



مصرف الائتمان العراقي
Credit Bank of Iraq



ANNUAL REPORT

Speech of the Chairman of the Board of Directors
In the name of Allah, the most gracious, the most merciful,

Dear Sirs, respected Shareholders of Credit Bank of Iraq,

On my behalf and on behalf of the members of the Board of Directors, I extend my sincere thanks to you for accepting our invitation and attending the Bank's annual General Assembly meeting. I am pleased to welcome you, it is with great pleasure that I present to you Credit Bank of Iraq's Annual Report and financial statements for the year ended December 31, 2023.

Dear Shareholders,

The global economy witnessed a significant decline during 2023 due to the Russian-Ukrainian war and its adverse effects on the global economy. Countries worldwide faced a wave of turmoil affecting many economic sectors, leading to halted investment projects and a decline in local economic activities.

Despite these challenges, the bank managed to navigate these difficulties efficiently and professionally. It maintained its obligations towards our shareholders and customers and adopted a strict credit policy to safeguard depositors' funds and protect shareholders' interests. We focused on investing in governmental issued bonds, which are considered low risk with profitable returns, reflecting our belief in the bank's role in supporting the country financially and achieving its goals.

The bank also maintained high liquidity ratios exceeding the requirements set by the regulator. The Iraqi market acknowledges our success in preserving the rights of shareholders and depositors.

Simultaneously, the bank established a robust compliance policy to meet regulatory requirements and enhance risk management in line with international standards. We developed control mechanisms and procedures, adhered to corporate governance rules, and adopted stringent measures to monitor and combat money laundering according to international standards.

Our plan includes enhancing our capabilities and improving the efficiency of our staff, aiming to continuously improve our banking services and keep pace with industry developments. We are accelerating the implementation of new technologies to develop digital and electronic services, ensuring their ease and security.

In conclusion, on behalf of the Board of Directors, I extend our gratitude to our customers for their support and trust, which has always been a source of our pride and appreciation. We also thank the executive management and all employees for their dedicated efforts. Additionally, I express my appreciation and gratitude to the Central Bank of Iraq, the Companies Registrar Department, the Securities Commission, and the Iraqi Stock Exchange for their continuous support. I wish you a successful meeting.

Regards,

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



Credit Bank of Iraq

**Board of Directors Report
2023**

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

Credit Bank of Iraq Board of Directors extends its best greetings. We are pleased to present our shareholders with the annual report on the bank's performance, along with the financial statements for the fiscal year ending December 31, 2023. This report is prepared in accordance with Articles 117 and 134 of the Companies Law No. 21 of 1997 (as amended), accounting rules 6 and 10 issued by the Accounting and Supervisory Standards Board of the Republic of Iraq, the Banking Law No. 94 of 2004, and the Corporate Governance Guide for Banks issued in 2018 by the Central Bank of Iraq.

A Brief Overview of the Bank

Credit Bank of Iraq was established in 1998 with a capital of 200 million Iraqi dinars, as per the certificate of incorporation numbered C/R/6615 dated 25/07/1998. The bank received its license to practice banking on 06/10/1998 and officially commenced its banking operations on 14/10/1998.

In 2005, National Bank of Kuwait group acquired a 75% stake, and the International Finance Corporation acquired a 10% stake in the bank's capital. Following these investments, the bank adopted a policy to strengthen its financial resources and develop its services, contributing to the development of the Iraqi economy by providing distinguished banking, commercial, and investment services under the provisions of Banking Law No. 94 of 2004. The bank continued to expand its operations and activities in accordance with applicable policies, procedures, laws, and instructions.

In 2014, the National Bank of Kuwait increased its stake to 84.3% of the capital, while the International Finance Corporation's stake decreased to 6.7%. A new board of directors was elected.

On 29/06/2012, the General Assembly approved an increase in the bank's capital to 150 billion Iraqi dinars, with the increase procedures completed as per the Companies Registration Directorate Letter No. 22735 on 08/09/2013.

Following the instructions of the Central Bank of Iraq and the decision by the General Assembly on 01/10/2013, the bank started increasing its capital from 150 billion Iraqi dinars to 250 billion Iraqi dinars. This process started on 01/12/2013 and was completed in early February 2014, as per the Companies Registrar Directorate Letter No. 3421 dated 06/02/2014.

In 2019, National Bank of Kuwait increased its capital contribution to 91.0% after purchasing the entire 6.7% share of the International Finance Corporation.

In 2024, the bank is set to increase its capital in accordance with Central Bank of Iraq capital requirements for commercial banks.

The Bank's Main Activities and Objectives

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 the Banking Law No. (94) of 2004 and their instructions. It also conducts these activities in accordance with Companies Law No. (21) of 1997 and the instructions issued pursuant thereto. The bank seeks to achieve the following main objectives:

- Profitability: Our bank seeks to achieve the largest possible profit through credit interest on credit facilities and the commissions it receives as a result of the services it provides, in addition to the foreign currency returns and investment returns.
- The bank's pursuit of profits is accompanied by measures that ensure it does not take uncalculated risks, provides liquidity to depositors, and fulfills all its obligations towards them with ease and efficiency.
- The bank is keen to provide the greatest possible safety to its depositors and shareholders by avoiding financing projects and investments with high risks.
- Increase the Local and International Customer Base by providing services to customers.

The Bank's Most Important Achievements During the Year 2023

Credit Bank of Iraq made significant achievements in 2023, the most notable being a 63.2% increase in profits, reaching 17.53 billion Iraqi dinars compared to 10.74 billion Iraqi dinars in 2022. This was accomplished by diversifying investments and expanding banking services to customers. Additionally, the bank reviewed and updated several departmental policies and procedures to align with business and regulatory requirements. The sale and transfer of ownership of real estate not used for banking purposes were also completed as per the requirements of the Central Bank of Iraq.

Fundamental Changes

The most important fundamental changes that occurred during the year include:

- Contributing to Reyada Bank.
- Renovating and developing the General Administration building and the main branch.
- Completing the liquidation and sale of properties owned and not used for banking activities.
- Reorganizing and developing the Al-Baya' branch stores designated for paper archiving.
- Completing the implementation plan for COBIT 2019 corporate governance and management controls.
- Opening an account with the correspondent bank, Citibank New York.

Aspects of the Bank's Future Plan for 2024

The most important aspects of the future plan for Credit Bank of Iraq during 2024 are as follows:

- Increase the bank's capital in accordance with the instructions issued by the Central Bank of Iraq.
- Participation in Central Bank of Iraq foreign currency auction at the Central Bank of Iraq through the correspondent bank, Citibank New York, and K2 Integrity, to provide wire transfers and letter of credit services to the bank's customers quickly.
- Increase the volume of deposits of all types to finance various banking activities.
- Develop and diversify investments to enhance financial growth.
- Develop the network of correspondent banks and increase their number.

Bank Products and Services

Credit Bank of Iraq aims to be the first choice for customers seeking a financial institution capable of providing the latest services and products tailored to their requirements and expectations. The bank offers a variety of services, including trade services such as:

- Letter of Credit and Local and International letters of guarantee.
- Local and international remittance (RTGS/ACH/SWIFT), including inward and outward transfers, certified checks.
- Debit cards and online & mobile banking services.
- Currency exchange transactions as per international rates.
- Salary domiciliation service for private sector companies.

The top five Shareholders in the Bank

The following table summarizes the top five (5) shareholders at Credit Bank of Iraq and the amount of their contribution to the capital as of December 31, 2023:

#	Shareholder	Number of Shares	Its Ratio to Capital (%)
1	National Bank of Kuwait	227,500,000,000	91.00%
2	Ban Iyad Salman Abdulwahab	2,802,325,777	1.12%
3	Yasser Mohammed Arif Al-Kufi	1,994,737,111	0.80%
4	Aras Habib Mohammed Kareem	1,991,337,112	0.80%
5	Hikmat Qais Hikmat Kubba	1,875,000,000	0.75%
	Total	236,163,400,000	94.47%

Bank Branches

The branches of the Credit Bank of Iraq are distributed across the northern, southern, and central regions to serve all customers. The bank has three branches, as detailed below along with their addresses, phone numbers, and email contacts:

➤ **Main Branch and Head Office**

Address: Karrada, Al-Saadoun District, Quarter 102, Street 9, Al-Alawiya Building 187 Phone Numbers:

+964 790 190 7098

+964 790 190 7114

Email: CBI-Alwiya@creditbankofiraq.com.iq

➤ **Basra Branch**

Address: Basra, Al-Saadi Street, near Aviation Square

Phone Number: +964 780 170 0042

Email: CBI-Basra@creditbankofiraq.com.iq

➤ **Erbil Branch**

Address: Erbil, Al-Manara, Barzani Nimr Street, Warash, behind the Kurdistan Region Council of Ministers

Phone Number: +964 750 761 2042

Email: CBI-Erbil@creditbankofiraq.com.iq

Department of Human Resources

As of December 31, 2023, the number of the bank's staff reached 125. Their salaries are distributed according to the categories shown below:

Company	Annual Salaries (in thousands of dinars)	Iraqis	Non-Iraqis	Total
Credit Bank of Iraq	3,358,406	121	4	125
Total	3,358,406	121	4	125

Classification of Employees According to Academic Degrees

Educational Attainment	Number of Employees
Master's	2
Bachelor's Degree	73
Diploma	9
Secondary School	28
Primary Certificate	13
Total	125

In December 2023, the number of workers covered by social security reached 116. An amount of 201.64 thousand Iraqi dinars was paid as part of the bank's due to the social security for employees.

Names of Five Employees Who Received the Highest Salaries in 2023

#	Name	Career Title
1	Amr Mostafa Mohamed El-Shenawy	Managing Director - CEO
2	Marwan Ali Kandar	Assistant Managing Director - DCEO
3	George Victor Farah	Chief Business Officer
4	Ali Nizar Baqir Al-Hassani	Chief Finance Officer
5	Rawaa Majeed Reshan	Head of Compliance

Training Courses

Credit Bank of Iraq is committed to developing its human resources due to the importance of the human element in achieving the bank's strategy and goals. In compliance with the requirements of the Central Bank of Iraq, which recommends that all banks have an integrated training program, the bank conducted 51 training courses and workshops in 2023, with 95 employees participating. During the training and development phase, the bank's management focused on areas that would develop the bank's staff and work environment while increasing the culture of Corporate Governance, compliance, and anti-money laundering. The following are the most prominent areas that were developed and trained:

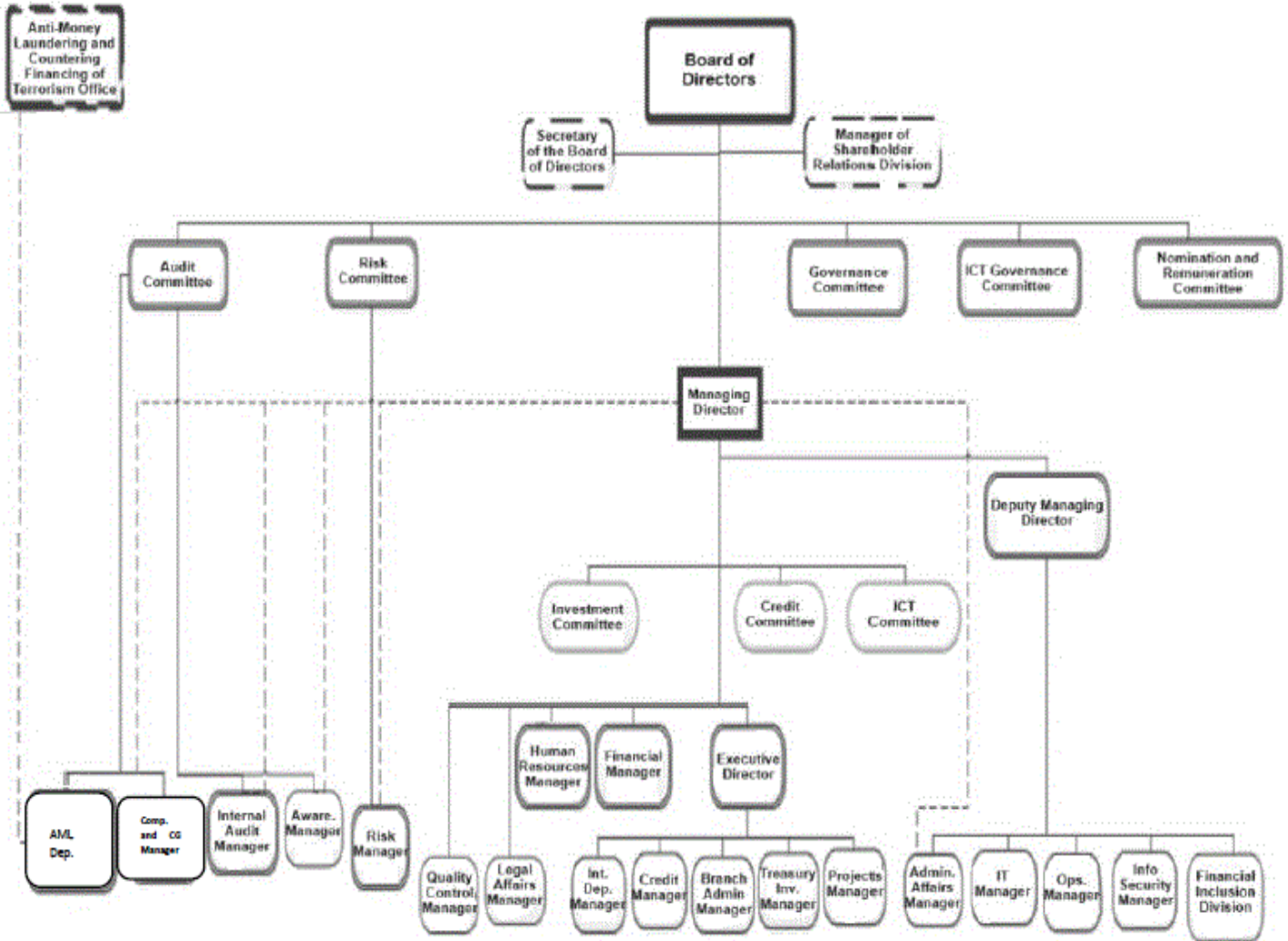
1. Corporate Governance
2. Combating money laundering and terrorist financing
3. Risk management (market, credit, early warning indicators, emergency preparedness and crisis management, operational and concentration risks, liquidity risks)
4. Certified Compliance Manager (CCM) certificate
5. Certified Branch Manager (CBM) certificate
6. Developing people-specific skills such as "effective communication - team leadership"
7. The role of information technology in the development of the banking sector
8. Security and protection of information
9. Combating bribery and corruption
10. Anti-fraud
11. Due diligence procedures and indicators of suspicion
12. Opening bank accounts and know your customer (KYC) form
13. The Foreign Account Tax Compliance Act (FATCA)
14. Modern methods of human resources management
15. Applications of banking quality standards
16. Counterfeiting and detecting counterfeit local and foreign currency
17. Electronic secured documents system
18. Banking Reporting System (BSRS)

Additionally, the bank provided:

1. Specialized courses and certificates in different work fields.
2. Training workshops on new platforms and systems launched by the Central Bank of Iraq.
3. Mandatory training courses held by Central Bank of Iraq.

Credit Bank of Iraq

The Bank's Organizational Structure:



Risk Management

The bank follows a comprehensive strategy to manage the various risks it may encounter, including credit risks, operational risks, market risks, liquidity risks, concentration risks, and any other potential risks. This strategy aims to preserve the bank's financial position and profitability.

The general system for managing risks in the bank involves monitoring, mitigating and adhering to the instructions of regulatory authorities and Basel Committee. This approach is considered a comprehensive and shared responsibility, involving multiple parties within the bank, starting with the Board of Directors and the committees emanating from it.

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

Risk Management Tasks

The Risk Department, an independent and specialized unit within the bank, focuses on multiple risk management policies to identify existing and potential risks, measure them and submit necessary reports regularly. It also adopts and implements the requirements of the Basel Committee and the Central Bank of Iraq while following best practices in risk management and measurement. Additionally, the Risk Department evaluates the bank's ability and the adequacy of its capital distribution to achieve strategic objectives, determining necessary requirements, and controlling associated risks through the following tasks:

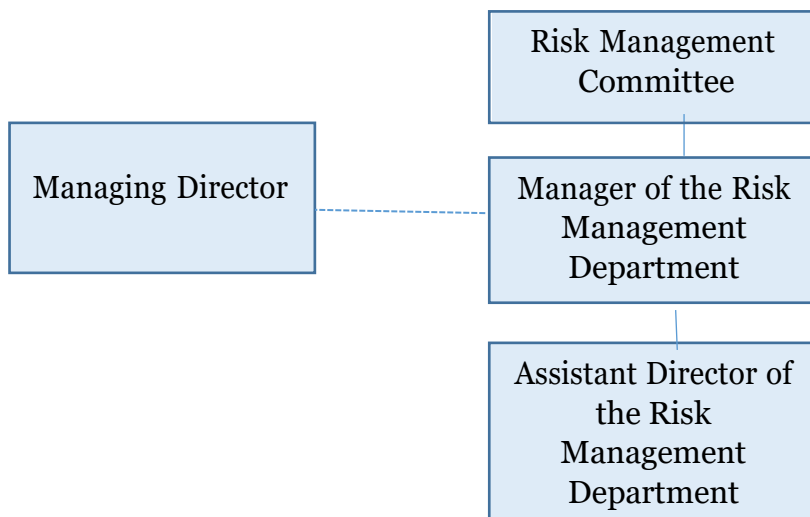
1. The Board of Directors and its Risk Committee review and approve acceptable risk limits (Risk Appetite) at all risk levels and risk management policies to keep pace with developments and growth in the bank's business and expand its services, ensuring the implementation of its strategy.
2. Executive 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 Department manages risks and related practices within the bank's activities and submits periodic reports to the Risk Committee and Executive Management.
4. Developing risk management systems and taking necessary steps to implement new international standards, primarily Basel II and IFRS9 requirements.
5. Risk management is the responsibility of all bank employees.
6. The role of risk management within the Investment and Credit Committee is to optimally plan capital and continuously monitor liquidity risks, market risks, and credit risks.

During the year 2023, Credit Bank of Iraq focused on various aspects of risk management, including but not limited to:

- Applying risk management controls according to the requirements of Central Bank of Iraq.
- Developing a general strategy for the Risk Department.
- Determining the limits of acceptable risks in the bank (Risk Appetite).
- Updating policies and work procedures for managing operational risks, market risks, credit risks, liquidity risks, and concentration risks.
- Updating procedures and conducting testing for the business continuity plan.
- Monitoring risks in the bank and analyzing their impact on the business through the risk matrix.
- Preparing periodic reports that show the level of risks in the bank and deviations from limits and standards by senior management.
- Studying the internal environment by identifying the strategic factors of the bank's strengths and weaknesses, which contributes to completing work with expertise and skill and exploiting opportunities for the benefit of the bank through the following key axes:

❖ **Organizational Chart**

The organizational chart represents the sum of the organizational relationships, actions, and tasks arising according to the levels of the bank's objectives based on the requirements of the general strategy. Below is the chart 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 the strategy, which should not conflict with it. If necessary, adjustments should be made to ensure compatibility with the strategy being implemented.

❖ **Available Resources:**

Achieved by balancing financial, human, and technological capabilities, along with administrative systems and management information systems related to research and development available at the bank.

- **Study of the External Environment:** By monitoring and evaluating positive and negative variables arising from economic, technological, and political factors, as well as competitive forces, the bank identifies opportunities within the external environment. Positive variables that can benefit the bank and negative variables, such as changes in interest rates, the emergence of new products or services, and changes in labor and wage laws or political stability, are monitored to assess their impact on the bank.
- Our bank changed the dollar exchange rate from 1460 to the new official rate of 1310.
- The annual review includes all aspects of risk, such as updating policies and procedures, the business continuity plan, and risk tolerance limits in accordance with the risk management controls for the year 2023.

Basic Tasks for Managing Internal and Social Environmental Risks:

The environmental or social standard focuses on creating job opportunities, generating income, reducing poverty, promoting economic growth, building a strong relationship between management and employees, and fostering interdependence, solidarity, and equality through fair treatment and providing safe and healthy working conditions.

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

- Promoting health and safety at work.
- Promoting fair treatment, non-discrimination, and equal opportunities at work.
- Protecting employees in the bank.
- Preventing the use of all forms of forced labor.
- Supporting the principles of freedom of participation and collective bargaining for employees in a manner consistent with labor law.
- Providing ways for employees to discuss their work-related problems.
- Educating and increasing employee awareness about risk management.

Independence of Risk Management:

Risk management operates independently, reporting directly to the risk committee, which is part of the Board of Directors. Risk management submits its reports directly to this committee.

Additionally, it gathers information from other bank departments or collaborates with various bank committees according to the powers granted by the Board of Directors. The goal is to identify, measure, monitor, and hedge against all risks that the bank faces or might face, thereby mitigating their impact on the bank's activities and ensuring alignment with the bank's strategy to maximize shareholder rights. This is achieved through:

- Monitoring the bank's executive departments' adherence to specified acceptable risk levels.
- Reviewing the Bank's Risk Management Framework before its approval by the Board.
- Implementing a risk management strategy and developing policies and procedures to manage all types of risks.
- Educating and increasing employee awareness about risk management.
- Developing methodologies to identify, measure, monitor, and control all types of risks.

Internal Audit Department

Internal audit is an independent function that provides continuous oversight of the bank's internal control system and procedures. It evaluates the adequacy of the bank's risk management and control systems to improve operational performance. The Credit Bank of Iraq has internal control and oversight systems reviewed annually by the internal auditor in coordination with the external auditor through Audit Committee meetings and periodic Board of Directors meetings.

Independency:

The Internal Audit Department operates independently in auditing various functions. It works under the supervision of the Board of Directors and reports to the Audit Committee, submits its reports directly to this committee.

Scope of Work:

The Internal Audit Department's scope covers all the bank's departments and branches. It assesses compliance with approved procedures. Daily work documents from the branches and departments performing banking operations are reviewed. It ensures that operations adhere to the principle of separation of duties,

Where one employee executes the transaction document and another approves it in the bank's system. The main tasks include:

- Financial Audit: Evaluating the validity and fairness of financial statements and the reliance on approved accounting standards.
- Compliance Audit: Assessing compliance with laws, instructions from relevant authorities, and the bank's policies and procedures.
- Operations Audit: Evaluating the quality of operations for compatibility with the bank's systems and procedures, analyzing the administrative structure, and assessing the efficiency of task and function procedures.
- Administrative Audit: Evaluating the quality of methods used by the General Administration to monitor risks.

Authority:

To perform internal control and auditing work, the department's employees have been authorized to:

- Have complete, unrestricted authority to review all the bank's records and documents, as well as the work of staff in all activities and departments being audited.
- Contact all bank employees.
- Maintain direct contact with the Chairman and members of the Audit Committee, and the Compliance Department.
- Communicate directly with the bank's external auditor.

Anti- Money Laundering and Combating Financing Terrorism Department

Combating money laundering and terrorist financing is a priority for financial institutions worldwide. Legislation in all countries criminalizes these activities and mandates the participation of financial and other professional institutions in their prevention. Consequently, the Credit Bank of Iraq established an independent department, the Money Laundering and Terrorist Financing Reporting Department. This department, affiliated with the Board of Directors, the Audit Committee, and the Anti-Money Laundering and Terrorist Financing Office, 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, as well as relevant supervisory instructions and controls. It ensures the application of the bank's anti-money laundering and terrorist financing policies and procedures.

Anti-Money Laundering and Terrorism Financing Policy

The Anti-Money Laundering and Terrorist Financing Policy is one of the basic pillars adopted by the Credit Bank of Iraq in financial supervision. It aligns with the provisions of the Anti-Money Laundering and Terrorist Financing Law No. 39 of 2015, as well as the instructions, controls, and circulars issued by the Central Bank of Iraq and the Anti-Money Laundering and Terrorist Financing Office, along with the recommendations of the Financial Action Task Force (FATF) and the Basel Committee. The Credit Bank of Iraq deals firmly and seriously with the risks associated with financial crimes at local, regional, and international levels. The bank complies with all relevant laws, instructions, and controls related to combating money laundering and terrorist financing and fulfills its duties accordingly. This compliance is embedded in the policies of combating money laundering and terrorist financing across all departments. In 2023, the Iraqi Credit Bank updated and Board-approved this policy to align with international requirements and standards. This policy prevents operating units from establishing any new business relationship unless all parties involved are identified and verified, and the nature of the expected work is clearly confirmed. Combating money laundering and terrorist financing is a fundamental pillar for financial institutions worldwide. The foundations of the anti-money laundering and counter-terrorist financing policy, the application of the know-your-customer principle, and business standards guide activities to ensure full compliance with AML and CFT requirements and regulatory standards applicable to the bank and its activities.

Anti-Money Laundering and Terrorist Financing Reporting Officer and Assistant:

The appointed compliance officer at the senior management level is responsible for updating and maintaining the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) policies and applying the Know Your Customer (KYC) principle in line with legislative and regulatory obligations. The department ensures the bank's compliance with the Central Bank of Iraq's instructions, decisions, and laws, as well as the bank's policies, controls, and procedures regarding combating money laundering and terrorist financing, including:

- Assessing risks of service delivery channels by adopting a risk-based approach.

- Maintaining and updating AML/CFT policies and applying the KYC principle in accordance with evolving legal and regulatory obligations.
- Acting as a communication channel with all employees who have knowledge or suspicion of possible money laundering activities to implement necessary procedures to confirm or deny suspicions.
- Providing guidance and clarification to employees on AML/CFT.
- Investigating suspicious transactions based on daily reports from the anti-money laundering system and following up with the relevant relationship manager/employee to ensure all required supporting documents are obtained.
- Maintaining an updated database of all transactions/cases investigated, including the results of these investigations. This database is carefully reviewed before any new investigation begins. The decision to investigate any transaction considers the results of previous investigations.
- Conducting periodic, sample-based reviews of customers' KYC information.
- Ensuring that employee training courses on combating money laundering and terrorist financing meet current standards.
- Providing regular monthly and quarterly reports on money laundering and terrorist financing to the Board of Directors and senior management, reflecting the Credit Bank of Iraq's commitment to regulatory requirements in combating money laundering and terrorist financing and applying the KYC principle.

Compliance Department

The Compliance Department evaluates the bank's adherence to relevant laws and instructions in its daily banking operations. It ensures the validity of these policies and procedures and works to avoid mistakes and violations that could expose the bank to various risks. This is done in cooperation with other executive departments in the bank. The compliance officer is appointed in accordance with paragraph (3) of Article (18) of Banking Law No. 94 of 2004 by the Bank's Board of Directors.

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

Compliance Department Tasks

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

- Annual Compliance Plan: Preparing the annual compliance plan in accordance with the comprehensive compliance requirements specified by the Central Bank of Iraq and local regulations. Ensuring the plan obtains the approval of the Board of Directors.
- Risk Assessment: Evaluating risks based on the following main criteria:
 - Geographic location/country risks
 - Customer risk
 - Product/service risks
 - Other risk criteria

- **Monitoring Compliance:** The compliance monitor is responsible for overseeing the bank's adherence to the decisions of the Board of Directors, internal policies, and procedures established under laws and instructions issued by the Central Bank of Iraq. The monitor attends Board meetings as an observer.
- **Legal and Regulatory Familiarity:** Staying informed about all laws, regulations, and instructions related to banking activity, including requirements that may not be directly related to banking. The bank's legal department supports the compliance controller in this task.
- **Policy Review:** Reviewing the policies, procedures, and decisions of senior management related to the bank's activities to ensure consistency with relevant laws, regulations, and regulatory instructions, and providing comments as needed.
- **Procedure Review:** Examining the procedures followed by various bank departments to ensure consistency with relevant laws and regulations, evaluating the suitability of internal procedures and directives, following up on deviations, and submitting proposals for improvement.
- **Field Visits and Independent Tests:** Conducting field visits to branches and independent tests of departments to ensure compliance with applicable laws and instructions, preparing reports on non-compliance cases, and following up on their resolution.
- **Corporate Governance:** Monitoring the implementation of corporate governance policies and related procedures in line with the Corporate Governance Manual framework, Central Bank of Iraq requirements, and the scorecard.
- **Business Area Identification:** Preparing a list of banking products, services, and business areas to help identify all business areas in cooperation with different departments.
- **Quarterly Reporting:** Preparing quarterly reports for the Audit Committee and the Central Bank of Iraq.
- **Regulatory Compliance Matrix (RCM):** Preparing and sending the RCM, which contains all instructions and laws in force in Iraq and issued by the Central Bank of Iraq, to all departments and branches.
- **Issue Follow-Up:** Following up on issues that may lead to warnings, fines, or penalties from the Central Bank of Iraq to avoid penalties.
- **Training Proposals:** Proposing training courses on established policies and procedures, emphasizing the need for adherence by existing employees and new workers.
- **Anti-Money Laundering System Review:** Periodically reviewing the bank's anti-money laundering systems and procedures, identifying weak points, and proposing improvements, including reviewing reports on unusual operations provided by internal systems.
- **AML Department Coordination:** Coordinating with the Anti-Money Laundering Department to ensure the implementation of established plans and verify compliance with laws, regulatory controls, and internal systems regarding money laundering.
- **KYC Compliance:** Following up on compliance with the adoption and periodic updating of the KYC account opening form prepared by the Central Bank of Iraq.

- The Compliance Department ensures the implementation of the Foreign Account Tax Compliance Act (FATCA) by directing and monitoring compliance, and committing to sending annual reports.

Compliance Monitor Activity in Combating Money Laundering and Terrorism Financing:

The Compliance Department prepares a quarterly report on combating money laundering and terrorist financing in a format approved by the Central Bank of Iraq. This report is submitted quarterly to the Central Bank, with copies provided to the Audit Committee and Executive Management. The report includes, at a minimum:

- Efforts made during the reporting period regarding unusual and suspicious operations and actions taken.
- Results of the periodic review of anti-money laundering systems and procedures.
- Any amendments made to internal policies or systems.
- A statement of the extent of commitment to implementing the plans established during the reporting period.
- Presentation of the plan for general office and field supervision of the bank's branches during the period following the report.
- A detailed statement of the training programs held for employees.
- Means provided by the bank to carry out its duties independently, results of the review of the systems, and the role taken by the bank's Board of Directors.

Credit Bank of Iraq

Financial Statements

Financial Position

Details	Dec 31, 2023 IQD	Dec 31, 2022 IQD	Change %
Assets			
Cash and balances with central bank	214,977,834	96,029,644	123.9% ↑
Due from banks and other financial institutions	82,019,722	18,841,071	335.3% ↑
Financial assets through other comprehensive income	200,789,474	200,789,474	0.0% ↑
Financial assets held to maturity	-	78,721,506	100.0% ↓
Properties and equipment (Net)	8,968,740	9,982,939	10.2% ↓
Intangible assets	196,580	329,282	40.3% ↓
Other assets	776,824	2,036,846	61.9% ↓
Total assets	507,729,174	406,730,762	24.8% ↑
Liabilities and shareholders' equity			
Liabilities			
Customers' deposits	150,657,681	91,144,741	65.3% ↑
Margin accounts	5,709,466	5,478,120	4.2% ↑
Miscellaneous provisions	2,253,466	3,147,761	28.4% ↓
Income tax liabilities	903,532	786,419	14.9% ↑
Other liabilities	61,170,043	6,669,173	817.2% ↑
Total liabilities	220,694,188	107,226,214	105.8% ↑
Shareholders' equity			
Paid in capital	250,000,000	250,000,000	0.0% -
Statutory reserve	17,133,478	16,256,628	5.4% ↑
Expansion reserve	1,500,000	1,500,000	0.0% -
Retained earnings	18,401,508	31,747,920	42.0% ↓
Total shareholders' equity	287,034,986	299,504,548	4.2% ↓
Total liabilities and shareholders' equity	507,729,174	406,730,762	24.8% ↑

➤ **The following are the most important elements that make up the statement of financial position:**

a. Assets:

Total assets reached 507,729,174 thousand dinars, compared to 406,730,762 thousand dinars in 2022, reflecting an increase of 24.8%.

- **Cash and balances with Central Bank:**

The balance of the cash account on hand and at the Central Bank of Iraq increased to 214,977,834 thousand dinars, compared to 96,029,644 thousand dinars at the end of 2022. This amount represents cash liquidity in local and foreign currencies deposited in the bank's vaults, as well as current accounts, time deposits, the legal reserve, and letters of guarantee held by the Central Bank of Iraq.

- **Due from banks and other financial institutions:**

The bank's balances with banks and banking institutions increased by 335.3%, reaching 82,019,722 thousand dinars compared to 18,841,071 thousand dinars at the end of 2022. These balances are mostly with the National Bank of Kuwait, the main participant in our bank, where all financial transactions with abroad are conducted through its network of correspondents spread throughout the world. Among the balances is an amount worth 50 billion Iraqi dinars, representing the first payment made by the National Bank of Kuwait (the main shareholder in our bank) under the capital increase account on its behalf and on behalf of all shareholders until the general assembly of the bank is held and all procedures for increasing the bank's capital are completed through 2024.

- **Financial Assets at Fair Value Through the Statement of Other Comprehensive Income:**

The bank invested in the Iraqi Deposit Guarantee Company by an amount of 789,474 thousand dinars. According to the letter of the Central Bank of Iraq No. (94/2/9) dated March 2, 2020, the procedures for establishing the Iraqi Deposit Guarantee Company have been completed, granting it legal personality.

The bank invested in Iraqi government bonds in Iraqi dinars (construction bonds) with an interest rate of 6%, which matured during the year 2023. It then reinvested in Iraqi government bonds in Iraqi dinars (Emaar bonds) with an interest rate of 6% for a period of two years.

- **Direct Credit Facilities:**

Direct Credit Facilities balance reached 6,172,535 thousand dinars and is covered by 100% credit Provisions. Due loans totaling 153,156 thousand dinars were repaid, leading to the recovery of provisions for cash credit losses amounting to 153,156 thousand dinars and credit interest of 7,287 thousand dinars.

- **Property and Equipment:**

Based on Central Bank of Iraq instructions to sell real estate not used for banking purposes, the bank sold properties in Basra, Mosul, and Karrada during 2023, realizing profits of 1,893,311 thousand dinars from the sales.

- **Other Assets:**

The net balance of other assets reached 776,824 thousand dinars, compared to 2,036,846 thousand dinars at the end of 2022. The bank wrote off 281,280 thousand dinars during 2023, representing revolving and non-moving balances for several years, as approved by the General Assembly on 11/26/2022, after obtaining approval from the Central Bank of Iraq and the Company Registration Department.

- **Indirect Credit Facilities:**

Indirect Credit Facilities recorded an amount of 53,227,135 thousand dinars, compared to 45,353,147 thousand dinars in 2022, representing the bank's activity in letters of credits and letters of guarantee to the private sector, state departments, and their subsidiaries. All internal letters of guarantee are covered by cash margins (100%), while external letters of guarantee are fully covered by bank letters of guarantee (Counter Guarantee).

- **Customers Deposits:**

The total deposits of the bank's customers, including credit current accounts, savings accounts, and fixed deposits, amounted to 150,657,681 thousand dinars, compared to 91,144,741 thousand dinars at the end of 2022, reflecting an increase of 65.3%.

- **Other Liabilities:**

The balance of other liabilities reached 61,170,043 thousand dinars, compared to 6,669,173 thousand dinars at the end of 2022. Included in other liabilities is a creditors account for a capital increase with a balance of 50 billion dinars. This represents the bank's commitment for the amount paid by the National Bank of Kuwait (the main shareholder in our bank) as a first payment under the capital increase account on its own behalf and on behalf of all shareholders until the General Assembly of the Bank is held and all measures to increase capital are completed during the year 2024.

- **Miscellaneous Provisions:**

The balance of miscellaneous provisions decreased to 2,253,466 thousand dinars, compared to 3,147,761 thousand dinars at the end of 2022. These provisions are as follows:

A. Contingency provisions with a balance of 595,906 thousand dinars to pay the currency auction fine for the year 2012 (3,690,741 thousand dinars, where the fine amount was paid in 48 monthly installments). The bank paid an amount of 657,757 thousand dinars for the auction fine from the other provisions account during the year. The bank reversed the surplus from the Contingency provisions account by the amount of 128,950 thousand dinars due to the lack of need for it.

B. LC's & LG's Provision with a balance of 1,098,910 thousand dinars.

C. Staff end of service Provision with a balance of 558,650 thousand dinars. The bank increased the end of service Provision by an amount of 30,000 thousand dinars during the year to cover the end-of-service compensation for members according to the instructions in force and paid an amount of 137,588 thousand dinars for the end-of-service benefits for members.

- **Capital and Reserves:**

The bank's paid-up capital amounted to 250,000,000 thousand dinars at the end of 2023, while the reserves consist of 17,133,478 thousand dinars, the mandatory Statutory reserve (established under the Companies Law at 5% of the net profit after tax), and the expansion reserve in the amount of 1,500,000 thousand dinars. Retained earnings have a balance of 18,401,508 thousand dinars, representing profits not distributed to shareholders.

Credit Bank of Iraq

B - Income Statement:

The bank's profits after income tax amounted to (17,530,438) thousand dinars, after it was (10,743,532) thousand dinars during the same period of the previous year.

Details	Dec 31, 2023 IQD	Dec 31, 2022 IQD	Change Rate
Interest income	18,356,450	14,923,672	23.0%↑
Interest expenses	(279,760)	(46,339)	503.7%↓
Net interest income	18,076,690	14,877,333	21.5%↑
Net commission income	3,757,761	3,470,504	8.2%↑
Net interest and commission income	21,834,451	18,347,837	19.0%↑
Net gain from foreign currency exchange	3,412,794	463,021	637.1%↑
FX valuation loss	(337,265)	-	100.0%↓
Miscellaneous provisions, release	128,950	-	100.0%↑
Credit Provision release	153,156	224,328	31.7%↓
Capital gain	1,910,190	1,142,700	67.2%↑
Other operating income	15,577	31,393	50.4%↓
Gross Profit	27,117,853	20,209,279	34.2%↑
Employees' expenses	(3,590,017)	(3,592,685)	0.1%↑
Other operating expenses	(4,041,880)	(3,829,188)	5.6%↓
Depreciation and amortization	(1,051,986)	(1,257,455)	16.3%↑
Total expenses	(8,683,883)	(8,679,328)	0.1%↓
Net income for the year before income tax	18,433,970	11,529,951	59.9%↑
Income tax	(903,532)	(786,419)	14.9%↓
Net income for the year	17,530,438	10,743,532	63.2%↑
Basic and diluted earnings per share	0.070	0.043	

- **Total Revenue:**

Net operating revenues witnessed an increase of 34.2%. This increase resulted from higher net interest income due to credit interest from the bank's investments in treasury transfers and treasury bills for the Iraqi government, an increase in net commission income and profits from foreign currency transfer activities, as well as the recovery of credit provisions and the realization of capital income from the sale of three unused real estate properties.

- **Total Cost:**

Total expenses decreased by 0.1% to reach 8,683,883 thousand dinars, compared to 8,679,328 thousand dinars last year.

- **Bank-Owned Real Estate**

No.	Real Estate
1	Head Office Building and Main Branch, Karada, Baghdad
2	Building in Al-Baya', Baghdad
3	Building in Minawi Basha, Basra

- **Donations, advertising, hospitality and travel expenses during 2023**

Clause	Amount (in thousands of IQD)	Details
Donations	105,000	A donation of 72 million dinars as part of the Central Bank of Iraq's initiative to support community and humanitarian activities, and a donation of 33,000 dinars for the treatment expenses of a Board member, as decided by the General Assembly on 6/3/2023.
Travel and Dispatch	53,408	Total travel, hotel, and flight expenses for sending employees on business trips
Hospitality	7,149	Total expenses spent on hospitality
Advertisements	3,245	Total expenses spent on advertising
Total	168,802	

- **The bank's share price**

The bank's share price closed in the last trading session during the year 2023 at (0.79) dinar per share.

Contracts concluded or renewed during the year 2023

Contract	Contracting Party	Amount (IQD)	Amount (USD)
Erbil branch rent	Omar Qadir Amin		56,400
Al-Bayaa warehouse rent	Dar Al-Salam Bank	13,500,000	
An initiative to support community and humanitarian activities	Central Bank of Iraq	72,000,000	
Legal consultations	Dijla Legal Services Company	178,400,000	
Legal services	Attorney Ali Al-Jubouri	16,000,000	40,000
Cleaning services	Wahaj Baghdad Cleaning Company	13,226,985	
Financial Statements auditing fees	Farqad Al-Salman Company and Saad Rashid Company	60,000,000	
Wages of quarterly budgets	Farqad Al-Salman Company and Saad Rashid Company	21,000,000	
Internal audit consultations	Ahmed Al-Jubouri Company	50,875,000	
Electronic cards	Visa		72,201
Electronic cards	Areeba Company	30,070,694	14,486
Data center maintenance L1/L3 support	METCO	206,694,919	156,587
Insurance on bank assets	SSL Insurance and Al-Hamra Insurance Company		306,094
Insurance on bank vehicles	Al-Hamra Insurance Company	4,431,750	
Health insurance for employees	Al-Badia Insurance Company	16,868,543	
Health insurance for employees	Al-Andalus Insurance Company	27,531,240	
Customer signature system	01 system		23,390
Currency auction platform	Refinitiv		31,370
Communication lines	Al-Awal Communications Company	10,399,560	
Communication lines	Scope Sky	53,988,000	8,180
Archiving system maintenance	B.M.B international		10,870
Subscription to the Iraq Stock Exchange	Iraq Stock Exchange	25,000,000	
Fees for central bank licenses	Central Bank of Iraq	10,000,000	
Subscription to 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		856,486,691	719,578

Capital adequacy: Based on the letter of the Central Bank of Iraq No. 192/2/9 dated 22/07/2020, which approved the regulatory controls regarding capital adequacy standard for commercial banks in accordance with the requirements of Basel (II and III), which obligated commercial banks operating in Iraq to comply with the regulatory controls as of the second quarter of 2020. Accordingly, the bank calculated capital adequacy in accordance with the instructions of the Central Bank of Iraq and the required statements which amounted (97.664%) as of December 31, 2023.

- **Liquidity Coverage Ratio and Net Fixed Financing Ratio**

Based on the decision of the Board of Directors of the Central Bank of Iraq No. (167) of 2016 to adopt the liquidity coverage ratio (LCR) and the net stable financing ratio (NSFR) to monitor the volume of liquidity in banks and the extent of their ability to meet their obligations in the short and medium term. Accordingly, the regulatory controls for liquidity risk management have been approved in accordance with Basel decisions (III). The application of these ratios began effectively on January 1, 2017. The banks shall comply with the minimum limits as follows: The minimum liquidity coverage ratio is (100%) The minimum net stable financing ratio is (100%) The liquidity coverage ratio was (366%) as of December 31, 2023 (December 31: 2022: 767%); the net stable financing ratio was (899%) as of December 31, 2023 (December 31: 2022: 840%).

- **Financial Indicators and Performance Efficiency Indicators:**

Key Financial Indicators	31/12/2023	31/12/2022
Return on Average Assets	3.8%	2.5%
Return on Average Equity	6.0%	3.6%
Earnings per share	0.07	0.043
Provision Coverage ratio (non-performing facilities after deducting interest in suspense)	100%	100%
Ratio of non-interest expenses to net income (total expenses / total revenues)	32%	43%
Net interest to Gross profit	67%	74%
Non-interest income to Gross profit	33%	26%
Revenues from foreign currency transactions to Gross profit	12.6%	2.3%
Liquid assets to total assets	58%	28%
Coverage ratio (liquid assets to total deposits)	197%	126%

- **Term Deposits**

Central Bank of Iraq letter No. 314/3/9 on September 2, 2018, adopted the standard for term deposits as one of the important precautionary ratios, alongside the capital adequacy ratio, the liquidity ratio, and the loan-to-deposit ratio, to increase bank savings to be closer to the rates of demand for loans.

The term deposit ratio for private sector deposits is calculated by excluding total current accounts from total liabilities excluding property rights, with a required minimum rate of 30%. The bank's ratio amounted to 15.9% as of December 2023, compared to 31% in 2022.

The bank's management is actively working to attract term deposits through its strategic plan for the coming years, which includes:

- Developing electronic payment channels through smartphone applications
- Providing banking facilities guaranteed by investment deposits
- Expanding the granting of credits and letters of guarantee by adopting term deposits as corresponding cash guarantees

International Accounting Standards

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

Application of IFRS 9

- In 2014, the International Accounting Standards Board issued the amended version of International Standard No. 9, to be implemented starting in 2018, with early application permitted. However, according to the Central Bank of Iraq's letter No. (1719/2/9) dated November 5, 2017, the application of the standard was postponed for one year due to practical difficulties.
- Further, the Central Bank of Iraq's letter No. (466/6/9) dated December 26, 2018, mandated that banks disclose in accordance with the requirements of IFRS 9 in financial reports issued after January 1, 2019.
- The results of the application revealed a surplus amounting to 1,081,398 thousand dinars, resulting from the difference between the total expected credit losses of 6,313,650 thousand dinars and the total outstanding allocations of 7,395,048 thousand dinars as of December 31, 2023.

Application of IFRS 16

- The International Accounting Standards Board issued IFRS 16 “Lease Contracts” in January 2016, with the standard becoming effective for annual periods beginning on or after January 1, 2019. According to the Central Bank of Iraq's Book No. (206/3/9) dated May 24, 2018, banks are required to prepare financial statements in accordance with the requirements of IFRS 16 in financial reports issued after January 1, 2019.
- The effect of applying IFRS 16 includes: Depreciation expenses on right-of-use assets amounting to 68,459 thousand Iraqi dinars, included in “Depreciation and amortization” in the consolidated income statement. Interest on lease liabilities amounting to 6,822 thousand Iraqi dinars, included in “Interest expenses” in the consolidated income statement.

Consolidated Financial Statements

- The results of the subsidiary’s operations are consolidated in the consolidated income statement from the date of its acquisition, which is when the bank gains control over the subsidiary. The results of operations of a disposed subsidiary are consolidated until the date of disposal, which is when the bank loses control over the subsidiary.
- Subsidiary Company: The bank owns the Credit Brokerage Company (100%), established under license number (C.R-02-10283) on 11/03/2008, issued by the Companies Registration Department, with a capital of 100 million Iraqi dinars. The company provides services to Iraqi, Arab, and foreign investors for buying and selling shares of companies listed on the Iraq Stock Exchange.
- The subsidiary company’s loss for the fiscal year 2023 amounted to 6,560 thousand Iraqi dinars, compared to a loss of 20,648 thousand Iraqi dinars in 2022.
- According to the bank’s Board of Directors’ decision No. (18) on 06/12/2020 to liquidate the subsidiary company and begin legal procedures, the Iraq Stock Exchange suspended the trading activity of the subsidiary company as of 29/08/2021. The brokerage status of the subsidiary company was revoked by the Securities Authority on 24/01/2022. A decision was issued by the Registrar of Companies on 05/06/2022 approving the decision of the Credit Brokerage Company (the subsidiary) dated 06/02/2022, which included placing the subsidiary company under liquidation and appointing a liquidator for it. The financial statements (final liquidation) of the Credit Brokerage Company were issued on July 18, 2023, and the liquidation procedures are continuing until the date of preparing these statements.

- **Evaluating Bank Balances in Dollar Currency**

According to the decision of the Central Bank of Iraq, issued in the letter from the Banking Control Department No. 95/2/9 dated 08/02/2023, the new exchange rate was adopted starting from this date. Consequently, the bank adjusted the exchange rate of the dollar against the Iraqi dinar from 1460 to 1310 in its financial records and banking systems.

➤ **Cases Brought Against the Bank**

The Court of Cassation issued decision No. (10153/Civil Authority/Labor/2022) on 06/12/2022, ratifying the ruling issued by the Baghdad/Al-Russafa Labor Court, No. (426/ Labor/2020) on 31/10/2022. This ruling stipulated the reinstatement of the plaintiff (a former employee) to his job and the payment of all his salaries and financial dues from the date of his termination until his actual resumption of duties. The bank implemented the court's decision on February 13, 2023, and paid all the salaries and financial dues.

➤ **Capital Increase**

According to the Central Bank of Iraq's instructions No. (439/2/9) dated 08/02/2023, banks are required to increase their capital to no less than 400 billion dinars by 31/12/2024. This increase is to be executed in three phases for 50 billion dinars each. The first payment is due by 31/12/2023.

Based on the approval of the Central Bank of Iraq No. (33959/2/9) dated 24/12/2023, National Bank of Kuwait (the main shareholder in our bank) paid an amount of 50 billion Iraqi dinars on 27/12/2023 as the first installment under the capital increase account, on its behalf and on behalf of all shareholders, until the bank's general assembly is held and all capital increase measures are completed during the year 2024.

Amr Mostafa Al-Shenawy
Managing Director

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



Credit Bank of Iraq

Governance Report

2023

Governance:

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

Board of Directors:

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

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

General Principles for Selecting Members of the Board of Directors:

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

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

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

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

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

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

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

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

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

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

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

Council Responsibilities and Tasks:

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

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

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

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

The Key Accomplishments of the Board of Directors in 2023:

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

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

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

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

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

4. Approval of the following policies and procedures:

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

5. Approval of the following regulations and charters:

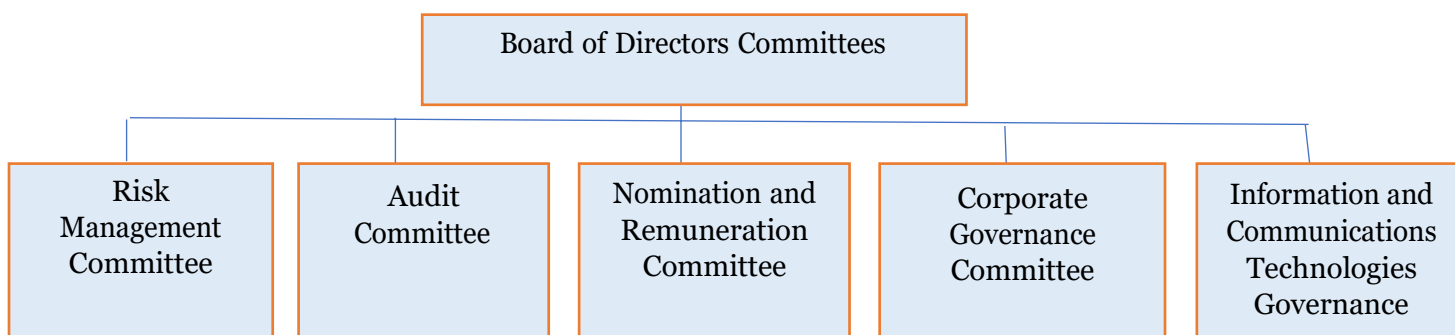
- Executive management list
- Regulations of the Investment Committee
- Credit committee regulations
- Regulations of the Information Technology Committee
- Work regulations for the Secretary of the Board of Directors
- Regulations for the Information Technology Governance Committee
- Procedures for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

- Risk Committee Charter

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

Committees Formed by the Board of Directors:

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



1. Audit Committee:

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

➤ **Duties of the Audit Committee:**

First: General Responsibilities:

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

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

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

Tasks of the Information and Communications Technology Audit Committee:

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

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

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

Third: Tasks of the Audit Committee Related to Internal Audit

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

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

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

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

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

2. Risk Management Committee:

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

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

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

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

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

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

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

2. Other Responsibilities:

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

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

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

- 1- Approval of the policies and procedures for the risk department (credit, liquidity and concentration, market, operation, stress tests, money laundering and terrorist financing risks, International Standard No. 9).
- 2- Approval of the comprehensive risk framework. 3- Approval of the overarching risk strategy.
- 3- Approval of the risk matrix.
- 4- Approval of the updated business continuity plan.
- 5- Endorsement of risk reports submitted to the Central Bank of Iraq (monthly, quarterly, semi-annually, annually).

3. Nomination and Remuneration Committee

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

head of committee Dr. Abdulrahman Jalhem Hamzah Al-Janabi

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

➤ Duties of the Nomination and Remuneration Committee

First: Nomination Tasks

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

Second: Reward Tasks

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

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

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

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

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

4. Corporate Governance Committee:

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

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

Tasks of the Corporate Governance Committee:

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

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

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

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

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

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

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

5. Information and Communications Technologies Governance Committee

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

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

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

Responsibilities of the ICT Governance Committee:

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

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

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

1. Establishing a set of principles, policies, and frameworks essential for achieving the overarching framework for managing, controlling, and monitoring ICT resources and projects. These should align with the objectives and processes of ICT governance outlined in the governance controls and institutional management of ICT.
2. Adopting principles, policies, and frameworks, particularly those pertaining to ICT risk management, information security management, and human resources management, to meet the requirements of ICT governance processes detailed in the Governance Controls and Institutional Management of ICT.
3. Implementing a comprehensive system of policies for managing ICT governance resources and processes outlined in the Governance and Institutional Management Controls for Information and Communications Technology. This system of policies serves as a baseline, with flexibility for consolidation and integration as needed by the nature of operations. Additionally, other regulatory policies must be developed to align with the bank's evolving objectives. Work mechanisms should specify the owner of each policy, its scope, review and update frequency, review and distribution powers, objectives, responsibilities, associated work procedures, penalties for non-compliance, and compliance examination mechanisms.
4. When formulating policies, soliciting contributions from all internal and external stakeholders and referencing international best practices and their updates as benchmarks. Examples of such practices include COBIT, ISO/IEC 27001/2, ISO 31000, ISO/IEC 9126, ISO/IEC 155504, ISO 22301, PCI DSS, ITIL, among others.

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

- A- To embrace a framework encompassing services, programs, and infrastructure for information and communications technology, outlined within the governance controls for managing information and communications technology within the institution. This framework should be regarded as a baseline, subject to continual provision and enhancement to align with the evolving objectives and operations of the bank, adhering to internationally recognized best practices.
- B- To endorse a framework of services, programs, and ICT infrastructure that facilitates and contributes to the fulfillment of ICT governance processes, subsequently advancing associated information and technology objectives and institutional aims.

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

- Adopt a competency matrix (HC Competences) and human resources management policies essential for fulfilling the requirements of ICT governance processes delineated within the governance controls for ICT management, ensuring alignment with these controls overall, and guaranteeing appropriate personnel placement.
- Recruit skilled and knowledgeable personnel with expertise in information and communications technology resource management, risk management, information security management, and ICT audit management. This recruitment should adhere to academic, technical, and professional standards, subject to approval from competent authorities. Moreover, existing staff should undergo rehabilitation and training to meet the specified requirements outlined in directives issued by the Central Bank of Iraq.

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

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

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

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

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

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

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

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

Executive Management:

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

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

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

General Principles for Selecting Executive Management

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

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

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

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

2. They must be fully dedicated to managing the bank's business.

3. They must hold at least a primary university degree in financial or banking sciences, business administration, finance, accounting, economics, law, or information technology, which are relevant to the bank's business.

4. They must have a minimum of five years of experience in banking or a related field. However, for the positions of general manager, authorized director, or regional director, they must have at least ten years of experience in banking or financial sector-related activities.

Duties and Responsibilities of Executive Management

1. Prepare and implement strategic and operational plans after Board of Directors approval, ensure their effectiveness, and submit proposals for their development or amendment.

2. Implement relevant laws, regulations, instructions, policies, and directives issued by the Board of Directors with integrity, responsibility, and transparency.

3. Provide recommendations for making important decisions related to banking operations, including managing deposits, loans, and investments, and offering local and international services, focusing on requirements, implementation methods, and continuous improvement.

4. Review and implement expansion plans for new branches and offices.

5. Prepare and develop policies and procedures for all work details.

6. Create an organizational structure for the bank, defining duties and responsibilities, distributing them among organizational units, and establishing vertical and horizontal lines of communication.

7. Prepare the necessary annual budgets for the bank.

8. Commit to adequate internal control systems to protect the bank's funds and assets, ensuring the integrity of financial transactions and information, and working to implement them.

9. Establish appropriate systems to manage all types of risks.

10. Provide internal and external oversight bodies with requested reports and information, facilitating their oversight and inspection tasks.

11. Ensure compliance with international standards in all bank activities and operations.

12. Submit periodic reports to the Board of Directors on the progress of the bank's business.

13. Maintain comprehensive and sound records and information systems for all activities and decisions, supported by necessary documents.

14. Discuss and follow up on the progress of work in the bank and propose solutions.

15. Coordinate between different departments to ensure compatibility, harmony, and integration.

16. Determine human resource needs and follow up on their training to enhance performance.

17. Monitor the bank's financial status and ensure appropriate profits by balancing risk and return, in accordance with the annual plan.
18. Review the Anti-Money Laundering Office's official website daily for the latest lists of frozen terrorist funds. Immediately notify the Anti-Money Laundering Office and the Central Bank's Banking Control Department if a person's name appears on the list.
19. Establish the Steering Committee for Information and Communications Technology to achieve the bank's strategic goals sustainably. This committee, led by the General Manager, includes sub-managers, the Director of Information and Communications Technology, the Director of Risk Management, and the Director of Information Security. The Board appoints a member as an observer in this committee, alongside the director of internal audit, who attends only to present or discuss their report to maintain independence and objectivity. Others may be invited to meetings as necessary, and the committee documents its meetings with official minutes.
20. The Board and senior executive management must develop the necessary infrastructure and information systems to provide information and reports for the bank's decision-making processes. Information quality requirements include credibility, integrity, accuracy, and availability, alongside confidentiality per data classification policy and compliance. Additionally, the COBIT - Enabling Information standard requirements must be met, which include objectivity, believability, reputation, relevance, appropriate amount, concise representation, consistent representation, interpretability, understandability, ease of manipulation, and restricted access.
21. The bank's executive management must provide ongoing training and education programs for employees to maintain the necessary knowledge and skills for effective information and communications technology (ICT) governance processes, as outlined in the governance and institutional management controls for ICT.
22. The bank's executive management must implement mechanisms for the annual evaluation of staff, using objective measurement standards that assess their contributions to the bank's objectives through their respective job positions.
23. The senior executive management must approve the services, programs, and infrastructure systems for ICT as specified in the governance and institutional management controls for ICT in the banking sector. These systems should be considered a minimum requirement and must be continuously developed to align with the bank's evolving objectives and operations, in accordance with accepted international best practices.
24. The senior executive management must adopt services, programs, and ICT infrastructure that support and facilitate the achievement of ICT governance processes, as well as the associated information, technology, and institutional goals.

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

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

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

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

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

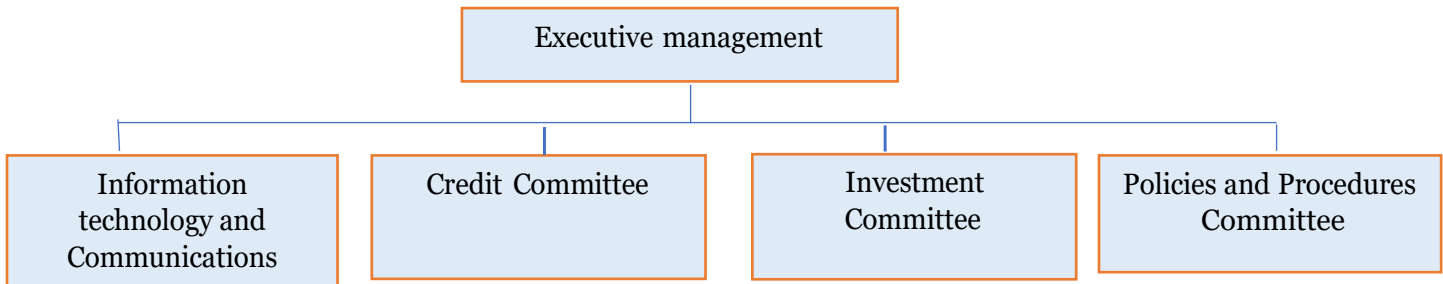
Credit Bank of Iraq made many achievements during the year 2023, the most important of which was increasing the bank's profits by 63.2% to reach 17.53 billion Iraqi dinars during the year 2023, compared to 10.73 billion Iraqi dinars during the year 2022. This is through the bank diversifying investments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

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

Committees Emanating from the Executive Management:

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

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



1. Credit Committee:

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

❖ The Credit Committee is composed of the following members:

- Managing Director, acting as head of the Committee
- Risk Management Manager
- Credit Department Manager
- Chief Finance Officer
- Legal Affairs Department Manager

➤ **Tasks of the Committee:**

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

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

5. Simplify loan granting procedures.

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

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

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

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

2. Investment Committee:

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

❖ The Investment Committee is composed of the following members:

- Managing Director, Chairman of the Committee
- Deputy Managing Director
- Investment and Treasury Manager
- Chief Finance Officer
- Risk Management Director

➤ **Tasks of the Committee:**

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

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

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

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

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

3. Information Technology, Communications and Cybersecurity Committee:

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

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

- Managing Director, head of the Committee
- Deputy Managing Director
- Chief Business Officer
- Operations Department Manager
- Information Technology Department Manager / Committee Rapporteur
- Chief Finance Officer
- Risk Management Manager
- Information Security Manager
- Internal Audit Manager (Observer)

➤ **Tasks of the Committee:**

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

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

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

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

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

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

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

4. Policies and Procedures Committee:

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

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

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

- Director of Branches Administration
- Director of the Operations Department

➤ **Tasks of the Committee:**

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

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

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

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

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

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

Rewards and Incentives Policy

➤ Introduction:

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

➤ Performance Evaluation:

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

➤ Performance Evaluation Criteria:

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

1. General Performance of the Job:

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

2. Competencies and Skills:

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

- General competencies and skills
- Administrative competencies and skills

➤ **Rewards and Incentives:**

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

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

Remuneration Disclosures:

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

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

Mr. Ali Mohammed Noor Rashad

- Mr. Saad Latif Hamad Nassir

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

Ethics and Professional Conduct Rules

➤ **Introduction:**

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

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

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

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

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

Rights of Stakeholders:

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

➤ Customers:

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

➤ Employees:

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

Relationship with Shareholders and Investors

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

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

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

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

Amr Mostafa Mohamed El-Shenawy
Managing Director

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

**Dear Members of the General Assembly,
Credit Bank of Iraq
(Private Joint Stock Company) - Baghdad
Auditor's Report**

We have examined the consolidated statement of financial position of the Credit Bank of Iraq (a private joint stock company) - Baghdad as of December 31, 2023. Our examination also covered the consolidated statement of income and comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows for the year ending on that date, the accompanying notes, and the bank's annual report. These documents were prepared in accordance with the provisions of the Companies Law No. (21) of 1997, as amended, and the regulations and instructions issued pursuant to it.

Responsibility of Bank Management

The bank's management is responsible for preparing these financial data and presenting them fairly in accordance with local and international accounting rules and standards. Additionally, management is responsible for designing and implementing an internal control system to ensure that the preparation and disclosure of the consolidated financial statements are fair and free from material misstatements, whether due to errors or fraud. This responsibility also includes selecting and applying appropriate accounting policies and making reasonable accounting estimates.

Responsibility of the Auditor

Our responsibility is to express an impartial and technical opinion on the consolidated financial statements presented to us, in accordance with local and international auditing standards. These standards require us to plan and perform audit procedures to obtain reasonable assurance about whether the financial statements are free from material misstatements. The audit also involves examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements for the year ending December 31, 2023. It includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management. We believe that our audit provides a reasonable basis for our opinion, and we include the following clarifications and observations:

First: The Bank's Application of International Accounting Standards

The bank has prepared consolidated financial statements in accordance with international accounting standards, following the instructions of the Central Bank of Iraq, which mandate the transition from local accounting standards to international accounting standards. Additionally, it is important to note that the bank has adopted the principle of recording real estate and equipment at historical cost and has not re-evaluated these assets based on their fair value.

Second: Shareholders' Rights

Change in Shareholders' Equity

The ownership rights have decreased from the previous year by an amount of 12,469,562 thousand dinars. This decrease represents 4% of the capital and adequate reserves and is due to the distribution of a dividend of 30 billion dinars to shareholders.

Third: The Bank's Activity During the Year Subject to the Report

1. The profits after tax achieved during the current year amounted to 17,530,438 thousand dinars, compared to the previous year's profit of 10,743,532 thousand dinars.
2. Most of the realized profits for the current and previous years resulted from investments in treasury bills and bonds issued by the Central Bank of Iraq and the Iraqi government. The bank's management continues to follow a conservative policy regarding the granting of credit facilities to the bank's customers.

Fourth: Other Assets

1. The other assets shown in Note No. (10) of the financial statements for the year under audit constitute less than 1% of the total current assets, which is below the percentage specified by the Central Bank of Iraq, which is 10%.
2. The bank does not own properties expropriated as a result of debt settlement.

Fifth: The Bank's Investments in Companies and Securities

The balance of the bank's investments in companies and securities amounted to 789,474 thousand dinars as of December 31, 2023. This amount represents the bank's contribution to the Iraqi Deposit Insurance Company.

Sixth: Miscellaneous Provisions

1. The balance of the employees' service compensation provision as of December 31, 2023, amounted to 558,650 thousand dinars. This represents the employees' end-of-service rewards, calculated according to each employee's entitlements. An amount of 30,000 thousand dinars was credited to the employees' benefits and salaries account to form the required entitlements.
2. A fine of 3,690,741 thousand dinars was imposed on the bank by the Central Bank during 2019, related to the currency auction window for customs permits for the fiscal year 2012. This fine was to be paid in 48 installments, and the bank continues to pay these installments. The remaining balance is 222,900 thousand dinars as of December 31, 2023. It is worth noting that the balance of other provision exceeds the remaining amount, amounting to 595,906 thousand dinars (Note 13).

Seventh: Fixed Assets

1. The fixed assets, including real estate, are owned and registered in the name of the bank with the relevant official departments.
2. In compliance with the instructions of the Central Bank of Iraq, the bank sold unused properties in Mosul, Basra, and Karrada. Ownership of these properties was transferred to buyers during the year 2023. Capital gains amounting to 1,893,311 thousand Iraqi dinars were realized from the sale of these properties.

Eighth: Capital Adequacy

Based on the Central Bank of Iraq's Resolution No. 110 of 2020, which includes the approval of the regulatory controls for the capital adequacy standard for commercial banks in accordance with the requirements of Basel III and II, we examined the accounting records and reviewed the nature of the banking operations conducted by the bank during the audit year. The statements prepared for the purpose of calculating capital adequacy indicate that the capital adequacy ratio at the end of the year was 97% of capital and adequate reserves.

Ninth: Foreign Exchange Rate

Foreign currency rates against the Iraqi dinar in the bank's accounting records as of December 31, 2023, are shown in the table below:

Currency	Exchange Rate
U.S. Dollar	1.310
Euro	1.458
Sterling Pound	1.680
Emirati Dirham	356
Jordanian Dinar	1.850
Kuwaiti Dinar	4.263

Tenth: Consolidated Financial Statements

The attached financial statements are consolidated statements of the Credit Bank of Iraq (a private joint stock company) and the Credit Brokerage Company Limited, which is wholly owned by the bank.

Eleventh: Foreign Currency Auction Window

The profits from the foreign currency auction window during the year 2023 amounted to 212,146 thousand dinars (Note 20).

Twelfth: Money Laundering and Terrorist Financing

Through our examination of the accounting records and review of the nature of the banking operations conducted by the bank during the audit year, we did not find any indications of banking operations related to money laundering or activities contributing to the financing of terrorist operations. The bank has implemented sufficient measures to prevent money laundering and terrorist financing, in compliance with the regulations and directives issued by the Central Bank of Iraq. The Credit Bank of Iraq has adopted the following measures to combat money laundering and terrorist financing:

1. Electronic System (Side Safe watch): This system contains international and local lists and is connected to the bank's systems. It performs automated searches and inquiries on new customers before opening their accounts and reviews existing accounts daily, as well as any outgoing/incoming external and internal transfers before implementation. Blacklists are updated periodically.
2. Website (World Check): This website contains international lists used for searching and inquiring about new clients before opening accounts for them.
3. Electronic System (ORACLE AML System): This system for combating money laundering and terrorist financing is linked to the bank's internal systems and monitors financial operations on customers' accounts using developed scenarios. It issues alerts (daily and monthly), which are reviewed through the money laundering and terrorist financing reports to branch liaison employees on a daily basis, and necessary actions are taken.
4. Banking System (Equation): This banking system contains a special field for classifying customers according to their degree of risk (Risk Rating) and is connected to the anti-money laundering and terrorist financing system (ORACLE AML System).
5. GO AML System: Developed by the Anti-Money Laundering and Counter-Terrorism Financing Office during 2023, this system is directly linked to the bank, with exclusive access for the department director and assistant. It allows the bank to send suspicious transaction reports (STR) directly, ensuring confidentiality and speed, in addition to sending daily reports required by the Anti-Money Laundering and Combating the Financing of Terrorism Office.

Thirteenth: Compliance Reports

The Compliance Department's reports sent to the Central Bank and the Audit Committee emanating from the Bank's Board of Directors were reviewed. The bank's management ensured full compliance with all laws and instructions issued by the Central Bank related to the bank's activities for the year under audit. Periodic reports were sent at the specified times and in the required formats.

Fourteenth: Increasing the Bank's Capital

The procedures for processing the bank's capital increase, specifically the first installment specified by the Central Bank of Iraq in its letter No. 439/2/9 on August 2, 2023, amounting to 50 billion dinars, have not been completed. It is noted that the amount was deposited in the bank's account with the National Bank of Kuwait in Kuwait for this purpose on December 27, 2023. The amount was received by the Central Bank of Iraq on January 11, 2024. We recommend expediting the completion of the remaining procedures.

Fifteen: Cash Credit Facilities

The cash credit facilities, amounting to 6,172,535 thousand dinars, were reviewed as of December 31, 2023. We would like to clarify the following points:

- The outstanding balance represents a group of non-performing credit facilities that were granted in previous years. The bank has created a provision of 100% to cover the balance of these facilities.
- The balance of credit facilities decreased by 197,722 thousand dinars from the previous year due to loan repayments during the year.
- We recommend that the bank actively follows up and takes legal measures to recover the remaining outstanding facilities.

Sixteen: Indirect Credit Facilities

The Indirect credit portfolio, with a balance of 53,227,135 thousand dinars, was reviewed as of December 31, 2023. We would like to clarify the following points:

- The balance of the letters of guarantee reserve held by the Central Bank of Iraq is 136,462 thousand dinars, which is according to the deduction made by the Central Bank of Iraq. This balance is included in Note No. (3) Cash and balances with the Central Bank.
- Internal letters of guarantee with 100% and 110% guarantees amount to 76 letters, worth 5,657,113 thousand dinars.

- External letters of guarantee (Back to Back), fully guaranteed by external correspondent banks, amounting to 38 letters with a value of 45,586,628 thousand dinars.
- Six letter of credits worth 1,983,395 thousand dinars.

Seventeen: Additional Clarifications

1. Implementation of Institutional Governance Instructions:

The bank generally complies with the quantitative and qualitative requirements mandated by the Central Bank. Both the Board of Directors and the bank's management are diligently working to adhere to corporate governance instructions, particularly those related to disclosure and transparency practices.

2. Results of the Audit conducted by the Central Bank of Iraq:

The Central Bank's correspondence regarding the audit results of the quarterly report submitted by the bank was reviewed. The implementation of the Central Bank of Iraq's recommendations for the quarterly audit findings, along with any other executive procedures determined by the Central Bank, was monitored, including reports from the Internal Control Department on a quarterly basis.

3. Correspondence with the Central Bank: Our review of the bank's correspondence file with the Central Bank, including monthly and quarterly reports, indicated that there are no significant issues affecting the adequacy of the information sent to the Central Bank of Iraq.

4. Adoption of Electronic Systems: The bank uses electronic systems to record financial transactions in accordance with the banking system (Equation). All accounting records are maintained electronically, while documents are kept on paper and stored securely and appropriately.

5. Balances with Correspondent Banks:

- As of December 31, 2023, the percentage of balances with correspondent banks abroad reached 30% of capital and adequate reserves, surpassing the 20% limit set by the Central Bank of Iraq. This increase is due to a deposit of 50 billion Iraqi dinars by the main shareholder (National Bank of Kuwait) into the Credit Bank account in Kuwait to facilitate the bank's capital increase. Additionally, the bank has a provision for the entire balance with the correspondent bank in Lebanon.

6. Foreign Exchange Positions:

- The bank calculated its foreign exchange positions according to the Central Bank of Iraq's instructions, resulting in an 18% debit cash position (Long Position) as of December 31, 2023. This percentage does not exceed the 20% limit relative to the bank's capital and adequate reserves.

7. Solvency and Financial Liquidity:

- Liquidity Coverage Ratio (LCR): The LCR, in accordance with Basel III decisions, reached 366%, significantly higher than the minimum requirement of 100% set by the Central Bank.
- Net Stable Funding Ratio (NSFR): The NSFR, as per Basel III decisions, reached 899%, also well above the Central Bank's minimum requirement of 100%.
- Given these ratios, there are no concerns about the bank's ability to meet its obligations to depositors in the foreseeable future.

8. Application of International Financial Reporting Standard (IFRS) No. 9:

- The bank adheres to IFRS 9 for calculating expected credit losses (ECL). As of December 31, 2023, the application resulted in a surplus of 1,081,398 thousand dinars between the total ECL of 6,313,650 thousand dinars and the book balance of outstanding provision amounting to 7,395,048 thousand dinars. The bank has retained this surplus in the existing provision balances (Note 32).

9. Other Liabilities:

- The balance of other liabilities, detailed in Note 15 of the financial statements, was 61,170,049 thousand dinars at the end of the audited year. All accounts contributing to this balance have been thoroughly reviewed.

Based on our assessment and the extent of our examination, as well as the information recorded in the bank's records and the clarifications provided to us, we conclude the following:

1. The bookkeeping system used by the bank complies with the requirements of the bookkeeping system. In our opinion, it adequately records all of the bank's assets, liabilities, expenses, and revenues. Additionally, the internal control system includes necessary procedures that ensure the validity and accuracy of this data, commensurate with the scale of the bank's activities.

2. The process of inventorying fixed and cash assets was conducted properly and under our supervision. The inventory results matched the auxiliary records, and these assets were evaluated according to the established principles and methods approved and followed in the previous year.

3. The annual report, along with the financial and accounting information it contains, accurately reflects the bank's performance during the audited year and complies with the provisions of prevailing laws and regulations.

4. The final data and accounts have been prepared in accordance with applicable accounting rules and legislation. They are consistent with the records and have been organized in compliance with the Companies Law, as well as the regulations and instructions issued under it, and the Banking Law.

Opinion

Based on the clarifications and observations provided in our report, we believe that the consolidated financial statements of the Credit Bank of Iraq (a private joint-stock company) and the accompanying management report are consistent with the records and meet the legal requirements. The performance indicators contained within provide a clear and fair statement of the financial position of the bank as of December 31, 2023, and reflect the results of the bank's activities and cash flows for the year ending on the same date.

Saad Rashid Jassim and Partner
Company Chartered Accountant
and Auditor

Farqad Al-Salman and Partners
Company Chartered Accountant
and Auditor

Baghdad, on February 4, 2024

CREDIT BANK OF IRAQ

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

**This Documents is a translation of the Arabic Financial
Statements for the year ended December 31st 2023**

CREDIT BANK OF IRAQ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As 31 DECEMBER 2023

Assets	Notes	31 Dec 2023	31 Dec 2022
		IQD (000)	IQD (000)
Cash and balances with Central Bank	3	214,977,834	96,029,644
Due from banks and other financial institutions	4	82,019,722	18,841,071
Financial assets held to maturity	6	-	78,721,506
Financial assets through other comprehensive income	7	200,789,474	200,789,474
Property and equipment , Net	8	8,968,740	9,982,939
Intangible assets , Net	9	196,580	329,282
Other assets	10	776,824	2,036,846
Total assets		<u>507,729,174</u>	<u>406,730,762</u>
<u>Liabilities And Shareholder's Equity</u>			
Liabilities			
Customers' deposits	11	150,657,681	91,144,741
Margin accounts	12	5,709,466	5,478,120
Miscellaneous provisions	13	2,253,466	3,147,761
Income tax liabilities	14	903,532	786,419
Other liabilities	15	61,170,043	6,669,173
Total liabilities		<u>220,694,188</u>	<u>107,226,214</u>
Shareholder's Equity			
Paid in capital	16	250,000,000	250,000,000
Statutory reserve	17	17,133,478	16,256,628
Expansion reserves		1,500,000	1,500,000
Retained earnings		18,401,508	31,747,920
Total shareholder's equity		<u>287,034,986</u>	<u>299,504,548</u>
Total liabilities and shareholder's equity		<u>507,729,174</u>	<u>406,730,762</u>

Chairman of the Board of Directors

Saad Rashed Jasim
Certified Public Accountants

General Manager

Farqad Als Salman & Co.
Certified public accountants

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

**CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<u>Notes</u>	<u>31 Dec 2023</u> <u>IQD (000)</u>	<u>31 Dec 2022</u> <u>IQD (000)</u>
Interest income	18	18,356,450	14,923,672
Interest expense	19	(279,760)	(46,339)
Net interest income		18,076,690	14,877,333
Net fees and commissions	20	3,757,761	3,470,504
Net interest and commission income		21,834,451	18,347,837
Net gain from foreign currency exchange		3,412,794	463,021
FX valuation loss	21	(337,265)	-
Miscellaneous provisions, release	13	128,950	-
Capital gain	22	1,910,190	1,142,700
Credit Provision release		153,156	224,328
Other operating income		15,577	31,393
Gross profit		27,117,853	20,209,279
Employees' expenses	23	(3,590,017)	(3,592,685)
Other operating expenses	24	(4,041,880)	(3,829,188)
Depreciation and amortization	8	(1,051,986)	(1,257,455)
Total expenses		(8,683,883)	(8,679,328)
Profit before income tax		18,433,970	11,529,951
Income tax	14	(903,532)	(786,419)
Profit After income tax		17,530,438	10,743,532
Distributed as below:			
Statutory reserve		876,850	536,082
Net Profit after tax and Statutory reserve		16,653,558	10,207,450
Net Profit for the year		17,530,438	10,743,532
		Dinar/Files	Dinar/Files
Basic and diluted earnings per share	25	0.070	0.043

CREDIT BANK OF IRAQ
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>31 Dec 2023</u> <u>IQD (000)</u>	<u>31 Dec 2022</u> <u>IQD (000)</u>
Profit for the year	17,530,438	10,743,532
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	17,530,438	10,743,532
Total comprehensive income for the year	17,530,438	10,743,532

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

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<u>Paid in Capital</u>	<u>Statutory reserve</u>	<u>Expansion Reserve</u>	<u>Retained earnings</u>	<u>Total</u>
<u>2023</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 2023	250,000,000	16,256,628	1,500,000	31,747,920	299,504,548
Total comprehensive income for the year	-	-	-	17,530,438	17,530,438
Dividend distribution	-	-	-	(30,000,000)	(30,000,000)
Transfer	-	876,850	-	(876,850)	-
Balance at 31 December 2023	250,000,000	17,133,478	1,500,000	18,401,508	287,034,986
<u>2021</u>					
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	-	(536,082)	-
Balance at 31 December 2022	250,000,000	16,256,628	1,500,000	31,747,920	299,504,548

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

		31 Dec 2023	31 Dec 2022
	Notes	IQD (000)	IQD (000)
Operating activities:			
Profit before income tax		18,433,970	11,529,951
Adjustments for Non-Cash items			
Depreciation and amortization	8,9	1,051,986	1,257,455
Release of Miscellaneous provisions	13	(128,950)	-
Operating cash flows from Operating activities before changes in assets and liabilities		19,357,006	12,787,406
Changes in assets and liabilities:			
(Increase) Decrease in other assets	10	1,260,022	(566,733)
Increase (Decrease) in Miscellaneous provisions	13	(765,345)	(22,684)
Increase (Decrease) in customers' deposits	11	59,512,944	(67,967,132)
Increase (Decrease) in margin accounts	12	231,346	(1,224,134)
Increase (Decrease) in other liabilities	15	54,500,866	(2,337,026)
Net cash flows from (used in) operating activities before income tax		134,096,839	(59,330,303)
Income tax paid		(786,419)	-
Net cash flows from (used in) operating activities		133,310,420	(59,330,303)
Investing activities:			
(Acquisition) Sale of financial assets at amortized cost	6	78,721,506	(56,861,794)
(Acquisition) of Financial assets through other comprehensive income	7	-	(200,000,000)
(Acquisition) of intangible assets	9	(16,060)	-
(Acquisition) of property and equipment	8	110,975	(651,227)
Net cash flows (used in) from investing activities		78,816,421	(257,513,021)
Financing activities:			
Dividend distribution		(30,000,000)	-
Net cash flows (used in) from investing activities		(30,000,000)	-
Net increase (decrease) in cash and cash equivalents		182,126,841	(316,843,324)
Cash and cash equivalents at 1 January		114,870,715	431,714,039
Cash and cash equivalents at 31 December	26	296,997,556	114,870,715

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(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 8 February 2023 to change the USD exchange rate against IQD from (1,460) to (1,310) 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 2023 (2022: IQD 100 Million).

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 (6,560) thousand dinar for the year 2023 compared to loss of (20,684) thousand dinar in 2022.

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 32).

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, 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 68,459 thousand dinars and is included in 'depreciation of premises and equipment' in consolidated statement of income. Interest on lease liability for the year amounted to 6,822 thousand dinars and is included in 'interest expenses' in consolidated statement of income.

SUBSEQUENT EVENT (Capital Increase)

According to the instructions of the Central Bank of Iraq No. (9/2/439) dated 2/8/2023 to increase the capital of banks to no less than 400 billion dinars within a maximum period of 31/12/2024 by three payments and each payment of not less than 50 billion dinars. The first payment was due on 31/12/2023.

Based on the approval of the Central Bank of Iraq No. (9/2/33959) on 24/12/2023, the National Bank of Kuwait (the main shareholder in our bank) paid an amount of 50 billion Iraqi dinars on 27/12/2023 as a down payment under the capital increase account on its own behalf and on behalf of all shareholders until the completion of all capital increase procedures during the year 2024 (Notes 4, 15).

The Central Bank of Iraq withdrew the amount of the first payment of 50 billion dinars from the current account of the Bank on 11/1/2024.

(3) CASH AND BALANCES WITH CENTRAL BANK

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Cash on hand	11,202,245	11,231,385
Gold	300	300
Balances with Central Bank:		
Current accounts	170,629,101	40,322,252
Deposit account	-	30,000,000
Dormant account*	5,204,388	-
Statutory reserve	27,805,338	14,249,207
LGs reserve	136,462	226,500
Total	<u>214,977,834</u>	<u>96,029,644</u>

* Represents the balances of dormant accounts of customers that the bank transferred to the Central Bank as per dormant accounts instructions. There is a corresponding account for these balances in other liabilities (note 15)

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

(4) DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Current accounts with local banks	2,570,164	600,296
Current accounts with Foreign banks*	55,993,160	9,611,542
Fixed deposits with Foreign banks	23,580,000	8,760,000
Expected credit losses	<u>(123,602)</u>	<u>(130,767)</u>
Total	<u>82,019,722</u>	<u>18,841,071</u>

* Within the balance of the account (Current accounts with Foreign banks) an amount of 50 billion Iraqi dinars, representing the amount paid by the National Bank of Kuwait (the main shareholder in our bank) as a down payment under the capital increase account on its own behalf and on behalf of all shareholders until the completion of all capital increase procedures during the year 2024.

	<u>31 Dec 2023</u>				<u>31 Dec 2022</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
FX change	<u>(7,165)</u>	-	-	<u>(7,165)</u>	-
Total	<u>123,602</u>	-	-	<u>123,602</u>	<u>130,767</u>

(5) DIRECT CREDIT FACILITIES, NET

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Loans	1,855,730	2,053,452
Overdrafts	<u>4,316,805</u>	<u>4,316,805</u>
Total	6,172,535	6,370,257
Less: Interest in suspense	(3,655,461)	(3,690,425)
Less: ECL provision	<u>(2,517,074)</u>	<u>(2,679,832)</u>
Total	<u>-</u>	<u>-</u>

* Non-performing credit facilities amounted to IQD 6,172,535 thousand as at 31 December 2023 (2022: IQD 6,370,257 thousand), representing 100% (2022: 100%) of gross direct credit facilities.

** Loans with total amount of (153,156) thousand dinar were settled that leads to credit provision recovery of (153,156) thousand dinar and interest income of (7,287) thousand dinar.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

The table below shows the credit facilities movement:

	31 Dec 2023			Total	31 Dec 2022
	Stage 1	Stage 2	Stage 3		Total
	<u>IQD (000)</u>	<u>IQD (000)</u>	<u>IQD (000)</u>		<u>IQD (000)</u>
Balance at 1 January	-	-	6,370,257	6,370,257	6,937,918
FX change	-	-	(37,279)	(37,279)	-
Loans settlement	-	-	(160,443)	(160,443)	(567,661)
Total	<u>-</u>	<u>-</u>	<u>6,172,535</u>	<u>6,172,535</u>	<u>6,370,257</u>

The table below shows the credit provision movement:

	31 Dec 2023			Total	31 Dec 2022
	Stage 1	Stage 2	Stage 3		Total
	<u>IQD (000)</u>	<u>IQD (000)</u>	<u>IQD (000)</u>		<u>IQD (000)</u>
Balance at 1 January	-	-	2,679,832	2,679,832	2,956,688
Release provision	-	-	(153,156)	(153,156)	(224,328)
FX change	-	-	(9,602)	(9,602)	-
Write off provision	-	-	-	-	(52,528)
Total	<u>-</u>	<u>-</u>	<u>2,517,074</u>	<u>2,517,074</u>	<u>2,679,832</u>

The table below shows the interest in suspense movement:

	31 Dec 2023			Total	31 Dec 2022
	Stage 1	Stage 2	Stage 3		Total
	<u>IQD (000)</u>	<u>IQD (000)</u>	<u>IQD (000)</u>		<u>IQD (000)</u>
Balance at 1 January	-	-	3,690,425	3,690,425	3,981,230
Paid interest	-	-	(7,287)	(7,287)	(645)
FX change	-	-	(27,677)	(27,677)	-
Write off	-	-	-	-	(290,160)
Total	<u>-</u>	<u>-</u>	<u>3,655,461</u>	<u>3,655,461</u>	<u>3,690,425</u>

(6) FINANCIAL ASSETS HELD TO MATURITY

	31 Dec 2023	31 Dec 2022
	<u>IQD (000)</u>	<u>IQD (000)</u>
Iraqi government bonds	-	29,200,000
Treasury bills	-	50,000,000
Accrued Interest	-	(478,494)
	<u>-</u>	<u>78,721,506</u>

- The Central Bank of Iraq's Treasury bills in IQD are not exposed to Expected Credit Losses (Note: 32)

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

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Unquoted shares*	789,474	789,474
Iraqi government bonds **	200,000,000	200,000,000
Total	200,789,474	200,789,474

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 matured in 2023 and reinvested in Iraqi Government Bonds – Emaar Bonds

- Iraqi government bonds in IQD are not exposed to Expected Credit Losses (Note: 32)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(8) PROPERTY AND EQUIPMENT

	Land	Buildings	Right of Use Assets	Computers, Furniture & Fixtures	Vehicles	Machinery & equipment	Total
2023	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Cost at 1 January	3,841,400	4,973,396	667,587	4,388,756	229,202	741,032	14,841,373
Additions	-	-	-	157,976	-	4,023	161,999
Disposals	(115,721)	(320,778)	-	(51,245)	-	(82,492)	(570,236)
Cost at 31 December	3,725,679	4,652,618	667,587	4,495,487	229,202	662,563	14,433,136
Accumulated Depreciation:	-	446,563	299,478	3,236,761	229,202	677,090	4,889,094
At 1 January	-	97,814	68,459	700,155	-	36,796	903,224
Depreciation charge for the year	-	97,814	68,459	700,155	-	36,796	903,224
Disposals	-	(194,556)	-	(50,874)	-	(82,492)	(327,922)
At 31 December	-	349,821	367,937	3,886,042	229,202	631,394	5,464,396
Net book value	3,725,679	4,302,797	299,650	609,445	-	31,169	8,968,740
Projects in progress	-	-	-	-	-	-	-
Net book value	3,725,679	4,302,797	299,650	609,445	-	31,169	8,968,740

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	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	-	507,755	299,478	3,236,761	229,202	677,090	4,889,094
Net book value	3,841,400	4,526,833	368,109	1,151,995	-	63,942	9,952,279
Projects in progress	-	-	-	30,660	-	-	30,660
Net book value	3,841,400	4,526,833	368,109	1,182,655	-	63,942	9,982,939

9) INTANGIBLE ASSETS

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Balances at 1 January	329,282	477,211
Additions during the year	16,060	-
Amortization during the year	<u>(148,762)</u>	<u>(147,929)</u>
Total	<u>196,580</u>	<u>329,282</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 2023</u>	<u>31 Dec 2022</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Prepaid expenses	421,750	697,967
Debtors accounts	199,311	214,311
Accrued interests and revenues	145,958	1,109,568
Margins with others	9,000	15,000
Others	805	-
Balances subject to write off*	-	281,280
Write off balances provision	-	<u>(281,280)</u>
Total	<u>776,824</u>	<u>2,036,846</u>

(11) CUSTOMERS' DEPOSITS

<u>31 Dec 2023</u>	<u>Retails</u> <u>IQD (000)</u>	<u>Corporate</u> <u>IQD (000)</u>	<u>Total</u> <u>IQD (000)</u>
Current and demand deposits	9,576,177	103,271,433	112,847,610
Saving accounts	7,814,835	29,995,236	37,810,071
Total	17,391,012	133,266,669	150,657,681

<u>31 Dec 2022</u>	<u>Retails</u> <u>IQD (000)</u>	<u>Corporate</u> <u>IQD (000)</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

(12) MARGIN ACCOUNTS

	<u>31 Dec 2023</u> <u>IQD (000)</u>	<u>31 Dec 2022</u> <u>IQD (000)</u>
Margins against LG's	5,709,466	5,478,120
Total	5,709,466	5,478,120

(13) MISCELLANEOUS PROVISIONS

	<u>31 Dec 2023</u> <u>IQD (000)</u>	<u>31 Dec 2022</u> <u>IQD (000)</u>
Contingency Provision	595,906	1,382,613
LC's & LG's Provision	1,098,910	1,098,910
Staff end of service Provision	558,650	666,238
Total	2,253,466	3,147,761

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

The movements on Miscellaneous provisions as follows:

31 Dec 2023	At 1 January	Charge	Release	At 31 December
IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Contingency Provision*	1,382,613	-	(786,707)	595,906
LC's & LG's Provision**	1,098,910	-	-	1,098,910
Staff end of service Provision	666,238	30,000	(137,588)	558,650
Total	3,147,761	30,000	(924,295)	2,253,466

* 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 (657,757) thousand dinar during 2023 for the penalty; the contingency provision balance covers the remaining penalty payments to the Central bank and the bank release an amount of (128,950) thousand dinar during 2023

** The bank increased the End of Service provision by an amount of (30,000) thousand dinar to cover the end of service dues as per Iraqi Labor law (Note: 23) and paid an amount of (137,588) thousand dinar to the beneficiaries.

(14) INCOME TAX LIABILITIES

The movements on income tax liability as follows:

	2023	2022
	IQD (000)	IQD (000)
At 1 January	786,419	-
Tax charge for the year	903,532	786,419
Tax paid during the year	(786,419)	-
At 31 December	903,532	786,419

*The bank paid an amount of (966,846) thousand dinar to tax authority for the settlement of income tax of year 2022 and the bank got the tax clearance from the authority (disclosure 24).

(15) OTHER LIABILITIES

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Creditors/ Capital increase*	50,000,000	-
Dormant accounts transfer to central bank**	5,204,388	-
Unclaimed accounts	1,802,472	1,945,721
Receivable for the sale of properties*	-	378,546
Certified Checks	2,132,491	2,219,988
Dividends Payable	961,983	404,428
Accounts payables	96,145	198,551
Lease Liability	285,404	310,555
Deceased Accounts	89,800	194,553
Accrued revenue	157,981	172,981
Closed accounts	-	142,080
Claimed checks and certificate	38,410	596,219
Accrued interest	261,720	19,711
Social security due	26,803	24,194
Companies registration due	25,100	10,000
Restricted Accounts	47,334	43,671
Stamp duty due	19,954	505
Transfers due	14,390	-
Other creditors	1,175	1,289
Margins for stock trading	-	2,383
Other	4,493	3,798
Total	<u>61,170,043</u>	<u>6,669,173</u>

* Represent the Bank's obligation against the amount paid by the National Bank of Kuwait (the main shareholder of our bank) as a down payment under the capital increase account on its own behalf and on behalf of all shareholders until the completion of all capital increase procedures during the year 2024 (Note 4).

** Represents the balances of dormant accounts of customers transferred to the bank to the Central Bank as per dormant accounts instructions. There is a corresponding account for these balances with the Central Bank (note 3).

(16) PAID IN CAPITAL

Paid in capital comprises of 250 billion shares (2023: 250 billion shares) at a par value of 1 Iraqi Dinar per share (2022: 1 Iraqi Dinar per share).

(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 (17,133,478) thousand dinar as of 31 December 2023.

(18) INTEREST INCOME

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Financial assets held to maturity	3,897,068	2,125,774
Financial assets through OCI	11,566,667	12,467,441
Deposits at Central Bank	1,529,711	150,784
Due from banks and other financial institution	1,355,717	179,028
Loans	7,287	645
Total	<u>18,356,450</u>	<u>14,923,672</u>

(19) INTEREST EXPENSE

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Saving accounts	272,939	36,998
Interest on Lease liability	6,821	9,341
Total	<u>279,760</u>	<u>46,339</u>

(20) NET FEES AND COMMISSIONS

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Indirect credit facilities	1,670,779	397,343
Bank transfers	367,074	1,167,965
Transfers commission through auction	212,146	-
Commission expense	(479,502)	(416,542)
Other commissions	1,987,264	2,321,738
Total	<u>3,757,761</u>	<u>3,470,504</u>

The Bank participated in the foreign currency purchase through the auction system of the central bank of Iraq during 2022 by buying (21,214,591) US dollar to its customers.

(21) REVALUATION LOSS

The central bank of Iraq instructed all banks in Iraq on 8 February 2023 to change the USD exchange rate against IQD from (1,460) to (1,310) and reflect the new exchange rate on the financial statement issued after that date. Accordingly, the bank changed the exchange rate of the dollar against the Iraqi dinar from (1460) to (1310) in the financial records and the bank system, and that the currency valuation loss as a result of the exchange rate changed amounted to (337,265) thousand dinar, because the bank had a long position of (2,247,850) US dollars.

(22) CAPITAL GAIN

The bank sold three unused properties (Basra, Mosel and Karada) based on the Central Bank of Iraq's directives; the legal property title was transferred to the buyers during 2023. The sales of the three properties resulted in a capital gain of (1,893,311) thousand dinar.

(23) EMPLOYEES' EXPENSES

	<u>31 Dec 2023</u> <u>IQD (000)</u>	<u>31 Dec 2022</u> <u>IQD (000)</u>
Salaries and benefits	3,358,406	2,681,851
End of service	30,000	723,679
Contribution to social security	201,611	187,155
Total	<u>3,590,017</u>	<u>3,592,685</u>

(24) OTHER OPERATING EXPENSES

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	<u>IQD (000)</u>	<u>IQD (000)</u>
Insurance	452,677	574,890
Software licenses	269,974	610,042
Data center support services	375,026	433,731
Income tax settlement*	966,846	-
Communications	73,110	181,405
Internet	74,808	108,968
Employees' tax paid	188,409	265,326
Employees' tax paid for previous years	-	14,555
Legal services	342,713	247,387
Donation- Social responsibilities initiatives**	105,000	72,000
Deposits insurance premium***	30,025	92,263
ATM Maintenance	86,009	147,734
ATM cards fees	91,430	72,753
Electricity	67,928	71,932
Travel & Subsistence	53,408	52,818
Health Insurance	58,484	84,108
Audit fees, Year End	60,000	57,000
Other audit fees	605	5,405
Government & other fees	155,425	239,832
Fuel expense	50,621	68,107
Transportation of Cash	77,471	58,309
Penalties	67,336	22,130
Subscriptions fees	62,515	62,212
BOD reward****	28,000	-
Training courses	16,139	9,283
Small Equipment Purchase	31,093	31,692
Mobile	31,468	29,415
Maintenance	34,104	47,167
Conferences	9,244	13,477
Stationery	25,562	24,476
Cleaning services	13,227	-
Premises Rent	18,000	27,790
Water	8,855	10,691
Professional services	73,451	54,529
Advertising	3,245	2,095
Hospitality	7,149	2,623
Transportation	6,503	6,293
Staff accessories	2,478	4,046
Sundry Expenditure	22,268	15,325
Other	1,274	7,379
Total	<u>4,041,880</u>	<u>3,829,188</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

*The bank paid an amount of (966,846) thousand dinar to tax authority for the settlement of income tax of year 2022 and the bank get the tax clearance from the authority.

** The bank paid an amount of (72,000) thousand dinar to central bank as part of the Social responsibilities initiatives and an amount of (33,000) thousand dinar for the medical expenses of one board of director as per GAM decision.

*** 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.

**** The bank paid an amount of (7,000) thousand dinar for each BOD member of the year 2022 as per GAM decision

(25) 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.

	<u>31 Dec 2023</u> <u>IQD (000)</u>	<u>31 Dec 2022</u> <u>IQD (000)</u>
Profit for the year	<u>17,530,438</u>	<u>10,743,532</u>
Weighted average number of shares during the year	<u>250,000,000</u>	<u>250,000,000</u>
Basic and diluted earnings per share	<u>0,070</u>	<u>0.043</u>

(26) CASH AND CASH EQUIVALENTS

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

	<u>31 Dec 2023</u> <u>IQD (000)</u>	<u>31 Dec 2022</u> <u>IQD (000)</u>
Cash and balances with Central Bank	<u>214,977,834</u>	96,029,644
Due from banks and other financial institutions	<u>82,019,722</u>	18,841,071
Total	<u>296,997,556</u>	<u>114,870,715</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(27) CONTINGENT LIABILITIES AND COMMITMENTS

The total outstanding commitments and contingent liabilities are as follows:

	31 Dec 2023	31 Dec 2022
	<u>IQD (000)</u>	<u>IQD (000)</u>
Letters of guarantee	51,243,740	45,019,983
Letters of credit	1,983,395	333,164
Total	<u>53,227,135</u>	<u>45,353,147</u>

(28) CAPITAL ADEQUACY

The bank reported a Capital Adequacy Ratio (CAR) of 97.6% as at 31 December 2023. 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.

(29) LIQUIDITY RATIOS

The bank reported a Liquidity Coverage Ratio (LCR) of 366% as at 31 December 2023 (2022: 767%) and Net Stable Funding Ratio (NSFR) of 899% as at 31 December 2023 (2022:840%). 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.

(30) LEGAL SUITS

There was 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. The bank executed the decision on 13 February 2023 and paid all his salaries and dues.

(31) RELATED PARTIES

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

	31 Dec 2023	31 Dec 2022
	<u>IQD (000)</u>	<u>IQD (000)</u>
ON BALANCE SHEET ITEMS		
Due from banks - Current accounts	55,956,299	9,593,867
Due from banks - Fixed deposits	23,580,000	8,760,000
OFF- BALANCE SHEETS ITEMS		
Letter of guarantee	47,080,979	39,258,136
INCOME STATEMENT ITEMS		
Interest Income	1,355,717	179,029
Indirect credit facilities, commissions	155,250	164,977

(31) IFRS 9 IMPLEMENTATION

The result of IFRS 9 implementation show a surplus provision of (1,081,398) thousand dinar as difference between total expected credit losses of (6,313,650) thousand dinar and current provision of (7,395,048) thousand dinar as per below Expected Credit Losses (ECL) according to IFRS 9 as at 31 December 2023.

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

31 Dec 2023	Balance	Expected Credit Losses	Current Provision	Difference
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balances with Central Bank	203,775,289	-	-	-
Due from Banks	82,143,324	46,332	123,602	77,270
Iraqi government IQD bonds*	200,000,000	-	-	-
LCs & LGs	53,227,135	94,782	1,098,910	1,004,128
Direct Credit Facilities	6,172,536	6,172,536	6,172,536	-
Total	545,318,284	6,313,650	7,395,048	1,081,398

* Iraqi government IQD bonds are not exposed to Expected Credit Losses



Credit Bank of Iraq

**Sustainability Report
2023**

Introduction

The second report on the financial sustainability of the Credit Bank of Iraq has been prepared in line with the bank's commitment to integrating sustainability into its operations. This report provides comprehensive information on the bank's institutional, social, and environmental achievements and commitments up to December 31, 2023.

The Credit Bank of Iraq emphasizes the application of sustainability principles across multiple dimensions, focusing on preserving the interests of stakeholders, including employees, shareholders, society, suppliers, regulatory and governmental bodies. This approach aligns with the Financial Sustainability Reporting Guide issued by the Central Bank of Iraq in 2021 and international sustainability standards. In 2023, the bank formulated its policy for environmental and societal sustainability.

Social Responsibility

The Credit Bank of Iraq is dedicated to enhancing its community engagement through various initiatives in 2023, reflecting its commitment to supporting Iraqi society. These contributions include:

- An initiative to support community and humanitarian activities, managed under the supervision of the Central Bank of Iraq, aimed at assisting the poorest segments of society with an annual contribution of 72,000,000 Iraqi dinars.
- The Board of Directors of the Credit Bank of Iraq agreed to contribute 5,000,000,000 Iraqi dinars towards the establishment of the Riyada Development Bank. This specialized bank will focus on supporting low-income individuals by providing loans for small and micro-projects, thereby stimulating the private sector and reducing the unemployment rate. This initiative underscores the bank's role in supporting Iraqi society and contributing to government initiatives in this area.

Human Resources

The Credit Bank of Iraq is committed to continuously improving the work environment to attract and retain talented staff. The bank has implemented various beneficial programs for employees, including training and development, health and safety initiatives, and other human resource-related efforts. The most significant of these initiatives are:

- Updating human resources policies to reflect the evolving work environment and accommodate all employees.
- Appointing young employees and providing them opportunities to occupy administrative positions, resulting in an average employee age of 41 years.
- Achieving a significant representation of young employees, with 32% of leadership positions held by individuals under 35 years of age.
- Enhancing workplace diversity, with women comprising 38% of the bank's workforce and holding 36% of leadership positions.
- Focusing on developing and supporting Iraqi workers for leadership roles, with foreigners making up only 3% of the total workforce.
- Enrolling several employees in a specialized training course on sustainability principles.

Environmental Responsibility

The Credit Bank of Iraq is dedicated to protecting the environment through various internal initiatives aimed at reducing environmental impact and promoting sound environmental practices. The key initiatives include:

- Reorganizing employees' workspaces (desks, network points, electrical connections, lighting) to optimize energy use and reduce the reliance on electrical wires.
- Upgrading the cooling systems in the public administration building to inverter air conditioners to lower energy consumption.
- Transitioning to electronic correspondence to minimize paper usage.
- Educating employees about the importance of sustainability and the role each individual plays in environmental preservation.



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Credit Bank of Iraq

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