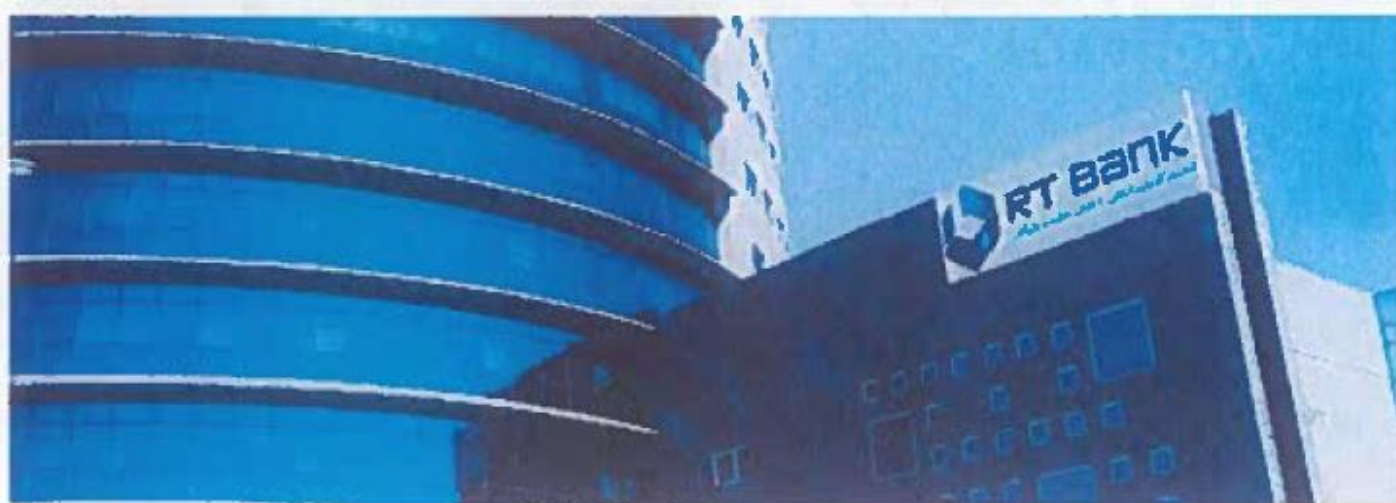


**Region Trade (RT) Bank for Investment and Finance**  
**(A Private Shareholding Company)**  
**Erbil – Iraq**  
**Financial Statements**  
**For the Fiscal Year Ended 31/12/2024**



RT Bank for Investment and Finance (p.j.s.c)  
Annual Report 2024

**RT Bank for Investment and Finance**  
**(A Private Shareholding Company)**  
**Erbil – Iraq**  
**Financial Statements**  
**For the Fiscal Year Ended 31/12/2024**

	Page
Contents	
Chairman of the Board Message	
Board of Directors Report on the Bank's Activities	
Audit Committee Report for Fiscal Year 2024	
Independent Auditors' Report	
Statement of Financial Position	
Statement of Income and Other Comprehensive Income	
Statement of Changes in Shareholders' Equity	
Statement of Cash Flows	
Notes to the Financial Statements	

## **Message from the Chairman of the Board of Directors of RT Bank for Investment and Finance**

On my own behalf and on behalf of my fellow members of the Board of Directors, I am pleased to present to you the Annual Report, which includes the audited financial statements for the year ended 31/12/2024.

Our bank underwent a number of changes in 2024, including a change in the Board of Directors, with a new Board elected on 04/07/2024. While we deeply appreciate your support and trust in entrusting us with the responsibility of managing RT Bank, we immediately embarked upon a number of positive changes in the executive and oversight apparatus. We placed special focus on separating supervisory responsibilities from executive duties. With the efforts of my fellow board members, we initiated a restructuring of board committees, granting them the authorities, responsibilities, and duties required to supervise and follow up on the executive management.

We have taken significant steps by intensifying committee and board meetings. One of our key achievements was the completion of an important document that will guide our operations—our Environmental, Social, and Corporate Governance (ESG) and Sustainability Standards Manual—tailored specifically for our bank. We are committed to implementing every provision of this manual with utmost effort.

Furthermore, we granted the executive management the necessary authority to implement the Board's vision and strategy. We mobilized all human and financial resources to execute these strategies and development plans, including intensifying training programs for all employees. We also prioritized the development of our IT infrastructure and information security—two essential pillars of the banking sector—by approving dedicated projects to enhance our technological infrastructure, information security, and the alternate site.

The upcoming challenge for our bank, following the suspension of the foreign currency exchange window, is to diversify our sources of funding, focus on all types of investments, promote electronic payment products, and capitalize on our strong and excellent relationships with a number of prestigious international correspondent banks.

We will also work to address all the observations raised by the Central Bank of Iraq, tighten banking procedures, reinforce the oversight role, and enable the Board of Directors to play a greater role in meeting regulatory requirements and ensuring a low-risk working environment. We aim to achieve long-term positive impact through the application of effective governance practices, risk management oversight, internal controls, and compliance across all levels. This is part of our effort to realign our course and elevate the bank's rating under the international CAMEL rating system.

We have also started engaging board members in development courses related to risk and audit, aiming to obtain the necessary certifications in these areas. Beginning in early 2025, we will also enroll them in specialized governance training.

Additionally, we will pay special attention to strengthening the oversight role of the supervisory departments, ensuring they carry out their tasks with the highest degree of professionalism, enhancing their independence from executive management, and providing qualified staff. We will also continue to create the appropriate environment for the external auditor to carry out his duties with full independence, providing all necessary information, documents, and financial reports.

Our future commitment lies in adopting a sustainability approach. Our strong foundation in environmental, social, and governance practices will be a driving force contributing to the enhancement of our operations and the creation of meaningful added value for our clients, partners, and society.

At RT Bank, we are determined to continue delivering sustainable and shared value to all stakeholders, focusing on our customers, encouraging innovation and leadership, offering digital banking services, and promoting governance and social responsibility.

In conclusion, I would like to extend my sincere thanks to the esteemed shareholders of RT Bank, reaffirming our commitment to safeguarding their trust, achieving objectives, and protecting their interests. I also extend my deep appreciation to the representatives of the Central Bank of Iraq, the Companies Registrar, the Securities Commission, the Central Bank of Iraq – Kurdistan Region Branch, the Erbil Companies Registrar, and the external auditors for their support, guidance, and advice, which have played an active role in improving the bank's performance.

Lastly, I would like to express my gratitude to the members of the Board of Directors, the executive management, and all staff for their efforts in enhancing the bank's position.

**Sincerely,**  
**Signed**  
**Ranj Hashim Mohammed**  
**Chairman of the Board**

**Annual Report of the Board of Directors on the Bank's Activities  
For the Year Ended 31/12/2024  
Honorable Ladies and Gentlemen, Respected Shareholders of the Bank,**

In implementation of the provisions of Articles (117) and (134) of the Companies Law No. (21) of 1997 (as amended), the instructions of the Accounting System for Companies No. (1) of 1998, Accounting Rule No. (10) issued by the Accounting Standards Board in the Republic of Iraq, international accounting standards, and the provisions of the Banking Law No. (94) of 2004,

we are pleased to present to you below the annual report on the bank's activities and the results of its financial operations and final accounts for the fiscal year ending on 31/12/2024.

**Introduction:**

Out of the firm belief of the RT Bank for Investment and Finance in the importance of environmental, social, and corporate governance (ESG) standards in providing principles of safety and security for the bank and the banking sector in general—standards which contribute to strengthening the trust of stakeholders in the bank, improving performance efficiency, and enhancing the bank's competitiveness in the banking sector—these standards serve as the foundation of the operational rules adopted by the bank's management for organizing relationship management on principles of justice and equality in roles and responsibilities among concerned parties: shareholders, clients, the board of directors, executive management, employees, and the various relevant supervisory and regulatory authorities, in a manner that achieves the bank's objectives.

Accordingly, the roles and responsibilities of the board of directors, executive management, and their related committees have been defined in line with the provisions of the ESG and sustainability standards guide issued by the Central Bank of Iraq and the requirements of supervisory authorities. Furthermore, an internal control and oversight environment covering all the bank's activities and operations has been created in accordance with the requirements of the Central Bank of Iraq and the four core principles of internal control, namely: (separation of duties – dual verification – dual oversight – dual signature). Additionally, a proper environment has been established for the departments and oversight bodies, enhancing their roles within the bank. Independent departments have been allocated and report directly to the board of directors, including: (Compliance – Anti-Money Laundering and Counter-Terrorism Financing Reporting – Risk – Internal Audit and Control), with all systems, policies, and operational manuals developed to ensure their effective oversight performance.

Our bank has undertaken a commitment to exert all its capabilities to become the strongest and closest partner to all stakeholders, consistently remaining their preferred bank—meeting their needs and responding to their expectations through its work with transparency and full disclosure of all banking operational components. The bank also offers a range of advanced, value-added financial and banking services and solutions that contribute to achieving the aspirations and ambitions of clients for a more successful future. We have committed ourselves, under the principles of corporate governance, to operate and interact transparently, fairly, and with a qualified and motivated team spirit, maximizing institutional work value and building upon it with a civilized vision capable of exploring the future and employing institutional work mechanisms that rely on risk sensing and analysis, identifying and correcting deficiencies, and continuously reviewing performance to achieve the desired accomplishments.

And if the benchmark we have set for our bank's operations is very high, then we are working to build solid relationships based on openness, transparency, accountability, and continuous communication with all stakeholders, benefitting from the best global standards and the most refined and objective banking practices.

**Our History:**

The bank was established in 2001 and obtained a banking license from the Central Bank of Iraq under the name Emerald Bank in 2007. The commercial name was changed to the RT Bank for Investment and Finance in 2014.

**Key Changes and Major Events Affecting the Bank:**

A. The bank trained and qualified its staff both inside and outside Iraq, enrolling them in advanced training programs to raise their efficiency and banking capabilities in order to provide better banking services to clients. Several major events occurred that enhanced the bank's capacities. Despite the difficult conditions faced by the banking sector in Iraq, especially the unstable security situation, the bank pursued its expansion plans for geographical outreach and business growth.

The bank has multiple branches located in: Erbil, Baghdad, Duhok, Sulaymaniyah, Kirkuk, and Zakho, in addition to two banking offices—one at Erbil International Airport and the other in Duhok—to provide banking services.

B. The bank expanded its banking capabilities to provide the best and most modern services, such as the issuance of credit cards (MasterCard and Visa Card) in coordination and agreement with specialized companies in this field. It also offers ATM services, operates the electronic clearing system (ACH), the Real-Time Gross Settlement (RTGS) payments system, and the magnetic check system, in addition to localizing the salaries of state employees through the "My Account" project.

C. The banking services offered by the bank in their various forms to institutions, commercial companies, and individuals include the provision of banking facilities such as: overdraft accounts, loans, short-term financing, contingent credit (including issuance of local and international letters of guarantee and issuance of letters of credit). The bank also accepts all types of deposits: opening of current accounts, acceptance of fixed and time deposits, issuance of payment orders, certified checks, client check authentication, acceptance of incoming local and international remittances, issuance of outgoing local and international remittances, issuance of smart credit cards and MasterCard for clients, and buying and selling of foreign currencies.

The bank also operates the SWIFT system for international transfers, letters of credit, and issuance of international letters of guarantee. Furthermore, the (BANKS) system has been implemented for organizing and preparing monthly, quarterly, and annual budgets through the daily documentation of the bank's transactions across its branches.

**Our Values:**

We are distinguished by credibility and transparency, which are considered the fundamental elements in our journey toward success and in our commitment to customers, shareholders, and society. The bank aspires for its operations to be pioneering and aligned with the best modern practices in the banking services sectors, in order to protect the funds and rights of shareholders and investors alike. Our services are provided to our customers with humility and without any discrimination. The bank aims to attract and develop human and organizational competencies in order to achieve a distinguished level of customer service. We exert our utmost efforts to meet our customers' needs and grow their assets through high-level services with high quality, focusing on advancement, encouraging the spirit of initiative, excellence, diligence, and teamwork to reach leading positions among top banking institutions.

**Our Vision:**

To reach the level of customer trust and to fulfill their requirements and needs across all categories, and to work on establishing a strong local bank in alignment with global banking standards. To achieve this, we have unified our priorities and built our vision on seven key elements: meeting customer needs, developing staff, managing advanced banking technical risks, implementing a digital transformation strategy, continuing to grow the business, and preserving the bank's values and goals.

**Our Mission:**

To expand and develop our products and services by leveraging the best available banking solutions and offering them to our customers. RT Bank began its journey with distinction, establishing a strong presence in major cities across Iraq through its branch network in Baghdad, Sulaymaniyah, Duhok, Kirkuk, and Zakho, in addition to its main branch in Erbil. The bank has also expanded through sub-offices such as the Erbil International Airport Office and the Duhok Office. As part of our ambitious plans, we seek to expand our network by opening new branches throughout Iraq.

RT Bank has witnessed a strategic transformation by restructuring its banking strategies and improving customer service, which has led to attracting new customers, expanding banking operations, and receiving increasing evaluations year after year. The most recent evaluation obtained was a CAMEL rating of 2B. The bank also received a rating from Fitch's CCC company. Additionally, the bank holds the ISO 9001/2015 quality management certification, certificate number REG0901/06516, from the international company ROYAL CERT. The bank enjoys a strong financial position with a capital of 350 billion IQD as in 2024. We will reach 400 billion IQD in the first quarter of 2025 in compliance with the instructions of the Central Bank of Iraq. Furthermore, the bank has been listed on the Iraq Stock Exchange since 05/07/2017.

To support and stimulate the Iraqi economy, RT Bank offers comprehensive commercial and investment services that meet the needs of companies and individuals through a range of banking services including deposit accounts, current accounts, electronic banking services, trade financing, and projects for small and medium enterprises. The bank also provides salary domiciliation services and international commercial transactions via the SWIFT system and domestic ones via the RTGS system in various currencies.

RT Bank has achieved significant growth in operations and has gained the trust of clients in various sectors, such as natural resources, energy, and non-governmental organizations, through integrated banking services. The bank is characterized by continuous development and is committed to offering training and awareness programs to enhance the technical and professional level of its employees, while maintaining excellent 24/7 customer service.

Today, RT Bank stands as a center of success and innovation in the Iraqi banking sector. With our commitment to providing the highest levels of service, we continue to strengthen our position as a leading banking institution, focusing on the development of our products and services to meet the demands of the modern era and the growing expectations of customers. We believe that our success stems from our commitment to quality, transparency, and social responsibility. We pledge to continue delivering the best services to our customers, contributing effectively to the growth of the Iraqi economy.

**Our Goals:**

To continue contributing effectively to economic life through practical participation in achieving economic development for projects and enhancing infrastructure. The bank also seeks to maximize financial returns that ensure the rights of owners (shareholders and investors) by expanding and diversifying the deposit base and banking operations. The bank continues to contribute to social responsibility, laying the foundations for justice, social development, and enhancing disclosure and transparency. We aim to solidify institutional governance systems that ensure the rights of all dealing parties.

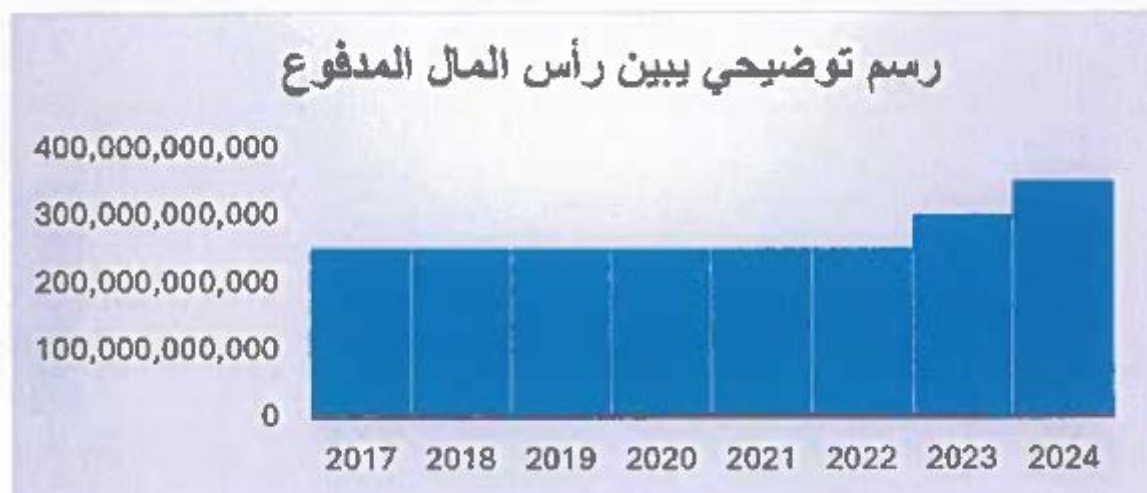
We also aim to enhance the principle of financial inclusion by continuing to open branches within Iraq to achieve widespread access and ensure that banking services reach all segments of society. The bank focuses on developing frameworks, procedures, and regulatory controls to hedge against the negative effects of banking risks, money laundering crimes, combating terrorism, and protecting customers from fraud, exploitation, and discrimination.

The bank has taken and continues to take steps to develop electronic banking operations and adopt new services and products to keep pace with the best technologies and modern, advanced communication systems. Furthermore, the bank enhances cooperation with local banks and expands its network of prestigious correspondent foreign banks to offer fast and advanced services to its customers.

### 1. Developments in the Bank's Capital

- On 23/11/2006, the capital started at 25.25 billion IQD.
- On 04/05/2009, capital was increased to 50 billion IQD.
- On 12/09/2012, capital was increased to 150 billion IQD.
- On 25/09/2013, capital was increased to 250 billion IQD.
- On 04/10/2023, capital was increased to 300 billion IQD.
- On 04/06/2024, capital was increased to 350 billion IQD.

A graph below illustrates the development of paid-in capital during the years 2017–2024.



### 2. Shareholders' Equity

The total shareholders' equity of the bank reached 411.364 billion IQD at the end of 2024, compared to 359.492 billion IQD at the end of 2023, marking an increase of 51.872 billion IQD, which represents a 1.442% growth. A chart illustrates the development of shareholders' equity from 2017 to 2024.



### 3. Financial Indicators

#### A. Adoption of International Financial Reporting Standards (IFRS):

The data included in the management report was prepared based on reports and data from previous years that were prepared in accordance with international financial reporting standards.



## B- Profits and (Losses)

The bank achieved a profit of (50,871) million IQD after tax during the year 2024, compared to a profit of (10,230) million IQD in the previous year 2023. Below, we present the realized profits – or – losses during the years 2017–2024:

Year	Profit/Loss
2017	11,878 Profit
2018	10,065 Profit
2019	16,938 Profit
2020	9,634 Profit
2021	8,907 Profit
2022	10,521 Profit
2023	40,641 Profit
2024	50,871 Profit

It is evident from the above table that the bank achieved good profits despite the economic conditions experienced by the region, thanks to the new policies implemented by the newly appointed Board of Directors.

## C- The Financial Position of the Bank

It is observed from the table below that there has been continuous development in the bank's financial position from year to year during the years 2013 through 2023. The growth rate of the bank's financial position assets reached 186% in 2016 compared to the base year 2012. However, this rate decreased in 2017 to 124% due to the economic conditions in the region. It rose again in 2018 to reach (313%) as a result of increased liquidity at the end of 2018. It further increased in 2019 to reach 342%. In 2020, the financial position significantly declined by 65% compared to 2019 due to the impact of the COVID-19 pandemic. Compared to the base year, however, it had increased by 291%.

As for the year 2021 compared to 2022, the financial position increased by 364% and 510% respectively compared to the base year. Regarding the financial position in the fiscal year 2023, it decreased due to cash withdrawals compared to 2022. As for 2024, it was full of challenges, and the bank's financial position decreased by 22% compared to the previous year.

Year	Financial Position (Billion IQD)	Growth Rate
2012	221,182	Base Year
2013	364,517	65%
2014	480,621	117%
2015	551,178	149%
2016	631,686	186%
2017	494,666	124%
2018	913,617	313%
2019	977,013	342%
2020	644,518	291%
2021	807,039	364%
2022	1,128,649	510%
2023	1,000,626	452%
2024	952,991	430%

The chart below illustrates this data.



#### D- Properties, Equipment, and Projects Under Construction

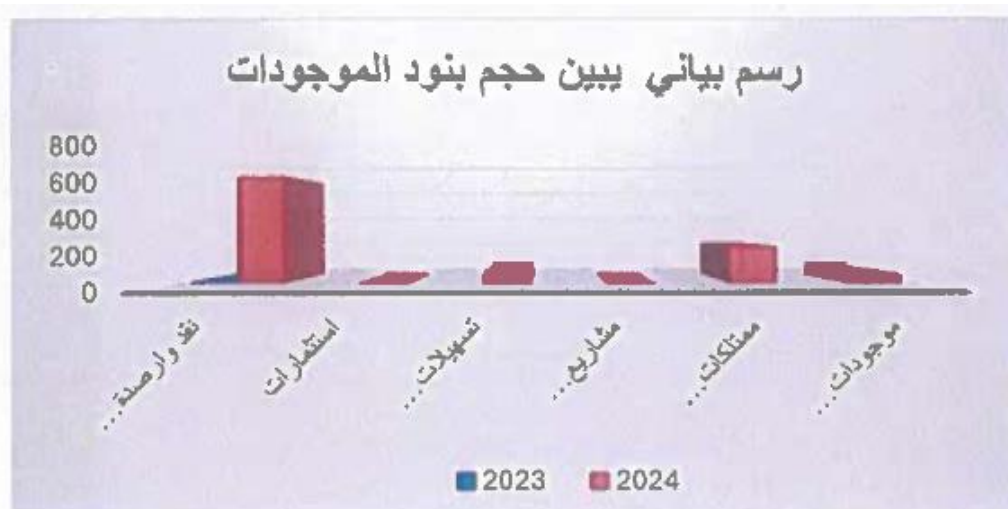
The projects under construction were converted into tangible and intangible assets.

#### E- Cash Holdings

The total cash balances in the treasury and with banks and external financial institutions decreased in 2024 by 18% compared to 2023.

#### F- Volume of Balance Sheet Asset Items

From the chart below, we can observe the volume of cash and other assets.



As on 31/12/2024 (in IQD):

Description	2024 (IQD)		2023 (IQD)	
Cash in treasury and ATMs	330,838,545,566	62%	287,078,691,381	55%
Balances with the Central Bank of Iraq	—	—	—	—
Current accounts (Free account at CBI)	1,381,307,658	0.257%	629,855,212	0.1%
Central Bank RTGS	79,675,315,599	15%	62,887,373,988	12%
Statutory deposits with CBI	31,152,469,811	6%	49,478,883,683	9%
Central Bank / Currency Auction	104,558,185,684	19%	127,974,752,876	24%
Central Bank of Iraq / Erbil	1,965,000,000	0.37%	1,965,000,000	3%
Expected credit loss on CBI as per IFRS	(12,879,535,412)	-2%	(10,256,027,312)	-2%
Year-End Balance	536,691,288,906	100%	519,758,529,828	100%

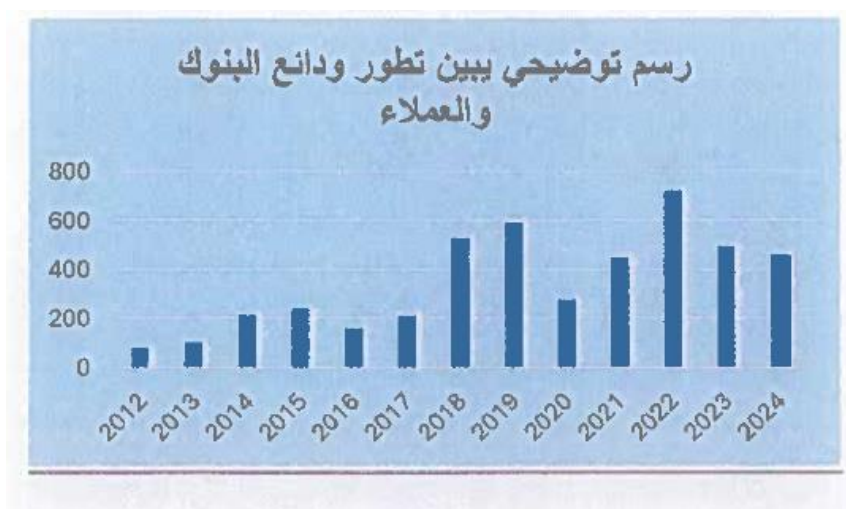
#### 4- Banking Activity

##### A- Deposits:

Deposits are considered a key source of funding for banking activity, used for financing loans and investments. The bank was able to attract new customers by providing banking services, which led to an increase in customer balances through the reception of deposits in current, savings, fixed-term, and other accounts during the years (2012) to (2015). However, in 2016, these deposits decreased by (91) billion compared to 2015 due to prevailing economic conditions in the country. Deposits increased again in the years 2017, 2018, and 2019 by (61) billion, (379) billion, and (431) billion respectively compared to 2016.

In 2020, deposits declined by a certain percentage compared to 2019 due to the COVID-19 pandemic, which significantly affected the banking sector, resulting in cash withdrawals by individuals and companies. As for the years 2021 and 2022, deposits increased by 38%. Regarding 2023 and 2024, customer deposits decreased due to year-end withdrawals resulting from the economic situation at the time, while institutional deposits increased compared to the previous year. The table and chart below illustrate this:

Year	Bank & Financial Institution Deposits	Customer Deposits (Individuals, Companies, Government Entities)	Total
2012	3.6	77.7	80.8
2013	11.10	90.11	101.12
2014	3.14	211.15	214.16
2015	1.18	329.19	240.20
2016	11.22	148.23	159.24
2017	0.95.26	209.27	209.28
2018	0,135.30	527.31	527.32
2019	2.34	588.35	590.36
2020	19.38	260.39	279.40
2021	5.42	444.43	449.44
2022	3.46	718.47	721.48
2023	30.9.50	519.59	520.51
2024	22.9.53	441.11	462.54



##### B- Net Direct Credit Facilities

Below is a table showing the development of the net balances of credit facilities and loans granted to the Bank's customers during the years 2012 – 2024.



### C- Contingent Credit

The balances of letters of guarantee and documentary letters of credit reached IQD (99) billion at the end of 2024, compared with IQD (73) billion at the end of fiscal year 2023—an increase of (26%). Below is a table showing the development of this account during the years 2012 – 2024, after excluding incoming L/Cs (SOMO).



### 5– Foreign Banking Relationships

The Bank has succeeded in establishing extensive banking relationships, bringing the number of our correspondents to thirty three (33). Correspondence is under way with additional banks to increase the number of correspondents so as to cover the Bank's activities in opening documentary letters of credit and handling outward and inward foreign transfers.

#	Correspondent Bank	Country
1	Abu Dhabi Islamic Bank	UAE
2	Aktif Yatirim Bankasi AŞ	Turkiye
3	Al Salam Bank BSC	Turkiye
4	Albaraka Türk Katılım Bankası	Bahrain
5	Arab African International Bank	Bahrain
6	Ares Bank	Bahrain
7	BIA Bank	Bahrain
8	Banca Popolare di Sondrio	Turkiye
9	Bank Al Etihad	Turkiye
10	Bank of Beirut	Turkiye
11	Bank Al BILAD	Turkiye
12	Banque Misr	UAE
13	Banque Misr SAE	Spain
14	Bank of Jordan	France
15	BBAC SAL	Italy
16	Croatia Banka dd	Jordan
17	Capital Bank of Jordan	Jordan
18	Destek Yatırım Bankası A.Ş	Jordan
19	DBS Bank Ltd	Jordan
20	European Merchant Bank UAB	Lebanon
21	First National Bank S.A.L	Lebanon
22	First Abu Dhabi Bank	KSA
23	IBL Bank SAL	Egypt
24	Jordan Ahli Bank	UAE
25	Nurol Yatirim Bankasi AŞ	UAE
26	PKO Bank Polski SAW	UAE
27	Safwa Islamic Bank	Jordan
28	The Housing Bank for Trade & Finance	Lebanon
29	Türkiye İş Bankası A.Ş	Lebanon
30	Türkiye Vakıflar Bankası TAO	Croatia
31	Türkiye Ziraat Bankası A.Ş	Jordan
32	Vakıf Katılım Bankası A.Ş	Turkiye
33	Zhejiang Chouzhou Commercial Bank Co Ltd	Turkiye

## 6– Imports and Exports

The Bank did not engage in any import or export activity on its own account during 2024. All purchases of assets (machines, computers, spare parts, etc.) were made domestically within Iraq through procurement committees.

## 7– Accounting Policy

The Bank maintains its accounts in accordance with the Unified Accounting System for Banks and Insurance Companies as the basis for recording, posting, and classifying accounting data, in compliance with the instructions and regulatory circulars of the Central Bank of Iraq. The financial statements have also been prepared in accordance with international standards outside that system.



The Bank adopts the accrual basis as the foundation of its accounting policy when preparing the final accounts—for example, revenues and expenses are recognized on this basis, except for profits from investments and participations, which are recorded as income on the date they are received. Depreciation on fixed assets is calculated using the straight-line method at 20% per annum on all fixed assets and 2% per annum on buildings, excluding land, in accordance with Depreciation Regulation No. (9) of 1994. Reciprocal debit and credit accounts between the Bank's branches are cleared through offsetting, a process that has been carried out automatically since fiscal year 2012 under the ICBS system.

Foreign currency balances have been valued in accordance with the Central Bank of Iraq's exchange rate bulletin at a rate of IQD 1,310 per USD; the exchange rate of the USD changed to IQD 1,310 per USD.

## 8- Detailed Administrative and Operational Data

### (A) Executive Management

Name	Nationality	Position	Date of Appointment	Degree
Ghazi Hassan Mohammad Sharif	Iraqi	Authorized Manager	01/06/2020	PhD in Banking & Finance
Ahmed Nozad Jawad	Iraqi	Deputy Authorized Manager	28/02/2019	B.Sc. Sciences
Azhder Hussein Ali	Iraqi	Finance Department Manager	08/01/2020	B.Sc. Accounting
Imad Ali Abdul-Ghany	Jordanian	IT Department Manager	18/05/2022	M.A. Economics
Barana Ali Shukur	Iraqi	HR Department Manager	17/09/2024	MBA
Mohammad Shirko Othman	Iraqi	Administrative Affairs Dept. Manager	15/09/2021	Diploma Tourism & Hotel Management
Diyala Sultan Al-Jawabra	Lebanese	Risk Department Manager	01/11/2018	B.A. Economics
Karwan Hassan Hamza	Iraqi	Compliance Department Manager	13/08/2017	Higher Institute for Chartered Accountants Certificate
Ali Abdul-Khaliq Khalil	Iraqi	Digital Marketing Department Manager	11/02/2024	B.Sc. Banking & Insurance
Mustafa Farouq Othman	Iraqi	Treasury & Investment Dept. Manager	05/08/2015	M.Sc. Accounting & Finance
Loma Waad Shukur	Iraqi	Deputy Credit Dept. Manager	01/07/2013	Diploma Business Administration
Rami Kanj Al-Munim	Syrian	Operations Department Manager	07/01/2018	M.Sc. Financial Management
Nofan Sabah Yusuf	Iraqi	Financial Inclusion	27/01/2019	Diploma Physical Education

		Department Manager		
Murad Karaduman	Turkish	International Department Manager	10/10/2024	B.A. Business Administration
Nizar Ghany Abdullah	Iraqi	Legal Department Manager	03/03/2024	LL.B.
Shaimaa Ahmed Abdullah	Iraqi	Internal Audit & Control Dept. Manager	25/03/2018	M.Sc. Accounting & Finance
Alaa Nabil Ahmed	Iraqi	AML/CTF Reporting Dept. Manager	26/02/2012	B.A. Business Administration

**(B) Number of Employees as at 31/12/2024**

Category	Headcount
Total employees	336
Iraqi employees	310
Foreign employees	26
Employees covered by social security	285

**(C) Educational Qualifications**

Qualification	Number
Doctorate	2
Master's	13
Bachelor's	236
Diploma	37
Secondary School	16
Intermediate School	6
Primary School	26

**(D) Training Courses**

The management places great importance on training employees in their respective areas of specialization with the aim of enhancing performance levels. To achieve this goal, the management strives to involve employees in training courses whenever opportunities arise. The table below illustrates the number of courses and the number of participants as on 31/12/2024.

No.	Course Name	Course Venue + Organizing Entity	Number of Participants
1	IBM FileNet & Datacap Training for End User	Online - INNSYS For Information Technology	6
2	IBM FileNet & Datacap Training	Online - INNSYS For Information Technology	8
3	Workshop on Mechanism of Buying and Selling Real Estate	Central Bank of Iraq	2
4	Credit Inquiry System CBS Training Course	Iraqi Private Banks League	3
5	Dormant Accounts	Central Bank of Iraq / Banking Studies Center	3

6	Balanced Scorecard for Financial Institutions	Iraqi Private Banks League	2
7	Risks of Modern Technology in Money Laundering and Terrorism Financing and Ways to Combat Them	Banking Studies Center / Central Bank of Iraq	4
8	Letters of Guarantee and Mechanism of Electronic Platform for Financial Competency Letters and Financing Plans	Central Bank of Iraq / Studies Center / Training Department	1
9	Workshop on Banking Awareness and Public Protection	Central Bank of Iraq	1
10	Training Workshop on Using Passport and Identification Document Readers	Central Bank of Iraq	1
11	Administrative Excellence in Bank Branch Management	Bayt Al-Hikma for Training and Administrative, Economic, and Banking Consultations / Baghdad / BHTC	1
12	Combating Money Laundering and Terrorism Financing	Bayt Al-Hikma for Training and Administrative, Economic, and Banking Consultations / Baghdad / BHTC	1
13	Certified Investment Manager (AIM)	Bayt Al-Hikma for Training and Administrative, Economic, and Banking Consultations / Baghdad / BHTC	1
14	Digital Transformation and Electronic Payments	Central Bank of Iraq / Studies Center / Training Department	2
15	Identifying the Real Beneficiary in Customer Transactions	Central Bank of Iraq / Studies Center / Training Department	2
16	Fraud in Banks and Non-Banking Financial Institutions: Risks and Link to Money Laundering and Terrorism Financing	Central Bank of Iraq / Studies Center / Training Department	2
17	Administrative Excellence Skills in Work Development	Erbil / Ramara Hotel - Bayt Al-Hikma Foundation for Training and Consultations	2
18	Identifying the Real Beneficiary in Customer Transactions	Central Bank of Iraq / Studies Center / Training Department	2
19	International Standards for Internal Auditing	Central Bank of Iraq / Studies Center / Training Department	1
20	Implementing and Operating Cisco Enterprise Network Core Tech	Wide Skills IT Training, Solutions & More - Dubai	2
21	Attend Payments Management Lab Live	Visa University - Four Seasons Hotel Istanbul at the Bosphorus, Istanbul, Turkiye	1
22	Workshop with SWIFT Global Company	Central Bank of Iraq / Directorate of Investments and Foreign Transfers	2
23	HR in Action	University of Kurdistan - UKH	1
24	IFRS 9 Workshop	KPMG Academy Online	1



25	Total Quality Management Practices in the Banking Sector	Central Bank of Iraq / Baghdad / Banking Studies Center	1
26	Banking Awareness and Financial Inclusion	Knowledge Gate IT LTD.-Iq Online	1
27	Financial Analysis for Credit Granting Purposes	Central Bank of Iraq / Baghdad / Banking Studies Center	1
28	Internal Audit and Preparation of Auditor Reports According to Modern International Standards of IIA	Central Bank of Iraq / Baghdad / Banking Studies Center	1
29	Bank Card Management in Financial Institutions	Global Academy of Finance and Management (GAFM) Online	11
30	Quality of Reporting Transactions Suspected of Involving Money Laundering and Terrorism Financing	Banking Studies Center / Jadriya	2
31	Know Your Customer and Electronic KYC Form Templates	Banking Studies Center / Jadriya	3
32	Training Workshop on RTGS-ACH Systems	Central Bank of Iraq / Payments Department	5
33	Fraud in Payment Cards	Central Bank of Iraq / Relations and Operations Department	14
34	Compliance and Mechanisms of Combating Money Laundering According to Federal Decisions	Central Bank of Iraq / Banking Studies Center - Training Department	3
35	Customer Communication Skills	Central Bank of Iraq / Banking Studies Center - Training Department	4
36	Bank Risk Management According to Basel II and Basel III Standards	Professional Advisor and Trainer Hall - Central Bank of Iraq	2
37	Bank Liquidity Risks	Central Bank of Iraq / Banking Studies Center / Training Department	3
38	New Workflow Scheme for Opening Accounts and Commercial Transfer Transactions	Internal Training Course at the RT Bank	18
39	Training Courses in Central Operations	Internal Training Course at the RT Bank	19
40	Identifying and Measuring Fraud Risks According to the Instructions of the Central Bank of Iraq and Bank Policies, Operational Risk Analysis and Management – Strategies and Practical Applications	RT Bank / Baghdad Branch	5

## **Organizational Structure of the RT Bank for Investment and Finance**

General Assembly

Board of Directors

Board Secretariat Unit

Board Committees

- Risk Committee
- Nomination and Remuneration Committee
- Audit Committee
- Environmental, Social, and Governance (ESG) Committee

Supervisory Departments

- Shareholder Protection Department
- Internal Audit and Control Department
- Anti-Money Laundering and Counter-Terrorism Financing Reporting Department
- Risk Department
- Compliance Department

Authorized Director

Deputy Authorized Manager

- IT Steering Committee
- Information Technology Committee
- Assets and Liabilities Committee (ALCO)
- Credit Committee
- Investment Committee

Independent Departments

- Financial Department
- Legal Department
- Treasury and Investment Department
- Credit Department

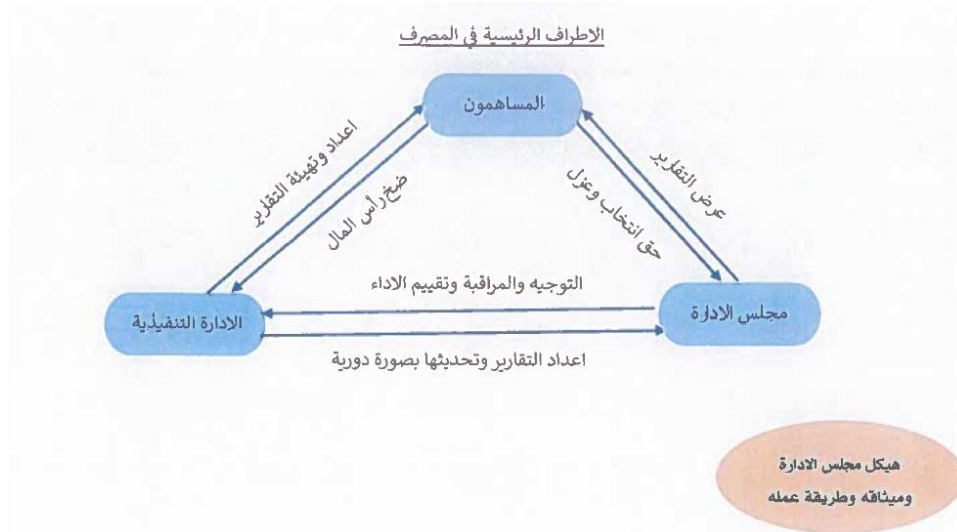
Support Sector

- Human Resources Department
- Information Technology Department
- Quality Department
- Financial Inclusion Department
- Commercial Affairs Department
- Banking Operations Department

Business Sector

- Branch Management Department
- Retail and Individual Banking Department
- International Department
- Digital Marketing and Sales Department
- Research and Development Department





### Board of Directors and Board Charter:

Includes the following:

1. Formation of the Board of Directors and its independence
2. Role of the Board of Directors, its members, responsibilities, and the procedures followed by the Board in fulfilling its duties
3. Role of the Chairman of the Board
4. Role of the Authorized Manager
5. Role of the Secretary of the Board
6. Board Membership
7. Purpose of forming Board committees, their charters, authorities, responsibilities, and conditions for appointing committee chairs and members
8. Board meetings and committee meetings (quorum, voting, minutes)
9. Access to management and independent advice
10. Orientation and ongoing training
11. Performance review
12. Members' skills and experience requirements
13. Board reporting requirements and the committee evaluation process

### Formation of the Board of Directors

1. The Board of Directors of the bank is the ultimate decision-maker of the bank and is responsible for the sound and prudent management of the bank and its affiliated institutions. The board is characterized by professionalism and competence and possesses a set of skills, knowledge, and experiences necessary to fulfill its responsibilities. Members of the Board are capable of applying strategic thinking to any issue and constructively challenging others' perspectives. They also possess the skills, knowledge, and experience, including in the field of information technology as applied in financial institutions, and in the risks associated with environmental, social, and governance (ESG) standards to ensure the soundness and sustainability of the bank.
2. The members of the Board of Directors were elected at the General Assembly meeting after receiving approval from the Central Bank of Iraq for a term of four years, with the possibility of re-election for an additional four years upon re-election at the General Assembly meeting according to the principle of cumulative voting. The main purpose of this method is to increase the chances of minority shareholders to be represented on the Board of Directors and to limit the dominance of a particular shareholder over Board membership.

3. The Board of Directors ensures its regular participation and receives, understands, and responds to information related to the issues and concerns of shareholders and stakeholders.
4. The Board of Directors is composed of non-executive members, including a majority of independent board members, with the exception of one board member who is the Authorized Manager. The Board is well-organized and effective in managing the bank.
5. The number of Board members is no less than seven at all times, and more than one-third of the Board members are independent non-executive members. The Board also includes more than one independent Board member representing minority shareholders. The Board composition includes one woman among the original members and one woman among the alternate members. There are members with skills in ESG standards, sustainability, and knowledge of climate change issues, and one member has expertise in the field of information and communications technology.
6. All members of the Board of Directors reside in Iraq.
7. The roles of all Board members, including independent members, are clearly defined.
8. The qualifications of Board members comply with applicable laws and regulations. They are trustworthy and act with integrity and are committed to sound practices in ESG standards, anti-corruption, codes of professional conduct, and conflict of interest policies.
9. The Board members are suitable for banking work and sufficiently independent, and they possess the skills, experiences, and diverse backgrounds that enable them to supervise the bank's strategies and objectives, manage the work of the Board and its committees, and monitor the bank's risks, including those related to ESG standards and climate-related risks.
10. The Board composition is reviewed annually to ensure renewal and succession. This includes membership duration, knowledge, and expertise in the fields of finance, accounting, lending, banking operations, payment systems, strategic planning, communications, information technology, ESG opportunities and risks, climate-related financial risks, risk management, internal controls, banking regulation, auditing, and compliance. If needed, the Board engages consultants to complement its skills.
11. The Board of Directors elects a Chairperson from among the independent members who is not the Authorized Manager at the same time. A Vice-Chairperson is also elected, who assumes the duties of the Chairperson in the event of their absence or inability to preside over Board meetings.
12. The Chairperson of the Board is responsible for leading the Board in accordance with the highest standards of governance.
13. The Board conducts periodic reviews and regularly allocates resources to ensure that members retain the skills, knowledge, and familiarity with the bank's business necessary to fulfill their duties. The Board is committed to developing the skills of its members with no fewer than two training courses annually in the areas of ESG standards, sustainability, and climate-related financial affairs.

## **Qualifications and Independence of Board Members**

### **A. Selection of Board Members**

1. All members of the Board meet the legal requirements stipulated in the effective Banking Law and any conditions related to banking governance.
2. The Nomination and Remuneration Committee of the Board is responsible for setting and implementing appropriate due procedures for the nomination and appointment of Board members.
3. All Board members hold university degrees and have experience in the banking and financial sector.

### **B. Independence of the Board of Directors**

1. All Board members are capable of making independent decisions that serve the interest of the bank.
2. Board members do not participate in any decision that could place their own interests or those of any other party above the interests of the bank.

3. All Board members are committed to the collective decision-making processes of the Board and to discussing matters openly and constructively, allowing for freedom of discussion or objection to opinions raised during meetings.
4. Board members are not auditors, partners, or employees of the bank's external auditor during the three years prior to being elected to the Board.
5. No Board member serves as a consultant to the bank.
6. No Board member has any credit facilities or is a guarantor for credit facilities.
7. All Board members are not members of the boards of directors of joint-stock or public companies, either in their personal capacity or as representatives of a legal entity.
8. All Board members are not administrative officials, employees, or authorized managers in other banks.
9. None of the Board members has any familial relationship or kinship of any kind or degree with any other member of the Board or executive management.
10. None of the Board members is a major shareholder in the bank.
11. None of the Board members owns shares, directly or indirectly — including shares held by family members of shareholders or related persons — amounting to more than 2% in any institution of any type or level.

### **Duties and Responsibilities of the Board of Directors**

1. The Board of Directors is collectively responsible for the ethical and entrepreneurial leadership, guidance, and oversight of the Bank. It supervises executive management and approves the frameworks of the Bank's Environmental, Social, and Governance (ESG) standards guide.
2. The Board promotes the Bank's culture, purpose, and values across all its branches, integrating them into a framework of policies, procedures, and controls aimed at establishing effective internal and financial controls, sound risk management, and effective management of ESG-related risks, including financial risks, and ensuring compliance with all applicable laws and regulations.
3. The Board adopts the core values of the Bank, which reinforce a culture of high ethical standards, integrity, professionalism, and sustainability among all members of the Board, executive management, Bank operations, and employees.
4. The Board adopts and ensures adherence to the Code of Conduct, Conflict of Interest policy, and the Bank's policies on environmental and social matters.
5. The Board establishes and publishes a formal charter that defines its roles and responsibilities, distinguishing them from those of the executive management. It also conducts an annual evaluation of the performance of the Board, its committees, and individual members. The Board plays an active role in guiding and overseeing ESG policies and practices and includes these topics regularly in its agenda and discussions.
6. The Board develops, documents, approves, and publishes a delegation of authority policy, which outlines the areas where executive management is granted authority and defines the limits of such authority delegated by the Board. The Board has mechanisms to monitor the exercise of delegated authority and remains accountable for overseeing the tasks delegated to executive management.
7. The Board defines the delegation of authority and executive powers concerning the Bank's activities, whether related to the Authorized Manager or executive management, including all banking transactions, credit issuance, signing of transfers, checks, guarantees, bonds, loans, mortgages, letters of guarantee, and letters of credit.
8. The Board establishes and approves a policy for delegated and retained powers, ensuring that certain decisions remain under its exclusive authority.
9. The Board approves the Bank's plans, including its vision, mission, strategic goals, and objectives. In doing so, it considers the views of the Bank's key stakeholders and issues directives to executive management to implement the plans and manage and monitor the Bank's daily operations.
10. The Board effectively participates in developing and approving the strategy framework and systems related to risk appetite and institutional values, including the Bank's approach to sustainability and ESG risks.

These systems encompass the Environmental and Social Management System (ESMS) and ESG Risk Management System, which are suited to the Bank's complexity, aligned with internationally recognized principles, and integrated into the Bank-wide Risk Management System.

11. The Board ensures that the Bank has a sustainability policy in alignment with the principles of sustainability and the Sustainable Finance Roadmap of the Central Bank of Iraq (2023–2029), as well as with international standards and practices. This policy must be approved by the Board, published, and made publicly accessible, with a focus on ESG principles including climate change approaches.

12. The Board is committed to identifying and reporting material stakeholders, understanding their needs and concerns, and addressing material ESG issues, including climate change and its impact on the Bank's operations.

13. Approval of medium- and short-term strategies and short-term operational plans.

14. Reviewing the implementation of the strategy and measuring performance against the plan. The Board supervises major capital projects, investments, acquisitions, mergers, and asset disposals, and supports executive management in enhancing sustainable value for shareholders and stakeholders.

15. Discussing, approving, and monitoring the annual plans and budget of the Bank's activities, ensuring these plans align with strategic goals. The Board receives regular management reports on the Bank's operations.

16. Adopting a policy to monitor executive management's performance through the establishment of Key Performance Indicators (KPIs) and results, which aid in monitoring the Bank's performance against defined goals.

17. Determining the Bank's risk appetite, including liquidity risk, and communicating it to executive management. The Board also approves the annual capital plan and any changes to the Bank's capital structure.

18. Approving sound systems for risk management and monitoring, including ESG risks, internal control, and operational management. The Board is responsible for ensuring the continuity of control and banking security procedures, the Bank's financial position and reputation, and compliance with the Central Bank of Iraq's requirements. It also ensures the presence of appropriate and effective tools and systems for integrating sustainability and climate-related risks into the Bank's risk systems, which identify, measure, manage, mitigate, and monitor all risks.

19. The Board monitors the implementation of risk management and risk acceptance, ensuring the Bank does not face excessive risks and that risks are managed prudently. This includes overseeing environmental risks, particularly those related to climate change, social risks, and governance risks. The Board also requires the risk management function to identify and quantify climate-related financial risks.

20. Ensuring the Bank's management complies with all applicable laws, regulations, and internal policies. Executive management is responsible for communicating internal policies and procedures across all staff levels and for regularly reviewing and updating them.

21. Ensuring that sustainability goals, policies, and activities are clearly communicated across all Bank branches and publicly disclosed to investors, clients, and other stakeholders.

22. Ensuring the development and training of Bank employees at least once annually, specifically in relation to ESG training, sustainability, and the financial impact of climate change.

23. Ensuring compliance with international standards in the Bank's activities and operations, especially regarding the preparation of financial and non-financial corporate reports.

24. Approving periodic and final financial statements, dividend distributions, share allocations, share dealing rules, and any significant changes in accounting policies or practices, and reporting them accordingly.

25. Approving the requirements for preparing the Bank's annual ESG scorecard report, including submitting the necessary relevant evidence and reporting on it.

26. Approving the Bank's performance and rewards policy, as well as the rewards policy for the Chairman of the Board, executive board members, and independent board members.

27. Ensuring the Bank implements a robust internal control system.

28. Ensuring that Board members possess the necessary skills for effective and sound governance of the Bank, by participating in annual training.
29. Appointing the Bank's Authorized Manager and approving the terms of appointment after receiving the approval of the Central Bank of Iraq.
30. The Board approves the Authorized Manager's selections for candidates to hold key positions within executive management. These leadership appointments are based on merit and include positions such as the Chief Risk Officer and Secretary of the Board of Directors, with the Board receiving an annual report on the performance of these key appointees.
31. The formation of five committees affiliated with the Board of Directors: Audit, Risk, Nomination and Remuneration, IT and Communications Governance, Environmental, Social, and Corporate Governance and Sustainability. Their members consist solely of members of the Board of Directors. The Board approves the terms of reference, scope of work, and membership of each of these Board committees.
32. The Board is responsible for accurate, truthful, and fair disclosure to the Central Bank of Iraq, including the annual performance scorecard reports submitted to the Central Bank and to shareholders and stakeholders. The Board of Directors approves the documents required by external regulatory bodies and is responsible for preparing accurate reports on compliance with the Environmental, Social, and Corporate Governance (ESG) and Sustainability standards manual. The authorized manager and the Chairman of the Board are committed to signing the accuracy of any reports submitted to the Central Bank of Iraq regarding compliance with the ESG and Sustainability standards manual, deeming them accurate following review and recommendation by the ESG and Sustainability Committee affiliated with the Board of Directors.
33. Annual review and approval of the independence, initial and ongoing competence of the external auditor, and the Board makes recommendations to shareholders regarding the appointment or dismissal of the external auditor.
34. Ensuring that the term of the contract with the external audit partner and audit firm does not exceed five (5) years, in accordance with the effective Banking Law.
35. Enabling the external auditor to clarify matters directly with the Board of Directors as a whole.
36. Based on recommendations from the Audit Committee, appointing, supervising, and dismissing the internal auditor when necessary. The Audit Committee of the Board of Directors sets the internal auditor's remuneration and evaluates their performance annually. The internal auditor reports directly to the Audit Committee of the Board of Directors.
37. Approving and reviewing internal control and risk management systems, including ESG risk management, and reviewing them annually. The Board of Directors confirms the adequacy of the systems in the annual report and ensures that the internal auditor, in cooperation with the independent external auditor, reviews these systems at least annually.
38. Ensuring the presence and use of adequate and reliable administrative and technical information systems that cover all of the bank's activities.
39. Promoting a culture of good environmental, social, and governance (ESG) practices within the bank and encouraging all employees and executive management to apply these practices and attend relevant training programs, while ensuring the bank encourages its clients to implement ESG practices in their institutions.
40. Ensuring that the bank's credit policy includes a requirement for clients—individuals and institutions—to apply good ESG practices within the bank.
41. Taking measures to separate the powers of shareholders with a "qualifying holding" from those of executive management, to strengthen good ESG practices and create appropriate mechanisms to mitigate the influence of shareholders with qualifying holdings.
42. Approving the bank's organizational structure, which defines the administrative hierarchy and clear responsibilities.
43. Establishing an approved succession plan for the Board of Directors to ensure renewal, and a succession plan for the CEO and key executive management positions, with annual review of the succession plans.



44. Ensuring that executive management is aware of controls and official responsibilities regarding anti-money laundering and the Anti-Money Laundering Office's website. The obligations require daily review, freezing of funds for persons listed on the terrorist list, and immediate reporting to the Anti-Money Laundering and Counter-Terrorism Financing Office.
  45. Establishing an annual performance evaluation process for the Board of Directors, its members, and committees against defined objectives, and submitting a summary report of the results along with related improvement plans in the annual report.
  46. Ensuring the implementation of General Assembly decisions.
  47. Supervising policies and procedures and ensuring the presence of high-quality, timely, and accurate public disclosure policies and processes covering all material market matters, including ESG governance issues, to shareholders and stakeholders, and ensuring transparency in the bank's operations.
  48. Providing a comprehensive annual report to shareholders and stakeholders that includes the full financial statements of the bank.
  49. Developing communication policies and procedures and processes that require the Board of Directors' authority for major innovations and regulatory initiatives and other jurisdictions, and obtaining Board approval for key bulletins, statements, and press releases.
  50. Ensuring that the bank provides the Central Bank of Iraq with up-to-date information related to members of the Board of Directors, General Assemblies, executive management of the bank, and affiliated institutions inside and outside Iraq, on a semi-annual basis and upon any changes.
- Ensuring that ESG risks are taken into consideration as part of the bank's credit approval and authorization processes.

#### **Nomination and Appointment:**

Following the resignation of the previous Board of Directors on 08/05/2024, procedures were carried out to elect a new Board of Directors during the General Assembly meeting on 04/07/2024 after obtaining the approval of the Central Bank of Iraq for a term of four years, according to cumulative voting. The Board consists of seven (7) original members and an equal number of alternates, and they may be re-elected for an additional four-year term upon re-election during the General Assembly meeting and after obtaining its approval.

1. The Board of Directors ensures its regular participation and receipt of information related to shareholders' and stakeholders' issues and concerns, understanding them, and responding accordingly.
2. The Board of Directors is composed of non-executive Board members, including a majority of independent members, except for one Board member who is the authorized manager. The Board is organized and effective in managing the bank.
3. The Board comprises seven (7) original members. More than one-third of the Board members are independent non-executive members. The Board includes more than one independent member representing minority shareholders. The Board's composition includes one woman among the original members and another among the alternates. Some members possess skills in ESG and sustainability standards and knowledge of climate change issues, with one member having expertise in IT and communications.
4. All members of the Board of Directors reside in Iraq.
5. All Board members, including independents, have defined roles documented in the annual report and published on the bank's website.
6. Board member qualifications align with laws and regulations. They are trustworthy, act with integrity, and are committed to sound practices in ESG, anti-corruption, professional conduct codes, and conflict of interest policies.
7. Board members are fit for banking work, sufficiently independent, and the Board includes a diverse range of skills, expertise, and backgrounds. They have the necessary skills to oversee the bank's strategies and objectives, manage Board affairs and committee memberships, and monitor the bank's risks, including ESG-related and climate risks.

8. The Board's composition is reviewed annually to ensure updates and succession planning. This includes reviewing term limits, knowledge, and expertise in finance, accounting, lending, banking operations, payment systems, strategic planning, communications, information technology, risk management, ESG and climate-related financial risks, internal controls, bank regulation, audit, and compliance. If needed, the Board seeks consultants to complement its skill set.
9. The new Board of Directors elected a Chairman from among its independent members on 09/07/2024. The Chairman is not the authorized manager. A Vice Chairman was also elected to assume the Chairman's duties in case of absence or inability to lead a Board meeting.
10. The Chairman of the Board is responsible for leading the Board in accordance with the highest governance standards.
11. The Board conducts periodic reviews and regularly provides resources to ensure Board members retain skills, knowledge, and awareness of the bank's operations to fulfill their duties. The Board is committed to developing its members' skills through at least two training sessions annually on ESG and sustainability standards and climate-related financial matters.

#### **Qualifications and Independence of Board Members:**

Board members were selected in accordance with the legal requirements stipulated in the effective Banking Law and any relevant requirements related to banking governance. The Nominations and Remuneration Committee of the Board of Directors is responsible for setting and implementing the appropriate due procedures for the nomination and appointment of board members. All board members hold at least a university degree, and two-thirds of them possess experience in the banking or financial sector.

Additionally, it was ensured that none of the board members simultaneously serves as a board member, authorized manager, regional manager, or employee in any other bank within Iraq, nor do they hold more than three other board memberships in other institutions.

#### **Independence of the Board of Directors:**

1. All board members are capable of making independent decisions that serve the best interests of the bank.
2. Board members are committed to refraining from participating in any decision that could place their interests or the interests of any other party above the interests of the bank.
3. All board members are committed to the collective decision-making process of the board, discussing matters openly and constructively. They are free to discuss or object to opinions raised during meetings.
4. None of the board members has served as an auditor, partner, or employee of the bank's external auditor during the three years preceding their appointment.
5. None of the board members holds the position of advisor to the bank.
6. None of the board members has credit facilities with the bank or acts as a guarantor for such facilities.
7. None of the board members sits on the boards of joint-stock or public companies, whether in a personal capacity or as a representative of a legal entity.
8. None of the board members holds a position or administrative responsibility, nor is an employee or authorized director in any other bank.
9. None of the board members or their related persons have been employed by the bank during the past three years.
10. None of the board members are relatives of any other board member or senior executive, regardless of the degree of relation.
11. None of the board members or their representatives are major shareholders in the bank.
12. None of the board members directly or indirectly owns shares—this includes family members of shareholders or related persons—exceeding 2% in any institution of any type or level.
13. Article /5: Duties and Responsibilities of the Board of Directors:

14. The Board of Directors is collectively responsible for ethical and entrepreneurial leadership, strategic guidance, and oversight of the bank. It supervises the executive management and approves the bank's Environmental, Social, and Governance (ESG) standards framework.
15. The board works to promote the bank's culture, mission, and values across all branches and integrates them into policies, procedures, and controls to establish effective internal and financial oversight and prudent risk management. It ensures effective management of ESG risks, including financial risks, and compliance with all applicable laws and regulations.
16. The board adopts the bank's core values, reinforcing a culture of high ethical standards, integrity, professional conduct, and sustainability among board members, executive management, and employees.
17. The board approves and ensures adherence to the Code of Conduct, Conflict of Interest policies, and the bank's environmental and social policies, which are published on the bank's website. All board members are required to submit an annual written declaration of any potential interests or sources of conflict of interest, with updates required as circumstances change.
18. The board publishes an official charter that defines its roles and responsibilities and distinguishes them from those of executive management. The charter includes an annual performance evaluation process for the board, its committees, and individual members. The board plays an active role in directing and supervising ESG policies and practices, ensuring they are regularly included in its agenda and discussions.
19. The board establishes, documents, approves, and publishes a delegation of authority policy that outlines the powers granted to executive management, including defined limits and oversight mechanisms. The board cannot waive its responsibility for supervising delegated tasks.
20. The board defines the delegation of powers and executive authority concerning the bank's activities, whether for the authorized director or executive management. This includes all banking transactions such as credit provision, money transfers, checks, guarantees, bonds, loans, mortgages, letters of guarantee, and letters of credit.
21. The board sets, documents, and approves an authority and delegation policy, retaining decisions that fall under its exclusive jurisdiction.
22. The board approves the bank's plans, including the vision, mission, strategic goals, and objectives, taking into account ESG and climate-related aspects. Stakeholder opinions are considered when approving plans, and the board instructs executive management to implement them and oversee the bank's daily operations.
23. The board effectively participates in shaping the strategy framework and systems, including risk acceptance and approval, and defines the bank's purpose, institutional values, and approach to sustainability and ESG risks. This includes an Environmental and Social Management System (ESMS) and a Risk Management System tailored to the bank's complexity and aligned with internationally recognized principles, forming part of the bank-wide risk management system.
24. The board ensures that the bank has a sustainability policy aligned with the principles of sustainability and the Central Bank of Iraq's Sustainable Finance Roadmap (2023–2029), international standards, and best practices. The policy must be board-approved, published, and accessible to the public, with emphasis on ESG and climate-related approaches.
25. The board identifies key material stakeholders, reports on them, understands their needs and concerns, and considers material ESG issues—including climate change and its impact on the bank's business.
26. The board approves medium- and short-term strategies and short-term plans.
27. The board reviews strategy implementation and performance measurement according to the plan, supervises major capital projects, investments, mergers, acquisitions, and asset disposals, and supports executive management in enhancing sustainable value for shareholders and stakeholders.
28. The board discusses, approves, and monitors annual plans and budgets for bank activities and ensures the achievement of strategic plans. It receives regular management reports on the bank's operations.
29. The board adopts a policy for monitoring executive management performance using key performance indicators (KPIs) and results to define, measure, and monitor the bank's performance. It evaluates performance against established objectives.

30. The board determines the bank's risk appetite, including liquidity risk, and communicates this to executive management. It approves the annual capital plan and any changes in the bank's capital structure.
31. Adoption of sound systems for risk management and monitoring, including risks related to Environmental, Social, and Governance (ESG) standards, internal control, and the management of the bank's operations. The Board of Directors is responsible for ensuring the continuity of control procedures and banking security, including the financial position and reputation of the bank and its responsibility in implementing the requirements of the Central Bank of Iraq. The Board ensures the existence of appropriate and effective tools and systems to integrate sustainability and climate-related risks into the bank's risk management, and systems that identify, measure, manage, mitigate, and monitor all bank risks.
32. The Board of Directors monitors the implementation of risk management and risk acceptance to ensure the bank is not exposed to high risks and that such risks are managed wisely. The Board's oversight of risk management includes environmental risks, particularly those related to climate change, as well as social and governance risks. The Board requires the Risk Management Department to identify and assess climate-related financial risks.
33. Ensuring that the bank is managed in accordance with all applicable laws, regulations, and internal policies, and recommending that executive management circulate internal policies and procedures at all staff levels and review and update them regularly.
34. The Board of Directors ensures that the sustainability goals, policies, and activities are clearly communicated across all bank branches and publicly disclosed to investors, customers, and other stakeholders.
35. Ensuring the capacity building and annual training of bank employees at all levels regarding training related to ESG standards, sustainability, and the financial impact of climate change.
36. Ensuring compliance with international standards in the bank's activities and operations, especially those related to the preparation of financial and non-financial corporate reports.
37. Approval of periodic and final financial statements, dividend distributions, share allocations, trading rules of the bank's shares, and any significant changes in accounting policies or practices, and reporting them.
38. Approval of the requirements for preparing the bank's annual Environmental, Social, and Governance (ESG) performance scorecard reports, including providing and disclosing the required supporting evidence.
39. Approval of the bank's performance and remuneration policy, including the remuneration policy for the Chairman, executive Board members, and independent Board members. This policy must ensure the integration of the sustainability agenda into the bank's performance evaluation system.
40. Ensuring that the bank applies a robust internal control system.
41. Ensuring that Board members possess the necessary set of skills for effective and prudent management of the bank, which requires annual training and development of Board members' skills to be disclosed in the annual report.
42. Appointment of the bank's authorized CEO and approval of their terms of appointment after obtaining the approval of the Central Bank of Iraq.
43. The Board's approval of the CEO's nominations for candidates to occupy leadership positions within the executive management. Appointments to leadership positions shall be based on merit, including positions such as Chief Risk Officer and Board Secretary. The Board must receive an annual report on the performance of these key appointees.
44. Formation of five committees under the Board of Directors: Audit, Risk, Nomination and Remuneration, IT and Communications Governance, and ESG and Sustainability. These committees must be composed solely of Board members. The Board must approve the mandates, scope of work, and membership of each committee.
45. The Board is responsible for accurate, honest, and fair disclosure to the Central Bank of Iraq, including the annual ESG performance scorecard reports submitted to the Central Bank and to shareholders and stakeholders. The Board must approve documents required by external regulatory authorities and be responsible for preparing accurate reports on compliance with ESG and sustainability standards. The

Chairman and CEO must sign any reports submitted to the Central Bank of Iraq regarding compliance with ESG standards, confirming their accuracy after review and recommendation by the Board's ESG and Sustainability Committee.

46. Annual review and endorsement of the independence and ongoing competence of the external auditor. The Board shall provide its recommendations to the shareholders on the appointment or dismissal of the external auditor.

47. Ensuring that the term of engagement with the external audit partner and audit firm does not exceed five (5) years, in accordance with the applicable banking law.

48. Enabling the external auditor to directly discuss matters with the full Board of Directors.

49. Through the recommendations of the Audit Committee, the appointment, supervision, and dismissal (if necessary) of the internal auditor. The Audit Committee determines the internal auditor's remuneration and evaluates their performance annually. The internal auditor reports directly to the Board's Audit Committee.

50. Approval and review of internal control and risk management systems, including ESG-related risk management. These systems must be reviewed annually, and the Board must confirm their adequacy in the annual report. The Board ensures that the internal auditor, in cooperation with the independent external auditor, reviews these systems at least once a year.

51. Ensuring the existence and use of adequate and reliable management and technical information systems that cover all bank activities.

52. Promoting a culture of sound environmental, social, and governance practices within the bank, encouraging all employees and executive management to implement these practices and attend related training sessions. The bank should also encourage its customers to apply ESG practices in their institutions.

53. Ensuring that the bank's credit policy includes a requirement for customers—individuals and institutions alike—to apply good ESG practices in alignment with the bank's own standards.

54. Taking measures to separate the powers of shareholders who have a "qualified holding" from the executive management in order to enhance sound ESG standards and establish appropriate mechanisms to mitigate the influence of shareholders with a "qualified holding."

55. Adoption of the bank's organizational structure that defines the administrative hierarchy and clear responsibilities.

56. Establishing a Board-approved succession plan to ensure renewal, as well as a succession plan for the CEO and other key executive management positions. These succession plans must be reviewed annually.

57. Ensuring that executive management is aware of the regulations and official responsibilities related to Anti-Money Laundering (AML), including the website of the AML Office. Obligations require daily review, freezing the funds of individuals listed as terrorists, and immediately notifying the AML and Counter-Terrorism Financing Office.

58. Establishing an annual performance evaluation process for the Board of Directors, its members, and its committees in relation to the set objectives, and presenting a summary report of the results and subsequent Board and member improvement plans in the annual report.

59. Ensuring the implementation of the General Assembly's decisions.

60. Oversight of policies and operations and ensuring the existence of public disclosure policies and procedures regarding all material market matters with high quality, accuracy, and timeliness—including ESG governance matters relevant to shareholders and stakeholders, and transparency in the bank's operations.

61. Making a comprehensive annual report available to shareholders and stakeholders, including the bank's full financial statements.

62. Development of communication policies and procedures and processes requiring the authority of the Board of Directors for major initiatives and innovations and other responsibilities. The Board must approve key publications, statements, and press releases.

63. Ensuring that the bank provides the Central Bank of Iraq with current information on the Board members, general bodies, executive management, and affiliated institutions inside and outside Iraq. This information should be provided at least semi-annually and upon any changes.

64. Ensuring that ESG-related risks are considered as part of the approval and granting processes for banking credit.

**Board of Directors Data / The Board affirms the following:**

1. Its responsibility for implementing the policies and practices of the Environmental and Corporate Governance Standards Manual, and that both the Board and the Executive Management are fully aware of the requirements of this manual.
2. That one of its roles and responsibilities is to oversee the work of the Executive Management and to set the strategic plan, while the Executive Management is responsible for implementing the strategy and presenting reports to the Board.
3. That the Core Values and the Bank's Code of Conduct outline lines of responsibility and accountability for all the Bank's activities, including culture, integrity, and professional conduct, and that the Executive Management is to publish them on the Bank's official website.
4. The continued implementation of the instructions issued by the Central Bank of Iraq regarding the election of Board members at the General Assembly, ensuring that the number of members is no less than seven (7), and that no member continues in office for more than eight (8) years, with all members meeting the basic legal requirements.
5. The implementation of the principles adopted in the Board's composition and the roles assigned to each member through the formation of Board committees, the naming of their members from within the Board, assigning responsibilities and tasks to each member according to their committee membership, and closely following up on these committees' work.
6. The separation of its main roles and responsibilities from those of the Executive Management in line with the requirements and provisions of the Standards Manual.
7. Monitoring the Executive Management's implementation of the approved strategic plan and the operational plan, and requiring the Authorized Manager to submit a monthly report to the Board indicating achieved and unachieved items from the plan and the reasons, in order to provide solutions.
8. The Board Chairman affirms his support for the Bank's core values and emphasizes the participation of its members in governance training courses, and that the Executive Management should involve department, division, and branch staff in these courses.
9. Its acknowledgment of responsibility for the Bank's reputation, oversight, and compliance with all relevant laws, regulations, guidelines, and internal policies.
10. That the Executive Management shall adhere to international standards in all Bank activities and operations, and that the Board committees are tasked with submitting monthly reports on the degree of compliance with these standards.
11. That the Nominations Committee, in coordination with the Human Resources Department, prepares a succession plan for the Board, Executive Management, and Board committees, reviewed annually.
12. That the Nominations Committee submits recommendations to the Board regarding the rewards policy in alignment with the Bank's objectives and oversees its implementation by the Executive Management.
13. That the Executive Management continues to review daily the official website of the Anti-Money Laundering and Counter-Terrorist Financing Office and the Terrorist Funds Freezing Committee.
14. That the Environmental, Social, and Corporate Governance Committee submits an annual evaluation of the Board and a work plan to improve areas needing development.
15. That the Code of Conduct applied by the Board and employees includes policies that require information confidentiality and define acceptable and unacceptable behaviors.
16. That the Audit Committee submits its recommendations to the Board regarding the external auditor's appointment, to be discussed in Board meetings and then submitted to the General Assembly for approval.
17. That the Audit Committee continues to meet with the external auditor, supervise them, verify their independence, and submit recommendations to the Board regarding the Executive Management's implementation of the auditor's recommendations.

18. That the Risk Committee updates the risk policy to include and allow for investigation and punishment of violations, as well as reviewing anti-money laundering and counter-terrorist financing activities.
19. That the Risk Committee submits its recommendations regarding the scenarios used for stress testing for Board approval and presents the stress test results for discussion in Board meetings.
20. That the Risk Committee reviews the credit policy, supervises its implementation, and ensures compliance with Basel Committee decisions.
21. The continued need for annual review of the effectiveness of risk management practices and internal control systems, and submission of a report in the Bank's annual report for the General Assembly and shareholders' awareness.
22. The publication of quarterly reports related to the Bank's operations on the Bank's website.
23. That the annual report includes the Bank's organizational structure and a summary of the activities of each Board committee.
24. That the annual report is published in both Arabic and English on the Bank's website.
25. That the Executive Management continues to develop the financial statements and comply with the latest International Financial Reporting Standards.
26. Full compliance with all laws, regulations, and instructions issued by the Central Bank of Iraq.
27. That the section dedicated to governance on the Bank's website, as well as in the annual report, includes a statement of the Board of Directors' responsibility for Bank governance.
28. That the charters of the Board committees, a copy of the Code of Conduct, the whistleblower policy, and the conflict of interest policy are published on the Bank's website. The Chairman of the Board also confirms that the Executive Management must inform the Central Bank of Iraq of any material information related to the Bank's operations. Furthermore, the Board affirms that the annual report must include a clear statement of the names of shareholders owning 1% or more of the shares and the identity of any shareholder owning 5% or more, while taking into account the interests of depositors, shareholders, and other stakeholders in decision-making, publishing shareholder information on the Bank's website, and recommending that the Nominations Committee prepare a policy for nominating and appointing new Board members for approval and implementation, and that this policy be published on the Bank's website.

### **Duties and Responsibilities of the Chairman of the Board of Directors**

Following the election of a new Board of Directors during the Bank's General Assembly meeting on 04/07/2024, the Board, in its meeting held on 09/07/2024, selected a Chairman from among its members. The Chairman's duties and responsibilities are summarized as follows:

1. Leading the Bank and ensuring the establishment of the Bank's culture within the Bank itself, its subsidiaries, and business units, and promoting the best environmental, social, and corporate governance standards within the Bank, its subsidiaries, and the Board.
2. Chairing the Board's Environmental, Social, and Corporate Governance and Sustainability Committee, which is responsible for reviewing the annual report and making recommendations to the Board regarding adherence to the Standards Manual.
3. Leading the Board and ensuring its overall effectiveness, and overseeing orientation, evaluation, and development programs for the Board to ensure its effectiveness.
4. Being a non-executive and independent member of the Board, demonstrating objective judgment.
5. Having the authority to act and speak on behalf of the Board during Board meetings, including constructive and open engagement with the Authorized Manager, and reporting to the Board on matters occurring between meetings.
6. Representing the Board's and the Bank's viewpoints to stakeholders, shareholders, regulators, and the community, and ensuring effective communication with them.
7. Ensuring the Board focuses on strategic issues.
8. Facilitating a constructive relationship between the Board, Executive Management, and Bank employees.

9. Encouraging Board members to express their views, engage in discussion, respect different perspectives, and allow for diverse voting on matters.
10. Collaborating with Board members on strategy, performance, sound management, environmental/social/governance standards, and risk management; setting the agenda for each Board meeting and ensuring it includes a regular item on business integrity.
11. Ensuring the Executive Management provides all Board members with accurate, clear, high-quality, and timely information to support sound decision-making.
12. Ensuring the Board determines the nature and extent of acceptable banking risk and that there are no obstacles to the Board's risk oversight.
13. Ensuring that all Board members sign the meeting minutes.
14. Ensuring succession planning for the composition of the Board and its committees.
15. Defining and ensuring the continuing development, expertise, training, and education needs of Board members. The Chairman must require new members to attend an orientation program before or shortly after their first Board meeting to understand the Bank's strategies and operations.
16. Coordinating with the Bank's Secretary regarding the Board's information requirements.
17. Inviting the Central Bank of Iraq to attend the General Assembly meetings and sending the meeting agenda at least fifteen (15) days in advance, enabling the Central Bank to appoint its representatives.
18. Ensuring the Central Bank of Iraq is informed of any material information.

### **Board of Directors Meetings**

1. The Board of Directors held a sufficient number of meetings during the year 2024, in addition to its committees holding meetings in accordance with their mandates and charters, as will be detailed later. An annual calendar was prepared for the meetings of the Board and its committees, including the main agenda items, and was circulated at the beginning of each year. Topics related to the Environmental, Social, and Corporate Governance (ESG) standards manual were a regular part of the Board's agenda and discussions.
2. All members of the Board of Directors personally attended all board meetings. The meetings were held at the bank's headquarters and achieved the legal quorum.
3. The agenda, documents, and materials related to the Board meetings were provided to the board members within an appropriate period before the meeting date. The agendas regularly included discussions of strategic issues, including aspects related to the ESG standards manual. The Board's decisions were adopted by a majority vote of the attending members, with the Chairman's vote having the casting vote in the event of a tie.
4. All decisions of the Board of Directors were clearly documented in the meeting minutes. The minutes were reviewed and approved by all members and are considered an official documentation tool for meetings. Additionally, the Board Secretary signs the meeting minutes, and they are stamped with the bank's seal. The Board of Directors assumes responsibility for its decisions and the resulting consequences.
5. The Board established a Board Secretariat Unit headed by the Board Secretary and provided it with an experienced staff to manage and preserve the minutes of the Board and its committees.
6. The executive management provided the board members with detailed information and the agenda in an appropriate time before the Board meeting. The Chairman of the Board ensured the adequacy of the meeting documents before distributing them to the Board members.

### **General Framework of the Board Committees**

The importance of forming the ESG and Sustainability Committee by the Board of Directors lies in supporting its oversight of ESG-related aspects and climate issues. Other board-formed committees may also have specific responsibilities related to ESG and sustainability matters.

Due to the importance of Information Technology in banking operations and activities, the Board of Directors established the IT and Communications Governance Committee to support oversight of the bank's IT



infrastructure, digitalization strategies, technical systems, communication and data processes. The Board approves the recommendations made by its committees. It is uncommon for the Board to delegate decision-making authority to a board committee, and the Board may not absolve itself of the governance responsibilities entrusted to its committees.

### **Board Committees**

The following committees were formed based on the ESG standards manual and the bank's operational requirements:

- Audit Committee
- Risk Committee
- IT Governance Committee
- Nomination and Remuneration Committee
- ESG and Sustainability Committee

1. The members of the Board committees were appointed solely from among the Board members. Executive management may be invited to attend the committee meetings but does not have voting rights in those meetings.

2. The Board of Directors appointed a Chairperson for each committee, in accordance with the provisions of the ESG and Sustainability standards manual.

3. The Board defined and approved a charter for each committee, outlining its purpose, role, authority, and composition. These charters were published on the bank's website and are reviewed annually.

4. Each committee of the Board meets at least four times per year, and whenever necessary to fulfill its responsibilities. Each committee submits at least a quarterly report to the Board of Directors regarding its meetings and the topics addressed, or during the next Board meeting that addresses important matters.

5. Other members of the Board have the right to attend committee meetings and receive the meeting agendas upon request.

6. Sufficient resources are made available to all Board committees, as determined by each committee, to function effectively.

7. The Board committees conduct an annual review of their activities.

8. The committees have unrestricted access to management and receive adequate information from management. They are also entitled to obtain relevant and necessary external advisory support, with the Board's approval.

9. The annual report discloses the members of each Board committee along with a summary of each committee's activities.

10. Each committee is chaired by an independent non-executive Board member. All committee members are non-executive Board members who possess the appropriate skills or expertise for the committee's activities.

### **Organization of Board Committee Activities**

1. The committees held periodic meetings in accordance with the instructions outlined in the standards manual and the nature and activity of each committee.

2. The secretariat unit staff and the assigned recorder undertook the tasks of committee record-keeping, documenting the minutes of their meetings, and recording recommendations to the Board. The minutes of committee meetings were made available to Board members and the Board Secretary.

3. The committee secretary circulated the agenda and meeting documents to the committee members within an appropriate period before the meeting date.

4. All Board committee meetings were held with legal quorum.

5. The chairpersons of each committee submitted their recommendations from the meetings to the Board of Directors for a final decision.

6. All Board committee charters were published and made available on the bank's website.

### **Selection and Appointment of the Authorized Manager**

1. The Board of Directors committed to appointing one of its members as the Authorized Manager of the bank, provided that this individual is not the Chairman of the Board at the same time.
2. The Authorized Manager must fulfill at least the following conditions and requirements:
  - A. Meet all legal requirements stipulated in the Banking Law No. 94 of 2004 and the effective Companies Law.
  - B. Be fully dedicated to managing the bank's daily operations.
  - C. Possess integrity, a good reputation, and actual executive banking management experience in accordance with the bank's rules and regulations.
3. The Authorized Manager holds a PhD in Banking and Finance.
4. The Authorized Manager is responsible for implementing the decisions of the Board of Directors within the scope of the authorities delegated to him by the Board.

### **Duties and Responsibilities of the Secretary of the Board of Directors**

The Secretary of the Board of Directors is appointed by the Board of Directors and is accountable to the Board through the Chairman. The appointment or dismissal of the Secretary is made by a resolution of the entire Board. Additionally, the Board Secretariat Unit has been established under the Secretary's leadership.

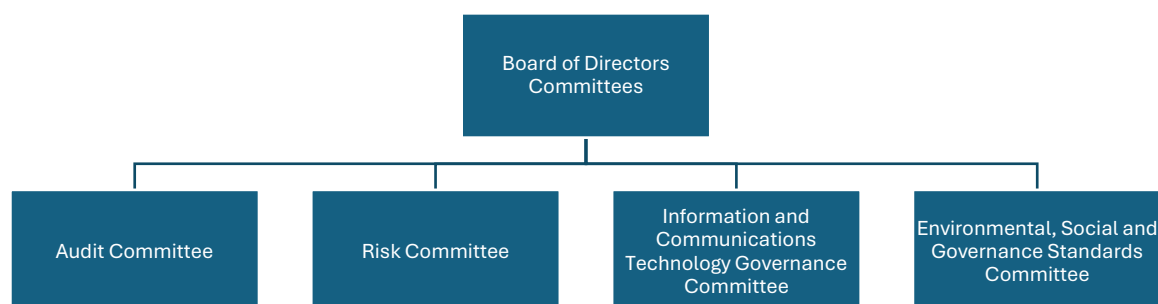
### **Skills of the Secretary of the Board of Directors**

1. Respectful, diplomatic, and effective communication
2. Active listening
3. Highlighting issues, especially those related to reputational risks, describing concerns and shared interests, finding alternative solutions, maintaining confidentiality, appreciating all parties, constructive disagreement, and focusing on business-minded approaches

### **Tasks of the Secretary of the Board of Directors**

1. Providing information to the Chairman and Board members regarding the Environmental, Social, and Corporate Governance (ESG) Guidelines.
2. Maintaining the information systems and processes necessary for the Board to perform its role and achieve the Bank's objectives and strategy while complying with ESG Guidelines.
3. Attending all Board and General Assembly meetings, keeping a record of main discussions, proposals, objections, reservations, and voting methods on Board resolutions. Audio and video recordings or any other appropriate method should be adopted to ensure accurate documentation of Board meetings. The Secretary shall record attendance, maintain and authenticate the minutes of Board meetings, and ensure that all members sign the minutes, which then become the legal record of the meeting.
4. Submitting documents and papers related to the agenda to the Board of Directors after approval by the Chairman.
5. Providing support to each Board committee by organizing meetings, distributing documents, and managing minutes and records.
6. Providing new Board members with an induction program that includes the Bank's governance document, duties and responsibilities of the Board, legal and regulatory requirements, appointment letter, meeting schedule, and copies of all laws and regulations applicable to the Bank.
7. Organizing the annual calendar of the Board, including its schedule and meetings, with the Chairman's approval.
8. Ensuring that Board members sign the meeting minutes and that Board and committee resolutions are implemented.
9. Receiving committee reports and submitting them to the Board.
10. Managing the sequential numbering system of Board resolutions throughout the year to ensure each resolution has a unique number.

11. Ensuring compliance with all legal requirements related to Board matters, including maintaining General Assembly meeting records.
12. Providing the Central Bank of Iraq with meeting minutes approved by the Board members.
13. Preparing and organizing General Assembly meetings, communicating with shareholders, and issuing invitations to them, the Central Bank of Iraq, and the Companies Registrar.
14. Maintaining current shareholder data and disclosures regarding Board members' interests.
15. Ensuring the attendance of Board members, key executive management personnel, and the external auditor at General Assembly meetings.



Committees were formed in accordance with the ESG Guidelines and banking requirements. The Board Committees have played a significant role in supporting the Board in exercising its authority and decision-making processes.

#### **General Framework of the Board Committees**

1. The Bank has the following committees: Audit Committee, Risk Committee, IT & Communications Governance Committee, Nomination & Remuneration Committee, ESG and Sustainability Committee.
2. The Board formed the ESG and Sustainability Committee to support its oversight of ESG matters and climate-related issues. Other Board committees also have specific responsibilities related to ESG and sustainability, including climate concerns.
3. Given the importance of information technology to banking operations and activities, the Board formed the IT & Communications Governance Committee to support its oversight of the Bank's IT infrastructure, digital strategies, systems, communications, and data operations.
4. The Board approves the recommendations of its subcommittees and remains accountable for the governance requirements overseen by these committees.
5. The Board committees review the Bank's activities and operations on behalf of the Board and submit their recommendations to the Board for decision-making.
6. The Board appointed members of its subcommittees exclusively from within the Board members, while executive management may attend and participate in committee meetings without voting rights.
7. The Board appointed a Chairperson for each committee.
8. The Board established a charter for each committee outlining its purpose, role, authority, and composition.
9. Each committee is committed to holding meetings as stipulated in the ESG and Sustainability Guidelines or as necessary to fulfill its responsibilities, and each committee submits quarterly reports to the Board covering its meetings and discussion topics.
10. All Board committees are provided with sufficient resources, as determined by the respective committee, to function effectively.
11. The Board committees determine the means by which they receive sufficient information from management.

12. The annual report includes disclosures about the members of each Board committee along with a summary of each committee's activities.
13. Committee chairpersons were selected from among the independent non-executive Board members, and all committee members are non-executive Board members possessing the skills or experience relevant to the committee's functions.
14. The Board develops policies and procedures to understand and support the requirements of the ESG Guidelines, and provides development programs for both the Board and executive management.
15. The Board approves and monitors the implementation of the Code of Conduct and Conflict of Interest policies applicable to all Board members and Bank employees, and publishes the Code of Conduct and Conflict of Interest policies on the Bank's website.
16. The Board is responsible for ensuring the establishment, training, and maintenance of a team of individuals knowledgeable in corporate governance, sustainability developments, climate-related risks, institutional reporting, and implementation of ESG Guidelines. This team is accountable to the Board through the Authorized Manager for the accurate assessment and reporting of ESG compliance as required by the Central Bank of Iraq. The Board is responsible for supporting this team by providing the authority, resources, and systems necessary to obtain information and enable accurate reporting.
17. The Bank submits reports to the Central Bank of Iraq on ESG compliance, even if the reports are prepared by untrained or inexperienced personnel. The ESG and Sustainability Committee of the Board reviews the accuracy of such reports submitted to the Central Bank of Iraq, ensuring that they are signed by the Authorized Manager and the Chairman, who attest to their accuracy.
18. The Board ensures that the Bank and its staff have the information, skills, and technologies necessary to prepare accurate reports on ESG compliance.
19. The Board and executive management ensure the integration of ESG compliance reporting into the annual activities of the Board and executive management, as well as into the Bank's strategies, policies, and practices.
20. The Bank's management publishes the ESG Guidelines and other key documents on its website for public access and ensures that they are regularly updated, reviewed, and understood by all Board members and staff.
21. The Bank's management collaborates with corporate governance centers or others to obtain training, consultations, and assistance to meet the requirements of the ESG Guidelines, following best practices in the ESG field.
22. The Bank develops, publishes, and annually updates a Board Charter approved by the Board. This Charter defines the roles and responsibilities of Board members, the Chairman, and other key Board roles.

**Board of Directors – Original Members (From 01/01/2024 to 08/05/2024)**

No.	Name	Date of Birth	Number of Shares and Contribution Percentage	Nationality	Educational Background	Committees Participated In
1	Dr. Hamila Abdul Sattar Jumaa – Chairperson of the Board	1981	18,697,000	Iraqi	PhD in Finance and Banking	Chair of Standards Committee
2	Talal Abdul Salam Sulaiman – Deputy Chairperson of the Board	1962	49,000	Iraqi	Bachelor of English	Chair of Nominations and Remunerations Committee Member of Standards Committee Member of Audit Committee Chair of IT Governance Committee Member of Risk Committee
3	Dr. Ghazi Hassan Mohammed	1958	2,800	Iraqi	PhD in Banking and Finance	The authorized manager attends board committee meetings as a

	Shareef – Authorized Manager					representative of executive management and is not a member of any board committee
4	Maroun Saeed Mansour	1956	2,800	Iraqi	Bachelor of Administration and Economics	Chair of Risk Committee Member of Governance Committee Member of Audit Committee Member of Nominations and Remunerations Committee Member of IT Governance Committee
5	Haidar Zakaria Saleh	1986	2,800	Iraqi	Bachelor of Computer Engineering	Member of Risk Committee Member of IT Governance Committee Member of Nominations and Remunerations Committee
6	Ammar Issa Kareem	1973	2,800	Iraqi	Bachelor of Administration and Economics	Chair of Audit Committee
7	Manhil Khalil Ibrahim	1956	1,400,000	Iraqi	Bachelor of Law	–

**Board of Directors – Alternate Members (From 01/01/2024 to 08/05/2024)**

No.	Name	Date of Birth	Number of Shares and Contribution Percentage	Nationality	Educational Background
1	Baha Khairy Abdul Razzaq	1972	30,800	Iraqi	Technical Diploma
2	Omar Khalil Mubarak	1967	2,800	Iraqi	Bachelor of Management
3	Imad Ismail Ibrahim	1958	2,800	Iraqi	Master's in Marketing
4	Issam Yaseen Hama	1963	63,000	Iraqi	Bachelor of Arts
5	Salah Amer Kareem	1982	2,800	Iraqi	Bachelor of Business Administration
6	Hussein Ali Naes	1976	2,800	Iraqi	Bachelor of Computer Science

**Board of Directors – Original Members (From 04/07/2024 to 31/12/2024)**

No.	Name	Date of Birth	Number of Shares and Contribution Percentage	Nationality	CBI Approval Date	Educational Background	Committees Participated In
1	Ranj Hashem Mohammed – Chairperson	1984	35,000,000 (0.0001%)	Iraqi	19/11/2024	Master's in Finance and Accounting	Chair of Standards Committee Chair of Senior Credit Committee Member of IT Governance Committee Member of Nominations and Remunerations Committee
2	Fareed Saleh Hameed Ameen – Deputy Chairperson	1955	35,000,000 (0.0001%)	Iraqi	19/11/2024	Bachelor of Law	Chair of Audit Committee Member of Standards Committee Member of Risk Committee

3	Dr. Ghazi Hassan Mohammed Shareef – Authorized Manager	1958	35,000,000 (0.0001%)	Iraqi	23/09/2024	PhD in Banking and Finance	The authorized manager attends board committee meetings as a representative of executive management and is not a member of any board committee
4	Maroun Saeed Mansour	1956	35,000,000 (0.0001%)	Iraqi	23/09/2024	Bachelor of Administration and Economics	Chair of Risk Committee Member of Standards Committee Member of Audit Committee Member of Nominations and Remunerations Committee Member of Senior Credit Committee
5	Bayar Kareem Saadi	1990	35,000,000 (0.0001%)	Iraqi	09/12/2024	Bachelor of Computer Engineering	Chair of IT Governance Committee Member of Nominations and Remunerations Committee Member of Risk Committee
6	Talal Abdul Salam Sulaiman	1962	35,000,000 (0.0001%)	Iraqi	23/09/2024	Bachelor of English	Chair of Nominations and Remunerations Committee Member of Standards Committee Member of Audit Committee Member of IT Governance Committee Member of Risk Committee Member of Senior Credit Committee
7	Rabar Abdul Jabbar Rasheed	1985	35,000,000 (0.0001%)	Iraqi	19/11/2024	Higher Diploma in Mathematics	Member of Risk Committee Member of IT Governance Committee

**Board of Directors – Alternate Members (From 04/07/2024 to 31/12/2024)**

No.	Name	Date of Birth	Number of Shares and Contribution Percentage	CBI Approval Date	Nationality	Educational Background
1	Redar Tahseen Ismail	1984	35,000,000 (0.0001%)	Preliminary Approval – 30/05/2024 (Awaiting final approval)	Iraqi	Bachelor of Engineering and Software
2	Sanan Sabah Abdul Khader	1985	35,000,000 (0.0001%)	Preliminary Approval – 30/05/2024 (Awaiting final approval)	Iraqi	Bachelor of Sociology
3	Khalid Yaseen Kazem	1955	35,000,000 (0.0001%)	Preliminary Approval – 30/05/2024 (Awaiting final approval)	Iraqi	PhD in Accounting
4	Farman Saeed Siddiq	1987	35,000,000 (0.0001%)	19/11/2024	Iraqi	Master's in International Law
5	Haidar Zakaria Saleh	1986	35,000,000 (0.0001%)	19/11/2024	Iraqi	Bachelor of Computer Engineering
6	Barzi Azad Jalal	1987	35,000,000 (0.0001%)	Preliminary Approval – 30/05/2024 (Final approval not obtained)	Iraqi	Bachelor of Engineering

**Activities of the General Assembly, Board of Directors, and Board Committees for the Year 2024**  
**Original Board Members (From 01/01/2024 to 08/05/2024)**

No.	Name	Committees Participated In	Number of Meetings Attended
1	Dr. Hamila Abdul Sattar Jumaa Chairman of the Board of Directors	Chair of Standards Committee	5/ Board of Directors 1/ General Assembly 1
2	Talal Abdul Salam Sulaiman Vice Chairman of the Board of Directors	Member of the Nomination and Remuneration Committee Member of the Standards Committee Member of the Audit Committee Chairman of the IT Governance Committee Member of the Risk Committee	5/ Board of Directors 1/ General Assembly 1 1 5 1 2
3	Dr. Ghazi Hassan Mohammed Shareef Authorized Manager	Present in board committee meetings as executive representative (not a board committee member)	5/ Board of Directors 1/ General Assembly
4	Maroun Saeed Mansour	Chairman of the Risk Committee Member of the Standards Committee Member of the Audit Committee Member of the Nominations and Remuneration Committee Member of the Senior Credit Committee	5/ Board of Directors 1/ General Assembly 2 1 5 1 1
5	Haidar Zakaria Saleh	Member of the Risk Committee Member of the IT Governance Committee Member of the Nominations and Remuneration Committee	5/ Board of Directors 1/ General Assembly 2 1 1
6	Ammar Issa Kareem – Chair of Audit Committee	Chair of Audit Committee	5/ Board of Directors 1/ General Assembly 5
7	Manhil Khalil Ibrahim		5/ Board of Directors 1/ General Assembly

**Alternate Board Members (From 01/01/2024 to 08/05/2024)**

No.	Name	Committees Participated In	Number of Meetings Attended
1	Baha Khairy Abdul Razzaq	–	–
2	Omar Khalil Mubarak	–	–
3	Imad Ismail Ibrahim	–	–
4	Issam Yaseen Hama	–	–
5	Salah Amer Kareem	–	–
6	Hussein Ali Naes	–	–

**Original Board Members (From 04/07/2024 to 31/12/2024)**

No.	Name	Committees Participated In	Number of Meetings Attended
1	Ranj Hashem Mohammed Chairman of the Board of Directors	Chairman of the Standards Committee Chairman of the Senior Credit Committee Member of the IT Governance Committee Member of the Nomination and Remuneration Committee	10/ Board of Directors 1/ General Assembly 4 1 2 2
2	Fareed Saleh Hameed Ameen Vice Chairman of the Board of Directors	Chairman of the Audit Committee Member of the Standards Committee Member of the Risk Committee	10/ Board of Directors 1/ General Assembly 15 1 3
3	Dr. Ghazi Hassan Mohammed Shareef – Authorized Manager	Attended many board committee meetings as executive representative (not a member)	10/ Board of Directors 1/ General Assembly
4	Maroun Saeed Mansour	Chairman of the Risk Committee Member of the Standards Committee Member of the Audit Committee Member of the Nominations and Remuneration Committee Member of the Senior Credit Committee	10/ Board of Directors 1/ General Assembly 5 2 15 5 1
5	Bayar Kareem Saadi	Chairman of the IT Governance Committee Member of the Nomination and Remuneration Committee Member of the Risk Committee	10/ Board of Directors 1/ General Assembly 4 5 1
6	Talal Abdul Salam Sulaiman	Chairman of the Nominations and Remuneration Committee Member of the Standards Committee Member of the Audit Committee Member of the IT Governance Committee Member of the Risk Committee Member of the Senior Credit Committee	10/ Board of Directors 1/ General Assembly 5 3 12 4 5 1
7	Rabar Abdul Jabbar Rasheed	Member of the Risk Committee Member of the IT Governance Committee	9/ Board of Directors 1/ General Assembly 3 4

**Alternate Board Members (From 04/07/2024 to 31/12/2024)**

No.	Name	Committees Participated In	Number of Meetings Attended
1	Redar Tahseen Ismail	–	–
2	Sanan Sabah Abdul Khader	–	1/ General Assembly
3	Khalid Yaseen Kazem	–	–
4	Farman Saeed Siddiq	–	1/ General Assembly
5	Haidar Zakaria Saleh	–	1/ General Assembly
6	Barzi Azad Jalal	–	1/ General Assembly



### **General Assembly Activity for the Year 2024**

RT Bank for Investment and Finance held two General Assembly meetings during the year 2024, which included the following:

On 08/05/2024, the General Assembly convened and made a series of decisions, the most important of which are listed below:

1. Approval of the final financial statements for the year 2023.
2. Transferring profits to the accumulated surplus.
3. Approval of increasing the bank's capital to become IQD (350) billion and approval of amending the Articles of Association accordingly.

On 04/07/2024, the General Assembly convened and made a set of decisions, as listed below:

1. Conducting elections to elect a new Board of Directors through cumulative voting.
2. Appointment of the Audit Committee.

### **Board of Directors Activity for the Year 2024**

The Board of Directors of RT Bank for Investment and Finance held (16) meetings during the year 2024, during which it discussed numerous banking issues and issued a series of recommendations and corrective actions that had a positive impact on addressing many practices, errors, and weaknesses in certain parts of the bank. It also approved most of the policies and procedures of the various departments. The following are the key actions:

1. Approval of the planning budget for the year 2024.
2. Approval of Shareholder List No. 126 for the year 2024.
3. Approval of the application of Article 111 of Companies Law No. 21 of 1997 related to the renewal of the election of the Chairman and Vice Chairman of the Board of Directors.
4. Approval of the formation of the Board of Directors' committees.
5. Approval of the nomination of certain leadership positions within the bank.
6. Approval of the reports of the Board of Directors' committees and the executive management and their respective committees for the first, second, third, and fourth quarters of the year 2024.
7. Following the elections for a new Board of Directors, a new Chairman and Vice Chairman of the Board were elected on 09/07/2024.
8. Continuation of the appointment of the authorized director (Mr. Ghazi Hassan Mohammed Shareef) and granting him administrative, financial, legal, and credit powers.
9. Appointment of the Secretary of the Board of Directors.
10. Reconstitution of the Board of Directors' committees and approval thereof, along with their charters, tasks, and duties.
11. Approval of the comprehensive risk management report for the first half of the year 2024.
12. Approval of the policies and procedures of the Internal Audit Department for the year 2024.
13. Approval of the policies and procedures of the Credit Department for the year 2024.
14. Approval of the policies and procedures of the Central Operations Department for the year 2024.
15. Approval of the policies and procedures of the Legal Department for the year 2024.
16. Approval of the policies and procedures of the Financial Department for the year 2024.
17. Approval of the policies and procedures of the Quality Department for the year 2024.
18. Approval of the policies and procedures of the Anti-Money Laundering and Terrorist Financing Reporting Department for the year 2024.
19. Approval of the policies and procedures of the Compliance Department for the year 2024.
20. Approval of the policies and procedures of the International Department for the year 2024.
21. Approval of the policies and procedures of the Compliance Department for the year 2024.
22. Approval of the policies and procedures of the Treasury and Investment Department for the year 2024.

23. Approval of the policies and procedures of the Human Resources Department, including work rules, appendices, and employee contracts for the year 2024.
24. Updating the internal regulations of the bank and approving them for the year 2024.
25. Recommendation to follow up on delinquent clients and approval of the powers of the Credit Committee (Executive Management) and the mechanism for granting credit.
26. Discussion of the recruitment policy, service terminations, resignations, and salary scale.
27. Recommendation to address the observations made in the auditor's report regarding the 2023 final financial statements.
28. Recommendation to address the observations related to branch operations concerning data entry.
29. Recommendation to fulfill the bank's commitments regarding the EY report, the developments that occurred, and a statement of what has been completed.
30. Approval of the recommendations of the executive management committees' reports (Credit Committee, IT Committee, Alko Committee, Investment Committee).
31. Recommendation to ensure ongoing reconciliation of the bank's foreign account balances.
32. Recommendation to address the causes behind the imposition of fines on the bank.
33. Recommendation to review the pricing schedule of banking operations.
34. Recommendation to follow up on accounts of companies under establishment and suspended drafts.
35. Recommendation to resolve issues related to POS devices.
36. Recommendation to expedite the implementation of Central Bank of Iraq instructions concerning bank-owned properties.
37. Discussion of cybersecurity and the bank's stance regarding the integrity of protection from hostile external interventions.
38. Recommendation to diligently implement the comprehensive marketing plan aimed at attracting deposits and diversifying sources of funding.
39. Recommendation to develop the Call Center Unit.
40. Recommendation to review the bank's alternative site and develop its infrastructure.
41. Recommendation to implement the COBIT project.
42. Discussion on preparing the Information and Communication Technology (ICT) manual and policies.
43. Attention to the initiatives of the Central Bank of Iraq, especially those related to clean energy, citizen loans up to twenty million IQD, and the support of women through special initiatives.
44. Encouraging investment and offering proposals in (government bonds, innovation certificates, gold investment).
45. Approval of the draft to establish the Research and Development Department.
46. Discussion on implementing ISO 27001 and ISO 22301.
47. Recommendation to establish emergency staircases for the bank's building (headquarters).
48. Recommendation to update the organizational structure through the Human Resources Committee and the Nominations Committee.
49. Recommendation to support the "My Account" project.
50. Recommendation to develop electronic payment methods and electronic payment channels.
51. Recommendation to provide small loans to support women.
52. Recommendation to reconsider the salaries of bank employees, reduce the employee turnover rate, and move toward job stability.
53. Approval to purchase shares in a company and obtain the approval of the Central Bank of Iraq and the bank's General Assembly.
54. Approval of the Environmental, Social, Governance, and Sustainability Standards Manual for 2024, updating the board committees in accordance with the manual, and approving the Board of Directors' Charter.
55. Approval to establish a Secretariat Unit for the Board of Directors.

56. Recommendation to comply with the percentage of our foreign balances not exceeding 20% of the bank's capital and sound reserves.
57. Recommendation to implement financial authorities on the banking system for all managers and employees.
58. Recommendation to match cash on a daily basis.
59. Recommendation to involve employees of the Audit and Finance Departments in training courses.
60. Recommendation to address accounts that contradict their natural classification.
61. Recommendation to address the ratio of non-performing cash credit to total cash credit.
62. Recommendation to address the ratio of cash credit to the bank's capital and sound reserves.
63. Recommendation to address the ratio of cash credit to the total amount of deposits.
64. Updating the Credit Policy for the year 2024 and defining the credit authorities of the Credit Department.
65. Emphasis on the Legal Department to follow up on non-performing loans referred to it.
66. Follow-up with importers to pay for shipping documents related to letters of credit.
67. Recommendation to present credit files to the Risk Department before granting for opinion, in order to avoid potential risks.
68. Addressing credit concentration at various levels.
69. Recommendation to appoint IT Audit and Risk Audit.
70. Emphasis on the actual implementation of the evacuation and emergency plan.
71. Addressing the ratio of our foreign balances to the bank's capital and sound reserves.
72. Addressing the Net Stable Funding Ratio (NSFR) in order to avoid fines from the Central Bank of Iraq.
73. Instructing relevant departments to expedite the implementation of ISO 27001 Information Security Standard, which is one of the main requirements for implementing the COBIT 2019 framework.
74. Tasking liaison officers with evaluating customers using the credit rating system on the VIS system.
75. Instructing liaison officers to follow up with non-performing customers at the branch level.
76. Issuing an authorization from the authorized director empowering branch managers to sign guarantee letter contracts and facilitating and expediting the necessary approval procedures.
77. Supporting the Credit Department with additional staff due to workload pressure and to expedite the processing of customer requests.
78. Emphasizing the continued commitment of the Credit Department to evaluate customers on the VIS system in order to present files to the Risk Management Department before granting the loan, thereby making it easier for the Risk Department to review the credit files and provide essential remarks.
79. Observing credit concentration limits for each customer relative to the total credit portfolio to protect the bank from high concentration risks.
80. Monitoring loans by branches before the loan due date to reduce the number of cases referred to the Legal Department.
81. Expanding the customer base by launching new products that reach a wider customer segment, including loans to support women and loans to customers whose salaries are domiciled with the bank, as they are considered low risk.
82. Diversifying the credit portfolio across customers, sectors, and provinces to avoid risks arising from defaults within specific high-concentration categories.
83. Emphasizing the work plan between the Risk Management Department and the Corporate Department responsible for studying customers' credit files so they can be presented to Risk Management for follow-up from the beginning of the credit granting process, in addition to monitoring the activity and files of each non-performing customer, with a focus on the top 10 customers.
84. The executive management shall give priority to the following projects:
85. Working on the project of developing and testing the salary transfer system to other banks in a way that ensures the fastest and easiest salary domiciliation transfers.
86. Working on the Digital Onboarding project and opening accounts for new customers through the mobile banking application.

87. Working on the project to modify the account opening method using workflow, which is linked to the Digital Onboarding project.
88. Emphasizing the follow-up on the Business Continuity Plan and the development of the alternative site in line with the bank's vision.
89. Testing the speed of network and communication lines at branches and making any necessary adjustments to ensure work speed and security.
90. The executive management shall prioritize the PAM project.
91. Submitting a study for health insurance for the bank's employees.
92. Approval of the strategic plan for the Financial Inclusion Department.
93. A meeting was held with major shareholders to brief them on the bank's situation, during which the executive management and the Board of Directors presented the subject of retaining and capitalizing the profits realized for the year 2024 for the purpose of increasing the bank's capital for the third and final phase. The esteemed shareholders, as well as the Board of Directors, approved the retention and capitalization of the profits achieved in 2024 for the purpose of increasing the bank's capital for the third and final phase, provided that this is ratified in the upcoming General Assembly meeting and the Central Bank of Iraq is informed of these procedures.
94. Completion of the actual implementation of the Performance Scorecard project for Environmental, Social, and Corporate Governance (ESG) standards for the year 2023.
95. Ratification of the project to develop the bank's alternative site systems.
96. Ratification of the implementation of infrastructure projects for the Information Technology Department and the Information Security Department.
97. Ratification of the Board of Directors' evaluation results for the year 2024.

#### **Activities of the Board of Directors' Committees for the Year 2024**

##### **First: Audit Committee:**

The committee held numerous meetings during 2024, totaling (20) meetings, following an organized agenda and involving various departments in accordance with the Central Bank of Iraq's instructions, the committee's charter and duties, and the ESG and sustainability standards manual. The committee also held several meetings with the external auditor, the Reporting Department, the Compliance Monitor, the Internal Audit Department, and other departments relevant to the committee's work. The committee had a positive impact through its issued recommendations, providing the necessary support to oversight departments and reinforcing the concept of independence to enable these departments to carry out their work and tasks accurately and impartially. Below are the main topics discussed and the recommendations issued:

1. Discussion and ratification of the Compliance Department's work plan and organizational structure.
2. Discussion of the Reporting Department's first quarter 2024 report, which included: suspected case reports, GO AML monitoring system, AML system, World Check system, and field visits. The committee made its recommendations accordingly.
3. Discussion of the obstacles and problems facing the Reporting Department, and issuance of recommendations to overcome these issues.
4. Discussion of the external auditor's observations, preparation of the necessary groundwork for the auditor's work, and issuance of recommendations regarding the 2023 noted observations, with earnest efforts to reduce and resolve them. The committee also played a significant role in ensuring that the bank's departments provided the auditor with the necessary reports and data for their tasks.
5. Discussion of the Internal Audit Department's tasks and work for the first quarter of 2024 and issuance of necessary recommendations.
6. Review of the Internal Audit Department's policies and procedures and recommendation to update them in line with banking developments.
7. Discussion and ratification of the Internal Audit Department's work plan for the first quarter.

8. Discussion of the Central Bank of Iraq's instructions regarding the establishment or increase of company capital and recommendation to exercise due diligence accordingly.
9. Discussion of the status of the safe deposit boxes and recommendation to follow up, inventory them, and act in accordance with the Central Bank of Iraq's bearer account and abandoned property instructions No. 1 of 2009.
10. Discussion of the Whistleblower Policy and recommendation to notify the Internal Audit and Compliance departments of any risks or problems in the bank, with emphasis on protecting whistleblowers and encouraging reporting without fear of retaliation, and with assurance of confidentiality.
11. Discussion of the bank's organizational structure for 2024 and recommendation to make necessary updates.
12. The committee inquired about the progress of professional training and its coverage of the bank's departments and branches starting from early 2024. The bank had started training its branches on new mechanisms for opening accounts, sending financial transfers, and subjected branch employees to courses on money laundering and risk.
13. Recommendation to follow up on the EY (Ernst & Young) report and the COBIT framework.
14. Recommendation to settle suspended amounts from foreign bank reconciliations and to find a quick solution.
15. Resolution of overdrawn accounts due to card transaction settlements.
16. Finding replacements for key expatriate staff, especially those in leadership positions, as a precaution in case of residency renewal issues to avoid disruption of banking operations.
17. Emphasis on updating the Business Continuity Plan and identifying critical operations.
18. Continuous follow-up and conducting field visits to assess the readiness of using the alternative site when needed.
19. Recommendation to update customer data on the banking system and work toward its full completion.
20. Recommendation to monitor accounts of humanitarian and charitable organizations dealing with the bank to identify their source of funds.
21. Discussion of the Compliance Department's second quarter 2024 report, with recommendation to adhere to Central Bank of Iraq instructions and controls to align with new regulatory developments, especially focusing on the department's objectives and their compliance with the bank's laws and regulations.
22. Emphasis on inspection visits to departments and daily follow-ups by the Compliance Department according to its approved 2024 plan.
23. The committee stressed the independence and neutrality of the Compliance Department and that its reports to the Central Bank of Iraq should reflect this vision.
24. Approval of the 2024 Compliance Department policies and procedures update, and submission to the Board of Directors for ratification.
25. Recommendation to hold a meeting between the Risk, Compliance, and Reporting departments to discuss customer risk assessment using the RBA system.
26. Adoption of the Internal Audit Department's second quarter report, which included observations classified into three levels based on risk, highlighting their importance and causes in order to take appropriate corrective actions and establish control procedures to prevent recurrence.
27. Recommendation to review accounts with missing information in the system by the Reporting Department (accounts inactive for 7 years), freeze them, convert to bearer accounts, and notify the relevant branch, Compliance and Audit departments.
28. Recommendation to take necessary actions regarding damaged amounts of USD and EUR currency in the main treasury and branches.
29. Increase the number of cash counting and sorting staff to address the issue of damaged and counterfeit banknotes.
30. Emphasis on dual control and prohibition of more than one user per individual.

31. Recommendation to amend the organizational structure of the Audit Department in alignment with the observations of the Central Bank of Iraq.
32. Recommendation to address the penalties related to the shortfall in the required reserve account and the necessity for the bank to comply with the requirements for maintaining the required reserve and to strengthen current accounts in accordance with the instructions of the Central Bank of Iraq.
33. Recommendation to expedite the resolution of GO AML penalties.
34. Recommendation to address the observations of the Central Bank of Iraq regarding the decline in the Net Stable Funding Ratio (NSFR) below the minimum required threshold of 100% as per the Central Bank's regulations, noting that the ratio reached 75% in March, 2024.
35. Emphasis on the accurate and organized preservation and archiving of data due to its important role in documenting and safeguarding all bank data for future reference when needed.
36. Discussion of the bank's mechanism in applying the risk-based approach to internal audit operations, anti-money laundering reporting, and compliance, and determining the matrix to be presented to the Audit Committee for approval and implementation.
37. Emphasis on the continued monitoring of the systems relied upon by the Reporting and Compliance Department and adherence to the timeline for submitting all CTR reports for 2023 and 2024 through the GO AML system to avoid penalties.
38. Emphasis on training courses for Reporting Department staff and liaison officers in branches for the year 2024.
39. Emphasis on intensifying field visits to companies at the bank's branches (Erbil, Duhok, Zakho, Sulaymaniyah, Kirkuk, and Baghdad).
40. Recommendation to adopt the Suspicious Activity Report, as a significant number of cards have been suspended and reported, and most of the accounts of flagged customers are being monitored and reported regularly. A total of 728 cards have been suspended.
41. Recommendation to issue a circular to branch management and operations management instructing them to refer to the Reporting Department before opening accounts for high-risk customers and to take due diligence measures when dealing with them.
42. Review of interim financial data.
43. Based on the 2024 Environmental, Social, and Corporate Governance (ESG) standards manual for banks, the committee recommended that employees of the Internal Audit and Finance Departments participate in no less than two training and development courses per year.
44. Recommendation to cooperate with the Internal Control and Audit Department and respond to their emails and reports promptly.
45. Emphasis on the role of Internal Control and Audit in overseeing the main treasury through precise daily follow-up.
46. Emphasis on auditing all departments of the general administration, branches, and offices without exception.
47. Recommendation to audit high-risk departments more than once per year—for example, the Credit Department.
48. Recommendation to work according to the compliance matrix and develop it.
49. Recommendation to update the organizational structure.
50. Emphasis on the executive management to ensure compliance with Iraqi Labor Law when updating employee contracts for 2025, specifying the rights and duties of each employee, in coordination with the Legal Department of the bank.
51. Discussion of the possibility of increasing the bank's capital from 2024 profits, but only after the closure of final accounts, their certification, and approval at the General Assembly meeting.
52. Review of the Finance Department's report, which includes the expenses and revenues of each branch separately and the net profit.

53. Review of the Audit Department's achievement plan, which was completed 100% for the year 2024, with an annex added to audit Duhok, Erbil, and the Airport Office branches, in addition to conducting surprise visits to branches and departments and inventorying the main treasury and head office treasury unexpectedly.

### **Second: Risk Committee:**

The committee held numerous meetings in 2024, totaling seven meetings, in accordance with a structured agenda based on the instructions of the Central Bank of Iraq, the committee's responsibilities and charter, and in accordance with the Environmental, Social, Corporate Governance and Sustainability Standards Manual. The committee's recommendations had a positive impact. Below are the most important topics discussed and recommendations issued:

1. Discussion of updating the comprehensive report in line with the regulations and instructions of the Central Bank of Iraq, incorporating key aspects related to the analysis of credit, liquidity, market, operations, concentration, and investment risks. This included a detailed enumeration of risk types down to the risk appetite statement analysis and assessment of the bank's compliance with regulatory ratios. It also included a review of previous recommendations, actions taken in response, and the current recommendations with their corresponding measures, in line with the formal guidelines of the Central Bank of Iraq.

2. Discussion of liquidity risks arising from customer deposits; discussion of capital increase in accordance with Central Bank instructions, which was implemented; review of the liquidity report based on the Central Bank's maturity ladder, studying liquid assets and their availability per the specified maturities for IQD and other currencies; discussion of the individual concentration index; analysis of the liquidity risk appetite statement; discussion of credit risks and credit risk appetite analysis; discussion of market risks and analysis of the market risk appetite statement; operational risks. The committee issued the following recommendations:

1. Instructing the relevant departments and all branches to conduct credit assessments for letters of guarantee and documentary credits to enable accurate calculation of provisions.

2. Emphasis on executive management to ensure that loans are granted in local currency.

3. Continuous monitoring by branch managers of their liquidity positions and compensating for any declines in local and foreign currency positions, with updates to be sent regularly by the Risk Management Department.

4. Development of targeted marketing campaigns to promote the bank's services and products—particularly to companies—to improve liquidity levels, applying cross-selling strategies during customer negotiations.

5. Intensification of advertising campaigns.

6. Efforts to increase low-cost deposits at the bank, with a focus on stable deposits and working to enhance them.

7. Recommendation for branches to address accounts with low concentration quality.

8. Instructing relevant departments to monitor customers who are late in repaying their dues to improve the quality of the credit portfolio before resorting to legal action.

9. Enhancement of lending policies, including revisiting and improving loan granting policies to better select customers and improve credit assessments. This includes improving the accuracy of client repayment ability assessments, more precise classification of default risks, and evaluation of the client's ability to manage debt effectively.

10. Improvement of the monitoring system to ensure effective handling of clients with delayed payments, as this has a significant impact on reducing non-performing amounts.

11. Focus on diversifying the credit portfolio to reduce risks associated with concentration.

12. Evaluation of large clients and borrowers with significant shares with special care using dedicated customer evaluation models prepared for this purpose.

13. Setting concentration limits so that no single client or group exceeds a specific percentage of the total credit granted.

14. Take periodic actions to monitor the activity and profile of each of the top 10 clients. Budgets must be reviewed and compared with the volume of business activities carried out by these companies. This will help identify any potential fluctuations in client performance and respond appropriately.
15. Follow up on letters of guarantee whose validity period has expired.
16. Make greater efforts and seek out stable deposits.
17. Revise the market risk acceptance statement in line with the economic conditions.
18. Encourage bank employees to report any incident that may lead to financial losses or the potential occurrence of a loss.
19. Work on promoting a risk culture among bank employees and provide the necessary training courses for that purpose.
20. Continue to follow up with all executive department managers to hedge and reduce the likelihood of the bank incurring financial losses.
21. Train and qualify banking personnel, especially relationship officers, to enhance their ability to analyze customers' financial statements, thus attracting high-quality clients.
22. Work on exerting efforts to diversify investments and expand the investment portfolio.
23. It is necessary to disseminate the operational loss reporting form to all branches.
24. Discuss the update of the risk management framework and its implementation in accordance with global guidance standards (ISO 31000) and the regulations of the Central Bank of Iraq, which are based on three pillars: principles, overall framework, and the risk management process—and approve it.
25. Discuss and approve the stress testing report (credit risk scenarios – liquidity risk scenarios – market risk scenarios – operational risk scenarios).
26. Discuss the emergency funding policy and recommend its activation.
27. Discuss the risk appetite statement and recommend applying the principle of creditworthiness.
28. Discuss operational risks, especially fines related to the GO AML system, and recommend resolving them.
29. The committee recommends that the Risk Management Department continue its efforts in evaluating the performance of business management within the bank and assessing the internal control system.
30. Recommend that the executive management continue to strengthen its provisions to meet any potential challenges in the field of credit risk and direct its strategies toward maximizing the use of available resources.
31. Work according to the principle of continuous improvement in lending policies, with the aim of enhancing customer selection processes and improving credit evaluation. These improvements may include enhancing the process of assessing the client's ability to repay loans more accurately, better classification of default risk, and evaluating the client's ability to manage debt effectively.
32. Maintain a high level of resilience and stability thanks to the high capital and liquidity ratios and take the necessary actions to preserve this level of liquidity to contribute to financial stability.
33. Increase the value of provisions and develop strategies to reduce the impact of exchange rate fluctuations on capital.
34. Analyze and manage market risk effectively, including implementing procedures to reduce gaps between assets and liabilities and ensure a rapid response to market changes.
35. Comply with laws and regulations and take preventive measures to reduce the risk of fines and potential legal claims.
36. Hold periodic meetings with executive management committees and receive reports.
37. It is necessary to invest in treasury bonds and sukuk offered by the Central Bank of Iraq to benefit from the resulting returns.
38. Discuss credit ceilings.
39. Discuss the prudential policy issued by the Central Bank of Iraq and recommend its implementation.
40. Discuss the Blacklist system.
41. Discuss the ERP management system (procurement – fixed assets – invoices – warehouses).
42. Discuss the IT governance project (COBIT) and recommend completing the resolution of all observations stated in the EY report.



43. Recommend the need to simplify credit granting procedures, especially regarding loans for small and medium enterprises within the initiative of the Central Bank of Iraq.
44. It is necessary to grant a credit ceiling for letters of guarantee not exceeding 70% of the estimated value of the property as a maximum.
45. Discuss the bank's ability to avoid liquidity risks under Basel III, including liquidity standards.
46. Discuss the activities that cause risks which the bank is not capable of facing.
47. Approve the establishment of new divisions within the Risk Department to develop the risk management system: Credit Risk Division, Liquidity and Market Risk Division, and Operational Risk Division, in order to keep pace with the latest developments both locally and globally, including updating the liquidity risk policy in accordance with the Central Bank's risk management regulations and international standards.
48. A market risk report has been newly established as part of the report development plan set by the Risk Department. This report is sent periodically (weekly) and includes reviewing and monitoring our balances in foreign banks and the extent of the executive management's compliance with the limits set for our balances with foreign banks in accordance with the instructions of the Central Bank of Iraq, which stipulate that the ratio must not exceed 20%.
49. Reports on business sustainability and profitability have been newly established, which are also part of the report development plan of the Risk Management Department. These reports monitor and track the bank's activities and its ability to continue achieving profits by comparing with previous periods on a monthly basis, with tracking of the activities of all branches.
50. Recommend strengthening internal control authorities.
51. Recommend the need to refer to the Risk Management Department when issuing external letters of credit or granting cash or contingent credit and sending all primary documents, and continuing permanent coordination between the Business Management Department and the Risk Management Department in case of any modifications or updates to letters of credit.
52. The necessity of monitoring our balances with foreign banks and ensuring compliance with the percentage specified by the Central Bank of Iraq, which is (5%) for each bank.
53. Recommendation to provide cooling systems and fire extinguishing systems and to connect the early warning system to the main electrical transformer of the bank located in the basement.
54. Recommendation to implement the emergency and evacuation plan and apply it practically on the ground.
55. Recommendation on the necessity of following up on the fire extinguishing system and providing fire extinguishers.
56. The necessity of having a specialized technical team to diagnose faults and technical issues related to ATMs and POS (Point of Sale) devices and to submit regular reports on major issues.
57. The necessity for executive management to encourage and motivate customers to save by increasing the interest rates on savings deposits.
58. The necessity of investing in advanced financial instruments that generate high profits.
59. The necessity of following up on legal procedures related to real estate purchases to avoid additional fines.
60. Recommendation on the necessity for the Human Resources Department to establish comprehensive policies and procedures regarding penalties and to activate the internal disciplinary committee of the bank.
61. The necessity of following up with the IT department to initiate procedures for implementing technology governance and security standards such as COBIT 2019 and ISO 27001, and to establish policies for permissions on operating systems, as this is an essential part of corporate governance requirements.
62. Recommendation to accurately develop emergency and safety plans in branches to reduce potential risks.
63. Recommendation for the Finance Department to develop work mechanisms that enable it to follow up on financial settlement items with the Central Bank as well as with related departments.
64. Recommendation for continuous and periodic updating of antivirus software to close security loopholes that the bank may be exposed to.

65. Recommendation to spread job-related awareness on cybersecurity through the preparation of training courses for all staff in the bank.
66. Discussion of fraud risk policies and procedures in accordance with the supervisory manual on risk management controls, and based on the fraud prevention and anti-corruption guide issued by the Central Bank of Iraq. The fraud risk policies were updated in alignment with local and international laws and regulations.
67. Emphasis on the continued commitment of the Credit Department to assess customers using the VIS system.
68. Emphasis on the necessity of prioritizing the completion of the implementation of the COBIT 2019 framework and the ISO 27001 standard for information security.
69. The necessity of activating the role of the electronic form for reporting operational losses by conducting training sessions for employees in the general administration and branches.
70. Recommendation to expand the credit base to a larger category of customers in order to avoid risks resulting from defaults in a specific type of sector and to reduce high concentration ratios.

### **Third: The Committee on Environmental, Social, Corporate Governance (ESG), and Sustainability Standards**

The committee held several meetings during the year 2024, reaching (4) meetings according to a structured agenda in line with the instructions of the Central Bank of Iraq, the committee's tasks and charter, and the ESG and sustainability standards guide. The committee had a positive impact through the recommendations it issued. Below are the most important topics discussed and the recommendations issued:

- Discussion and approval of the draft policy for evaluating the performance of the Board of Directors, where the Board evaluates its performance annually by establishing a policy and standards aligned with the Board's tasks and applicable laws, as well as ensuring full integration and coordination between the Board's work and the executive management of the company to achieve the company's goals and interests, according to the following standards:

- A. Implementation of corporate governance.
- B. Documenting the relationship with board members.
- C. Consistent preparation of meeting agendas.
- D. Avoidance of daily operational details.
- E. Participation in expressing opinions on the topics and issues presented on the Board's meeting agenda.
- F. Full awareness of the business activities, industries, and other topics presented, and understanding the company's development, history, and fields of activity.
- G. Accuracy and verification of key proposals, recommendations, and strategic directives, as well as suggesting appropriate and effective policies for formulating the company's strategy and policies and following up on their implementation.

### **Required skills for Board members to fulfill their duties and responsibilities:**

1. Increasing specialized cognitive awareness in their fields or industries by subscribing to global specialized journals and periodicals, as well as journals related to management, business, strategy, knowledge management, creativity, innovation, and quality.
2. Strengthening connections and dialogue with other members, internal and external customers, and suppliers to form strong relationships and receive accurate and continuous feedback on business aspects, and to understand different viewpoints through public opinion and customer satisfaction surveys to ensure sound and informed decision-making.
- H. Participation in conferences, seminars, and academic meetings in the company's field of activities, benefiting from others' experiences and practices.

**Responsibilities of Board members:**

1. Safeguarding, maintaining, and developing the company's assets to create new opportunities and ensure continuity and sustainability.
2. Protecting the company's strategic information to support the development of its competitive capabilities.
3. Ensuring the efficiency and effectiveness of the operation and investment of available company resources.
4. Ensuring compliance with and implementation of laws and regulations.
5. Publishing, updating, and refining the company's Vision, Mission, and Core Values linked to ethics, traditions, and societal culture, embedding them among all employees and strengthening commitment to them.
6. Achieving profits and striving to improve and grow them at acceptable rates based on the general economic averages in the country.

**Responsibilities of the Chairman of the Board:**

1. Leading and supervising the Board's activities, ensuring the Board fulfills its responsibilities and duties as stated in the company's bylaws and according to sound and recognized practices of boards of directors globally.
2. Setting the agenda for board meetings and coordinating with other members while consulting them on priority topics for discussion and ensuring all topics are fully prepared before being presented to the board.
3. Leading and managing board meetings, setting the agenda, discussing the listed topics with clarity and transparency, and giving all members sufficient opportunities to review the topics and express their opinions and suggestions.
4. Developing teamwork values by utilizing members' talents and capabilities, and supporting their contribution to the clear formulation of the board's collective and social decisions.
5. Coordinating and following up with the executive senior management to ensure implementation of the board's decisions.
6. Coordinating and following up on the work of committees emanating from the Board of Directors.

**Evaluation of the Board of Directors' performance:**

1. The evaluation of the Board of Directors' performance has become a necessity due to the growing importance of societal auditing, emerging criticisms, and the awareness of regulatory government bodies, financial institutions, and investment firms, in addition to the rise of non-profit organizations. This necessitates the evaluation of the Board's performance. Moreover, increased attention to the oversight rules and responsibilities of the Board over the executive management requires the implementation of performance evaluation procedures for Board members. Corporate governance, regulations, and best practice laws also emphasize the necessity of Board performance evaluation. The Board has also begun evaluating the performance of the executive management and initiating assessments of individual and collective performance of Board members. The Board found that standardized governance indicators ensure fairness and confidentiality, confirming the neutrality and independence of its members and strengthening the relationship between the Board and executive management, especially concerning the balance of power between the CEO and the Board.
2. The first responsibility of the Board is to develop and approve the strategy (not to prepare it) while overseeing its implementation according to the scheduled timeline and ensuring it meets expectations. The second responsibility is to select and appoint a distinguished CEO and a senior management team capable of achieving the strategic objectives and performing their executive duties accordingly.
3. The third responsibility is to ensure that the company has the integrated mechanisms, information, and systems necessary — including internal auditing, external auditing by a distinguished auditor — and to commit to implementing these systems ethically, with the ability to exercise oversight and manage risks and crises effectively.

### Elements of Board of Directors' Performance Evaluation

	Chairman of the Board	Deputy Chairman	Authorized Manager	Board Members
Independence and impartiality in presenting opinions and ideas while avoiding conflicts of interest				
Consistent preparation for meetings before sessions, accuracy in requesting information, raising inquiries, and consulting with the Authorized Manager				
Asking questions, inquiring about information, and seeking clarification to demonstrate a willingness to learn and actively participate				
Active participation in the Board's specialized committees				
Providing constructive opinions, suggestions, and recommendations, as well as innovative future ideas for the benefit of the company				
Responsibilities as a member of the Board of Directors				
Achieved objectives				
Fulfillment of assigned responsibilities				

#### **Discussion of Updating the Bank's Governance Manual:**

A draft of the Environmental, Social, Corporate Governance, and Sustainability Standards Manual specific to the bank was prepared and approved.

#### **Discussion on Renaming the Governance Committee and Updating Its Charter, Tasks, and Duties:**

This was done in accordance with the Environmental, Social, Corporate Governance, and Sustainability Standards Manual issued by the Central Bank of Iraq for the year 2024 and was duly approved.

#### **Discussion on the Evaluation of the Board of Directors and Its Committees for the Year 2024:**

The committee discussed the performance of the Board during the year 2024, including the roles, responsibilities, and tasks undertaken, as well as the activities of the Board's committees and their performance evaluation. The assessment was based on the criteria in the table below. The year 2024 witnessed intensive activities and productive meetings at both the Board and committee levels. The Board issued numerous recommendations, ratified all department policies, and formed subcommittees in line with the Environmental, Social, Corporate Governance, and Sustainability Standards Manual.

It also addressed many issues by setting work plans and strategies for the executive management. Furthermore, the Board prepared a dedicated Environmental, Social, Corporate Governance, and Sustainability Standards Manual for the bank and adhered to the 2023 performance scorecard items. The General Assembly held two meetings during 2024, in which it approved the final financial statements and ratified the increase of the bank's capital to 350 billion IQD, and elected a new Board of Directors. The role of the Board committees had a positive impact, overseeing control departments, holding meetings, and issuing necessary recommendations.

### Board Approval of the 2024 Evaluation Results of the Board of Directors and Its Committees

	Chairman of the Board	Deputy Chairman	Authorized Manager	Board Members
Independence and impartiality in presenting opinions and ideas while avoiding conflicts of interest	✓	✓	✓	✓
Consistent preparation for meetings before sessions, accuracy in requesting information, raising inquiries, and consulting with the Authorized Manager	✓	✓	✓	✓
Asking questions, inquiring about information, and seeking clarification to demonstrate a willingness to learn and actively participate	✓	✓	✓	✓
Active participation in the Board's specialized committees	✓	✓	✓	✓
Providing constructive opinions, suggestions, and recommendations, as well as innovative future ideas for the benefit of the company	✓	✓	✓	✓
Responsibilities as a member of the Board of Directors	✓	✓	✓	✓
Achieved objectives	✓	✓	✓	✓
Fulfillment of assigned responsibilities	✓	✓	✓	✓
Committee activity	✓	✓	✓	✓

#### Fourth: IT Governance Committee

During 2024, the IT Governance Committee held five (5) meetings according to a structured agenda in alignment with the instructions of the Central Bank of Iraq, the committee's charter and duties, and the Environmental, Social, Corporate Governance, and Sustainability Standards Manual. The committee had a positive impact through its issued recommendations. The main topics discussed and recommendations issued include:

1. Discussion and approval of strategic plans for information and communication technology (ICT) and organizational structures, along with recommending their implementation.
2. Discussion and approval of the general framework for managing, controlling, and monitoring ICT resources and projects, with a recommendation to implement COBIT in the coming period. Preparation of all requirements to support its application, with Compliance Department monitoring the bank's adherence and the Audit Department assisting in this.
3. Discussion of the activities of the Information Technology Committee.
4. Discussion of the objectives of the IT Department and the projects built on these objectives, which are based on the overall bank goals and serve both client products and internal teams to ensure the success and excellence of these products.
5. Review of implemented projects requiring follow-up with relevant departments to ensure benefit realization and achievement of intended institutional goals.
6. Review of ongoing projects approved in the past period, assessment of their progress, identification of implementation barriers, and ways to overcome them to ensure completion and delivery of ICT services aligned with institutional operations, and provision of the best technical programs and solutions.
7. Benefit from completed projects, work on marketing them, train employees on their mechanisms, and emphasize that all departments must reduce obstacles and ensure the implementation of ongoing projects.

8. Discussion on service continuity and availability in line with institutional goals, with emphasis on supporting and replacing hardware and software, and providing necessary maintenance to minimize service disruptions and ensure continuity. Note: Procurement of new systems based on best practices has already commenced.
9. Discussion on adopting measures that serve the institution's goals, as well as evaluating vendors' fixed and maintenance costs, with an emphasis on implementing cost reductions without compromising service quality.
10. Recommendation to intensify necessary training programs internally or externally to ensure successful program implementation and achieve institutional goals.
11. Emphasis on creating a suitable work environment aligned with institutional goals to foster employee loyalty. Also emphasized was the need for training IT staff, reviewing their job titles, grades, and salary scales to ensure the provision of appropriate benefits for achieving institutional objectives.
12. Discussion on continuing the COBIT project implementation in line with previous efforts. Given the need for ongoing work and the presence of unfilled job vacancies (pending hiring), emphasis was placed on the importance of following up this project continuously and providing designated departments with the necessary core requirements. Communication with specialized companies was also recommended for additional training, re-discussion, or follow-up on any project phases, and completing required staffing.
13. Recommendation to develop a general framework for ICT risk management in alignment with the institution's overall risk management framework and in integration with international standards (such as ISO 31000 and ISO 15073), while incorporating all aspects of ICT governance as outlined in Annex 3.
14. Recommendation to appoint competent specialists capable of overseeing IT Risk Management and IT Audit, as well as appointing a PMO to ensure COBIT implementation in accordance with submitted proposals.
15. Discussion on approving the budget for ICT resources and projects in alignment with the institution's strategic objectives.
16. Work on the project to develop and test the salary transfer system for other banks, in a manner that ensures the transfer of payroll salaries in the fastest and easiest ways.
17. Work on the Digital Onboarding project and the opening of accounts for new clients through the Mobile Banking application.
18. Work on the project to modify the account opening process using a workflow, which is related to the previous project.
19. Follow up on the business continuity plan and develop the alternative site in line with the bank's vision.
20. Emphasize the testing of network and communication line speeds at the branches and make any necessary modifications to ensure the speed and safety of task execution.
21. Recommend the urgent hiring of the required staff for the Information Security Department to ensure business continuity and the achievement of the intended objectives for projects linked to COBIT, such as (ISO 22301, ISO 27001).
22. Emphasize the PAM (Privileged Access Management) project.
23. Emphasize the testing of the Disaster Recovery (DR) environment and the Data Center.
24. Urgently proceed with the development of the Mobile Banking application to include all banking services, as well as the addition of bill payment functionality directly through the application, directly to the beneficiary, or online.
25. The Information Security Department must submit the final draft of its policies and procedures, update them, and present them to the committee.
26. It is necessary to review the focal points of services and banking products that require the support of the IT Department and the Information Security Department in those services and products.
27. Develop the infrastructure of information systems to enhance the bank's performance, increase its competitiveness, and ensure its sustainability in the market.
28. Approve the IT Department's policies and procedures, provided they are regularly updated.
29. Discuss and ratify the project for developing the operation of the alternative site for the bank's systems.

30. Discuss the implementation of infrastructure projects for the IT and Information Security Departments, and approve granting the authorized manager and the assistant authorized manager the authority to approve one of the submitted offers, in coordination with the IT Governance Committee and the management of the IT and Information Security Departments, and to select the best offer in terms of quality and price.

#### **Fifth: The Nomination and Remuneration Committee**

The committee held several meetings during the year 2024, totaling (6) meetings, according to an organized agenda in accordance with the instructions of the Central Bank of Iraq, the duties and charter of the committee, and in line with the Environmental, Social, and Corporate Governance and Sustainability Standards Manual. The committee had a positive impact through the recommendations it issued. Below are the key topics discussed and the recommendations made:

1. Discussion and approval of the remuneration policy.
2. Discussion and approval of the succession policy to secure executive management positions at the bank, as well as the board succession policy.
3. Discussion and approval of planning and providing programs for the training of board members and executive management.
4. Discussion and approval of the annual evaluation policy.
5. Discussion and approval of the Code of Professional Conduct.
6. Discussion and approval of the recruitment, promotion, termination, and resignation policy.
7. Discussion and approval of the administrative orders issuance policy.
8. Discussion and approval of the information confidentiality policy.
9. Discussion and approval of the purchase of a specialized HR system covering several areas, including: annual evaluation policy, Code of Conduct, recruitment and promotion policy, termination and resignation, and information confidentiality.
10. Discussion and approval of the official dress code instructions for bank employees.
11. Discussion and recommendation to adopt the employee resignation policy, provided it complies with Iraqi labor law.
12. Discussion and approval of recruitment policies and procedures.
13. Discussion and approval of the HR Policies and Procedures Manual.
14. Discussion and approval of the internal training program policies and procedures for students.
15. Discussion and approval of the Code of Ethics and Principles of Conduct Manual.
16. Discussion and approval of the administrative disciplinary and penalty regulations for non-compliant employees.
17. Discussion and approval of the information confidentiality policy.
18. Discussion and approval of a decision regarding the establishment of procedures to regulate overtime wages for employees of the ATM support division at the head office and branches.
19. Discussion and approval of the employee loan policy.
20. Discussion and approval of granting a financial bonus to all bank employees and board members.
21. Discussion and ratification of the draft HR policy, work rules, and all matters related to the HR Department.
22. Discussion and approval of the internal regulations of the bank for the year 2024 and the new job contract template.

**Note:** The member Ali Mohammed Jawad Mohammed Atta was elected as a full member and Chairman of the Audit Committee during the General Assembly meeting held on 04/07/2024. He was also elected as Vice Chairman of the Board of Directors during the Board meeting held on 09/07/2024. He resigned from the Board on 05/08/2024.

Mr. Rabar Abdul Jabbar Rasheed (the alternate member) replaced Mr. Ali Mohammed Jawad Mohammed Atta as a full member of the Board of Directors. Mr. Fareed Saleh Hamid Amin was elected as Vice Chairman of the Board of Directors and Chairman of the Audit Committee on 05/08/2024.

#### Major Shareholders (Top Ten Shareholders)

Bank Capital: 350 Billion IQD

No.	Shareholder Name	Nationality	Number of Shares	Percentage
1	Sabah Malhim Muhi	Iraqi	34,930,000,000	9.98%
2	Dilshad Abdulaziz Sarhan	Iraqi	34,930,000,000	9.98%
3	Imad Jameel Jassim	Iraqi	34,930,000,000	9.98%
4	Shawkat Abdulaziz Sarhan	Iraqi	34,930,000,000	9.98%
5	Abdul-Muttalib Hassan Samad	Iraqi	34,930,000,000	9.98%
6	Barzan Fikri Ahmed	Iraqi	34,930,000,000	9.98%
7	Sirwan Sadiq Mustafa	Iraqi	34,930,000,000	9.98%
8	Awni Fakher Abdulrahman	Iraqi	34,930,000,000	9.98%
9	Sirwan Hassan Samad	Iraqi	34,930,000,000	9.98%
10	Kawa Abdullah Junaid	Iraqi	34,930,000,000	9.98%

#### Bank Policies

##### Sustainable Finance Policy:

Sustainable finance is a key factor in achieving the Sustainable Development Goals (SDGs). This impact lies in offering banking products and services and developing banking operations in a manner that considers environmental, social, and governance (ESG) elements in relation to financing, lending, and investment activities. Its aim is to achieve sustainable benefit for all stakeholders, including employees, clients, and society as a whole. Sustainable finance is a powerful tool that can be used to create balanced growth by turning all types of current threats into future opportunities. It is a comprehensive concept that involves managing environmental and social risks in the bank's credit and investment decisions. Additionally, it includes financing environmental projects such as renewable energy, energy efficiency, and social projects such as healthcare, education, small, medium, and micro industries, and labor-intensive projects that generate job opportunities, reduce poverty levels, and raise living standards, especially for the most vulnerable groups. Sustainable finance also includes adherence to governance frameworks, promoting transparency, and supporting systems for monitoring, follow-up, and evaluation, with the aim of achieving sustainable benefit for all parties involved.

##### Importance of Sustainable Finance:

Our dear country faces numerous environmental challenges, including scarcity of water resources, low rainfall, and increased environmental pollution, which has led to a rise in cancer cases. Climate change is among the most critical issues facing Iraq and the world. Although Iraq contributes minimally to harmful gas emissions, it is highly vulnerable to the risks of climate change, which may result in various social consequences. This highlights the importance of sustainable finance in maintaining long-term financial stability. For example, climate risk management reduces banks' exposure to climate-related financial risks and prepares them for potential policy changes and investor preferences. Social activities such as financial inclusion and financing small and medium enterprises (SMEs) help reduce poverty, unemployment, and inequality, thus increasing banks' ability to attract savings, provide financial services to various social groups, and diversify their credit portfolios, enhancing both economic and social development and financial stability. Furthermore, implementing sustainable finance increases investment opportunities and attracts more foreign currency through appealing to a new segment of investors focused on this type of finance.



**Advantages of Sustainable Finance:**

Sustainable finance supports financial and banking stability. Studies have shown that integrating environmental, social, and governance elements positively affects corporate performance and reduces risk levels. As a result, financing such companies is considered low-risk, positively impacting financial system stability. Additionally, investment opportunities can be enhanced and foreign currency attracted by drawing in new investors who prioritize sustainable finance, alongside direct foreign investment in the banking sector and the national economy. This also includes the promotion of green bond issuance amid the growing popularity of environmental and social investment. Furthermore, the establishment of green banks becomes possible. These banks offer loans that support the environment, such as loans for electricity generation from waste, solar energy, and wind energy, as well as financing electric vehicle loans with low interest rates to encourage the adoption of eco-friendly vehicles.

**Importance of Sustainable Finance at the Banking Sector Level:**

The banking sector is one of the most critical sectors supporting the economy. Therefore, sustainable development—considering its environmental and social challenges—cannot be achieved without an effective role for banks. This involves directing finance toward more sustainable economic activities, offering innovative financial solutions and banking products, and opening up new financing markets and opportunities. This contributes to increasing profits, reducing default risks, maintaining the quality of the bank's portfolio, and enhancing foreign investment opportunities by attracting investors interested in sustainable finance. It also plays a positive role in community development, environmental preservation, improving the reputation of Iraqi banks locally and internationally, and reducing environmental and social risks.

**Sustainable Banking Products:**

These are financial products aimed at supporting responsible environmental and social practices and promoting sustainable development. These products are diverse and are increasingly offered as banks grow more interested in sustainability and environmental governance. The following are examples of sustainable banking products:

**1. Green Loans:**

Loans directed toward projects aiming to protect the environment, such as renewable energy projects, environmentally friendly infrastructure, and green buildings. This type of financing helps reduce carbon emissions and supports sustainable development.

**2. Sustainable Finance:**

Includes loans or bonds directed toward funding projects focused on social responsibility and environmental sustainability. This may include sectors like water management, sustainable agriculture, and clean transportation.

**3. Green Deposits:**

Savings or deposit accounts that offer customers the opportunity to invest their money in sustainable or environmentally friendly projects. These deposits support sustainable project financing and encourage customers to make responsible financial decisions.

**4. Eco-Friendly Credit Cards:**

Credit cards that allow customers to contribute to sustainability efforts by financing environmental projects or donating part of the proceeds to environmental charities.

**5. Green and Social Bonds:**

Investment instruments used to raise capital for environmental or social projects. These can include recycling initiatives, improving energy efficiency, or supporting education and healthcare in underprivileged communities.

## **6. Sustainable Insurance:**

Some insurance companies cover projects and products aligned with sustainability goals, such as insuring green buildings or electric vehicles, to encourage a shift toward environmentally friendly lifestyles.

## **7. Sustainability Consulting:**

Advisory services for companies wishing to adopt sustainable practices, including environmental and social impact assessments and the development of sustainability strategies.

In conclusion, these products help channel capital toward sectors that aim to achieve environmental and social goals and enhance the reputation of financial institutions as partners in sustainable development.

## **Whistleblowing Policy:**

In pursuit of strengthening the Bank's rules and procedures to uphold the principles of governance and achieve the highest levels of transparency, discipline, and accountability, this Whistleblowing Policy has been adopted. It encourages all stakeholders—both internal and external—to report, in good faith and with confidentiality, any violation, risk, or potential misconduct that may affect the Bank's operations, interests, reputation, assets, or stakeholders. The whistleblower shall be appreciated and institutionally protected.

This policy is considered one of the components of fraud mitigation and is not a platform for personal grievances, as the Bank has other policies and procedures allowing employees to express concerns or file complaints about issues directly affecting them. Such matters are covered by the Bank's professional conduct standards, and hence, do not fall under the scope of this policy and should not be reported in accordance with it.

## **Objectives:**

The Whistleblowing Policy aims to:

- A. Facilitate the reporting process and allocate channels for reporting violations.
- B. Provide a confidential method for concerned parties.
- C. Protect individuals who report in good faith.

## **Definitions:**

- 1. **Fraud:** Any unethical, irregular, or illegal behavior or practice characterized by dishonesty or malicious intent to conceal a fact, whether through words, actions, or falsification, resulting in a financial or non-financial loss to the Bank. This includes fraudulent accounting practices or the intentional preparation of inaccurate financial or non-financial reports.
- 2. **Unethical matters:** Refers to intentional or unintentional behaviors or practices that contradict sound ethics, harm the Bank's reputation, lack fairness, or conflict with the Bank's established professional or social conduct standards.
- 3. **Whistleblowing Hotline:** A channel designated by the Bank for reporting violations, which is a hotline that allows whistleblowers to report confidentially and anonymously if they wish, concerning misconduct, fraud, or breaches of the Bank's code of ethics or policies.
- 4. **Violation:** Any actions, events, behaviors, or practices that are irregular, unethical, improper, or in violation of the Bank's policies, procedures, rules, and regulations.
- 5. **Whistleblower:** Any person who reports a case of fraud or unethical behavior within the Bank or among its stakeholders or business partners. This includes, but is not limited to, employees, clients, consultants, contractors, subcontractors, suppliers, agents, and all internal and external stakeholders.
- 6. **Reporting:** The process followed to report a fraud case or unethical matter within the Bank.

**Examples of Violations:**

Violations include all wrongful practices—criminal or financial—or breaches of any legal, legislative, or regulatory obligations (internal or external). Key violations that must be reported include, but are not limited to:

1. Illegal conduct (including bribery or corruption) or misconduct.
2. Gross misconduct (including false expense claims, misuse of company assets).
3. Failure to disclose conflicts of interest (as outlined in the Bank's Conflict of Interest document).
4. Potential fraud (including loss, concealment, or destruction of the Bank's official documents).
5. Criminal offenses committed in relation to the Bank, being committed, or likely to be committed.
6. Non-compliance with Bank policies, regulations, or incorrect application thereof.
7. Receipt of undue benefits or rewards from external parties in exchange for unjustified preferential treatment.
8. Unlawful disclosure of the Bank's confidential information.
9. Manipulation of the Bank's accounting data.
10. Threats to employee health and safety.
11. Abuse of authority.
12. Conspiracy of silence or cover-up regarding any of the above matters.

**Scope and Application Mechanism:**

This policy applies to everyone working for the Bank, whether Board members, executive officials, employees, or consultants, regardless of their position within the Bank and without exception. Any stakeholder who knows or becomes aware of a violation is obligated to report it in accordance with the Bank's policy. In cases where an employee reports directly to their immediate supervisor, that supervisor is required to report the violation immediately in line with the Bank's policy. The supervisor must not independently investigate the incident, except in accordance with the Bank's policies and procedures.

**Methods of Reporting Violations:****1. Hotline:**

The Bank's whistleblowing hotline is a telephone-based method for reporting violations. This confidential service is available to everyone for discussing and reporting potential violations, unethical or improper behavior. The hotline is accessible free of charge, and individuals using it may remain anonymous unless the investigation process requires otherwise. Callers will be treated respectfully, and their concerns will be taken seriously. The Bank is committed to including a WhatsApp service with the hotline to facilitate communication and submission of supporting evidence.

**2. Online Reporting:**

- A. The Bank designates a specific email address to receive whistleblowing reports.
- B. The Bank receives reports of violations or potential unethical/improper behavior through a dedicated complaints link on its official website.
- C. Written Reporting: Whistleblowers may visit the Bank in person and submit a written report using the approved complaint form.

**Confidentiality and Protection of Whistleblowers:**

Although whistleblowers are not required to prove the accuracy of the report, they must be able to demonstrate that the report was made in good faith. The Bank commits to providing the following:

### **1. Protection:**

The Bank ensures the implementation of measures to protect whistleblowers and encourages them to come forward without fear or hesitation. This includes protection against harassment, retaliation, or adverse job consequences, both in the present and the future, for anyone reporting a violation in good faith based on reasonable grounds—excluding reports made with malicious intent, which may result in disciplinary action against the whistleblower, including potential legal action that may lead to dismissal.

### **2. Confidentiality of Identity:**

The Bank commits to maintaining the confidentiality of information and the identity of whistleblowers to the fullest scientifically reasonable extent. The identity of the whistleblower shall not be disclosed unless they authorize it in writing at a specific stage of the investigation process. Whistleblowers should be aware that their identity may become known for reasons beyond the Bank's control (e.g., in cases where the investigation is conducted by competent governmental authorities). Only those whose involvement is necessary due to the nature of the investigation or legal requirements will be informed or participate in the investigation process.

### **Procedures for Handling Reported Violations:**

All reports submitted directly or forwarded by relevant departments within the bank are subject to review and analysis by the Internal Audit Department, in accordance with the following:

1. Each received report is assigned a unique identification number.
2. An initial review is conducted to determine whether an investigation is necessary and what form it should take, as some reports may be resolved without the need for a full investigation.
3. If the report recipient finds the report to be unfounded, no further investigation will be conducted unless additional evidence is presented regarding the report.
4. If the report is found to be based on reasonable and justified grounds, a thorough and appropriate investigation must be conducted in a timely manner.
5. The employee must be informed in writing of the allegations and investigated within 15 days from the date of discovering the violation.
6. The Director of the Internal Audit Department determines whether the violation requires a corrective action. Accordingly, the corrective measure is decided based on the facts, surrounding circumstances of the violation, and the findings of the investigation.
7. A committee shall be formed under the name (Reporting Committee) chaired by the Director of the Internal Audit Department and including the Director of Human Resources, Director of the Legal Department, Director of the Compliance Department, and Director of the Risk Department.
8. The Director of the Internal Audit Department shall submit a report on violations that require investigation to the Reporting Committee to carry out the necessary investigation and submit the relevant recommendations to the Audit Committee affiliated with the Board of Directors for approval. A copy of the report is also sent by the Reporting Committee to the Authorized Manager, and disciplinary actions shall be taken in accordance with the internal regulations and the applicable Iraqi Labor Law.
9. If the report concerns the Authorized Manager, the Board of Directors shall take the appropriate actions to address it.
10. The bank shall take all reasonable measures and actions, including filing civil or criminal lawsuits to recover funds that were misappropriated or obtained directly or indirectly as a result of fraud or corruption.
11. If it is proven that the report is inaccurate but submitted in good faith and has circumstances that justify its submission, no action shall be taken against the reporter.
12. However, if it is conclusively proven that the report is inaccurate and was maliciously submitted, appropriate disciplinary or legal action shall be taken against the reporter.
13. Reports, investigation reports, supporting documents, and verification materials shall be kept confidentially by the Reporting Committee, except in cases that require otherwise.

14. The bank is committed to handling reports of any violation in a fair and appropriate manner, but it does not guarantee that the method of addressing the report will align with the preferences of the reporter.

### **Policy on Depositors, Shareholders, and Stakeholders**

#### **Purpose:**

The instructions issued by the Central Bank of Iraq and the Iraqi Capital Market Authority aim to ensure transparency and disclosure regarding financial information about companies, so that investors can benefit from it when deciding to invest in publicly offered shares.

#### **Protection of Depositors:**

There are several mechanisms in place to protect the bank's depositors, including:

1. Implementation of Central Bank instructions and continuous on-site and off-site supervision by the Central Bank of Iraq to ensure that banks comply with regulations, particularly maintaining sufficient liquidity to meet customer withdrawals.
2. Establishment of the Iraqi Deposit Insurance Company, which contributes to guaranteeing depositors. In the event of bank failure, the customer is entitled to receive up to 50% of their deposits, thus providing a degree of protection to depositors.

#### **Protection of Minority Shareholders:**

The bank's management is characterized by strength, integrity, and specialization, which achieves shareholders' goals and enhances the value of their rights. It also provides protection for minority shareholders from misuse of power or illegal disbursement of funds—such as exaggerated annual bonuses not proportionate to actual profits, excessive allowances, and various perks. These practices have been seen in many publicly listed companies in the region and have led to their financial distress.

Governance laws and minority shareholder protection laws prohibit management from misusing shareholders' funds and ensure their commitment to enhancing the company's profitability and long-term value. Mechanisms must also be established to enable shareholders to exercise effective oversight of management. Notably, one of the key principles of corporate governance is protecting the rights of all shareholders—major or minor—ensuring fair treatment for all shareholder categories, protecting stakeholders, achieving full transparency and disclosure, and fulfilling the responsibilities of the board of directors.

**The Role of Governance in Protecting and Enhancing Shareholder and Investor Rights:**

The confidence of shareholders and investors that the funds they invest will not be misused by the bank, the board of directors, or major shareholders, and that these funds will be used optimally in their interests, is one of the most critical factors in the emergence and development of capital markets.

An effective governance system provides shareholders with tools to protect their rights and the ability to pursue legal and administrative action to obtain those rights. Experience has shown that one of the most important factors enabling shareholders to protect their rights is the availability of effective means to obtain adequate and timely compensation for any harm to their interests.

Minority shareholders' confidence is strengthened when the legal system provides the necessary mechanisms to enable them to file lawsuits when they possess legal grounds to believe their rights have been violated.

#### **Equal Treatment of Shareholders within the Same Category:**

Shareholders within the same category are entitled to equal voting rights and to obtain information related to voting rights before purchasing shares. Any proposed changes to voting rights must be subject to approval by the shareholders or their proxies. The procedures and operations of general shareholder meetings must ensure equal treatment of all shareholders.

**Disclosure and Transparency Policy:**

The disclosure and transparency mechanism is one of the most essential governance principles. Through disclosure, shareholders and other stakeholders can understand the bank's operations, future direction, and developments, as well as critical information resulting from daily operations.

Basic information represents a key foundation for assessing the scope of activity of any private institution, its impact on beneficiaries, and its contribution to social development within its area of operation. This policy identifies the essential and material information that RT Bank is committed to disclosing regularly to the Central Bank of Iraq, depositors, investors, and the general public.

The goal of the disclosure and transparency policy is to enhance the bank's ability to comply with laws and regulations issued by the Central Bank of Iraq, the Iraqi Capital Market Authority, and other regulatory bodies. This policy aims to define the roles and responsibilities of the key parties in the disclosure process and those responsible for providing the required data to the governance department and ensuring adherence to the instructions issued by various authorities.

The purpose of this policy is to provide essential information and to ensure that the bank commits to disclosing all material matters accurately and in a timely manner, including the bank's administrative, organizational, and financial status, performance, governance, and the timing of such disclosures.

**Disclosure of Material Information:**

Material information is defined as any information related to the bank's condition, activities, and performance that is expected to lead to a specific and significant perception of the bank's situation. Therefore, all such material information must be published widely, promptly, and in accordance with laws and regulations.

**Disclosure of Financial Information:**

The Chairman of the Board of Directors approves the financial statements (income statement – balance sheet – statement of equity), which are certified by an independent external auditor. The financial statement clearly presents a comparison between the current year's business results and those of the previous year. Detailed annexes are attached regarding each item of the bank's data, including: lands, details of the top ten borrowers, details of the top depositors, the bank's correspondents and their balances as of the date of preparing the balance sheet, and the bank's investments in bonds both inside and outside Iraq. The balance sheet also discloses the members of the Board of Directors and the names of the bank's shareholders along with the number of shares they hold.

**Disclosure to the Iraq Stock Exchange:**

The bank is committed to periodically providing the Iraq Stock Exchange with the financial statements (income statement – balance sheet) certified by an external auditor to ensure that they are available to potential investors when making investment decisions.

**Disclosure via the Bank's Website:**

RT Bank publishes its financial statements (balance sheet – income statement) for several consecutive years on its official website to enable external parties — including depositors, investors, and the general public — to review and benefit from them when making decisions regarding deposits or investments in the bank's shares.

The bank also publishes important information on its website regarding:

- Members of the Board of Directors – the Chairman of the Board and the Authorized Manager
- Names, addresses, contact numbers, and email addresses of all branches
- Services provided by the bank, including types of deposits accepted, plastic cards, types of loans offered, and international transfers

**Disclosure of Non-Financial Aspects:**

RT Bank also publishes other non-financial information, including governance policies and related procedures and documents, in addition to the bank's vision, mission, and goals. It also discloses Board of Directors' committees (Governance Committee – Audit Committee). Several key policies are presented, such as:

- Sustainability Policy
- Disclosure Policy
- Recruitment Policy
- Environmental and Social Elements Policy
- Remuneration and Incentives Policy

**Conflict of Interest Policy:**

The purpose of this policy is to protect the interests of the bank. Members of the Board of Directors, senior management, employees, agents, or other related parties may be in positions where they could prioritize their personal interests over those of the bank. Therefore, issuing the Conflict of Interest Policy means establishing, implementing, and adhering to effective procedures and regulations to identify and manage conflicts of interest in a responsible manner.

**Definitions:**

1. Bank Employees: Any person working for the bank full-time or part-time under the labor law and receiving a salary or compensation in return for services.
2. Agent, Owner, Manager, Shareholders, Contractor, or Any Third Party: Any individual in a position to act on behalf of the bank.

**Financial Conflicts of Interest:**

These refer to monetary interests for individuals, including achieving financial profit or loss. All employees of RT Bank are responsible for identifying any potential conflict of interest that may arise during supplier selection, loan approval decisions, or the sale of bank property to related parties directly or indirectly linked to the bank.

**Procedures****1. Disclosure Duty:**

Every employee or agent is obligated to disclose any potential conflict of interest. Failure to report or disclose such conflicts may lead to termination of employment.

**2. Investigation of Potential Conflict of Interest:**

If a potential conflict of interest arises, the Board of Directors collects information and questions the related parties. Each individual must submit a statement clarifying their involvement in the conflict of interest and present their defense. Afterward, the individual must leave the hearing session to allow the Board of Directors to deliberate and exchange views to reach a decision. If the Board is convinced of the existence of a conflict of interest, steps are taken to eliminate it. If no conflict is found, the case is closed.

**3. Managing Conflicts of Interest:**

Upon discovering a conflict of interest, all potentially affected business operations are assessed to determine the impact. External parties such as shareholders, directors, employees, and contractors are informed. An investigation is conducted by the Board of Directors to determine the extent and boundaries of the conflict and identify the involved parties.

#### **4. Disciplinary Measures:**

The Board of Directors has the authority to investigate any case of conflict of interest. Disciplinary actions are taken proportionate to the level of conflict and the resulting losses. Sanctions may include suspension or termination of the employee.

#### **5. Escalation of Conflict of Interest:**

If the Board of Directors is convinced that one of its members failed to disclose a conflict of interest, it may request clarification on the reasons for not notifying the Board. If it is discovered during the hearing that the member failed to disclose the conflict and benefited financially, appropriate actions are taken based on the extent of the damage to the bank's interests – including compensation.

#### **6. Receiving Compensation from External Entities:**

If it is proven that a Board member received compensation directly or indirectly from a company or organization in exchange for services provided through voting on decisions in favor of that company or organization, the member shall be stripped of their Board membership.

#### **Annual Disclosure:**

Every director, employee, and committee member authorized by the Board of Directors at RT Bank must sign the annual disclosure and confirm that they have reviewed, read, and understood the Conflict of Interest Policy and agree to its content and to disclose in accordance with the policy.

#### **Depositors and Borrowers Protection Policy**

There is a prevailing concern among depositors regarding the fate of their money and the possibility of bank bankruptcy leading to the loss of their funds. Depositors around the world have expressed anxiety following the issues and losses experienced by depositors in banks that went bankrupt in Iraq in recent years. As a result, inquiries about the protection of depositors' funds in Iraq have increased. It is essential here to highlight important facts related to the issue of deposit insurance and protection in Iraqi banks.

#### **Purpose:**

The primary aim is to provide confidence to depositors and security for deposit holders (current, savings, fixed deposits), especially in non-governmental banks.

#### **Regulation of Banking Activities:**

Banks are among the most organized institutions due to their significant role in the economy. The Central Bank aims, through the regulation of banking operations, to establish a solid banking system and ensure public confidence and reassurance. The Central Bank plays a major role in guiding and supervising banks through its Banking Supervision Department.

#### **Methods of Depositor Protection**

##### **1. Iraqi Deposit Insurance Company:**

The Central Bank of Iraq took the initiative to establish the Deposit Insurance Company (a mixed-shareholding company) with the purpose of insuring deposits held in private banks at certain percentages. Deposit insurance provides reassurance and confidence for depositors and prevents fear-related anxieties. The Iraqi Deposit Insurance Company is an independent mixed-shareholding company that collects insurance premiums from private banks at a rate of one per thousand of the deposits. It aims to build reserves for the purpose of compensating depositors in the event of a bank's bankruptcy. Granting such compensation reduces depositors' losses and promotes trust and confidence in Iraq's banking system.



## **2. Supervision by the Central Bank:**

The Central Bank of Iraq, in its supervisory capacity, oversees and monitors banks through two methods: desk auditing and field auditing.

## **3. Transparency and Disclosure:**

The bank publishes printed brochures displaying service prices for the public and commits to informing customers about interest rates on deposits (fixed, savings, current) in both IQD and USD, as well as interest rates on loans (in IQD and USD). The purpose is to allow depositors to be informed of these rates in advance.

## **4. Customer Satisfaction:**

RT Bank pays great attention to customer satisfaction by receiving calls 24 hours a day, 7 days a week. Complaints can be submitted to the bank through an online form specifying the type of complaint for review by the Quality and Customer Protection Department.

## **5. Borrower Protection:**

The Customer Services Department clarifies all relevant details to the customer, such as the interest rate (fixed or decreasing), loan duration in years and months, inquiry fees, property appraisal fees, field visit fees, and monthly installment amounts.

## **6. Loan Agreement:**

RT Bank prepares a loan agreement before granting any loan. The contract outlines the rights and obligations of both the bank and the borrower, as well as the loan terms. The customer must read and understand the contract contents before signing. The contract specifies the loan amount, interest rate, monthly installment, and grace period.

## **7. Rescheduling:**

The bank reschedules loan repayment upon request from the borrower, whether to reduce the monthly installment or to repay the loan before the due date, which contributes to quicker loan settlement.

## **8. Protection from Property Loss:**

RT Bank tries to help some borrowers during critical times by postponing property auction sales if the borrower manages to pay part of the loan and promises to settle the remaining amount later, aiming to protect them from losing their property at the last moment.

## **9. Contact with Borrowers:**

The bank monitors borrowers to ensure regular loan repayment. In many cases, the bank defers installment payments if the borrower provides a reasonable excuse, such as illness or fire. The bank grants the borrower a grace period instead of auctioning off the property, in order to protect the borrower from losing their home. A six-month grace period was granted during the COVID-19 outbreak in 2020 to protect borrowers due to work disruptions.

## **Code of Professional and Occupational Conduct**

This code is based on the principles of justice, equal opportunity, transparency, accountability, professional integrity, neutrality, patriotism, institutional loyalty, dedication to fulfilling its mission and goals, and bearing responsibility. The employee must adhere to the provisions of this code and the principles on which it is based.

**Objectives:**

This code aims to achieve the following:

1. Establish ethical standards, basic rules, and principles of public office conduct, and promote high professional values and culture among civil service employees, along with reinforcing commitment to these standards and values.
2. Establish sound practices and good governance foundations by raising awareness among civil service employees.
3. Guide employees toward proper professional ethics and self-discipline frameworks that govern workflow within the bank.
4. Clarify employees' duties and responsibilities, and their role in improving services and enhancing credibility while working at the bank.
5. Strengthen citizens' and service recipients' trust in the services of RT Bank and increase respect and appreciation for its role in delivering the best possible services.

**General Duties and Responsibilities of the Employee**

1. Perform job duties and assigned tasks diligently with honesty, integrity, accuracy, professionalism, and impartiality to the fullest extent, serving the objectives and interests of the bank above all else.
2. Ensure familiarity with applicable laws and regulations and apply them without violation, negligence, or overstepping.
3. Devote official working hours exclusively to job duties and refrain from engaging in activities unrelated to official tasks.
4. Constantly strive to improve performance, develop professional skills, stay informed about the latest developments in their field and department, submit suggestions that enhance work methods and raise performance levels, and help maintain a safe and healthy work environment.
5. Refrain from any behavior or practices that violate ethical norms or decent conduct, and avoid insulting others' political views or religious beliefs, or inciting against them inside or outside the bank.
6. Facilitate inspection and audit procedures conducted by authorized parties through all possible means, provide information, and respond to inquiries as required by relevant investigative and audit missions in accordance with the applicable laws and regulations.
7. Refrain from striking or inciting others to strike and avoid organizing or participating in collective petitions related to job matters regardless of reason or motivation, while adhering to the official grievance process.
8. Fulfill all financial obligations owed to the department according to applicable laws and regulations without delay.

**Employee Conduct with Customers**

1. Respect the rights and interests of all individuals without exception and treat the public with courtesy, politeness, tact, neutrality, impartiality, and objectivity, without discrimination based on race, gender, religious or political beliefs, social status, age, physical condition, or any other form of discrimination.
2. Strive to gain public trust through integrity, responsiveness, and proper conduct in all actions, in line with the applicable laws, regulations, and instructions.
3. Complete transactions with the required speed and accuracy within the employee's scope of responsibility, respond promptly and accurately to customer inquiries and complaints, and provide explanations in cases of non-approval or delays.
4. Provide service recipients with accurate and timely information related to the work and activities of the bank without deception or misinformation, and guide them on the process for submitting complaints to the relevant authorities if desired.
5. Give priority care and assistance to persons with special needs.

6. Handle personal documents and information of individuals confidentially and in accordance with applicable laws and regulations, and refrain from using this information for personal purposes.
7. Avoid any conduct that negatively affects public trust in the bank.

### **Employee Relations with Superiors:**

#### **1. Compliance with Orders and Instructions:**

The employee must comply with the orders, directives, and instructions of their superiors according to the administrative hierarchy. If these orders and instructions violate existing legislation, the employee must inform their superior in writing about the violation. The employee is not obligated to execute such orders or instructions unless the superior confirms them in writing. In this case, the employee may inform the Audit Bureau of the violation. In all cases, the employee must refuse to implement instructions if they constitute a violation, misdemeanor, or felony punishable under the Penal Code or any other applicable legislation.

#### **2. Respectful Conduct and Integrity:**

The employee must treat their superiors with respect and refrain from attempting to gain any preferential treatment through flattery, deception, nepotism, or favoritism.

#### **3. Transparency and Honesty:**

The employee must not deceive or mislead their superiors and must refrain from concealing information related to their work with the intention of influencing decisions or disrupting the workflow. They must cooperate with their superiors by providing opinions, advice, and expertise objectively and truthfully, and by making available all information in their possession in the interest of the work.

#### **4. Reporting Issues:**

The employee must inform their superior of any violations, misconduct, or difficulties encountered in the course of their work.

#### **5. Briefing New Superiors:**

The employee must fully and accurately brief their new direct superior on all topics and documents, including unresolved issues, to ensure the continuity of work.

### **Employee Relations with Colleagues:**

#### **1. Respect and Privacy:**

The employee must treat colleagues with respect, politeness, and honesty, maintain sound and friendly relationships without discrimination, respect their privacy, and refrain from exploiting any personal information with the intention of causing harm.

#### **2. Cooperation and Professionalism:**

The employee must cooperate with colleagues, share opinions with professionalism and objectivity, provide assistance whenever possible to solve work-related problems, and strive to promote positive attitudes among colleagues to improve work performance, enhance the work environment, and foster a sound institutional culture.

#### **3. Ethical Conduct:**

The employee must refrain from any unethical behavior, practices, or acts that violate public decency and proper conduct. Male employees must respect female colleagues as partners in the workplace.

### **Employee Relations with Subordinates:**

#### **1. Development and Motivation:**

The employee must work to develop their subordinates' abilities, assist and motivate them to improve their performance, and be a good role model by adhering to laws, regulations, and applicable instructions.

**2. Knowledge Transfer:**

The employee must transfer the knowledge and experience they have acquired to their subordinates and encourage the exchange of information and knowledge among them.

**3. Supervision and Evaluation:**

The employee must supervise subordinates, hold them accountable for their tasks, evaluate their performance objectively and impartially, and seek to provide training and development opportunities in accordance with the applicable laws and regulations.

**4. Resistance to External Pressure:**

The employee must reject any third-party pressure that could lead to preferential treatment of a subordinate.

**5. Fairness and Professionalism:**

The employee must respect the rights of subordinates and collaborate with them with a high degree of professionalism, without favoritism or discrimination.

**6. Written Instructions in Case of Objection:**

The employee must ensure that directives to subordinates are in writing if a subordinate submits a written notice that the orders or instructions are in violation of applicable legislation.

**Maintaining Confidentiality and Disclosure Mechanisms:****Employees must comply with the following:****1. Non-disclosure of Information:**

Employees must not disclose to others any official information, documents, or materials obtained or accessed during the course of their duties—whether in written, verbal, or electronic form—that are classified as confidential by instructions, decisions, or specific legislation, or that by nature must remain confidential, even after the end of their service, unless they obtain written approval from the Minister.

**2. Refraining from Public Statements:**

Employees must refrain from making any comments, statements, or interventions related to topics still under study or consideration by government agencies.

**3. Court Testimony:**

Employees must inform the Secretary-General if they are requested to testify in court, unless the testimony involves information that the law prohibits disclosing, and such disclosure must comply with the applicable laws and regulations.

**4. Accurate Disclosure:**

Employees must fully and accurately disclose all official information that they are required to disclose by virtue of their position.

**Acceptance or Request of Gifts, Privileges, and Other Benefits:****1. Prohibition of Acceptance or Request:**

Employees must not accept or request any gifts, hospitality, or any other benefits of any kind—directly or indirectly—that may directly or indirectly influence their objectivity in performing their duties, affect their decisions, or obligate them to something in return.

## **2. Exceptional Cases and Reporting:**

If an employee is in a position where they cannot refuse gifts, hospitality, or other benefits, or believes that accepting certain types of hospitality would benefit the institution, the employee must inform their direct superior in writing. The direct superior must respond in writing, indicating whether such gifts, hospitality, or benefits should be refused, kept by the institution, donated to charity, disposed of, or retained by the employee.

### **Conflict of Interest:**

#### **The employee must:**

##### **1. Avoid Conflicts:**

Refrain from engaging in any activity that may lead to an actual, apparent, or potential conflict between their personal interests and their official responsibilities and duties.

##### **2. Maintain Objectivity:**

Refrain from engaging in any activity that is inconsistent with objective and impartial performance of their duties, that may result in preferential treatment of individuals or entities in their dealings with the government, or that may harm the reputation of the institution or jeopardize its relationship with the public.

##### **3. Immediate Disclosure:**

Immediately and in writing inform their direct superior in the event of a conflict of interest with any person in dealings with the government, or if a conflict arises between personal and governmental interests, or if the employee is subject to pressures that conflict with their official duties or raise doubts about their required objectivity. The nature of the relationship and the type of conflict must be clarified, and the direct superior must take the necessary measures. In all cases, the public interest must be considered when resolving such conflicts.

##### **4. Prohibition of Personal Gain:**

Not use their position, directly or indirectly, to obtain financial gain or anything of value for personal interest or for their family.

##### **5. Prohibition of Misuse of Information:**

Not exploit or use information obtained during or after performing official duties as a means to achieve personal gains for themselves or others, directly or indirectly, or to harm others, and not disclose information to provide unfair or unreasonable advantage to other parties.

##### **6. Approval for Fundraising and Donations:**

Obtain necessary approvals and authorizations in accordance with the applicable laws and regulations when wishing to participate in fundraising, prize-giving, or in-kind contributions to charitable institutions. The direct superior may require the employee to limit, modify, or terminate such activities if they are found to create actual, apparent, or potential conflicts of interest.

##### **7. Avoidance of Close Relationships:**

Avoid forming close relationships with individuals or institutions whose interests depend substantially on the employee's decisions or the decisions of their department.

**Working on the Computer:****The employee must do the following:**

1. Take all necessary measures to protect their personal computer.
2. Do not download any software onto the device without consulting the Information Security Department.
3. Ensure that the device is turned off before leaving the workplace.
4. Maintain the confidentiality of the information stored on their device by using their own password and not disclosing it to others.
5. Do not use the device for entertainment purposes, and do not download games or entertainment programs.
6. Do not access other people's devices or attempt to obtain information from them.
7. Use the device for the purpose of developing skills and capabilities in a manner that aligns with the interests of the work.
8. Do not use the device to carry out personal work.
9. Rationalize the use of printers as much as possible.
10. Commit to using the internet for work-related purposes, including for the development of skills and capabilities related to the nature of their work and in a way that serves the interests of the institution.
11. Comply with intellectual property rights requirements for files and software, and observe the terms of their license agreements.
12. Immediately consult the Information Security Department upon noticing any unusual issues while using the internet.
13. Do not download texts or images that contain immoral content, racism, extremist political opinions, incitement to violence or hatred, or any illegal activities.
14. Do not download files that are not directly related to the nature of their work, such as video files and multimedia files, including movies, songs, music, and the like.
15. Do not use the device or the internet to attempt to infiltrate or access other devices or networks, and do not use the internet to send confidential or political materials, or anything that contains threats or harassment to others.
16. Do not use email to create or distribute messages containing advertisements, personal matters, immoral content, or messages that include extremist political views or racist comments regarding religious beliefs and practices, gender, age, or ethnicity. If any such message is received from any employee, the concerned Information Systems Unit must be informed immediately.
17. Do not forward messages that contain jokes, pictures, or large-sized video and image files.
18. Do not forward received messages that may contain viruses or files suspected of being viruses. In such cases, the Information Security Department must be consulted.
19. Take into consideration that there is no privacy regarding emails received or sent by any employee through the email system, and email may be monitored by authorized staff without prior notice.
20. Do not open any unknown or unexpected incoming messages, even if they appear to be from someone known to the employee, and do not open or download any attachments suspected to be from an unreliable source.
21. Use email to develop skills and capabilities in accordance with job requirements.

**Employee Rights in the Bank:**

1. The employee's tasks and responsibilities must be clearly defined, along with what is expected from them to accomplish.
2. The employee must be treated in all matters related to their employment status based on merit, competence, competitiveness, and equal opportunity.
3. The bank must provide good and safe working conditions and ensure no discrimination is practiced against the employee in the workplace.

4. The bank must offer appropriate and continuous training opportunities to enhance the employee's career advancement, in accordance with the provisions of the Civil Service System or the specific Employee Regulations, as applicable.
5. The employee must be guaranteed freedom of opinion and expression within the framework of legal texts and in accordance with the provisions of this code.
6. The employee must be ensured the right to file a grievance or complaint against any wrongful decision taken against them, in accordance with system provisions.

#### **General Provisions:**

1. The employee must review this code, be familiar with its contents, and commit to its provisions.
2. The bank must enable citizens and service recipients to view this code.

#### **Declarations:**

- **First Declaration:** The Chairman and members of the Board of Directors affirm that there are no material matters that may affect the bank's continuity during the upcoming financial year 2025.
- **Second Declaration:** The Board of Directors affirms its responsibility for preparing the financial statements and the accuracy and adequacy of the financial data and information contained in the report. It also affirms its responsibility for providing an effective control system within the bank and the adequacy of internal control and auditing systems.
- **Third Declaration:** The Board of Directors affirms that they have not received any benefits through their work at the bank that were not disclosed, whether such benefits were material or in-kind, and whether they were for themselves personally or for any of their related parties.

No.	Name	Committees Participated In	Number of Meetings Attended
1	Ranj Hashem Mohammed	Chairman of the Board of Directors	Signed
2	Fareed Saleh Hameed Ameen	Vice Chairman of the Board of Directors	Signed
3	Dr. Ghazi Hassan Mohammed Shareef	Authorized Manager	Signed
4	Maroun Saeed Mansour	Board Member	Signed
5	Bayar Kareem Saadi	Board Member	Signed
6	Talal Abdul Salam Sulaiman	Board Member	Signed
7	Rabar Abdul Jabbar Rasheed	Board Member	Signed

**Signed**  
**Ghazi Hassan Mohammed Shareef**  
**Authorized Manager**

**Signed**  
**Ranj Hashem Mohammed**  
**Chairman of the Board of Directors**

**Subject/ Audit Committee Report for financial year ending on 31/12/2024**  
**Respected Shareholders of RT Bank for Investment and Finance**

**Greetings;**

In implementation of Article (24) of Iraqi Banking Law No. (94) of 2004, the committee carried out its work by holding the meetings stipulated in the instructions of the Central Bank of Iraq and the Environmental, Social, Corporate Governance and Sustainability Standards Guide, and issued a set of recommendations that would support the executive management in correcting and addressing banking operations in accordance with the instructions of the Central Bank of Iraq and the directives of the Board of Directors. We are pleased to inform you that the committee carried out its work and duties during the financial year ending on 31/12/2024. The following is a summary of the committee's work during 2024.

1. The committee held (20) meetings during 2024, including the Reporting Department, the Compliance Department, the External Auditor, in addition to general meetings in accordance with the committee's charter with most departments.
2. Review the periodic reports of the external auditor on the bank's financial statements ending on 31/12/2024 and the accompanying explanatory statements, which, in our opinion, were necessary in accordance with applicable legislation and audit procedures.
3. Follow up on the implementation of the new instructions issued by the Central Bank of Iraq regarding the bank's credit portfolio, adopting International Accounting Standard No. (9) and the effects of this application on the bank's financial position.
4. Review contracts concluded with external parties of all types and the limits of their implementation in accordance with their terms.
5. Review the monthly reports of the Internal Control and Audit Department, the quarterly reports of the Compliance Department, and the Anti-Money Laundering and Combating the Financing of Terrorism Reporting Department.
6. The financial statements have been prepared in accordance with international accounting rules and applicable legislation and are fully consistent with the requirements and instructions of the Central Bank of Iraq regarding the preparation, organization, and presentation of financial statements in a clear and fair manner, reflecting the bank's financial position and the results of its cash flows during the financial year ending on 31/12/2024.
7. Auditing the tables and statements related to revenues, expenditures, Monthly cumulative balances and reconciliation statements sent to Central Bank of Iraq.
8. Through a review of bank's activity, we found no evidence that it had engaged in money laundering or terrorist financing operations, which indicates its compliance with the controls of Compliance Law and Money Laundering Law No. 39 of 2015.

For your information... With regards.

**Signed**  
**Talal Abdul Salam Sulaiman**  
**Member**

**Signed**  
**Maroun Saeed Mansour**  
**Member**

**Signed**  
**Farid Saleh Hamad Amin**  
**Chairman of Committee**



**KHALEL-I-M. ALABDALAH**  
**Certified Accountant and Auditor**  
**Administrative, Financial, Cost and Tax Consulting**  
**Licensed by the Council for the Profession, Monitoring and**  
**Auditing of Accounts in the Republic of Iraq - First Class**  
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**Tel: 078-5831503-07703281753-07507497014**  
**P.O. Baghdad-Jadriya-2353**

Number: Kh/122

Date: 10/02/2025

**Dear Shareholders of RT Bank for Investment and Finance (Private Joint Stock), Independent Auditor's**  
**Report on Financial Statements**  
**For financial year ending on 31/12/2024**

**Opinion:**

We have audited the financial statements of the RT Bank for Investment and Finance, which included: the statement of financial position as on 31/12/2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year ended on the same date, and the notes to the financial statements, including a summary of significant accounting policies.

**In our opinion:**

Taking into account the audit results disclosed later in this report, the bank's financial statements present fairly, in all material respects, the bank's financial position as on 31/12/2024, and its financial performance and cash flows for the year ended on the same date in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, the Companies Law, and the applicable Iraqi banking laws.

**Basis of Opinion:**

We conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC) and local standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Bank in accordance with the ethical requirements that are relevant to the audit of the financial statements. We have fulfilled our responsibilities in accordance with those requirements, and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Important audit results:**

The results of our audit showed the following clarifications and observations:

**1. Application of international standards:**

- A. The buildings and lands were recorded at the historical cost of evaluating the buildings and lands owned by the bank. The properties were evaluated by a specialized valuation company (Book Keeper) to determine the market value of these properties based on the international standard (IAS 36). The result was that there were no differences in the valuation. Note that the bank had previously calculated a decline in the buildings in the amount of (2,397,715) thousand IQD, and the management decided to keep the amount to hedge against any expected decline, as shown in the explanation numbered (9).
- B. The bank's current building is constructed on land leased since 2013 from Erbil Municipality on a long-term lease for (50) years and the bank is currently in ongoing negotiations to purchase it. We recommend applying the international standard (IFRS 16) for lease contracts to it and classifying it under (right to use assets / Requirements lease rights) and not displaying it under fixed assets.

- C. The Bank has applied IFRS Financial Reporting Standard No. (9) for the years (2019-2024) and the required allocations were calculated to address the changes in expected credit losses based on the instructions of the Central Bank of Iraq. The results of the application were consistent with the applications of Standard No. (9) and the methodology accepted by the Central Bank of Iraq. The amounts required to be allocated were reflected within the allocations account as shown below:

**International Standard Allocation (IFRS9): -**

The allocation calculated for financial instruments according to the (IFRS9) financial reporting standard amounted to (15) billion IQD as on 31/12/2024. However, the bank's management calculated the allocation for financial instruments at an amount estimated at (38) billion IQD for the purposes of precautionary control, as shown in the table below:

<b>Allocation for financial instruments calculated in accordance with Financial Reporting Standard (IFRS 9)</b>				
Seq.	Account	Account balance / in IQD	The allocation calculated according to the standard (IFRS 9)	Allocated according to budget
1.	Cash	330,838,545,567	Nothing	Nothing
2.	Balances with central bank	216,767,278,753	3,355,557,475	12,879,535,413
3.	Debit balances with local banks	531,808,244	8,236,993	598,670,784
4.	Debit balances with foreign banks	51,219,342,446	1,980,011,684	12,563,044,440
5.	Cash credit	66,442,380,945	8,511,027,798	10,622,585,338
6.	Other assets	85,769,478,873	1,288,955,644	1,288,955,644
7.	Pledged credit	524,921,838,423	40,317,608	132,534,580
	Total	1,276,490,673,251	15,184,107,202	38,085,326,198

**2 - Cash (Explanation 5):**

- A. The cash balance in vaults and balances of the Central Bank amounted to (536,691) million IQD on 31/12/2024, which is an increase of (16,933) million IQD over the balance of the previous year, at a rate of (3%).
- B. The cash flow statement indicates a shortage in cash and cash equivalents amounting to (53) billion IQD during the financial year 2024. The reason for this is a shortage in operational activities, especially the shortage in customer deposits and other assets compared to the previous year. Accordingly, cash and cash equivalents at the end of the financial year 2024 amounted to (521) billion IQD, after the balance at the beginning of the year was (574) billion IQD.
- C. Cash in the treasury and ATM amounted to approximately (330,838) million IQD, which constitutes a percentage estimated at (62%) of the total cash in the treasuries and at the Central Bank. This is a good indicator of the existence of excess liquidity that covers the dues to be paid when requested. On the other hand, this high liquidity is considered a negative indicator indicating the lack of optimal investment of the available excess liquidity in order to maximize resources.
- D. Cash in the Central Bank account includes an amount of (104,558) million IQD, representing the account of the sales window transfers in foreign currency. It constitutes a percentage of (47%) of the total cash at the Central Bank, which requires the existence of continuous oversight and control to follow up on this balance with the balances of correspondent banks and the current accounts of creditors of customers.

- E. The cash balance at the end of the financial year in both the bank's and the Central Bank's vaults, amounting to (536,691) million IQD, includes an amount that has been reduced from the above balance by an amount of (12,879) million IQD. This reduction represents the expected credit loss.
- F. Cash includes a suspended balance from previous years amounting to (1,965) million IQD deposited with the Central Bank / Erbil Branch.
- G. We recommend the necessity of settling the settlement account balances with the current accounts with the Central Bank of Iraq as on 31/12/2024.

### **3. Balances with local and foreign banks (Explanation 6):**

- A. The balances of local and foreign banks amounted to (38,827) million IQD, which is less than the balance of the previous year by an amount of (96,340) million IQD, or by (71%). The reason for these decreases is the decrease in the balance of foreign banks, as the balance at the end of this year amounted to approximately (51) billion IQD, while the balance at the end of the previous year amounted to (140) billion IQD, and this is a good indicator.
- B. The allocation for expected credit losses for foreign banks amounted to approximately (12) billion IQD, which is (5) billion IQD more than the balance of the previous year, despite the decrease in the balances of foreign banks this year by (64%) percent compared to the balance of the previous year. The bank's management indicated that it had calculated a precautionary allocation for Lebanese banks.
- C. The ratio of total net debit balances with foreign banks (correspondent banks) compared to the total capital and reserves reached (12%) and the ratios specified by the Central Bank of Iraq (20%) until 31/12/2024. This is a good indicator, as there was an excess during the previous year, and the ratio reached (39%) as of 31/12/2023.
- D. The original reconciliations of local and foreign balances were examined and audited as on 31/12/2024.
- E. We noticed the presence of a balance in USD currency with the Erbil Bank, which is prohibited from dealing in USD, and the bank management contacted it to withdraw the full amount.

### **F. Banks' Classification:**

- The bank's management informed us that all local banks were rated (B) according to the statement submitted to us.
- The bank's management also informed us that the classification of foreign banks is as shown in the table below:

The 10 largest foreign bank balances				
Seq.	Bank Name	Nationality	Classification	Balance
1.	DBS India	India	B	18,883,158,979
2.	BANQUE MISR	United Arab Emirates	B	9,780,577,543
3.	BANK AL ETIHAD	United Arab Emirates	B	4,999,796,688
4.	AL SALAM BANK		B	3,623,735,162
5.	FIRST ABU DHABI BANK	United Arab Emirates	B	2,923,795,340
6.	ALBARAKA TURK KATILIM	Turkish	B	2,002,369,505
7.	The Housing Bank for Trading and Finance	Jordanian	B	1,457,976,115
8.	Bank of Beirut	Lebanon	B	1,199,876,674
9.	Bank of Jordan	Jordanian	BB	1,051,427,091
10.	ABU DHABI ISIAMIC BANK	United Arab Emirates	A	878,198,560

We dealt with the Turkish Nural Bank, classified as (CCC), contrary to the instructions of the Central Bank. The bank's management explained to us that the movement in the transfer account with this bank is weak and almost non-existent.

#### **4- Liquidity and solvency:**

- A- The liquidity ratio reached (72%) as on 31/12/2024, which is an acceptable ratio to meet its obligations to depositors in the short term, noting that the ratio specified by the Central Bank of Iraq is (30%) as a minimum.
- B- The liquidity coverage ratio (LCR) according to Basel III reached (186%) at the end of financial year, which is greater than the ratio specified by the Central Bank, which is not less than (100%).
- C- The net stable funding ratio (NSFR) according to Basel III reached (76) at the end of financial year, which is less than the ratio specified by the Central Bank, which is not less than (100%) of the minimum acceptable requirements of Basel (3). The reason for these decreases is due to opening a credit facility for SOMO and taking into account the weighted risk management.
- D- We recommend the need to develop effective strategies for liquidity management and continuously monitor its levels to ensure compliance with the ratios specified by the Central Bank of Iraq.

#### **5- Cash Credit (Explanation 7):**

- A- The total cash credit facilities (before deducting suspended interest and impairment Allowances) amounted to (66) billion IQD as on 31/12/2024, a decrease of (10) billion IQD from the previous year's balance and a decrease of (13%).
  - B- The productive credit facilities amounted to (53) billion IQD, representing (81%) of the total balance of direct credit facilities as on 31/12/2024, while the non-productive credit facilities amounted to (12.5) billion IQD, representing (19%) of the total balance of direct credit facilities as on 31/12/2024, according to the explanatory statement issued by the bank's management.
  - C- Suspended interest increased to (736) million IQD, compared to the previous year's (536) million IQD. We recommend the need for effective follow-up of late-paying customers.
  - D- The ratio of cash credit granted to total assets (financial position) reached (5%). Therefore, we recommend the need to develop a plan to increase this important banking operational line and avoid contractionary policies in this area to increase the effectiveness of this operational line.
  - E- The ratio of net credit facilities to deposits reached (12), which is within the ceiling set by the Central Bank of (75%).
  - F- The allocation for impairment of cash credit amounted to approximately (10,622) million IQD as on 31/12/2024, after it was (12,313) million IQD in the previous year. The reason for the decrease is due to the repayment of bad debts for the accounts of the loans granted.
  - G- We noted that during the financial year 2023, the legal department took legal action against (19) borrowers by seizing the debtors' guarantees, with total loans amounting to (46) billion IQD. Therefore, we recommend classifying these loans as non-performing and building supplementary Allowances.
  - H- The bank's management confirmed to us that there was no credit granted to related parties for the financial year 2024.
  - I- The interest income earned on cash credit amounted to (43,77) million IQD for the financial year 2024, which constitutes (%6.5) percent of the total cash credit balance, which is a very low percentage and not at the required level.
  - J- We noted the existence of credit balances that have been suspended for a long time, which requires activating legal procedures to collect the bank's rights. Note that the interest rate on the financing has not been fixed, and therefore the financing costs will be greater than the profits to be achieved by the companies mentioned below.
- (Tah Katay) Company for General Trading, due dates 2016-2018.

- Manger Security Company.
  - Sandiaco Company for Trading.
  - Note that bank's management has shown us a 100% risk allocation for these loans.
- K- We recommend that there should be no geographical concentration in granting loans, so that they include all national portfolios.

#### **6- Contractual Credit (Explanation 36):**

- A. The contractual credit balance amounted to approximately (624) billion IQD on 31/12/2024. Documentary credits constituted 84% of the off-budget account balances, while letters of guarantee accounted for 16% of the contractual credit balance, as shown below.
- B. Note that the balance of letters of guarantee amounted to (99) billion IQD, which is (22) billion IQD more than the balance of the previous year. The number of letters of guarantee issued amounted to (956) letters, including (17) letters with amounts exceeding one billion and (61) letters with amounts less than one billion.
- C. The balance of insurances collected for contractual credit amounted to (26,682) million IQD, which are cash insurances, and the remaining percentage is covered by real estate guarantees and commercial papers.
- D. There is a commitment by the bank in amount of (524) billion IQD in exchange for opening (an incoming documentary credit from SOMO) for oil export at the Turkish Agricultural Bank.
- E. (4) four letters of guarantee amounted to (34601) million IQD, which constitutes 35% of the total amounts of letters of guarantee, as shown below:

<b><u>Customer Name</u></b>	<b><u>Amount / Million IQD</u></b>
SAMSUN Company	19101
SERMIYAN Company	6010
Farhad Rasool	5740
Yana Company for Electronic Banking Services	3750
Total	34601

- F. After reviewing the files of more than (12) customers from the credit portfolio, we noticed the following.
- The financial position is not commensurate with the size of the facilities granted to them based on the final accounts and feasibility studies submitted by them.
  - We have not reviewed the upon financial statements up to 2024.
  - The capital of some of these companies does not exceed (5) million IQD, and the credit granted exceeds one billion IQD.

#### **7 - Financial Investments (Explanation 8):**

- A. The balance of financial investments amounted to (5,799,191) IQD, which constitutes less than (1%) of capital and reserves. We recommend the activation of this investment line to maximize the bank's resources, noting that these investments did not achieve any returns for the bank during the current year and previous years. Given the importance of this banking activity, which requires the bank's management to activate this operational line.
- B. We recommend the development of an ambitious investment plan for the short, medium, and long terms and the investment of a portion of the surplus cash liquidity in the field of investments with acceptable risks.
- C. During the financial year 2024, we noted that the former Chairman of Board of Directors had paid his obligations amounting to (5) billion IQD related to the capital of (Yana Electronic Payment Services Company), which had been suspended for previous years in the investment account.
- D. This account also includes investments in government bonds amounting to (5) billion IQD.

#### **8. Tangible Fixed Assets (Explanation 9):**

- A. The balance of net tangible fixed assets amounted to approximately (220) billion IQD, which is approximately (4) billion IQD more than the balance of the previous year, noting that the additions amounted to (6821) million IQD and the total depreciation amounted to (3426) million IQD.
- B. Most of the additions amounting to (6821) million IQD during the financial year 2024 were concentrated on the accounts shown below:

Account Name	Amount / Million IQD Additions during the year	Balance as on 31/12/2024 / Million IQD
Land	1093	135287
Buildings and Facilities	2728	93228
Machinery and Equipment	2199	6692
<b>Total</b>	<b>6020</b>	<b>35207</b>

- C. The cost of land acquisition amounts to (135) billion IQD, and the cost of buildings amounts to (93) billion IQD as on 31/12/2024, and their percentage of the total cost of tangible fixed assets amounts to (56%) and (38%), respectively.
- D. The cost of net fixed assets of land and buildings, after deducting accumulated depreciation, amounted to (214,617) million IQD, which constitutes (61%) percent of the capital, contrary to the specified ceiling of (30%). Therefore, we recommend disposing of unnecessary real estate and exploiting the liquidity generated from it for the main banking activities. The bank's management has shown us that the acquisition costs are better from an economic standpoint than renting buildings for the bank's branches.
- E. The presence of expropriated properties as a result of debt settlements, in addition to the presence of properties not used for the bank's purposes, which requires the necessary action.
- F. The value of the bank's current general administration building and the land on which it is built, totaling 42 billion IQD, is still shown in the fixed assets account, even though this land is a musataha. The administration clarified that it contacted the Erbil Investment Commission pursuant to the bank's letter No. 43 on 13/08/2020, and confirmed it pursuant to letter No. 22 on 16/03/2022. We recommend following up on the procedures for converting the musataha contract into an investment contract with the relevant authorities so that the bank can later own the land and building.
- G. For the purposes of effective control and follow-up of all fixed assets, we recommend the need to develop an electronic program to monitor all types of fixed assets, from acquisition to the annual inventory within the Banks system, so that this control indicates all types of fixed assets added at the department level and those written off during the year, noting that this feature is available in the Banks system tree.

#### **9- Intangible Assets (Explanation 10):**

The balance of the above account amounted to (1566) million IQD as on 31/12/2024, which is approximately (39) million IQD more than the balance of the previous year 2023.

#### **10- Projects under implementation (Explanation 11):**

The balance of the above account amounted to approximately (8) million IQD as on 31/12/2024, which is (4378) million IQD less than the balance of the previous year 2023. The reason for this is a transfer to the tangible fixed assets account related to closing the account of the land and building of the Kirkuk branch after completing the legal procedures regarding its registration in the name of bank.

### **11- Other assets (Explanation 12):**

- A. The balance of the above account amounted to (94950) million IQD as on 31/12/2024, which is (41) billion IQD more than the balance of previous year 2023, an increase of (76%).
- B. Note that most of the increase was concentrated in the customer debtors account for credit cards (MasterCard cards), which amounted to approximately (30) billion IQD (an increase).
- C. This account also includes properties that were transferred to the bank in exchange for debts amounting to (338) million IQD, which were not sold despite more than two years of ownership, noting that the bank took a provision against them. We recommend the necessity of selling them as soon as possible, according to the instructions of the Central Bank.
- D. We noticed a balance within this account amounting to (5399) million IQD related to insurance with foreign banks. We recommend the necessity of transferring them to the insurance account.
- E. The balance of the accrued uncollected interest account increased in 2024 to approximately (463) million IQD, compared to the previous year 2023, which amounted to (439) million IQD. We recommend effective and legal follow-up of customers who are late in paying.
- F. We noticed that within this account there is insurance with third parties (using electronic payment companies) amounting to (18) billion IQD. Therefore, we recommend following up on the liquidation of this balance.

### **12- Bank Deposits (Explanation 13):**

The balance of current and demand accounts amounted to (22980) million IQD as on 31/12/2024, which is (7929) million IQD less than the balance of the previous year 2023, with a decrease of (26%). The bank account and the Turkish Bank account constitute (96%) percent of the above balance.

### **13- Current Accounts and Deposits (Explanation 14):**

- A. The balance of this account amounted to (441,114) million IQD as on 31/12/2024, which is less than the balance of the previous year by an amount of (78,480) million IQD, a decrease of (15%). Current and demand accounts constitute (90%) of the above balance, while savings deposits constitute (4.6%), and fixed and time deposits constitute (1%) and (4%), respectively.
- B. Current accounts, deposits, and cash guarantees amounted to approximately (500,207) million IQD, which constitutes a percentage of (92%) of the total Requirements, excluding equity, and which exceeds the permitted percentage specified by (30%) according to the instructions of the Central Bank of Iraq pursuant to their letter No. (80/3/9) on 20/02/2019.
- C. We noticed a decrease in fixed deposits by an amount of (55338) million IQD compared to the previous year's balance, with a decrease of (94%). This is not a good indicator. Therefore, we recommend the necessity of attracting basic deposits, as they are more stable and can be relied upon in investments and obtaining returns.
- D. We recommend, first, hedging deposits of a current nature and diversification in terms of the geographical area of branches. Second, the bank must rely on basic deposits, such as savings accounts and fixed deposits, which amounted to less than (1%), and taking appropriate measures to attract customers, encourage them to save, and increase competitiveness in accordance with the financial inclusion instructions according to the letter of the Central Bank of Iraq No. (80/3/9) on 20/02/2019, to avoid withdrawing non-core deposits, hedge against potential gaps, and develop a plan to grant long-term loans and balance them with basic and non-core deposits.

### **14 - Cash insurance (Explanation 15):**

- A- The balance of this account amounted to (36) billion IQD as on 31/12/2024, which is an increase of (5443) million IQD over the balance of the previous year 2023, an increase of (18%) percent.
- B- Most of this account includes insurance against letters of guarantee and insurance received, amounting to approximately (26) billion IQD and (9) billion IQD, respectively.

### **15 - Borrowed Funds (Explanation 16):**

The balance of this account amounted to (9) billion IQD as on 31/12/2024, which is (5) billion IQD less than the balance of the previous year, noting that this account represents loans received from the Central Bank to support small and medium-term projects. The aforementioned decrease represents the payment of (128) installments paid to borrowers in accordance with instructions issued by the Central Bank.

### **16 - Miscellaneous Allowances (Explanation 17):**

The balance of this account amounted to approximately (12575) million IQD as on 31/12/2024, which is (11300) million IQD less than the balance of the previous year 2023, a decrease of (47%), noting that this account represents the taking of precautionary Allowances.

### **17- Other Requirements (Explanation 19):**

The balance of this account amounted to (10766) million IQD as on 31/12/2024, which is less than the balance of the previous year 2023 by (2925) million IQD, a decrease of (21%).

This account includes accrued expenses that constitute approximately (62%) of the total balance, in addition to amounts received for company registration and external creditors, which constitute (15%) and (14%), respectively, of the total balance.

### **18- Capital:**

The balance of the bank's capital amounted to (300) billion IQD, an increase of (50) billion IQD over the opening balance at the beginning of the year, which amounted to (300) billion IQD, after completing all legal procedures, as stated in the letter of the Company Registration Department No. 15728 on 06/04/2024.

### **19- Capital Adequacy:**

Capital adequacy reached (64%) as on 31/12/2024, and the ratio at the end of the previous year reached (57%), noting that the ratio permitted by the Central Bank of Iraq is (12%), the Banking Law is (15%), and the Basel requirements are (8%). The reason for this decrease is due to the recalculation of the weighted ratios of assets, letters of guarantee, and documentary credits from the ceiling specified by the Central Bank of Iraq.

### **20- Activity Result:**

A. The activity result amounted to a profit before tax of approximately (60,872) million IQD for the Financial year 2024, an increase of (12299) million IQD over the previous year 2023, with an increase of (25%). This is a good indicator despite the significant decrease in revenues from the foreign currency sales window at the Central Bank, as shown in the table below.

Account Name	Financial Year 2024 / Million IQD	Financial Year 2023 / Million IQD	Percentage of Increase (Decrease)
Revenues	89020	96435	(7.7%)
(Expenses)	(28,148)	(47,862)	(41%)
Profit	60872	48573	25%

B. Revenues amounted to (89020) million IQD for the financial year 2024, according to the components and ratios mentioned in the table below. The increase in the account (net revenues from buying and selling foreign currencies) and the decrease for the rest of the mentioned paragraphs indicate.



Account Name	Financial Year 2024 / Million IQD	Financial Year 2023 / Million IQD	Percentage of Increase (Decrease)
Net income from interest, fees and commissions	52476	71762	(26.8%)
Net revenue from buying and selling foreign currencies	28733	9617	198.8%
Revenue from buying and selling currency through the window	4973	11436	(56.5%)
Other revenues	2837	3620	(21.6%)
<b>Net operating revenues</b>	<b>89020</b>	<b>96435</b>	<b>(7.6%)</b>

- C. The total operating expenses account for (28148) million IQD for Financial year 2024, which is less than the balance of the previous year 2023 by an amount of (19714) million IQD, a decrease of (41%). Most of the decrease is due to the decrease in the expected credit allocation expense for the balances of the Central Bank and foreign and local banks, as shown in the income statement and other comprehensive income. We have the notes below.
- ❖ Employee salaries for the current year increased by (10%) percent compared to the previous year. The increase was concentrated in overtime, bonuses, and vocational allowances. Employee salaries also include bonuses paid to the Board of Directors amounting to (72) million IQD.
  - ❖ Compensation and fines amounted to (5) million IQD for the current year, noting that the balance of this account amounted to (5751) million IQD during the previous year. This decrease for the current year is a good indicator.
  - ❖ Expenses also include an amount of (2026) million IQD for government salary domiciliation cards.

## **21 - Foreign currency buying and selling window from the Central Bank:**

- A. The bank's purchases through the window for the period of 01/01/2024 to 31/12/2024 for the purposes of transfers and cash sales amounted to (651,495,749) IQD. The number of amounts sold was (656,468,999) IQD, and the revenue generated from this activity was (4,973,249) IQD, as shown below.
- B. The revenues of the foreign currency selling window decreased by an amount of (6463) million IQD during the financial year 2024 compared to the revenues of the previous year 2023 due to the cessation of activity in this field (more than three months), according to the directives of Central Bank of Iraq.

## **22 Financial position:**

- A. The balance of the financial position (total assets) amounted to approximately (953) billion IQD as on 31/12/2024, noting that the balance of the previous year was approximately (1001) billion IQD, which is (48) billion IQD less than the balance of the previous year. Most of this is due to the decrease in foreign bank balances (this is a good indicator). The table below shows the components of the financial position.

Account Name	31/12/2024 Million IQD	Percentage
Cash and Balances with Central Bank	536691	56%
Balances with Banks (Local + Foreign)	38828	4%
Net Direct Credit Facilities	55083	6%
Net Financial Assets (Investments) at Fair Value	5799	0.6%
Net property and equipment	220066	23%
Net Intangible Assets	1565	00.2%
Projects Under Construction	9	0%
Other Assets	94950	10%
<b>Total</b>	<b>952991</b>	<b>100%</b>

- B. It is clear from the table above that the total cash with foreign and local banks constitutes (60%) of the financial position, which indicates a large surplus in cash liquidity, and that the bank's activities (cash credit + investments) constitute (6%) of the total financial position, which indicates a weakness in the bank's basic activity.
- C. The financial position amounted to approximately (953) billion IQD as on 31/12/2024, noting that the financial position for the base year (2012) amounted to (221) billion IQD, which indicates a growth and development rate of (331%).

### **23 - Confirmation Letters for Debit and Credit Balances:**

We reviewed the confirmations for the debit and credit balances of local and foreign banks, which were represented in bank statements and software. We also did not review the confirmation letters for some of the debit and credit balances appearing in the financial position statement.

### **24 - Legal Cases:**

#### **A- Cases Filed Against the Bank:**

- A case filed by (Activate) company for Advertising on 21/12/2017 regarding a remaining amount owed by the bank to the company in the amount of (46,825) USD. A valid decision was issued, and an amicable agreement was reached between the two parties to reduce the amount of the claim in early 2025.
- A case filed by Gulf Bank on 05/09/2019 regarding the value of two letters of guarantee, which were issued at the request of the issuing entity by the bank in the amount of (8) billion. The case is still under appeal, noting that the bank has created an allocation for this case.
- A grievance lawsuit filed by Sarmeyan Company against the RT Bank and Dar Al Salam Bank regarding the suspension of disbursement of a guarantee letter of amounting to (6010) million IQD. Note that the lawsuit was settled by a final decision in 2025 not to disburse.

#### **B- Lawsuits filed by the bank against third parties:**

- A lawsuit filed against the company (Santiago) regarding unpaid late interest.
- A lawsuit filed against the company of (Manager Security) due to the failure to repay the loan and its granted interest amounting to (1.5) billion IQD. The lawsuit is still not settled to date, and there are negotiations to conclude a consensual agreement to repay the defaulted loan in installments and over time.
- A lawsuit filed against the company (Tektas) on 01/09/2023 for its failure to repay the loan granted to it amounting to (7) billion IQD. Follow-up is continuing to collect the amount, and the bank has sufficient guarantees against the loan. There are also negotiations for a consensual agreement.

### **25 - Internal Audit Department: -**

By examining and reviewing the Internal Audit Department reports, we noted that the control system included the necessary procedures to ensure the validity and accuracy of financial data that are commensurate with the size and nature of the bank's work.

- A. The annual plan was completed 100% of the plan approved by the Board of Directors. We believe that the plan was somewhat appropriate, and the commissions generated from electronic payment card accounts do not cover all of the bank's operations.
- B. The number of employees in the Internal Control and Audit Department, which amounted to (12) with the manager in 2024, including the head of the department, compared to the previous year, which was (6). It is noted that senior management is interested in the role of internal control.
- C. The number of training courses for the department in 2024 is (15) courses.
- D. Preparing audit reports in accordance with Clause (2-2-9) for internal auditing of the international standard (ISO 9001:2015), which indicates the adoption of a form template that includes paragraphs (scope, audit indicator, observations, type, corrective action, and its date).

## **26 - Compliance Controller:**

The compliance controller's reports submitted to us during the year were reviewed and examined. They were in accordance with the requirements and instructions of the Central Bank of Iraq related to the bank's activity for the financial year 2024. They included the following:

- The compliance controller reviews all banking services and expresses an opinion on them.
- The department has policies and an action plan for the year 2024 that are approved and 100% implemented.
- Department employees participated in accredited courses during the year, including the Certified Compliance Officer (CCM) from the GCI International Institute, Banking Awareness Controls and Banking Fraud Risks, Corporate Governance, Compliance with International Standards, and the Balanced Scorecard.
- The department held awareness courses for bank employees on the US Foreign Account Tax Compliance Act (FATCA), due diligence, combating financial crimes, and fraud for Western Union customer service employees, and related to the banking system.
- Information on outgoing and incoming foreign and domestic remittances outside the currency sales window and for all currencies.
- There is an investigative committee within the bank regarding the granting of cash credit in previous years outside the authority of the Authorized Manager and at the request of the Central Bank of Iraq.
- The employee turnover rate must be reduced, the number of resignations reduced, and job security provided to employees.
- We recommend the need to further activate the Investment Committee to diversify sources of income and not rely solely on the activity of foreign remittances.
- We recommend the need to adhere to the specified timeframe for responding to letters received from the Central Bank of Iraq.

## **27 - Money Laundering and Terrorist Financing Reporting Department:**

Based on paragraph (3 g) of Article (2) of the supervisory controls issued pursuant to the Central Bank of Iraq's letter No. (306/4/1/9 on 19/09/2016), a report is prepared on the bank's activity in combating money laundering and terrorist financing, achievements, and periodic work. The nature of the banking operations practiced by the bank during the year and the policies of the reporting department were reviewed, and they were in accordance with the requirements of the Central Bank of Iraq and in accordance with the requirements of the Anti-Money Laundering and Terrorism Financing Law No. 39 of 2015. And through the information provided to us by the aforementioned department, the following was revealed:

- A- The bank has the following programs related to combating money laundering and terrorist financing:
- **AML SYSTEM** (to monitor customer accounts and is linked to the bank's accounting system).
  - **FILTIRNG SYSTEM** (to examine incoming and outgoing transfers).
  - **AML CHECHER** (to examine transactions and customers on the lists).
- B- The electronic system includes all the scenarios required by the Central Bank of Iraq, amounting to (32) scenarios.
- C- The electronic payment system (RTGS) has been linked with the clearing system (ACH) and the SWIFT system (CSP) with the Central Bank of Iraq.
- D- These reports include data according to the following table, and the necessary measures have been taken regarding them.

Reporting Department Manager:

Seq.	Data	Number
1.	Number of open investigations	996
2.	Suspicion reports sent to Anti-Money Laundering and Terrorism Financing Office	10
3.	Fraud complaints	nothing

E- It was noted that customers were not classified on the RBA system according to the guide for combating money laundering and terrorist financing.

## **28 - Risk Management:**

- A. Liquidity Risk: There is no liquidity risk to some extent as indicated in our cash and liquidity reports (LR, LCR, NSFR).
- B. Operational Risks - In our opinion, operational risks are lower for the current year than for the previous year due to the decrease in fines and compensation amounts, as indicated in our report on operating expenses.
- C. The risk management report for the fourth quarter was examined and reviewed and was in accordance with the requirements of the Central Bank of Iraq.

## **29 - Corporate Governance: -**

- A. On 22/09/2024, the Central Bank of Iraq issued a guide to environmental, social and governance standards for banks (ESG) in order to keep pace with international developments and establish best practices in the banking sector and implement them by introducing structural, legislative and regulatory developments to achieve maximum benefit from the opportunities produced by these standards to mitigate or limit exposure to risks, especially those related to climate change issues.
- B. The Bank's management has prepared a guide for environmental, social and corporate governance standards for the RT Bank. This guide was approved in the minutes of the Board of Directors' meeting No. 15/2024, and the Bank's executive management will publish it on its website to be available to the public.
- C. The Board of Directors and the Bank's management are working diligently to implement the corporate governance instructions related to disclosure and transparency.

## **30 - Correspondence of the Central Bank of Iraq and Audit Results:**

By reviewing the bank's responses to the correspondence of the Central Bank of Iraq related to monitoring the work and results of data audits and the monthly, periodic, quarterly, and annual reports prepared and sent by the bank, it became clear that the bank is committed to and interested in the observations related to monitoring the work and results of the audit, responding to them, implementing them, and continuing to adhere to them. All data sent to the Central Bank of Iraq is consistent with the bank's records. We recommend the need to be accurate in sending the quarterly reports to the Central Bank of Iraq. We also emphasize the need to avoid the observations contained in the audit results reports.

## **31 - Disclosure of Professional Fees:**

The professional fees paid to the auditor amounted to (79,200,000) IQD for auditing the accounts of the bank's branches in Iraq for the financial year 2024.

### **32 - Subsequent Events:**

- A. In accordance with Central Bank's directives, the bank's management will seek to increase its capital at the beginning of the following year 2025 to (400) billion IQD instead of (350) billion IQD.
- B. All shares of Yana Electronic Payment Company, with a capital of (25) billion IQD, were acquired at the beginning of 2025, with the approval of the Central Bank of Iraq, according to decision of Companies Registration Department with Number 64771 on 26/12/2024.

### **33 - Expansion Reserve:**

We have noticed that the bank's management closed the expansion reserve account amounting to (1) billion IQD on account of accumulated surplus during the financial year 2024. Given the invalidity of this procedure, we recommend that it be reclassified to the expansion reserve account during the financial year 2025.

### **Other Information:**

Management is responsible for the other information included in its annual report. Our opinion on the financial statements does not cover this information, and we do not express any form of assurance or conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available and, if necessary, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in our audit could be materially misstated.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements:**

Management is responsible for the preparation of the financial statements in accordance with the applicable law and International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud, manipulation, or error.

In preparing the financial statements, management is responsible for assessing the bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the bank or cease operations, or there is no realistic alternative to do so.

Those charged with governance are also responsible for the oversight and monitoring of financial reporting.

### **Auditor's Responsibilities for the Audit of the Financial Statements:**

- Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, manipulation, or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of certainty, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect material misstatements when they exist. Misstatements can arise from fraud, manipulation, or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of those financial statements.
- We communicate with the Audit Committee regarding, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with it about all relationships and other matters that bear on our independence and that are likely to safeguard our independence.

**Other clarifications:**

- A. The electronic accounting program used in the bank, type (BANKS), was consistent with the requirements of the bookkeeping system and, in our opinion, included the recording of all assets, Requirements, expenses, and revenues of the bank. The internal control system included procedures that ensure the fairness and clarity of this data to a degree commensurate with the size of the bank's activity.
- B. The bank continues to conduct manual stress tests (based on an Excel sheet sent by the Central Bank of Iraq pursuant to letter number (RT/Risk/CBI /11) on 20/01/2022.
- C. The inventory of property, equipment, and cash was carried out appropriately and under our supervision. The evaluation was carried out in accordance with international accounting principles, foundations, and principles, with the exception of property and equipment, as historical costs were adopted.
- D. The financial statements were prepared in accordance with international accounting standards and in accordance with applicable legislation. They are fully consistent with what the records show and are prepared in accordance with both the amended Companies Law, the Banking Law, and the applicable regulations and instructions.
- E. This report and the financial statements for the financial year 2024 were discussed with the Board of Directors, the Executive Management, and the Audit Committee.
- F. The number of Board of Directors meetings and minutes amounted to (15) meetings during the financial year 2024 in accordance with the Companies Law No. 21/1979, as amended.

With regards

Khalil Ibrahim Mohammed Al-Abdullah Company and his Partners  
To Monitor and Audit Accounts- Joint Stock Company,  
Authorized Manager  
Khalil Ibrahim Al-Abdullah  
Certified Public Accountant and Auditor

**RT Bank for Investment and Finance (Private Joint Stock Company) Erbil - Iraq**

**Financial Center List**

**(A)**

	Note	As on 31 December,	
		2024	2023
		IQD	IQD
<b><u>Assets</u></b>			
Cash and balances with the Central Bank of Iraq	5	536,691,288,907	519,758,529,828
Balances with banks (foreign + local)	6	38,827,749,051	135,168,675,947
Net direct credit facilities	7	55,083,204,835	63,591,325,466
Net investments at fair value	8	5,799,190,680	5,799,190,820
Tangible fixed assets	9	220,065,626,475	216,642,166,746
Intangible fixed assets	10	1,565,589,535	1,526,767,036
Projects under construction	11	8,515,000	4,387,377,051
Other assets	12	94,950,218,352	54,172,821,800
<b>Total assets</b>		<b>952,991,382,836</b>	<b>1,001,046,854,695</b>
<b><u>Requirements and shareholders' rights</u></b>			
<b><u>Requirements</u></b>			
Bank deposits (current accounts on demand)	13	22,980,794,673	30,909,235,816
Customer deposits	14	441,114,951,141	519,594,142,367
Cash Insurance	15	36,112,450,394	30,669,263,154
Borrowed funds	16	9,079,987,647	14,155,767,717
Various allocations	17	12,574,835,211	23,870,421,378
Income tax allocation	18-1	9,000,000,000	8,664,937,145
Other Requirements	19	10,765,772,603	13,691,239,292
<b>Total Requirements</b>		<b>541,627,791,671</b>	<b>641,555,006,868</b>
<b><u>Shareholders' rights</u></b>			
Paid-up capital	G	350,000,000,000	300,000,000,000
Legal reserve	G	10,628,099,347	8,034,512,180
Expansion reserve	G		1,000,000,000
Accumulated profits realized	G	50,735,491,818	50,457,335,647
<b>Total of Shareholders' rights</b>		<b>411,363,591,165</b>	<b>359,491,847,827</b>
<b>Total of Requirements and shareholders' rights</b>		<b>952,991,382,836</b>	<b>1,001,046,854,695</b>

**Signed**  
Accountant  
Mohammed Fadhil  
Kadhim

**Signed**  
Azhdar Hussain Ali,  
Financial Manager

**Signed**  
Ghazi Hassan Sharif Mohammed  
Executive Manager

**Signed**  
Ranj Hashim Mohammed  
Chairman of Board of  
Directors

**Signed and Sealed**  
Khalil Ibrahim Mohammed Company and his Partners  
To Monitor and Audit Accounts- Joint Stock Company,  
Khalil Ibrahim Al-Abdullah  
Certified Public Accountant and Auditor  
Authorized Manager

Subject to our report No. (Kh/122)  
on 10/02/2025

**RT Bank for Investment and Finance (Private Joint Stock Company) Erbil - Iraq**

**List of Income and Other Comprehensive Income**

**(B)**

	Note	For the financial year ending December 31	
		2024	2023
		IQD	IQD
Credit interest	20	4,724,207,725	5,138,922,619
Debit interest	21	(670,613,293)	(977,812,430)
<b>Net interest income</b>		<b>4,053,594,432</b>	<b>4,161,110,188</b>
Credit Fees and commissions	22	56,005,098,751	73,189,446,563
Debit Fees and commissions	23	(7,582,959,441)	(5,588,295,043)
<b>Net income in Fees and Commissions</b>		<b>48,422,139,309</b>	<b>67,601,151,520</b>
<b>Net interest, fees, and commission income</b>		<b>52,475,733,741</b>	<b>71,762,261,708</b>
Net revenue of foreign exchange purchase and sale	24	28,733,738,378	9,616,718,506
Over-the-counter currency purchase and sale revenue	24	4,973,249,990	11,436,149,215
Other income	25	2,837,143,109	3,619,691,582
<b>Net operating income</b>		<b>89,019,865,218</b>	<b>96,434,821,011</b>
Employee expenses	26	(7,685,325,511)	(6,959,609,494)
Depreciation and amortization	9-10	(4,086,862,808)	(3,407,587,572)
Net allocation during the year on direct facilities	7 B	(24,452,873)	(1,008,606,033)
Expense allocated to the Central Bank and foreign and local banks	5-6	(401,243,082)	(11,787,316,363)
Other asset provisions	17		(387,791,312)
Miscellaneous provisions (pledge + expansion reserve)	17+ G		(6,983,467,303)
Other operating expenses	27	(15,950,237,607)	(17,327,676,819)
<b>Total operating expenses</b>		<b>(28,148,121,881)</b>	<b>(47,862,054,896)</b>
<b>Profit before tax</b>		<b>60,871,743,337</b>	<b>48,572,766,115</b>
Income tax expense for previous years			
Income tax expense	18-2	(9,000,000,000)	(7,932,143,445)
<b>Profit for the year after tax</b>		<b>51,871,743,337</b>	<b>40,640,622,670</b>
5% statutory reserve	G	2,593,587,167	2,032,031,134
Other comprehensive income			
<b>Comprehensive income for the year</b>		<b>49,278,156,170</b>	<b>38,608,591,537</b>

**Signed**  
Accountant  
Mohammed  
Fadhil Kadhim

**Signed**  
Azhdar Hussain Ali,  
Financial Manager

**Signed**  
Ghazi Hassan Sharif  
Mohammed  
Executive Manager

**Signed**  
Ranj Hashim  
Mohammed  
Chairman of Board of  
Directors



**RT Bank for Investment and Finance (Private Joint Stock Company - Erbil - Iraq)**  
**Statement of changes in shareholders' Rights (C)**

	As on 31/12/2024				
	Subscribed capital	Expansion reserve	Legal reserve	Realized accumulated profits	Total
	IQD	IQD	IQD	IQD	IQD
Balance on 01/01/2024	<b>(300,000,000,000)</b>	<b>(1,000,000,000)</b>	<b>8,034,512,180</b>	<b>50,457,335,645</b>	<b>359,491,847,827</b>
Increase capital	(50,000,000,000)			(50,000,000,000)	
Comprehensive income for the year				51,871,743,337	51,871,743,337
Expansion reserve		(1,000,000,000)		(1,000,000,000)	
Transferred to mandatory reserve			2,593,587,167	(2,593,587,167)	
<b>Balance on 01/01/2024</b>	<b>(350,000,000,000)</b>	<b>-</b>	<b>10,628,099,347</b>	<b>50,735,491,818</b>	<b>411,363,591,165</b>
Balance on 01/01/2023	250,000,000,000		6,002,481,046	61,848,744,109	317,851,225,157
Increase capital	50,000,000,000			(50,000,000,000)	
Comprehensive income for the year				40,640,622,670	40,640,622,670
Expansion reserve		1,000,000,000			1,000,000,000
Transferred to mandatory reserve			2,032,031,134	(2,032,031,134)	-
<b>Balance on 01/01/2023</b>	<b>(300,000,000,000)</b>	<b>1,000,000,000</b>	<b>8,034,512,180</b>	<b>50,457,335,645</b>	<b>359,491,847,827</b>

**RT Bank for Investment and Finance (Private Joint Stock Company - Erbil - Iraq)**

**Statement of cash flows**

**(D)**

	Notes	For the financial year ending on December 31	
		2024	2023
		IQD	IQD
Cash flows from operating activities			
Net profit of the year before tax		51,871,743,337	40,640,622,670
<b><u>Adjustments for non-cash items:</u></b>			
Depreciation and amortization	9-10	4,086,862,808	3,407,587,572
Net impairment provision for direct cash facilities	7		
Other allocations	18	425,695,955	5,278,632,699
Losses resulting from the sale of fixed assets	10		3,791,992,445
		<b>56,384,302,101</b>	<b>53,118,835,386</b>
Change in working capital			
Increase in the required cash reserve	5	18,272,934,398	8,346,497,640
Increase (decrease) in net direct credit facilities	7	8,508,120,631	7,794,398,596
Increase in other assets	12	(21,304,398,038)	(36,408,106,691)
(Decrease) Increase in customer deposits	14	(67,389,565,929)	(198,140,860,833)
(Deficit) in cash insurance	15	5,443,187,240	2,256,993,913
Increase in other liabilities	19	2,925,466,688	(9,829,754,974)
Net cash flows from operating activities before		<b>(53,544,255,009)</b>	<b>(172,861,996,963)</b>
Income tax paid			
Net cash flows from operating activities		<b>2,840,047,091</b>	<b>(172,861,996,963)</b>
Cash flows from investing activities			
Purchasing property and equipment		3,423,459,729	(543,678,381)
Purchase of intangible fixed assets	10	38,822,499	(496,822,495)
Increase in expansion reserves	9		(1,000,000,000)
Projects under implementation	11	(4,378,862,051)	(6,209,609,149)
Net funds used in investing activities 2		<b>(916,579,823)</b>	<b>(6,250,110,025)</b>
Cash flows from financing activities			
Convert profits to capital		(50,000,000,000)	
Net change in borrowed funds	16	(5,076,780,070)	(107,507,950)
Net cash from financing activities 3		<b>(55,076,780,070)</b>	<b>(107,507,950)</b>
Net (decrease increase in cash and cash equivalents (1+2+3))		(53,153,312,802)	(179,219,614,938)
Cash and cash equivalents at the beginning of the year	26	574,539,086,276	753,758,701,213
Cash and cash equivalents at the end of the year	29	521,385,773,474	574,539,086,275

**RT Bank for Investment and Finance**  
**Private Joint Stock Company**  
**Erbil - Iraq**  
**Notes on the Financial Statements**

**1- General Information**

The bank was established pursuant to the Certificate of Incorporation No. (282) on 20/07/2001, issued by the General Directorate of Companies Registration in the Kurdistan Region as a limited company. Approval was obtained from the Central Bank of the Kurdistan Region to grant the bank Certificate of Incorporation No. (493) on 28/07/2001.

The bank was granted Certificate of Incorporation No. (15145) on 29/11/2006, issued by the Companies Registration Department in Baghdad as a private joint stock company, with a capital of 25,250,000,000 IQD. The bank obtained a license to practice comprehensive banking from Central Bank of Iraq in its letter No. (408/3/9) on 01/03/2007.

The capital was increased in several installments until it reached 250,000,000,000 IQD on 22/09/2013, pursuant to the Companies Registration Department's letter No. (24306), distributed over 250,000,000,000 nominal shares, each worth 1 IQD. The capital was also increased in 2024 until it reached 351,074,670,984 IQD.

The bank's head office is located in Erbil, Kurdistan Region of Iraq.

The bank provides banking services through its head office and five branches in Erbil, Baghdad, Dohuk, Sulaymaniyah, and Kirkuk

The Central Bank approved the change of the bank's name, pursuant to decision of Bank's Board of Directors taken at its session No. 1511, held on April 20, 2014, to RT Bank for Investment and Finance - Private Joint Stock, pursuant to Resolution No. 1214/3/9 on June 10, 2014, issued by the General Directorate of Banking and Credit Control. Based on Securities Commission letter No. 10/1173 on 05/07/2017, the listing of the bank's shares on the Iraq Stock Exchange was approved.

**2- Application of new and revised International Financial Reporting Standards**

**A- Amendments that did not result in a material impact on the bank's financial statements:**

Then, the following new and revised International Financial Reporting Standards (IFRSs) were adopted in the preparation of the Bank's financial statements, which became effective for financial periods beginning on or after 01/01/2019, or later, and which did not materially affect the amounts and disclosures included in the financial statements for the year and prior years, noting that they may have an impact on the accounting treatment of future transactions and arrangements.

New and Revised Standards	Amendments to New and Revised International Financial Reporting Standards
Annual Improvements to International Financial Reporting Standards issued during the years 2017-2019	<p>Improvements include amendments to International Financial Reporting Standards No. (3) "Business Combinations" and (11) "Joint Arrangements" and International Accounting Standards No. (12) "Income Taxes" and (23) "Borrowing Costs", as follows:</p> <p><b><u>International Accounting Standard No. (12) "Income Taxes"</u></b></p> <p>The amendments clarify that an entity should recognize the income tax consequences of distributed profits in profit or loss, other comprehensive income, or equity depending on where the entity recognized the transactions that generated the distributable profits. This is the case regardless of whether different tax rates apply to distributed and undistributed profits.</p> <p><b><u>International accounting standards No. (23) "Borrowing Costs"</u></b></p> <p>The amendments clarify that if borrowing remains outstanding after the underlying asset is ready for its intended use or sale, that borrowing</p>

	<p>becomes part of the funds that an entity generally borrows when calculating the capitalization rate on general borrowings.</p> <p><b><u>International Financial Reporting Standards No. (3) "Business Combinations"</u></b></p> <p>The amendments clarify that when an entity obtains control of a joint business, the entity applies the requirements for a business combination achieved in stages, including remeasuring its prior interest in the joint operation at fair value. The prior interest is remeasured, including any unrecognized assets, Requirements, and goodwill related to the joint operation.</p> <p><b><u>International Financial Reporting Standards No. (11) " Joint Arrangements "</u></b></p> <p>The amendments clarify that when a party participates in a joint operation but does not have joint control over that joint operation, an entity does not need to remeasure its prior interests in the joint operation.</p>
<p>Interpretation of the International Financial Reporting Interpretations Committee No. (23) Uncertainty about the treatment of income tax.</p>	<p>The interpretation explains the determination of taxable profit and tax loss, tax bases, unused tax losses and unused tax benefits, and tax rates when there is uncertainty about the income tax treatment under international accounting standards No. (12) which specifically addresses:</p> <ul style="list-style-type: none"> <li>• Whether the tax treatment should be considered on an aggregate basis;</li> <li>• Assumptions regarding tax authorities' examination procedures</li> <li>• Determine taxable profit (tax loss), tax basis, unused tax losses, and Unused exemptions and tax rates</li> <li>• The impact of changes in facts and circumstances.</li> </ul>
<p>Amendments to International Accounting Standard No. (28) "Investments in Associates and Joint Ventures".</p>	<p>These amendments relate to long-term interests in associates and joint ventures. These amendments clarify that an entity applies International Financial Reporting Standard No. (9) "Financial Instruments" to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture if the equity method is not applied to them.</p>
<p>Amendments to International Accounting Standard No. (19) "Employee Benefits"</p>	<p>These modifications relate to plan changes, reductions, or adjustments.</p>

### **The bank's leasing activities and their accounting treatment mechanism:**

#### **International Financial Reporting Standard No. (16) "Lease Contracts"**

The Bank has applied International Standard for Financial Reporting No. (16) "Leases" which replaced existing guidance on leases, including International Accounting Standard No. (17) "Leases" and International Interpretation (4) "Determining whether an Arrangement contains a Lease" and Interpretation of the Former Interpretations Committee (15) "Operating Leases: Incentives" and Interpretation of the Former Interpretations Committee (27) "Evaluating the Substance of Transactions that Take the Legal Form of a Lease".

International Financial Reporting Standard (16) was issued in January 2016 and is effective for financial periods beginning on or after 01/01/2019. International Financial Reporting Standard (16) stipulates that all leases and their associated contractual rights and obligations should generally be recognized in a bank's financial position, unless the lease term is 12 months or less or the lease involves a low-value asset. Consequently, the classification required by International Accounting Standard (17) "Leases" into operating or finance leases has been eliminated for lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. In return, the right to use the leased asset is capitalized, which is generally equal to the present value of the future lease payments plus directly attributable costs, which are amortized over the useful life.

The Bank chose to use the simplified approach permitted by International Financial Reporting Standard (16) when applying International Financial Reporting Standard (16) for the first time to operating lease contracts individually for each lease contract separately. As a result of this application, it became clear that the lease contracts that the Bank can use do not have a material impact on the financial statements and meet the conditions for exemption from applying this standard in terms of both term and value, as the term of the contracts does not exceed 12 months.

The Bank leases real estate for use in its corporate activities. Lease contracts are usually for fixed periods of one year, and some may include extension options. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. Lease contracts do not include any pledges and may not be used as collateral for borrowing purposes.

Until the end of the financial year 2021, the Bank's real estate leases were classified as operating leases, and amounts paid for operating leases were recorded in the statement of profit or loss according to the straight-line method over the lease contract.

**B- New and revised International Financial Reporting Standards issued but not yet effective:**

The Bank has not applied the following new and revised International Financial Reporting Standards issued but not yet effective as of the date of financial statements, the details of which are as follows:

<b>New and Revised Standards</b>	<b>Amendments to New and Revised International Financial Reporting Standards</b>
Amendments to International Accounting Standard No. (1) "Presentation of Financial Statements".	These amendments relate to the definition of materiality. The new definition states that information is material if its omission, misrepresentation, or concealment could reasonably be expected to influence the decisions taken by the primary users of general-purpose financial statements that provide financial information about an entity's specific reporting needs.
(May be Effective from 01/01/2020) Amendments to International Accounting Standard No. (17) " Insurance Contracts"	provides a more consistent measurement and presentation approach for all insurance contracts. These requirements aim to achieve the goal of consistent, principles-based accounting for insurance contracts. IFRS 17 replaces International Financial Reporting Standard (4) "Insurance Contracts"
Effective from 01/01/2022	International Financial Reporting Standards No. (17) requires insurance Requirements to be measured at the present value of the satisfaction.

Amendments to International Financial Reporting Standards No. (10) "Financial Statements" and the standard International Accounting Standard (28) "Investments in Associates and Joint Ventures (2011)	These amendments relate to the treatment of the sale or contribution of assets from an investor in an associate or joint venture.
The effective date has been postponed indefinitely and the application is still permitted. Amendments to the interest rate International Financial Reporting Standards No. (9), International Accounting Standard No. (39) and International Financial Reporting Standards 7 (Effective from 01/01/2021)	These amendments provide certain exemptions with respect to the interest rate benchmark reform. These exemptions relate to hedge accounting and affect LIBOR reform, which should not generally lead to the end of hedge accounting. However, any ineffective hedge must continue to be re-recorded in the statement of comprehensive income. Given the broad nature of IBOR-based contracts, the exemptions will affect companies across all sectors.

Management expects to adopt these new standards, interpretations, and amendments in the Bank's financial statements when applicable. The adoption of these new standards, interpretations, and amendments may not have any material impact on the Bank's financial statements in the period of initial application.

### **3- Significant Accounting Policies**

#### **Basis of Preparation of Financial Statements**

- The Bank's financial statements have been prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRS) of the International Accounting Standards Board (IASB), and in compliance with the requirements of the Central Bank of Iraq.
- The financial statements have been prepared on the historical cost basis, except for financial assets and financial Requirements at fair value through profit or loss, financial assets at fair value through comprehensive income, and financial derivatives, which are stated at fair value at the date of the financial statements.
- The presentation currency of the financial statements is the IQD, which represents the functional currency of the Bank.
- The accounting policies followed in preparing the financial statements are consistent with those followed in preparing the financial statements for the year ended 31/12/2018.

#### **Net interest income**

Interest income and expense for all financial instruments except those classified as held for trading or those measured or designated at fair value through profit or loss are recognized in "Interest payable" and "Interest receivable" in the statement of profit or loss using the effective interest method. Interest on financial instruments measured at fair value through profit or loss is also included in the fair value movement during the period.

The effective interest rate is the rate that exactly discounts estimated future cash flows of a financial instrument through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Future cash flows are estimated by taking into account all contractual terms of the instrument.

Interest income/interest expense is calculated using the effective interest rate (EIR) on the gross carrying amount of non-credit-impaired financial assets, i.e., the amortized cost of the financial asset before adjusting for any expected credit loss allowance or the amortized cost of the financial liability. For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets, i.e., the gross carrying amount less the EIR. For credit-impaired financial assets originated or acquired, the EIR reflects the expected credit losses in determining the future cash flows expected to be received from the financial asset.

### **Sector information**

- A business sector represents a group of assets and operations that together provide products or services subject to risks and returns that differ from those of other business sectors and are measured according to reports used by the bank's chief executive officer and chief decision-maker.
- A geographical sector is associated with the allocation of products or services in a specific economic environment subject to risks and returns that differ from those related to sectors operating in other economic environments.

### **Net commission income**

Net commission income and expense includes fees other than fees that are an integral part of the effective interest rate. Commissions included in this section of the bank's statement of profit or loss also include fees charged for loan servicing, non-utilization fees related to loan commitments when they are unlikely to result in a specific lending arrangement, and fees for syndicated loan financing.

Commission expenses are calculated in relation to services upon receipt of services.

Contracts with customers that result in the recognition of financial instruments, part of which may be related to International Financial Reporting Standard No. (15), in which case commissions are recognized according to International Financial Reporting Standard No. (15).

### **Financial instruments**

#### **Initial recognition and measurement**

Financial assets and Requirements are recognized in the Bank's statement of financial position when the Bank becomes a party to the contractual Allowances of the instrument. Loans and advances to customers are recognized when they are credited to the customers' accounts.

Financial assets and Requirements are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial Requirements are added to, or deducted from, the fair value of the financial assets or financial Requirements, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial Requirements at fair value through profit or loss are recognized directly in the statement of profit or loss.

If the transaction price differs from the fair value at initial recognition, the Bank accounts for this difference as follows:

- If the fair value is determined by a quoted price in an active market for identical assets or Requirements or based on a valuation technique that uses only market observable inputs, the difference is recognized in profit or loss on initial recognition (i.e., day 1 profit or loss);
- In all other cases, the fair value is adjusted to match the transaction price i.e. the first day profit or loss will be deferred by including in the initial book value of the asset or liability.

After initial recognition, a deferred gain or loss will be taken to the statement of profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability or when derecognizing that instrument.

## **Financial Assets**

### **Initial Recognition**

All financial assets are recognized on the trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within a time frame established by the relevant market. They are initially measured at fair value plus transaction costs, except for financial assets designated at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets designated at fair value through income are recognized in profit or loss.

### **Subsequent Measurement**

All recognized financial assets within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

In particular,

- Financing instruments held within a business model whose objective is to collect contractual cash flows, and which have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost;
- Financing instruments held within a business model whose objective is both to collect contractual cash flows and to sell debt instruments, and which have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income.
- All other financing instruments, such as (debt instruments managed at fair value, held for sale) and equity investments are subsequently measured at fair value through profit or loss.

However, the bank can make an irrevocable election/determination after initial recognition of a financial asset on an asset-by-asset basis as follows:

- The bank can make an irrevocable election to include subsequent changes in the fair value of an equity investment not held for trading or contingent exchange recognized by the acquirer in a business combination to which IFRS 3 applies, in other comprehensive income; and
- The Bank can irrevocably designate financing instruments that meet the criteria for amortized cost or fair value through other comprehensive income as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch referred to as the fair value option.

### **Debt Instruments at Amortized Cost or at Fair Value Through Other Comprehensive Income**

The Bank evaluates the classification and measurement of a financial asset according to its contractual cash flow characteristics and the Bank's business model for managing the asset.

For an asset that is classified and measured at amortized cost or at fair value through other comprehensive income, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

For the purposes of the SPPI test, the principal is the fair value of the financial asset at initial recognition. This principal may change over the life of the financial asset, for example, if there are repayments of principal. Interest consists of consideration for the time value of money, for the credit risk associated with the principal outstanding during a particular period, and for other basic lending options and risks, as well as a profit margin. The assessment of SPPI is performed in the currency in which the financial asset is denominated.

The contractual cash flows that are solely payments of principal and interest on the principal outstanding that are consistent with the underlying financing arrangement. Contractual terms that involve exposure to risks or volatility in contractual cash flows not specific to the underlying financing arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest. A financial asset granted or acquired can also be an underlying financing arrangement, regardless of whether it is a loan in its legal form.



### **Business Model Assessment**

Assessing the business models for managing financial assets is fundamental to the classification of a financial asset. The Bank defines business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions regarding an individual instrument; therefore, the business model is assessed at a collective level and not on an instrument-by-instrument basis.

The Bank adopts more than one business model to manage its financial instruments. These models reflect how the Bank manages its financial assets to generate cash flows. The Bank's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

The Bank considers all relevant information available when conducting its business model assessment. However, this assessment is not made on the basis of scenarios that the Bank cannot reasonably expect to occur, such as so-called worst-case or stress scenarios. The Bank also considers all relevant evidence available, such as:

- The stated policies and objectives for the portfolio and the application of those policies; whether management's strategy focuses on earning contractual revenues, maintaining a specified profit rate, matching the term of the financial assets with the term of the financial Requirements that fund those assets, or realizing cash flows through the sale of assets.
- How the performance of the business model and the financial assets held within that business model is evaluated and communicated to key management personnel; and
- The risks that affect the performance of the business model and the financial assets within that model, and in particular the way those risks are managed.
- How managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

Upon initial recognition of a financial asset, the Bank determines whether the newly recognized financial assets are part of an existing business model or whether they reflect the start of a new business model. The Bank reassesses its business models at each reporting period to determine whether the business models have changed since the previous period.

When a debt instrument measured at fair value through other comprehensive income is derecognized, the cumulative gain/loss previously recognized in other comprehensive income within equity is reclassified to profit or loss. In contrast, for an equity investment measured at fair value through other comprehensive income, the cumulative gain/loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss but is transferred directly to equity.

Debt instruments that are subsequently measured at amortized cost or at fair value through other comprehensive income are subject to impairment testing.

### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are:

- Assets with contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding; or
- Assets held within a business model other than those held to collect contractual cash flows or held to collect and sell; or
- Assets designated at fair value through profit or loss using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognized in profit or loss.

### **Reclassification**

If the business model under which the Bank holds financial assets changes, the affected financial assets are reclassified. The classification and measurement requirements for the new category apply prospectively from the first day of the first reporting period following the change in business model that results in the reclassification of the Bank's financial assets. Changes in contractual cash flows are considered within the accounting policy for the modification and derecognition of financial assets described below.

### **Fair Value Option**

A financial instrument with a fair value that can be reliably measured may be designated at fair value through profit or loss (fair value option) upon initial recognition, even if the financial instruments are not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option may be used for financial assets if it eliminates or significantly reduces a measurement or recognition mismatch that would otherwise arise from measuring the assets or Requirements, or recognizing the related gains and losses on a different basis (an accounting mismatch). The fair value option may be chosen for financial Requirements when:

- The election would result in an accounting mismatch.
- If the financial Requirements are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or
- If there is a derivative embedded within the host financial or non-financial contract and the derivative is not closely related to the host contract.

These instruments cannot be reclassified from the fair value through profit or loss category while held or issued. Assets designated at fair value through profit or loss are recorded at fair value, with any unrealized gains or losses arising from changes in fair value being recognized in investment income.

### **Loans and Borrowings:**

Loans and borrowings are non-derivative financial assets with fixed or determinable payments, other than investment securities, that are not held for trading. Loans and borrowings are stated at amortized cost less unrealized interest and, where applicable, impairment Allowances. Bad and doubtful debts are recorded on a cash basis as collection of principal and/or proceeds is uncertain.

### **Financial Requirements and Equity**

Debt and equity instruments issued are classified as either financial Requirements or equity, depending on the substance of the contractual arrangement

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial Requirements with another entity on terms that are potentially unfavorable to the bank; a contract that will be or may be settled in the bank's own equity instruments; a non-derivative contract where the bank is or may be obligated to deliver a variable number of its own equity instruments; or a derivative contract over its own equity that will or may be settled other than by exchanging a fixed amount of cash or another financial asset for a fixed number of the bank's own equity instruments.

### **Equity Instruments**

#### **Capital**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its Requirements. Equity instruments issued by the bank are recognized according to the proceeds received, net of direct issue costs.

## **Financial Requirements**

Financial Requirements are classified as either financial Requirements at fair value through profit or loss or other financial Requirements.

### **Financial Requirements at Fair Value Through Profit or Loss**

Financial Requirements are classified as at fair value through profit or loss when the financial liability is either (1) held for trading or (2) designated at fair value through profit or loss. A financial liability is classified as held for trading if it:

- was incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the bank manages and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that could be paid by a buyer as part of a business combination may be designated at fair value through profit or loss on initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group of financial assets or
- Financial Requirements, or both, that is managed and its performance is evaluated on a fair value basis, in accordance with the bank's documented risk management or investment strategy, and information about the composition of the group is provided internally on that basis; or
- If a financial liability forms part of a contract containing one or more derivatives, international Financial Reporting Standards No. (9) permits the entire derivative to be designated at fair value through profit or loss.

Financial Requirements at fair value through profit or loss are carried at fair value, and any gains or losses arising from remeasurement are recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognized in profit or loss includes any interest paid on the financial liability and is included in the net income from other financial instruments at fair value through profit or loss.

However, for non-derivative financial Requirements designated at fair value through profit or loss, the amount of change in the fair value of the financial liability that results from changes in the credit risk of that liability is recognized in other comprehensive income, unless recognizing the effects of changes in the liability's credit risk in other comprehensive income would create or increase an accounting mismatch in profit or loss. The remaining amount of changes in the fair value of the liability is recognized in profit or loss, and fair value changes attributable to the credit risk of the financial liability recognized in other comprehensive income are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings when the financial liability is derecognized.

For issued loan commitments and financial guarantee contracts designated at fair value through profit or loss, all gains and losses are recognized in profit or loss.

When determining whether recognizing changes in a liability's credit risk in other comprehensive income will create or increase an accounting mismatch in the statement of profit or loss, the Bank evaluates whether it expects the effects of changes in the liability's credit risk in the statement of profit or loss to be offset by a change in the fair value of another financial instrument measured at fair value through profit or loss.

### **Other Financial Requirements**

Other financial Requirements, including deposits and loans, are initially measured at fair value, net of transaction costs. Subsequently, other financial Requirements are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on the effective interest rate, see "Net Interest Income" above.

### **Derecognition of Financial Requirements**

The Bank derecognizes financial Requirements only when the Bank's obligations are discharged, cancelled, or expire. It also recognizes the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable in the statement of profit or loss.

When the Bank exchanges one debt instrument with its existing lender for another instrument on substantially different terms, this exchange is accounted for as the extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank treats a substantial modification of the terms of an existing liability, or part of it, as the extinguishment of the original financial liability and the recognition of a new liability. The terms are presumed to be substantially different if the discounted present value of cash flows under the new terms, including any fees paid, net of any fees received and discounted using the original effective rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability.

### **Property and Equipment**

Property and equipment are stated at cost after deducting accumulated depreciation and any impairment in value, if any. Property and equipment, except land, are depreciated when ready for use using the straight-line method over their expected useful lives using the following percentages:

	%
Buildings and Facilities	2
Decorations and Fixtures	20
Machinery and Equipment	20

Furniture and office equipment	20
Transportation	20

- When the recoverable amount of an item of property and equipment is less than its net carrying amount, it is written down to its recoverable amount and the impairment loss is recognized in the statement of profit or loss.
- The useful lives of property and equipment are reviewed at each year end. If the expected useful lives differ from those previously estimated, the change in estimate is recognized for subsequent years as a change in estimate.
- Property and equipment are derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

### **Fair value**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is observable directly or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Bank considers whether market participants would take these factors into account at the measurement date. Fair value is determined for measurement and/or disclosure purposes in these financial statements on that basis, except for measurement procedures that are similar to fair value procedures but are not fair value as used in International Accounting Standard No. (36).

In addition, fair value measurements are categorized, for financial reporting purposes, into Level 1, 2, or 3 based on the observability of the inputs to the fair value measurements and the significance of the inputs to the entire fair value measurement, which are defined as follows:

Level Inputs	1	Inputs derived from quoted prices (unadjusted) for identical assets or Requirements in active markets that the entity can obtain at the measurement date;
Level Inputs	2	Inputs derived from data other than quoted prices used within Level 1 that are observable for the asset or Requirements, either directly or indirectly; and
Level Inputs	3	Inputs for the asset or liability that are not based on observable market prices.

### **Allowances**

Allowances are recognized when the bank has an obligation at the statement of financial position date arising from a past event, the costs to settle the obligation are both probable and a reliable measure can be made of it.

### **Assets reacquired by the bank in settlement of debts due**

Assets acquired by the Bank are shown in the consolidated statement of financial position under "other assets" at the value at which they were acquired by the Bank or the fair value, whichever is lower. They are revalued individually at fair value on the date of the financial statements. Any impairment in their value is recorded as a loss in the statement of profit or loss and comprehensive income, and the excess is not recorded as income. A gradual allocation is calculated for properties acquired against debts (liquidation property allocation) that have been acquired for a period of more than two years at a rate of 20% of the value of the property, for a period of five years, starting from the second year of its acquisition.

### **Investment in Associates**

- Associates are companies in which the Bank exercises significant influence over decisions related to financial and operating policies, and which are not held for trading. Investments in associates are accounted for using the equity method
- Investments in associates are shown in the statement of financial position at cost, in addition to the Bank's share of changes in the associate's net assets. Goodwill arising from the investment in associates is recorded as part of the investment in the associate and is not amortized. The Bank's share of the associate's profits is recorded in the statement of profit or loss. In the event of a change in the associate's equity, these changes are reflected found in the Bank's statement of changes in equity. Profits and losses resulting from transactions between the Bank and its associates are eliminated to the extent that the Bank's exposure to the associates is limited.

## **Foreign Currencies**

For the purpose of the financial statements, the results and financial position of each entity in the Group are expressed in the Bank's functional currency and the presentation currency of the financial statements.

Transactions in currencies other than the Bank's functional currency are recorded at the exchange rates ruling at the dates of the transactions. At the statement of financial position date, monetary assets and Requirements denominated in foreign currencies are retranslated at the exchange rates ruling at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are also translated at the exchange rates ruling at the date when the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not reclassified.

Exchange differences are recognized in the statement of profit or loss in the period in which they arise, except for:

- Foreign exchange differences on transactions made to hedge foreign currency risks.
- Foreign exchange differences on monetary items due to/from a foreign operation that are not planned to be settled or are not likely to be settled in the foreseeable future. These differences form part of the net investment in the foreign operation, which are initially recognized in the consolidated statement of other comprehensive income and reclassified from equity to the statement of profit or loss upon the sale or partial disposal of the net investment.

For financial statement presentation, the assets and Requirements of the Bank's foreign operations are translated at the exchange rates ruling at the statement of financial position date. Income is also translated at the average exchange rates for the period, unless exchange rates change significantly during that period, in which case the exchange rates at the dates of the transactions are used. Translation differences arising, if any, are recognized in the consolidated statement of other comprehensive income and accumulated separately in equity

When a foreign operation is disposed of (i.e., the bank's entire share of a foreign operation is disposed of, or resulting from the loss of control over a subsidiary within a foreign operation, or the partial disposal of its share in a joint arrangement or a foreign-related associate in which the retained interest becomes a financial asset), all foreign exchange differences accumulated in the separate line item representing equity in respect of that operation attributable to the owners of the bank are reclassified to the statement of profit or loss.

## **Income Tax**

- Tax expense represents amounts of accrued taxes and deferred taxes.
- Accrued tax expense is calculated on the basis of taxable profits. Taxable profits differ from the profits declared in the financial statements because the declared profits include non-taxable revenues or expenses that are not deductible in the financial year but are carried forward in subsequent years, or accumulated losses that are taxable, or items that are not subject to or deductible for tax purposes.
- Taxes are calculated at the tax rates prescribed by the laws, regulations, and instructions in Iraq.
- Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the carrying amount of assets or Requirements in the financial statements and the amount upon which taxable profit is calculated. Deferred taxes are calculated using the liability method on the statement of financial position, and deferred taxes are calculated at the tax rates that are expected to apply when the tax liability is settled or the deferred tax asset is realized.
- Deferred tax assets and Requirements are reviewed at the financial statements date and reduced to the extent that it is probable that all or part of the asset will not be able to be utilized.

## **Offsetting**

Financial assets and financial Requirements are offset and the net amount is presented in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and when the entity intends to settle them on a net basis, or when the asset and liability are realized simultaneously.

## **Revenue Recognition and Expense Recognition**

- Revenue is recognized and expenses are recognized on the accrual basis, with the exception of interest and commission on non-performing credit facilities, which are not recognized as revenue and are credited to the interest and commission in suspense account.
- Expenses are recognized on the accrual basis.
- Commissions are recorded as revenue when the related services are provided, and dividends are recognized when realized and approved by the General Assembly of shareholders).

## **Intangible Assets**

- Purchased intangible assets are recorded at cost.
- Intangible assets are classified based on their estimated useful lives, whether for a finite or indefinite period. Intangible assets with finite lives are amortized over that life, and amortization is recorded in the statement of profit or loss using the straight-line method over a period not exceeding five years from the date of acquisition. As for intangible assets with indefinite lives, their value is reviewed for impairment at the date of the financial statements, and any impairment is recorded in the statement of profit or loss.
- Intangible assets arising from the Bank's operations are not capitalized and are recorded in the statement of profit or loss in the same period.
- Intangible assets include computer software and systems. The Bank's management estimates the useful lives of each item, and these assets are amortized using the straight-line method over five years

## **Impairment of Non-Financial Assets:**

The carrying amounts of the Group's non-financial assets, with the exception of deferred tax assets, are reviewed at each financial year end to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of those assets is estimated.

If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized for that asset.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

All impairment losses are recognized in the statement of profit or loss and other comprehensive income.

An impairment loss for goodwill is not reversed. For other assets, an impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized.

## **Lease Contract**

### **Accounting policy adopted from 01/01/2020**

#### **The Bank as a lessee**

The Bank assesses whether a contract contains a lease at the inception of the contract. The Bank recognizes right-of-use assets and corresponding lease Requirements for all lease arrangements in which it is a lessee, except for short-term leases (defined as leases with a term of 12 months or less) and leases of low-value assets. For these contracts, the Bank recognizes lease payments as an operating expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the inception date of the lease, discounted using the rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate.

Lease payments included in the measurement of the lease liability include:

- Fixed lease payments, which in substance consist of fixed payments, less lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the inception date;
- The amount expected to be paid by the lessee under the residual value guarantees.
- The exercise price of the purchase options, if the lessee is reasonably certain to exercise the options; and
- Payment of termination penalties, if the lease reflects the exercise of an option to terminate the lease Contract.

Lease Requirements are presented as a separate line item in the statement of financial position.

Lease Requirements are subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease Requirements are remeasured and a corresponding adjustment is made to the related right-of-use assets whenever:

- The lease term is changed, or there is a significant event or change in circumstances that results in a change in the assessment of exercising a purchase option, in which case the lease Requirements are remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate, or a change in the expected payments under a guaranteed residual value. In these cases, the lease liability is remeasured by discounting the revised lease payments using a non-variable discount rate, unless the lease payments change due to a change in a floating interest rate, in which case a revised discount rate is used.
- The lease is modified, and the lease modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the modified lease term by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank has not made any such modifications during the periods presented, as the leases it deals with have restricted terms (less than 12 months) and are of low value.

Right-of-use assets are depreciated over the shorter of the lease term or the asset's useful life. If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset, which reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the asset's useful life. Depreciation begins at the lease commencement date.

Right-of-use assets are presented as a separate line item in the statement of financial position.

The Bank applies International Accounting Standard No. (36) to determine whether the value of the right-of-use asset has been impaired and calculates any impairment losses as described in the "Property and Equipment" policy

Variable rents that do not depend on an index or rate are not included in the measurement of lease Requirements and right-of-use assets. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in "Other expenses" in the statement of profit or loss and are classified as operating leases.

### **Accounting policies adopted from 31/12/2019**

#### **The Bank as a lessee**

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rents arising from operating leases are recognized as an expense in the period in which they are incurred. If lease incentives are received to enter into operating leases, these incentives are recognized as a liability. The aggregate benefit of the incentives is recognized as a reduction of



the rental expense on a straight-line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leases Contract are classified as finance leases when the lease terms transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

The Bank does not have any finance leases, whether as a lessor or lessee.

#### **Legal Reserve**

The Bank deducts a 5% legal reserve from net profit, after all legal deductions have been made, until it reaches 50% of the paid-up capital. The General Assembly may decide to continue this deduction until the legal reserve reaches 100% of the paid-up capital.

#### **Cash and Cash Equivalents**

It is cash and balances that are due within a period of three months, cash and balances with central banks, and deposits of banks and banking institutions that are due within a period of three months and balances restricted from withdrawal from the date of their acquisition are deducted.

#### **4- Critical accounting judgments and key sources of estimation uncertainty:**

The preparation of financial statements and the application of accounting policies require the Bank's management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial Requirements, as well as the disclosure of contingent Requirements. These estimates and assumptions also affect revenues, expenses, and Allowances in general, expected credit losses, as well as changes in fair value that are reported in the statement of comprehensive income and within shareholders' equity. In particular, the Bank's management is required to make significant judgments and assumptions in estimating the amounts and timing of future cash flows. These estimates are necessarily based on assumptions and multiple factors that have varying degrees of discretion and uncertainty, and actual results may differ from these estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future. Judgments, estimates, and assumptions are reviewed periodically, and the effect of changes in estimates is recorded in the financial period in which the change occurred if the change affects only that financial period. The effect of changes in estimates is recorded in the financial period in which the change occurred. In this case, this change and in future financial periods, if the change affects the financial period and future financial periods, we believe that the estimates adopted in the financial statements are reasonable and detailed.

#### **Income Tax**

The financial year is charged with its income tax expense in accordance with Iraqi laws and regulations and accounting standards, and deferred tax assets and Requirements and the necessary tax allocation are calculated and recognized.

#### **Allowances for Debt Losses - Loans and Advances to Customers**

The specific impairment loss for debt losses is determined by assessing each case individually. This method is applied to classified loans and advances, and the factors taken into account when estimating the allocation for debt losses include the maximum credit available to the other party, the other party's ability to generate sufficient cash flows to repay the advances granted to it, the value of the collateral and the possibility of owning the assets to recover the debt, and the instructions issued by the Central Bank of Iraq regarding debt classifications and related Allowances.

### **Estimated useful lives of fixed assets**

As explained in Note No. (3) above, the bank reviews the useful lives at the end of each fiscal year. During the year, no indications have emerged that would change the estimated lives of fixed assets.

### **5. Cash and Balances with the Central Bank of Iraq**

This item consists of the following:

In IQD	As on 31 December,	
	2024	2023
Cash in treasury and ATM	330,838,545,567	287,078,691,381
Balances with the Central Bank of Iraq:		
Current Accounts (Freehold Account at Central Bank)	1,381,307,659	629,855,212
Central Bank RTGS	79,675,315,599	62,887,373,988
Statutory Deposits at Central Bank (Required Reserve)	31,152,469,811	49,478,883,683
Central Bank of Iraq / Currency Auction	104,558,185,685	27,974,752,876
Central Bank of Iraq / Erbil Branch	1,965,000,000	1,965,000,000
Expected Credit Loss / Central Bank	(12,879,535,413)	(10,256,027,312)
<b>Balance at the End of Year</b>	<b>536,691,288,907</b>	<b>519,758,529,828</b>

- The Bank maintains a mandatory cash reserve with the Central Bank of Iraq of 18% of the total customers' current accounts and 13% of the total customers' deposits (savings and fixed) with the Bank, in accordance with the requirements of the banking laws and regulations in force and confirmed by the Central Bank on 12/12/2003.

### **6. Balances with banks**

This item consists of the following:

As on 31/12/2024			
	Local banks	Foreign banks	Total
Current accounts (local and foreign banks)	860,121,829	51,219,342,446	52,079,464,275
Allocation for expected losses for foreign and local bank balances	(598,670,784)	(12,653,044,440)	(13,251,715,224)
<b>Total</b>	<b>261,451,045</b>	<b>38,566,298,006</b>	<b>38,827,749,051</b>

As on 31/12/2023			
	Local banks	Foreign banks	Total
Current accounts (local and foreign banks)	3,059,652,482	140,568,938,589	143,628,591,071
Allocation for expected losses for foreign and local bank balances	(603,465,323)	(7,856,449,800)	(8,459,915,124)
<b>Total</b>	<b>2,456,187,159</b>	<b>132,712,488,789</b>	<b>135,168,675,947</b>

- The largest foreign banks dealing with them are:
  1. DBS India Bank / Indian Rupee 18.8 billion IQD (for the purposes of valid remittances).
  2. Banque Misr / Abu Dhabi Branch 9 billion IQD (for the purposes of remittances) Credit rating B+
  3. Al Salam Bank / Bahrain 3.6 billion IQD (for the purposes of remittances, credits, and letters of guarantee) Credit rating B
  4. First Abu Dhabi / Emirates 2.9 billion IQD (for the purposes of remittances) Credit rating B
  5. Housing Bank / Jordan 1.45 billion IQD (for the purposes of remittances, credits, and letters of guarantee)
  6. Bank of Jordan 1.05 billion IQD (for the purposes of remittances, credits, and letters of guarantee)

## 7. Net direct credit facilities

This item consists of the following:

	As on 31 December,	
	2024	2023
	IQD	IQD
Companies		
Debit current accounts	17,831,447,235	17,653,729,346
Loans	33,078,492,452	41,604,740,181
	<b>50,909,939,688</b>	<b>59,258,469,527</b>
Individuals		
Debit current accounts	20,254	33,141,850
Loans	15,532,421,004	17,149,478,422
	<b>15,532,441,258</b>	<b>17,182,620,272</b>
Total loans	66,442,380,946	76,441,089,799
Decreasing		
Pending benefits	(736,590,772)	(536,367,103)
Direct Credit Facilities Impairment allocation	(10,622,585,338)	(12,313,397,229)
<b>Balance at the end of the year</b>	<b>55,083,204,835</b>	<b>63,591,325,467</b>

- Productive credit facilities amounted to 53 billion IQD, representing 81% of the total balance of direct credit facilities as on 31/12/2024.
- Non-performing credit facilities amounted to 12.5 billion IQD, representing 19% of the total balance of direct credit facilities as on 31/12/2024.

<b><u>A. Suspended interest</u></b>	As on 31 December,	
	2024	2023
	IQD	IQD
Balance at the beginning of year	536,367,103	452,855,711
Provided during the year	200,223,669	83,511,392
Recovered from suspended interest to profits		
<b>Balance at the end of year</b>	<b>736,590,772</b>	<b>536,367,103</b>

<b>B. Allocation for impairment of direct credit facilities</b>	<b>As on 31 December,</b>	
	<b>2024</b>	<b>2023</b>
	<b>IQD</b>	<b>IQD</b>
Balance at the beginning of year	12,313,397,229	12,317,618,290
Provided during the year (net of facilities allocation)	12,344,680	1,008,606,033
Recovered during the year (from writing off non-performing debts)	(1,703,156,571)	(1,012,827,094)
Balance at the end of year	<b>10,622,585,338</b>	<b>12,313,397,229</b>

## **8- Investments**

**This item consists of the following:**

<b>In IQD</b>	<b>As on 31 December,</b>	
	<b>2024</b>	<b>2023</b>
	<b>IQD</b>	<b>IQD</b>
companies Shares (Iraqi Company for Deposit Insurance + Erbil Stock Exchange + Iraqi Company for Banking Guarantees)	1,018,853,380	1,018,853,380
Investments in Yana Company for Electronic Payment Services (at cost)		5,000,000,140
Short-term investment sector / government	5,000,000,000	
Impairment in investment value (Erbil Stock Exchange)	(219,662,700)	(219,662,700)
Balance at the end of year	5,799,190,680	5,799,190,820

## 9. Tangible Fixed Assets

This item consists of the following:

<u>For the year ended on 31/12/2023</u>							
<u>Historical cost</u>							
Balance as of 01/01/2023	136,318,159,327	90,301,150,082		3,266,467,147	5,332,202,298	490,989,369	235,708,968,223
Additions		391,500,000		1,226,558,972	626,094,725	184,314,500	2,428,468,197
Disposals	(2,123,208,360)	(193,271,276)			(13,528,300)	(16,422,000)	(2,346,429,936)
Balance as on 31/12/2023	134,194,950,967	90,499,378,806		4,493,026,119	5,944,768,723	658,881,869	235,791,006,484
Additions	1,092,657,006	2,728,531,897		2,199,015,000	658,795,407	141,620,000	6,820,619,311
Disposals							
Balance as on 31/12/2024	<b>135,287,607,973</b>	<b>93,227,910,703</b>		<b>6,692,041,119</b>	<b>6,603,564,131</b>	<b>800,501,869</b>	<b>242,611,625,795</b>
Accumulated depreciation							
Balance as of 01/01/2023		(9,924,071,825)		(1,770,303,705)	(4,211,186,681)	(297,330,075)	(16,202,892,285)
Depreciation for the year		(1,806,812,995)		(553,423,672)	(520,337,312)	(110,236,211)	(2,990,810,190)
Disposals		(32,533,998)			(3,570,339)	(8,758,400)	(44,862,737)
Recording adjustments							
Accumulated provision for impairment of buildings							
Balance as of 31/12/2023		(12,058,966,028)		(2,323,727,377)	(4,549,130,670)	(179,671,274)	(19,120,253,748)
Depreciation for the year 2024		(1,839,088,805)		(868,097,634)	(572,409,933)	(146,149,200)	(3,425,745,572)
Disposals							
Recording adjustments							
Accumulated allocation for impairment of buildings							
Balance as on 31/12/2024		<b>(13,898,054,833)</b>		<b>(3,191,825,010)</b>	<b>(5,121,540,603)</b>	<b>(325,820,474)</b>	<b>(22,545,999,320)</b>
<u>Net Book Value</u>							
Balance as on 31/12/2024	<b>135,287,607,973</b>	<b>79,329,855,870</b>		<b>3,500,216,109</b>	<b>1,482,023,527</b>	<b>474,681,395</b>	<b>220,065,626,475</b>
Balance as of 31/12/2023	<b>134,194,950,967</b>	<b>78,411,826,788</b>		<b>2,169,298,743</b>	<b>1,395,638,053</b>	<b>470,452,195</b>	<b>216,642,166,746</b>

## **10- Intangible Fixed Assets**

This item consists of the following:

	Information Programs
	IQD
<b><u>Historical Cost</u></b>	
Balance on 01/01/2023	3,912,113,200
Additions	416,777,382
Disposals	-
Balance as of 31/12/2023	4,328,890,582
Additions	699,939,736
Disposals	-
Balance as on 31/12/2024	5,028,830,317
<b><u>Accumulated Amortization</u></b>	
Balance as of 01/01/2023	(2,802,123,546)
Additions, Charge for the Year	-
Disposals	-
<b>Balance as of 31/12/2023</b>	(2,802,123,546)
Additions, Charge for the Year	(661,117,237)
<b>Balance as on 31/12/2024</b>	(3,463,240,782)
<b><u>Net Book Value</u></b>	
Balance as of 31/12/2023	1,526,767,036
Balance as on 31/12/2024	1,565,589,535

## **11- Projects in Progress**

This item consists of the following:

In IQD	As on 31 December,	
	2024	2023
	IQD	IQD
Balance at the beginning of year	4,387,377,051	3,177,768,040
Additions		1,209,609,011
Transferred to tangible and intangible assets	(4,378,862,051)	
	<b>8,515,000</b>	<b>4,387,377,051</b>

## **12- Other Assets**

This item consists of the following:

	As on 31 December,	
	2024	2023
	IQD	IQD
Employee Loans	1,373,576,914	1,282,259,301
Insurance with Third Parties (Using Electronic Payment Companies)	18,205,378,312	18,656,654,002
Insurance with Foreign Banks	5,399,761,888	3,972,698,048
Prepaid Expenses	263,419,139	221,603,074
Customer Debtors for Credit Cards (MasterCard)	58,552,923,767	28,905,205,683
Debtors/Financial Sector (MasterCard and Western Union)		
Accrued Uncollected Interest	462,961,601	439,198,764
Properties Transferred to the Bank for Debts	337,648,000	230,900,000
Other Electronic Card Balances	10,354,548,730	464,302,927
	<b>94,950,218,352</b>	<b>54,172,821,800</b>

## **13- Bank Deposits**

This item consists of the following:

	As on 31 December,	
	2024	2023
	IQD	IQD
Current accounts on demand	22,980,794,673	30,909,235,816
	<b>22,980,794,673</b>	<b>30,909,235,816</b>

Below are the 4 largest banks under request, which constitute 96% of total deposits:

Bank Name	Outstanding Balance
Vakıf Bank	22,047,096,287.71

## **14- Customer Deposits**

This item consists of the following:

In IQD	As on 31/12/2024,		
	Individuals	Major companies and government agencies.	Total
Current accounts on demand		399,852,995,604	399,852,995,604
Savings Deposits	20,378,250,844		20,378,250,844
Fixed Deposits with Notice	3,396,534,023		3,396,534,023
Time Deposits	17,487,170,670		17,487,170,670
	<b>41,261,955,537</b>	<b>399,852,995,604</b>	<b>441,114,951,141</b>

In IQD	As on 31/12/2024,		
	Individuals	Major companies and government agencies.	Total
* Current accounts on demand		441,983,451,023	441,983,451,023
Savings Deposits	18,173,748,861		18,173,748,861
Fixed Deposits with Notice, before Financial (Non-Financial)	58,734,025,483		58,734,025,483
Time Deposits	702,917,000		702,917,000
	<b>77,610,691,344</b>	<b>441,983,451,023</b>	<b>519,594,142,367</b>

\* Deposits on demand from government agencies in the Kurdistan Region amounted to 205 billion IQD, representing 46% of total deposits as on 31/12/2024 (compared to 71 billion IQD, representing 16% of total deposits as of 31/12/2023).

### **15. Cash insurance**

This item consists of the following:

	As on 31 December,	
	2024	2023
	IQD	IQD
Insurance against letters of guarantee	26,682,311,585	20,234,167,354
Insurance against documentary credits	395	827,612,159
Unearned Guarantees	239,151,855	41,750,172
Received Guarantees	9,190,986,560	9,565,733,470
	<b>36,112,450,394</b>	<b>30,669,263,154</b>

### **16- Borrowed funds (granted to small projects)**

The bank paid 128 installments totaling 5,076,780,070 IQD, bringing the current loan balance to 9,078,987,647 IQD as on 31/12/2024, while the balance amounted to 14,155,767,717 IQD as on 31/12/2023.

### **17- Miscellaneous Allocations**

This item consists of the following:

	As on 31/12/2024				
	Beginning of year balance	Ransom settlement	Provided during the year	Continuous during the year	Ending of year balance
	IQD	IQD	IQD	IQD	IQD
Allocation of pledged obligations	6,015,433,436		12,108,193	(5,895,007,049)	132,534,580
Miscellaneous Allocations (risks)	8,803,417,230	(901,164,332)		(1,412,687,311)	6,489,565,587
Allocation for price fluctuations	663,779,400				
Custom lawsuit	8,000,000,000			(4,000,000,000)	4,000,000,000
Other Allocation expense	387,791,312	901,164,332			1,288,955,644
	<b>23,870,421,378</b>	<b>-</b>	<b>12,108,193</b>	<b>(11,307,694,360)</b>	<b>12,574,835,211</b>



	As on 31/12/2023				
	Beginning of year balance	Refunded during the year	Provided during the year	Continuous during the year	Ending of year balance
	IQD	IQD	IQD	IQD	IQD
Allocation of pledged obligations	35,202,832	(3,236,699)	5,983,467,303		6,015,433,436
Miscellaneous Allocations (risks)	9,892,806,447			(1,089,389,217)	8,803,417,230
Allocation for price fluctuations	663,779,400				663,779,400
Custom lawsuit	8,000,000,000				8,000,000,000
Other Allocation expense	-		387,791,312		387,791,312
	<b>18,591,788,679</b>	<b>(3,236,699)</b>	<b>6,371,258,615</b>	<b>(1,089,389,217)</b>	<b>23,870,421,378</b>

\*The miscellaneous allocations (risks) item represents an additional allocation that the bank's management decided to record to address any future risks.

## **18. Cash insurance**

### **18-1 Income Tax Allocation**

This item consists of the following:

	As on 31 December,	
	2024	2023
	IQD	IQD
Balance at the beginning of year	8,664,937,145	4,872,944,700
Due from previous years		
Income tax paid during the year	(8,664,937,145)	(4,140,150,906)
Income tax due for the current year	9,000,000,000	7,932,143,351
Balance at the end of year	<b>9,000,000,000</b>	<b>8,664,937,145</b>

### **18-2 Calculating taxable profit**

The tax for the year ending on 31/12/2023 was calculated as follows:

For the financial year ending on 31 December		
	2024	2023
	IQD	IQD
Accounting profit	60,871,743,337	40,640,622,670
Additions		12,240,333,632
Income tax rate	15%	15%
Income tax based on accounting profit	9,130,761,501	7,932,143,445
<b>Income tax due</b>	<b>9,130,761,501</b>	<b>7,932,143,445</b>

## **19. Other requirements**

This item consists of the following:

In IQD	As on 31 December,	
	2024	2023
	IQD	IQD
Accrued Expenses	6,641,199,998	11,112,085,517
Certified Checks		22,833,038
Revenues Received in Advance	786,000,000	783,504,869
Amounts Received for Company Registration	1,631,575,266	764,070,056
Fees and Financial Stamps	1,700,087	356,025
Various Creditors	1,248,148	4,453,673
Balances of Deceased Customers	43,752,852	137,422,261
** External Creditors	1,454,837,019	821,342,307
National Switch Creditor Accounts (Electronic Cards)	9,353,931	29,817,097
Deductions from Affiliates for the Account of Others	22,601,550	15,354,450
Other	173,503,755	
	<b>10,765,772,603</b>	<b>13,691,239,292</b>

## **20. Interest Payable**

This item consists of the following:

	For the financial year ending on 31 December	
	2024	2023
	IQD	IQD
<b>Direct Credit Facilities</b>		
Individuals:		
Loan Interest	903,909,138	914,065,210
Interest on Debit Current Accounts	43,242,941	49,190,459
Large Companies		
Loan Interest	2,949,855,628	3,326,361,546
Interest on Debit Current Accounts	480,433,536	760,905,805
Others:		
Treasury bill investments in an Arab bank		
Balances and deposits with banks	129,592,756	85,290,915
Other benefits	217,173,726	3,108,682
	<b>4,724,207,725</b>	<b>5,138,922,619</b>

## **21. Debit interest**

This item consists of the following:

	For the financial year ending on 31 December	
	2024	2023
	IQD	IQD
Benefits of internal borrowing	36,233,082	48,008,219
Savings deposit benefits	458,499,335	494,043,515
Interest on term deposits	175,880,877	435,760,696
	670,613,293	977,812,430

## **22. Fees and commissions due**

This item consists of the following:

	For the financial year ending on 31 December	
	2024	2023
	IQD	IQD
Loan commissions	174,467,558	245,518,350
Guarantee commissions	2,317,998,472	1,791,448,960
Credit commissions	3,347,563,651	3,170,846,173
Bank transfer commission (external) / outgoing	19,640,270,420	39,844,274,465
Bank transfer commission (internal)	315,806,801	636,120,475
Commission (Real-time gross settlement transfer commission + Western Union transfer)	1,939,072,445	3,250,641,856
Currency Exchange commission	6,661,277,460	6,398,545,732
Western Union Transfer Commission	26,759,178	55,915,133
Transfer commission (external) / Incoming	1,660,724,910	4,461,833,452
Credit Card Commission	4,925,784,096	3,616,233,821
Other commission	15,045,373,760	9,718,068,147
<b>Total credit commissions</b>	<b>56,005,098,751</b>	<b>73,189,446,563</b>

## **23. Fees and Commissions Debit**

This item consists of the following:

	For the financial year ending on 31 December	
	2024	2023
	IQD	IQD
MasterCard commissions	3,449,274,626	1,829,556,304
Fees to foreign entities		
Bank commissions paid (transfers and other services)	3,874,603,755	3,562,763,630
Expenses for securing deposit guarantees		
Other commissions	259,081,060	195,975,109
	<b>7,582,959,441</b>	<b>5,588,295,043</b>

## **24. Net profits from the sale and purchase of foreign currencies and sales revenues through the window**

This item includes revenues generated from foreign currency purchases and sales. The bank primarily purchases foreign currencies from the Central Bank of Iraq.

	For the financial year ending on 31 December	
	2024	2023
	IQD	IQD
Profit (loss) from buying and selling foreign currencies	28,733,738,378	9,616,718,506
Revenues from buying and selling currency through the window	4,973,249,990	11,436,149,215
	<b>33,706,988,368</b>	<b>21,052,867,721</b>

## **25. Other revenues**

This item includes the following:

	For the financial year ending on 31 December	
	2024	2023
	IQD	IQD
Cable and wire revenues	630,617,379	623,165,920
Revenue from the sale of property and equipment	1,280,922,787	877,419,658
Other (recovered allocations + prior years' revenues)	925,602,943	2,119,106,004
	<b>3,619,691,582</b>	<b>2,837,143,109</b>

- It represents the largest number of recoverable allocations for recovering non-performing debts from previous years

## **26. Employees Expenses**

This item consists of the following:

	For the financial year ending on 31 December	
	2024	2023
	IQD	IQD
Employee salaries	3,264,811,613	2,100,373,270
Employee salaries in foreign currency		786,184,280
Overtime wages for employees	219,949,231	114,344,583
Encouragement rewards	348,140,513	591,519,100
Professional and technical allocations	2,075,072,335	1,872,478,588
Compensatory allowances	1,392,664,466	1,249,290,675
The unit's share of the guarantee	196,392,360	187,918,658
Employee equipment	5,546,000	11,559,770
Risk allowances	26,957,000	
Transporting workers	23,764,000	21,270,070
Training and study fees	59,944,660	24,670,500
Affiliate benefits		-
Board of Administration's reward	72,083,333	
	<b>7,685,325,511</b>	<b>6,959,609,494</b>

## **27. Other operating Expenses**

This item consists of the following:

	For the financial year ending on 31 December	
	2024	2023
	IQD	IQD
Miscellaneous taxes and fees	622,453,063	847,848,732
Communications	295,998,945	174,883,609
Rental	312,260,400	260,498,685
Transportation	297,284,105	327,194,856
Stationery	99,294,504	208,464,490
Research and Consulting	249,856,460	76,817,787
Maintenance	598,617,343	254,905,572
Other Professional Fees	1,169,964,515	436,445,270
Auditor's Fees	79,200,000	76,044,765
Bookkeeping Fees	11,880,000	11,406,715
Legal Fees	117,462,900	103,327,400
Hospitality	69,819,717	55,404,015
Water and Electricity	152,526,125	220,540,255
Advertisements	135,792,525	216,308,435
Subscriptions	877,265,774	713,663,702
Exhibitions	138,834,000	114,620,000
Special Service Expenses	793,573,380	695,698,323
Fuel and Oil	224,561,205	251,038,292
Supplies and Supplies	140,536,709	98,514,256
Credit Card Expenses	6,085,470,795	4,105,590,261
Other Service Expenses	715,312,731	856,448,626
Compensation and Fines	513,024,450	5,750,785,870
Tax Deduction		
Donations to Others	24,000,000	81,944,865
Previous Years' Expenses		83,860,000
Airline Tickets	196,327,861	26,933,404
Losses from the Sale of Fixed Assets	3,320,701	1,278,488,634
Issuance of Government Salary Domiciliation Cards	2,025,599,400	-
	<b>15,950,237,607</b>	<b>17,327,676,819</b>

## **28. The basic and low share allocation from the profit of year.**

This item consists of the following:

	For the financial year ending on 31 December	
	2024	2023
	IQD	IQD
Net profit Per Share	51,871,743,337	40,640,622,670
Reference Average Number of Shares	350,000,000,000	300,000,000,000
The basic and low share allocation from the profit of year.	0.148	0.135

## 29. Cash and cash equivalents

This item consists of the following:

	Note	As on 31 December,	
		2024	2023
		IQD	IQD
Cash and balances with the Central Bank of Iraq maturing within three months (Excluding the mandatory cash reserve on deposits)	5	518,418,354,509	480,535,673,457
Balances with banks maturing within three months (current accounts)	6	38,827,749,051	135,168,675,947
Decreasing			
Expected allocations for the Central Bank		(12,879,535,413)	(10,256,027,312)
Bank deposits maturing within three months (current accounts)	15	(22,980,794,673)	(30,909,235,816)
		521,385,773,474	574,539,086,276

The required reserve amount on deposits has not been included because it is not used in the bank's operational activities, as withdrawals are restricted.

## 30- Related Party Operations

The bank conducted transactions with related parties within the normal activities permitted for the bank. The Chairman and members of Directors Board did not receive any compensation or bonuses during the years 2019, 2020, 2021, 2022, and 2023. However, in 2024, there will be compensation and bonuses for the Board members.

## 31- Non-cash transactions

For the purpose of preparing the cash flow statement for the fiscal year ending on 31/12/2024, the impact of the non-cash transaction resulting from RTE transfers amounting to 4,378,862,051 IQD from projects under implementation to the bank's investments was excluded.

## 32- Risk Management

The executive instructions of the Banking Law in Iraq require the formation of a risk unit in the bank, which is responsible for managing operational risks resulting from:

**First:** The existence of gaps in the internal control system or as a result of a malfunction in electronic operating systems.

**Second:** Internal processes, human resources, systems, or external events.

**Third:** Legal risks resulting from internal or external fraudulent acts, obstruction of work, implementation, or delivery, and administrative procedures, with the exception of strategic risks, reputational risks, and the banking system. Its tasks include identifying, measuring, monitoring, and managing operational risks, provided that the unit submits reports on these risks to the Board of Directors.

It also stipulates that the Board of Directors shall follow the following basic principles as a minimum for managing operational risk:

- A. Creating an appropriate environment for managing operational risk.
- B. Identify, evaluate, reduce, and monitor operational risks.

- C. Identify the aspects surrounding operational risks and review them as an independent component of controllable risks.
- D. Review and approve the bank's strategy for managing these risks, including securing the necessary and competent human resources to achieve this goal.
- E. Prepare an administrative structure capable of monitoring operational risks and defining responsibilities and duties through the internal control system.
- F. Disseminate a culture of effective operational risk management and adherence to sound internal control requirements.
- G. Ensure the existence of procedures for managing operational risks, including the development of the bank's activities, systems, and processes and the comprehensive control of these risks.
- H. Monitor the proper functioning of the operational risk management unit.
- I. Maintain the independence of the internal audit unit and provide accurate information to those responsible for managing operational risks, without being responsible for managing these risks.

**Senior executive management must also**

- A. Ensure the proper implementation of operational risk management policies and procedures established by the Board of Directors and develop them to include all the bank's systems, services, and products.
- B. Distributing powers and responsibilities among various business units and taking the necessary measures to hold accountable those who commit errors and violations.
- C. Defining powers for each administrative level and for each activity that may result in operational risks, segregating duties among employees, and not assigning them tasks that may result in a conflict of interest.
- D. Assigning all bank employees who have the necessary experience and technical capabilities to carry out the required work.
- E. Coordinating between those responsible for managing operational risks and those responsible for managing credit risks, market risks, and others.
- F. Committing to documenting and disseminating procedures and regulatory rules related to information technology security to facilitate business execution.
- G. Developing contingency plans to ensure business continuity and identify operational losses in the event that the bank is exposed to force majeure that leads to the cessation of work.
- H. Ensuring full and adequate protection of the bank's assets, records, and systems, and providing the necessary procedures and internal control systems for any new activity or dealing with new financial instruments.
- I. Developing policies and procedures related to transferring risks to third parties, such as ensuring the bank's assets or performing some operations through other institutions.

The instructions also stipulate the tasks of the Operational Risk Management Unit, which are summarized as follows:

- A. Identifying and assessing the operational risks of the systems, all services, activities, and operations in the bank, and subjecting them to an appropriate operational risk assessment prior to approval.
- B. Accurately identifying risks requires knowledge of internal factors, such as employees' academic and practical qualifications, employee turnover rate, and the nature of the bank's activities, as well as external factors, changes in the banking and financial industry, and technological progress that affect the achievement of the bank's objectives.
- C. Study the bank's potential exposure to operational risks and identify the material and human resources to ensure effective management of these risks.
- D. Monitor risks through

**First** - Identifying early warning indicators to identify potential sources of operational risks based on the bank's activities, which indicate the possibility of exposure for future losses.

**Second:** Submitting periodic reports to the senior executive management from various business units, including the following:

- A. Statistics on the volume and amounts of transactions.
- B. Information on the extent of compliance with the instructions.
- C. Information about markets, events and external conditions that helps in making future decisions.

**Third:** Establishing a database on operational losses based on information on losses collected for an appropriate period of at least three previous years, with the aim of clarifying the following:

- A. Number of incidents resulting in operational losses by banking activity and type of incident.
- B. The size of operational losses by activity and type of accident.
- C. Distribution of the number of accidents according to the types of operational losses.
- D. Design operational risk control systems to ensure appropriate handling of identified risks.

The bank has the necessary risk management units that will ensure the bank's compliance with the above requirements through:

**First:** define risk management procedures that are consistent with the size and complexity of the bank's operations.

**Second:** Determine the types of financial instruments and transactions permitted to be dealt with and determine the risk level for each.

**Third:** Periodically reviewing the policies and procedures in place and working to amend them to suit the bank's activity and risks.

**Fourth:** Identify the risks arising from the use of new financial instruments and activities before dealing with them.

**Fifth:** Establishing practical procedures and internal regulations for each new financial instrument or new activity before dealing with them.

**Sixth** - The Bank's Board of Directors shall approve the general policy for risk management and set ceilings for all types of risks in the Bank.

**Seventh:** Direct supervision by the bank's board of directors, the risk management committee, or an administrative unit in the bank.

**Eighth:** Taking the necessary measures to improve risk management systems in line with the observations and suggestions of the internal auditor, the bank's auditor, and the instructions of the Central Bank of Iraq.



## A - Credit risk

### 1. Credit risk exposures (after impairment allowance and before collateral and other risk mitigants):

In IQD	As on 31 December,	
	2024	2023
	IQD	IQD
<b><u>This item consists of the following:</u></b>		
Balances at Central Bank of Iraq	518,418,354,509	232,679,838,447
Balances with banks	38,827,749,051	135,168,675,947
<b>Total</b>	<b>557,246,103,560</b>	<b>367,848,514,394</b>
<b><u>Direct credit facilities net</u></b>		
Individuals	11,891,518,209	17,182,620,271
Companies	43,191,686,626	59,258,469,527
<b>Total</b>	<b>55,083,204,835</b>	<b>76,441,089,799</b>
<b><u>Items outside the statement of financial position:</u></b>		
Letters of Guarantee	99,005,245,014	68,218,964,830
Import credits	524,000,000,000	524,000,000,000
Incoming Credits	921,838,424	4,552,787,847
Allowances	(132,534,580)	(5,983,467,303)
<b>Total</b>	<b>624,059,618,017</b>	<b>602,755,219,980</b>
<b>Total items inside and outside the statement of financial position</b>	<b>1,236,388,926,412</b>	<b>1,047,044,824,173</b>

### 2. Distribution of Direct Credit Facilities by Risk Level:

Direct Credit Facilities as on 31/12/2024

In IQD	As of 31 December 2024,		
	Individuals	Companies	Total
	IQD	IQD	IQD
Acceptable risk	15,532,421,004	33,078,512,706	48,610,933,710
Not working		17,831,447,235	17,831,447,235
<b>Total</b>	<b>15,532,441,258</b>	<b>50,909,959,942</b>	<b>66,442,380,946</b>
Decreasing			
Suspended Interest	200,223,669	536,367,103	736,590,772
Allowance	3,440,679,126	7,181,906,213	10,622,585,338
<b>Net Credit</b>	<b>11,891,518,209</b>	<b>43,191,686,626</b>	<b>55,083,204,835</b>

In IQD	As of 31 December 2024,		
	Individuals	Companies	Total
	IQD	IQD	IQD
Acceptable risk	17,149,478,422	41,604,740,181	58,787,360,452
Not working		17,686,871,196	17,686,871,196
<b>Total</b>	<b>17,149,478,422</b>	<b>59,291,611,377</b>	<b>76,441,089,799</b>
Decreasing			
Suspended Interest	328,726,980	207,640,123	536,367,103
Impairment Allowance	3,439,401,440	8,873,995,790	12,313,397,229
<b>Net Credit</b>	<b>13,381,350,002</b>	<b>50,209,975,464</b>	<b>63,591,325,466</b>

### 3. Fair value allocation of collateral against facilities:

The value of collateral is allocated against direct exposures:

In IQD	As of 31 December 2024,		
	Individuals	Companies	Total
	IQD	IQD	IQD
Acceptable risk	15,532,421,004	33,078,492,452	48,610,913,456
Non-working	20,254	17,831,447,235	17,831,467,489
Total	15,532,421,004	50,909,939,688	66,442,380,946
Real Estate Guarantee			
Personal Guarantee			
Total			

In IQD	As of 31 December 2023,		
	Individuals	Companies	Total
	IQD	IQD	IQD
Acceptable risk	17,149,478,422	41,604,740,181	58,754,218,602
Non-working	33,141,850	17,653,729,346	17,686,871,196
Total	17,182,620,271	59,258,469,527	76,441,089,799
Real Estate Guarantee			
Personal Guarantee			
Total			

### 4. Geographical Concentration:

The following table shows the concentration of credit exposures according to geographical distribution as follows:

Geographical Area	As of 31 December 2024,		
	Inside Iraq	Outside Iraq	Total
	IQD	IQD	IQD
Balances with the Central Bank of Iraq	536,691,288,907		536,691,288,907
Balances with banks	860,121,829	37,967,627,222	38,827,749,051
Net direct credit facilities			
For individuals	11,891,518,209		
For companies	43,191,686,626		
Other assets	94,950,218,352		
Total	687,584,833,924	37,967,627,222	725,552,461,146

Geographical Area	As of 31 December 2023,		
	Inside Iraq	Outside Iraq	Total
	IQD	IQD	IQD
Balances with the Central Bank of Iraq	519,758,529,828		519,758,529,828
Balances with banks	3,059,652,482	132,109,023,465	135,168,675,947
Direct credit facilities -- Net			
For individuals	13,381,350,002		13,381,350,002
For companies	50,209,975,464		50,209,975,464
Other assets	54,172,821,800		54,172,821,800
Total	640,582,329,576	132,109,023,465	772,691,353,041

## **5. Concentration according to the economic sector:**

The following table shows the concentration of credit exposures by economic sector:

	<b>As on 31 December, 2024</b>						
	<b>Financial</b>	<b>Commercial</b>	<b>My other services</b>	<b>Industrial &amp; Agricultural</b>	<b>Real estate</b>	<b>Individuals</b>	<b>Total</b>
	<b>IQD</b>	<b>IQD</b>	<b>IQD</b>	<b>IQD</b>	<b>IQD</b>	<b>IQD</b>	<b>IQD</b>
Balances with Central Bank	536,691,288,907						536,691,288,907
Balances with banks	38,827,749,051						38,827,749,051
Net direct credit facilities		27,006,284,247	9,138,348,810	6,874,509,693	12,064,062,085		55,083,204,835
Investments	5,799,190,680						5,799,190,680
Other assets	94,950,218,352						94,950,218,352
	676,268,446,991	27,006,284,247	9,138,348,810	1,409,880,391	5,464,629,302		731,351,651,826

	<b>As on 31 December, 2023</b>						
	<b>Financial</b>	<b>Commercial</b>	<b>My services</b>	<b>Industrial &amp; Agricultural</b>	<b>Real estate</b>	<b>Individuals</b>	<b>Total</b>
	<b>IQD</b>	<b>IQD</b>	<b>IQD</b>	<b>IQD</b>	<b>IQD</b>	<b>IQD</b>	<b>IQD</b>
Balances with Central Bank	530,149,272,794						530,149,272,794
Balances with banks	143,628,591,071						143,628,591,071
Net direct credit facilities	17,653,684,812	28,830,961,756	6,990,636,783	8,990,741,470	13,941,878,594		76,407,903,415
Investments	6,018,853,520						6,018,853,520
Other assets	53,644,744,588						53,644,744,588
	751,095,146,785	28,830,961,756	6,990,636,783	8,990,741,470	13,941,878,594		809,849,365,387

**C. Interest repricing gap:**

Interest rate risk arises from the potential impact of changes in interest rates on the bank's profits or the value of financial instruments. The bank is exposed to interest rate risk due to mismatches or gaps in the amounts of assets and Requirements across multiple time periods or revisions to interest rates at a specific time period. The bank manages this risk by reviewing interest rates on assets and Requirements.

The Asset and Liability Management Policy includes limits for interest rate sensitivity. The Asset and Liability Management Committee studies interest rate risks through its periodic meetings. The gaps in the maturity profiles of assets and Requirements and their sensitivity to prevailing and expected interest rates are also studied, compared to the approved limits, and hedging strategies are implemented if necessary.

Classification is based on interest repricing or maturity periods, whichever is earlier.

31/12/2024	Less than a month	From 1 to 3 months	From 3 to 6 months	From 6 months to a year	More than a year	Useless items	Total
	IQD	IQD	IQD	IQD	IQD	IQD	IQD
<b><u>Assets:</u></b>							
Cash and balances with the Central Bank	174,700,273,530	31,152,469,811				330,838,545,567	536,691,288,907
Balances with banks and banking institutions						38,827,749,051	38,827,749,051
Direct credit facilities... Net	17,831,467,489				37,251,737,346		55,083,204,835
Property and equipment - net	3,423,459,729				164,119,868,461	52,522,298,285	220,065,626,475
Net investments at cost	5,799,190,680						5,799,190,680
Intangible assets	1,029,944,541			496,822,495	38,822,499		1,565,589,535
Projects under Construction				8,515,000			
Other assets	58,552,923,767	18,205,378,312		5,399,761,888	1,373,576,914	10,354,548,730	94,950,218,352
<b>Total assets</b>	<b>261,337,259,736</b>	<b>49,357,848,123</b>		<b>5,905,099,383</b>	<b>202,784,005,220</b>	<b>432,543,141,633</b>	<b>952,991,382,836</b>

<b><u>Requirements:</u></b>							
Bank Deposits and Banking Institutions					22,980,794,673		22,980,794,673
Customer Deposits				20,883,704,693	20,378,250,844	399,852,995,604	441,114,951,141
Cash insurance					36,112,450,394		36,112,450,394
Borrowed money			861,987,647		8,217,000,000		9,078,987,647
Other allowances						12,574,835,211	12,574,835,211
Income Tax allowance						9,000,000,000	9,000,000,000
Other Requirements			4,124,572,605			6,641,199,998	10,765,772,603
<b>Total Requirements</b>			<b>4,986,560,252</b>	<b>20,883,704,693</b>	<b>87,688,495,911</b>	<b>428,069,030,814</b>	<b>541,627,791,670</b>
<b><u>Interest repricing gap</u></b>	<b>261,337,259,736</b>	<b>49,357,848,123</b>	<b>(4,986,560,252)</b>	<b>(14,978,605,310)</b>	<b>115,095,509,309</b>	<b>4,474,110,819</b>	<b>411,363,911,166</b>

31/12/2022	Less than a month	From 1 to 3 months	From 3-6 months	From 6 months to a year	More than a year	Useless items	Total
	IQD	IQD	IQD	IQD	IQD	IQD	IQD
<b><u>Assets:</u></b>							
Cash and balances with the Central Bank	183,200,954,764	49,478,883,683				287,078,691,381	519,758,529,828
Balances with banks and banking institutions						135,168,675,947	135,168,675,947
Direct credit facilities... Net		949,182,649	14,600,187	43,109,193	62,584,433,437		63,591,325,466
Property and equipment - net				163,808,863,461	311,005,000	52,522,298,285	216,642,166,746
Net investments at cost						5,799,190,820	5,799,190,820
Intangible assets				496,822,495		1,029,944,541	1,526,767,036
Projects under Construction			1,209,609,009	3,177,768,042			4,387,377,051
Other assets		36,091,711,065		2,014,801,721		16,066,309,014	54,172,821,800
<b>Total assets</b>	<b>183,200,954,764</b>	<b>86,519,777,397</b>	<b>1,224,209,196</b>	<b>169,541,364,912</b>	<b>62,895,438,437</b>	<b>497,665,109,988</b>	<b>1,001,046,854,694</b>
<b><u>Requirements:</u></b>							
Bank Deposits and Banking Institutions		2,369,647,375	1,032,194,815		27,507,393,626		30,909,235,816
Customer Deposits				18,173,748,861	702,917,000	500,717,476,506	519,594,142,367
Cash insurance				2,256,993,913	28,412,269,241		30,669,263,154
Borrowed funds		375,000,000	43,000,000	5,628,275,667	8,109,492,050		14,155,767,717
Other allowances						23,870,421,378	23,870,421,378
Income Tax allowance				3,791,992,445		4,872,944,700	8,664,937,145
Other Requirements		11,918,779,448				1,772,459,844	13,691,239,292
<b>Total Requirements</b>		<b>14,663,426,823</b>	<b>1,075,194,815</b>	<b>29,851,010,886</b>	<b>64,732,071,917</b>	<b>531,233,302,428</b>	<b>641,555,006,868</b>
<b><u>Interest repricing gap</u></b>	<b>183,200,954,764</b>	<b>71,856,350,574</b>	<b>149,014,381</b>	<b>139,690,354,026</b>	<b>(1,836,633,480)</b>	<b>(33,568,192,439)</b>	<b>359,491,847,826</b>

### **33- Fair Value of Financial Assets and Requirements**

#### **Valuation Techniques and Assumptions Used for the Purposes of Measuring Fair Value**

The fair value of financial assets and Requirements is determined using the following valuation levels:

**First Level:** The fair value is based on quoted (unadjusted) prices for similar assets in active markets.

**Second Level:** Inputs other than quoted prices within Level 1 that are observable directly (i.e., prices) or indirectly (i.e., derived from prices).

**Third Level:** Assets that are not based on market data.

The following table shows the fair value of financial assets and Requirements not shown at fair value in the financial statements:

<b>As of 31 December 2024,</b>				
	<b><u>First Level</u></b>	<b><u>Second</u></b>	<b><u>Third Level</u></b>	<b><u>Total</u></b>
	<b><u>IQD</u></b>	<b><u>IQD</u></b>	<b><u>IQD</u></b>	<b><u>IQD</u></b>
<b>Bank Investments</b>	-	5,000,000,000	1,018,853,380	6,018,853,380
<b>Total</b>	-	5,000,000,000	1,018,853,380	6,018,853,380

<b>As of 31 December 2023,</b>				
	<b><u>First Level</u></b>	<b><u>Second</u></b>	<b><u>Third Level</u></b>	<b><u>Total</u></b>
	<b><u>IQD</u></b>	<b><u>IQD</u></b>	<b><u>IQD</u></b>	<b><u>IQD</u></b>
<b>Bank Investments</b>		5,000,000,140	1,018,853,380	6,018,853,520
<b>Total</b>		5,000,000,140	1,018,853,380	6,018,853,520

### **34- Capital management:**

The Bank maintains adequate capital to meet the risks inherent in its various activities. Capital adequacy is monitored through ratios issued in accordance with the instructions issued by the Central Bank of Iraq and based on the Iraqi Banking Law No. (94) of 2004.

The Bank is committed to maintaining ratios that exceed the minimum capital adequacy requirement of 12%, as per the instructions of the Central Bank of Iraq.

The Bank manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk profile of its activities.

This item includes the following:

	Balance As on 31 December, 2024	
	2024 (IQD)	2023 (IQD)
Core Capital Items	350,000,000,000	300,000,000,000
Subscribed and Paid-Up Capital	11,010,764,011	8,034,512,180
Legal Reserve	50,352,827,154	50,457,335,647
<b>Accumulated Realized Profits</b>	<b>411,363,591,165</b>	<b>358,491,847,827</b>
Deducted in:		
Net Intangible Fixed Assets	(1,565,589,535)	(1,526,767,036)
Net Core Capital	409,798,001,630	356,965,080,791
Supplementary Capital		
General Appropriations		
Total Capital		
Risk-Weighted Assets	376,149,669,561	355,255,485,000
Risk-Weighted Off-Balance Sheet Accounts	177,259,470,664	121,140,717,300
Total Risk-Weighted Assets and Requirements	<u>553,409,140,225</u>	<u>525,265,061,893</u>
<b>Capital Adequacy Ratio (%)</b>	<b>74%</b>	<b>60%</b>

### **35. Analysis of Assets and Requirements Maturity Profile**

The following table shows an analysis of assets and Requirements according to the expected period for their recovery or settlement:

31/12/2024	Up to one year	More than one year	Total
Assets	IQD	IQD	IQD
Cash and balances with Central Bank of Iraq	536,691,288,907		536,691,288,907
Balances with banks	38,827,749,051		38,827,749,051
Net direct credit facilities		55,083,204,835	55,083,204,835
Net investments		5,799,190,680	5,799,190,680
Tangible assets		220,065,626,475	220,065,626,475
Intangible assets		1,565,589,535	1,565,589,535
Projects under construction		8,515,000	8,515,000
Other assets	94,686,799,213		94,686,799,213
<b>Total assets</b>	<b>670,205,837,171</b>	<b>282,522,126,525</b>	<b>952,727,963,697</b>
Requirements			
Bank deposits	22,980,794,673		22,980,794,673
Customer deposits	441,114,951,141		441,114,951,141
Cash insurance	36,112,450,394		36,112,450,394
Borrowed funds		9,078,987,647	9,078,987,647
Allowances	12,574,835,211		12,574,835,211
Income tax Allowance	9,000,000,000		9,000,000,000
Other Requirements	10,765,772,603		10,765,772,603
<b>Total Requirements</b>	<b>532,548,804,023</b>	<b>9,078,987,647</b>	<b>509,287,183,856</b>
<b>Net</b>	<b>137,657,033,148</b>	<b>273,443,138,878</b>	<b>443,440,779,841</b>



31/12/2023	Up to one year	More than one year	Total
	IQD	IQD	IQD
Assets			
Cash and balances with Central Bank of Iraq	519,758,529,828		519,758,529,828
Balances with banks	135,168,675,947		135,168,675,947
Net direct credit facilities		63,591,325,466	63,591,325,466
Net investments		5,799,190,820	5,799,190,820
Tangible assets		216,642,166,746	216,642,166,746
Intangible assets		1,526,767,036	1,526,767,036
Projects under construction		4,387,377,051	4,387,377,051
Other assets	53,951,218,726		53,951,218,726
<b>Total assets</b>	<b>708,878,424,501</b>	<b>291,946,827,120</b>	<b>1,000,825,251,621</b>
Requirements			
Bank deposits	30,909,235,816		30,909,235,816
Customer deposits	519,594,142,367		519,594,142,367
Cash insurance	30,669,263,154		30,669,263,154
Borrowed funds		14,155,767,717	14,155,767,717
Allowances	23,870,421,378		
Income tax Allowance	8,664,937,145		
Other Requirements	13,691,239,292		
<b>Total Requirements</b>	<b>627,399,239,151</b>	<b>14,155,767,717</b>	<b>595,328,409,054</b>
<b>Net</b>	<b>81,479,185,350</b>	<b>277,791,059,403</b>	<b>405,496,842,567</b>

### **36- Reciprocal obligations outside the statement of financial position**

This item consists of the following:

	As on 31 December,	
	2024 IQD	2023 IQD
Import credits	921,838,424	4,552,787,847
Letters of guarantee	99,005,245,014	68,218,964,830
Credits received	524,000,000,000	524,000,000,000
Custom	(132,534,580)	(5,983,467,303)
<b>Balance at the End of Year</b>	<b>624,059,618,017</b>	<b>602,755,219,980</b>

### **37- Contingent assets and Requirements**

The bank's legal department informed us that there are two lawsuits filed by third parties against the bank. The bank's lawyer was unable to determine any potential amounts that might be incurred or obtained as a result of these lawsuits due to the postponement of the court date due to the current circumstances in the country. On the other hand, the bank filed and registered lawsuits and took legal and judicial measures against some of its customers, demanding the amounts owed to them after they refused to pay. The bank hedged against such credit exposures by calculating an allocation for the impairment of facilities for the full value of these non-performing loans.