

# Advanced Banking Vision

## Annual Report

As of December 31, 2024

# 2024



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## Chairman Statement

Dear Members of the General Assembly,

On behalf of the Board of Directors of Commercial Islamic Bank of Iraq ("CIBIQ" or "the Bank"), it gives me great pleasure to welcome you all to attend the Annual General Meeting of the Bank and accepting our invitation to discuss the Bank's performance for the financial year ended 31 December 2024.

The operating environment continued to remain challenging during the year 2024. As per World Bank, the Middle East and North Africa region witnessed economic growth of 1.8% in 2024, marginally up from 1.7% in 2023. Some of the key risks faced by the region are intensification of armed conflicts in the region, heightened policy uncertainty, unexpected adverse global policy shifts, delays in oil production hikes etc.

Despite the above challenges in the operating environment, the Bank continued its strong performance and significantly improved net profit to IQD 38.2 billion in 2024 (2023: IQD 15.1 billion). The Bank also continued to focus effective deployment of resources within an acceptable risk framework to maximise the returns for shareholders. In addition, the Bank continued to roll out digital transformation initiatives to deliver customer centric driven process automation solutions to improve customer services and cost efficiency.

CIBIQ received a credit rating of B for its short and long terms with stable outlook on the long term by the international rating agency Capital Intelligence Ratings in reflection to its qualitative achievements in enhancing its banking operations and credit solvency. Furthermore, the bank also received the international ISO 27001 certification, in recognition of its commitment to implementing the Information Security and Data Protection Management System. The bank, in addition, received the ISO 22301 certification, which reflecting its flexibility of operations and uninterrupted business continuity.

Pursuant to the acquisition of the Parent (Ahli United Bank B.S.C. (c)) by Kuwait Finance House K.S.C.P ("KFH") which is a leading Islamic bank in the world, CIBIQ has successfully completed the conversion to Sharia compliant Bank. With effect from 1 January 2025, CIBIQ has started its operations as a fully Sharia compliant Bank and currently offers wide range of Islamic banking products and services.

Finally, as the Chairman of the Bank I would like to take this opportunity to thank the Central Bank of Iraq, the Companies Registrar, the Sharia Supervisory Board, the Parent bank and CIBIQ staff for their continued and unstinted support to the Bank, without those support we would not have been able to achieve this milestone.

Once again, a very warm welcome to you all and thank you for coming.



**Mohammed Hameed Dragh Al-Dragh**  
Chairman of the Board of Directors

## Board of Directors' Report Concerning the Bank's Operations for the Year Ended on 31 December 2024

Dear Members of the General Assembly,

The Board of Directors of Commercial Islamic Bank of Iraq are pleased to provide the shareholders with the annual comprehensive report of the Bank's operations, together with the consolidated financial statements for the year ended on 31 December 2024. Pursuant to the provisions of Articles 117 and 134 of the Companies Law No.21 of 1997 (as amended) and pursuant to the Accounting Rule No. (10) issued by the Accounting and Auditing Standards Council, provisions of the Banking Law No. 94 of 2004 and the corporate governance guide for banks issued by the Central Bank of Iraq.

The Board of Directors of the Commercial Islamic Bank of Iraq is responsible for the accuracy and adequacy of consolidated financial statements and their fair presentation in accordance with the standards of international financial reports, in addition to identifying the control systems and internal control system necessary to prepare the consolidated financial statements and to show them without errors, whether caused by fraud or by mistake.

### First: Background about the Bank

#### 1. Bank Establishment:

The Bank was established on 11 February 1992 as a private joint stock company with a paid-up capital of IQD 150 million and was one of the first private banks to be licensed in Iraq. The Bank was incorporated under Registration License No. M.S.H. 4524 of 11 February 1992, issued by the Ministry of Trade – Companies Registration Directorate. The Bank was authorized to offer commercial banking services, pursuant to Letter of the Central Bank of Iraq's General Department of Banking and Credit Control, referenced 14314/9 and dated 12 July 1992.

#### 2. Conversion to Islamic model

Pursuant to the acquisition of the Parent by Kuwait Finance House K.S.C.P ("KFH") on 2 October 2022, KFH has become the ultimate parent effective from the acquisition date.

Accordingly, and based on the General Assembly and the Companies Registrar approvals, the Bank's name has been changed to "Commercial Islamic Bank of Iraq" on 16 October 2023 instead of Commercial Bank of Iraq. The Central Bank of Iraq has provided the bank time up to 31 December 2024 to convert its assets and liabilities to Sharia compliant products.

CIBIQ has successfully completed the conversion to Sharia Compliant Bank. With effect from 1 January 2025, CIBIQ has started its operations as a fully Sharia compliant Bank and currently offers wide range of Islamic banking products and services.

#### 3. Bank's capital increase:

The Bank's paid-up capital saw a steady increase from IQD 150 million in 1992 to IQD 250 billion in 2014. The most significant change occurred during 2005, when Bahrain-based Ahli United Bank B.S.C. injected a sum of IQD 50 billion in consideration for a 49% equity stake in Bank's share capital, which paved the way to establish a strategic partnership with this leading regional banking group operating across the MENA region and the United Kingdom. At the end of 2024, Ahli United Bank B.S.C's shareholding stood at 85.3%.

On 2 August 2023, the CBI issued its circular No. 9/2/439, in which it mandates all Iraqi banks to rise the capital to IQD 400 billion by 31 December 2024. Pursuant to this, the Bank increased its capital by IQD 42.5 billion on 4 November 2024 to become IQD 292.5 billion and further increase will be made subsequently.

## First: Background about the Bank

### 4. Bank's contribution in subsidiary companies:

The Bank has 100% (2023: 100%) of the paid-in capital of IQD 200 million in a subsidiary, Ahli United Brokerage and Investment Company the "Subsidiary", has been registered in Iraq since 3 July 2008 as a private company. The principal activity of the subsidiary is brokerage.

### 5. Bank's main objectives:

CIBIQ seeks to achieve the following strategic objectives under a normalized operating environment:

- Develop reputation as Iraq's leading and preferred provider of financial products and services.
- Increase the local and the international client base by providing customer-driven solutions.
- Enhance performance and service delivery through branch expansion and use of modern banking technology.
- Maximize shareholders' value with sustainable return in a secure environment.
- Entrench a disciplined risk and cost management culture.
- Contribute positively to the social and economic development of Iraq.

To achieve these strategic objectives, CIBIQ has invested in establishing a modern, robust operational and technological infrastructure, which shall enable the Bank to capitalize on business opportunities and better serve its clients through a prudent conservative approach.

## Second: Results of Implementing the Annual Business Plan for the year ended 31 December 2024

Key highlights of Bank's performance during 2024 were:

1. The Bank's net profits after tax for the year reached to IQD 38,227 million (2023: IQD 15,077 million).
2. Shareholders' equity amounted to IQD 356,016 million (2023: IQD 317,708 million).
3. Total reserves stood at IQD 63,516 million (2023: IQD 67,708 million).
4. The total guarantees in favour of customers amounted to Iraqi Dinars 97,352 million (2023: IQD 88,270 million).
5. Cash balances on hand with Central Bank Iraq, local and foreign banks stood at IQD 172,645 million (2023: IQD 142,999 million).
6. The following table present the Bank's Key Performance Indicators for the year ended on 31 December 2024 and 31 December 2023:

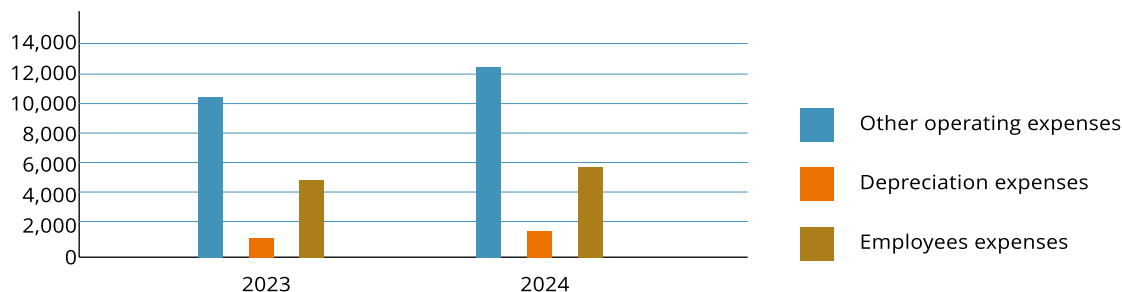
Bank Financial Ratios	2024	2023
Return on Average Equity (ROAE)	11.62%	4.94%
Return on Average Assets (ROAA)	7.97%	2.93%
Net Interest Margin (NIM)	19.47%	8.73%
Cost to Income	32.81%	46.86%
Loans to Assets	1.39%	2.32%
Loans to Customers deposits	4.91%	8.55%
Cash outside country to Capital and reserves	8.67%	9.71%
Liquidity Coverage Ratio (LCR)	540%	569%
Net Stable Funding Ratio (NSFR)	629%	616%
Capital Adequacy Ratio – Basel III	179,1%	139,3%

## Second: Results of Implementing the Annual Business Plan for the year ended 31 December 2024

Key highlights of Bank's performance during 2024 were:

7. The following table present the various expense comparison for the year ended 31 December 2024 and 31 December 2023:

### Expenses (ID millions)



Account Name	Year 2024 IQD Millions	Year 2023 IQD Millions
Employees expenses	5,579	4,692
Depreciation expenses	1,253	1,039
Other operating expenses	12,533	10,379
<b>Total</b>	<b>19,365</b>	<b>16,110</b>

Advertising and promotional expenses amounted to IQD 35.2 million (2023: IQD 11.3 million) and hospitality costs at IQD 25.5 million (2023: IQD 22.4 million).

### 8. Branches Profitability:

Branch Code	Branch Name	Year 2024 IQD Millions	Year 2023 IQD Millions
802	Khalani Branch	( 119 )	1,428
803	Bawabat Aliraq Branch	383	529
804	Cairo Mall Branch	316	3,512
805	Mansour Branch	( 575 )	(5,515)
807	Khadimain Branch	( 95 )	2,872
808	Aadhamiyah Branch	( 127 )	541
809	Basra Branch ( Al Jazayir )	346	(5,243)
810	Main Branch & Head Office	37,742	15,974
811	Basra Branch ( Times Square )	62	373
812	Najaf Branch	194	655
	Total Branches	38,127	15,126
	Ahli United Brokerage & Investment Company	100	(49)
	Total Consolidated NPAT	38,227	15,077

### Third: Reserves and provisions

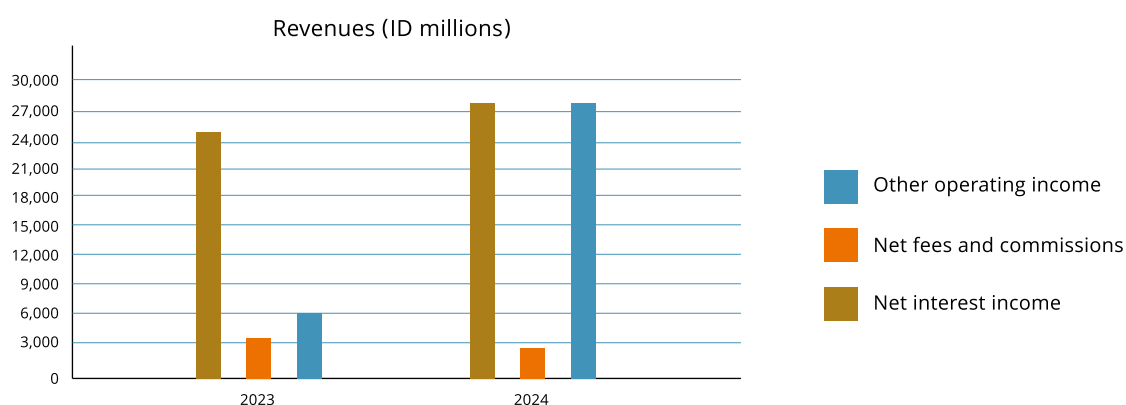
Account Name	Year 2024 IQD Millions	Year 2023 IQD Millions
Reserves	63,516	67,708
Provisions	7,116	15,614
<b>Total</b>	<b>70,632</b>	<b>83,322</b>

### Fourth: Investments

Account Name	Year 2024 IQD Millions	Year 2023 IQD Millions
Long term investments / National bonds IQD	300,000	180,000
Long term investments/Government bonds USD	39,988	102,386
Long term investments/Equity Shares	1,448	1,368
Short term investments/Treasury bills	-	34,871
<b>Total</b>	<b>341,436</b>	<b>318,625</b>

### Fifth: Total revenues

Account Name	Year 2024 IQD Millions	Year 2023 IQD Millions
Net interest income	28,239	24,723
Net gains from foreign exchange	17,261	1,231
Net other income	11,131	5,010
Net fees and commissions	2,400	3,416
<b>Total</b>	<b>59,031</b>	<b>34,380</b>



## Sixth: Material changes

The bank commenced its banking operations in accordance with Islamic Sharia as of January 1, 2025. Consequently, the subsequent financial statements will be prepared in accordance with the standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

## Seventh: Bank's future plans

In line with Central Bank of Iraq's guidelines for banks to establish clear, long-term plans aimed at developing a modern, efficient and well governed banking sector in Iraq, CIBIQ has adopted a strategy focusing all efforts on achieving the following objectives:

1. Expand credit granting activities, both in cash loans and documentary credit extended, in accordance with guidelines set by Central Bank of Iraq and cash flow and collateral parameters established under Bank's Credit Policy.
2. Grow the Bank's deposits commensurately to fund expanded financing activities.
3. Leverage a stronger working relationship through bank partnerships with financial institutions within and outside Iraq to facilitate cross-border business/ trade flows in furtherance of Bank's business and financial objectives.
4. Become the financial services provider of choice for local medium sized companies as well as regional and international corporates operating in Iraq, through the underwriting of major, viable financing transactions.
5. Uphold Bank's investment policy and expand its investing activities, in compliance with Investment Law No. 13/2006.
6. Implement necessary upgrades and modernize existing branches to better meet the needs and expectations of our clients.
7. Deploy customer centric automated systems and IT infrastructure, to further enhance the range and quality of products and services offered.

## Eighth: Accounting policies

Since its inception, the Bank has applied the Unified Accounting System for Banks and Insurance Companies, issued by the Ministry of Finance in 1992 for the preparation of financial statements. The Bank continues to strictly adhere to directions of the Central Bank of Iraq, whether in the general scope of its guidelines or as related to the laws and instructions pertaining to anti-money laundering and maintaining adequate levels of statutory reserves. The Bank adopts Depreciation law number 9 dated 1994 for computing depreciation.

During 2016, the Central Bank of Iraq issued an instruction No. 12/9 on 4 January 2016 to prepare the financial statements according to International Financial Reporting Standards (IFRS).

## Ninth: Bank's property

The bank's owned and leased properties are listed below.

No.	List of Branch/Building owned properties	No.	List of Branch/Building leased properties
1	Main Branch, Headquarters	1	Bawabat AlIraq Branch
2	Khadimain Branch *	2	Cairo Mall Branch
3	Mansour Branch	3	Adhamiyah Branch
4	Khalani Branch	4	Basra (Times Square Mall) Branch
5	Basra/Aljazar Building	5	Najaf Branch

\* During the year 2023, the bank sold Al-Kadhimiya property No. 152/5 Atifiya, based on the approval of the bank's board of directors in the minutes of its meeting No. [293] held on 3/5/2023, and the approval of the Central Bank of Iraq was obtained according to letter No. 9/2/26775 dated 11/09/2023. During 2024, the Bank complete the procedures and transferred the property ownership in the name of the buyer.

## Tenth: Executives Managers

Names	Job Title
Mr. Bassam Jawdat Abo Auda Jaber	CEO (Chief Executive Officer)
Mr. Mustafa Najem Kadhem Hawwas	Deputy CEO
Mr. Mahmood Madi Anaeem	Head of Finance
Mr. Hussain Ahmed Abo Ruwais	Head of Internal Audit
Mr. Saif Waleed Almashhdani	Head of Branches and Administration
Mrs. Dina Hamid Alabood	Head of Human Resources
Mr. Abdul Azeez Jabbar Abdul Azeez	Head of Legal.
Mr. Ali Adnan Baqer	Risk Management Manager.
Miss. Dina George Roman	Compliance Manager
Miss. Roua Hashem Mohammed	Anti - Money Laundering Manager
Miss. Fatema Ibrahim Ahmed	Treasury and Investment Manager
Mr. Ahmed Sabry Al Rubeay	Head of Information Technology
Mr. Qusay Zuhair Abdullah	Information Security and Cyber Security Manager
Mr. Ali Kareem Shaghathi	Security Manager
Miss. Ansam Abbass Shafeeq	Head of Operations
Mr. Ahmed Basil Mahmoud	Credit Risk Manager
Mrs. Zainab Ali Jarallah	Quality Assurance Manager
Mr. Burair Radhi Najeeb	Engineering and Maintenance Manager
Mr. Wael Khaled Hassan	Financial Inclusion - Assigned
Mrs. Maha Noaman Al Bayati	CEO- Brokerage Company

## Eleventh:

A. The bank Key shareholders and the amount of their contribution to the capital as at 31 December 2024, there are no mortgaged shares of The Commercial Islamic Bank of Iraq to any other party.

Names	Number of shares	Percentage of Ownership
Ahli United Bank B.S.C.	249,518,143,696	85.3%
Abbas Ali Naji Al-Rubayee	5,007,162,030	1.71%
Other Shareholders individually below 1% ownership	37,974,694,030	12.99 %
Total	292,500,000,000	100.0%

B. Normal distribution of Shareholders as of 31 December 2024:

From	To	Number of Shareholders	Number of Share
1	100,000	776	29,546,561
100,001	1,000,000	2,072	741,435,199
1,000,001	5,000,000	880	1,966,055,149
5,000,001	10,000,000	197	1,394,255,106
10,000,001	50,000,000	257	5,659,560,705
50,000,001	100,000,000	57	3,805,104,681
100,000,001 and above		70	278,904,042,599
Total		4,039	292,500,000,000

## Eleventh

### C. Bank branches and contact details:

#### Main Branch and Headquarters (810)

Baghdad/Saddon Street/District 102/Street 9/Building 121  
Email: CBIQMainBranch@cbiq.com.iq

#### Khalani Branch (802)

Baghdad/Khulafa Street/District 104/Street 1 /Building 52  
Email: CBIQKhulani@cbiq.com.iq

#### Bawabat AL-Iraq Branch (803)

Baghdad/Damascus Street/ Across from AL-Zawraa Park / Iraq Gate Residential Complex  
Email: Bwabat.Aliraq@cbiq.com.iq

#### Cairo Mall Branch (804)

Baghdad / Cairo District / Cairo Mall  
Email: CBIQCairoMallBranch@cbiq.com.iq

#### Mansour Branch (805)

Baghdad/Mutanabi/District 605/Street 13/Building 87/ Ground Floor  
Email: CBIQMansour@cbiq.com.iq

#### Khadimain Branch (807)

Baghdad/Al-Mutanabi District / District 605 / Street 13 / Building 87 / First Floor  
Email: CBIQKadhumain@cbiq.com.iq

#### Aadhamiyah Branch (808)

Baghdad/Omar Bin Abdul Aziz Street/Heybat Khatun/ Mahala 314/Street 19/Building 1/24-Near Antar Square  
Email: CBIQAdhamya@cbiq.com.iq

#### Basra Branch (809)

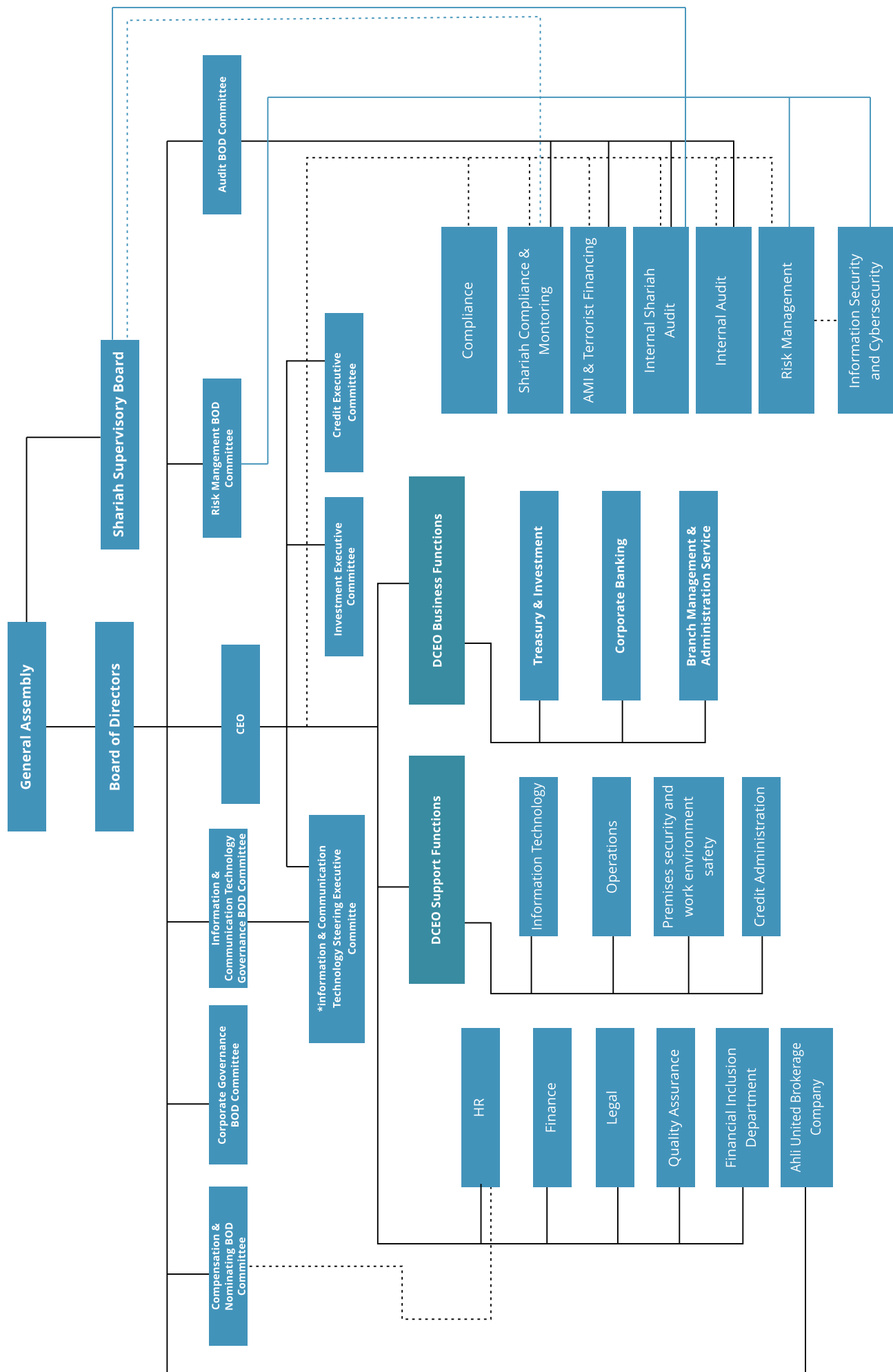
Basra/Algeria Street / Al-Farsi neighborhood / near Abu Shaer bridge  
Email: CBIQ.Basra@cbiq.com.iq

#### Basra (Times Square) Branch (811)

Basra/Jubaila /Dinar Street/ Time Square Mall / First Floor  
Email: CBIQTimesSquare@cbiq.com.iq

#### Al-Najaf Branch (812)

Al-Najaf/Al-Ameer Street / Al-Rawan Street Intersection  
Email: CBIQNajaf@cbiq.com.iq



## Thirteenth: Management activities

### 1. Salaries, wages and allowances:

During the year, salaries and wages paid to 285 staff and personnel at Bank's head office and branches amounting Iraqi Dinars 5,579 million.

### 2. Staff training, development and travel:

The Bank has been keen on developing its human resources to enhance performance at work by utilizing its professional training centre that is equipped with latest technologies to keep pace with the latest vocational training standards. During the year, the Bank invested IQD 67 million compared with IQD 51.6 million in 2023 in staff training, development, and travel.

The following are the most important training courses that conducted in 2024:

Course types	Number of courses	Number of participants
Training within the Bank	6	109
Training outside the bank	75	198
Training outside the country	4	7
Training via Email	6	979
Total	91	1,293

### 3. Branches of the Bank and names of Branch managers:

Branch	Branch Manager
Main	Lamiaa Abdul Razaq Abbass
Khalani	Suhad Abdel Wahed Shamkhi\ Assistant Branch Manager\ Assigned.
Bawabat Al Iraq	Jenan Ali Salih
Cairo Mall	Ali Hadi Hmood
Mansour	Fatema Khalil Saleh / Assistant Branch Manager
Khadimain	Hiba Faleh Hassan
Aadhamiya	Basma Sabah Mohamed
Basra (Aljazar St.)	Moayad Jaffer Mohammed
Basra (Times Square Mall)	Ayat Abdulaa Abdul-Qader / Assistant Branch Manager / Assigned
Najaf Branch	Bahaa Mahdi Abdul Zahra

### 4. Developing Human Resources:

Human resources are one of the cornerstones of the Bank upon which the Bank relies on. It is responsible for implementing banking guidelines, customer service, functions of development, modernization and implementation of plans and programs in accordance with the policy set by the Board of Directors. In this context, the management of the bank is keen to provide continued support for the purpose of raising the level of worker skills, administrative and banking abilities through enrolling them into courses, seminars and conferences specialized to improve performance and customer services provided.

### 5. Maintenance of Bank's buildings and premises:

During the year, the bank completed renovation, and development works for owned and leased the buildings for the sum of IQD 419.5 million.

## Thirteenth: Management activities

### 6. Deployment of the latest technologies:

The Bank has been keen on developing its human resources to enhance performance at work by utilizing its professional training centre that is equipped with latest technologies to keep pace with the latest vocational training standards. During the year, the Bank invested IQD 67 million compared with IQD 51.6 million in 2023 in staff training, development, and travel.

#### A. Completed Projects:

- Customers' accounts registration interface phase 2
- Completing CBI Go AML system interface with Equation.
- Deployment of E-Statements.
- Applying Nutanix technology to manage CIBIQ servers.
- Replace CIBIQ Switches with more advanced ones.
- Replace CIBIQ Firewalls with more advanced ones.
- Apply enhancements for ICI interface with CBI.
- CIBIQ ATMs Windows upgrade
- Add Solid core devices to CIBIQ ATMs.
- Add Contactless devices to CIBIQ ATMs.
- Data center enhancement.
- Apply enhancements for CBS (Credit Bureau system) interface with CBI.
- Apply ITSM for CIBIQ staff.
- External audit project for COBIT 2019, ISO27001 and ISO22301.
- New accounting system for Ahli United Company for Brokerage.
- Upgrade CIBIQ website.
- Equation upgrade.
- Conversion to Islamic banking.
- PCI-DSS v4 compliance certificate update
- ISO27001 compliance
- FIM system implementation
- SWIFT CSCF compliance
- ISO22301 compliance
- CIBIQ New Website

#### B. Under Implementation Projects:

- Upgrade IB and MIB to meet CBI requirements.
- Core banking replication from AUB Equation server to CIBIQ.
- CIBIQ DR enhancement.
- A2A interface upgrade.
- Replace the current ATM and Cards management system with a new one provided by different provider.
- Applying COBIT 2019 and ISO 20000
- Purchase Nutanix servers for Basra DR.
- Replace the current servers backup system with Veeam system.
- External audit for COBIT 2019, ISO 27001, and ISO 22301
- Moving core banking system from AUB to CIBIQ.
- BigID system implementation
- OneTrust system implementation
- Assets and Suplank integration completion
- Internet and Mobile Banking

## Thirteenth: Management activities

### 6. Deployment of the latest technologies:

#### C. New Projects:

- Disaster Recovery Center project completion
- PCI-DSS v4 compliance certificate update
- ISO27001 compliance update
- ISO22301 compliance renewal
- NIST CSF implementation
- PT Calendar
- PAM system implementation
- ISO22301 compliance
- SWIFT CSCF compliance renewal.

## Fourteenth: Anti-money laundering

To ensure no money laundering incidence occurs, the Bank is committed to upholding the anti-money laundering laws no.(39)/2015 and recommendations from the Financial Action Task Force and banking law no. (94)/2004 and CBI law no. (56)/2004.

## Fifteenth: Risk Management

The bank manages its various banking risks by following comprehensive procedures for risk management, including appropriate and effective controls by the Board of Directors and bank's executive management in order to identify, measure, follow up and monitor the relevant risk categories and report them, and maintain an adequate capital is to prevent these risks.

The main risks associated with the bank's business are credit risk, operational risk, market risk, liquidity risk and other types of risks.

Complying with Banking Law No. 94 of 2004, the bank has set its policy and procedures to manage its risks in accordance with the size and complexity of operations, therefore the bank has developed risk management policies accordingly.

CIBIQ represented by its board of directors, is also keen to establish and implement the principles of institutional governance by introducing structural, legislative, and supervisory developments aimed at reducing the risks that the bank may be exposed to. Therefore, among the directions of the bank's board was to ensure the independence of supervisory activities, including the activity of risk management. In the bank, and in the implementation of the best international practices in this field, the administrative structure for risk management has been formed within the following data: -

### 1. Formation of the Risk Committee from the Board of Directors:

This committee operates within an approved business charter that includes its duties and responsibilities. Among its main tasks in relation to risk management are the following:

- Reviewing the risk management framework in the bank.
- Reviewing the bank's risk management strategy before approval by the Board.
- Reviewing the bank's risk management policies before approval by the Board.
- Following up the developments that affect risk management in the bank and submitting periodic reports to the Board.
- Verifying that there is no discrepancy between the actual risks that the bank takes, and the level of acceptable risks approved by the Board.
- Ensuring the availability of policies and frameworks for risk management, the programs and tools required for that with periodic review to ensure their effectiveness and amend them if necessary.
- Ensuring that the bank manages its risks in an efficient manner, so that the bank carries the appropriate risks against the appropriate return.
- Creating appropriate conditions to ensure identifying the risks that have a substantial impact, identifying any bank's activity that may lead to risks greater than the level of acceptable risks, and submitting their reports to the board.

## Fifteenth: Risk Management (Continue)

### 1. Formation of the Risk Committee from the Board of Directors:

- Verifying that violations of the acceptable levels of risk are addressed, including discussing these violations with executive management then submitting reports to the BOD.
- Reviewing the assumptions and scenarios used within the stress tests, discussing the results of the tests, and reviewing the measures to be taken based on these results before they are approved by the BOD.
- Reviewing the methodology for the internal evaluation of the bank's capital adequacy and submitting it to the BOD for approval, so that this methodology is comprehensive, effective and capable in identifying all risks that the bank may face, they take into account the bank's strategic plan and the capital plan, and review this methodology periodically and verify its application, and ensure that the bank maintains sufficient capital to meet all the risks it faces.
- Reviewing Bank's accepted risk document before the approval of the Board
- Ensuring the independence of risk management.

### 2. Risk management independency:

The risk management is independent as it is linked to the risk committee derived from the board of directors (BOD), hence risk management is reporting directly to the risk committee. In according to the authority granted by the Board of Directors, this management can approach any information from other departments in the bank or by the coordination with other various banks' committees, moreover, it works to identify, measure and control all the risks to which the bank is exposed or that it may be exposed to, in addition to hedge these risks to mitigate their impacts on the bank's activities, and to ensure its good management with the aim of maximizing property rights through the following

- Monitoring the bank's executive departments to comply with the determined levels of acceptable risks.
- Reviewing the risk management framework in the bank before the approval of the board.
- Implementing the risk management strategy in addition to developing policies and work procedures to manage all types of risks.
- Educating and raising employees' awareness about risk management.
- Developing methodologies for identifying, measuring, monitoring, and controlling all types of risks.
- Reviewing the assumptions used in preparing the bank's estimated budget and submitting the necessary recommendations to the Risk Committee derived from BOD and a copy for the bank's executive management.
- Conducting stress tests to measure the bank's ability to bear various conditions.
- Studying and reviewing the bank's credit portfolio to ensure its consistency with the bank's credit policy.
- Identifying risks for all products, services, processes, and systems and ensuring that these risks are within the limits. In addition, procedures have been put in place to control and monitor these risks. This also includes identifying the risks in the event of modifications to the products, services, processes, and systems in the bank.
- Supervising the preparation of the business continuity plan and ensuring its effectiveness.

### Sixteenth: International Accounting Standard (10) imposes continuity principle.

In such unique circumstances face corporates sectors at the international level, CIBIQ has realized that it must arm up itself with accounting standards in preparing its financial statements and strive to implement its requirements, such as the principle of continuity, as it is taken into account that the management should evaluate the capability of the bank in terms of continuity when it comes to prepare financial statements, in a way that the bank prepares its financial statements based on the assumption of business continuity.

Also the term of disclosure should include the probability of uncertainty in the continuity of bank's business when it is affected by circumstances and events, as well as this criterion requires the management to take into account the available information about the foreseeable future which represents a period of not less than twelve months from the end of the financial period for which the statements are prepared and it may exceed that when evaluating the appropriateness of the accounting assumption related to continuity.

The management sometimes takes into consideration some other factors in the current and expected profitability as well as loan payment schedules and prospective alternative sources of financing before settling into the certainty that the assumption of continuity is appropriate and it should also be emphasized that the bank must evaluate the appropriateness of preparing the financial statements on the basis of continuity in the period following the end of the fiscal year and before publishing its financial statements, as the requirements of International Accounting Standard No. 10 regarding the preparation of financial statements must be applied there are indicators prevent the bank to assume business continuity after the end of fiscal year and before the financial statements are published.

### Seventeenth: International Award

CIBIQ is the first Iraqi Bank won "The Best Bank in Iraq Award" rewarded by Global Finance Magazine in New York, for five consecutive years (2009 – 2013). CIBIQ was also the first Iraqi Bank to be licensed by MasterCard International to issue credit and direct debit cards since 2008.

CIBIQ was honored to receive the award of the Best Bank in terms of Trade Finance in Iraq for the year 2021 by the Union of Arab Banks. This prestigious award demonstrates the superiority of the bank in its work and the various banking services it provides to its customers.

In conclusion, it is my pleasure to sincerely thank all those who have supported the bank, to the regulatory authorities and to the community at large where the bank operates, wishing the banking sector continued prosperity and further development in order to better serve the citizens and the country.



**Mohammed Hameed Dragh Al-Dragh**  
Chairman of the Board of Directors

## COMMERCIAL ISLAMIC BANK OF IRAQ

### CORPORATE GOVERNANCE REPORT 2024

#### First: Overview

The Board of Directors of the Commercial Islamic Bank of Iraq is committed to implementing best Corporate Governance practices across the Bank's operations and structures, and to ensuring that the Bank is run in accordance with appropriate and robust governance policies to support the success of the Bank and sustain its business growth.

CIBIQ is also committed to an appropriate and transparent information disclosure framework and the enabling of timely access to key information by all stakeholders. For this purpose, the Bank has put in place a comprehensive disclosure and transparency policy which reflects all aspects of disclosure requirements (both financial and non-financial disclosures including all key statements on Bank's developments, operations and financial performance in accordance with the framework of stakeholders).

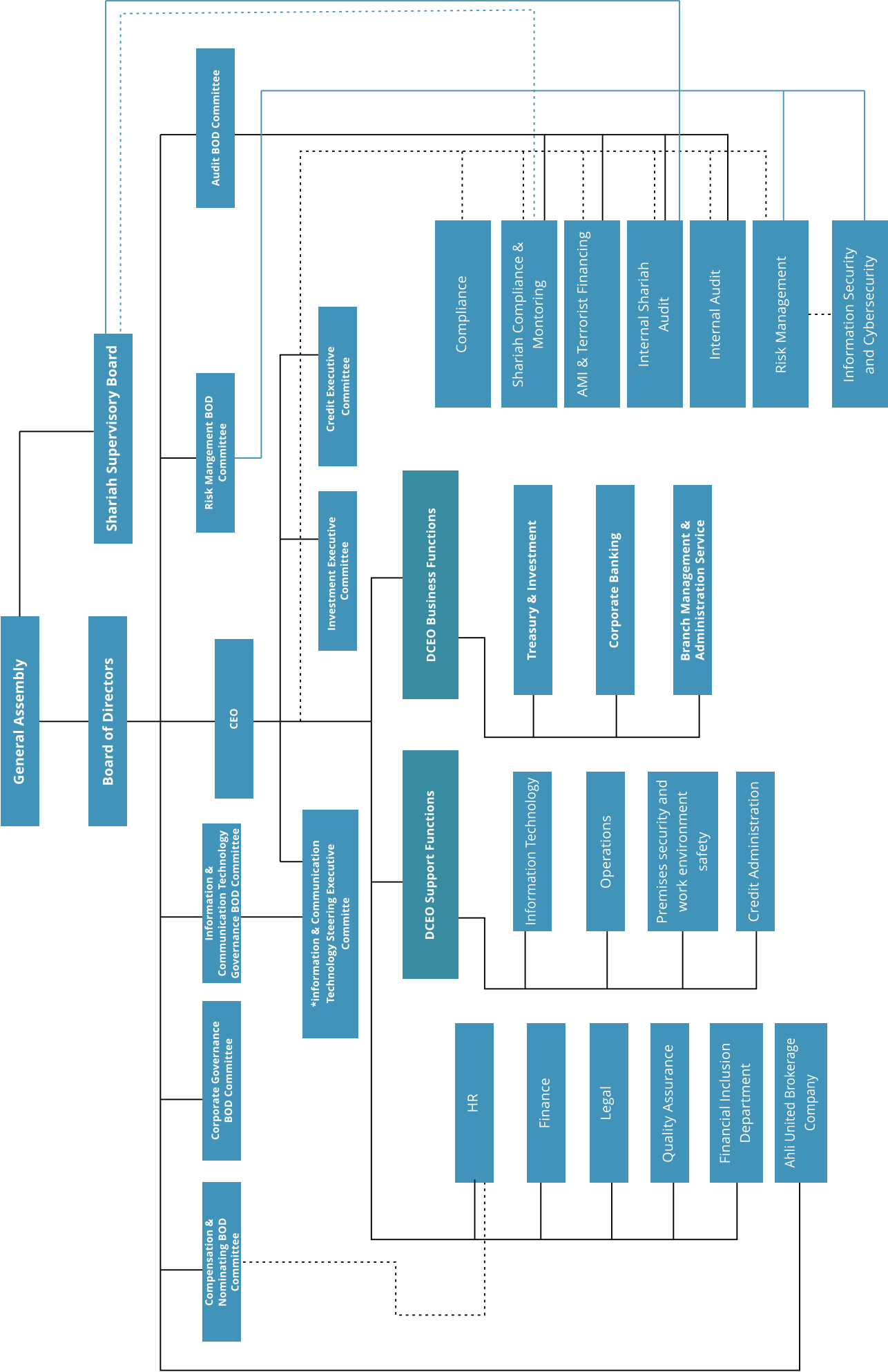
Elected by the General Assembly, the Board of Directors, is fully responsible for overseeing all aspects of Bank's conduct of business as well as managing associated risk exposures. The Board of Directors carries out this responsibility through Board-delegated committees which serve as active and independent lines of communications and oversight between the Board and senior management of the Bank.

The Board of Directors relies on independent committees for the exercising of its audit and oversight roles, whether through controls such as risk management, compliance, corporate governance and regulatory disclosure functions; or post facto control such as internal audit.

Additionally, the Bank conducts its business within agreed risk parameters, as set by the Bank's rigorous policy framework and procedures and defined delegated authority limits pursuant to the Bank's risk tendency and strategy.

The Board of Directors also relies on periodic MIS reporting prepared by senior management to the Board of Directors and its committees to ensure the timely monitoring of Bank's progress and focus on the key aspects and prompt remedy to areas of risk.

Second: The Bank Organizational Structure as on 31 of Dec 2024



### Third: The Board of Directors

The Board of Directors of the Commercial Islamic Bank of Iraq is the ultimate decision making body within the CIBIQ. It is responsible for overseeing the bank's conduct of business and ensuring the successful implementation of its strategy in delivering consistent and sustainable returns for its shareholders, employees and the society at large, taking into consideration business continuity and achieving corporate goals. As the Bank is also a subsidiary of Bahrain-based Ahli United Bank Group (AUB) owned by Kuwait Finance House K.S.C.P ("KFH"), its Board has a dual role in overseeing the implementation of the Group's strategy as relates to the Iraqi market and ensuring optimal synergy with the Group's broader business objectives and operations region-wide.

#### 1. Board of Directors Members

##### Mohammed Hammed AlDaragh (Chairman of the Board of Directors)

Held the position of the Chairman of the Board of Directors since 2017, awarded bachelor's degree - college of Literature, University of Baghdad, and Bachelors in Law from Al Mustansiriyah University. He has experience in the Banking Sector in which he has filled several position including a member of the Board of Directors in Rafidain Bank in 1972, after that he became a member of the Board of Directors in the Commercial Islamic Bank of Iraq for three consecutive terms and became the chairman of the Board of Directors.

##### Othman Ahmed Yaqoub Hujazi (Vice Chairman of the Board of Directors)

Vice Chairman of the Board of Directors since 2020, holds a Masters in Finance from University of Western Sydney, Australia. He has experience in the Banking Sector and several companies for 29 years. Board member, Al Hilal Life B.S.C.(c) and Al Hilal Takaful B.S.C.(c), Bahrain; Board Member, Al Ahli Real Estate Company WLL, Bahrain; Director, Property Company One & Two Ltd, UK. Former: Executive Director International Corporates - Origination and Customers Coverage - Saudi and Kuwait Markets, Standard Chartered Bank, UAE; Executive Director - Head of Local Corporate Business - Origination and Customer Coverage - Sharjah and Northern Emirates, Standard Chartered Bank, UAE; Senior Relationship Manager - Business Banking Group, Abu Dhabi Commercial Bank, UAE; Relationship Manager, Commercial Bank International, UAE.

##### Bassam Jawdat Abu Odeh Jaber (Managing Director)

Member of the Board of Directors since 10/9/2023, holds a master's degree in Accounting and Finance from the Hashemite University. He has experience in the banking sector and many companies for 32 years. During which he held a number of positions, including Customer Relations Officer at Arab Bank, Corporate Credit Officer, Corporate Customer Relations Supervisor, Customer Relations Manager at Bank of Jordan, Head of Corporate Banking Operations Department, United Bank for Trade and Investment, seconded as a consultant to the Commercial Islamic Bank of Iraq, Deputy Managing Director of the Commercial Islamic Bank of Iraq. Managing Director of the Commercial Islamic Bank of Iraq.

##### Jamil Elie Jamil Ghattas (Member of the Board of Directors)

Member of the Board of Directors since 2017, awarded Bachelor's in Business and Economics in the United States of America. He has experience in the Banking Sector for 40 years in which he held several banking positions in major regional banks. He was also Assistant of the Vice President - Arab Banking Corporation from 1991 to 2001. In addition to holding the position of Head of Economics Department in Arab Banking Corporation from 1985 to 1991.

##### Jamal Tahir Yahya (Member of the Board of Directors)

Member of the Board of Directors since 2017 awarded Bachelor in Engineering from University of Baghdad. He has experience in the Banking sector gained from his numerous Companies and its contributions with Iraq and Foreign Banks throughout many years. He also currently holds positions including a Managing Director of Iraqi International Company for Trading and Services Machinery And Equipment from 1989 to date. In addition to holding the position of the Managing Director of Iraq union for Trading heavy Machinery Company from 2004 to date. He is also the Managing Director for Al Mayasem Trading Company from 2003 to date.

### Third: The Board of Directors (Continue)

#### 1. Board of Directors Members (Continue)

##### Maha Abdel Hamid Mohamed Ibrahim (Member of the Board of Directors)

Member of the Board of Directors since 2022, holds a Bachelor of Trade and Business Administration from Helwan University and a Chartered Financial Analyst (CFA). She has experience in banking since 1991 until now, during which she held a number of positions in Ahli United Bank / Arab Republic of Egypt (Deputy General Manager - Credit and Marketing Department, Deputy General Manager of Credit and Marketing Department, Deputy General Manager and Head of Credit Management and Marketing Sector, General Manager of Credit and Marketing Department, and General Manager Senior Credit Management and Marketing and Head of Corporate Banking and now she is DCEO Wholesale Banking) She also worked at CIB / Arab Republic of Egypt (Administrative Assistant - Credit Management and Marketing, Senior Credit Analyst Credit Management and Marketing, Assistant Manager of Credit Management and Marketing, Assistant Director of Investment Management, Director of Investment Management and Assistant Head of Investment Department) She also worked as an employee in the Collection and Loans Department and a Senior Officer in the Collection and Loans Department at Egypt America International Bank.

##### Abdullah Youssef Ahmed Al-Saif (Member of the Board of Directors)

Member of the Board of Directors since 29 September 2024, holds a bachelor's degree in accounting from Jones University, Florida, USA in 1979, Member of the Sharia Supervisory Board of the Commercial Islamic Bank of Iraq until 27/9/2024, He has experience in the Islamic banking sector for more than 46 years, during which he held several positions in the Middle East Including in Kuwait Finance House and Abu Dhabi Islamic Bank (Abu Dhabi), and Advisor to the Vice Chairman and Managing Director of the Kuwait Real Estate Bank, he also served as Chairman of the Board of Directors of Wethaq Takaful Insurance Company, CEO of Osool Leasing Finance and Investment Company, Vice Chairman of the Board of Directors of Ward Leasing and Finance Company, Vice Chairman of the Board of Directors of Al Madar Finance and Investment Company, Member of the Board of Directors of Qaf Holding Company Limited (UAE). He is a Board Member at Kuwait Finance House Bank - Egypt. advisor to the Board of Directors of Kuwait Finance House.

##### Mohamed Tamer Abdel Moneim Salama (Board Member)

Member of the Board of Directors since 31/3/2022 and he holds an MBA from the American University in Cairo. He has 28 years of experience in the field of banking and finance, in which he has held the following positions:

- Regional Head of Credit Risk - Ahli United Bank, Group Head of Credit Risk for the Middle East, and Iraq.
- Senior Manager of Credit Risk Management - Ahli United Bank.
- Senior Manager and Group Leader of Credit Risk Management BNP Paribas Egypt.
- Deputy General Manager of Credit Risk Management Credit Agricole Bank - Egypt.
- Credit Manager Credit Risk Management Barclays Bank - Egypt.
- Head of Credit Risk Management Department Societe General Bank - Egypt.
- Investment Analyst - Privatization Department - Holding Company for Engineering Industries - Egypt.

##### Malik Youssef Rahmatullah Haider (Board Member)

Member of the Board of Directors since 10/9/2023, holds a Master of Business Administration in Finance and Banking from Swiss Business School. He has 20 years of experience in banking during which he held several positions, including Relationship Officer at Ahli United Bank, Financial Institutions Relations Manager at Ahli United Bank, Regional Manager and Regional Head of Financial Institutions at Ahli United Bank.

### Third: The Board of Directors (Continue)

#### 1. Composition of the Board of Directors

CIBIQ's Board of Directors is composed of 9 principal members in addition to 8 alternate members, with the composition of the Board representing an appropriate mix of professional qualifications, skills and expertise.

The Directors are elected by the General Assembly for a term of 4 years subject to approval by the Central Bank of Iraq. Directors may be re-elected for no more than a second term. The Board shall elect a Chairman and a Deputy Chairman.

Independent members on CIBIQ's Board constitute over a third of its members, in line with the requirements of Corporate Governance and for the formation of Board committees.

When electing the members of the Board of Directors, the cumulative voting system was applied by granting each shareholder a number of votes equal to the number of shares he owns, so that he\she can grant them all to one candidate or distribute them to more than one candidate when electing the members of the Board of Directors.

#### Members of the Bank's Board of Directors as at 31 December 2024:

##### Principal members and respective number of shares:

NO.	Names	Representing	Title	Number of shares
1	Mohammed Hameed Dragh Al-Dragh	Self	Board Chairman	585,000
2	Othman Ahmed Yaqoub Hujazi	Ahli United Bank B.S.C.	Deputy Chairman	249,518,143,696
3	Bassam Jawdat Abu Odeh Jaber	Self	Chief Executive Officer	58,500
4	Jamil Elie Jamil Ghattas	Gulf Oasis Oil Services Company	Board member	117,000
5	Jamal Taher Yahya Al-Takreti	Self	Board member	4,458,255
6	Maha Abdel Hamid Mohamed Ibrahim	Self	Board member	29,250
7	Abdullah Youssef Ahmed Al-sayf	Self	Board member	5,850
8	Mohamed Tamer Abdel Moneim Salama	Self	Board member	29,250
9	Malik Youssef Rahmatullah Haider	Self	Board member	29,250

##### Alternate members and number of shares:

NO.	Names	Title	Number of shares
1	Ammar Numan Shaker	Board Member	42,610,284
2	Furat AbdulAdheem Abdulrazzak Kubba	Board Member	2,293,893
3	Redha Ali Mohammed Ali Mohammed Redha	Board Member	29,250
4	Ali Esam Abdulmajeed Rasheed Al-Sabagh	Board Member	29,250
5	Saad Jawad Ali Mohamed Saeed	Board Member	29,250
6	Walaa Hussain Hashim NasrAllah	Board Member	29,250
7	Mudhur Ismaeel Yahya Mohamed	Board Member	29,250
8	Yahya Ismaeel Dawood Alhakeem	Board Member	29,250

## Third: The Board of Directors (Continue)

### 2. Secretary of Council:

According to the Corporate Governance Guide, the Secretary of the Board of Directors, Mr. Abdulaziz Jabbar, was appointed based on and the minutes of the Board of Directors No. 287 on 07/25/2022, where the role of the Secretary of the Board is one of the vital important roles for the bank, as he attends all meetings of the Board of Directors and writes down all deliberations and suggestions Objections and reservations, mentioning the topics discussed, the decisions reached, the names of the members present and voting by each member, keeping and documenting the records and minutes of the council meetings after being signed by the members of the council

### 3. Board responsibilities.

The role of the Board of Directors is to strike an appropriate balance as well as to delegate authority within an effective internal control framework implemented by the Bank's executive management.

The Board of Directors is responsible for its management to lead the Bank in the best way, with the aim of maximizing the value of shareholders' investments, achieving the targeted results of the business plan, preserving the rights of customers and the rights of all stakeholders, and achieving everything that remains within the framework of full compliance with the laws, regulations and supervisory instructions regulating the bank's activity.

### 4. Board's meetings

The Board shall meet at least six (6) times per annum but may convene at any time in case of urgent circumstances. Board members should endeavour to attend all meetings, nonetheless should a Director not be able to attend in person, he or she may attend, subject to Chairman's approval- through a video or audio call but may not cast a vote or sign the minutes of the meeting. Board's resolutions are adopted by the majority of voting attendees. In the event of a tied vote, the Chairman will cast the deciding vote.

The table below details the Board meetings held during 2024 and the attendance of each member:

NO.	Names	Meeting Date					
		30/1/2024	1/4/2024	1/8/2024	11/8/2024	15/8/2024	18/12/2024
1	Mohammed Hameed Dragh Al-Dragh	✓	✓	✓	✓	✓	✓
2	Othman Ahmad Yaqoub Hijazi	✓	✓	✓	✓	✓	✓
3	Hesham Zaghlool Mohamed Abdulmuttaleb	✓	Resigned on 22/02/2024 and replaced by Alternate board member Maha Abdel Hamid Mohamed	✗	✗	✗	✗
4	Bassam Jawdat Abdu Odeh Jaber	✓	✓	✓	✓	✓	✓
5	Jamal Taher Yahya Al-Tekreeti	✓	✓	✓	✓	✓	✓
6	Mirna Michel Salebi El Achkar	✓	✓	✓	✓	✓	Resigned on 10/10/2024 and replaced by Alternate board member Abdullah Youssef Ahmed Al-sayf
7	Jamil Elie Jamil Ghattas	✓	✓	✓	✓	✓	✓
8	Mohamed Tamer Abdel Moneim Salama	✓	✓	✓	✓	✓	✓
9	Malik Youssef Rahmatullah Haider	✓	✓	✓	✓	✓	✓
	Maha Abdel Hamid Mohamed	✗	✓	✓	✓	✓	✓
	Abdullah Youssef Ahmed Al-sayf	✗	✗	✗	✗	✗	✓ Appointed as a board member on 18/12/2024

## Fourth: Board Committees

The Board has constituted Five committees, membership of which is drawn from among its members, which are directly reporting to the Board. These committees carry out their responsibilities pursuant to Corporate Governance Guidelines and their duly delegated powers by the Board to ensure best business practices. These Committees are listed below.

### 1. Governance Committee

The Governance Committee's main role is to assist the Board of Directors in discharging its oversight responsibilities relating to sound corporate governance practices and the implementation of governance policies across Bank's units.

The names of the Governance Committee members and their memberships in the Board Committees and attendance at meetings held during 2024 are detailed below:

Members	Meeting Dates			
	1/8/2024	10/10/2024	16/10/2024	27/11/2024
Mohammed Hameed Drgh Al-Dragh (Chairman)	✓	✓	✓	✓
Mohamed Tamer Abdel Moneim Salama (Member)	✓	✓	✓	✓
Mirna Michel Salebi El Achkar (Member) Resigned on 10/10/2024	✓	x	x	x

#### Corporate Governance Committee responsibilities and duties:

- The Committee supervises preparation of bank's Corporate Governance Guide and monitors implementation of Corporate Governance in accordance with the size of the bank's operations, the multiplicity and diversity of its activities, its modernization and monitoring of its application.
- Supervising and preparing the Corporate Governance report and including it in the bank's annual report.
- Ensuring bank's adherence to principles of corporate governance and its good practices.

### 1. Audit Committee

The Audit Committee assists the Board in overseeing the functions of internal controls, external audit, internal audit, regulatory compliance and financial reporting in accordance with regulatory guidelines and international financial reporting standards.

The names of the Audit Committee members and their memberships in the Board Committees and attendance at meetings held during 2024 are detailed below:

Members	Meeting Dates				
	11/2/2024	6/6/2024	21/7/2024	9/9/2024	9/12/2024
Jamal Taher Yahya Al-Tekreeti (Chairman)	✓	✓	✓	✓	✓
Jamil Elie Jamil Ghattas (Member)	✓	✓	✓	✓	✓
Mirna Michel Salebi El Achkar (Member)	✓	✓	✓	x	x
Mohamed Tamer Abdel Moneim Salama (Member)	✓	✓	✓	✓	✓

## Fourth: Board Committees (Continue)

### 2. Audit Committee (Continue):

#### Audit committee's responsibilities and duties

- The extent of Internal Audit adequacy and the follow up with external auditor and discuss his reports.
- Discuss accounting issues with material impact on bank's financial statements.
- Ensure adequacy and efficiency of the bank's internal control systems.
- Ensure compliance to international standards and combatting of money laundering in all bank's activities and operations. The Committee has the right to investigate, search and audit any operation, procedure or regulation that could affect bank's strength and integrity.
- Recommend to the Board of Directors bank's organizational structure, initiate or cancel the organizational formations, merge identify and modify their duties along with the terms of reference.
- Review bank's annual training plan and track its implementation. Moreover, review reports of executive management on human resources situations.
- Review policies and instructions relating to appointments, promotions, resignations and termination of service to all bank personnel, including executive management, against applicable laws.
- Prepare a quarterly report regarding the committee's work after each financial quarter to be submitted to the Board of Directors.
- Audit and approve the accounting procedures, annual audit plan and accounting instructions.
- Confirm bank's complies to disclosures set by International Financial Reporting Standards (IFRS), Central Bank of Iraq instructions and other relevant legislations. Ensure executive management awareness of the amendments to made in IFRS and other relevant standards.
- Ensure bank's annual report includes a report on the adequacy of internal supervision and control systems for financial reporting. The report shall include the following:
  - A paragraph clarifying the responsibility of the internal auditor in cooperating with the executive departments to establish and maintain controlling systems and internal supervision over financial reporting in the bank.
  - A paragraph on the framework used by internal auditor to evaluate and determine effectiveness of internal supervision and controlling systems.
  - Ensure compliance to international standards in all banking activities and operations.
  - Ensure that there is anti-money laundering and terrorist financing body which directly reports to the Board of Directors and responsible for implementing policies of Know Your Customer (KYC) as well as initiates periodic reports about office's activity.
  - Monitor the implementation of U.S. Foreign Account Tax Compliance Act (FATCA)
  - Identify weaknesses in internal supervision and controlling systems that could possibly lead to incorrect statement with substantial impact.
  - A report from the external auditor shows his opinion on the effectiveness of internal control systems.
- The committee's relationship with the external auditor: the committee is directly responsible for the following:
  - Proposing eligible candidates eligible to serve as external auditors or recommend their dismissal.
  - Providing direct communication between the external auditor and the committee.
  - Approving the scope of the audit with the external auditor.
  - Receiving audit reports and ensuring that the bank's management takes the necessary corrective measure to timely solve the problems identified by the external auditor.
- The committee's relationship with the internal auditor: the committee is directly responsible for the following:
  - Appointing the internal auditor or recommending his dismissal, promotion or transference after obtaining Central Bank approval.
  - Reviewing and approving the internal audit plan.
  - Requesting reports from the internal audit manager.
  - The Audit Committee should ensure that there are adequate financial and human resources to manage and train internal audit.
  - Ensure independency of internal audit staff and not being assigned to any other operational tasks.
- Monitor bank's compliance, and anti-money laundering and terrorist financing laws, regulations and controls applied on the bank and reporting to the Board.

## Fourth: Board Committees (Continue)

### 2. Audit Committee (Continue):

#### Audit committee's responsibilities and duties

- Review bank's reports sent to the Central Bank.
- Submit the annual report to the Board of Directors to disclose bank's activities and operations.
- The Committee must have SSB to obtain any information from the executive department and has the right to call any director to attend any of its meetings without having the status of a member of the Committee.
- The committee meets with the external auditor, internal auditor, compliance department officer and anti-money laundering officer at least 4 times a year without the presence of any members of the executive management.
- The Committee reviews and monitors procedures that enable staff report confidentially any error in the financial reports or other matters and ensures that the commission has the necessary arrangements for an independent investigation, protection of the staff member and ensures that the results of the investigation are followed up and processed objectively.
- Review anti-money laundering and terrorist financing reports.
- Follow-up the implementation of business continuity and disaster recovery and crisis programs in coordination with the ICT Committee.
- The Chairman of the Committee presents the minutes of its meetings and recommendations to the Board of Directors for voting.

### 3. Risk Management Committee

This committee advises and assists the Board in overseeing the Bank's overall risk management framework, including identifying its risk exposures, policies and adopted risk appetite and limits.

The names of the Risk Committee members and their memberships in the Board Committees and attendance at meetings held during 2024 are detailed below:

Members	Meeting Dates			
	23/1/2024	16/3/2024	28/7/2024	28/11/2024
Hashem Zaghlool Mohamed (Chairman) Resigned 22/2/2024	✓	×	×	×
Mohamed Tamer Salama (Appointed a Chairman on 1/4/2024 )	✓	✓	✓	✓
Jamil Elie Jamil Ghattas (Member)	✓	✓	✓	✓
Malik Youssef Rahmatullah Haider (Member)	✓	✓	✓	✓
Othman Ahmad Yaqoub Hijazi (Member)	×	×	✓	✓
Bassam Jawdat Abu Odeh Jaber\ Replaced Mr. Hesham Zaghlool Mohamed in Member of committee on 1/4/2024	×	×	✓	✓

#### Risk committee's responsibilities and duties:

- Review bank's risk management strategy prior the approval of the Board of directors.
- Review bank's credit policy and make recommendations to the Board of Directors for approval as well as supervise the implementation of their proposed credit policy.
- Monitor "credit risk" incurred by the bank, whether in relation to the "standard entry", "internal classification-based entry", "operating risk", "market risk", "supervisory review" and "market discipline" as issued by the Basel Committee.
- Determine credit ceilings that exceeds SSB of the CEO or regional manager.
- Monitor bank's ability to avoid liquidity risks under Basel III, including liquidity guidelines.
- Recommendation to abandon risky activities that the bank cannot handle.
- Ensure that the Bank complies with the regulations, instructions and policies related to risk management.
- Periodic review of the risk management policy proposed by the bank's senior management and make recommendations to the Board of Directors for acknowledgement and approval.
- Supervise senior management's procedures towards complying with the bank's risk policies.

## Fourth: Board Committees (Continue)

### 3. Risk Management Committee

#### Risk committee's responsibilities and duties (Continue):

- Regular follow up with the head of Risk Department to obtain reports on matters relating to bank's current risk situation, in addition to reports on the limits and ceilings set and any excesses and risk evasion plans.
- Supervise capital and liquidity management strategies and related risk management strategies to ensure that they are in line with the bank's risk framework.
- Risk committee receives periodic reports from committees emanating from executive management (credit, investment, ICT).
- Review bank investment policy and make recommendations to the Board of Directors for approval as well as oversee the implementation of the investment policy proposed by them.
- Assess the performance of the investment portfolio in terms of return and risk in relation to the bank's internal and external investments and the continuous follow-up of the indicators and movement of domestic and foreign capital markets.

### 4. Nominating and Compensation Committee

This Committee assists the Board in monitoring the Bank's short and long term remuneration and makes recommendations in this regards. The Committee is also responsible for identifying and recommending to the Board persons qualified to become Directors, members of Board- board committees or senior managers of the Bank. The Committee also assists in evaluating the performance of the Board, its Committees and Directors.

The names of the Nominating & Compensation Committee members and their memberships in the Board Committees and attendance at meetings held during 2024 are detailed below:

Names	Meeting Dates						
	7/1/2024	23/4/2024	30/4/2024	8/7/2024	22/8/2024	7/10/2024	13/11/2024
Othman Ahmad Yaqoub Hijazi (Chairman)	✓	✓	✓	✓	✓	✓	✓
Jamil Elie Jamil Ghattas (Member)	✓	✓	✓	✓	✓	✓	✓
Hesham Zaghloul Mohamed Abdulmuttaleb (Member Resigned on 22/2/2024)	✓	×	×	×	×	×	×
Mirna Michel Salebi El Achkar (Member)	✓	✓	✓	✓	✓	✓	×

#### Responsibilities of Nominating and Compensation committee

- Identify the nominees eligible to join bank's Board of Directors or Senior Management of the bank with the exception those qualified to hold the position of Head of Audit, which is the responsibility of the Audit Committee.
- Prepare Compensation Policy and submit it to the Board of Directors for approval and supervision of its application, considering the following:
  - To be in line with the principles and policies of good governance to ensure bank's long-term interests over immediate or short-term considerations.
  - The extent of which the Bank achieves its long-term objectives in accordance with its strategic plan.
  - Ensure that the compensation policy takes considers all types of risks to which the bank is exposed, so that the profits achieved are balanced with the degree of risk involved in the activities and banking.
  - The compensation policy should include all levels and categories of bank employees. Conduct a periodic review of the rewarding policy, salaries and incentives, or when recommended by the Board of Directors, recommendations to the Board to amend or update this policy, and periodic assessment of the adequacy and effectiveness of the grant policy. Rewards, salaries and incentives to ensure that its stated objectives are achieved.
  - Develop a replacement policy to secure the bank's executive management functions, which should be reviewed at least annually so that the bank is ready to deal normally with any change that may occur to the occupants of the executive management functions without affecting the bank's performance and continuing operations.
  - Ensure the preparation of plans and provide programs to train and prepare board members on an ongoing basis to keep up with all the important developments in the field of banking and financial services (commercial and Islamic).
  - Supervising the evaluation of the bank's human resources performance, particularly executive management, reviewing the reports and making recommendations to the Board of Directors.
- Review the committee's work list annually and propose any amendments, if any.
- The Chairman of the Committee presents the minutes of its meeting and recommendations to the Board of Directors.
- The Committee undertakes to submit periodic reports and an annual report on the results of its work to the Board of Directors.

## Fourth: Board Committees (Continue)

### 5. Information Technology Governance Committee

Based on the corporate governance and the management of information and communication technology in the banking sector, according to the book of the Central Bank of Iraq No. 14/611 on 04/25/2019, the Information Technology Governance Committee established from the Board of Directors. The committee meets every three months and keeps documented minutes of meetings

This committee consists of at least three members, if it submits periodic reports to the Board. Below are the details of the names of the members of the Information Technology Governance Committee, their membership in the Board committees, and attendance at the meetings held during the year 2024.

Members	Meeting Date			
	29/7/2024	28/11/2024	26/12/2024	30/12/2024
Jamil Elie Jamil Ghattas (Chairman)	✓	✓	✓	✓
Bassam Jawdat Abu Odeh Jaber (Member)	✓	✓	✓	✓
Maha Abdel Hamid Mohamed Ibrahim (Member) replaced Hesham Zaghlool on 1/4/2024	✓	×	✓	✓
Malik Youssef Rahmatullah Haider (Member)	✓	✓	✓	✓
Mohamed Tamer Salama (Member)	✓	✓	✓	✓
Hesham Zaghlool Mohamed Abdulmuttaleb (Member) replaced by Maha Abdel Hamid Mohamed Ibrahim	×	×	×	×

#### Responsibilities of Information Technology Governance committee

- Adopting strategic plans for information and communication technology and appropriate organizational structures, including steering committees at the level of senior executive management, in particular (the steering committee for information and communication technology), in a way that ensures the achievement of the strategic objectives of the institution and meets them, and achieves the best added value from projects and investments of information and communication technology resources, And the use of the necessary tools and standards to monitor and ensure the extent to which this is achieved, such as the use of IT Balanced Scorecards and the calculation of the rate of return on investment (ROI), and measuring the impact of contributing to increasing financial and operational efficiency.
- Adopting the general framework for managing, controlling and controlling information and communication technology resources and projects that simulates the accepted international best practices in this regard, specifically (COBIT) (Control Objective for Information and Related Technology) in all its versions to achieve the objectives and requirements of these controls through achieving the institutional goals, which are contained in the annex No. (1) in a sustainable manner, and the achievement of the matrix of information objectives and the accompanying technology, contained in Appendix No. (2), and covers information and communication technology governance processes contained in Appendix No. (3). (Described in the controls of corporate governance and management of information and communication technology).
- Adopting the matrix of institutional objectives, contained in Appendix No. (1), and the relevant information and technical objectives contained in Appendix No. (2), counting its data as a minimum, and describing the sub-objectives necessary to achieve them.
- Adopting a matrix of responsibilities (RACI Chart) towards the main processes of information and communication technology governance in Appendix No. (3), and the sub-processes emanating from it in terms of: the entity, entities, person, or parties that are initially responsible, and those responsible are finally Accountable, and the consulting parties and those that are informed about all Informed operations in the annex mentioned in this regard.
- Ensuring that there is a general framework for information and communication technology risk management that is compatible with and integrated with the overall general framework for risk management in the organization, in accordance with international standards such as (ISO 31000, ISO 73) and considers all information and communication technology governance processes mentioned in Appendix No. (3) and meets them.
- Approving the budget of information and communication technology resources and projects in line with the strategic objectives of the institution.
- Supervision and review of the progress of information and communication technology operations, resources, and projects to ensure their adequacy and effective contribution to achieving the requirements of the institution and its business.
- View audit reports for information and communication technology, take the necessary measures to address deviations, and make recommendations to take the necessary measures to correct them.

## Fourth: Board Committees (Continue)

### 5. Information Technology Governance Committee

#### Responsibilities of Information Technology Governance committee (Continue):

- Submit periodic reports to the Council.
- Developing a special guide for the governance and management of information and related technology, and it may be part of the corporate governance guide, so that the guide takes into account these controls as a minimum, in a manner consistent with its needs and policies, and that the guide is approved by the Council, and the Central Bank of Iraq is provided with it within a maximum period of (6) months) from the date of these controls, so that this guide expresses the private institution's view of the governance and management of information and related technology in terms of its concept, importance and basic principles, and in a manner that takes into account legislation and international best practices in this regard, and the institution through the Information and Communication Technology Governance Committee emanating from the Council should review this guide and update it as needed.

## Fifth: Sharia Supervisory Board

The Sharia Supervisory Board ("SSB") is an independent authority of jurists specialized in Islamic Sharia and the jurisprudence of Islamic financial transactions and finance, which directs, monitors and supervises the activities of the Bank to ensure that the Bank's management complies with the provisions and principles of Islamic Sharia in the transactions conducted by the Bank. SSB aims to ensure compliance with the laws and regulations issued by the Central Bank of Iraq, and its Sharia reference is the provisions of Islamic Sharia as determined by the Sharia Supervisory Board ("SSB") in line with what is stated in the Shariah and accounting standards and the governance and ethics standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI").

#### The Bank's Sharia Supervisory Board consists of three sections as follows:

- Sharia Supervisory Board.
- Secretariat of the Sharia Supervisory Board (Sharia Coordination and Compliance Department).
- Internal Sharia Audit Department.

#### The Bank's Sharia Supervisory Board consists of the following members:

Members	Title
Dr. Abdul Aziz Khalifa Al Qassar	Chairman
Dr. Ali Ibrahim Al-Rashid	Member
Dr. Esam Khalaf Al-Enezi	Member
Mr. Abdelkabeer Fawzi Al-Batanouni	Member
Mr. Mohammed Ahmed Al-Ansari	Member

#### 1. Sharia Supervisory Board Members:

##### Dr. Abdul Aziz Khalifa Al Qassar (Chairman of the Sharia Supervisory Board)

Dr. Abdul Aziz Khalifa Al Qassar Professor of Comparative Jurisprudence at the Faculty of Sharia and Islamic Studies at Kuwait University, he received a doctorate degree in comparative jurisprudence from the Faculty of Sharia and Law - Al-Azhar University - Cairo - Arab Republic of Egypt in 1997 AD. Faculty member at the Faculty of Sharia and Islamic Studies at Kuwait University from 1997 to this time, he served as Associate Dean for Academic Affairs and Graduate Studies and Research at the Faculty of Sharia and Islamic Studies at Kuwait University from the period 2001-2005 AD, and a member of the Fatwa and Sharia in many institutions and Islamic banks in Kuwait and abroad, a lecturer in Islamic finance, has many research and religious studies in Islamic jurisprudence and contemporary financial transactions.

## Fifth: Sharia Supervisory Board

### 1. Sharia Supervisory Board Members: (Continued):

#### Dr. Ali Ibrahim Al-Rashid (Member of the Sharia Supervisory Board)

Dr. Ali Ibrahim Al-Rashid is a member of the Sharia Board, a professor in the Department Jurisprudence and its Foundations of Sharia and Islamic Studies at Kuwait University, a member of the Sharia Board of accounting and auditing organization for islamic financial institutions (AAOIFI), a member of the Advisory And Shariah Supervision Authority of a many of Islamic banks, institutions and financial companies inside and outside Kuwait, published many specialized researches and participated in many seminars and conferences of local and international economic jurisprudence.

#### Dr. Esam Khalaf Al-Enezi (Member of the Sharia Supervisory Board)

Dr. Esam Khalaf Al-Enezi is a member of the Sharia Board, a professor in the Department Jurisprudence of Sharia and Islamic Studies at Kuwait University, a member of the Shariah Board of accounting and auditing organization for Islamic financial institutions (AAOIFI), a member of the Advisory And Shariah Supervision Authority of a many of Islamic banks, institutions and financial companies inside and outside Kuwait, published many specialized researches and participated in many seminars and conferences of local and international economic jurisprudence.

#### Mr. Abdelkabeer Fawzi Al-Batanouni (Member of the Sharia Supervisory Board)

Mr. Abdelkabeer Fawzi Al-Batanouni is a member of the Sharia Board, an Egyptian national, holds a Bachelor's degree in Commerce and a Higher Diploma in Banking Studies from the Faculty of Commerce, Ain Shams University. He has over 43 years of banking experience, including 34 years in Islamic banks. He has held various positions and specializes in establishing Islamic banks and converting conventional banks into Islamic banks. He has converted the Kuwait Real Estate Bank, Kuwait and Middle East Bank, and the Ahli United Bank Group (Bahrain, United Kingdom, Egypt, as well as the Commercial Islamic Bank of Iraq). He has expertise in banking matters, Islamic products and services, and familiarity with Sharia aspects related to Islamic Banking.

#### Mr. Mohammed Ahmed Al-Ansari (Member of the Sharia Supervisory Board)

Mr. Mohammed Ahmed Al-Ansari is a member of the Shairah Board since November 2024, holds a Bachelor's degree in Accounting from Kuwait University in 2001. He currently serves as the Deputy Group Board Secretary of Kuwait Finance House Group since 2013, and as a Board Member of United Car Industries Company (UCIC) since 2024. Al-Ansari Served as a Board Member of Al-Raya Real Estate Company from 2015 to 2020, Vice Chairman of Al-Salam International Hospital from 2016 to 2019, and Chairman of Equipment Holding Company from 2015 to 2016.

He progressed through various positions at Kuwait Finance House, starting as an Accountant in the Credit Department from 2002 to 2005, then Senior Accountant in 2005, Head of the Credit Department from 2005 to 2006, Operations Manager in the Credit Unit from 2006 to 2009, Operations Manager in the International Investment Unit from 2009 to 2011, Assistant Manager of Contracts and Documentation in the Credit Department from 2011 to 2013, reaching his current position as Deputy Group Board Secretary of Kuwait Finance House.

Before joining Kuwait Finance House, he served as an Accountant at Commercial Markets Complex Company from 2001 to 2002.

Al-Ansari enhanced his expertise through advanced training and leadership programs, covering Islamic funds and portfolios, Islamic financial and credit analysis, risk management, and leadership and supervisory skills.

## Fifth: Sharia Supervisory Board

### 2. Formation and appointment of the Sharia Supervisory Board:

#### A. Formation, appointment and dismissal of the members of the Commission and its Executive Committee:

- The Sharia Supervisory Board consists of five (5) members, and a maximum, who are appointed by the shareholders at the annual general assembly meeting upon the recommendation of the board of directors, and they are renominated and elected by the shareholders at the general assembly meeting according to the period specified in the appointment decision, taking into account the regulations of instructions and decisions issued by the Central Bank of Iraq.
- The member of SSB shall be appointed through an agreement or contract of appointment with the Bank to be officially signed after his selection by the General Assembly, and the period of appointment shall not be less than three years, and the privileges and remunerations of the member of SSB shall be referred to in the agreement after being approved by the General Assembly or taking authorization from the General Assembly of the Board of Directors to determine their fees and remuneration.
- The appointed member of the Commission shall meet the following conditions:
  - To be a Muslim.
  - Hold a university degree in Islamic law or economics or equivalent.
  - Hold an accredited certificate in the field of jurisprudence of transactions (commercial Islamic jurisprudence) with a strong understanding of the principles of jurisprudence and the rules of Islamic law.
  - Have sufficient experience in Islamic studies, Islamic economics, Islamic financial transactions or scientific research of not less than seven years.
  - Have appropriate knowledge of banking, Islamic finance and accounting.
  - To be part of the executive or administrative team of the bank, a member of the bank's board of directors or an official.
  - Not to be a shareholder in the bank.
  - The member of the Sharia Supervisory Board should not be a member of another body working in the same financial and banking field inside Iraq to prevent conflict of interest.
  - To be of good conduct and behaviour, with an appropriate personality and a clean record, and known for integrity and good reputation.
  - The absence of a previous conviction of any behaviour or crime contrary to morals or morals, or committed an offense related to treason, fraud, financial crime, or obtained a penal offense, or was arrested by a regulatory, professional or judicial body, and was not the owner or manager of a company whose registration, authorization, membership or license was refused to practice any business or profession, or was a partner in the management of a commercial activity and then placed under receivership or subjected to insolvency or forced liquidation Being associated with that entity, being dismissed or asked to resign from a position of trust, or having been disqualified from working as a manager or in an administrative capacity due to a mistake he committed, or was not fair, responsive or honest in any dealings with any entities.
  - Be prepared to comply with the requirements and standards of the regulatory system, legal, regulatory and other professional standards.
  - Be prepared to comply with the requirements and standards of the regulatory system, legal, regulatory and other professional standards.
  - To have the appropriate mental and physical fitness.
  - Ability to devote sufficient time and attention to the bank.
  - This shall take into account the instructions and decisions issued by the Central Bank of Iraq.
- The Board shall select a Chairman (the scientific qualification of the Chairman of the Commission shall not be less than at least a master's degree from a recognized university in Sharia sciences, including the jurisprudence of transactions, and he shall have at least (3) years of experience in issuing fatwas and Sharia rulings or (4) years after graduation in teaching or scientific research in the field of Islamic finance) and a deputy from among its members, and shall notify the Bank's management accordingly.
- A new member of SSB may be appointed with the approval of the Board of Directors with the approval of the General Assembly, and the person elected to the membership of SSB shall be considered an official member after the issuance of a resolution appointing him by the General Assembly of Shareholders.
- The Board of Directors or the Executive Management of the Bank shall, when reviewing the qualifications and competence of the members of SSB or when selecting new members, verify the requirements of the members in accordance with the conditions of appointment mentioned in item 2/1/3 above.

## Fifth: Sharia Supervisory Board (Continued)

### 2. Formation and appointment of the Sharia Supervisory Board (Continued):

#### A. Formation, appointment and dismissal of the members of the Commission and its Executive Committee (Continued):

- The services of a member of the Commission shall be dispensed with through the General Assembly only and with the approval of the Central Bank of Iraq, in the following cases:
  - Issuance of a recommendation by the Board of Directors to dispense with it to be approved by the shareholders at the General Assembly meeting.
  - The member of SSB shall submit a request to the Chairman of the Board of Directors to relieve him of his assignment in SSB, and the member shall submit his application at least three (3) months in advance if he is the complement to the three members so that the Bank can appoint a replacement member in a timely manner, and within one (1) month in normal circumstances.
  - Completely unable to attend meetings for any reason.
  - Failure to attend four (4) consecutive meetings of SSB without an acceptable excuse.
  - The expiry of the term of membership and non-renewal by the General Assembly.
- Two members of SSB must be experienced in banking, financial and legal matters and have knowledge of the Shariah requirements of Islamic banking.
- All members of the Commission must be independent and able to make independent judgments without influence or coercion.
- SSB or one of its members shall have the right to attend the Bank's Governance Committee in order to provide advice and guidance on matters related to Sharia and to coordinate the complementary roles and tasks of the Committee, which necessitates the presentation of an issue in which there is a Shariah concern.
- The bank shall disclose in the annual report the following matters related to SSB:
  - Members of SSB who have an immediate family member from the executive management (Approved Person) with a detailed list in the bank's management in this regard.
  - SSB's annual remuneration.
- SSB may assign or seek the assistance of experts and specialists it deems appropriate to assist in the performance of its duties or for consulting purposes and determine their remuneration in coordination with the Bank's management.

#### B. Formation and appointment of the Executive Committee of SSB, and the basis of its work:

- An executive committee may emerge from SSB entrusted with considering the work, topics and inquiries referred to it by SSB in emergency or urgent cases, conducting field visits, and preparing topics submitted by the Bank's management for presentation to SSB or when a number of urgent or urgent topics are received.
- The Executive Committee shall consist of two members of SSB, one of whom shall be the Chairman of SSB or his deputy.
- Topics, contracts and new or new inquiries that have not been presented before and have not been issued by an official decision of SSB shall be presented to the Executive Committee.
- The Executive Committee shall indicate its opinion in the form of a written decision or recommendation, and its decisions shall be effective in force, provided that they are adopted at the earliest meeting of SSB, and in the event that SSB has an objection or amendment to the Executive Committee's decision, the decision shall be amended for subsequent transactions in order to maintain the regularity of the workflow.
- The minutes of the meetings of the Executive Committee shall be presented to SSB for approval, approval or comments, if any, at the first subsequent meeting of SSB.
- The decision of the Executive Committee may be passed in emergencies or urgent cases and shall be effective in force, provided that the decision shall not have an official status until it is approved by SSB.
- The Secretariat of SSB shall be tasked with contacting the members of the Executive Committee to take the Sharia opinion and address the departments concerned with the decision.
- The Executive Committee can be referred to by any means of communication such as telephone, fax or e-mail to obtain the Sharia opinion, provided that it is recorded by SSB's Secretariat and then presented for approval at the next meeting of SSB, and it is not permissible to pass any decision that needs a legitimate opinion on a new subject if it is not possible to contact any member of the members.

## Fifth: Sharia Supervisory Board (Continued)

### 3. Tasks and Responsibilities of SSB:

SSB's work includes the following:

- Approving the Shariah aspects of the Memorandum of Association, Articles of Association, regulations, forms, policies and procedures followed in the work of the Bank.
- Approving standard and atypical agreements, contracts, forms, documents, terms, conditions, declarations and undertakings related to financial transactions conducted by the Bank with shareholders, investors, customers, employees and others for the purposes of financing, investment, marketing and others, and participating in the amendment and development of the aforementioned forms when necessary, and preparing the contracts that the Bank intends to conclude that do not have previously established forms, with the aim of ensuring that the said contracts, agreements and operations are free from Sharia prohibitions.
- Expressing a Sharia opinion on the products that the bank intends to offer, and issuing fatwas in the transactions conducted by the bank.
- Follow up the bank's operations, review its activities from a Sharia point of view in the periods determined in coordination between SSB, the Department of Coordination and Sharia Compliance, the Internal Sharia Audit Department and the Bank's management, and verify that the transactions concluded were for products and contracts approved by SSB by regularly reviewing the practical steps and checking the documents from a Sharia point of view to ensure that nothing violates the principle or contract or its Sharia conditions and emergency requirements occurs, and this review includes the issue of correction and amendment to reinstate the process or settle obligations and rights in accordance with the provisions of Sharia.
- Approving the annual internal Sharia audit plans and methodology and supervising their implementation.
- Providing and proposing possible Sharia solutions to the problems of financial transactions that are not in accordance with the principles and provisions of Islamic Sharia and contributing to finding alternatives to products that violate the rules of Sharia in cooperation with the bank's management.
- Providing guidance, guidance and training to employees concerned with the application of Islamic financial transactions to help them achieve compliance with the provisions and principles of Islamic Sharia.
- Expressing a Sharia opinion on the bank's financial statements in the periods determined in coordination between SSB and the management.
- Reviewing the reports or observations received from the Coordination and Sharia Compliance Department and the Internal Sharia Audit Department, advising on them and ways to remedy the observations contained therein.
- Ensure that the gains achieved from sources or in ways that contradict the provisions and principles of Islamic Sharia are spared and spent in public welfare directly or through charitable institutions in accordance with what is approved by SSB, with the need for such charities to be of good reputation and not directly or indirectly related to the persons licensed by the bank or SSB, and these funds are disbursed within a period of 12 months unless SSB approves the extension, provided that the period does not exceed Extension for 24 months. SSB, the Sharia Coordination and Compliance Department, the Internal Sharia Audit Department, and the independent external Sharia auditor shall review the nature of charitable transactions and the reasons for non-compliance and develop the necessary procedures to ensure that such cases do not recur.
- Ensure the distribution of profits and bear losses in accordance with the provisions of Sharia and approve them.
- Ensure that Zakat is calculated in accordance with the provisions and principles of Islamic Sharia on behalf of shareholders, inform them of their Zakat obligations, and ensure that the assets of the Zakat Fund are distributed to their Sharia banks in accordance with what is approved by SSB.
- Submit an annual report addressed to shareholders with a copy of it to the Board of Directors to be presented at the General Assembly meeting in which the Authority expresses its opinion on the transactions conducted by the Bank and the extent of the management's commitment to the fatwas, decisions and guidelines issued by it by assigning one of its members to attend the meeting to read the report and answer any inquiries received from shareholders or the public, and the Authority's annual report shall be submitted within the Bank's annual report.

## Fifth: Sharia Supervisory Board (Continued)

### 3. Tasks and Responsibilities of SSB:

SSB's work includes the following:

- The report must include a statement of Sharia violations that have an impact on the application of Sharia rulings received during the fiscal year with a statement of the measures taken by SSB, and the report must contain at a minimum the following:
  - Address.
  - The addressee of the report.
  - Introductory or introductory paragraph.
  - A paragraph clarifying the nature of the work performed.
  - Opinion paragraph with the following matters:
    - A statement on the Bank's commitment to the provisions and principles of Islamic Sharia in contracts and transactions concluded.
    - Principles of calculating profits and losses on investment accounts.
    - A statement of whether any forbidden revenues or forbidden means are found, specifying the parties to which they were disbursed.
    - A statement of the foundations of the Zakat process and that it has been carried out in accordance with the provisions and principles of Islamic Sharia.
    - A statement of the aspects in which the bank did not comply with the decisions and fatwas of SSB, if any.
    - A statement of the bank's commitment to the principles, Sharia provisions and applicable Sharia standards issued by AAOIFI, and the instructions and directives issued by the Central Bank of Iraq.
- Date of the report.
- Signature of the members of the Commission.
- Meeting with the Board of Directors of the Bank quarterly to discuss important issues with a specific agenda determined in coordination between SSB and the Board of Directors, and SSB also submits administrative reports to the Board of Directors of the Bank - as needed - through which it reflects its independence.
- Answering customer questions and clarifications in coordination with the Sharia Coordination and Compliance Department regarding the legitimacy of some procedures or transactions.
- SSB may authorize or assign the Coordination and Sharia Compliance Department to perform some periodic work within the scope of its responsibilities (determining the scope of responsibility) mentioned above, provided that a decision is issued in this regard.
- Policy review and placement by approving it.
- Review and approve the annual internal Sharia audit report, which is submitted to the Audit Committee by the Internal Sharia Control and Audit Section.
- Issuing a semi-annual and annual report on Sharia compliance, including the effectiveness of internal Sharia controls, and any weaknesses in the systems of Sharia controls and internal Sharia supervision with a material impact, provided that the semi-annual report is submitted to the Board, and the annual report to the General Assembly of Shareholders, and a copy of each of them to the Bank.
- Recommending to the Board of Directors through the Audit Committee - the appointment and dismissal of the Director of the Internal Sharia Control and Audit Department, provided that the final decision is taken after the approval of the Central Bank.

## Fifth: Sharia Supervisory Board (Continued)

### 4. System of Meetings of SSB:

- SSB shall hold its meetings periodically with no less than six (6) meetings annually, and extraordinary sessions may be held if the interest of work so requires at the request of the Chief Executive Officer of the Bank, the Chairman of SSB or the Executive Committee of SSB.
- Each member of the Commission is obligated to attend at least 75% of SSB's annual meetings, and the attendance of the members can be calculated through telephone calls, video calls or any other considered means.
- The meeting of the Board shall be held with the completion of the quorum in the presence of (3) three members, provided that (2) of the members present are the Chairman of the Sharia Supervisory Board and one of the members specialized in Islamic banking and jurisprudence of transactions.
- SSB cannot in any case issue a fatwa or decision except by obtaining a majority of (2 + 1), provided that the two are the Chairman of SSB and one of the members specialized in Islamic banking and the jurisprudence of transactions from those who approved it and it is considered null and void if it does not meet that condition.
- SSB may request for its meetings such managers, employees, experts and advisors as it deems appropriate to clarify the data and information it needs related to the matters submitted to it.
- The meetings of SSB may be attended by those who wish to attend to the Bank's management in coordination with a prior request that includes the topics to be discussed with SSB.
- SSB shall state its opinion in writing in the form of a decision, fatwa or recommendation.
- The decisions of the Commission may be issued by circulation in urgent cases, provided that the majority of the members agree on the opinion, and the decision must be recorded in the minutes of the first subsequent meeting.
- SSB may, starting or at the request of the bank, reconsider the fatwas and decisions that it has previously issued, then amend, clarify or correct them, even if this leads to the issuance of a new fatwa contrary to the previous fatwa, and the bank shall work and abide by the new fatwa in the future with appropriate treatment of the effects and belongings of the previous fatwa, and SSB shall issue a decision to this effect, and in the event that SSB's new fatwa or decision conflicts with a previous fatwa or decision, it shall be considered The new decision shall reproduce the previous decision without retroactive effect, with reference to such amendment or reproduction in the new decision, whenever possible, and upon the publication of the advisory opinion, in accordance with the following procedures:
  - In the event of a fatwa on a matter previously decided by SSB, SSB shall not be obliged to reconsider it unless a period has elapsed that requires reconsideration or if SSB decides to reconsider the advisory opinion.
  - The subject on which SSB has previously issued a fatwa shall be reviewed if the bank has new data to re-offer, such as a change or correction of perception, the renewal of some circumstances, or the absence of some matters affecting the previous fatwa.
  - SSB shall retract the fatwa if it is found to be incorrect through reconsideration, and SSB shall inform the bank and correct the judgment and its implications, and the bank shall correct the work done based on the old fatwa and not apply it again.
  - The Commission may assign one of its members or the Secretary of the Commission to review its previous fatwas and decisions to verify their appropriateness and non-conflict with Sharia standards, periodically every three (3) years as a minimum.
  - The person in charge of review shall register the fatwas to be reconsidered and the legal document thereof and submit the matter to SSB for decision.
  - The Commission shall record in the minutes of its meeting the details of the reconsideration of the advisory opinion, the reasons for its amendment, whether it was a copyist of what preceded it and a statement of any new matters to it.
  - The Secretary of SSB shall be tasked with circulating the new resolution to those concerned in the management of the bank in accordance with the procedures followed, with an indication of the effects of the new decision and the reasons for the amendment.
  - The amended and abrogated fatwa shall be referred to when the Authority's fatwas are published, and shall be referred to the public and shareholders where appropriate.

## Fifth: Sharia Supervisory Board (Continued)

### 4. System of Meetings of SSB (Continued):

- Topics, inquiries or contracts received by SSB shall be submitted in Arabic only, and if it is not possible to translate into Arabic, SSB shall authorize one of its members to issue his Sharia opinion, provided that this member is proficient in the foreign language subject of the contract. Or SSB shall authorize whomever it deems appropriate from the Sharia Department to submit a summary or report on the required contract, with the full version presented in the foreign language to SSB.
- Each member is obligated to prepare for the meeting by reviewing the agenda, the topics presented, the attached documents and the previous minutes.
- All members present at the previous meeting shall sign the minutes of the meeting within a period not exceeding the subsequent meeting.
- SSB shall disclose and publish fatwas and general resolutions to shareholders and the public, which are subject to publication only, and indicate the resolutions that have been revised or reviewed, while maintaining the privacy of the names and entities contained therein, periodically.

### 5. Platform of SSB:

- SSB thoroughly studies the topics on its agenda and listens to the testimonies of management or specialists when needed.
- The Commission searches for the legal ruling of the subject inquired about and the first thing on which it is based in what was stated in the Book of God Almighty with explicit significance, and what was stated in the Sunnah fixed explicit significance, and what was signed by consensus, or what was proven by analogy, and then weighted from the evidence in which there is disagreement with the help of what was decided by jurists in various schools of jurisprudence considered, and it is not permissible to issue a fatwa according to the abstract opinion of inference or contrary to the correct general texts that are definitive or contrary to the fixed consensus or rules. The college is based on texts, and in case of disagreement, the Commission chooses what it deems to be in the interest of the interest, and if there is no previous ruling on the subject of the jurists, the Commission issued a fatwa on its jurisprudence.
- SSB shall express its Sharia opinion on the matters submitted by the Bank's management.
- The Commission shall record its decisions and fatwas in writing for any opinion issued by it related to the Sharia issues submitted to it, ensuring that all necessary data, data and justifications are present in the fatwa or decision.
- All information circulating about the bank, its transactions and customers during the meetings of the Commission or that any member by virtue of his membership in the Commission is considered confidential information that is not disclosed to any party whatsoever except in cases required by law or information that is considered public, and each member is obligated not to disclose this information of a confidential nature, and this obligation does not end with the end of the member's appointment period by the General Assembly except after obtaining an authorization from the Central Bank of Iraq for exemption of this obligation.
- No member of the Commission shall be entitled to express his opinion or discuss at the meeting in the event of personal interest or conflict of interest in any subject submitted to SSB, with the need to disclose this.
- The membership of any member in similar Sharia bodies shall not be considered a conflict with the two paragraphs (above) as long as this does not affect his obligations contained in these Regulations.
- SSB shall have exclusive competence to settle any difference of opinion arising between the Bank's management and the Sharia departments therein regarding the Shariah aspects of banking transactions.
- SSB has the right to discontinue any product that has been previously approved with the reasons for this.
- A member of the Commission shall not have the right to criticize the fatwas and decisions of the Commission of which he is a member when his opinion is contrary to them outside the sessions of the Commission.

## Fifth: Sharia Supervisory Board (Continued)

### 6. Responsibility of the Department towards SSB:

To facilitate the tasks of Sharia supervision, the Bank's management shall grant all appropriate powers and authorities that help SSB to perform its Sharia tasks and responsibilities, including:

- Providing all information that helps SSB to form a Sharia opinion in the transactions practiced by the Bank, SSB has the right to have full access to all records, transactions and information from all sources, including reference to the relevant professional and legal advisors and employees of the Bank.
- Commitment to inform SSB of any product intended to enter into it early, and to present any new forms or contracts that are planned to be used in the future for review and approval by SSB before issuance.
- Not to use any form or contract on which Sharia observations have been made except after amending or replacing it and then presenting and approving it again by SSB.
- Provide any clarifications requested by the Commission, particularly in operations that SSB believes have occurred in violation of the provisions of Islamic Sharia.
- Preparing the means of periodic review of the operations documents through the items of the periodic financial position to easily reach at the end of the year the results of the whole year from a legal point of view, allowing the determination of their legitimacy after the necessary research and scrutiny.
- SSB's decisions reflect the daily business of the Bank, and on the policies and procedures of the departments and sections within the Bank.
- Organizing meetings for SSB with the bank's employees to discuss banking Sharia issues to develop their Sharia awareness.
- Early presentation to SSB of all documents, contracts, agreements and forms presented to the Bank by other entities and institutions, even if they have Sharia Boards, to enable SSB to review and approve them before the Bank participates in them and signs them.
- The management shall pay SSB's dues and remunerations, the dues of the members or executive members, and the dues of attending meetings based on the decision of the Bank's Board of Directors and in agreement with SSB and shall also allocate an appropriate budget to carry out the necessary work.
- Facilitate and sponsor appropriate qualification and training programs for the continuous professional development of the members of SSB with the aim of enhancing their effectiveness, competence and skills.
- Adopt the process of evaluating the effectiveness of SSB in general and the contribution of each member in particular on an annual basis through reasonable indicators and objective measurement of the performance of the objectives, while notifying the members of SSB of the evaluation process upon their appointment through consultation with them and the approval of the annual evaluation by the Board of Directors of the Bank.
- Management ensures that SSB has clear and specific terms of reference, good understanding and familiarity with standards of ethics and professional conduct, and clear and specific reporting procedures.
- The Bank is committed to enabling SSB to exercise its powers related to its meetings, registration, the mechanism for submitting decisions and fatwas to SSB, and the decision-making process.
- The bank shall prepare a code of ethics and conduct for the bank's employees and follow up on its implementation.
- The bank shall facilitate SSB's access to the independent professional advice it needs in legal, accounting and financial matters.
- The Bank shall evaluate the impact of expenses granted to charities and disclose the results in the annual financial report in accordance with the Bank's social responsibility standard.
- Understand the legal and regulatory framework for issuing Sharia decisions while ensuring compliance with them.
- The bank's management may not follow the fatwas of the Sharia supervisory boards of other banks – even if some of their members are members of the bank's board and they are presented to the bank's Fatwa and Sharia Supervisory Board because of the objective jurisprudence of each body related to its work within the framework of the bank in which it operates and the different facts of the situation.

## Fifth: Sharia Supervisory Board (Continued)

### 7. Internal Sharia Supervisory Institutions:

The Bank has two internal Sharia Supervisory Departments, the Sharia Coordination and Compliance Department, and the Internal Sharia Audit Department.

#### 7.1 Sharia Coordination and Compliance Department:

##### 7.1.1 Appointment and dismissal:

- An independent Sharia Coordination and Compliance Department shall be established at the Bank, comprising the Head of Department (the "Sharia Controller") and a sufficient number of employees.
- The Coordination and Sharia Compliance Department is technically affiliated to SSB and is directly supervised by SSB and administratively reports to the Chief Executive Officer.
- The Sharia Coordination and Compliance Department must have a sufficient number of competent employees with appropriate qualifications and experience.
- The Sharia Controller holds the position of Secretary of SSB and supervises the Sharia Coordination and Compliance Department and its employees, and works in the Bank full-time, and is appointed by the Bank's management with the approval of SSB.
- The activity of the Coordination and Sharia Compliance Department is objective and independent, and it has direct contact with all administrative levels without restrictions that hinder its oversight work.
- The Sharia Coordination and Compliance Department is committed in its work to implement the provisions of SSB's work regulations, and the policies and procedures manual prepared for the Sharia Coordination and Compliance Department.
- The Sharia Coordination and Compliance Department Policy Manual is approved by SSB and the Bank's Board of Directors, and is subject to periodic review and continuous development. All that is not mentioned in this regard is subject to the governance manual issued by the Central Bank of Iraq.
- The Sharia Coordination and Compliance Department adheres to AAOFI's Code of Ethics for Accountants and External Auditors for Islamic Financial Institutions and the Code of Ethics for Islamic Financial Institutions.
- SSB may request the appointment of more employees or consultants to assist in the performance of its duties when needed in accordance with the Bank's regulations.
- The administrative subordination of the Sharia Coordination and Compliance Department shall be to the Bank's management and from a technical point of view to SSB, and the Bank's regulations shall be applied to it from determining salaries and promotions, and SSB shall evaluate the work of the Sharia Controller on an annual basis in consultation with the Chief Executive Officer in accordance with the evaluation criteria approved by the Bank.
- The bank's management has no right to dismiss, dismiss or suspend the Sharia controller except with the approval of the Commission with informing the Central Bank of Iraq and stating the reasons, justifications and procedures followed.
- In the event that the Sharia Controller wishes to submit his resignation or retirement, this shall be done by a written letter addressed to SSB and the Bank's management.

##### 7.1.2 Appointment and dismissal:

- Arrange for the holding of periodic and emergency meetings of SSB or its Executive Committee.
- Prepare the agendas of the meetings of SSB and the Executive Committee in light of the issues and topics raised by the Bank's management or the members of SSB, and prepare working papers and memoranda related to the topics of the agenda and send it to the members of SSB manually or electronically well before the date of the meeting.
- Preparing and documenting the minutes of the meetings, including the decisions issued by SSB or its Executive Committee, and presenting them to the members for signature and approval.
- Inform the concerned departments and sections of all fatwas, decisions and instructions issued by SSB in this regard according to the minutes of SSB's meetings and follow up the implementation of these departments of the decisions through an appropriate mechanism that includes a statement of the previous and subsequent aspects to ensure Sharia compliance.
- Assess the extent of the bank's commitment to the fatwas and decisions of SSB and its compliance with the provisions and principles of Islamic Sharia by preparing the plans and strategies required for the previous examination and preparing the necessary reports in this regard.
- Submit adequate annual reports on the work and achievements of SSB.
- Follow up the disbursement of financial allocations and rewards to the members of SSB.

## Fifth: Sharia Supervisory Board (Continued)

### 7. Internal Sharia Supervisory Institutions:

#### 7.1 Sharia Coordination and Compliance Department:

##### 7.1.3 Sharia Review

- Conducting planning, review, examination and evaluation of product offering mechanisms, contracts, fees, expenses, policies, procedures, product manuals and structures, including marketing and promotional materials, advertisements and other communications with the general public, and reviewing the Memorandum of Association, Articles of Association and any other matters that have a possible direct impact on the Sharia obligation, with the preparation of a report thereon - whenever necessary - attached to the relevant documents to be submitted to SSB for review and taking the necessary Sharia decisions about it.
- Participate in conducting tests and evaluations in the implementation of products to ensure Sharia compliance under fatwas and decisions issued by SSB and assist those concerned in dealing with any illegal issues at the implementation stage.
- Receiving questions and inquiries from the Bank's employees or dealers to be presented to SSB or its Executive Committee.
- Attend meetings with the departments concerned in the bank when introducing, modifying or developing new products and representing the Coordination and Sharia Compliance Department.
- Documenting, classifying and arranging fatwas and resolutions issued by SSB, and the contracts approved by them, and working to publish fatwas and decisions to shareholders and the public based on the directives of SSB in consultation with the Bank's management.
- Submit annual reports on the work of the Coordination and Sharia Compliance Department, its plans and achievements to SSB.
- Participate in the training of the bank's employees, develop plans and training course models in cooperation with the bank's human resources department, contribute to educating the bank's customers and others about the principles and advantages of Islamic banking, and propose seminars and training programs for this.
- Preparing research, studies and surveys required by the Board or that contribute to strengthening the role of Sharia Supervisory and facilitate the work of the Board and its issuance of fatwas and decisions.
- Work on disseminating knowledge, publications and educational and awareness bulletins to employees and the public, and organizing useful events, courses and workshops whenever necessary.
- Representing the Sharia Supervisory Authority in the committees and tasks related to identifying and disbursing the funds of Zakat accounts, set aside funds, funds of commitment to donate to charitable organizations and public donations funds to the bank, and submitting the necessary reports to the Board and the bank's management as needed.
- Documenting and keeping all the work of the Coordination and Sharia Compliance Department and the minutes of SSB's meetings and documents in line with the bank's work regulations.
- Perform all the work assigned to him by SSB or its Executive Committee.
- The Sharia Coordination and Compliance Department is committed not to perform any executive or operational tasks for the activities it examines and ensures their Shariah compliance.

##### 7.1.4 Sharia Supervisor Qualifications

The Sharia Controller and the CMA Secretary must meet the following qualifications:

- Have a suitable academic background.
- To be sufficiently familiar with the provisions and principles of Islamic Sharia in general and the jurisprudence of transactions and the principles of Islamic economics in particular.
- To have specialized certificates in the field of financial transactions and Sharia supervision.
- To receive appropriate and continuous training to carry out the tasks of coordination, Sharia compliance and the secretariat of SSB, and SSB can determine the courses needed by the Sharia Controller for the purpose of Sharia, professional and administrative development.
- Excellence in proficiency, discipline and functional and professional care.
- The Board shall approve his appointment after ascertaining his scientific and practical competence and his positive attitude with regard to compliance with the provisions and principles of Islamic Sharia.
- Any other conditions determined by the Central Bank of Iraq in this regard.

## Fifth: Sharia Supervisory Board (Continued)

### 7. Internal Sharia Supervisory Institutions:

#### 7.2 Internal Sharia Audit Management:

##### 7.2.1 Appointment and dismissal:

- An independent internal Sharia audit department shall be established in the bank that includes the head of the department and a sufficient number of employees.
- The Internal Sharia Audit Department must have a sufficient number of competent employees with appropriate qualifications and experience.
- The reports issued by the Internal Sharia Audit Department of SSB, a copy of the Audit Committee of the Board of Directors of the Bank and a copy of the Chief Executive Officer of the Bank shall be submitted to ensure the assessment of Sharia compliance in the Bank and compliance with Sharia rules and standards.
- The Head of the Internal Sharia Audit Department occupies the position of supervising the management and its employees, and works in the Bank on a full-time basis, and is appointed by the Bank's management with the approval of the Commission in consultation with the Audit Committee of the Bank's Board of Directors and approved by the Central Bank of Iraq.
- The activity of the Internal Sharia Audit Department is objective and independent and has direct contact with all administrative levels without restrictions that hinder its oversight work.
- The Internal Sharia Audit Department is committed to implementing the provisions of SSB's work regulations, and the policies and procedures manual prepared for the Internal Sharia Audit Department.
- The Internal Sharia Audit Department Policy Manual is approved by the Board and the Bank's Board of Directors and is subject to periodic review and continuous development. All that is not mentioned in this regard is subject to the governance manual issued by the Central Bank of Iraq.
- The Internal Sharia Audit Department adheres to AAOIFI's Code of Ethics for Accountants and External Auditors for Islamic Financial Institutions and the Code of Ethics for Employees of Islamic Financial Institutions.
- The administrative subordination of the Internal Sharia Audit Department shall be to the management of the bank and from a technical point of view to SSB, and the bank's regulations shall be applied to determine salaries and promotions, and the Board shall evaluate the work of the Head of the Internal Sharia Audit Department on an annual basis in consultation with the Chief Executive Officer in accordance with the evaluation standards approved by the Bank.
- The bank shall inform the Central Bank of Iraq immediately in the event of the suspension, resignation or retirement of the head of the Internal Sharia Audit Department.
- The bank's management has no right to dismiss, dismiss or suspend the head of the internal Sharia audit department except with the approval of the Commission with informing the Central Bank of Iraq and stating the reasons, justifications and procedures followed.
- In the event that the Head of the Internal Sharia Audit Department wishes to submit his resignation or retirement, this shall be done by a written letter addressed to the Authority and the Bank's management.

##### 7.2.2 Tasks of the Internal Sharia Audit Department:

- The Head of Internal Sharia Audit Department is responsible for reviewing and evaluating the Bank's compliance with the following:
  - Sharia rulings and principles issued by SSB.
  - SSB's fatwas, guidelines, decisions, instructions and recommendations.
  - Regulations, decisions and instructions of the Central Bank of Iraq related to governance and Sharia issues.
  - Applicable Sharia standards issued by AAOIFI.
  - Policies and procedures related to Sharia matters followed by the Bank.
- The Head of Internal Sharia Audit Department should express his opinion on the extent of Shariah compliance of the Bank's operations through the actual audit of transactions.

## Fifth: Sharia Supervisory Board (Continued)

### 7. Internal Sharia Supervisory Institutions:

#### 7.2 Internal Sharia Audit Management:

##### 7.2.2 Tasks of the Internal Sharia Audit Department (Continued):

- The Internal Sharia Audit Department is responsible for ensuring the adequacy and effectiveness of the Bank's Sharia compliance system by covering all aspects of business operations and activities that include planning, examination, auditing and pre- and post-audit procedures.
- The Head of Internal Sharia Audit Department has regular direct contacts with all levels in the department, SSB, the Audit Committee, the Sharia Controller and the External Sharia Auditor.
- The bank's management is committed to providing all the documents required for Sharia audit without restrictions.
- Internal Sharia audit staff shall be objective in performing their duties, preparing their reports and making observations while maintaining their independence.
- The Internal Sharia Audit Department is committed not to perform any executive or operational tasks for the activities that the Internal Sharia Audit Department audits.
- Documenting and keeping all examinations and review work, plans and reports in line with the internal Sharia audit work.

##### 7.2.3 Internal Sharia Audit Plan:

- There must be a comprehensive internal Sharia audit plan for the audit work, its stages and the expected dates of reporting, and this plan is linked to the Sharia risks arising within a specific methodology, and this plan is approved annually by SSB.
- The planning process should include, but are not limited to:
  - Work on the development of internal Sharia audit programs.
  - Get information about the background of audited activities.
  - Setting the objectives of internal Sharia audit and areas of work.
  - Obtaining fatwas and decisions of the Commission, guidelines, Sharia control guides, previous reports, internal Sharia audit forms, external Sharia audit results, instructions of the Central Bank of Iraq and everything related.
  - Identify the resources needed to carry out the internal Sharia audit process.
  - Conduct a survey of activities and control procedures to identify aspects of internal Sharia audit and request comments and suggestions.
- The Internal Sharia Audit Department shall prepare quarterly periodic reports on the audit results to be submitted to SSB based on the internal Sharia audit plan approved by SSB, to study and take decisions thereon, with a copy of which shall be sent to the Audit Committee, and another copy to the Chief Executive Officer. The report submitted to the Audit Committee contains a summary of SSB's opinion on the observations, the details of the audit process and the size of the samples, in addition to the most important Sharia observations and the size of their risks.
- The Internal Sharia Audit Department shall follow up the implementation and treatment of observations contained in the internal Sharia audit reports to ensure the implementation of the decisions and recommendations of the Commission issued by it, the external Sharia auditor or the Central Bank of Iraq and prepare an annual report in this regard.
- In the event of a difference of opinion between the bank's management and the head of the internal Sharia audit department regarding the Shariah interpretation of the decisions and recommendations of the Board, the matter shall be referred to the Board for adjudication.
- The Internal Sharia Audit Department shall prepare an annual report showing the summary of the annual audit work and its achievements and submit the report to SSB.
- The Head of the Internal Sharia Audit Department shall perform all the tasks assigned to him by SSB or its Executive Committee.

## Fifth: Sharia Supervisory Board (Continued)

### 7. Internal Sharia Supervisory Institutions:

#### 7.2 Internal Sharia Audit Management:

##### 7.2.4 Qualifications of the Head of Internal Sharia Audit:

The Head of Internal Audit Sharia Department must meet the following qualifications:

- Have a suitable academic background.
- To be sufficiently familiar with the provisions and principles of Islamic Sharia in general and the jurisprudence of transactions and the principles of Islamic economics.
- To have specialized certificates in the field of financial transactions and Sharia supervision.
- To receive appropriate and continuous training to carry out Sharia audit tasks, and SSB can determine the courses it needs for the purpose of Shariah, professional and administrative development.
- Excellence in proficiency, discipline and functional and professional care.
- The Board shall approve his appointment after ascertaining his scientific and practical competence and his positive attitude with regard to compliance with the provisions and principles of Islamic Sharia.
- Any other conditions determined by the Central Bank of Iraq in this regard.

## Sixth: Stakeholders Protection

CIBIQ has adopted a comprehensive set of policies and procedures, in order to protect the rights and interests of all stakeholders and to enshrine the principles of integrity, fairness and equal opportunity in its dealings with internal and external stakeholders. The policies and procedures are as follows:

- **Code of Business Conduct:** this code provides guidance on ethical business behaviour and personal conduct for the Bank's Directors, senior management and staff.
- **Confidentiality & IT Security:** CIBIQ has robust policies to ensure the privacy, confidentiality and protection of Bank's data, underpinned by a well-formulated framework for IT Security, which is actively monitored by the Bank's Risk Management Committee.
- **Conflict of Interest:** The Bank is keen on ensuring adherence to prevailing laws and international regulations and to best business ethics practices. Cases of potential conflict of interest are duly reviewed and reported to avoid any risks.
- **Whistleblowing:** The Bank has a detailed policy and procedures on whistleblowing, designed to handle and investigate well-founded concerns raised by internal or external stakeholders regarding potential misconduct occurring within, or associated with, CIBIQ.
- **Customers' Complaints:** Effectively managing customers' complaints is essential to retaining their trust and confidence. A dedicated and well-resourced unit is tasked with handling customers' complaints each independently, addressing their concerns and setting high standards for quality assurance and achieving customers' satisfaction.

## Seventh: Major shareholders of CIBIQ as at 31 December 2024:

Names	Number of shares	percentage of Ownership
Ahli United bank B.S.C.	249,518,143,696	85.3%
Abbas Ali Naji Al-Rubayee	5,007,162,274	1.71%
Other Shareholders individually below 1% ownership	37,974,694,030	12.99%
<b>Total</b>	<b>292,500,000,000</b>	<b>100.0%</b>

## Eighth: Transparency and Disclosure

Transparency and disclosure (T&D) are essential to an effective corporate governance framework as they provide the basis for informed decision making by shareholders and stakeholders.

CIBIQ has put in place a clear and comprehensive framework for the accurate, transparent and timely dissemination of information to shareholders in line with guidelines issued by the Central Bank of Iraq and the Iraqi Securities Commission as well as relevant international standards.

## Ninth: Compensation Disclosure

CIBIQ's management is keen to maintain the competencies of its employees and motivate them to raise up the level of performance, through the coordination made with both human resources department besides the directors of all departments. The bank annually evaluates performance of all staff on the basis of achievements, goals, skills and qualifications. Employees are also evaluated based on responsibilities assigned to them in addition to the performance report according to specific guidelines.

The Board of Directors also supervises, through the Compensation Committee the process of evaluating the performance of the executive management and employees and determines the levels of their rewards.

Annual remuneration of the board of directors is determined in the general assembly meeting of the bank.

The proposed increase in salaries for the year 2024 amounted to IQD 391 Million for all employees who were evaluated at a good level / the required level at least, (IQD 225 Million :2023), which represents 8.3% of the total salaries and within the framework of the estimated budget for the year 2024, which is amounted IQD 400 Million, as shown in the table below:

Estimated Budget to increase staff cost 2024 (Million IQD)	Proposed salary increases for 2024 (Million IQD)
400	391

## Performance Bonus:

Distributing of the performance bonus for the year 2023 in proportion to the performance evaluation for all employees whose evaluation came at a good level / the required level at least, at an amount of IQD 370 Million.

The performance bonus for the year 2022 is IQD 293 Million, as the reward for the excellent work will be deducted from the benefits for the year 2023 (Accrued Bonus Pool).

The following table shows the total performance bonuses for the year 2022 that were paid in 2023 and the total performance bonus that was approved for the year 2023 and was paid in 2024:

Performance Bonus 2022 (Million IQD)	Performance Bonus 2023 (Million IQD)	Variances of the approved performance bonus %
293	370	26.3%

The total value of the Eid salary that was approved for the year 2024 is IQD (300) Million. This amount is disbursed in two phases, where the first phase is 50% of the appropriate amount on the occasion of Eid al-Fitr and the remaining 50% on the occasion of Eid al-Adha.

## Tenth: Corporate Social Responsibility and Sustainability

The Board oversees the Bank's corporate social responsibility (CSR) program. As a responsible bank, CIBIQ is focused on incorporating sound sustainable practices into its operations and identifying new initiatives and opportunities to further contribute to the social and economic. The Bank reviews its CSR outreach on a periodic basis to improve such initiatives, both in terms of scope and quality of delivery. More details on the CSR programs are found in the CIBIQ's CSR Report 2024.

Yours faithfully,



**Mohammed Hameed Dragh Al-Dragh**  
Chairman of the Board of Directors

## Sustainability Report 2024

### Introduction

This report highlights the approach of the Commercial Islamic Bank of Iraq (CIBIQ) in achieving sustainability and integrating it into all of the bank's activities by providing enough information on social, environmental, and governance achievements as well as commitments as of December 31, 2024. This report was prepared and published for the first time in 2019, focusing on the most important aspects determined through the evaluation of key subjects carried out during the year.

## First: Background about the Bank

### 1. Bank Establishment:

The Bank was established on 11 February 1992 as a private joint stock company with a paid-up capital of IQD 150 million and was one of the first private banks to be licensed in Iraq. The Bank was incorporated under Registration License No. M.S.H. 4524 of 11 February 1992, issued by the Ministry of Trade – Companies Registration Directorate. The Bank was authorized to offer commercial banking services, pursuant to Letter of the Central Bank of Iraq's General Department of Banking and Credit Control, referenced 14314/9 and dated 12 July 1992.

### 2. Conversion to Islamic model

Pursuant to the acquisition of the Parent by Kuwait Finance House K.S.C.P ("KFH") on 2 October 2022, KFH has become the ultimate parent effective from the acquisition date.

Accordingly, and based on the General Assembly and the Companies Registrar approvals, the Bank's name has been changed to "Commercial Islamic Bank of Iraq" on 16 October 2023 instead of Commercial Bank of Iraq. The Central Bank of Iraq has provided the bank time up to 31 December 2024 to convert its assets and liabilities to Sharia compliant products.

CIBIQ has successfully completed its conversion to Sharia Compliant Bank. With effect from 1 January 2025, CIBIQ has started its operations as a fully Sharia compliant Bank and currently offers a wide range of Islamic banking products and services.

### 3. Bank's capital increase:

The Bank's paid-up capital saw a steady increase from IQD 150 million in 1992 to IQD 250 billion in 2014. The most significant change occurred during 2005, when Bahrain-based Ahli United Bank B.S.C. injected a sum of IQD 50 billion in consideration for a 49% equity stake in Bank's share capital, which paved the way for establishing a strategic partnership with this leading regional banking group operating across the MENA region and the United Kingdom. At the end of 2024, Ahli United Bank B.S.C.'s shareholding stood at 85.3%.

## Second: Objectives and results of the Bank's business

### 1. Bank's main objectives:

CIBIQ seeks to achieve the following strategic objectives under a normalized operating environment:

- Develop reputation as Iraq's leading and preferred provider of financial products and services.
- Increase the local and international client base by providing customer-driven solutions.
- Enhance performance and service delivery through branch expansion and use of modern banking technology.
- Maximize shareholders' value with sustainable return in a secure environment.
- Entrench a disciplined risk and cost management culture.
- Contribute positively to the social and economic development of Iraq.

To achieve these strategic objectives, CIBIQ has invested in a modern, robust operational and technological infrastructure, which will enable the Bank to capitalize on business opportunities and better serve its clients through a prudent, conservative approach.

## Second: Objectives and results of the Bank's business

### 2. Results of Implementing the Annual Business Plan for 2024

Key highlights of Bank's performance during 2024 were:

- The Bank's net profits after tax for the year reached to IQD 38,227 million (2023: IQD 15,077 million).
- Shareholders' equity amounted to IQD 356,894 million (2023: IQD 317,708 million).
- Total reserves stood at IQD 63,516 million (2023: IQD 67,708 million).
- The total guarantees in favour of customers amounted to Iraqi Dinars 97,352 million (2023: IQD 88,270 million).
- Cash balances on hand with Central Bank Iraq, local and foreign banks stood at IQD 172,645 million (2023: IQD 142,999 million).

### Third: Work for a sustainable future

CIBIQ has defined its role in sustainability and the benefits derived from integrating social, environmental, economic, and ethical aspects into the bank's daily operational strategy, through the main sustainability axes, namely: responsible finance, employee empowerment, transparent reporting, access to the optimal system, and community cooperation, and a clear strategic goal has been set for each of these axes, with the aim of driving sustainability efforts in the bank more focused through these axes in order to achieve economic, social, and environmental impacts and to foster greater harmony between the bank's business management and its strategic approach to sustainability.

#### 1. Financing projects with a positive impact (responsible financing):

The Bank is committed to implementing its policy in managing social and environmental management systems through:

##### A. Supporting the financing of green infrastructure projects:

Preventing the financing of projects included in the list of exceptions of the International Finance Corporation (IFC), which CIBIQ adopts that list, as CIBIQ believes that it has an effective role in supporting environmentally friendly projects that contribute to global efforts to combat climate change and achieve sustainable development goals.

##### B. Financial Empowerment:

CIBIQ is keen to support efforts aimed at achieving financial inclusion for the unbanked groups. The Bank is also working to contribute to raising their financial culture based on its belief in the impact of this in achieving sustainable community development, and the efforts of the Bank in the field of financial inclusion are as follows:

- Participation in the annual events held on the occasion of the Arab Day for Financial Inclusion for the year 2024 to raise awareness and educate groups that lack banking awareness and are far from this medium (children, youth, women, people with limited income and people with special needs), in addition to exempting all these categories from fees for account opening operations during the events period.
- Supporting medium and small enterprises by providing loans to small projects (markets, barbershops, sewing shops and other individual projects).

#### 2. Reduce the environmental impact of our internal operations:

We believe in our responsibility towards reducing the environmental impact of our operations as a means of preserving natural resources for future generations and also in efforts to combat climate change through:

##### A. Reduce paper consumption:

Due to the nature of our business, paper is the most used natural resource in our offices and branches, where we use it to carry out operations, contracts, exchange of anchors, services and promotional materials provided to customers, and therefore we are committed to providing and improving services aimed at reducing and stopping paper consumption for our customers while strengthening our internal operations. By increasing the employee's awareness in rationalizing his use of paper and moving towards electronic channels in communicating with the bank's departments and branches, as well as moving towards automating some paper transactions while working to provide environmentally friendly banking solutions through digital transformation in the future in order to reduce the environmental impact caused by paper services.

##### B. Reduce energy consumption and greenhouse gas emissions:

We are constantly working to rationalize the bank's consumption of electricity, as the energy used in the bank is purchased from the National Electricity Distribution Company and diesel-powered generators are used, both in the general administration and the bank's branches. The bank is also part of its future plan that the bank's general administration building will be powered by renewable energy sources, thus reducing greenhouse gas emissions resulting from generating electricity from conventional sources.

### 3. Employee Empowerment:

Investing in employees represents one of CIBIQ's priorities. Therefore, we are working to create an environment in which employees' efforts are consistent with the values and vision of the bank to achieve our commitment towards customers, related parties, and society.

We believe in the major role played by our employees in creating a positive impact to CIBIQ's customers as well as society by delivering our experience to clients to achieve sustainable development in the value of shareholders. Therefore, we devoted our efforts to create an inclusive and diverse working environment that allows our employees obtain opportunities for personal and professional growth to enable them to achieve their aspirations and goals by attracting capabilities and retain them.

The bank also supports equalities between females and males in rights and duties by giving them equal opportunities to bring in positive changes and achieve goals. The bank has also worked to promote the equal parity between both genders, where the percentage of females reached 44% and for males 56% of the actual total of employees as of 31/12/2024. The number of employees that were recruited during 2024 were 56 of which 28 were females and 28 males.

The bank also works not to discriminate between males and females in work fields in terms of participation in attending meetings and giving them adequate opportunities and freedom to express their opinions, discuss and present ideas and proposals. Furthermore, it encourages them to attend training and development programs to raise and improve levels of performance and productivity, as well as achieve a fair performance evaluation which will lead to the promotion to managerial positions and improve the level of performance and productivity.

### 4. Human Rights:

Human resources are the key to achieve bank's progress & development of its goals. Therefore, respecting employees' rights is considered as one of the most important factors that CIBIQ strives to achieve including providing appropriate safe and healthy work environment that protects the rights of employees and provides them with a suitable atmosphere for work and encourages them to do their best and develop their professional and personal skills and enables them to communicate to achieve bank's strategic goals.

CIBIQ also keen on achieving social equality to enable employees' access to institutional services and benefit from them without any discrimination between males or females or even based on ethical, religious, physical, disability or marital status.

### 5. Community Cooperation:

The private sector, and the banking sector in particular, has a vital role in supporting societies, by focusing on carrying out our role that we specialize in, which is to provide financial services that help our customers achieve their financial goals, and as an institution that supports growth and prosperity, CIBIQ provided direct financial support to "Tamkeen" Fund in 2020 with amount of IQD 100 Million for the initiatives of the Central Bank of Iraq to support the Iraqi health sector to mitigate the negative effects of the Corona pandemic. The bank continued to support Tamkeen Fund for the initiatives of the Central Bank of Iraq for in 2021 by donating of IQD 100 Million to rehabilitate and develop Al-Mutanabbi Street, as it is a historical landmark of the old city of Baghdad and build a new Dar Al-Ajazah. The Bank continued its support by donating IQD 250 million for the rehabilitation of the city of Najaf within the initiatives of the Central Bank of Iraq for the year 2022