

# **Credit Bank of Iraq**

## **Corporate Governance Guide**

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## Introduction:

Governance is the set of comprehensive systems that define the relationships between the Board of Directors, the bank's executive management, shareholders, and other stakeholders. Governance deals with the system through which the Board of Directors directs the bank and monitors its activities, which affects (defining the bank's strategy - managing the risk system - the bank's business and activities - balance between commitment to responsibility towards shareholders, protecting the interests of depositors and taking the interests of other stakeholders into account - the bank's compliance with applicable laws, instructions and controls - disclosure and transparency practices).

The Credit Bank of Iraq follows the best international practices in the field of governance, and the bank applies the principles of sound governance through a package of policies, regulations and procedures regulating the axes of corporate governance, in accordance with the supervisory instructions issued by the Central Bank of Iraq. The practice of good governance is important in creating and preserving shareholder value. Ensuring that organizational behavior is ethical, legal and transparent.

## The purpose:

This guide has been prepared to consolidate the principles of good governance, as the Board of Directors, executive management, and employees of the Credit Bank of Iraq believe that good governance is one of the basic ingredients for the success of the bank, and that the application of corporate governance rules is a very important requirement and one of the most important foundations upon which the bank relies to conduct its business. This guide aims to define a comprehensive framework for corporate governance in accordance with the instructions of the Central Bank of Iraq and the applicable international best practices.

The Credit Bank of Iraq Governance Guide has been developed as follows:

1. Governance principles issued by the Central Bank of Iraq.
2. Corporate governance standards based on international best practices developed by bodies such as the Basel Committee on Banking Supervision.
3. Applicable regulations, instructions, laws and controls.

## General framework of corporate governance:

The Credit Bank of Iraq follows the highest levels of professionalism in applying the principles of sound governance, by defining the powers and responsibilities of the Board of Directors, executive management and employees, as well as the levels of supervision, follow-up and coordination between the bank's departments as well as between the bank and the parent bank, as the bank follows the policies and regulations governing risk management, control systems. Internal affairs, disclosure and transparency, as well as protecting the rights of stakeholders.

The bank ensures the application of integrated practices and procedures for disclosing information and the possibility of all shareholders alike obtaining the announced information immediately. To achieve this, the bank adopts a policy for disclosure and transparency of information that reflects all disclosure requirements (financial, non-financial and regulatory disclosures include all important data about the bank, its operations and its financial performance, this is consistent with the shareholder structure).

## Adopting and reviewing the guide:

This guide was prepared by the Corporate Governance Committee and approved by the Board of Directors so that this guide is consistent with the minimum requirements of the Central Bank of Iraq. The Governance Committee supervises the follow-up and review of the guide on a regular basis in accordance with changes in the bank's activities and the laws and instructions issued in this regard.

## Corporate Governance Axes:

The guide contains a set of basic principles regulating the bank's corporate governance framework, in line with the corporate governance instructions issued by the Central Bank of Iraq. The following pages include a summary of each axis and the procedures taken by the bank to implement governance requirements.

## Article (1) Formation of the Board of Directors:

The Board of Directors includes a sufficient number of members with diverse scientific expertise and technical and academic qualifications, allowing it to form the necessary number of committees emanating from it within the framework of sound governance requirements. The bank's board of directors consists of elected non-executive and independent

members (original members and independent members), with the exception of one executive member represented by the managing director (managing director). The members of the board of directors are elected at the bank's general assembly meeting for a period not exceeding four years after obtaining the approval of the Central Bank. The member may be re-elected for a maximum of a second term, and the Board elects a chairman and a vice-chairman from among its members.

- The Board of Directors works in accordance with the internal Board of Directors regulations approved by the Board of Directors, which include the Board's responsibilities in detail. The Board undertakes the management of the bank's affairs and is considered primarily responsible for all the results related to the application of the strategies, objectives, plans and policies that it adopts and through which the various business and activities are carried out. The Board of Directors has the broadest powers to manage the bank, and to carry out all the work required to manage the bank for its purposes. This authority is not restricted except by what is stipulated in the law, the decisions of the general assembly, the memorandum of association and the articles of association of the bank, or the relevant regulatory instructions. Clear and prudent strategies, policies and procedures are approved by the Board and implemented with the required professionalism and in a manner that achieves the objectives of the Bank.

### **Article (2) Suitability of Board Members and Independence Conditions:**

1. In implementation of the legal requirements contained in Banking Law No. (94) Of 2004 and Companies Law No. (21) of 1997 and its amendments, and the corporate governance instructions issued by the Central Bank of Iraq, the Board took into account, in its composition, the conditions that must be met in accordance with the laws and requirements of governance.
2. The members of the Board of Directors of the Credit Bank of Iraq enjoy qualifications, preliminary university degrees, and experience in banking.
3. He should not be a member of the board of directors of any other bank inside Iraq, or an authorized manager, or a regional manager, or an employee therein, unless the latter bank is affiliated with that bank.
4. A member of the Board of Directors may be a non-resident or a non-Iraqi.
5. Conditions for the independence of a board member:
  - Not to be a partner or employee of the bank's external auditor during the three years preceding the date of his election as a member of the Board, and not to be related to the partner in charge of the audit process.
  - Not to be a lawyer or legal advisor to the bank or an auditor for the bank's accounts.
  - Not that he or any company in which he is a member of its board, owner or major shareholder obtain credit from the bank that exceeds (5%) of the bank's capital, and that he not be a guarantor of credit from the bank that exceeds the same percentage.
  - He must not be a member of the boards of more than five joint-stock or public companies in his personal capacity in some of them and in his capacity as a representative of a legal person in others.
  - He must not be an administrator or employee of another bank or an authorized manager of another bank.
  - He must not have been an employee of the bank or any of its related parties during the previous three years.
  - He must not have any relationship with any member of the Board, senior management, or any of their related parties, up to the fourth degree.
  - He must not be a major shareholder in the bank or his representative.
  - 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 type.

### **Article (3) Board of Directors Meetings:**

1. Board of Directors meetings must not be less than (6) meetings per year whenever necessary.
2. The Board meetings are held at the bank's management headquarters, and if it is not possible to hold them at the management headquarters, they may be moved to any other place inside Iraq, provided that all members of the Board are present or a written apology is made to those not present.
3. The Board members must attend its meeting in person, and if personal attendance is not possible, the Board member can attend via video or telephone after the approval of the Chairman of the Board. This method can be used in the event that the member does not attend a maximum of two times during the year.

4. If the number of absences reaches (3 or more times during the year), the Chairman of the Board must notify the General Assembly of the Bank so that it may take what it deems appropriate.
5. A quorum for the Board of Directors meeting is complete if 50% of the members are present.
6. The decisions taken by the Board are approved by a majority of the votes of the members present. If the vote is equal, the vote of the Chairman shall prevail.
7. The Board's decisions shall be issued with the signature of all its members present in person (or via video or telephone) and the Board Secretary on the minutes of the meeting, and shall be stamped with the bank's seal within a period not exceeding (10) working days. The Board shall be responsible for its decisions and their follow-up.
8. The Secretary of the Board must record the minutes of the Board's meetings and its committees accurately and completely, and record any reservations raised by any member. The bank must keep all these minutes, and the minutes must be recorded visually and audio and kept with it.
9. The Executive Management must provide detailed information to the Board members about what will be presented at the meeting at least (5) working days before the date of the Board meeting, and the Chairman of the Board must verify this before the meeting.

#### **Article (4) Duties and Responsibilities of the Board of Directors:**

1. Approving the bank's plans, including the vision, mission, targets, strategic objectives and core values of the bank in light of the directives of the general assembly, then directing the executive management to implement the plans while monitoring their performance, evaluating them and amending them if necessary to ensure the implementation of those plans.
2. Supervise the executive management, follow up on its performance, and ensure the soundness and adequacy of the bank's financial positions, and it must adopt appropriate policies and procedures for periodic supervision and control of the bank's performance.
3. Adopting a policy to monitor and review the performance of the executive management, by setting "Key Performance Indicators. KPI" (Key Performance Result. KPR), to define, measure and monitor performance and progress towards achieving the bank's institutional targets.
4. Ensure that the bank has policies, plans and work procedures that cover all its activities and are in line with relevant legislation, and that they have been circulated at all administrative levels and are reviewed regularly.
5. Defining the bank's "Core Values," drawing clear lines of responsibility and accountability for all the bank's activities, and establishing a high culture of ethical standards, integrity, and professional behavior for the bank's administrators.
6. Bearing responsibility for the soundness of all the bank's procedures, including its financial conditions and reputation, and responsibility for implementing the requirements of the Central Bank of Iraq, as well as the requirements of the supervisory authorities and other regulatory authorities related to its work, taking into account "stakeholders", and that the bank be managed within the framework of legislation and within the internal policies of the bank, and that Effective supervision is constantly available on the bank's activities.
7. Follow up on the implementation of the General assembly's decisions.
8. Submitting the bank's final accounts and financial statements (statements) and a comprehensive report on the results of implementing the annual plan to the General Assembly for discussion and approval.
9. Ensure compliance with international standards in all bank activities and operations.
10. Discussing and approving annual plans and budgets related to the bank's activities and following up on their implementation.
11. Forming Board of Directors committees and selecting their members from among the Board members or others.
12. Approving the selection of candidates to fill executive management positions, evaluating and following up on their performance periodically, supervising them, holding them accountable, and obtaining from them a clear explanation of the subject of accountability.
13. Appointing and terminating the services of the internal auditor, determining his fees and rewards, and evaluating his performance.
14. Adopting the bank's internal control and oversight systems and reviewing them annually, and ensuring that the internal auditor, in coordination with the external auditor (i.e. the auditor), reviews these systems at least once a year, and the board must include in the bank's annual report what confirms the adequacy of these systems.

15. Ensuring the independence of the external auditor (auditor), initially and continuously.
16. Adopting an effective risk management strategy and monitoring its implementation, as it includes the level of acceptable risks and ensuring that the bank is not exposed to high risks. The Board must be familiar with the bank's operational work environment and the risks associated with it, and ensure that there are necessary and sufficient tools and infrastructure to manage risks in the bank, and capable of identifying, measuring, controlling and monitoring all types of risks to which the bank is exposed.
17. Ensure that the bank applies the basic principles of "good management" as stated in the "rules of good management and the internal control system" contained in Instructions No. (4) of 2010.
18. Ensuring the presence of sufficient and reliable "Management Information Systems (MIS)" that cover all the bank's activities.
19. Spreading the culture of governance in the bank and encouraging all employees and executive management to apply its practices and attend training courses in this regard, in addition to encourage the bank's clients to apply the rules of governance in their institutions, as well as to verifying that the bank's credit policy includes the application of corporate governance for its clients, especially those who are Companies, so that risks are assessed based on their strengths and weaknesses, according to their practices in the field of corporate governance.
20. Ensure that the bank is in line with the sustainability principles mentioned in Appendix No. (1) of the issued by the Central Bank of Iraq.
21. Take measures to create a clear separation between the powers of shareholders, who possess "qualified possession" on the one hand, and the "executive management" on the other hand, with the aim of promoting sound corporate governance, and it must find appropriate mechanisms to limit the effects of shareholders, who possess "qualified possession" "
22. Adopting an organizational structure for the bank that defines a clear administrative hierarchy.
23. Determining the executive powers related to the bank's business (whether the authorized manager or the executive management, whether it is for banking operations, granting credit, signing transfers, checks, guarantees, borrowing, mortgages, and letters of guarantee)
24. Approve a replacement plan for the executive management of the bank and review it annually.
25. Ensure that the executive management peruses the official website of the Anti-Money Laundering Office regarding the lists of freezing terrorist funds on a daily basis, and informs the Anti-Money Laundering Office and the Banking Control Department of the Central Bank immediately in the event that there is a person whose name has been included in the list of freezing terrorist funds.
26. The performance of the Board as a whole must be evaluated at least once a year and the evaluation results presented to the General Assembly, by relying on a system for evaluating the Board's work, provided that this system includes, as a minimum, the following:
  - Setting specific targets and defining the role of the Board in supervising the achievement of these goals in a way that can be measured periodically.
  - Determining key performance indicators for the authorized manager and the executive management (Key Performance Indicators, KPIs & KPRs) that can be extracted from the strategic objectives of the bank and the annual work plans, and used to measure the performance of the executive management periodically.
  - Communication between the board and shareholders, and the need for periodic communication.
  - Periodic board meetings with the executive management.
  - The role and duties of the member in the Board meetings and the extent of his commitment to attend, as well as comparing his performance with the performance of other members, and a "feedback" must be obtained from the concerned member, with the aim of improving the evaluation process.
27. Providing the Central Bank of Iraq with information related to the members of the boards or boards of directors and executive departments of its subsidiaries inside and outside Iraq, on a semi-annual basis, as well as when there is any amendment to it.
28. Supervising the quality of disclosure, transparency, and information about all of the bank.
29. Review the work regulations of the Board of Directors annually and suggest any amendments, if any.
30. Determine the tasks of the Board Secretary in writing and approve them.

31. Adopting a working guide for the policies and procedures of the Internal Audit Department, provided that it is subject to review and update by the Audit Committee every year or two at least.
32. Formation of temporary committees by a decision of the Board or a request from the Central Bank of Iraq. The decision specifies the composition of the committee, the scope of its work, its responsibilities, and the period required to complete its work.
33. Approval of the Board of Directors when appointing any member of the bank's executive management, as well as obtaining the approval of the Central Bank of Iraq in this regard.
34. Verifying that the Internal Audit Department is subject to the direct supervision of the Audit Committee, and that it submits its reports directly to the Chairman of the Audit Committee to ensure its independence.
35. Approving the governance guide prepared by the Corporate Governance Committee and ensuring that it is published on the bank's website and viewed by all employees and members of the Board of Directors.
36. Review and approve when any committee obtains consultations and technical support from external sources.
37. Ensuring compliance with the instructions contained in the Supervisory Work Guide/Risk Management Controls in Commercial Banks issued by the Central Bank of Iraq under Letter No. 9/6/362 dated 24/10/2021.
38. Ensuring compliance with the governance and institutional management controls for information and communications technology issued by the Central Bank of Iraq in accordance with Letter No. 14/611 dated 25/04/2019, which includes the Board forming an Information and Communications Technology Governance Committee whose objectives the Board determines and delegates powers to in accordance with a charter that clarifies this.

#### **Article (5) Role of the Chairman of the Board of Directors:**

- a. Establishing a constructive relationship between the Board on the one hand and the senior executive management of the bank and between the bank, shareholders and other stakeholders on the other hand.
- b. Encouraging the expression of opinions on issues that are generally discussed and those on which there is a difference in views among members, and encouraging discussion and voting on those issues.
- c. Ensure that members sign the minutes of meetings.
- d. Identify and meet the needs of Board members with regard to developing their expertise and continuing education, and allow the new member to attend an "Orientation Program" to learn about the bank's activities.
- e. Sending an invitation to the Central Bank of Iraq to attend the General Assembly meetings, no less than fifteen (15) days in advance. In order to name a representative.
- f. Ensure that the Central Bank of Iraq is informed of any material information.

#### **Article (6) Committees emanating from the Board of Directors:**

The Board of Directors has formed (5) committees consistent with the size and nature of the bank's activity, as follows:



#### **1. Corporate Governance Committee:**

The committee consists of three independent members and non-executive members, and the Chairman of the Board of Directors chairs the committee.

#### **The committee's main mission:**

The Governance Committee emanating from the Board of Directors has an internal charter that explains its tasks, scope



of work, and procedures approved by the Board of Directors. The committee is primarily responsible for supporting the Board of Directors in supervising the bank's adherence and application of the governance system and assisting the Board and its committees in implementing a package of procedures and models regulating governance affairs. By preparing a governance guide for the bank that is approved by the Board of Directors and following up on its implementation, and ensuring that the governance framework approved and applied by the bank is consistent with the applicable laws, regulations, instructions and global practices in force, as well as monitoring the application of the standards and control systems set forth in the issued by the Central Bank of Iraq.

#### **Periodicity of meetings**

The committee holds two meetings during the year.

#### **2. Nomination and Rewards Committee:**

The committee consists of three members, including independent members and non-executive members, provided that the committee is chaired by an independent member.

#### **The main mission of the committee:**

The Nomination and Rewards Committee emanating from the Board of Directors has an internal charter that shows its tasks, scope of work, and procedures approved by the Board of Directors. The committee is mainly responsible for assisting the Board of Directors with regard to its responsibilities towards nominations and rewards for members of the Board of Directors and the executive staff. The committee also supports the Board in operations of reviewing and improving structuring the Board of Directors and developing the competencies level of the members of the Board of Directors, as well as assisting in setting the framework for granting rewards and ensuring the effective application of that in accordance with the rewards policy.

#### **Periodicity of meetings**

The committee holds two meetings during the year.

#### **3. Risk Management Committee:**

The committee consists of three members, including independent members and non-executive members, provided that the committee is chaired by an independent member.

#### **The main mission of the committee:**

The Risk Management Committee emanating from the Board of Directors has an internal charter that shows its tasks, scope of work, and procedures approved by the Board of Directors. The committee has tasks related to all aspects of risk management, supervising all the bank's risks, assisting the Board in performing its obligations with regard to supervising the risk management framework and reports of the bank, by evaluating and following up the risk governance framework, risk appetite, risk strategy, and the group's capital planning mechanism, and establishing a strong and consistent culture of compliance with laws, instructions, and regulatory systems.

#### **Periodicity of meetings**

The committee meets at least four times a year, and any member of the executive management may be invited to attend its meetings in order to clarify some issues and subjects that the committee deems important.

#### **4. Audit Committee:**

The committee consists of three independent members and non-executive members, provided that the committee is headed by an independent member who may not be a member of any other committee emanating from the Council.

#### **The committee's main mission:**

The Audit Committee emanating from the Board of Directors has an internal charter that explains its tasks, scope of work, and procedures approved by the Board of Directors. The committee carries out its supervisory role, which is to support the Board of Directors in monitoring and supervising the efficiency and independence of internal audit and external audit operations, in addition to supervising the preparation of periodic financial statements and other audit reports.

#### **Periodicity of meetings:**

The committee meets at least four times a year, provided that the committee meets with the external auditor, the internal auditor, the compliance department official, and the anti-money laundering officer at least four (4) times a year without the presence of any of the members of the executive management.

#### **5. Information and Communications Technology Governance Committee:**

Based on the governance and institutional management controls for information and communications technology in the banking sector, in accordance with the letter of the Central Bank of Iraq No. 14/611, dated 25/04/2019, the Information and Communications Technology Governance Committee emanating from the Board of Directors was formed. The committee consists of at least three members, preferably its membership includes people with experience or strategic knowledge in information and communications technology.

#### **Main committee mission:**

The Information and Communications Technology Governance Committee emanating from the Board of Directors has an internal charter that explains its tasks, scope of work, and procedures approved by the Board of Directors. The committee carries out its supervisory role by strengthening mechanisms for self-monitoring and independent oversight and examining compliance in the areas of information governance and management. The committee submits any recommendations it deems appropriate to the Board of Directors. In an area that falls within the scope of its jurisdiction, and where taking any action or improvement is necessary, with regard to the safety of information and communications technology systems, infrastructure and electronic networks.

#### **Periodicity of meetings**

The ICT Governance Committee meets periodically (once every three months).

#### **Article (7) Secretary of the Board of Directors:**

Immediately after its formation, the Board appoints a Secretary of the Board and defines his duties to include the following:

1. He attends all Board of Directors meetings and records all deliberations, suggestions, objections, reservations, and how to vote on draft Board decisions, with the necessity of adopting audio and video or any appropriate means that ensures the recording of all notes mentioned during the Board meeting, mentioning the topics that were discussed and the decisions that were reached, the names of the members present, the voting by each member, and keeping and documenting the records and minutes of the Board's meetings after they are signed by the Board members, in addition to audio and video (video).
2. Presenting the topics, after preparing a brief summary of each topic, stating the opinion of the executive management and the various committees therein, linking documents and priorities to each topic, and submitting them to the Chairman of the Council for approval of their presentation.
3. Provide each member with an adequate summary of the Bank's activities upon election, appointment, or upon request.
4. Discussing with any new member and with the assistance of the legal advisor or the director of legal affairs of the bank about the tasks and responsibilities of the board, especially with regard to the legal and regulatory requirements to clarify the tasks, powers and other matters related to membership, including the term of membership and the dates of meetings, in addition to providing the new member with the texts of laws related to the work of banks and the instructions issued by the Central Bank of Iraq, which pertains to the work of the Board.
5. Organizing the dates and meetings of the Board with the approval of the Chairman of the Board.
6. Ensure that the Board members sign the minutes of the meetings and follow up on the implementation of the decisions taken by the Board and any issues that were postponed to be raised in a previous meeting.
7. Receiving reports of committees associated with the Board and presenting them to the Board.
8. Decisions are numbered sequentially from the beginning of the year to the end (decision number, session number, date).
9. Ensure compliance with all legal requirements regarding Board affairs.
10. Providing the Central Bank of Iraq with signed meeting minutes.

11. Regarding shareholders and general assembly meetings: communicating with shareholders and assisting in organizing general assembly meetings.
12. Preserving shareholder data.
13. Preparing for the meetings of the General Assembly and cooperating with the committees emanating from the Board.
14. Sending invitations to shareholders, the Central Bank of Iraq, and the Registrar of Companies.
15. Ensuring the presence of members of the Board of Directors, members of the executive management and the external auditor.
16. Maintaining records of the General Assembly meetings.

#### **Article (8) Executive Management:**

The senior executive management consists of a group of people appointed by the Board of Directors to carry out their responsibilities in managing the bank's operations. They are the managing director, his deputies, and his assistants. A non-objection from the Central Bank of Iraq must be obtained before appointing any member of the executive management. The members of the senior executive management possess the greatest degree of credibility, integrity, competence, necessary banking experience, and the ability to commit and devote time to the work of the bank. Whoever is appointed to the senior executive management of the bank must meet the following conditions:

- He must not be a member of the board of directors of any other bank, unless the other bank is affiliated with that bank.
- To be dedicated to managing the bank's business.
- To have a primary university degree, as a minimum, in financial or banking sciences, business administration, finance, accounting, economics, law, or information technology, which are related to the bank's business.
- He must have experience in the field of banking business, or related business, for not less than five years, with the exception of the position of general manager, authorized director, or regional director, whose experience must be no less ten years, in the field of banking business or business related to financial sector activities.

#### **Appointment and selection of the managing director:**

1. The Board of Directors shall appoint one of its members as the authorized manager of the bank.
2. The appointed managing director must fulfill the following conditions:
  - Fulfilling the legal requirements contained in Banking Law No. (94) Of 2004 and Companies.
  - Full-time management of daily banking operations.
  - To have at least a bachelor's degree in financial and banking sciences, business administration, accounting, economics, law, or specializations related to banking.
  - Enjoying integrity and a good reputation.
  - He must have actual work experience in the executive management of banks in accordance with the controls and instructions issued by the Central Bank of Iraq.
3. The managing director shall be responsible for implementing the decisions of the Board within the powers delegated to him.
4. It is not permissible to combine the positions of the Chairman of the Board and the Managing Director or the General Manager.

The Board of Directors appointed Mr. Amr Mustafa Al-Shennawi as Managing Director of the Credit Bank of Iraq, where the approval of the Central Bank of Iraq was obtained according to letter No. 9/2/9275, dated 11/05/2021. Mr. Amr Mustafa El-Shenawy was elected to the original membership of the Board according to the minutes of the meeting of the General Assembly of the Credit Bank of Iraq held on 16/10/2021.

#### **An overview of the executive management:**

The senior executive management consists of a group of people appointed by the Board of Directors to carry out their responsibilities in managing the bank's operations, and they are the managing director, his deputies, and his assistants. The members of the senior executive management enjoy the greatest degree of credibility, integrity, efficiency, and necessary banking experience, and the ability to commit, and devote time to work of the bank. Whoever is appointed to

the senior executive management of the bank must meet the following conditions:

- He must not be a member of the board of directors of any other bank, unless the other bank is affiliated with that bank.
- To be dedicated to managing the bank's business.
- To have a primary university degree, as a minimum, in financial or banking sciences, business administration, finance, accounting, economics, law, or information technology, which are related to the bank's business.
- He must have experience in the field of banking business, or related business, for not less than five years, with the exception of the position of general manager, authorized director, or regional director, whose experience must be no less than ten years in the field of banking business or business related to financial sector activities.

#### **Article (9) Committees emanating from the Executive Management:**

##### **1. Investment Committee:**

Senior management forms the Investment Committee to assist it in carrying out its tasks and submit reports to the relevant management committees periodically to ensure the effectiveness of oversight and supervision. The committee is composed of at least three members, and members of the Board of Directors may attend as observers to assist them. The committee sends the date of its meetings to the Board of Directors before the meeting so that any Board members may attend as observers if they wish, in accordance with what is stated in the Governance Guide issued by the Central Bank of Iraq for the year 2018.

##### **Periodicity of meetings:**

The committee meets monthly and whenever necessary.

##### **Tasks of the Committee:**

- A. Dividing the investment portfolio into "equity" and "debt instruments", including treasury transfers and government bonds, as well as the components of the portfolio of foreign instruments.
- B. Proposing buying and selling operations or keeping components of the investment portfolio and following up on their implementation if approved by the Board of Directors.
- C. Reviewing the periodic indicators used by the investment department or investment units and submitting the necessary proposals regarding them.

##### **2. Credit Committee:**

The senior management forms a credit committee to assist it in carrying out its tasks and to submit reports to the relevant management committees periodically to ensure the effectiveness of control and supervision. The committee is composed of at least three members, and members of the Board of Directors may attend as observers to assist them. The committee sends the date of its meetings to the Board of Directors before the session so that any member of the Board may attend as an observer if he wishes, in accordance with what is stated in the Governance Manual issued by the Central Bank of Iraq for the year 2018.

##### **Periodicity of meetings:**

The committee meets monthly and whenever necessary.

##### **Tasks of the Committee:**

- A. Supervising and following up the implementation of the instructions issued by the Central Bank of Iraq regarding the basis for evaluating the creditworthiness of customers and the formation of provisions.
- B. Follow-up of credit exposures in cooperation with two divisions:
  1. Credit history accounts.
  2. Customer affairs (consumers and beneficiaries)
- C. Monitoring the movement of loan repayments.
- D. Cooperate with the Legal Department in following up the collection of non-performing loans.
- E. Work to recover written-off loans as much as possible.
- F. Simplifying the procedures for granting loans.

### **Information and Communications Technology Committee:**

The senior executive management must form the ICT Steering Committee to achieve the bank's strategic objectives in a sustainable manner. Accordingly, a committee called the ICT Steering Committee was formed, headed by the General Manager and sub-managers, including the ICT Director, the Risk Management Director, and the Information Security Director. The Board elects one of its members to be an observer member in this committee, in addition to the Director of Internal Audit, whose mission is an observer, but not a member of the committee and is only present when his report is presented or discussed in order to achieve the principle of independence and objectivity. It can invite others when necessary to attend its meetings, the committee documents its meetings with duly minutes.

### **Periodicity meetings:**

The Steering Committee meets periodically, at least once every semester.

### **Tasks of the Committee:**

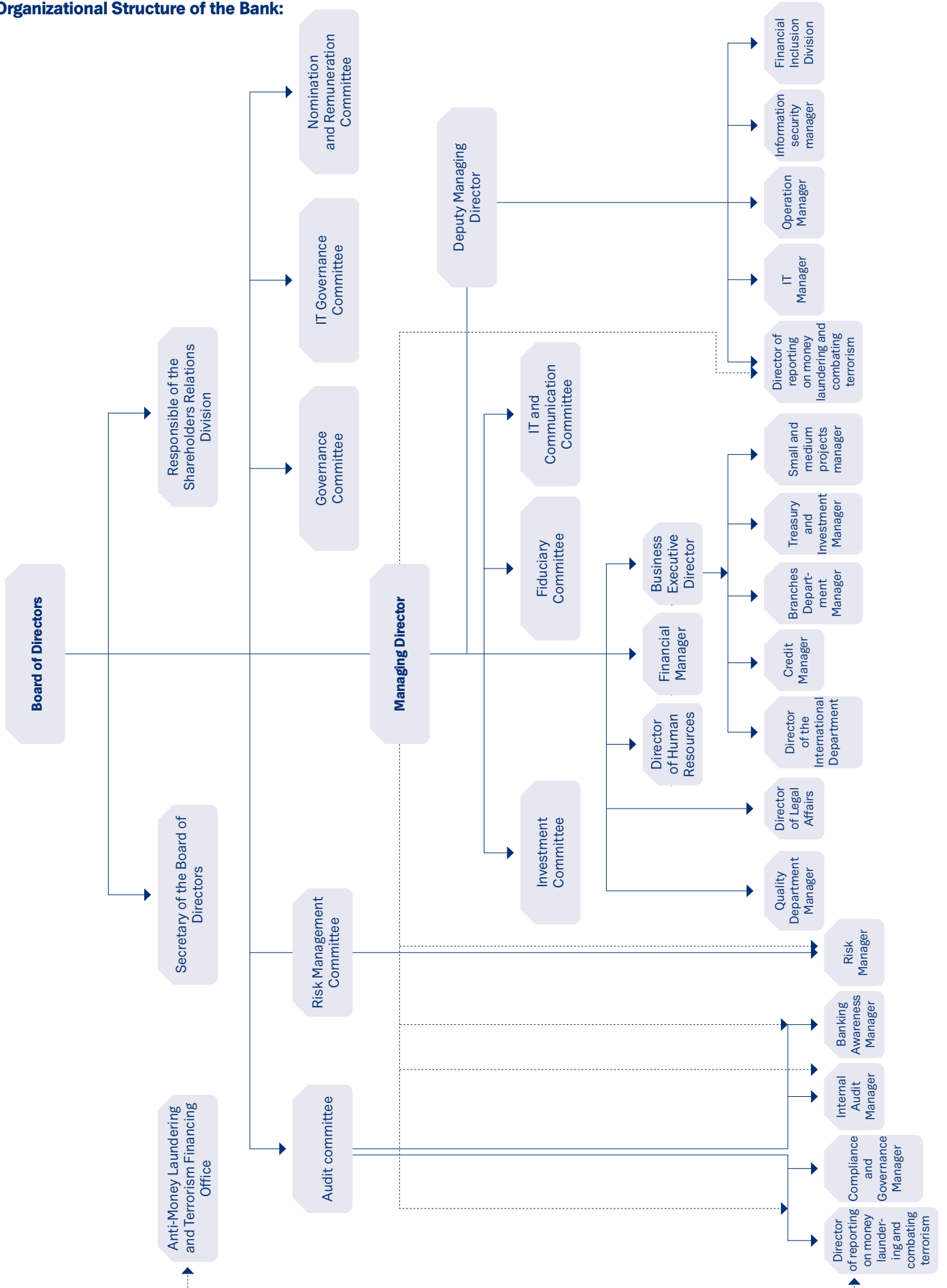
1. Review and develop the uses of information and communications technology, and verify the security of information and communications.
2. Verify the adequacy of the infrastructure, information and communication systems, electronic networks and software used in the bank.
3. Verify the adequacy of the measures taken to maintain updated backup copies of information for the purposes of facing the possibilities of disasters and the loss of databases.
4. Follow up on electronic customer service techniques.
5. Ensuring the quality and suitability of managing the bank's internal network and its website on the Internet.
6. Follow up on the implementation of business continuity programs and recovery from disasters and crises.
7. Ensure the preparation of the Information and Communication Technology Policies and Procedures Manual and work to update it and submit the necessary proposals for developing the manual in accordance with the requirements of the work.
8. Ensure that there is a separation of duties between the Information and Communications Technology Department on the one hand, and other departments in the bank on the other hand.
9. Preparing strategic and operational plans to manage risks that ensure reaching the strategic targets set by the Board, supervising their implementation to ensure their achievement, and continuously monitoring the internal and external factors affecting them.
10. Linking the matrix of institutional objectives with the matrix of relevant information and technology objectives, adopting and reviewing them on an ongoing basis, in a way that ensures the achievement of the strategic objectives of the institution and the objectives of the controls, taking into account the definition and review of a set of measurement standards and assigning the concerned executive management to monitor them continuously and inform the committee of that.
11. Recommending the allocation of the necessary financial and non-financial resources to achieve the objectives and processes of ICT governance contained in the instructions issued by the Central Bank of Iraq in this regard as a minimum, and the use of competent and appropriate human resources in the appropriate place through organizational structures that include all the processes necessary to support the objectives that It takes into account the separation of duties, the absence of conflicts of interest, the adaptation of the technical infrastructure and other related services to serve the objectives, and undertakes the supervision of the implementation of information and communications technology governance projects and their operations.
12. Arranging information and communications technology projects and programs according to priority.
13. Monitoring the level of technical and technological services and working to raise their efficiency and improve them continuously.

14. Submit the 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.
  - Any deviations that may negatively affect the achievement of strategic objectives.
  - Any unacceptable risks related to information technology, security and protection.
  - Performance and compliance reports with the requirements of the general framework for managing, controlling and monitoring ICT resources and projects.
15. Providing the Information and Communications Technology Governance Committee with the minutes of its meetings immediately, and obtaining evidence of reviewing them.

**Article (10) The organizational structure of the Credit Bank of Iraq:**

The updated organizational structure for the year 2023 is compatible with the requirements of the Corporate Governance Manual and the Central Bank of Iraq.

The Organizational Structure of the Bank:



#### **Article (11) Conflict of Interest:**

1. The Board of Directors must ensure that it exerts due diligence to arrange the affairs related to the bank's business and the affairs related to personal business in a way that avoids a conflict of its personal interests with the interests of the bank.
2. The Board must adopt policies and procedures to address conflicts of interest that may arise when the bank is part of a banking group, and disclose in writing any conflicts of interest that may arise from the bank's association with companies within the group.
3. The Board must adopt policies and procedures for dealing with relevant persons, which include the definition of these parties, taking into account the legislation, policies and procedures and their monitoring mechanism so that they are not allowed to be exceeded.
4. The bank's supervisory departments must ensure that the operations of related persons are carried out in accordance with the approved policies and procedures, and the audit committee must review and monitor all transactions of related persons and inform the Board of these transactions.
5. The Board must adopt policies and a charter of professional conduct and circulate them to all employees so that they include, as a minimum, the following:
  - None of the employees shall exploit internal information in the bank for their personal benefit.
  - Rules and procedures governing dealing with relevant persons.
  - Addressing cases that may create a conflict of interest.
6. The Board shall ensure that the executive management enjoys high integrity in carrying out its work, implements approved policies and procedures, and avoids conflicts of interest.
7. Board members must obtain important information in a timely, clear and accurate manner in order to be able to fulfill their duties and perform their tasks to the fullest.
8. The bank shall provide the Central Bank of Iraq with the number of shares mortgaged by the bank's shareholders who own (1%) or more of the bank's capital and the party to which these shares are mortgaged.

#### **Article (12) Basic Formations for Achieving Control, Disclosure and Transparency:**

The bank has effective internal control systems and risk management systems, awareness of them, and the availability of an element of experience and competence for those in charge of them. In compliance with the rules of good governance, the Bank's Board of Directors has been keen to provide the independence of each of the Director of Risk Management and the Director of Internal Audit, with their right to obtain all the information required by their work, and to reach the Chairman of the Board of Directors and the chairs of committees emanating from the Board of Directors with ease and without barriers.

##### **1. Internal audit:**

- Both the Board of Directors and the Executive Management are keen to emphasize the independence of internal audit, as it reports directly to the Board of Directors Audit Committee, and the Board of directors works to strengthen the internal audit function on an ongoing basis in terms of allocating sufficient resources and providing appropriate training for it, and it is also verified that the internal audit body function is independent and competent in that they carry out their responsibilities independently and effectively, and the internal audit function is occupied by qualified employees.
- It is the responsibility of the Internal Audit Department to verify and evaluate the adequacy and effectiveness of the internal control systems and to ensure that the internal control systems related to financial and administrative matters are comprehensive and are monitored and reviewed in a timely manner, as well as the responsibility of identifying and preparing reports on aspects of oversight deficiencies in the bank's activities and operations with the aim of controlling those operations.



## 2. External Audit:

- The external auditor is selected and appointed by the Board of Directors based on the recommendation of the Audit Committee of the Board of Directors.
- The external auditor provides the Audit Committee of the Board of Directors with a copy of the audit report and an independent objective confirmation that the financial statements have been prepared in accordance with the laws and regulations in force and in accordance with the International Financial Reporting Standards, in addition to verifying their accuracy in highlighting the financial position and performance of the bank.
- The Audit Committee of the Board of Directors ensures regular rotation of the external auditor in accordance with regulatory requirements and in a way that achieves the best levels of independence and objectivity.

## 3. Risk Management:

The Board of Directors is keen to emphasize the independence of risk management, as it reports directly to the Board Risk Committee, and the Board of Directors works to continuously strengthen the risk management function in terms of allocating sufficient resources and providing appropriate training for it. The Risk Department studies and analyzes all types of risks, and determines the risk tendency for the bank, setting policies and work regulations for risks, as well as supervising and following up on all risk determinants (strategic, operational, financial, compliance and control, and market risks). It also issues periodic reports to the Risk Management Committee emanating from the Board of Directors on the risk measurement indicators of the bank, as well as the levels of cash liquidity and the most important operational risks related to the bank's business, in addition to the results of stress testing and capital adequacy standards ((Internal Capital Adequacy Assessment Process (ICAAP)).

## 4. Compliance management:

The Board of Directors is keen to emphasize the independence of the compliance function. The Board of Directors approves the tasks and responsibilities assigned to it, and always seeks to strengthen them with trained human resources. The Compliance Department prepares policies and effective work procedures to ensure the bank's compliance with all relevant legislation and instructions, and also works to verify that the bank is aware of its internal policies, regulatory standards and relevant legislation.

## 5. Anti-Money Laundering and Terrorism Financing Department:

The Board of Directors is keen for the bank to take due diligence measures in accordance with the Anti-Money Laundering and Terrorist Financing Law No. (39) of 2015 and the instructions issued pursuant thereto, and to adopt programs to prevent money laundering and terrorist financing, and to apply the Know Your Customer principle and work standards and requirements that guide work activities with the aim of ensuring compliance with anti-money laundering. The Board is keen on the independence of the anti-money laundering and terrorist financing function and the adoption of policies, procedures and internal controls that are appropriate for implementing the obligations imposed in the field of combating money laundering and terrorist financing.

## 6. Stakeholders:

### Clients

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

### Employees

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

## 7. Disclosure and transparency:

The bank, represented by the executive management, officials and employees, is committed to the principles of disclosure and transparency, by disclosing financial and non-financial information of interest to stakeholders in a prompt and accurate manner, so that all information is available to the customer audience without any distinction or discrimination, and in a way that helps them make appropriate decisions.

## 8. Shareholders' rights

The Credit Bank of Iraq is keen on the following:

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

The Credit Bank of Iraq holds its annual meeting in accordance with the Companies Law and with the approval of the Central Bank of Iraq. All members of the Board of Directors and relevant managers attend the meeting to answer shareholders' questions. It is possible that extraordinary meetings of the General Assembly will be held.

### Article (13) Ethics and rules of professional conduct:

#### Behavioral values

- The Bank implements the Code of Conduct and Professional Ethics in all its operations, as both the Board of Directors and the Executive Management are keen on the quality of compliance with this Charter to ensure the daily running of the Bank's business. The Board periodically reviews the charter and makes sure that all the principles contained in the charter are implemented.
- The Bank shall exert the necessary care in applying the policy of avoiding conflicts of interests and dealings with related parties. Where the Board of Directors periodically reviews and develops policies for conflict of interest and dealings with related parties. Potential conflicts of interest and dealings with related parties are also subject to independent periodic review.
- The bank, represented by the executive management and employees, is keen on the confidentiality of information and data of stakeholders in accordance with the provisions of the rules and instructions issued by the Central Bank of Iraq.

### Article (14) Core Values of the Credit Bank of Iraq:

#### Transparency:

1. The Board must ensure that financial and non-financial information of interest to stakeholders is published in a way that enables relevant parties to evaluate the bank's position and financial performance.
2. The bank's annual report must include a text stating that the board is responsible for the accuracy and adequacy of the bank's financial statements and the information contained in that report and for the adequacy of the internal control and oversight systems.
3. The Board must ensure that the bank adheres to the disclosures specified by the International Financial Reporting Standards (IFRS), the instructions of the Central Bank of Iraq, and other relevant legislation and instructions, and must ensure that the executive management is aware of the changes that occur to the international reporting standards. Financial and other relevant standards.
4. The Board must ensure that the bank's annual report and quarterly reports include disclosures that allow stakeholders to view the results of operations and the bank's financial position.
5. The Board must ensure that the annual report includes all the requirements contained in the Corporate Governance Manual issued by the Central Bank of Iraq.

6. Publish a report on corporate governance practices.
7. The bank's sustainability policy and what has been done regarding it.

#### **Justice and equality at work:**

The Credit Bank of Iraq values employees, supports their professional development, focuses on delegation, and encourages employees to take initiative. It believes that a fair performance management system is necessary to improve efficiency. The Credit Bank of Iraq seeks to provide and build a healthy work environment.

#### **Healthy work environment:**

The bank seeks to develop a cultural work environment that works on:

- Reducing the risk of failure in managing the daily banking business assigned to each department of the bank, which would reduce exposure to penalties and reputational damage resulting from that.
- Supports the achievement of productivity and profitability targets at the employee level.
- Creating respect and cooperation among employees so that it is reflected in their daily dealings with customers.

#### **Confidentiality of information:**

Confidential information means the preservation of all non-public information that may be useful and of commercial value to competitors, which is information that is not generally known to the public regarding the bank and its clients or other parties who have a relationship with the Credit Bank of Iraq or that would cause harm to the bank or its clients if disclosed. It is necessary to maintain complete confidentiality of both confidential and proprietary information that employees obtain through their work. This paragraph is also one of the conditions contained in any employment contract, and any violation thereof will be completely subject to the law and disciplinary procedures set forth in the human resources policy.

#### **Integrity:**

It is the responsibility of all the employees of the Credit Bank of Iraq to take what is necessary to preserve the bank's reputation in terms of ethical behavior, fairness and a sense of responsibility so that it is clear in all dealings and that it is the policy of the Credit Bank to maintain the good reputation of the bank even through electronic correspondence with customers, observers, shareholders and co-workers.

#### **Responsibility:**

By assuming responsibility for the safety of all bank procedures, including its financial conditions and reputation, and the responsibility for implementing the requirements of the Central Bank of Iraq, as well as the requirements of other regulatory and regulatory authorities.

#### **Community Sustainability:**

Contribute to the adoption of community initiatives within the dimensions of sustainability.

#### **Review and modify the guide:**

This guide is subject to annual review by the Governance Committee of the Board of Directors, in order to verify the following aspects:

- Covering all governance procedures regarding new activities.
- Ensure compliance with the requirements of regulatory authorities.
- Staying informed of the latest developments regarding corporate governance practices and standards, both at the local and international levels.
- Any other necessary adjustments in light of changes in the business environment.
- If there are any proposed amendments to this guide, it will be presented to the Board of Directors for approval.