departments in the bank, and is appointed in accordance with Paragraph (3) of Article (18)) of Banking Law No. (94) of 2004 by the Bank's Board of Directors.

The Credit Bank of Iraq is committed to all laws, instructions and controls issued by the Central Bank of Iraq.

Duties of the Compliance Department

The most important tasks carried out by the Compliance Department are as follows:

- ❖ Preparing the annual compliance plan in accordance with the comprehensive compliance requirements specified by the Central Bank of Iraq and the local regulations applied in the bank, and ensuring that it is approved by the Board of Directors.
- ❖ Risk assessment and the following main criteria are used:
 - Geographical location/country risks
 - Customer risk

- Product/service risks
- Other risk criteria
- ❖ The Compliance Controller shall be responsible for following up the extent of the bank's compliance with the decisions of the Board of Directors and internal policies in addition to the procedures prescribed by the laws and instructions issued by the Central Bank of Iraq, and attend the meetings of the Bank's Board of Directors as an observer.
- ❖ Familiarity with all laws, regulations, and instructions related to banking activity, and this may include requirements that may not appear directly related to banking activity and banking operations. The legal department in the bank can provide support to the compliance controller in this task.
- ❖ Reviewing the policies, procedures, and decisions of senior management related to the bank's activity, determining their compatibility with the relevant laws, regulations, and regulatory instructions, and submitting observations in this regard.
- ❖ Reviewing the procedures followed by the various departments in the bank and ensuring their consistency with the relevant laws and regulations, evaluating the appropriateness of internal procedures and directives, following up on deviations and submitting proposals to address and improve them.
- ❖ Conducting field visits to the branches in addition to conducting independent tests for the departments to ensure their compliance with the laws and instructions in force, and preparing reports of cases of non-compliance and following up on their closure.
- ❖ Monitor the implementation of corporate governance policies and related procedures in line with the corporate governance manual framework, Central Bank requirements and scorecard.
- ❖ Preparing a list of banking products and services and fields of work, which helps in identifying all fields of work, in cooperation with the various departments.
- ❖ Preparing quarterly reports to the Audit Committee emanating from the Board of Directors.
- ❖ Preparing quarterly reports to the Central Bank of Iraq
- ❖ Preparing and sending the Regulatory Compliance Matrix (RCM), which contains all the instructions and laws in force in Iraq and issued by the Central Bank of Iraq, and is sent to all departments and branches.
- ❖ Follow up on cases that may lead to any warning, fine or penalty by the Central Bank of Iraq to avoid imposing sanctions on the bank.
- ❖ Suggesting training courses on established policies and procedures that must be followed and emphasizing the need for existing employees in general and new employees in particular to adhere to those policies and procedures.
- ❖ Periodic review of the bank's anti-money laundering systems and procedures, identifying weaknesses and proposals to avoid them, including reports provided by the bank's internal financial systems on unusual transactions.
- ❖ Follow-up with the Anti-Money Laundering Department to indicate the extent of commitment to implement the plans set and to verify its compliance with the application of the provisions of laws, regulatory controls and internal systems in the matter of combating money laundering.
- ❖ Follow up on the commitment to approving the KYC account opening form prepared by the Central Bank of Iraq and updating it periodically.
- ❖ Directing and monitoring the implementation of the US Tax Compliance Act, FATCA, and the obligation to send annual reports.

Compliance Monitor Activity in AML/CFT:

The Compliance Department prepares a quarterly report on combating money laundering and terrorist financing in a format approved by the Central Bank of Iraq and sends it to them on a quarterly basis, with a copy of it provided to the Audit Committee emanating from the Board of Directors and the Executive Management. This report includes as a minimum:

- ❖ Efforts made during the period covered by the report regarding unusual operations and suspected operations, and what was taken in their regard.
- ❖ The outcome of the periodic review of anti-money laundering systems and procedures.
- ❖ Any changes made to internal policies or systems.
- ❖ Statement of the extent of commitment to implement the plans set during the reporting period.
- ❖ Presentation of the plan set for general office and field supervision of the bank's branches during the period following the report
- ❖ A detailed statement of the training programs that were held for the employees.
- ❖ The means provided by the bank to perform its duties independently, the results of the review of the systems, and the role taken by the bank's board of directors.

❖ Financial Data

❖ Financial Position

Details	December 31, 2022 Thousands of dinars	December 31 2021 Thousands of dinars	Change from the end of the year The ratio
Assets			
Cash And Balances With The Central Bank	96,029,644	388,336,727	75.1%- ▼
Balances With Banks And Other Financial Institutions	18,841,071	45,377,312	58.5%- ▼
Financial Assets At Fair Value Through Other Comprehensive Income	200,789,474	789,474	25333.3% ▲
Financial Assets At Amortized Value	78,721,506	21,859,712	260.1% ▲
Net Property And Equipment	9,982,939	10,441,238	4.4%- ▼
Intangible Assets	329,282	477,211	31.0%- ▼
Other Assets	2,036,846	1,470,113	38.6% ▲
Total Of Assets	406,730,762	466,751,786	-12.9% ▼
Liabilities And Shareholders' Equity			
Liabilities			
Customer Deposits	91,144,741	159,111,873	42.7%- ▼
Cash Insurance	5,478,120	6,702,254	18.3%- ▼
Miscellaneous Allowances	3,147,761	3,170,445	0.7%- ▼
Income Tax Provision	786,419	-	100.0% ▲
Other Liabilities	6,669,173	9,006,199	25.9%- ▼
Total Liabilities	107,226,214	177,990,770	-39.8% ▼
Shareholders' Equity			
Capital	250,000,000	250,000,000	0.0% -
Mandatory Reserve	16,256,628	15,720,546	3.4% ▲
Expansions Reserve	1,500,000	1,500,000	0.0% -
(Losses) Recycled Profits	31,747,920	21,540,470	47.4% ▲
Total Of Shareholders' Equity	299,504,548	288,761,016	3.7% ▲
Total Liabilities And Shareholders' Equity	406,730,762	466,751,786	-12.9% ▼

The following are the most important components of the statement of financial position:

A- Assets

Total assets amounted to (406,730,762) thousand dinars, compared to (466,751,787) thousand dinars in 2021; down by (12.9%).

Cash and Balances with the Central Bank

The balance of the cash account in the fund and with the Central Bank of Iraq decreased to (96,029,644) thousand dinars, compared to (386,336,727) thousand dinars at the end of 2021. It represents cash liquidity in local and foreign currency deposited in the bank's coffers, as well as current accounts, time deposits, legal reserves, and reserves Letters of guarantee held with the Central Bank of Iraq.

Balances with Banks and Banking Institutions

The bank's balances with banks and banking institutions decreased by (41.4%), reaching (18,841,071) thousand dinars, compared to (45,377,312) thousand dinars at the end of 2021. These balances are mostly with the National Bank of Kuwait, which is the main participant in our bank and where all transactions take place Finance with abroad through a network of correspondents spread all over the world.

Financial Assets at Amortized Value (Net)

The Bank invested an amount of (29,200,000 thousand dinars) in Iraqi government bonds in US dollars offered in the global financial markets at an interest rate of (6.75%). The bank invested an amount (50,000,000 thousand dinars) in the transfers of the treasury of the Central Bank in Iraqi dinars.

Financial Assets at Fair Value through Other Comprehensive Income

The bank contributed to the Iraqi Deposit guarantee Company with a value of (789,474) thousand dinars, and according to the Central Bank's letter No. (9/2/94) dated March 2, 2020, the procedures for establishing the Iraqi Deposit Insurance Company have been completed and it has acquired the legal personality. The bank invested 200 billion Iraqi dinars in Iraqi government bonds in Iraqi dinars (construction bonds) at an interest rate of (6%).

Cash Credit

The balance of the cash credit account amounted to (6,370,257) thousand dinars, and it is covered by 100% credit provisions. - Due facilities with a total value of 567,661 thousand dinars were paid, which led to the recovery of the allowance for cash credit losses with a value of 224,328 thousand dinars and interest income of 645 thousand dinars.

Property and Equipment

The bank has contracted to sell four unused properties (Al-Hurriya, Al-Battaween, Al-Samau'al, and Basra) in implementation of the instructions of the Central Bank of Iraq. Ownership of the real estate (Al-Hurriya, Al-Battaween, Al-Samua'al) has been transferred to buyers during the year 2022. Capital revenues of (1,142,700) thousand dinars have been achieved from the sale of the three real estate properties, and work is underway to complete the procedures for transferring ownership of the fourth property. The bank purchased the general administration building and the main branch in Baghdad at a value of (3,674,839) thousand dinars, and the ownership transfer procedures were completed, and the bank capitalized the purchase cost of lands and buildings during the year 2022.

Other Assets

The net balance of other assets amounted to (2,036,846) thousand dinars, compared to (1,470,113) thousand dinars at the end of 2021. Among the other assets are balances under write-off, which represent rounded and non-moving balances for several years, including the theft of the Karma branch with a value of (152,065) thousand dinars, the theft of the exchange office With a value of (16,621) thousand dinars, judicial expenses with a value of (24,289) thousand dinars, receivables with a value of (9,111) thousand dinars, expenses paid in advance for communications contracts submitted in previous years, and that the bank is committed to writing off these balances, after completing all legal procedures and required approvals.

Contractual Obligations

The pledge credit balance recorded an amount of (45,353,147) thousand dinars, compared to (47,201,196) thousand dinars in the year 2021, and it represents the bank's activity in the field of credits and the issuance of letters of guarantee for the private sector, state departments and its subsidiaries. All internal letters of guarantee are covered by insurance (100%), while external letters of guarantee are fully covered by bank letters of guarantee (counter guarantee).

Customer Deposits

The total deposits of the bank's customers - including credit current accounts, savings accounts, and fixed deposits - amounted to (91,144,741) thousand dinars, compared to (159,111,873) thousand dinars at the end of 2021, a decrease of (42.7%).

Other Liabilities

The balance of other liabilities amounted to (6,669,173) thousand dinars, compared to (9,006,199) thousand dinars at the end of 2021.

Miscellaneous Allowances

The balance of miscellaneous provisions decreased to (3,147,761) thousand dinars, compared to (3,170,445) thousand dinars at the end of 2021. These provisions are as follows:

- A. Other allocations with a balance of (1,382,613) thousand dinars to pay the fine of the currency auction for the year 2012 (3,690,741) thousand dinars (as the amount of the fine was divided into 48 monthly installments). The bank paid an amount of (580,250) thousand dinars for the auction fine from the account of other provisions during the year, noting that the balance of other provisions outstanding covers the remaining amount of the fine of the Central Bank and the case against the bank.
- B. Provision for Pledge Credit Risks with a balance of (1,098,910) thousand dinars.
- C. Employee service compensation provision with a balance of (666,238) thousand dinars, as the bank increased the provision for end-of-service compensation for employees by an amount of (723,679) thousand dinars during the year to cover end-of-service compensation for employees

Capital and Reserves

The paid-up capital of the bank amounted to (250,000,000) thousand dinars at the end of the year 2021. As for the reserves, it consists of (16,256,628) thousand dinars, the mandatory capital reserve (determined by the Companies Law; at a rate of 5% of net profit after tax) and the expansion reserve in the amount of (1,500,000) thousand dinars. And retained profits with a balance of (31,747,920) thousand dinars, and the latter represents profits not distributed to shareholders.

❖ Income Statement:

The bank's profits after income tax amounted to (10,743,532) thousand dinars, compared to a loss of (4,938,429) thousand dinars during the same period of the previous year.

Details	December 31, 2022 Thousands Of Dinars	December 31 2021 Thousands Of Dinars	The Ratio
Interest Income	14,923,672	1,231,148	1112.2% ▲
Interest Expense	(46,339)	(68,986)	32.8%- ▲
Net Interest Income	14,877,333	1,162,162	1180.1% ▲
Net Commission Income	3,470,504	3,167,986	9.5% ▲
Net Interest and Commission Income	18,347,837	4,330,148	323.7% ▲
Net Earnings From Foreign Currency Exchange	463,021	278,190	66.4% ▲
Recovery of Allowance for Cash Credit Losses	224,328	227,868	1.6%- ▼
Capital Revenue	1,142,700	9,461	11978.2%- ▲
Net Profit From Other Operations	31,393	19,892	57.8% ▲
Net Operating Income	20,209,279	4,865,558	315.4% ▲

Employee Salaries and The Like	(3,592,685)	(3,396,110)	5.8%	▼
Other Operating Expenses	(3,829,188)	(4,484,429)	14.6%-	▲
Miscellaneous Allowances	-	(610,029)	100.0%-	▲
Depreciation and Amortization	(1,257,455)	(1,313,420)	4.3%-	▲
Total Expenses	(8,679,328)	(9,803,987)	-11.5%	▲
Net (Loss) Income for The Year Before Calculating The Income Tax	11,529,951	(4,938,429)	-333.5%	▲
Income Tax	(786,419)	-	100.0%	▼
Net (Loss) Income for The Year	10,743,532	(4,938,429)	-317.5%	▲

Total Revenue:

Net operating revenues witnessed an increase by (315.4%). This came as a result of the increase in net interest revenues due to credit interests from the bank's investments in treasury transfers and treasury bonds for the Iraqi government. Net commission revenues and profits of foreign currency transfer activity increased, as well as the recovery of credit provisions amounting to (224,328) thousand. Dinars and achieving capital revenues (1,142,700) thousand Iraqi dinars from the sale of three unused real estate.

Total Expenses:

Total expenses decreased by (11.5%) to reach (8,679,328) thousand dinars, while it had reached (9,803,988) thousand dinars last year, and this decrease came as a result of the decrease in operating expenses and miscellaneous provisions.

Real estate owned by the bank

No.	Real Estate
1	Building in Maqam Ali / Basra
2	Building in Al-Bayaa / Baghdad
3	A building in the city of Mosul
4	The General Administration Building and the main branch / Karrada / Baghdad
5	Building in Manawi Pasha / Basra
6	A plot of land in Karrada / Baghdad

Donations, advertising, hospitality and travel expenses during 2022

Item	Amount In thousands of Iraqi Dinars	Details
------	-------------------------------------	---------

Donations	72,000	Donating an amount of 72 million dinars as part of the Central Bank of Iraq initiative to support community and humanitarian activities
Travel And Dispatch	52,818	It represents the sum of travel, hotel and flight expenses to dispatch the bank's employees for the purposes of the activity
Hospitality	2,623	Represents the total expenses spent on hospitality
Advertisements	2,095	It represents the total expenses spent on advertising and announcement
Total	129,536	

The Bank's Stock Price

The bank's share price closed in the last trading session during the year 2022 at (0.36) dinars.

Contracts concluded or renewed during the year 2022

The contract	The contracting party.	Contracts are in Iraqi dinars.	Contracts are in US dollars
The rent for the Mansour branch	Nateq Musa Faris		180,000
The rent for the Erbil branch	Omar Qader Amin		56,400
Renting a store in Al-Bayaa	Dar Al-Salam Bank	9,000,000	
An initiative to support community and humanitarian activities	Central Bank of Iraq	72,000,000	
Legal advice	Dijla Legal Services Company		120,000
Fees for auditing the final accounts	Farqad Al-Salman Company and Saad Rashid Office	56,500,000	
Budget wages Quarterly budgets	Farqad Al-Salman Company and Saad Rashid Office	21,000,000	
IT COBIT	Pwc		60,000
IT Audit	Ahmed Al-Jubouri Company		22,500
Electronic cards	Visa		70,873
Buy network phones	InfoTech		20,000
ATM maintenance	NCR		13,274
WIN 10 PROJECT	NCR		33,000
Electronic cards	Areeba company		49,831
Data center maintenance L1/L3 support	METCO		313,174
Clearing system maintenance	PROGRESS SOFT		27,142
Insurance of the bank's assets	Al-Hamra Insurance Company And SSL Insurance		322,949
Bank car insurance	Al-Hamra Insurance Company	4,979,000	
Health insurance for employees	Badia Insurance Company		53,955

Customer signature system	System Will		17,108
Electronic banking system	Finastra International		284,503
Microsoft license fees	CPT		69,060
Maintenance of mobile banking service and the Internet	MDSAP Tech		36,639
lines of communication	Quality Net Gen		120,000
lines of communication	Zain		69,612
lines of communication	Scope Sky		73,350
Archiving system maintenance	B.M.B international		10,870
Subscribing to the Iraq Stock Exchange	Iraq Stock Exchange	15,000,000	
Central Bank license fees	Central Bank of Iraq	10,000,000	
Participation of the Iraqi Private Banks Association	Iraqi Private Banks Association	17,500,000	
Fees for linking Iraqi banks	Central Bank of Iraq	24,000,000	
Credit system inquiry fees	Central Bank of Iraq	5,000,000	
Total		234,979,000	2,024,233

The Adequacy of the Capital

According to the Central Bank's letter No. 9/2/192 dated 07/22/2020, which approved the regulatory controls related to the capital adequacy standard for commercial banks in accordance with the requirements of Basel (II & III), which required commercial banks operating in Iraq to adhere to the supervisory controls as of The second chapter of 2020. Accordingly, the bank calculated the capital adequacy according to the instructions of the Central Bank of Iraq and the statements required by it, as it amounted to (87.791%) as of December 31, 2022.

Liquidity Coverage Ratio and Net Stable Funding Ratio

Based on the decision of the Board of Directors of the Central Bank of Iraq No. (167) for the year 2016 to adopt the liquidity coverage ratio (LCR) and the net stable financing ratio (NSFR) to monitor the volume of liquidity in banks and their ability to meet their obligations in the short and medium term. Accordingly, the regulatory controls related to liquidity risk management were approved in accordance with the decisions of Basel III, and the application of these ratios actually started on January 01, 2017, provided that banks adhere to the minimum limits, as follows:

The minimum liquidity coverage ratio is (100%).

The minimum net stable funding ratio is (100%).

The liquidity coverage ratio reached (767%) as on December 31, 2022 (December 31, 2021: 522%), while the net stable funding ratio reached (840%) as on December 31, 2022 (December 31, 2021: 1277%).

Financial indicators and indicators of performance efficiency:

The Most Important Financial Indicators	31/12/2022	31/12/2021
Net profit (loss) over average assets	2.5%	(1)%

Net profit (loss) over equity rate	3.6%	(1.7)%
Earnings per share (loss)	0.043	(0.02)
The percentage of coverage of provisions for non-performing facilities after deducting interest for those who have stopped paying	100%	100%
Ratio of non-interest expenses to net income (total expenses/total revenues)	43%	201%
net interest margin to total revenue	74%	24%
Non-interest revenue to total revenue	26%	76%
Foreign currency transaction revenue to total revenue	2.3%	5.7%
The ratio of liquid assets to total assets	28%	92%
Coverage ratio (liquid assets to total deposits)	126%	271%

Future Deposits

The Central Bank of Iraq, according to its book No. 9/3/314 on 02-09-2018, adopted the criterion of deferred deposits as one of the important precautionary ratios along with (the capital adequacy ratio, the liquidity ratio, and the ratio of loans to deposits) to increase bank savings to be close to the rates of demand for loans.

The percentage of time deposits standard is calculated by the private sector deposits after excluding the total current accounts, attributable to the total liabilities, excluding equity, at a rate of not less than 30%. The bank's percentage of the standard amounted to 11.9% as of 31-12-2022 (2021: 10.9%).

The bank's management is working diligently to attract term deposits through its strategic plan that has been approved for the coming years, which includes, for example:

- Developing electronic payment channels through applications on smart phones
- Providing banking facilities guaranteed by investment deposits
- Expansion of granting credits and letters of guarantee by adopting deferred deposits as cash guarantees.

International Accounting Standards

The Board of Directors of the Central Bank of Iraq decided on January 4, 2016, according to its letter No. (9/12), to move from the unified accounting system for banks to international standards, and accordingly, the Credit Bank prepared its financial statements according to international standards.

Application of IFRS 9 (International Financial Reports Standards)

- In 2014, the International Accounting Standards Board issued the amended version of International Standard No. (9) and that it should be applied starting from the year 2018 with early application permitted, and according to the Central Bank's letter No. (9/2/1719) dated November 5, 2017, it decided to postpone The application of the standard for a period of one year, due to the practical difficulties facing the application.
- According to the Central Bank's letter No. (9/6/466) dated December 26, 2018, it obligated banks to disclose in accordance with the requirements of the standard in financial reports issued after January 1, 2019.

- The results of the application showed that there is a surplus of (884,104) thousand dinars resulting from the difference between the total expected credit losses of (6,715,829) thousand dinars and the total outstanding provisions amounting to (7,599,934) thousand dinars as of December 31, 2022

Application of IFRS 16

- The International Accounting Standards Board issued International Financial Reporting Standard 16 “Lease Contracts” in January 2016 and is effective from the date of the annual periods beginning on or after January 1, 2019, and according to Central Bank Letter No. (9/3/206) dated May 24, 2018, it is mandatory Banks prepare the financial statements in accordance with the requirements of the standard in financial reports that are issued after January 1, 2019.
- The effect of applying IFRS 16: The depreciation expenses of assets related to the right to use amount to 228,515 thousand Iraqi dinars and are included in “depreciation and amortization” in the consolidated income statement, and the benefits of lease liabilities amount to 9,341 thousand Iraqi dinars and are included in “interest expenses” in the consolidated income statement.

Consolidated Financial Statements

- The operations results of the subsidiary company are consolidated in the consolidated statement of income from the date of its acquisition, which is the date on which the bank's control over the subsidiary company is actually transferred. The results of the operations of the disposed subsidiary are consolidated in the consolidated statement of income until the date of disposal, which is the date on which the Bank loses control over the subsidiary.
- Subsidiary: The Bank owns Al-Etiman for Brokerage Company by (100%). It was established under License No. (M-S-02-10283) on March 11, 2008 issued by the Companies Registration Department, with a capital of (100) million Iraqi dinars to provide services to investors. Iraqis, Arabs and foreigners in buying and selling shares of companies listed in the Iraq Stock Exchange.
- The company's loss amounted to (20) million dinars, compared to a loss of (31) at the end of 2021.
- According to the Bank's Board of Directors Decision No. (18) On 12/6/2020 to liquidate the subsidiary and start legal procedures, the Iraq Stock Exchange suspended the trading activity of the subsidiary as of 8/29/2021, and the brokerage status of the subsidiary was dropped by the Commission Securities dated 1/24/2022. The Registrar of Companies' decision was issued on 05/06/2022 approving the decision of Al-Etiman for Mediation Company (the affiliated company) dated 06/02/2022, which includes putting the subsidiary under liquidation and appointing a liquidator for it, and that the liquidation procedures continue until the date of preparation of these statements.

Evaluation Of Bank Balances In Dollar Currency

According to the decision of the Central Bank on 12-20-2020 to adopt the new exchange rate starting from its date, and accordingly the bank modified the exchange rate of the dollar against the Iraqi dinar from (1182) to (1460) in the financial records and banking systems.

Cases Brought Against the Bank

The Court of Cassation issued a decision No. (10153/Civil Authority/Action/2022) on 12/6/2022 ratifying the decision of the judgment issued by the Baghdad Labor Court/Rusafa No. (426/Action/2020) on 10/31/2022, which stipulates that the plaintiff (former employee) returned to his work and to pay all his salaries and financial dues from the date of termination of his services until his actual commencement, which were not paid until the end of the fiscal year 2022.

Amr Mustafa El-Shennawy
Managing Director

Walid Jamal Al-Din AlSioufi
Deputy Chairman of the Board



مصرف الائتھان العراقي
Credit Bank of Iraq

Governance report

2022

Governance:

The Credit Bank of Iraq is committed to the Corporate Governance Guide issued in 2018 and the application of the basic principles of “good governance” as stated in the “Rules of Good Governance and the Internal Control System” contained in Instructions No. (4) Of 2010 and the Governance Standards

Institutional in line with the best global practices followed in this field, and the responsibilities of the members of the Board of Directors and its committees include ensuring that regulatory standards, compliance and ethical standards are followed in all the bank’s dealings, and the Board of Directors of the Credit Bank of Iraq is responsible for supervising the implementation of corporate governance policies and practices.

Board of Directors:

The year 2022 witnessed the completion of the formation of the Bank’s Board of Directors by appointing alternate members of the Board of Directors and obtaining the Central Bank of Iraq’s approval of their nomination. It was approved by the General Assembly at their annual meeting held on 11/26/2022

The Board of Directors is responsible for the accuracy and adequacy of the Bank's financial statements and the information contained in the annual report, and for the adequacy of the internal control and control systems. The Board also reviews and approves the interim and annual financial statements that reflect the actual performance of the Bank through periodic meetings that are held.

The Board of Directors of the Credit Bank of Iraq is committed to all laws, instructions and controls issued by the Central Bank of Iraq.

General Principles for Selecting Members of the Board of Directors:

The General Assembly chooses the members of the Council in the light of their qualifications and experience, and determines the basis for their remuneration as members in the light of their participation in the meetings of the Council and its committees and other fields, according to the following conditions:

1. Fulfilling the legal requirements contained in Banking Law No. (94) of 2004 and Companies Law No. (21) of 1997 and its amendments.
2. Fulfilling the legal requirements contained in the instructions of the Central Bank of Iraq No. 9/2/281 dated 08/25/2021.
3. He shall not be a partner or employee of the external auditor of the bank during the three years preceding the date of his election as a member of the Board, and he shall not be related to the partner in charge of the audit process.
4. Not to be a lawyer or legal advisor to the bank or an auditor for the bank's accounts.
5. Not that he or any company of which he is a member of its board, owner or major shareholder obtain credit from the bank that exceeds (5%) of the bank’s capital, and not be a guarantor of credit from the bank whose value exceeds the same percentage. of shares of any company of any kind.
6. Two-thirds of the members of the Board shall have preliminary university qualifications and degrees, and experience in banking.
7. He shall not be a member of the board of directors of any other bank inside Iraq, or an authorized manager, or a regional manager, or an employee therein, unless the last bank is affiliated with that bank.

8. Not to be a board member of more than five joint-stock or public companies, in his personal capacity in some of them, and as a representative of a legal person, in others.
9. He shall not be an administrator or employee of another bank, or an authorized manager of another bank.
10. A member of the Board of Directors may be a non-resident or a non-Iraqi.
11. He should not have been an employee of the bank or one of the parties connected to it during the previous three years.
12. He shall not be related to any of the members of the Board or senior management or any of the parties related to them up to the fourth degree.
13. Not to be a major shareholder in the bank or his representative.
14. Not own, directly or indirectly (including ownership of shareholder family members 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 alternate members of the Board of Directors, their qualifications and experience, the amount of their contribution to the bank's capital, any memberships they occupy in 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	Members' Names	Position	Original Membership Start Date	Years of Academic Achievement Membership of Other Councils	Experience	Shares As On 12-31-2022	Memberships of Other Councils
1	Muhammad Ali Radi Al-Jarjafji	Chairman of the Board / Independent	06/02/2020	Bachelor of Business Administration	10	1,425,479,850	Al Khatam Company
2	Walid Jamal Al-Din Abdo Al-Sioufi	Vice chairman	06/02/2020	Executive Master of Business Administration	24	100,000	
3	Zaid Essam Jassim Al-Saqer (National Bank of Kuwait representative)	member	28/07/2020	Bachelor of Science majoring in Finance and minoring in Information Technology	14	227 billion	
4	Ali Nizar Ali Khalil	member	06/12/2020	Master of Finance	12	50,000	
5	Amr Mostafa Mohamed El-Shennawy	Member / Managing Director	16/10/2021	Bachelor of Commerce and Accounting	28	100,000	
6	Abdul Rahman Jalham Hamza Mohsen Al-Janabi	Independent member	21/12/2021	Doctor of Law	10	22,692,625	
7	Ali Muhammad Nour Rashad Mohi Al Nouredine Agha	Independent member	21/12/2021	Master of Statistics	8	22,692,625	
8	Ghada Farid Ghani AL-Tuoma	Independent member	21/12/2021		8	50,000	

9	Saad Latif Hamad Nasser	Independent member	21/12/2021		-	50,000	
---	----------------------------	-----------------------	------------	--	---	--------	--

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

No	Members Names	Position	Number Of Shares as on 12-31-2022	Academic Achievement
1	Mays Emad El Din Mohamed	alternate board member	50,000.000	Bachelor of Administrative Sciences
2	Taghreed Mahmoud Khalil	alternate board member	50,000.000	Master of Administrative Law
3	Marwan Hafez Ibrahim	alternate board member	50,000.000	Bachelor of Economics
4	Salem Ahmed Salem Al-Barjas	alternate board member	50,000.000	Bachelor's degree in Commerce/Accounting major
5	Mona Ahmed Muhyiddin Safa	alternate board member	50,000.000	Bachelor's degree in Business Administration, majoring in Management
6	Munira Ali Abdul Mohsen Al-Salem	alternate board member	50,000.000	Diploma in Applied Business Sciences
7	Sheikha Othman Muhammad Al- Quraishi	alternate board member	50,000.000	Bachelor of Administrative Sciences, majoring in Business Administration, Marketing Division

The independent members chair the committees emanating from the Board of Directors and attend the General Assembly on an annual basis and find out the opinions of the major shareholders regarding the performance of the bank within the framework of reaching an agreement and a common understanding of their views.

There are no interests and benefits acquired by the members of the Board of Directors, and no loans were granted to members of the Board of Directors of the Credit Bank of Iraq during the year 2022.

Responsibilities and Duties of the Board:

The Board of Directors operates in accordance with the approved internal regulations of the Board of Directors, which include the responsibilities of the Board in detail. The Board undertakes the management of the bank's affairs and is considered primarily responsible for all results arising from the implementation of the strategies, objectives, plans

and policies it adopts, through which various business and activities are carried out in the bank. The Board of Directors has the widest powers to manage the bank, and to perform all acts required by the management of the bank for its purposes, this authority is not restricted except by what is stipulated in the law, the decisions of the general assembly, the memorandum of association and articles of association of the bank, or the relevant supervisory instructions. The responsibility of the Board of Directors includes protecting the rights of shareholders, depositors, creditors, customers, employees and all other parties that have interests with the Bank, all within the framework of clear and prudent strategies, policies and procedures that are approved by the Board and are implemented with the required professionalism and in a way that achieves the Bank's objectives. Below we review the tasks of the Board of Directors.

:

- 1- Approving the bank's plans, including the vision, mission, goals, strategic objectives and core values of the bank in light of the directives of the general assembly, then directing the executive management to implement the plans while monitoring their performance, evaluating them and amending them if necessary to ensure the implementation of those plans.
- 2- Supervise the executive management, follow up on its performance, and ensure the soundness of the bank's financial position and solvency, and it must adopt appropriate policies and procedures for periodic supervision and control of the bank's performance.
- 3- Adopting a policy to monitor and review the performance of the executive management, by setting "Key Performance Indicators. KPI" (Key Performance Result. KPR), to define, measure and monitor performance and progress towards achieving the bank's institutional goals.
- 4- Ensure that policies, plans and work procedures are available at the bank, which are comprehensive for all its activities, and are in line with relevant legislation, and that they have been circulated at all administrative levels, and that they are reviewed regularly.
- 5- Determining the "core values" of the bank, drawing clear lines of responsibility and accountability for all the bank's activities, and establishing a high culture of ethical standards, integrity and professional behavior for the bank's administrators.
- 6- Bearing the responsibility for the safety of all the bank's procedures, including its financial conditions and reputation, and the responsibility for implementing the requirements of the Central Bank, as well as the requirements of the supervisory authorities and other regulatory bodies related to its work, and taking into account the "stakeholders", and that the bank is managed within the framework of legislation, and within the internal policies of the bank, and that supervision Effective is constantly available on the bank's activities.
- 7- Submitting the final accounts and financial statements (statements) of the bank and a comprehensive report on the results of implementing the annual plan to the General Assembly for discussion and approval and to follow up on the implementation of the decisions of the General Assembly.
- 8- Ensure compliance with international standards in all activities and operations of the bank.
- 9- Discussing and approving the annual plans and budgets related to the activities of the bank and following up on their implementation.
- 10- Forming board committees and selecting their members from the board members according to the size of the bank, provided that the following committees are available at a minimum (the governance committee, the audit committee, the risk committee, the nomination and remuneration committee), the Board determines its objectives and delegates powers to it, with a commitment not to take decisions on its own without a vote of the Board of Directors. The Board must continuously follow up on the work of the committees to ensure the effectiveness of their role.
- 11- Approving the selection of candidates for executive management positions, evaluating and following up their performance periodically, supervising and holding them accountable, and approving when appointing any of them, as well as obtaining the approval of the Central Bank of Iraq in this regard.

- 12- Adopting the bank's internal control and control systems and reviewing them annually, and ensuring that the internal auditor, in coordination with the external auditor (i.e. the auditor), reviews these systems, at least once a year, and the board must include in the bank's annual report what confirms the adequacy of these systems.
- 13- Ensuring the independence of the external auditor (auditor), beginning and continuing.
- 14- Adopt an effective risk management strategy and monitor its implementation, as it includes the level of acceptable risks, and ensure that the bank is not exposed to high risks. And that the board should be aware of the bank's operational work environment and the risks associated with it, and that it should ensure that there are necessary and sufficient tools and infrastructure for risk management in the bank, and that it is capable of identifying, measuring, controlling and monitoring all types of risks to which the bank is exposed.
- 15- Ensure that the bank implements the basic principles of "good governance" as stated in the "Rules of Good Governance and the Internal Control System" contained in Instructions No. (4) of 2010.
- 16- Ensure the existence of "management information systems MIS" Adequate and reliable covering all the activities of the bank.
- 17- Spreading the culture of governance in the bank and encouraging all employees and the executive management to implement its practices and attend training courses in this regard, in addition to working for the bank to encourage its customers to apply the rules of governance in their institutions, in addition to verifying that the bank's credit policy includes the application of corporate governance to its customers, especially those Companies, so that risks are evaluated by strength and weakness points, according to their practices in the field of corporate governance.
- 18- Ensure that the bank complies with the sustainability principles mentioned in Appendix No. (1) of the Corporate Governance Guide.
- 19- Taking measures to create a clear separation between the powers of shareholders, who have a "qualified possession" on the one hand, and the "executive management" on the other hand, with the aim of promoting sound corporate governance, and it must find appropriate mechanisms to limit the effects of shareholders, who have a "qualified possession"
- 20- Adopting an organizational structure for the bank that defines a clear administrative hierarchy.
- 21- Determine the executive powers related to the bank's business (whether the authorized manager or the executive management, whether it is for banking operations, granting credit, or signing transfers, cheques, guarantees, warranties, borrowing, mortgages, and letters of guarantee).
- 22- Approve a replacement plan for the executive management of the bank and review it annually.
- 23- Ensure that the executive management peruses the official website of the Anti-Money Laundering Office regarding the lists of freezing terrorist funds on a daily basis, and inform the Anti-Money Laundering Office and the Banking Control Department of the Central Bank immediately in the event that there is a person whose name has been included in the list of freezing terrorist funds.
- 24- Providing the Central Bank with information related to the members of the boards or boards of directors and executive departments of its subsidiaries inside and outside Iraq, on a semi-annual basis, as well as when there is any amendment to it.
- 25- Supervising the quality of disclosure, transparency and all information about the bank.
- 26- Defining and approving the tasks of the Secretary of the Board in writing.
- 27- Forming temporary committees by a decision from the board or at the request of the Central Bank of Iraq. The decision specifies the composition of the committee, the scope of its work, its responsibilities, and the period required to complete its work.
- 28- Verifying that the Internal Audit Department is subject to direct supervision by the Audit Committee, and that it reports directly to the Chairman of the Audit Committee to ensure its independence. The Board appoints

and terminates the services of the internal auditor, determines his fees and rewards, and evaluates his performance, in addition to approving a work guide for the policies and procedures of the Internal Audit Department, provided that it is subject to review and update by the Audit Committee every year or two at least.

- 29- Approving the governance guide prepared by the Corporate Governance Committee and ensuring that it is published on the bank's website and viewed by all employees and members of the Board of Directors.
- 30- View and approve when any committee obtains advice and technical support from external sources.

The Most Important Achievements of the Board of Directors during the Year 2022:

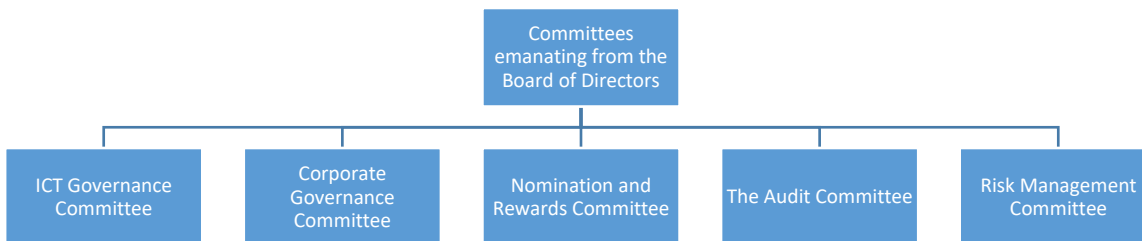
During the year 2022, the Board of Directors of the Credit Bank of Iraq made many achievements, the most important of which were the following:

- 1- Approving the bank's investment of 200 billion Iraqi dinars in construction bonds / the second issue
- 2- Approval of the bank's investment of 5 million US dollars in international Iraqi government bonds traded in dollars, EURO BONDS.
- 3- Approving the policies and procedures of the bank, the most important of which are:
 - Capital and operational expenditure policy.
 - Cyber security policies.
 - Information protection policy.
 - The policy of approving shareholders' profits.
 - Information technology policies.
 - Risk management policies.
- 4- Approving the planning budget of the bank for the year 2023.
- 5- Approval of the updated Board of Directors Regulations.
- 6- Approving the creation of an administrative unit (section or division) that carries out the tasks and works of corporate governance.
- 7- Approving the formation of the Information Technology Governance Committee emanating from the Board of Directors.
- 8- Approving the disbursement of the amount of the increase in salaries and allowances to the bank's employees.
- 9- Approving the administrative grades of the bank's employees.
- 10- Approval of the updated professional code and policy.
- 11- Approving the adoption of the strategic plan for the period 2022 to 2026.
- 12- Approving the merger of the Mansour branch with the main branch.
- 13- Approval of amending the bank's articles of association in accordance with the cumulative vote.
- 14- Approval of approving the amended organizational structure of the Bank.

Committees Emanating From the Board of Directors of the Bank:

As a commitment by the Credit Bank of Iraq to implement the governance system and the Corporate Governance Guide for Banks issued by the Central Bank of Iraq in 2018 and the governance controls and

institutional management of information and communication technology in the banking sector issued by the Central Bank of Iraq in 2019, an appropriate number of committees have been formed that are consistent with the bank's activity Where the Board formed five committees emanating from it in order to enhance the effectiveness of the Board. The following is a chart showing the committees emanating from the Board of Directors:



1- Audit Committee

The Audit Committee was formed in the meeting of the General Assembly held on 10/16/2021, and the members of the Audit Committee were elected, consisting of:

Ms. Ghada Farid Ghani Al-Ta'meh as "Chairman" of the Committee, and the membership of Mr. Walid Jamal Al-Din Abdo Al-Sioufi and Mr. Ali Nizar Ali Khalil.

➤ Duties of the Audit Committee

First: General Tasks

- 1- The scope, results and adequacy of the internal audit, the follow-up of the external auditor and discussion of his reports.
- 2- Accounting issues that have a material impact on the bank's financial statements.
- 3- Reviewing the structure of the internal control and control systems by the audit committee and the internal audit department in the bank at least once a year or whenever the need arises.

- 4- Ensuring compliance with international standards and combating money laundering in all activities and operations of the bank. The committee has the right to investigate, research and audit any operations, procedures or regulations that it deems to affect the strength and safety of the bank.
- 5- Recommend to the Board of Directors to approve the organizational structure of the Bank, to create, cancel or merge organizational formations, and to define and amend the tasks and specializations of these formations.
- 6- Reviewing the reports of the executive management on the status of human resources.
- 7- Reviewing the annual plan for training and development and following up on its implementation.
- 8- Review policies and instructions related to appointment, promotion, resignation, and termination of service for all bank employees, including the executive management, taking into account the provisions of the laws in force.
- 9- Auditing and approving accounting procedures, the annual audit plan, and accounting controls.
- 10- Ensure that the bank adheres to the disclosures specified by the International Financial Reporting Standards (IFRS), Central Bank instructions, legislation and other relevant instructions, and ensure that the executive management is aware of the changes that occur in the International Financial Reporting Standards and others. of the relevant standards.
- 11- Include in the bank's annual report a report on the adequacy of internal control and oversight systems with regard to "financial reporting", so that the report includes, as a minimum, the following:
 - A paragraph clarifying the responsibility of the internal auditor, in conjunction with the executive departments, to set internal control and oversight systems on financial reporting in the bank and to maintain those systems.
 - A paragraph about the framework that the internal auditor used and evaluated to determine the effectiveness of the internal control and control systems.
 - Ensure compliance with international standards in all activities and operations of the bank.
 - Ensure the existence of an anti-money laundering and counter-terrorism financing office linked to the Council, and undertake the application of "Special Operations" (Know Your Customer, KYC) policies and the tasks and duties ensuing therefrom, including the office's preparation of periodic reports on its activity.
 - Monitoring the "American Tax Compliance Act" (Foreign Account Tax Compliance Act, FATCA).
 - Disclosure of weaknesses in the control and internal control systems that lead to the possibility of not being able to prevent or detect an incorrect statement of material impact.
 - A report from the external auditor stating his opinion on the effectiveness of systems and internal control.
- 12- Reviewing the reports submitted by the bank to the Central Bank of Iraq.
- 13- Reviewing and monitoring the procedures that enable the employee to confidentially report any error in the financial reports, or any other matters, and the committee ensures that the necessary arrangements are in place for the independent investigation and employee protection, and ensures that the results of the investigation are followed up and dealt with objectively.
- 14- Reviewing AML/CFT reports.

- 15- Follow up on the implementation of business continuity programs and recovery from disasters and crises, in coordination with the Information and Communications Technology Committee.
- 16- The possibility of obtaining advice and technical support from external sources, provided that this is done with the knowledge and approval of the Board.
- 17- The external auditor and his wages are nominated by the Audit Committee and presented to the Board of Directors and the General Assembly, and the General Assembly chooses the most efficient among them and determines their wages according to professional controls.

Second: Duties of the Information and Communication Technology Audit Committee

1. The audit committee shall provide the Central Bank of Iraq with an annual report for internal auditing, and another for external auditing, respectively, that includes the response of the executive management and the Board's review and recommendations thereon, and in accordance with the form of the audit report (risks-controls) of relevant information and technology prepared by the Central Bank of Iraq, within the first quarter of each year,
2. The audit committee shall include the responsibilities, powers and scope of the information and communications technology audit work within the audit charter on the one hand, and within procedures agreed upon with the external auditor on the other hand, and in accordance with and covered by the controls issued by the Central Bank of Iraq in this regard.
3. The committee shall ensure that the internal auditor and the external auditor of the bank, when carrying out specialized audits of relevant information and technology, comply with the following:
 - Information and communications technology (ICT) audit standards according to the latest update of the International Standard (Information technology assurance framework ITAF) issued by the Information Systems Audit and control Association (ISACA), including:
 - Carrying out audit missions within an approved plan in this regard that takes into account the relative importance of operations, the level of risks, and the degree of impact on the objectives and interests of the bank.
 - Providing and adhering to plans for training and continuing education by specialized staff in this regard.
 - Adhere to the standards of professional and administrative independence and ensure that there are no current and future conflicts of interest.
 - Commitment to standards of objectivity, exerting professional care and continuous maintenance of the level of competitiveness and professionalism of knowledge and skills that must be enjoyed, and deep knowledge of the bank's various mechanisms and operations based on information and communication technology and other review and audit reports (financial, operational and legal), and the ability to evaluate evidence commensurate with the case and situation General in detecting unacceptable practices that violate the provisions of laws, regulations and controls.

- Examining, evaluating and reviewing the operations of employing and managing information and communication technology resources, as well as the bank's operations based on them, and expressing a general opinion (Reasonable overall Audit Assurance) regarding the overall level of information and related technology risks within an audit program that includes at least the axes contained in the controls of corporate governance and management of technology Information and communications issued by the Central Bank of Iraq, provided that the audit frequency for all or part of the axes is a minimum of once a year at least in the event that the risks are assessed at a degree (5 or 4) according to the risk assessment scale specified in the controls issued by the aforementioned Central Bank of Iraq, and at least once every two years if the risks are evaluated at a degree of (3), and at least once every three years if the risks are evaluated at a degree of (2 or 1), Taking into account the continuous change in the level of risks and taking into account the fundamental changes that occur in the information environment and the relevant technology during the mentioned audit periods. Provided that the Central Bank of Iraq is provided with audit reports for the first time, regardless of the degree of risk assessment, and that the assessment processes for the axes mentioned include the bank's mechanisms in place, in terms of strategic planning and policy-making, written and approved principles and work procedures, and mechanisms for employing various resources, including those Information and communication technology and the human element, mechanisms and tools for monitoring, improvement and development, work on documenting and evaluating audit results based on the importance of differences and weaknesses (observations), as well as active controls and assessing the level of remaining risks related to each of them using a systematic standard for risk analysis and measurement, including agreed corrective measures Accordingly, it is intended to be followed by the management of the bank with specific dates for correction, with reference in a special table to the rank of the responsible person in the bank responsible for his observations.
 - Regular procedures to follow up the audit results to ensure that the observations and discrepancies contained in the auditor's reports are addressed in a timely manner, and work to gradually raise the level of importance and risks in case of non-response, and inform the Board of this whenever necessary.
 - Including performance evaluation mechanisms for ICT audit cadres with objective measurement criteria, provided that the evaluation processes are carried out by the Board represented by its Audit Committee, and according to the organizational administrative hierarchy of the audit departments.
4. It is possible to assign the task of the internal auditor of information and related technology (internal IT audit) to a competent third party that is completely independent from the external auditor accredited in this regard (Outsourcing).

Third: Duties of the internal audit audit committee

1. Appointing the internal auditor or recommending his removal, promotion or transfer after obtaining the approval of the Central Bank of Iraq.
2. Establishing an internal audit charter that clarifies the purpose, status and validity of the internal audit activity within the bank.

3. The internal audit ensures the availability of the necessary periodic evaluation of the quality of the bank's accounts, its performance and the progress of operations, in compliance with international standards
4. Studying and approving the internal audit plan.
5. The internal audit manager and his assistant must have at least a bachelor's degree in accounting, bank management, financial and banking sciences, or one of the specializations related to banking work, and he must have experience and practice in control in accordance with the regulations and instructions issued by the Central Bank of Iraq.
6. Request reports from the Director of Internal Audit.
7. The selection of internal audit staff takes into account that they are specialists in accounting and auditing and have sufficient experience.
8. The Audit Committee shall verify the availability of sufficient financial resources and a sufficient number of qualified human resources to manage the internal audit and train them.
9. The Audit Committee shall ensure that the internal audit staff are not assigned any executive tasks and ensure their independence away from bias and conflict of interests, while following the policy of roles among the members of this department.
10. In the event that some internal audit activities are outsourced, the Board of Directors or the Audit Committee shall be ultimately responsible for quality control of any internal audit activities carried out by the third parties. The head of the bank's internal audit department should assist the audit committee in evaluating the quality of any outsourced audit activities.
11. The Audit Committee follows up the Internal Audit Department in carrying out its duties as follows:
 - The Internal Audit Department is subject to the direct supervision of the Audit Committee, and reports directly to the Chairman of the Audit Committee.
 - It has the authority to communicate directly with the Board of Directors or the Chairman of the Board of Directors, the Audit Committee, the external auditor and the compliance controller in the bank.
 - Preparing a working guide for the policies and procedures of the Internal Audit Department, provided that the guide is approved by the Audit Committee and the Board of Directors, and is subject to review and updating by the Audit Committee every year or two at least.
 - Ensure that the internal auditor, in coordination with the external auditor, reviews the internal control and oversight systems of the bank's activities, review them annually and present them to the Board for approval.
 - Developing an action plan and risk-focused procedures that are updated annually and approved by the Board of Directors or its audit committee at the beginning of the year. The updated plan includes a basic requirement that the internal audit department visit the bank's branches quarterly, at a minimum. The updated action plan and procedures shall be implemented during the year and are being followed up by the Audit Committee of the Board.
12. Setting policy frameworks for internal auditing and supervising the preparation of financial reports.
13. Supervise the bank's internal and external auditors and the compliance activity in the bank and interact with them, taking into account that all external audit work is carried out in a professional manner consistent with international accounting and auditing standards.

14. Observance of laws, regulations, and other problems identified by auditors, compliance activity, and other oversight activities.
15. Supervising the development of accounting policies and practices by the bank.
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 2022:**

The committee held eight (8) meetings during the year and the following has been accomplished:

- 1- View and approve the interim and annual financial statements of the bank.
- 2- View and approve the reports sent to the Central Bank of Iraq by the control departments (internal audit, compliance, reporting on money laundering and terrorist financing).
- 3- Approval of the internal audit plan for the year 2023.

2- Risk Management Committee

The Risk Management Committee was formed at the meeting of the Board of Directors held on 12/20/2021, where the members of the committee were selected as follows:

Mr. / Ali Muhammad Nour Rashad "Chairman" and the membership of each of Mr. / Walid Jamal Al-Din Abdo Al-Sioufi and Mr. / Ali Nizar Ali Khalil.

➤ **Functions of the Risk Management Committee**

1. Risk Strategies, Risk Appetite and Overall Risk Governance:
 - Reviewing the bank's risk management strategy and risk appetite, provided that it is appropriate and comprehensive, and presenting it to the Board of Directors for approval.
 - Reviewing the credit policy and submitting recommendations thereon to the Board of Directors for approval, as well as supervising the implementation of the credit policy proposed by them and ensuring that credit risks comply with the decisions and directives of the Basel Committee on Banking Supervision.
 - Periodic review of the risk management policy proposed by the senior management of the bank and submitting recommendations thereon to the Board of Directors for approval.
 - Supervise the actions of senior management towards compliance with the approved risk policies.
 - Continuous communication with the Director of the Risk Department and obtaining periodic reports from him on matters related to the current situation of risks in the bank and the risk culture, in addition to reports on limits and ceilings set and any violations thereof and risk avoidance plans.
 - Monitoring the credit risks incurred by the bank, whether in relation to the standard approach or the entry based on internal classification, operational risk, market risk, supervisory review, and market discipline contained in the decisions issued by the Basel Committee on Banking Supervision.
 - Determine the credit ceilings that exceed the authority of the authorized manager or the regional manager.
 - Monitoring the bank's ability to avoid liquidity risks in accordance with Basel (III) decisions, including liquidity standards.
 - Internal assessment of capital adequacy according to the methodology approved by the Board of Directors and in accordance with the decisions of the Basel Committee (II) and Basel (III) and any other international standards
 - Overseeing capital and liquidity management strategies and all related risk management strategies to ensure their compatibility with the risk framework approved by the Bank.

- Receive periodic reports from the executive management committees (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 continuous follow-up of the indicators and movement of the domestic and foreign capital markets.
- Recommending to the Board of Directors to abandon the activities that cause risks to the bank that it has no ability to face.
- Ensure the bank's compliance with regulations, instructions and policies related to risk management
- Possibility of obtaining consultancy and technical support from external sources, 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 for the risks that the bank may be exposed to, with the need for these limits to be consistent with the extent of the bank's ability to accept risks and the extent to which that is appropriate with the size of the capital.
- Ensuring the continuation of the appropriateness of the work steps for measuring, following up and controlling risks, and making any adjustments to them if necessary, in accordance with market developments and the environment in which the bank operates.
- Using appropriate and effective information and communication systems, especially with regard to the process of following - up and monitoring risks, and ensuring the efficiency of the information management system, so as to provide the bank's senior management, the risk management committee, and the board with periodic reports (at least monthly) that reflect the extent of the bank's commitment to the specified risk limits and clarify violations of these limits, their reasons, and the plan necessary corrective.
- Develop effective risk management and internal control practices to achieve data confidentiality, system security, reliability, resilience and recoverability in the Bank.
- Developing a strategy and managing roles in the process of information and communication technology risks and their distribution.
- Annual review of risk management policies and procedures by the Risk Management Committee.
- Establish a framework for information and communication technology risk management concepts in a systematic and coordinated manner and include the following characteristics:
 - Rules and responsibilities
 - Determine and prioritize the principles of the information system.
 - Identify and assess current and emerging threats, potential risks and vulnerabilities.
 - Application of international standards IT, ISO/IEC 27005:2018, COBIT for RISK, NIST, (ISO31000 GXM)..
 - Apply appropriate practices and controls to mitigate risks.
 - Periodic update and risk assessment, including changes in environmental systems or operational conditions that may affect risk analysis.

2. Other responsibilities:

- Review and approval of risk management data included in the annual report.
- Monitoring the expected changes in the economic and business environment, taking into consideration new trends and other factors related to the bank's risk profile and risk appetite.
- Review potential risks in the proposed transactions with related parties, and provide recommendations to the Board of Directors on those transactions.

➤ **The Most Important Achievements of the Risk Management Committee Emanating From the Board of Directors During 2022:**

The Committee held four (4) meetings during the year and the following has been accomplished:

- 1- Approval of the policies and procedures of the risk department (credit, liquidity and concentration, market, operation, stress tests and risks of money laundering and terrorist financing).

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

3- The Nomination and Rewards Committee

The Nomination and Remuneration Management Committee was formed at the meeting of the Board of Directors held on 12/20/2021, where the members of the committee were selected as follows:

Dr. Abdul Rahman Jalham Hamza Al Janabi as Chairman, and the membership of Mr. Zaid Essam Jassim Al Saqer, and Dr. Saad Latif Hamad Nasser.

➤ Functions of the Nomination and Rewards Committee

First: nomination tasks

1. Ensure that the Board member fulfills the conditions specified in the legislation and in the Corporate Governance Manual.
2. Determining the persons qualified to join the membership of the Board of Directors or senior management in the bank, except for specifying the persons qualified to work as a manager of internal audit, which is the responsibility of the Audit Committee.
3. Ensuring that the members of the Board are suitable and that they have the highest levels of credibility, integrity, competence, necessary expertise, and ability to commit.
4. Ensure the independence of a member of the Board of Directors and prepare an undertaking to acknowledge that, to be signed by the independent members.
5. Ensuring the suitability of the members of the executive management, evaluating and following up their performance periodically, and ensuring that they have the highest level of credibility, integrity, adequacy, and necessary expertise, ability to commit, and devote time to the work of the bank.
6. Supervise the training and development activity, and ensure that all employees and the executive management attend training courses related to spreading the culture of governance and applying its practices
7. Ensure the existence of a succession plan for the senior executive management, review it annually, and then present it to the Board for approval. And setting a replacement policy to secure the positions of the executive management of the bank, provided that it is reviewed at least annually, so that the bank is ready to deal normally with any change that may occur to the occupants of the executive management positions without affecting the performance of the bank and the continued implementation of its operations.

Second: Reward tasks

Preparing the rewards policy and submitting it to the Board of Directors for approval and periodic review, and applying this policy, provided that this policy has the following elements:

- To be in line with the principles and practices of sound corporate governance, in a way that ensures that the bank's long-term interests prevail over immediate or short-term considerations.
- To take into account all the risks to which the bank is exposed, so that a balance is made between the profits achieved and the degree of risks involved in banking activities and businesses.
- The extent to which the bank has achieved its long-term targets in accordance with its approved strategic plan.
- The rewards and salaries policy must include all levels and categories of the bank's employees, conducting a periodic review of the policy for granting bonuses, salaries and incentives or when the Board of Directors recommends it and making recommendations to the Board to amend or update this policy and conduct a periodic evaluation of the adequacy and effectiveness of the policy of granting rewards, salaries and incentives to ensure the achievement of its stated objectives.

- Ensuring the preparation of plans and the provision of programs to continuously train and qualify members of the Board of Directors to keep abreast of all important developments in terms of banking and financial services.
- Supervising the process of evaluating the performance of human resources in the bank, especially the executive management, reviewing relevant reports and submitting recommendations in this regard to the Board of Directors.
- Ensure that the policy of granting bonuses takes into account all types of risks to which the bank is exposed, so that a balance is made between the profits achieved and the degree of risks involved in banking activities and business.

➤ **The Most Important Achievements of the Nomination and Reward Committee Emanating from the Board of Directors during 2022:**

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

1. Approving the payment of the increase amount for salaries and allowances.
2. Approving the administrative grades of the employees.
3. Approving the policy and code of professional conduct.
4. Approving the updated organizational structure of the bank.

4- Corporate Governance Committee:

The Corporate Governance Committee was formed at the meeting of the Board of Directors held on 12/20/2021, where the members of the committee were selected as follows:

Mr. / Muhammad Ali Radhi Al-Jarjafji "Chairman" and the membership of each of Mr. / Zaid Essam Jassim Al-Saqer, and Mr. / Ali Muhammad Nour Rashad.

➤ **Functions of the Corporate Governance Committee:**

The Board of Directors delegates the Committee to assume the following duties and responsibilities:

1. Preparing a governance guide for the bank approved by the Board of Directors and following up its implementation, and ensuring that it is published on the bank's website and viewed by all employees and members of the Board of Directors, and that the approved and applied governance framework in the bank is in accordance with the laws, regulations, instructions in force and international practices in force.
2. The committee monitors the application of standards and control systems set forth in the Corporate Governance Manual.
3. The committee reviews and discusses the observations of internal control and the independent external auditor related to the governance guide and framework. The committee submits its recommendations to the relevant parties to take action for any identified gaps.
4. Reviewing the bank's corporate governance system in accordance with the applicable laws and regulations, standards and practices. And submit a report to the Board of Directors on the results of the audit annually.
5. Recommend the development and improvement of corporate governance practices in line with applicable international best practices.
6. Reviewing the Bank's annual disclosures on governance practices in accordance with the applicable laws and regulations.
7. Providing advice and consultation to the various committees and members of the Board of Directors regarding the disclosure of cases of conflict of interest.
8. Supervising the extent to which the various committees adhere to the policies related to governance.

The possibility of cooperation with the advisory bodies to obtain advice and assistance in developing new requirements in the Governance Manual, as well as technical support consultations, with the knowledge and approval of the Board.

➤ **The Most Important Achievements of the Corporate Governance Committee Emanating from the Board of Directors during 2022:**

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

- 1- Discussing and approving the Governance Manual by the Committee and submitting a recommendation to the Board of Directors for approval
- 2- Discussing and approving the Governance Committee charter and submitting a recommendation to the Board of Directors for approval.

5- Information and Communication Technology (ICT) Governance Committee:

In an effort to comply with all controls and instructions issued by the Central Bank of Iraq, the Board of Directors, in its meeting held on 03/27/2022, formed the Information and Communication Technology Governance Committee, in implementation of the corporate governance controls for information and communication technology, as it includes three members of the Board of Directors and others as experts to support the work of Committee, as follows:

Mr. / Ali Muhammad Nour Rashad "Chairman" and the membership of each of Mr. / Walid Jamal Al-Din Al-Sioufi, and Mr. / Ali Nizar Ali Khalil. In addition to the Director of Information Technology and Communications and the Director of Information Security.

The committee held one meeting during the year 2022

➤ **Tasks of the ICT Governance Committee:**

The Board of Directors delegates the Committee to assume the following duties and responsibilities:

- 1- Adopting strategic plans for information and communication technology and appropriate organizational structures, including steering committees at the level of senior executive management, in particular (the steering committee for information and communication technology), in a way that ensures the achievement of the strategic targets of the bank and meets them, and achieves the best added value from projects and investments of information and communication technology resources and the use of tools And the necessary standards to monitor and ensure the extent to which this is achieved, such as using the IT Balanced Scorecards system, calculating the rate of return on investment (ROT), and measuring the impact of contributing to increasing financial and operational efficiency.
- 2- Adopting the general framework for managing, controlling and monitoring information and communication technology resources and projects that simulates the accepted international best practices in this regard, specifically (COBIT) (Control Objective for Information and Related Technology) in all its versions to achieve the objectives and requirements of these controls through the achievement of institutional targets in a sustainable manner. Achieving the matrix of information objectives and associated technology, and covers information and communication technology governance processes contained in the governance and institutional management controls for information and communication technology.
- 3- Adopting the matrix of institutional objectives and related information and technology objectives contained in the controls of governance and institutional management of information and communication technology, counting its data as a minimum, and describing the sub-objectives necessary to achieve them.
- 4- Adopting a matrix of responsibilities (RACI Chart) towards the main processes of IT governance and the sub-processes emanating from it in terms of the initially responsible entity, entities, person or parties Responsible and that responsibility finally Accountable, and the consultant parties, which are informed about all informed processes In corporate governance and management controls for information and communication technology.
- 5- Ensuring that there is a general framework for information and communication technology risk management that is compatible with the overall general framework for risk management in the bank and integrates with it in accordance with international standards such as (ISO 31000, ISO 73) and takes into account all information and communication technology governance processes contained in the corporate governance and management controls for information and communication technology And fulfills it.
- 6- Approving the budget for information and communication technology resources and projects in line with the strategic objectives of the bank.

- 7- General supervision and review of the progress of information and communications technology operations, resources and projects to ensure their adequacy and effective contribution to achieving the bank's requirements and business.
- 8- View audit reports of information and communication technology and take the necessary measures to address deviations and make recommendations to take the necessary measures to correct them.
- 9- Reviewing and updating the ICT Governance Guide.
- 10- View the recommendations of the Information and Communication Technology Steering Committee regarding the following matters:
 - Allocate the necessary resources and mechanisms to achieve the tasks of the ICT Governance Committee.
 - Any deviations that may negatively affect the achievement of the strategic objectives.
 - Any unacceptable risks related to information technology, security and protection.
 - Reports of performance and compliance with the requirements of the general framework for managing, checking and controlling ICT resources and projects.
- 11- Reviewing the minutes of the meeting of the Executive Information Technology Steering Committee, where (the committee provides its reports to the Information and Communications Technology Governance Committee on an up-to-date basis and provides evidence supporting its review).
- 12- Assuming direct responsibilities for the evaluation, guidance and control processes, as well as direct responsibility for the operations of ensuring the prudent management of information and communication technology and the risk management processes contained in the controls of governance and institutional management of information and communications technology in cooperation with the risk management in the bank, as these controls aim to meet the needs of stakeholders (Stakeholder needs) and achieve the bank's directives and targets through achieving the objectives of information and communication technology, ensuring:
 - a. Providing high-quality information that will be a basis that supports the bank's decision-making mechanisms.
 - b. Prudent management of ICT resources and projects to benefit from those resources and reduce waste thereof.
 - c. Providing a distinguished and supportive technology infrastructure that enables the bank to achieve its objectives.
 - d. Improving the bank's various operations by employing an efficient and reliable technical system
 - e. Prudent management of information and communication technology risks to ensure the necessary protection of the bank's assets.
 - f. Assist in achieving compliance with the requirements of laws, legislation and controls as well as compliance with internal work strategy, policies and procedures.
 - g. Improve the internal control system.
 - h. Improving the level of satisfaction with information and communication technology by its users by meeting business needs efficiently and effectively.
 - i. Manage the services of third parties entrusted with implementing the operations and tasks of related services and products related to information and communication technology.

➤ **Tasks of the committee with regard to principles, policies and frameworks:**

- 1- Adopting a system of principles, policies and frameworks necessary to achieve the general framework for managing, controlling and monitoring information and communication technology resources and projects in a way that meets the requirements of the objectives and processes of information and communication technology governance contained in the controls of governance and institutional management of information and communication technology.
- 2- Adopting principles, policies and frameworks, especially those related to information and communication technology risk management, information security management and human resources management, which meet the requirements of information and communication technology governance processes contained in the controls of governance and institutional management of information and communication technology.

- 3- Adopting the set of policies necessary to manage the resources and processes of information and communication technology governance contained in the controls of governance and institutional management of information and communication technology, and considering this set of policies as a minimum, with the possibility of combining and merging those policies as required by the nature of the work, provided that other regulatory policies are developed to keep pace with the development of the bank's targets And work mechanisms, provided that each policy defines the owner, the scope of application, the periodicity of review and update, access and distribution powers, objectives, responsibilities, related work procedures, penalties in case of non-compliance, and compliance check mechanisms are determined.
- 4- When creating policies, the contribution of all internal and external partners is taken into account, and the adoption of international best practices and their updates as references for the formulation of those policies such as (COBIT, ISO/IEC 27001/2, ISO 31000, ISO/IEC 9126, ISO/IEC 155504, ISO 22301, PCI DSS , ITIL,...etc

➤ **The Tasks of the Committee with Regard to Services, Programs and Infrastructure of Information and Communication Technology:**

- A. Approving the system of services, programs and infrastructure for information and communication technology contained in the controls of governance and institutional management of information and communication technology, and considering that system as a minimum, provided that it is provided and developed continuously to keep pace with the development of the bank's objectives and operations and in accordance with the best accepted international practices in this regard.
- B. Approving the system of services, programs and infrastructure for information and communication technology that support and assist in achieving information and communication technology governance processes, and then the targets of information and associated technology and institutional targets.

➤ **Tasks of the Committee with Regard to Knowledge, Skills and Experience:**

- Approving the qualifications matrix (HC Competences) and human resources management policies necessary to achieve the requirements of information and communication technology governance processes contained in the controls of governance and institutional management of information and communications technology and the requirements of these controls in general and ensuring the placement of the right person in the right place. Employing qualified and trained human resources from people with experience in the fields of information and communication technology resources management, risk management, information security management, and information and communication technology audit management based on standards of academic, technical and professional expertise through approval from competent authorities, provided that the currently employed cadres are rehabilitated and trained. To meet the requirements mentioned in the instructions issued by the Central Bank of Iraq in this regard.

Meetings of the Board of Directors and its Committees:

The Board of Directors of the Credit Bank of Iraq held six meetings during the year 2022, and the minutes of all meetings were recorded and included in the bank's records.

It should be noted that the meetings of the Board of Directors and the subcommittees during the year 2022 are in accordance with the bank's regulations for the work of the Board and its committees, in terms of meetings, their periodicity, the quorum for attendance, and the topics that are reviewed and discussed by members, except for the Information and Communication Technology Governance Committee.

The following table shows the names of the members of the Board of Directors of the Credit Bank of Iraq and their membership in the committees emanating from the Board of Directors, as well as the number of meetings, which totaled 23, in addition to the number of meetings attended by each member during the year 2022, in the following detail:

Board of Directors members	Membership in committees	Board of Directors	Corporate Governance Committee	Nominations and Rewards Committee	Risk Management Committee	The Audit Committee	ICT Governance Committee
Mr. Muhammad Ali Radi Al-Jarjaji	Chairman of Board of Directors Chairman of the Corporate Governance Committee	4					
Mr. Walid Jamal Al-Din Al-Sioufi	Deputy Chairman of the Board Member of the Audit Committee Member of the Risk Management Committee Member of the ICT Governance Committee	6	2 ¹		4	8	1
Mr. Zaid Essam Al-Saqer	Non-executive board member Representative of the National Bank of Kuwait Member of the Corporate Governance Committee Member of the Nominations and rewards Committee	5	2	1			
Mr. Amr Mustafa El Shennawy	Executive Board Member - Managing Director	6					
Mrs. Ghada Farid Ghani	Independent board member Chairman of the Audit Committee	6			3 ²	8	
Mr. Abdul Rahman Jalham Hamza	Independent board member Chairman of the Nominations and Rewards Committee	6		2			
Mr. Saad Latif Hamad Nasser	Independent board member Member of the Nominations and Rewards Committee	5		2			

¹ Mr. Walid Al-Sioufi attended the meetings of the Corporate Governance Committee as an invitee to the meeting and not as a member of the committee.

² Mrs. Ghada Farid Ghani attended the meetings of the Risk Management Committee as an invitee to the meeting and not as a member of the committee.

Mr. Ali Muhammad Nour Rashad	Independent board member Chairman of the Risk Management Committee Chairman of the ICT Governance Committee Member of the Corporate Governance Committee	6	2		4	5 ³	1
Mr. Ali Nizar Khalil	Non-executive board member Member of the Audit Committee Member of the Risk Management Committee Member of the ICT Governance Committee	6			4	8	
The Total Number Of Meetings		6	2	2	4	8	1

Executive management:

The senior executive management consists of a group of people appointed by the Board of Directors to carry out their responsibilities in managing the bank's operations. They are the managing director, his deputies, his assistants, and members of the senior executive management, who have the highest degree of credibility, integrity, efficiency, necessary banking expertise, and devotion of time to the work of the bank.

Below is a table showing the names of the executive management and their positions:

No	Name	Position
1	Amr Mostafa El-Shennawy	Managing Director
2	Marwan Ali Kinder	Deputy Managing Director / Executive Director of Operations
3	Ali Nizar Al-Hasani	Financial Manager
4	George Victor Farah	Business Executive Director
5	Ahmed Mohamed Osama	Director of Human Resources
6	Omar Raad Talib	Branches manager

General Principles for Selecting the Executive Management:

That the person appointed by the Board of Directors to work as an authorized manager of a bank or appointed manager of a branch or to work in one of the other senior positions in the bank as determined by the Central Bank of Iraq shall meet the following conditions:

- 1- He must have legal capacity and be a fit and good person.
- 2- He should have the banking competence and experience required by banking operations.

³ Mr. Ali Mohamed Nour Rashad attended the meetings of the Audit Committee as an invitee to the meeting and not as a member of the committee.

- 3- He should not be a person, an administrator, or an employee of another bank, or an authorized manager of another bank.
- 4- To be residing in Iraq and to be dedicated to managing the bank's operations.

Also, those who are appointed to the senior executive management of the bank, as stipulated in (Central Bank's Corporate Governance Guide for the year 2018), must fulfill the following conditions:

- 1- Not to be a member of the board of directors of any other bank, unless the other bank is affiliated with that bank.
- 2- He should be dedicated to managing the bank's business.
- 3- To have a primary university degree, as a minimum, in financial or banking sciences, business administration, finance, accounting, economics, law or information technology that is related to the bank's business.
- 4- He should have experience in the field of banking business, or related business, where it is not less than five years, with the exception of the position of general manager, delegated manager, or regional manager, whose experience should not be less in the field of banking business or work related to the activities of financial sector for ten years.

Duties and Responsibilities of the Executive Management:

- 1- Preparing and implementing strategic and operational plans, after their approval by the Board of Directors, ensuring their effectiveness and submitting proposals for their development or modification.
- 2- Implementing relevant laws, regulations, instructions, policies and directives issued by the Board of Directors with integrity, honesty and responsibility.
- 3- Providing recommendations regarding important decision-making related to banking operations, including managing deposits, loans, and investments, and providing local and international services in terms of requirements, method of implementation, and continuous improvement thereof.
- 4- Reviewing expansion plans in new branches and offices and working on their implementation.
- 5- Preparing and developing policies and procedures for all work details.
- 6- Preparing an organizational structure for the bank that includes defining duties and responsibilities, distributing them to organizational formations, and defining vertical and horizontal lines of communication.
- 7- Preparing the required annual budgets for the bank.
- 8- Commitment to adequate internal control systems to protect the bank's funds and assets, ensure good and sound financial information and actions, and work to implement them.
- 9- Developing appropriate systems to manage risks of all kinds.
- 10- Providing the internal and external oversight bodies with the reports and information they request and facilitating the completion of their oversight and inspection tasks.
- 11- Ensure compliance with international standards in all activities and operations of the bank.
- 12- Submit periodic reports to the Board of Directors on the progress of the bank's business.
- 13- Maintain adequate and sound records and information systems for all activities and decisions and support them with the necessary documents.
- 14- Discussing and following up the progress of work in the bank and proposing solutions.
- 15- Coordinating between the various departments to ensure compatibility, harmony and integration.
- 16- Determining the needs of human resources, and following up on training them to develop their performance

- 17- Monitoring the financial position of the bank and achieving appropriate profits, within the framework of the proper trade-off between risk and return and in implementation of its annual plan.
- 18- View the official website of the Anti-Money Laundering Office regarding the lists of freezing terrorist funds daily, and inform the Anti-Money Laundering Office and the Banking Control Department of the Central Bank immediately in the event that there is a person whose name has been included in the list of freezing terrorist funds.
- 19- Formation of the Steering Committee for Information and Communication Technology to achieve the strategic objectives of the bank in a sustainable manner. Accordingly, a committee called the Steering Committee for Information and Communication Technology is formed headed by the General Manager and sub-managers, including the Director of Information Technology and Communications, the Director of Risk Management and the Director of Information Security. The Board elects one of its members to be an observer member in this committee in addition to the internal audit director, whose task is an observer and not a member of the committee, and he is present only when submitting or discussing his report to achieve the principle of independence and objectivity, and it can invite others when needed to attend its meetings, and the committee documents its meetings with duly minutes of meeting.
- 20- The board and the senior executive management must develop the necessary infrastructure and information systems to provide information and reports to its users as a basis for decision-making processes in the bank, and accordingly, the information quality requirements represented in credibility, integrity, integration, accuracy availability, and confidentiality requirements must be met according to the data classification policy and compliance with that information and reports. In addition to the other requirements contained in the COBIT - Enabling Information standard, which are objectivity, credibility, reputation, relevance, appropriate person who reports, brief representation, consistent representation, interpretation, understanding, ease of manipulation, and restricted access.
- 21- The executive management of the bank must continue to provide its employees with training and continuing education programs to maintain the level of knowledge and skills that meets and achieves the processes of information and communication technology governance, which are mentioned in the controls of corporate governance and management of information and communication technology.
- 22- The executive management of the bank should include mechanisms for the annual evaluation of cadres with objective measurement criteria that take into account the contribution through the job position to the achievement of the bank's objectives.
- 23- The senior executive management should approve the system of services, programs and infrastructure for information and communication technology contained in the controls of governance and institutional management of information and communication technology in the banking sector and consider this system as a minimum, based on that it is provided and developed continuously to keep pace with the development of the bank's goals and operations and in accordance with the best accepted international practices in this regard.
- 24- The senior executive management should approve the system of services, programs and infrastructure for information and communication technology Supporting and assisting in achieving information and communication technology governance processes, and then the goals of information and associated technology and institutional goals.
- 25- The role of the executive management in the field of quality management unit:
The executive management has a role in the field of the quality management unit through approving the application of administrative systems specifications and the field of application of international standards, as well as receiving reports to ensure their compliance with the requirements by the managing director about (the extent of employee / customer satisfaction) to review and take the necessary action in light of the results obtained from

the report and reports on the rates of achievement of strategic goals initiatives on a quarterly and annual basis, in addition to reports on companies that grants quality control certificates.

- 26- The role of the executive management in risk governance and according to the control work guide / risk management controls: The executive management is the body concerned with taking risks and it is its responsibility to implement and develop the framework for risk management and the internal control system. The tasks of the executive management include at least the following:
- a. Directing and supervising the daily management of the bank's business
 - b. Develop policies and procedures to implement the general risk management strategy.
 - c. Develop an effective internal control system.
 - d. Develop an effective management information system
 - e. Measure performance against strategic and operational goals
 - f. Follow up on the implementation of established policies and procedures, ensure their effectiveness and adequacy, and address weaknesses that are evident in the general framework of risk management and internal control systems, including weaknesses noted by the risk management, compliance department, and internal audit departments, in addition to the relevant observations of the CBI observers.
 - g. Keeping the Board of Directors aware of the level and development of risks and the adequacy and effectiveness of the policies and procedures set through periodic reporting to the concerned authorities.
 - h. Appropriate distribution and training of human resources and establishing a risk culture.

The Most Important Achievements of the Executive Management during the Year 2022:

The Credit Bank of Iraq made many achievements during the year 2022, the most important of which was the bank's transformation into profitability of 10.7 billion Iraqi dinars, compared to a loss of 4.9 billion Iraqi dinars in the year 2021, through the bank investing an amount of 200 billion Iraqi dinars in the second issue of construction bonds issued by the Ministry Iraqi finance, in addition to the bank's investment of 5 million US dollars in international Iraqi government bonds traded in dollars, EURO BONDS.

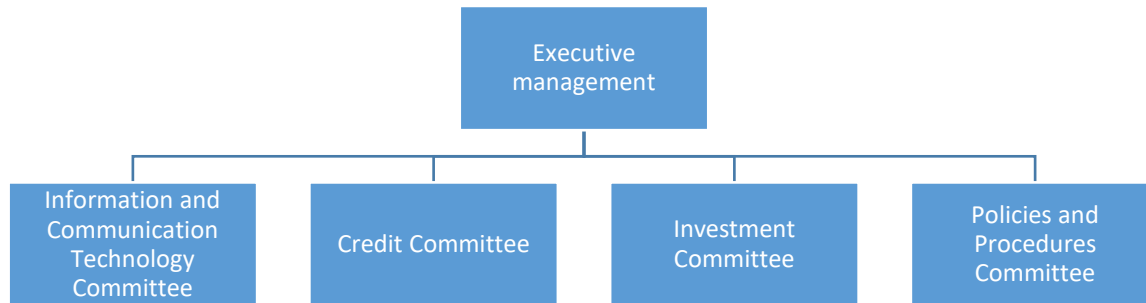
During 2022, the bank also reviewed and updated a number of policies and procedures of the bank's departments to comply with work requirements and regulatory requirements. In addition to the sale and transfer of ownership of three unused properties for banking work, according to the requirements of the Central Bank of Iraq. The site of the business continuity plan was also moved to the bank's site from the Mansour area to Al-Bayaa area.

The Credit Bank of Iraq is keen to continue paying attention to the strong and modern infrastructure, operation and technology, so the Online Banking service has been developed and updated, and a new mobile banking application has been launched. In addition, the bank obtained a certificate of compliance with the Payment Card Industry Security Standard (PCI-DSS) for bank card security.

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 submitting reports to the relevant committees of the Board of Directors on a regular basis to ensure the effectiveness of control 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 it in carrying out its tasks and submitting reports to the concerned management committees on a regular basis to ensure the effectiveness of control and supervision, the committee consists of at least three members, and the members of the Board of Directors can attend as an observer to assist them. The committee sends the date of its meetings to the Board of Directors before the convening so that any of the members of the Board can attend as an observer if he wishes, according to what was stated in the Governance Guide issued by the Central Bank of Iraq for the year 2018.

❖ The Credit Committee is composed of the following members:

- Mr. Managing Director as a (Chairman of the Committee)
- Director of Risk Management
- Manager of the credit department
- Director of Corporate Administration
- Director of Legal Affairs Department
- Committee secretary

➤ Duties of the Committee:

The executive management delegates the committee to assume the following tasks and responsibilities:

1. Supervising and following up the implementation of the instructions issued by the Central Bank of Iraq regarding the bases for assessing the creditworthiness of customers and the formation of provisions.
2. Follow-up of credit exposures in cooperation with two divisions:
 - Credit history accounts.
 - Customer affairs (consumers and beneficiaries).
3. Follow-up of the loans pay off o movement.
4. Work to recover written-off loans as much as possible.
5. Simplifying loan granting procedures.
6. Cooperating with the legal department in following up the collection of non-performing loans.

➤ The most important achievements of the credit committee emanating from the executive management during 2022:

The Committee held seven (7) meetings during the year 2022, and the most important achievements are as follows:

1. Assigning the legal department to follow up with the competent lawyer to pay the remainder of the amount owed by a client.
2. The Director of the Financial Department was assigned to follow up with the auditor for the purpose of finding the best solutions to write off all outstanding debts and re-endorsed them accounting according to the instructions of the Central Bank, where he addressed the auditor and he confirmed that there is no accounting objection to writing off debts or transferring them outside the budget
3. Transferring bad debts within the budget to outside the budget after obtaining the approval of the Board of Directors and coordinating with the concerned departments to implement the decision.
4. The Committee reviewed the option of transferring bad debts outside the budget within the conditions referred to in the instructions for applying International Standard No. (9).
5. Assigning the Director of the Legal Department to review all loans and prepare a detailed statement of collectible debts and non-collectible debts, and submit recommendations to the bank's management before the end of the year 2022.
6. Assigning the Director of the Legal Department to appoint a lawyer in Basra after referring to the bank's management to collect debts related to the Basra branch.

2- Investment Committee:

The executive management formed the Investment Committee to assist it in carrying out its tasks and submitting reports to the relevant management committees on a regular basis to ensure the effectiveness of control and supervision. The committee consists of at least three members, and the members of the Board of Directors can attend as an observer to assist them. The committee sends the date of its meetings to the Board of Directors before the convening so that any of the members of the Board can attend as an observer if he wishes, according to what was stated in the Governance Guide issued by the Central Bank of Iraq for the year 2018 .

❖ The investment committee is composed of the following members:

- Mr. Managing Director as a (Chairman of the Committee)
- Assistant Director of Investment and Treasury
- Director of the financial department
- Director of Risk Management
- Committee secretary

➤ Duties of the Committee:

The executive management delegates the committee to assume the following tasks and responsibilities:

- Divide the investment portfolio into "equity" and "debt instruments", including treasury transfers and government bonds, as well as the components of the portfolio of foreign instruments.
- Proposing buying and selling operations or keeping the components of the investment portfolio and following up on their implementation if approved by the Board of Directors.
- Review the periodic indicators used by the investment department or investment units and submit the necessary proposals in this regard.

➤ **The most important achievements of the investment committee emanating from the executive management during 2022:**

The committee held (12) meetings during the year 2022, and the most important achievements are as follows:

- 1- Purchasing construction bonds / the second issue offered by the Ministry of Finance, at a value of 200 billion Iraqi dinars, in the category of 500,000 Iraqi dinars, for a period of two years, with an interest of 6%.

- 2- The amount of investment in the international bonds of the Government of Iraq traded abroad was increased by 5 million US dollars, so that the investment amount became 20 million US dollars for a period of two years, with an interest of 6.752.
- 3- After reinstating financial products by the Central Bank of Iraq on 5/30/2022, the bank decided to invest the surplus available to it with the Central Bank of Iraq, with a total value of 195 billion Iraqi dinars, divided into months (12, 11, 10, 9, 8, 7, 6) for a period of 30 days at 1% interest.
- 4- The amount of 50 billion Iraqi dinars was invested in the transfers of the treasury of the Central Bank of Iraq for a period of 182 days, at an interest rate of 3%.

3- Information and Communication Technology Committee:

The senior executive management has formed the Steering Committee for Information and Communication Technology to achieve the strategic goals of the bank in a sustainable manner headed by the General Manager and sub-managers, including the Director of Information Technology and Communications, the Director of Risk Management and the Director of Information Security, and the Board elects one of its members to be an observer member in this committee, as well as a director of the internal audit whose task is an observer, not a member of the committee, and he is present only when submitting or discussing its report to achieve the principle of independence and objectivity, and it can invite others when needed to attend its meetings, and the committee documents its meetings with a duly minutes.

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

- Mr. Managing Director as a (Chairman of the Committee)
- Mr. Assistant Managing Director
- Business Sector Manager
- Director of Operations Department
- Director of the Information Technology Department / Committee secretary
- Director of the financial department
- Director of Risk Management
- Director of Cyber Security
- Internal audit consultant as an observer
- Director of Internal Audit as an observer

➤ Duties of the Committee:

The executive management delegates the committee to assume the following tasks and responsibilities:

- 1- Reviewing and developing the uses of information and communication technology at the bank.
- 2- Checking the security of information and communications.
- 3- Ensure the preparation of the Information and Communication Technology Policies and Procedures Manual and work to update it, and provide the necessary proposals for developing the manual in accordance with the requirements of the work.
- 4- Verify the adequacy of the infrastructure, information and communication systems, electronic networks and software used in the bank.
- 5- Verify the adequacy of the measures taken to maintain updated backup copies of information for the purposes of facing the possibilities of disasters and the loss of databases.
- 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 that there is a separation of duties between the Information and Communications Technology Department on the one hand, and other departments in the bank on the other hand.
- 9- Follow up on the implementation of business continuity programs and recovery from disasters and crises.
- 10- Preparing strategic and operational plans for managing risks that ensure reaching the strategic goals set by the Board, supervising their implementation to ensure their achievement and continuously monitoring the internal and external factors affecting them.
- 11- Linking the matrix of institutional objectives with the matrix of relevant information and technology objectives as stated in the controls of governance and institutional management of information and communication technology, issued by the Central Bank of Iraq, approving and reviewing them on an ongoing basis, in a way that ensures the achievement of the strategic objectives of the bank and the objectives of the controls, taking into account the definition of a set of measurement standards, reviewing them, and assigning the concerned parties from the administration. The executive committee shall monitor it continuously and inform the committee thereof.
- 12- Recommending the allocation of financial and non-financial resources necessary to achieve the goals and processes of information and communication technology governance contained in the aforementioned controls as a minimum, and the use of competent and appropriate human resources in the appropriate place through organizational structures that include all necessary processes to support the goals that take into account the separation of tasks, the non-conflict of interests and the adaptation of the structure. Technical infrastructure and other related services serve the objectives and supervise the implementation of ICT governance projects and operations.
- 13- Arranging information and communication technology projects and programs according to priority.
- 14- Monitoring the level of technical and technical services and working to raise their efficiency and improve them continuously.
- 15- Submit the necessary recommendations to the ICT Governance Committee regarding the following matters:
 - a. Allocate the necessary resources and mechanisms to achieve the tasks of the Information and Communication Technology Governance Committee.
 - b. Any deviations that may negatively affect the achievement of the strategic objectives.
 - c. Any unacceptable risks related to information technology, security and protection.
 - d. Reports of performance and compliance with the requirements of the general framework for managing, controlling and monitoring information and communication technology resources and projects.

Providing the Information and Communications Technology Governance Committee with the minutes of the meetings on an up-to-date basis and obtaining support for reviewing them.

➤ **The most important achievements of the Information and Communication Technology Committee of the Executive Management during 2022:**

The Committee held six (6) meetings during the year 2022, and the most important achievements are as follows:

1. Discussing the development of the uses of information and communication technology, and verifying the security of information and communications.
2. Discussing the verification of the adequacy of the infrastructure, information and communication systems, electronic networks and software used in the bank.
3. Discussing the verification of the adequacy of the measures taken to maintain updated backup copies of information for the purposes of facing the possibilities of disasters and the loss of databases.

4. Discussing the procedures followed in following up electronic customer service techniques
5. Updating the policies and procedures of the Information Technology Department
6. With regard to cybersecurity, the Committee was informed of the latest developments and the measures taken in this regard
7. Discussing the archiving project in the Bayaa branch and the department's preparations to meet the requirements of the project
8. Discussing the final report on the external auditor's audit of information technology and security.
9. View the interface designed by the IT department and used to raise CTR (Currency Transaction Report) reports by the AML (Anti-Money Laundering) department for the Go-AML project
10. Discussing the project of extracting and uploading customer data according to the requirements of the Central Bank and the additional fields required to be worked on by the branches.
11. Discuss the implementation of business continuity programs and recovery from disasters and crises, which will take place in the Bayaa branch before the end of the year
12. Ensure the preparation of the Information and Communication Technology Policies and Procedures Manual and work to update it and submit the necessary proposals for developing the manual in accordance with the requirements of the work.
13. Emphasizing the existence of a separation of duties between the Information and Communications Technology Department on the one hand, and other departments in the bank on the other hand.
14. Discussing the bank's need for network phones, as it was contracted with Info Tech to supply 37 network phones
15. A project to extract customer account data from the Equation system and upload it to the Central Bank platform, where the branches and operations department were directed to update the data on the test environment using the MCD and CIM options, provided that this data appears in the next month's report
16. A project to transfer the business continuity site in the event of disasters from the Mansour branch to the Bayaa branch site.
17. The strategy of the information technology department and the importance of having a strategy compatible with the goals and volume of the bank's business.
18. With regard to cyber security, it was agreed to conduct training in this regard by the Director of Information Security.
19. Discussing the status of the devices and the requirements for changing the network and automatic phones that will be followed to determine the priority in providing users with the devices until the devices are received until they were purchased
20. Presentation of the report of PwC regarding the governance of information and communication technology COBIT 19
21. Cyber Security Policy
22. Information Privacy Policy
23. Discussion of the PCI DSS certification project

4- Policies and Procedures Committee:

The executive management has formed the Policies and Procedures Committee to assist it in carrying out its duties with regard to reviewing all the followed policies and procedures of the bank and their compatibility with the laws and instructions in force in Iraq.

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

- Mr. Managing Director as a (Chairman of the Committee)
- Mr. Assistant Managing Director

- Compliance Monitor
- Director of the Risk Management Department
- Financial Manager
- Branches Department Manager
- Director of Operations Department
- Internal audit consultant as an observer

➤ **Duties of the Committee:**

The executive management delegates the committee to assume the tasks and responsibilities of the following:

- Reviewing and approving policies and procedures for all departments of the bank in line with the regulations and instructions of the Central Bank of Iraq, and submitting recommendations to the Board of Directors for approval.
- View all the issued circulars of the Central Bank of Iraq for circulation and decision-making in case 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 emanating from the Executive Management:**

The committee held (3) meetings during the year 2022, and the most important achievements are as follows:

- Approving the adoption of the policies below that have been organized on 10/04/2022 and submitting them to the Board of Directors for final approval:
 - ❖ Shareholders' earnings approval policy.
 - ❖ IT change management policy
 - ❖ IT assets management policy
 - ❖ The policy of assigning suppliers to jobs related to information technology services.
 - ❖ Risk Management Department Policies
 - ❖ Information Security Policy
 - ❖ Information privacy policy
 - ❖ Expense policy
- The committee reviewed the final draft of the procedures below, approved them, and circulated them to the departments and branches:
 - ❖ Procedures for paying dividends to shareholders.
 - ❖ Operational expenses payment procedures.
 - ❖ Procedures for the work of the Banking Awareness and Public Protection Department.
 - ❖ Procedures for trading banknotes and counterfeit currency.
 - ❖ Data Center Support Procedure
 - ❖ IT patch management procedure
 - ❖ Procedures of the Treasury and Investment Department
 - ❖ Inactive accounts procedures and abandoned properties

Rewards and incentives policy:

➤ **Introduction:**

The Credit Bank of Iraq supports the efforts made by all its members and all its affiliates, as it follows the reward and motivation system for all members with outstanding performance.

And since the human element is the main pillar on which the bank relies in achieving the desired goals and reaching its desired position in the Iraqi market according to its strategic objectives, it was necessary for us to put in place clear systems and determinants for rewarding and appreciating people with outstanding performance.

➤ **Performance Evaluation:**

The bank periodically evaluates the performance of all its employees, in order to find out the rate and level of performance of each individual, which in the end is reflected in the overall performance of the bank and reflects the extent of the ability of its executive management to achieve the desired and desired strategic goals and the extent of their skill in activating operating plans by adopting modern management methods in light of the instructions and laws governing the banking sector.

➤ **Determinants of performance appraisal:**

The bank follows the latest methods used in performance evaluation processes to reach the real level of performance, and it is calculated according to mathematical operations and numerical rates prepared by experts in the field of human resources management. The elements related to performance evaluation are as follows:

1- The general performance of the job and is divided into the following:

- Career goals .
- Customer care.
- Dealing with employees.
- Working procedures.

2- Qualifications and skills:

It is a set of predefined competencies and skills and is divided into two levels:

- 1- General competencies and skills
- 2- Administrative competencies and skills

➤ **Rewards and incentives:**

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

- 1- The overall performance rate of the bank
- 2- Profitability rates
- 3- The result of individual performance evaluation and rates of excellence
- 4- Rewards shall be defined as either a percentage of the salary or a lump sum.

Bonus Disclosures:

No bonuses were paid to members of the Board of Directors and Executive Management during the year 2022.

Ethics and rules of professional conduct:

➤ **Introduction:**

The existence of a healthy work environment is one of the most important factors for institutional success and internal stability. Therefore, the Credit Bank of Iraq works diligently to consolidate ethics and principles of good behavior. The bank also fights and prevents all forms or behaviors that may pollute or disturb the peace of the internal work environment.

Therefore, the Bank's Board of Directors has adopted the general guide for the policy and principles of professional behavior, which has become a constitution applicable to all employees of different job grades and administrative levels.

Therefore, this guide has been prepared in accordance with international standards and banking standards, and the most important thing in it is to support and confirm each of the following:

- 1- Confidentiality of information and the preservation of all information and non-disclosure as long as this information is kept confidential and has not been disclosed.
- 2- That everyone must abide by the rules of combating money laundering and terrorist financing and the methods of dealing in accordance with the regulating laws
- 3- Activate the principles of non-conflict of interests and raise awareness to maintain a clean work environment characterized by integrity and professionalism
- 4- Criminalizing and combating harassment of all kinds and forms
- 5- Emphasizing that everyone has the right to deal according to appropriate methods and appropriate respect
- 6- Emphasizing that the freedom of religious beliefs and the exercise of political rights are an inherent right of every person
- 7- Emphasis on not submitting to rumors and unofficial news that would affect the safety and health of work or lead to instability within work.

Stakeholder Rights:

A specific mechanism has been put in place to ensure communication with stakeholders through effective disclosure and provision of significant information about the bank's activities to stakeholders, through (the meetings of the general assembly and the annual report with the governance report and through the bank's website in addition to a report on shareholder relations and quarterly reports It contains financial information in addition to the board's report on trading in the bank's shares and its financial position during the year.)

➤ **Customers**

In order to enhance transparency with stakeholders, mainly current and potential customers, the bank implements appropriate systems to meet customers' needs, ensure protection of their interests and provide high levels of quality services, including handling customer complaints in a timely, effective and appropriate manner.

➤ **Staff**

The bank protects the rights of its employees through the availability of a transparent structure for rewards and benefits, working in an environment characterized by transparency and dialogue, in addition to participating in periodic programs for training employees.

Relationship with shareholders and investors:

Based on the commitment to apply international best practices to enhance corporate governance practices in banks and comply with the instructions of the Central Bank of Iraq in order to improve the disclosure and transparency process and enhance the rights of shareholders by providing data and organizing communication with them, a unit (shareholder relations) was formed during the year 2022 with the establishment of a special window called (Investors Relations), through which the Board of Directors ensures that the bank provides all essential information in a timely manner to shareholders to enable them to fully exercise their rights. Below are some of the rights of shareholders:

- 1- Shareholders' access to all relevant information that enables shareholders to exercise their rights to the fullest, on a regular basis and without delay
- 2- Participation and voting in the meetings of the General Assembly, taking into account the issues that shareholders wish to raise in such meetings.
- 3- Discussing the topics on the agenda of the General Assembly and directing inquiries to the members of the Board
- 4- Election of the members of the bank's board of directors.
- 5- Providing shareholders with information on the place and date of the General Assembly meeting and its agenda prior to a period of (30) days from the date of the meeting.
- 6- Nominating, electing and terminating the service of the members of the Board of Directors, inquiring about their qualifications, experience and ability to perform their work, and discussing the amount of bonuses and financial incentives received by members of the Board of Directors and senior executives, in addition to their right to submit any inquiries to the Board regarding any unprofessional practices.
- 7- 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 El-Shennawy
Managing Director

Walid Gamal El-Din El-Sioufi
Vice Chairman of the Board of Directors



مصرف الائتمان العراقي
Credit Bank of Iraq

Sustainability Report

2022

Introduction

The first report on the financial sustainability of the Credit Bank of Iraq was prepared in accordance with the methodology for applying sustainability in its activities, by providing information on its social and environmental institutional achievements and commitments until December 31, 2022.

The Credit Bank of Iraq is interested in taking into account the application of the principles of sustainability in several aspects, based on the principle of preserving the stakeholders of employees, shareholders, society, suppliers, regulatory and governmental agencies, and in line with the requirements of the guide to preparing financial sustainability reports issued by the Central Bank of Iraq in 2021 and based on international sustainability standards.

Social Responsibility:

The Credit Bank of Iraq aims to enhance its community participation by participating in a number of initiatives between the years 2020 and 2022, out of its keenness to support the Iraqi society, and among these contributions:

- The initiative of the Iraqi government to confront the Corona pandemic and limit its negative impact in Iraq with an amount of 100,000,000 Iraqi dinars.
- An initiative to support community and humanitarian activities, which is managed under the supervision of the Central Bank of Iraq, to support the poorest groups, with an amount of 72,000,000 Iraqi dinars annually.
- Tamkeen Fund initiative to support community projects and initiatives under the supervision of the Central Bank of Iraq, with an amount of 150,000,000 Iraqi dinars.

Human Resources:

The Credit Bank of Iraq is constantly developing the work environment to be able to attract and maintain cadres. The bank has developed useful programs for employees to provide a healthy work environment, such as training and development, health and safety and other initiatives related to human resources. Among the most important of these sustainable initiatives are:

- Developing and updating a professional code of conduct.
- Developing and supporting Iraqi workers and developing them to occupy leadership positions.
- Enhancing diversity in the workplace, as women's representation reached 58% of the bank's workforce, in addition to women occupying 13 leadership positions in the bank.

Environmental responsibility:

Committed to its role in protecting the environment, the Credit Bank of Iraq undertakes several internal initiatives aimed at reducing environmental damage and raising awareness on sound environmental behavior. The most important of these initiatives are:

- Reducing energy use in all branches and the General Administration building after working hours and during weekends.
- Reducing paper correspondence and relying on electronic correspondence.
- Recycling the used paper.
- Use energy saving equipment, especially air conditioners.
- Preparing lending policies in line with the principles of preserving the general environment, and not granting loans to projects that could cause environmental damage or be a factor in increasing the percentage of carbon in the air.

Amro Mustafa El-Shennawy

Managing Director

Waleed Jamal Al-Din Al-Sioufi

Chairman Deputy

Credit Bank of Iraq

Auditors' Report

&

Financial Statements

For The Year Ended December 31st 2022

This Documents is a translation of the Arabic Auditors' report and Financial Statements For the year ended December 31st 2022

Joint Auditors' of Credit Bank of Iraq

Credit Bank of Iraq
(Private Joint Stock Co.) - Baghdad

Auditors' Report
&
Financial Statements
For The Year Ended December 31st 2022

Index

I - Auditors' report

II - Financial Statements Statement No.

Statement of the financial position	(A)
Income statement	(B)
Comprehensive income statement	(C)
Statement of changes in equity	(D)
Cash flow statement	(E)

**To The Shareholders of, Credit
Bank of Iraq (Private Joint-Stock
Co.
Baghdad - Iraq**

Independent Joint Auditors' Report

We have audited the consolidated financial statements of Credit Bank of Iraq (Private Joint Stock Co.) - Baghdad, which comprise of the balance sheet as of December 31st 2022, the income statement, statement of changes in equity, and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as well as the annual report of the Bank which had been prepared in accordance with the requirements of Companies' Act No. (21) For the year 1997, and its instructions which has been issued accordingly.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as well as generally accepted local standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Joint Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We had conducted our audit in accordance with International Standards on Auditing, as well as local auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements as of 31 December 2022.

We believe that the audit evidence we have obtained was sufficient and appropriate to provide basis for our audit opinion.

We enclose herewith our explanatory observations:-

1 - Application of International Accounting Standards by the Bank

Management had prepared the consolidated financial statements in accordance with the International Accounting Standards, subject to prevailing instructions of Central Bank of Iraq in this respect. We would like to indicate that Management had adopted the historical cost principle in evaluating its properties and equipment, and not revaluating those items for "fair value" purposes.

2 - Changes in equity

Value of equity increased by the amount of (10,743,532) thousand dinars represent 3.7% of the paid in capital and reserves.

3 - Bank's operational activities during the year

- 1- The Bank's profit during the current year amounted to (10,743,532) thousand dinars, whereas the bank reported a loss of (4,938,429) thousand dinars in the previous year.
- 2- The aforementioned profit was mainly from the bank investment in Government treasury bills and bonds and the bank management continue its conservative credit policy.

4 - Other Assets

- 1- The Other assets (note 10) represents (0.5%) of the current assets. Included in this caption are assets subject to write-off amounting to (281,280) thousand dinar representing stagnant balances for several years ago, including advance payments for communications contracts paid in previous years and national switch differences, the bank is committed to writing off these assets after completing all the required legal procedures and approvals, Noting that the balance is fully provided for.
- 2- The Bank does not own properties against settlement of debts.

5 - Investments in shares and equities:

The bank's investments in shares and equities consist of shares in the Iraqi Deposits Insurance Company amounting to (789,474) thousand dinar.

6 – Miscellaneous provisions

- 1- The balance of “Staff end of service Provision” as of December 31st, 2022 amounted to (666,238) thousand dinars which represents provision for the end of services benefits. This provision was calculated based on each employee’s service. A provision was taken to Staff Cost during the year amounting to (723,679) thousand dinar.
- 2- The Central Bank of Iraq in 2019 imposed a penalty of (3,690,741) thousand dinars related to foreign currency auction of 2012 (the penalty is to be paid over 48 equal monthly instalments). The remaining balance of the penalty was (1,114,500) thousand dinar as at 31 December 2022. Noting that the provision taken amounting to (1,382,613) thousand dinar covers the remaining balance of the penalty.

7 - Assets of the Bank

1. Assets including properties are fully owned by the bank and are registered in the related official governmental office.
2. The bank sold four unused properties (Hurriya, Bataween, Samoual and Basra) as per Central Bank of Iraq’s directives; the legal property title of (Hurriya, Bataween, and Samoual) was transferred to the buyers during 2022. The sales of the three properties resulted in a capital gain of (1,142,700) thousand dinar. The process of transferring the ownership of the fourth property is in progress.

8 - Capital Adequacy

Based on the Central Bank of Iraq directive (#110) of 2020 requiring the banks to adopt BASEL II & III for capital adequacy ratio, and based on our examination of the accounting records, our review of the operational activities of the Bank during the year, and our the review of the related forms, the bank reported a Capital Adequacy Ratio (CAR) of 88% as at 31 December 2022.

9 - Exchange rate

The exchange rate of the Iraqi Dinar to the US Dollar is 1,460 dinars.

10 - Consolidated financial statements

The enclosed financial statements are a consolidated set of Credit Bank of Iraq - (A Private Joint-Stock Company) and "Credit Brokerage Company" - a wholly owned subsidiary of "Credit Bank of Iraq. Previous year's comparative figures are consolidated accordingly.

11 – Foreign currency auction window

The bank did not participate in the foreign currency auction window of the central bank of Iraq during the year.

12- Money Laundering and Financing of Terrorist Activities

Throughout our examination of the accounting records of the Bank and its operational activities, nothing came to our attention to indicate that the Bank was involved in "money laundering" activities or any operations which was associated with financing terrorist activities.

The Bank's management have taken the necessary steps to prevent the carrying of money laundering transactions as well as any other transactions for financing of terrorist activities, in accordance with the instructions issued by Central Bank of Iraq in this respect.

The bank has the following programs for combating Money Laundering and Financing of Terrorist

Activities:

- 1- The Side Safe watch system contains up to date international and local lists and is connected to the bank's core systems to conduct automatic searches and inquiries on new clients before opening their accounts, as well as reviewing existing accounts on a daily / monthly basis and any incoming / outgoing transfers before their execution.
- 2- The World Check system contains international lists through which it searches and inquires about new clients.
- 3- ORACLE AML System for combating money laundering and terrorist financing, is connected to the bank's core system and monitors the financial transactions that take place on clients' accounts through alerts (daily and monthly) generated by scenarios developed in accordance with the Central Bank of Iraq directives.
- 4- The core banking system (Equation), contains a field for classifying clients according to their risk rating, and is connected to the anti-money laundering and terrorist financing system (ORACLE AML System).
- 5- GO AML system, a system requested by the Anti-Money Laundering and Combating the Financing of Terrorism Office during the year 2022, is a reporting platform accessed exclusively by the AML director and his deputy. The system is used to send STR reports directly to ensure confidentiality and speed, in addition to sending daily reports required by the Anti-Money Laundering and Combating the Financing of Terrorism Office.

13 – Compliance reports

We have reviewed Compliance reports sent to the Central bank and to the Board of Directors Bank management took the appropriate measures to ensure that all Central Bank and other relevant laws were complied with during the year and all reports and communications with the Central Bank were delivered within the prescribed timelines using the approved forms.

14 - Legal case

There is one lawsuit filed against the bank by one of its previous employee, and the decision of the Court dated 31-10-2022 endorsed by the Court of Cessation on 6-12-2022; stated that the employee should be reinstated and should receive all his dues from the termination date till the reinstatement date. No payments were made before year end 2022 because the employee did not report back to work.

15 - Direct credit facilities

The direct credit facilities as of December 31, 2022 amounting to (6,370,257) thousand dinars were reviewed, the following was noted:

- The outstanding balance represents non-performing credit facilities that were granted in previous years, and the bank booked a 100% provision to cover the balance of these facilities.
- The balance of credit facilities decreased by (567,661) thousand dinars compared to the previous year, due to the repayment of loans during the year. - We recommend the bank to follow up and take legal actions to obtain the remaining facilities due.

16 - Indirect credit facilities

The indirect credit facilities as of December 31, 2022 amounting to (45,353,147) thousand dinars were reviewed, and we noted the following:

- The letters of guarantee margins which is held by the Central Bank of Iraq amounted to (226,500) thousand dinars, and comply with the requirements (Note: 3).
- Internal letters of guarantee of (5,468,451) thousand dinars are fully covered by (100%) and (110%) cash margins.
- External letters of guarantee amounting to (39,551,531) thousand dinars are fully guaranteed (Back to Back) by the external correspondent banks.
- Indirect credit facilities balance is comprised of Letters of credit amounting to (333,164) thousand dinars.

17 - Others

- 1- Implementation of Corporate Governance directives: -
The Board of Directors and the bank's management are working diligently and consistently to adhere to the implementation of institutional governance instructions related to disclosure and transparency practices.
- 2- The audit findings of the Central Bank of Iraq: -
We have reviewed the Central Bank's correspondence and comments on the quarterly reporting submitted such as the quarterly financials and the Internal Audit report,
- 3- Based on the review of the monthly and quarterly reports sent to the Central Bank, nothing came to our attention that might affect the adequacy of the information sent to the Central Bank.

- 4- The bank adopted the core banking system (Equation) for its operations, transactions and accounting records are electronically archived, supporting documentation is properly safeguarded in appropriate storage,
- 5- Balances with correspondent banks: -
Balances with correspondents outside Iraq represent 6% of the capital and reserves as of December 31, 2022 and does not exceed the 20% limit imposed by the Central Bank and the bank balance with correspondent bank in Lebanon is fully provisioned for as per Central Bank instructions.
- 6- Foreign currency positions: -
The Bank's foreign exchange position is 2% Long; this position is in compliance with Central Bank's directives that limits the FX position to 20% of the Capital and reserves and the position was calculated in accordance with the Central Bank of Iraq's instructions.
- 7- Financial Solvency and Liquidity: -
 - A- The coverage ratio (cash and bank balances to customer deposits) was 126%, and it is considered a good and safe ratio.
 - B- Liquidity Coverage Ratio (LCR) was 767%, while the minimum required by the Central Bank is 100%.
 - C- Net Stable Funding Ratio (NSFR) was 840%, while the minimum required by the Central Bank is 100%.Based on the above ratios, nothing came to our attention that causes concern on the Bank's ability to meet its obligations towards the depositors in the subsequent period.
- 8- International Financial Reporting Standard (IFRS 9): -
The Bank is applying IFRS9 in calculating expected credit losses (ECL). The result showed a surplus of (884,105) thousand dinars from the previously applied method. The bank decided to keep the previously computed provision of (7,599,934) thousand dinars as of December 31, 2022 (Note 31).
- 9- We audited the Balance of Other Liabilities and its subaccounts (Note 15) amounting to (6,669,173) thousand dinars as of December 31, 2022.

20 - Subsequent events

The Central Bank of Iraq issued a directive no. (9/2/95) dated (8/2/2023) reducing the USD exchange rate against Iraqi dinar from the previous rate (1,460) to (1,310). This change's impact will be reported in the financial statement that will be issued during 2023.

Based on our opinion, and in accordance with our audit of the Bank's accounting books and records, as well as the information and explanations which were provided to us:-

- (1)-The accounting records and books used by the Bank, are in conformity with book-keeping regulations, and it includes, based on our assessment, all transactions processed on assets, liabilities, expenses and revenues of the Bank. The bank's internal control system include the required procedures to insure the correctness and accuracy of the financial statements commensurate with the volume of activity observed,

- (2) -The physical count of Bank's fixed assets and the cash count as of December 31, 2022 were carried out in an appropriate manner and were under our supervision and conformed with the banking records. The assets are evaluated in accordance with the accounting principles used in previous years.
- (3)- The Bank's annual report, in as far as it relates to the financial and accounting information, reflect in a comprehensive manner the Bank's activities during the audited year; and does not contain any breach of prevailing laws and regulations.
- (4) -The financial statements are prepared in conformity with prevailing accounting standards and legislation, and in agreement with accounting records; they are prepared in accordance with the requirements of Iraqi Companies' Act and its related instructions as well as the Banking Law.

Opinion

Based on what was stated in our explanatory remarks, in our opinion the consolidated financial statements of Credit Bank of Iraq (Private Joint Stock Co.) and the enclosed Management report, are in agreement with the accounting records, and in conformity with the statutory requirements; and as far as its reflection of the performance indicators, they fairly represent the financial position of the Bank as of December 31st 2022, and the results of its operation and its cash flows for the year then ended.

Saad Rashed Jasim

Certified Public accountants

Farqad Alsalman & Co.

Certified public accountants

Baghdad – 13 February 2023

CREDIT BANK OF IRAQ

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

CREDIT BANK OF IRAQ CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS 31 DECEMBER 2022

	Notes	31 Dec 2022	31 Dec 2021
		IQD (000)	IQD (000)
<u>Assets</u>			
Cash and balances with Central Bank	3	96,029,644	386,336,727
Due from banks and other financial institutions	4	18,841,071	45,377,312
Financial assets held to maturity	6	78,721,506	21,859,712
Financial assets through other comprehensive income	7	200,789,474	789,474
Property and equipment , Net	8	9,982,939	10,441,238
Intangible assets , Net	9	329,282	477,211
Other assets	10	2,036,846	1,470,113
		406,730,762	466,751,787
<u>Liabilities And Shareholder's Equity</u>			
Liabilities			
Customers' deposits	11	91,144,741	159,111,873
Margin accounts	12	5,478,120	6,702,254
Miscellaneous provisions	13	3,147,761	3,170,445
Income tax liabilities	14	786,419	-
Total assets			
Other liabilities	15	6,669,173	9,006,199
		107,226,214	177,990,771

Shareholder's Equity			
		250,000,000	250,000,000
Paid in capital	16		
		16,256,628	15,720,546
Statutory reserve	17		
		1,500,000	1,500,000
Expansion reserves			
Total		31,747,920	21,540,470
Retained earnings		<u>299,504,548</u>	<u>288,761,016</u>
Total shareholder's equity		<u>406,730,762</u>	<u>466,751,787</u>
Total liabilities and shareholder's equity		<u>406,730,762</u>	<u>466,751,787</u>

liabilities

Chairman of the Board of Directors

General Manager

Saad Rashed Jasim
Certified Public accountants

Farqad Alsalman & Co.
Certified public accountants

Refer to Auditors' report Baghdad – 13 February 2023

The accompanying notes from 1 to 31 are an integral part of these consolidated financial statements

1

CREDIT BANK OF IRAQ CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022 IQD (000)	31 Dec 2021 IQD (000)
Interest income	18	14,923,672	1,231,148
Interest expense	19	(46,339)	(68,986)
Net interest and commission income		18,347,837	4,330,148
Net gain from foreign currency exchange		463,021	278,190
Capital gain	21	1,142,700	9,461
Credit Provision release		224,328	227,868
Other operating income		31,393	19,892
Gross profit		20,209,279	4,865,559
Employees' expenses	22	(3,592,685)	(3,396,110)
Other operating expenses	23	(3,829,188)	(4,484,429)
Depreciation and amortization	8	(1,257,455)	(1,313,420)
Miscellaneous provisions		-	(610,029)
Total expenses		(8,679,328)	(9,803,988)
Profit (Loss) before income tax		11,529,951	(4,938,429)
Income tax	14	(786,419)	-

Profit (Loss) After income tax		10,743,532	(4,938,429)
Distributed as below:			
Statutory reserve		536,082	-
Net Profit (loss) after tax and Statutory reserve		10,207,450	(4,938,429)
Net interest income		14,877,333	1,162,162
Net fees and commissions	20	3,470,504	3,167,986
Net Profit (Loss) for the year			
		10,743,532	
(4,938,429)			
		Dinar/Files	Dinar/Files
Basic and diluted earnings (Losses) per share	24	0.043	(0.020)

The accompanying notes from 1 to 31 are an integral part of these consolidated financial statements

	31 Dec 2022	31 Dec 2021
	IQD (000)	IQD (000)
Profit (Loss) for the year	10,743,532	(4,938,429)

Other comprehensive loss will not be classified to profit or loss in subsequent periods:

Change in fair value of financial assets at fair value through other comprehensive income

		-	-
		_____	_____
		=====	=====
Total other comprehensive loss for the year			
10,743,532	(4,938,429)	Total comprehensive income (loss) for the year	
10,743,532	(4,938,429)		

The accompanying notes from 1 to 31 are an integral part of these consolidated financial statements

CREDIT BANK OF IRAQ CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>Paid in Capital</u>	<u>Statutory reserve</u>	<u>Expansion Reserve</u>	<u>Retained earnings</u>	<u>Total</u>
2022			IQD (000)		
IQD (000)	IQD (000)			IQD (000) IQD (000)	
Balance At 1 January 2022	250,000,000	15,720,546	1,500,000	21,540,470	288,761,016
Total comprehensive income for the year	-	-	-	10,743,532	10,743,532
Transfer		536,082			-
-	250,000,000	16,256,628	1,500,000		299,504,548
	-		(536,082)		
Balance at 31 December 2022				31,747,920	
2021					
Balance At 1 January 2021	250,000,000	15,720,546	1,500,000	26,478,899	293,699,445
Total comprehensive income for the year	-	-	-	(4,938,429)	(4,938,429)
Balance at 31 December 2021	250,000,000	15,720,546	1,500,000	21,540,470	288,761,016

The accompanying notes from 1 to 31 are an integral part of these consolidated financial statement

**CREDIT BANK OF IRAQ CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31
DECEMBER 2022**

		31 Dec 2022	31 Dec 2021
	Notes	IQD (000)	IQD (000)
<u>Operating activities:</u>			
Profit (Loss) before income tax		11,529,951	(4,938,429)
Adjustments for Non-Cash items			
Depreciation and amortization	8,9	1,257,455	1,313,420
Expense Miscellaneous provisions		-	610,029
Operating cash flows from Operating activities before changes in assets and liabilities		12,787,406	(3,014,980)
Changes in assets and liabilities:			
(Increase) Decrease in other assets	10	(566,733)	638,407
Increase (Decrease) in Miscellaneous provisions	13	(22,684)	(2,847,534)
Increase (Decrease) in customers' deposits	11	(67,967,132)	(58,389,859)
Increase (Decrease) in margin accounts	12	(1,224,134)	1,325,470
Increase (Decrease) in other liabilities	15	(2,337,026)	3,950,313
		(59,330,303)	(58,341,827)
Net cash flows from (used in) operating activities before income tax		(59,330,303)	(58,338,183)
Income tax paid		-	(3,644)
Net cash flows from (used in) operating activities			
<u>Investing activities:</u>			
Sale of financial assets at amortized cost	6	(56,861,794)	(21,859,712)
(Acquisition) of Financial assets through other comprehensive income	7	(200,000,000)	-
(Acquisition) of intangible assets	9	-	(223,920)
(Acquisition) of property and equipment	8	(651,227)	(921,727)
Net cash flows (used in) from investing activities		(257,513,021)	(23,005,359)
Net increase (decrease) in cash and cash equivalents		(316,843,324)	(81,347,186)
Cash and cash equivalents at 1 January		431,714,039	513,061,225
Cash and cash equivalents at 31 December	25	114,870,715	431,714,039

The accompanying notes from 1 to 31 are an integral part of these consolidated financial statements

5

(1) CORPORATE INFORMATION

Credit Bank of Iraq (The “Bank”) is a private shareholding company registered and incorporated in Iraq, on 25 July 1998 in accordance with registration certificate number 6615, and its registered office is in Baghdad.

The Bank provides its banking services through its main branch located in Baghdad, and through its two branches across Iraq.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompany consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), subject to prevailing instructions of Central Bank of Iraq in this respect.

The consolidated financial statements are presented in Iraqi Dinars (IQD) which is the functional currency of the Bank, and all values are rounded to the nearest thousand Iraqi Dinars except otherwise indicated.

The central bank of Iraq instructed all banks in Iraq on 20 December 2020 to change the USD exchange rate against IQD from (1,182) to (1,460) and reflect the new exchange rate on the financial statement issued after that date.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiary (Credit Brokerage Company) as at 31 December 2022. The subsidiary is fully consolidated from the date on which control is transferred to the bank. Control is achieved when the Bank has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All balances, transactions, income, and expenses between the Bank and the subsidiary are eliminated in full. The consolidated financial statements include assets, liabilities and operating results of the Bank management and branches and its subsidiary (Credit Brokerage Company).

The subsidiary is a private shareholding company incorporated in accordance with the companies’ law in Iraq, its paid-in capital is IQD100 Million of which the Bank owns 100% as at 31 December 2022 (2021: IQD 100 Million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The financial statements of the Bank's subsidiary are prepared for the same reporting year as the Bank, using consistent accounting policies. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Bank obtained control, and continues to be consolidated until the date that such control ceases. The subsidiary (Credit Brokerage Company) reported a loss of (20,648) thousand dinar for the year 2021 compared to loss of (31,656) thousand dinar in 2021.

Based on the Bank's Board of Directors decision no. (18) On 6/12/2020 to liquidate the subsidiary, the Iraq Stock Exchange suspended the trading activity of the subsidiary company as of 29/8/2021 and the brokerage status of the subsidiary was revoked by the Securities Commission on 24/1/2022. The Registrar of Companies issued a decision on 5/6/2022 approving the decision of the Company dated 6/2/2022, which includes placing the subsidiary company under liquidation and appointing a liquidator. The liquidation process is ongoing until the date of these statements preparation.

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CHANGES IN ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the previous year except for the changes arising from the adoption of

1. IFRS 9 'Financial Instruments'

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The Bank has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The new version of IFRS 9 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets. The central bank of Iraq has postponed the implementation of the new version of IFRS 9 to 1 January 2019; the central bank of Iraq instructed all banks in Iraq to adopt IFRS 9 for all financial statement issued after 1 January 2019. Accordingly, the bank adopted and implemented IFRS 9 (note 31).

2. IFRS 16 'Leases'

The Bank has adopted IFRS 16 issued in January 2016 with a date of initial application of 1 January 2019. IFRS 16 replaces IAS 17, IFRS 16 sets out the principles for the recognition, measurement,

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

The Bank has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. Lease liabilities and right-of-use of assets were both recorded at the present value of future lease payments; thus, no impact was recorded on the opening retained earnings.

The central bank of Iraq has instructed all banks in Iraq to adopt IFRS 16 for all financial statements issued after 1 January 2019.

IMPACT OF IFRS 16 ADOPTION

The Bank presents right-of-use assets in 'land, premises and equipment' and lease liabilities in 'other liabilities' in the consolidated statement of financial position. Depreciation charge for right-of-use assets for the year amounted to 228,515 thousand dinar and is included in 'depreciation of premises and equipment' in consolidated statement of income. Interest on lease liability for the year amounted to 9,341 thousand dinar and is included in 'interest expenses' in consolidated statement of income.

(3) CASH AND BALANCES WITH CENTRAL BANK

	31 Dec 2022	31 Dec 2021
	<u>IQD (000)</u>	<u>IQD (000)</u>
Cash on hand	11,231,385	22,072,073
Gold	300	300
Balances with Central Bank:		
Current accounts	40,322,252	337,196,845
Deposit account	30,000,000	-
Statutory reserve	14,249,207	26,884,373
LGs reserve	<u>226,500</u>	<u>183,136</u>
Total	<u>96,029,644</u>	<u>386,336,727</u>

- Balances with the Central bank of Iraq are not exposed to Expected Credit Losses (Note: 31)

CREDIT BANK OF IRAQ

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

(4) DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Current accounts with local banks	600,296	1,649,745
Current accounts with Foreign banks	9,611,542	29,258,334
Fixed deposits with Foreign banks	8,760,000	14,600,000
Expected credit losses	(130,767)	(130,767)
Total	<u>18,841,071</u>	<u>45,377,312</u>

	<u>31 Dec 2022</u>				<u>31 Dec 2021</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>	<u>Total</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>	<u>IQD (000)</u>	<u>IQD (000)</u>	<u>IQD (000)</u>
Balance at 1 January	130,767	-	-	130,767	130,767
Transfer between stages	-	-	-	-	-
-	<u>130,767</u>	<u>-</u>	<u>-</u>	<u>130,767</u>	<u>130,767</u>
-	-	-	-	-	-
Total					

(5) DIRECT CREDIT FACILITIES, NET

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Loans	2,053,452	2,053,452
Overdrafts	4,316,805	4,884,466
Total	<u>6,370,257</u>	<u>6,937,918</u>
Less: Interest in suspense	(3,690,425)	(3,981,230)
Less: ECL provision	(2,679,832)	(2,956,688)
Total	<u>-</u>	<u>-</u>

* Non-performing credit facilities amounted to IQD 6,370,257 thousand as at 31 December 2022 (2021: IQD 6,937,918 thousand), representing 100% (2021: 100%) of gross direct credit facilities.

** Loans with total amount of (567,661) thousand dinar were settled that leads to credit provision recovery of (224,328) thousand dinar and interest income of (645) thousand dinar.

CREDIT BANK OF IRAQ

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The table below shows the credit facilities movement:

	31 Dec 2022	31 Dec 2021	Stage 1	Stage 2
	Stage 3	Total	Total	
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
	<u>IQD (000)</u>	<u>IQD (000)</u>	Balance at 1 January	
	6,937,918	6,937,918	7,476,541	-
Loans settlement			<u>(567,661)</u>	<u>(567,661)</u>
			<u>6,370,257</u>	<u>6,370,257</u>
-	-	(538,623)		
Total	-	-		6,937,918

The table below shows the credit provision movement:

	31 Dec 2022				31 Dec 2021
	Stage 1	Stage 2	Stage 3	Total	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
			<u>(52,528)</u>	<u>(52,528)</u>	
			<u>2,679,832</u>	<u>2,679,832</u>	
Balance at 1 January	-	-	2,956,688	2,956,688	3,227,963
Release provision	-	-	<u>(224,328)</u>	<u>(224,328)</u>	(227,868)
Write off provision	-	-			(43,407)
Total	-	-			2,956,688

The table below shows the interest in suspense movement:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

<u>2021</u>	31 Dec 2022				31 Dec
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>	<u>Total</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>	<u>IQD (000)</u>	<u>IQD (000)</u>	<u>IQD (000)</u>
			(290,160)	(290,160)	
			3,690,425	3,690,425	
Balance at 1 January	-	-	3,981,230	3,981,230	4,248,578
Paid interest	-	-	(645)	(645)	(19,328)
Write off	-	-			(248,020)
Total	-	-			3,981,230

(6) FINANCIAL ASSETS HELD TO MATURITY

	31 Dec 2022	31 Dec 2021
	<u>IQD (000)</u>	<u>IQD (000)</u>
	29,200,000	
Iraqi government bonds		21,900,000
Treasury bills	50,000,000	-
Accrued Interest	(478,494)	(40,288)
	78,721,506	21,859,712

- The bank invested (29,200,000) thousand dinar in Iraqi Government Bonds in USD bearing an interest of (6.75%) and invested (50,000,000) thousand dinar in Central Bank of Iraq's Treasury bills.

- The Central Bank of Iraq's Treasury bills in IQD are not exposed to Expected Credit Losses (Note: 31)

(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 Dec 2022	31 Dec 2021
	<u>IQD (000)</u>	<u>IQD (000)</u>
	789,474	
Unquoted shares*		789,474
Iraqi government bonds **	200,000,000	-
Total	200,789,474	789,474

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The unquoted shares are recorded at cost since management is unable to reliably obtain the fair value of these investments.

* The bank invested (789,474) thousand dinar in the Iraqi Company for Deposits Insurance based on the Central Bank of Iraq directive dated 21 November 2017. The Company finalized the registration formalities and gained its legal status on March 2, 2020.

** The bank invested (200,000,000) thousand dinar in Iraqi Government Bonds – Construction Bonds- bearing a (6%) interest rate.

- Iraqi government bonds in IQD are not exposed to Expected Credit Losses (Note: 31)

CREDIT BANK OF IRAQ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(8) PROPERTY AND EQUIPMENT

	Land	Buildings	Right of Use Assets	Computers, Furniture & Fixtures	Vehicles	Machinery & equipment	Total
2022	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Cost at 1 January	2,006,061	3,359,755	1,809,160	4,404,963	229,202	936,968	12,746,109
Additions	1,874,839	1,800,000	-	379,078	-	3,677	4,057,594
Transfer*	-	-	-	22,215	-	(22,215)	-
Disposals	(39,500)	(186,359)	(1,141,573)	(417,500)	-	(177,398)	(1,962,330)
Cost at 31 December	3,841,400	4,973,396	667,587	4,388,756	229,202	741,032	14,841,373
Accumulated Depreciation:							
At 1 January	-	507,755	1,076,826	2,898,805	213,997	829,123	5,526,506
Depreciation charge for the year	-	99,653	228,515	719,456	15,205	46,698	1,109,527
Transfer*	-	-	-	22,215	-	(22,215)	-
Disposals	-	(160,845)	(1,005,863)	(403,715)	-	(176,516)	(1,746,939)

At 31 December	-	446,563	299,478	<u>3,236,761</u>		677,090	<u>4,889,094</u>
Net book value	3,841,400	4,526,833	368,109	1,151,995	-	63,942	9,952,279
Projects in progress	-	-	-	<u>30,660</u>	-	-	<u>30,660</u>
Net book value	<u>3,841,400</u>	<u>4,526,833</u>	<u>368,109</u>	<u>1,182,655</u>	-	<u>63,942</u>	<u>9,982,939</u>
					<u>229,202</u>		

CREDIT BANK OF IRAQ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Land	Buildings	Right of Use Assets	Computers, Furniture & Fixtures	Vehicles	Machinery & equipment	Total
2021	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Cost at 1 January	2,006,061	3,286,965	1,809,160	4,754,015	229,202	1,946,268	14,031,671
Additions	-	72,790	-	270,313	-	12,948	356,051
Transfer*	-	-	-	846	-	(846)	-
Disposals	-	-	-	(620,211)	-	(1,021,402)	(1,641,613)

Disposals (1,639,925)	-	-	-	-	-	(1,021,402)	(618,523)
Net book value	2,006,061	2,852,000	732,334	1,506,158	15,205	107,845	7,219,603
Projects in progress	<u>1,568,381</u>	<u>1,568,381</u>	-	<u>84,873</u>	-	-	3,221,635
Net book value	<u>3,574,442</u>	<u>4,420,381</u>	<u>732,334</u>	<u>1,591,031</u>	<u>15,205</u>	<u>107,845</u>	10,441,238
At 31 December	-	-	-	-	-	829,123	
Cost at 31 December	2,006,061	3,359,755	1,809,160	4,404,963	229,202	936,968	12,746,109
Accumulated Depreciation: At 1 January	-	440,923	717,884	2,845,399	189,411	1,804,370	5,997,987
Depreciation charge for the year	-	66,832	358,942	671,225	24,586	46,859	1,168,444
Transfer*	-	-	-	704	-	(704)	-
5,526,506		<u>507,755</u>	<u>1,076,826</u>				

CREDIT BANK OF IRAQ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9) INTANGIBLE ASSETS

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Balances at 1 January	477,211	365,874
Additions during the year	-	256,313
Amortization during the year	<u>(147,929)</u>	<u>(144,976)</u>
Total	<u>329,282</u>	<u>477,211</u>

Intangible assets include computer's software and systems. Intangible assets are amortized on a straight-line

basis over 5 years.

(10) OTHER ASSETS

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Prepaid expenses	697,967	724,969
Debtors accounts	214,311	229,311
Accrued interests and revenues	1,109,568	501,833
Margins with others	15,000	14,000
Balances subject to write off*	281,280	281,280
Write off balances provision	<u>(281,280)</u>	<u>(281,280)</u>
Total	<u>2,036,846</u>	<u>1,470,113</u>

* Balances subject to write-off represent stagnant balances from previous years, including the embezzlement of Karma branch (152,065) thousand dinars, the embezzlement of the exchange office (16,621) thousand dinars, legal expenses (24,289) thousand dinars, miscellaneous debtor's balances (9,111) thousand dinars, and advance payments for communications contracts settled in previous years. The bank is committed to write off the remaining of these balances after completing all the legal procedures and the required approvals.

CREDIT BANK OF IRAQ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(11) CUSTOMERS' DEPOSITS

<u>31 Dec 2022</u>	<u>Retails</u> <u>IQD (000)</u>	<u>Corporate</u>	<u>Total</u> <u>IQD (000)</u>
Current and demand deposits	6,175,601	70,868,932	77,044,533
Saving accounts	14,098,692	1,516	14,100,208
Total	20,274,293	70,870,448	91,144,741

<u>31 Dec 2021</u>	<u>Retails</u> <u>IQD (000)</u>	<u>Corporate</u>	<u>Total</u> <u>IQD (000)</u>
Current and demand deposits	12,302,528	127,839,156	140,141,684
Saving accounts	18,968,519	1,670	18,970,189
Total	31,271,047	127,840,826	159,111,873

(12) MARGIN ACCOUNTS

CREDIT BANK OF IRAQ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>31 Dec 2022</u> <u>IQD (000)</u>	<u>31 Dec 2021</u> <u>IQD (000)</u>	IQD (000)
Margins against LG's	5,478,120	6,589,379	
Margins against credit facilities settlement	-	112,875	
Total	<u>5,478,120</u>	<u>6,702,254</u>	

(13) MISCELLANEOUS PROVISIONS

	<u>31 Dec 2022</u> <u>IQD (000)</u>	<u>31 Dec 2021</u> <u>IQD (000)</u>
Contingency Provision	1,382,613	1,962,863
LC's & LG's Provision	1,098,910	1,098,910
Staff end of service Provision	666,238	108,672
Total	<u>3,147,761</u>	<u>3,170,445</u>

	At 1 January IQD (000)	Charge IQD (000)	Release IQD (000)	At 31 December IQD (000)
31 Dec 2022				
Contingency Provision*	1,962,863	-	(580,250)	1,382,613
LC's & LG's Provision**	1,098,910	-	-	1,098,910
Staff end of service Provision	108,672	723,679	(166,113)	666,238
Total	3,170,445	723,679	(746,363)	3,147,761

The movements on Miscellaneous provisions as follows:

* The Central Bank of Iraq imposed a penalty of (3,690,741) thousand dinar as per their circular (9/2/21991 dated 23 September 2019) related to foreign currency auction of 2012 (the penalty will be paid over 48 equal monthly installments). The bank paid (580,250) thousand dinar

CREDIT BANK OF IRAQ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

during 2022 for the penalty; the contingency provision balance covers the remaining penalty payments to the Central bank and the law suit against the bank (Note: 30).

** The bank increased the End of Service provision by an amount of (723,679) thousand dinar to cover the end of service dues as per Iraqi Labor law (Note: 23).

(14) INCOME TAX LIABILITIES

The movements on income tax liability as follows:

	<u>2022</u>	<u>2021</u>
	<u>IQD</u>	<u>IQD (000)</u>
	<u>(000)</u>	
At 1 January	-	3,644
Tax charge for the year	786,419	-
Tax settlements for Credit brokerage	-	(3,644)
At 31 December	<u>786,419</u>	<u>-</u>

CREDIT BANK OF IRAQ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(15) OTHER LIABILITIES

	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Unclaimed accounts	1,945,721	4,145,043
Receivable for the sale of properties*	378,546	1,545,556
Certified Checks	2,219,988	1,128,085
Dividends Payable	404,428	432,757
Accounts payables	198,551	500,515
Lease Liability	310,555	383,559
Deceased Accounts	194,553	272,352
Accrued revenue	172,981	187,981
Closed accounts	142,080	144,502
Claimed checks and certificate	596,219	120,078
Accrued interest	19,711	28,439
Social security due	24,194	28,283
Companies registration due	10,000	21,000
Restricted Accounts	43,671	20,532
Stamp duty due	505	10,176
Other creditors	1,289	6,794
Margins for stock trading	2,383	3,465
Other	3,798	27,082
Total	<u>6,669,173</u>	<u>9,006,199</u>

*The bank sold four unused properties (Hurriya, Bataween, Samoual and Basra). The sale proceeds were deposited in a receivable account until the completion of the legal title transfer. The legal title transfer to the buyers of following properties (Hurriya, Bataween, Samoual) was finalized in 2022.

(16) PAID IN CAPITAL

Paid in capital comprises of 250 billion shares (2021: 250 billion shares) at a par value of 1 Iraqi Dinar per share (2021: 1 Iraqi Dinar per share).

CREDIT BANK OF IRAQ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(17) RESERVES

Statutory Reserve

According to the Iraqi Companies' Law, 5% as a minimum of the annual profit after tax should be transferred to the statutory reserve. This reserve should not exceed 50% of the Bank's Capital and is not available for distribution to shareholders. The Bank may resolve to discontinue such annual transfers when the reserve equals the paid in capital. The statutory reserve balance was (16,256,628) thousand dinar as of 31 December 2022.

(18) INTEREST INCOME

	31 Dec 2022	31 Dec 2021
	IQD (000)	IQD (000)
Loans	645	19,328
Financial assets held to maturity	2,125,774	1,170,208
Financial assets through OCI	12,467,441	-
Balances at Central Bank	150,784	-
Due from banks and other financial institution	179,028	41,612
Total	14,923,672	1,231,148

(19) INTEREST EXPENSE

	31 Dec 2022	31 Dec 2021
	IQD (000)	IQD (000)
Saving accounts	36,998	54,105
Time deposits	-	61
Interest on Lease liability	9,341	14,820
	<u>46,339</u>	<u>68,986</u>

CREDIT BANK OF IRAQ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Total

(20) NET FEES AND COMMISSIONS

	Dec 2022	Dec 2021
	IQD (000)	IQD (000)
Indirect credit facilities	397,343	485,589
Bank transfers	1,167,965	1,352,655
Commission expense	(416,542)	(834,244)
Other commissions	2,321,738	2,163,986
Total	3,470,504	3,167,986

The Bank did not participate in the foreign currency purchase through the auction system of the central bank of Iraq during 2022.

(21) CAPITAL GAIN

The bank sold four unused properties (Hurriya, Bataween, Samoual and Basra) based on the Central Bank of Iraq's directives; the legal property title of (Hurriya, Bataween, and Samoual) was transferred to the buyers during 2022. The sales of the three properties resulted in a capital gain of (1,142,700) thousand dinar. The process of transferring the ownership of the fourth property is in progress

	Dec 2022	Dec 2021
	IQD (000)	IQD (000)
Salaries and benefits	2,681,851	3,175,619
End of service	723,679	-
Contribution to social security	187,155	220,491

CREDIT BANK OF IRAQ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Total **3,592,685** 3,396,110

(23) OTHER OPERATING EXPENSES

	Dec 2022	Dec 2021
	IQD (000)	IQD (000)
Insurance	574,890	628,533
Software licenses	610,042	600,843
Data center support services	433,731	452,682
Communications	181,405	380,141
Internet	108,968	102,102
Employees' tax paid	265,326	269,888
Employees' tax paid for previous years*	14,555	259,310
Legal services	247,387	253,471
Donation- Social responsibilities initiatives**	72,000	222,000
Deposits insurance premium***	92,263	199,552
ATM Maintenance	147,734	169,656
ATM cards fees	72,753	-
Electricity	71,932	94,544
Travel & Subsistence	52,818	87,159
Health Insurance	84,108	85,290
Audit fees, Year End	57,000	53,000
Other audit fees	5,405	6,000
Government & other fees	239,832	82,218
Fuel expense	68,107	65,987
Transportation of Cash	58,309	65,966
Penalties	22,130	64,150
Subscriptions fees	62,212	63,470
Training courses	9,283	50,616

CREDIT BANK OF IRAQ	6,293	9,398
Transportation		
Water and electricity	4,046	7,213
Notes to the Consolidated Financial Statements		
FOR THE YEAR ENDED 31 DECEMBER 2022		
Sundry Expenditure	15,325	8,459
Other	7,379	5,146
Total	3,829,188	4,484,429

*The bank paid an amount of (14,555) thousand dinar to tax authority for the employees' tax differential of 2021.

** The bank paid an amount of (72,000) thousand dinar to central bank as part of the Social responsibilities initiatives.

*** The bank is paying a monthly contribution of 1 dinar for each 10,000 dinar of deposits to the Iraqi Deposits Insurance Company since December 2020.

(24) EARNINGS (LOSSES) PER SHARE

Basic earnings (losses) per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year.

	31	
Dec 2022	31 Dec 2021	
	10,743,532	(4,938,429)
	IQD	
(000)	250,000,000	250,000,000
	IQD (000)	
	IQD/Files	IQD/Files
Profit (Loss) for the year	0.043	(0.020)

Weighted average number of shares during the year

Basic and diluted earnings (losses) per share

(25) CASH AND CASH EQUIVALENTS

Cash and cash equivalents appearing in the consolidated statement of cash flows consist of the following:

31 Dec 2022	31 Dec 2021
IQD (000)	IQD (000)

CREDIT BANK OF IRAQ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Cash and balances with Central Bank	96,029,644	386,336,727
Due from banks and other financial institutions	18,841,071	45,377,312
Total	114,870,715	431,714,039

(26) CONTINGENT LIABILITIES AND COMMITMENTS

The total outstanding commitments and contingent liabilities are as follows:

	31 Dec 2022	31 Dec 2021
	<u>IQD (000)</u>	<u>IQD (000)</u>
Letters of guarantee	45,019,983	42,776,777
Letters of credit	333,164	4,424,419
Total	<u>45,353,147</u>	<u>47,201,196</u>

(27) CAPITAL ADEQUACY

The bank reported a Capital Adequacy Ratio (CAR) of 87.7% as at 31 December 2022. The Central bank set a minimum ratio of (12.5%) and the bank reporting the Capital adequacy in line with Central Bank of Iraq instructions and template.

(28) LIQUIDITY RATIOS

The bank reported a Liquidity Coverage Ratio (LCR) of 767% as at 31 December 2022 (2021: 522%) and Net Stable Funding Ratio (NSFR) of 840% as at 31 December 2022 (2021:1277%). The Central bank of Iraq set a minimum threshold of (100%) for both ratios.

The bank reporting LCR ratio and NSFR ratio in line with Central Bank of Iraq instructions and template.

(29) LEGAL SUITS

There is one lawsuit filed against the bank by one of its previous employee, and the decision of the Court dated 31-10-2022 endorsed by the Court of Cessation on 6-12-2022; stated that the employee

CREDIT BANK OF IRAQ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

should be reinstated and should receive all his dues from the termination date till the reinstatement date. No payments were made before year end 2022.

(30) RELATED PARTIES

The bank entered in financial transactions with National Bank of Kuwait during the year using commercial interests and commissions

	31 Dec 2022	31 Dec 2021
	IQD (000)	IQD (000)
ON BALANCE SHEET ITEMS		
Due from banks - Current accounts	9,593,867	29,258,334
Due from banks - Fixed deposits	8,760,000	14,600,000
OFF- BALANCE SHEETS ITEMS		
Letter of guarantee	39,258,136	35,946,541
INCOME STATEMENT ITEMS		
Interest Income	179,029	41,612
Indirect credit facilities, commissions	164,977	123,548
	<hr/>	<hr/>
	<hr/>	<hr/>

CREDIT BANK OF IRAQ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(31) IFRS 9 IMPLEMENTATION

The result of IFRS 9 implementation show a surplus provision of (884,105) thousand dinar as difference between total expected credit losses of (6,715,829) thousand dinar and current provision of (7,599,934) thousand dinar as per below Expected Credit Losses (ECL) according to IFRS 9 as at 31 December 2022.

The bank decided to keep the surplus provision resulted from the implementation of IFRS 9 with the possibility to release it in subsequent periods.

	Balance	Expected Credit	Current	Difference
31 Dec 2022	IQD (000)	Losses	Provision	IQD (000)
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balances with Central Bank	84,797,959	-	-	-
Due from Banks	18,971,838	77,441	130,767	53,327
Treasury Bills *	49,525,741	-	-	-
Iraqi government USD bonds	29,195,765	203,117	-	(203,117)
Iraqi government IQD bonds*	200,000,000	-	-	-
LCs & LGs	45,353,147	65,014	1,098,910	1,033,895
Direct Credit Facilities	6,370,257	6,370,257	6,370,257	-
Total	434,214,707	6,715,829	7,599,934	884,105

Iraqi government IQD bonds and Treasury bills of central bank are not exposed to Expected Credit Losses

Report of the Audit Committee (auditing the final accounts) for the fiscal year ending on 12/31/2022

Ladies and gentlemen, respected members of the General Assembly of the Credit Bank

Greetings and appreciation....

Implementation of the provisions of Article 24 of the Banking Law No. 24 of 2004 and the approval of the bank's general assembly to form an audit committee (auditing accounts) of the members of the board of directors, each of whom is Mrs. (Ghada Fareed Ghani) as chairman and the membership of each of Mr. (Walid Jamal Al-Din Al-Sioufi) and Mr. (Ali Nizar Khalil) We are pleased to present to you that the committee practiced its work with the auditors of our bank (the chartered accountant of Farqad Al-Salman and Partners Company and the chartered accountant and auditor Saad Rasheed Jassim) throughout the period of their work in the bank and we reviewed all the information and clarifications that, in our opinion, were necessary to protect the rights of shareholders , our work was in accordance with the legislation in force In accordance with the locally recognized and established audit and review procedures, and based on the data and information we obtained, we are pleased to present to you our report for the year 2022.

1. The annual report and the financial and accounting information it contains comprehensively reflects the bank's progress during the year that is the subject of the audit, and that this information does not violate the provisions of the prevailing financial laws and regulations. The data has been organized in accordance with local and international accounting rules and applicable legislation, and is consistent with what the records show and that it is organized according to the requirements of Central Bank Law.
2. The committee reviewed the joint report of the auditors (the chartered accountant of Farqad Al-Salman and his partners company and the chartered accountant and auditor (Saad Rasheed Jassim), which dealt with the bank's activity, confirming the soundness of all its procedures that were carried out based on international and local accounting standards and rules.
3. The Committee reviewed the bank's consolidated financial statements for the year 2022, the results of its activities, its cash flows, the Board of Directors' report regarding them, the governance report, the sustainability report, and the report on the implementation of International Standard No. (9). The Committee also reviewed the reports submitted by the Internal Control Department and the Compliance Controller, and the Committee reviewed the reports of the Anti-Laundering Department Money and terrorist financing, and we have no evidence that the bank carried out money laundering operations or practiced terrorist financing operations, and that all operations are in line with Money Laundering Law No. 39 of 2004.
4. The committee commends the efforts of the executive management in improving the financial performance of the bank by studying the available opportunities to achieve profits, accompanied by procedures that ensure avoiding unaccounted risks, providing liquidity to depositors, fulfilling all its obligations towards them smoothly and easily, and avoiding high-risk investments. On this basis, the bank's management invested in Iraqi government bonds and continued to collect bad debts.
5. The Committee recommends re-assigning the chartered accountant (Farqad Al-Salman and Partners Company for auditing and controlling accounts), as well as re-assigning the chartered accountant and auditor (Mr. Saad Raseed Jassim) with the task of auditing the bank's accounts for the year 2023 with

professional wages determined according to the wages list approved by the Council of the Profession of Auditing and Monitoring , after obtaining the approval of the Board of Directors for the assignment.

The committee did not find any indication of any fundamental defect in the bank's work through the meetings held with the external auditor, which indicates the good performance of the executive management in this regard.

Please accept our great appreciation...

Chairman of the Audit Committee (Audit)

Ghada Fareed Ghani Tu'ma

creditbankofiraq.com



مصرف الائتمان العراقي
Credit Bank of Iraq