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Table of Content

Contents

Introduction.....	5
Article (1): Corporate Governance Commitment:.....	5
Article (2): Definitions.....	6
Article (3): Board of Directors.....	8
First: Formation of the Board.....	8
Second: Suitability of Board Members and Membership Conditions.....	8
Article (4): Board Meetings.....	9
Article (5) Duties and Responsibilities of the Board and the Secretary.....	10
First: Board Duties:.....	10
Second: Duties of the Chairman of the Board.....	12
Third: Duties of the Council Secretary.....	13
Article (6): Executive Management.....	14
Article (7): Managing Director.....	14
Article (8): Performance Evaluation.....	15
First: Evaluation of the Board’s tasks, Its Members, and Its Committees:.....	15
Second: Evaluation of the Managing Director.....	15
Third: Third: Evaluation of the Executive Management in the Bank:.....	15
Article (9): Employee Financial Rewards.....	16
Article (10): Conflict of Interest.....	16
Article (11): The Board’s Role in Internal Audit.....	17
Article (12): The Board’s Role in External Audit.....	17
Article (13): The Board’s Role in Risk Management.....	18
Article (14): The Board’s Role in Compliance Management.....	19
Article (15): The Board’s Role in Anti-Money Laundering and Terrorist Financing Management.....	19
Article (16): Committees Derived from the Board of Directors.....	20
A. Committee Overview.....	20
B. Details of committees derived from the Board of Directors.....	21
1. Corporate Governance Committee:.....	21
2. Information Technology Governance Committee:.....	21
3. Audit Committee:.....	22
4. Risk Management Committee:.....	25
5. Nomination and Remuneration Committee:.....	26
6. Credit Committee:.....	27
Article (17): Committees Derived from the Executive Management.....	27
Article (18): Stakeholder and shareholder rights.....	28
Article (19): Disclosure and Transparency.....	29

Introduction.

The Corporate Governance Manual, henceforth “the Guide,” functions as a comprehensive reference that explains every corporate governance regulation implemented by the National Bank of Iraq (“the Bank”). These regulations pertain to both internal and external entities, such as depositors, shareholders, and other stakeholders who are represented by the senior executive management of the bank and the Board of Directors (“the Board”). The objective behind this guide is to:

- Assist the Board and the bank’s management in applying sound corporate governance rules to ensure the bank’s compliance with the laws, regulations, and instructions issued by regulatory authorities in the Republic of Iraq “the Republic” (the Central Bank of Iraq and any other regulatory authorities), especially the Corporate Governance Guide for Banks issued by the Central Bank of Iraq and its amendments, as well as any circulars issued by the Central Bank of Iraq in this regard.
- Organize the decision-making process within the bank and promote transparency and credibility for those decisions.
- Serve as a reliable and approved reference by the bank’s Board of Directors.
- Define the rules and responsibilities for managing and implementing this Guide.
- Describe the bank’s approach to corporate governance, including its concept and guiding principles.

Article (1): Corporate Governance Commitment:

- The board is responsible for maintaining and the implementation of effective corporate governance based on rules and regulations from regulatory authorities, the bank’s policies, and international best practices in this respect. This is achieved by discussing corporate governance issues, outlining the bank’s objectives, and implementing best practices that contribute to the bank’s growth. This guide is part of the bank’s corporate governance structure, describing the roles and duties of the board of directors and its committees, as well as the regulations that govern them.
- The bank bears the responsibility of establishing effective corporate governance principles that govern the interactions between the executive management and the board of directors. Corporate governance facilitates the initiation of a systematic approach to decision-making, promotes adequate transparency, accountability, and the credibility of said decisions, and establishes frameworks of internal controls to mitigate potential risks that the bank might face.
- Corporate governance also assists in avoiding inappropriate activities that may result in conflicts of interest and expose the bank to risks.
- The establishment of an efficient and effective internal control system is considered as one of the key elements of successful corporate governance at the bank, with its foundation derived from the bank’s board of directors, with the objective of:
 - o The integrity and honesty of financial and managerial reporting.
 - o Operational efficiency and effectiveness.
 - o Development of the bank’s strategy.
 - o Management of the bank’s risk management system.
 - o The activities and operations of the bank.
 - o Striking a balance between dedication to shareholder responsibility and protecting depositors’ interests while considering the interests of other stakeholders.
 - o The bank’s compliance to applicable rules, regulations, and controls.
 - o Effective disclosure and transparency procedures.
- This guide is published on the bank’s website. The Board of Directors reviews and approves it every four years or when required.

Article (2): Definitions. Definitions:

Term	Definition
Corporate Governance	The relationships between the Board of Directors, the executive management of the bank, shareholders, and other stakeholders are defined by this set of comprehensive systems. Governance refers to the system by which the bank's Board of Directors directs and monitors its operations.
Information Technology Governance	This comprises a collection of policies, operations, and protocols that are used to regulate the present and future applications of information technology. It entails the evaluation and direction of strategies for using information technology to support and achieve the organization's objectives, as well as the monitoring of such usage to ensure the implementation of the established strategies.
Compliance	It establishes the bare minimum criteria that must be met by individuals serving on the executive management and Board of Directors of the bank.
Board	Board of Directors of the National Bank of Iraq
Stakeholders	Any party with an interest in the bank, such as depositors, shareholders, employees, creditors, customers, regulatory authorities, and government authorities.
Qualified Ownership	Any natural or legal person or organization seeking to contribute more than 10% of the bank's subscribed capital. The Central Bank must be notified of this ownership at least 10 days in advance to obtain its approval before executing the ownership, either individually or as an associated group.
Executive Member	A member of the Board of Directors who is also a member of the bank's executive management, actively engaging in it and receiving a monthly salary for it.
Non-Executive Member	A member of the Board of Directors who is affiliated, for example, but not limited to (related), offering opinions and technical assistance, without participating in any way in the administration and daily operations of the bank, and without getting a monthly pay.
Independent Member	Serves on the Board of Directors, an entity that operates with absolute independence from both the bank's management and operations. Independence is being able to control matters impartially after considering all necessary information, without any interference from management or other external parties.
Executive Management	High-ranking employees, as stipulated in Article 1 of Banking Law No. 94 of 2004 and in accordance with the instructions of the Central Bank of Iraq and the organizational structure of the bank.
Related Person	<p>All individuals outlined below:</p> <ul style="list-style-type: none"> • Individuals related under Article 1 of Banking Law No. 94 of 2004. • The authorized manager or his assistant after leaving the job for a period of two years. • The external auditor (external accountant) during his service and for two years after the expiration of his contract with the bank. • Any natural or legal person associated with the bank through a contractual relationship during the contract period.
Associated Group	A group of individuals or companies connected by close relationships or significant economic interests.

Cumulative Voting	A voting method used to elect members of the board of directors at a general assembly meeting, in which each shareholder has one vote for every share they own. They may cast all their votes for a single candidate for the board of directors, or they may spread their votes among candidates of their choice without having to repeat these votes. The major purpose of this strategy is to expand minority shareholder representation on the board of directors through cumulative voting, as well as to restrict a certain shareholder's dominance over board seats.
Committees	Standing committees are appointed by the board of directors.
Administrative	Anyone who is a member of the bank's board of directors, managing director, or Audit Committee.
Fourth-Degree Kinship	Cousins of paternal uncles and aunts, and cousins of maternal uncles and aunts.

Article (3): Board of Directors.

First: Formation of the Board.

1. The bank's board of directors is made up of seven initial members. They are elected in the bank's general assembly meeting by cumulative voting for a four-year term beginning on the date of their election. From among its members, the board of directors elects a president and a vice president. Members are eligible for re-election for a second term.
2. The number of independent members on the board should not be less than four, or one-third of the board members, with a member representing the minority of shareholders.
3. It is recommended that at least one member of the board is a female representative.

Second: Suitability of Board Members and Membership Conditions.

1. Board Member Qualifications:
 - A suitability policy for board members has been adopted, outlining the criteria, requirements, and conditions that must be met by the nominated and appointed members. This policy is reviewed when necessary, and adequate procedures and systems have been developed to guarantee that all members fulfill and maintain the eligibility criteria. The policy is subject to revision by the bank's appropriate authorities.
 - A code of conduct for board members has been established and accepted based on best practices. It is reviewed and revised on a regular basis.
 - Those holding the post of president or a member of the bank's board of directors must have the following requirements:
 - Fulfillment of the legal requirements stipulated in Banking Law No. 94 of 2004 and Companies Law No. 21 of 1997 and its amendments.
 - Not sitting on the board of directors or as a managing director, regional manager, or employee of any other bank in Iraq, unless the latter bank is a subsidiary of that bank.
 - One-third of the board members should be qualified, with primary university degrees and banking expertise.
 - Not holding a position of authority within a government ministry or any other government-affiliated organization.

2. Independent Members:

The number of independent members should not be less than four or one-third of the board of directors in the bank. To be considered an independent member, the following conditions and specifications must be met:

- The independent member should not be a partner or employee of the external auditor of the bank during the three years preceding the date of election as a board member and should not have any kinship ties with the responsible partner for the auditing process.
- The independent member should not be a lawyer or legal advisor for the bank or an auditor for the bank's accounts.
- The independent member is neither the individual nor any company of which they are a member of the board, owner, or major shareholder, should have credit from the bank exceeding 5% of the bank's capital, and they should not act as a guarantor for credit from the bank exceeding the same percentage.
- The independent member is not a member of the boards of more than five joint-stock or other public companies, either personally or as a representative of a legal person in some of them and as a representative in others.
- The independent member cannot be an administrator or employee of another bank, nor may he or she serve as a managing director of another bank.
- The independent member should not have worked for the bank or any related party in the last three years.
- The independent member should not have any familial relationship with any of the board members, senior management, or any affiliated parties up to the fourth degree.
- The independent member should not be a major shareholder in the bank or representing one.
- The independent member should not directly or indirectly own (including ownership by family members or related parties) more than 5% of the shares of any company of any kind.

Article (4): Board Meetings.

1. The board of directors must meet at least six times during the fiscal year of the bank or whenever necessary." Meetings are conducted at the bank's headquarters, and if it is impracticable to hold them there, they can be held anywhere in Iraq as long as all board members are present or have submitted written apologies.
2. All board members are required to attend meetings in person. In the event of personal unavailability, a board member may attend through video or telephone, subject to the approval of the board chairman. This method may be used if a board member is absent twice at most during the year.
3. If the number of absences exceeds three times in a calendar year, the board chairman shall notify the bank's general assembly so that necessary action can be taken.
4. A quorum for a board meeting is achieved with the presence of either 50% of the members, 4 members, or whichever is greater.
5. Decisions made by the board are based on the majority of votes cast by the attending members. In case of a tie, the chairman's vote prevails.
6. Decisions of the board are issued by the full signature of all members present in person (or via video or phone) and the council secretary on the meeting minutes. Within a maximum of 10 working days, the decisions are sealed with the bank's seal. The board is responsible for both its decisions and their follow-up.
7. The council secretary is responsible for accurately and completely recording the minutes of council and committee meetings, documenting any reservations raised by any member. The bank retains all these minutes, recording them both visually and audibly, and keeps them on file.
8. The executive management is obligated to provide full information regarding the agenda items at the meeting to council members at least 5 working days before the council meeting date, and the council chairman is responsible for verifying this before the meeting.

Article (5) Duties and Responsibilities of the Board and the Secretary.

First: Board Duties:

The board is responsible for the following:

1. Approving detailed plans for the bank, including its vision, mission, goals, strategic objectives, and core values, considering the general assembly's directives. The board then orders senior management to carry out these plans, monitors and analyzes their performance, and adjusts as needed to guarantee their successful implementation.
2. Ensuring disclosure and placing the vision, mission, and goals on the bank's website.
3. Supervising the executive management, monitoring its performance, maintaining the integrity of the bank's financial conditions and its compliance, and adopting suitable policies and procedures for periodic supervision and oversight of the bank's performance.
4. Endorsing a policy for executive management performance evaluation and review through the establishment of Key Performance Indicators (KPIs) that identify, quantify, and track performance as well as advancements made in the direction of accomplishing the organizational objectives of the bank.
5. Ensuring the availability of policies, strategies, and operational processes for the bank that cover all its activities and are in accordance with applicable legislation. These should be communicated at all administrative levels and reviewed on a regular basis.
6. Defining the 'Core Values' for the bank and establishing clear lines of responsibility and accountability for all bank activities. Reinforcing a strong culture of ethical standards, integrity, and professional conduct for the bank's executives.
7. Assuming responsibility for the entire integrity of the bank's operations, including its financial status and reputation, and ensuring compliance with the Central Bank's requirements, as well as those of regulatory and other relevant authorities. Consideration of 'stakeholders' interests is essential, and the bank should be managed within the framework of legislation and internal policies. Effective oversight is continuously available for the bank's activities and accounts.
8. Monitoring the implementation of general assembly decisions.
9. Presenting the bank's financial statements and reports (disclosures), as well as a detailed report on the results of the yearly plan's implementation, to the general assembly for discussion and approval.
10. Ensuring conformity with all international standards in all bank activities and operations.
11. Discussing and approving yearly plans and budgets for the bank's operations, as well as monitoring their implementation.
12. Establishing board committees and selecting their members from among the board members or others.
13. Approving the selection of candidates for executive management positions, evaluating and regularly monitoring their performance, supervising and holding them accountable, and obtaining clear explanations and clarifications from them on matters of accountability.
14. Appointing and terminating the services of the Chief Internal Auditor, as well as deciding their remuneration and incentives and assessing their performance.
15. Approving internal control systems for the bank and reviewing them annually. Ensuring that the internal auditor, in coordination with the external auditor, reviews these systems at least once a year. The board is responsible for including in the bank's annual report confirmation of the adequacy of these systems.
16. Ensuring the independence of the external auditor from the outset and throughout.
17. Adopting an effective risk management strategy, including electronic risks, and monitoring its implementation. This strategy should include the acceptable level of risks, ensuring the bank is not exposed to high risks. The board should be familiar with the operational work environment of the bank and the associated risks, ensuring the existence of necessary and sufficient tools and infrastructure for risk management in the bank, capable of identifying, measuring, controlling, and monitoring all types of risks the bank is exposed to.

18. Ensuring the bank applies the fundamental principles of good governance, as outlined in the 'Rules of Good Governance' and the 'Internal Control System' specified in Instructions No. 4 of 2010.
19. Ensuring the presence of adequate and dependable 'Management Information Systems' that cover all the bank's activities.
20. Promoting a governance culture within the bank and encouraging all employees and executive management to apply its practices and attend relevant training courses. Additionally, the bank should encourage its customers to apply governance rules in their institutions. Ensuring that the bank's lending policy includes the application of corporate governance for its customers, especially companies, assessing risks based on their strengths and weaknesses in corporate governance practices.
21. Ensuring that the bank adheres to sustainability criteria referred to as 'Sustainability Principles.
22. Taking measures to establish a clear separation between the authorities of shareholders, who own 'qualified ownership,' on the one hand, and the executive management on the other, to enhance proper corporate governance. Establishing suitable mechanisms to limit the impact of shareholders who own 'qualified ownership.'
23. Adopting an organizational structure for the bank that defines a clear administrative hierarchy.
24. Defining executive authorities for the bank's operations (whether for the managing director or executive management) in banking operations, credit approvals, signing transfers, checks, guarantees, collateral, borrowing, and letters of guarantee.
25. Adopting a succession plan for the bank's senior executives and evaluating it yearly.
26. Ensuring that the executive management is informed daily about freezing lists related to terrorist financing on the official website of the Anti-Money Laundering Office. The bank should notify the Anti-Money Laundering Office and the Banking Supervision Department at the Central Bank immediately if a person is listed as a terrorist.
27. The bank is required to provide the Central Bank, through the secretariat, with information about the members of the boards or committees and the executive managements of its subsidiaries inside and outside Iraq, semi-annually, and also in the event of any modification.
28. The board of directors is responsible for supervising the quality of disclosure, transparency, and information about the bank.

Second: Duties of the Chairman of the Board.

The Chairman of the Board must undertake, at a minimum, the following:

1. Promote a positive relationship between the board of directors and the bank's executive management, as well as between the bank and its shareholders, while maintaining transparency with stakeholders.
2. Encourage the open expressing of thoughts on general matters as well as those on which members differ. Encourage constructive discussions and voting on these issues.
3. Ensure that all board members receive and sign the minutes of previous meetings, as well as the agenda for any upcoming meetings (at least 5 days in advance). The agenda should contain adequate written information on the subjects to be covered during the meeting.
4. Ensure the presence of a written charter that governs and defines the board's activity.
5. Upon election, provide each board member with the texts of banking legislation and the Central Bank's instructions related to the board's activities, including these instructions. Provide a booklet describing the member's rights, obligations, and duties, as well as the secretary's tasks and duties.
6. Address the needs of board members regarding the development of their expertise and continuous learning, allowing new members to attend an orientation program that considers the member's banking background.
7. Extend an invitation to the Central Bank to attend general assembly meetings, providing at least 15 days' notice in order to nominate a representative.
8. Ensure prompt communication to the Central Bank of any vital information as it becomes available.

Third: Duties of the Council Secretary

This includes:

1. Attend all council meetings, document all discussions, proposals, objections, reservations, and voting procedures on council resolution drafts.
2. Present the agenda items after drafting a brief summary for each, expressing the executive management's and the various committees' opinions, connecting documents and priorities to each item, and presenting them to the council chairman for presentation approval.
3. Provide each member with a sufficient summary of the bank's activities upon election, appointment, or upon request.
4. Interact with any new member, with the assistance of the legal advisor or the legal affairs manager of the bank, regarding the council's tasks and responsibilities, especially those related to legal and regulatory requirements, to clarify tasks, powers, and other matters related to membership, including the term of membership and meeting schedules, and provide the new member with texts of laws related to banking operations and instructions issued by this bank, including those mentioned in the guide.
5. Organize the schedules and meetings of the council with the approval of the council chairman.
6. Ensure that council members sign the meeting minutes and follow up on the implementation of council decisions and any issues delayed from prior sessions.
7. Receive reports from council-affiliated committees and submit them to the council.
8. Sequentially number decisions from the beginning to the conclusion of the year (decision number, session number, date).
9. Ensure compliance with all legal requirements related to council affairs.
10. Provide the Central Bank with signed meeting minutes.
11. Regarding shareholders and general assembly meetings: communicate with shareholders and assist in organizing general assembly meetings.
12. Maintain data related to shareholders.
13. Prepare for general assembly meetings and collaborate with committees derived from the council.
14. Distribute invitations to shareholders, the Central Bank, and the Registrar of Companies.
15. Ensure the attendance of council members, executive management members, and the external auditor.
16. Maintain minutes of general assembly meetings.

Article (6): Executive Management

The council undertakes the following:

1. Adoption of a suitable policy for executive management members. This policy includes the standards, requirements, and conditions that should be met by members of senior executive management. The policy is subject to periodic review as needed, and sufficient procedures and systems have been established to ensure that all members meet the suitability criteria and continue to possess them. The relevant authority in the bank is responsible for reviewing it.
2. Those assigned to senior executive management positions in banks must have the following requirements:
 - Cannot serve on the board of directors of another bank unless it is a subsidiary of the bank.
 - Commit to handling the bank's affairs.
 - A university degree in financial sciences, banking, economics, finance, accounting, business administration, law, or information technology relevant to the bank's activities is required.
 - Have at least five years of experience in banking or similar fields, except for the managing director, who should have at least ten years of experience in banking operations.
 - Without having experienced termination from a central bank position.
 - Without having been terminated from their position at the bank whose license was suspended, or the decision was made to liquidate the bank during their employment, unless the central bank deems otherwise.

3. Any member of the bank's executive management must be appointed with the approval of the board of directors
4. Obtaining the no-objection of the central bank is also necessary before appointing any member of the executive management.
5. The central bank must be notified of the dismissal or resignation of any employee in the executive management within three days, along with a statement of the reason for the resignation or dismissal.
6. The executive management must carry out its assigned tasks in accordance with the instructions and laws, aligning with the policies and procedures adopted by the board. They should implement the responsibilities delegated to them by the board within their authorized powers.

Article (7): Managing Director.

1. The bank's board of directors appoints one of its members as managing director, who must be honest, competent, and experienced. The positions of chairman of the board and managing director cannot be combined.
2. In addition to what is stipulated in various legislations, especially Banking Law No. 94 of 2004 and Companies Law, the managing director must meet the following minimum requirements:
 - Full dedication to managing daily banking operations.
 - Holds at least a bachelor's degree in financial sciences, banking, business administration, accounting, economics, law, or related banking fields.
 - Demonstrates integrity and a good reputation.
 - Has practical banking experience of no less than 10 years in executive management positions.
3. The managing director is responsible for implementing the board's decisions within the granted authority.

Article (8): Performance Evaluation

First: Evaluation of the Board's tasks, Its Members, and Its Committees:

The board sets an annual evaluation mechanism for its tasks, members, and committees, with results provided to the general assembly. At a minimum, this system includes:

1. Setting specific objectives and outlining the board's role in achieving these goals in a demonstrable way.
2. Identifying key performance indicators (KPIs) and applying them to assess the performance of the board.
3. Identifying key performance indicators (KPIs, KPR) for the managing director and executive management.
4. Consistent communication among the board of directors, executive management, and shareholders.
5. Meetings between the board and executive management on a regular basis.
6. Evaluating the member's role in board meetings and comparing it to other members' performance. The concerned member provides feedback to help improve the evaluation process.

Second: Evaluation of the Managing Director

The board evaluates the managing director on a yearly basis using a pre-planned assessment procedure. This system includes key performance indicators that analyze the bank's financial and administrative performance. The director's success of the bank's medium and long-term objectives and strategies is also included in the evaluation.

Third: Third: Evaluation of the Executive Management in the Bank:

The board creates a system to assess the bank's administrative performance, excluding board members and the managing director. At a minimum, this system includes:

1. Giving adequate weight to monitoring performance in accordance with the risk management framework, internal control implementation, and regulatory requirements.
2. Ensuring that total income or profit is not the only metric used to assess success. Other aspects to examine include risks linked with core operations, customer and employee satisfaction, and other relevant issues.
3. Avoiding authority misuse and conflicts of interest.

Article (9): Employee Financial Rewards.

The board performs the following:

1. Establishes a policy for providing financial rewards to employees that is objective and transparent.
2. The financial incentives strategy should include, at a minimum, the following elements:
 - Intended to recruit, motivate, and boost the performance of qualified, skilled, and experienced staff.
 - Created to guarantee that it is not used in a way that jeopardizes the bank's stability and reputation.
 - Considers risks, liquidity circumstance, profits, and their timing.
 - Does not rely just on current year success but also considers medium and long-term performance (3-5 years).
 - Describes the bank's objectives, values, and strategy.
 - Defines the form of incentives, which may include promotions, fees, salaries, allowances, bonuses, stock options, or any other benefits.
 - Allows for the delay of payment of a suitable incentives amount, with the percentage and deferral duration determined by the nature of the task, its risks, and the actions of the relevant administration.
 - Oversight executives (risk management, auditing, compliance, and so on) should not be rewarded based on the performance of the departments they supervise.

Article (10): Conflict of Interest.

1. All bank employees and executives are obligated to prevent conflicts of interest.
2. The board sets a policy and procedures to handle possible conflicts of interest and discloses any conflicts resulting from the bank's connections with companies in the group.
3. The board creates rules and procedures for dealing with related parties, defining these entities while taking into consideration law, transaction conditions, approval procedures, and monitoring systems. No deviations from these policies and procedures are permitted.
4. The bank's oversight departments ensure that transactions with related parties are conducted in accordance with the approved policies and procedures. The audit committee reviews and monitors all transactions with related parties, informing the board of such transactions.
5. The board ensures that senior executive management implements the approved policies and procedures.
6. The board establishes criteria for the flow of information between departments with the aim to prevent exploitation.
7. The board develops policies and a code of professional conduct applicable to all members, including, at a minimum:
 - Preventing the use of internal bank information for personal benefit.
 - Rules and procedures governing dealings with related parties.
 - Situations that might lead to conflicts of interest.
8. The board ensures that the executive management maintains a high level of integrity in conducting its activities and avoids conflicts of interest.

Article (11): The Board's Role in Internal Audit.

The board is responsible for ensuring the following:

1. Confirm that the bank's internal audit department is capable of performing the following activities, at a minimum:
 - Provide monthly, quarterly, semi-annual, and annual reports on the results of its activities to the audit committee.
 - Prepare a working guide for the policies and procedures of internal audit management, subject to approval by the audit committee and the board of directors and undergo review and update by the audit committee at least annually or biennially.
 - Review the structure of internal control and audit systems at least once a year or as needed, conducted by the audit committee and internal audit management.
2. Ensure that the internal audit management is under the supervision of the audit committee and that it directly reports its findings to the head of the audit committee to ensure its independence
3. Have the authority for direct communication with the board of directors or the chairman of the board, the audit committee, the external auditor, and the compliance officer in the bank.

Article (12): The Board's Role in External Audit.

The board is responsible for the following tasks:

1. Ensure regular rotation of the external auditor among auditing companies and their affiliates or related entities in any form every five years, as a maximum, from the date of appointment.
2. Take appropriate measures to address weaknesses in internal control and audit systems or any other points identified by the external auditor.
3. Contribute to enhancing the role of the external auditor to ensure that the financial statements reflect the bank's management in all significant aspects, demonstrate its true financial position, and validate the adequacy of internal and electronic control frameworks.
4. Emphasize the significance of efficient communication between the external auditor and the bank's audit committee.

Article (13): The Board's Role in Risk Management.

The board is responsible for the following tasks:

1. Ensure that the risk management monitors the commitment of the bank's executive managements to the defined levels of acceptable risks.
2. Ensure that deviations are treated at appropriate risk levels, including making senior executive management accountable for these deviations.
3. 3. Ensure that the Risk Management Department conducts stress tests periodically to measure the bank's ability to withstand shocks and confront high risks. The board plays a key role in adopting the assumptions and scenarios used, discussing the test results, and approving the necessary actions based on these results.
4. Adopt an internal capital adequacy assessment process that meets the criteria of the Basel II and Basel III Committees, as well as any other international standards. This technique should be thorough, effective, capable of recognizing all potential risks that the bank may face, take into consideration the bank's strategy and capital plans, and be evaluated and confirmed for implementation on a regular basis. Ensure that the bank has enough capital to handle all its risks.
5. Before approving any expansion in the bank's activities, the board must consider the risks associated with it and the capabilities and qualifications of the risk management staff.

6. Ensure the bank's risk management is independent by having its reports presented to the Risk Management Committee, which is associated with the board. Give this administration the authority it needs to gather information from other bank divisions and interact with other committees in order to carry out its responsibilities.
7. The adopted policies by the Board of Directors must include the acceptable limits for the risks the bank may be exposed to, ensuring that these limits align with the bank's risk tolerance and capital adequacy.
8. Assess the continuous suitability of the actions associated with risk measurement, monitoring, and management, making any required modifications depending on market developments and the environment in which the bank operates.
9. Use suitable and effective information and communication systems, especially concerning the process of monitoring and controlling risks, ensuring the efficiency of the information management system. This allows the senior management of the bank, the Risk Committee, and the Board to receive regular reports (at least monthly) reflecting the bank's commitment to defined risk limits. These reports should highlight any deviations from these limits, their causes, and the necessary corrective action plan.
10. The minimum tasks of the Risk Management Department should include:
 - Studying and analyzing all types of risks facing the bank.
 - Preparing a risk management framework for the bank and presenting it to the Board.
 - Implementing the risk management strategy and developing policies and procedures for managing all types of risks.
 - Developing methodologies for identifying, measuring, monitoring, and controlling each type of risk.
 - Reporting to the Board through the Risk Management Committee and providing a copy to senior executive management. These reports should include information on the actual risk profile for all bank activities compared to the Risk Appetite document, monitoring negative deviations, verifying the integration of risk measurement mechanisms with management information systems used.
 - Providing recommendations to the Risk Management Committee regarding the bank's exposure to risks and recording exceptions to the risk management policy.
 - Supplying necessary information about the bank's risks for disclosure purposes.

Article (14): The Board's Role in Compliance Management.

The board is responsible for the following tasks:

1. Ensure the independence of the compliance management, guaranteeing its continuous support with a sufficient and trained workforce.
2. Adopt a policy to ensure the bank's compliance with all relevant legislations, reviewing this policy periodically and verifying its implementation.
3. Adopt the tasks and responsibilities of the Compliance Management Department.
4. The Compliance Management submits its reports to the Board or the audit committee emanating from it, with a copy sent to the Commissioner.

Article (15): The Board's Role in Anti-Money Laundering and Terrorist Financing Management.

1. The Board, through the audit committee and the bank's control departments, must ensure that the bank takes due diligence measures toward customers in accordance with the Anti-Money Laundering and Combating the Financing of Terrorism Law No. (9) of 2015 and the instructions issued thereunder.
2. The Board should ensure that the bank retains records, documents, and the following for a period of (5) five years from the date of the end of the relationship with the customer, or from the date of closing the account or executing a one-time transaction for a occasional customer, whichever is longer. These should be made available to the relevant authorities as quickly as possible, and include, at a minimum:
 - Copies of all records obtained through the due diligence process in verifying transactions, including documents indicating the identities of the actual beneficiaries and accounting files and business correspondence.
 - All records related to local and international transactions, whether implemented or attempted, with these records detailed to the extent that allows the reconstruction of the steps of each transaction individually.
 - Records related to risk assessment, or any information derived from its conduct or update.
 - The adoption of programs to prevent money laundering and terrorist financing, including:
 - Assessing the risks of money laundering and terrorist financing to which it is exposed.
 - Assessing the risks of money laundering and terrorist financing to which it is exposed.
 - Adopting internal policies, procedures, and controls suitable for the application of the obligations imposed in the field of combating money laundering and terrorist financing.
 - Independent auditing to test the effectiveness of policies and procedures and the extent of their application.

Article (16): Committees Derived from the Board of Directors.

A. Committee Overview.

- The Board formed committees from among its members, outlining their objectives and delegating authority to them in accordance with a charter that defines these details. The committees, which are made up of Board members, submit minutes and reports to the Board on a regular basis. The Board is responsible for continually monitoring the committees to ensure the efficacy of their functions and reporting back to the Board Chairman.
- The Board has established the following committees derived from the Board of Directors:
 1. Corporate Governance Committee
 2. Information Technology Governance Committee
 3. Audit Committee
 4. Risk Management Committee.
 5. Nomination and Remuneration Committee.
 6. Credit Committee.
- The formation of committees should consider expertise and experience, avoiding conflicts of interest.
- The head of each committee formed should be an independent member of the board.
- The bank must provide the Central Bank of Iraq with a list including all committees formed by the board, their tasks, procedures, and the names of their members. These committees should also be disclosed in the annual report.
- The committee secretary is selected either from the board's secretary or any executive employee selected by the committee, except for the manager of the department responsible for the committee's affairs.

B. Details of committees derived from the Board of Directors.

1. Corporate Governance Committee:

- Committee formation, meeting frequency, and quorum:
The committee is made up of three members, at least two of whom are independent and non-executive. The Chairman of the Board is a member of the committee. The committee meets on a regular basis, with at least one meeting each year. The quorum for the committee is achieved with the presence of two of its members, including the committee chairman.
- Committee Responsibilities:
 1. Directing and supervising the preparation and updating of the governance guide, monitoring its implementation, reviewing, and updating the guide as needed, and annually evaluating its application.
 2. Preparing the governance report and including it in the bank's annual report.
 3. Ensuring the bank's application of corporate governance principles and best practices.

2. Information Technology Governance Committee:

The Information Technology Governance Committee is made up of three members that have experience and strategic understanding in information technology governance. The committee may seek assistance, at the bank's expense, from external experts when needed, in coordination with the Chairman of the Board, to compensate for any deficiencies in this area and enhance objective opinions. The committee is authorized to invite any bank administrators to attend its meetings, including those involved in internal audit and senior executive management (such as the IT Department Manager or IT Governance Department Manager, or those involved in external audit). The Board establishes the committee's objectives and delegated authority to it via a charter that specifies these elements. It is crucial to highlight that the Board's delegation of authority to the committee or any other committee does not exempt the Board of its overall obligations. The committee meets at least quarterly, retains recorded meeting minutes, and performs the activities stated below in accordance with the Central Bank of Iraq's rules for information technology and communication governance in the banking sector and its six appendices released on 2019/4/25.

1. Approval of the strategic objectives for information technology and appropriate organizational structures, including steering committees at the senior executive management level, particularly the Information Technology Steering Committee. This guarantees that the bank's strategic objectives are met and that the best value-added from information technology initiatives and investments are realized. It involves employing tools and standards required for monitoring and insuring achievement, such as the usage of IT Balanced Scorecards and computing the Return on Investment (ROI). It also assesses the impact of greater financial and operational efficiency.
2. Adoption of the general framework for managing, controlling, and monitoring information technology resources and projects, especially COBIT 2019. This is to achieve the sustainable realization of organizational goals and requirements of these controls, through the achievement of the information technology governance objectives.
3. Adoption of a matrix of organizational goals, information-related goals, and applicable technological goals, as well as a description of the sub-objectives required to achieve them.
4. Adoption of a Responsibility Assignment Matrix (RACI Chart) for the main operations of information technology governance and their associated sub-operations, identifying the primary responsible party or parties, person, or entities as "Responsible," ultimate accountability as "Accountable," advisory role as "Consultant," and those who need to be informed about all operations as "Informed."
5. Confirmation of the presence of a broad framework for managing information technology risks that is aligned and integrates with the bank's overall risk management structure, in accordance with international standards such as ISO 31000. It considers all aspects of information and communication technology governance.
6. Approval of a budget for information technology resources and initiatives that are aligned with the bank's strategic objectives.
7. General supervision and review of the operations, resources, and projects of information technology to ensure their sufficiency and effective contribution to the bank's requirements and operations.
8. Reviewing audit reports for information and communication technology and taking appropriate actions to rectify deviations, as well as implementing recommendations by adopting corrective measures.

3 Audit Committee:

- Committee formation, meeting frequency, and quorum:
 1. The Audit Committee is composed of three members who must be independent members of the Board of Directors, consultants, or experts in the financial or audit fields, as approved by the Central Bank of Iraq. The committee chairman is not permitted to serve on any other board-created committees.
 2. All committee members must hold acceptable academic credentials in accounting, finance, or any other comparable disciplines relevant to the bank's operations.
 3. The quorum for the committee is achieved with the presence of at least two committee members, and its recommendations are made unanimously or by a majority of its members.
 4. The committee meets at least once every three months and more frequently if necessary.

- Committee Responsibilities:
 1. The committee reviews the following matters:
 - The scope, results, and adequacy of both internal and external audits of the bank.
 - Accounting issues with a substantial impact on the bank's financial statements.
 - Internal control systems and regulations within the bank.
 2. The committee ensures compliance with international standards and anti-money laundering in all bank activities and operations. It has the right to investigate, research, and audit any operations, procedures, or regulations that it deems affect the strength and integrity of the bank.
 3. The committee recommends to the Board of Directors the adoption of the organizational structure of the bank, the establishment, cancellation, or merging of organizational units, and the specification of the tasks and authorities of these units, recommending adjustments as necessary.
 4. The committee reviews the annual training and development plan, monitors its implementation, and reviews executive management reports on the status of human resources.
 5. Reviewing policies and procedures related to the hiring, promotion, resignation, and termination of service for all bank employees, including executive management, while taking into consideration the provisions of applicable laws.
 6. Preparing a quarterly report on the committee's activities at the end of each financial quarter to be submitted to the Board of Directors.
 7. Auditing and approving accounting procedures, the annual audit plan, and accounting controls.
 8. Ensuring the bank's compliance with disclosures outlined by the International Financial Reporting Standards (IFRS), Central Bank instructions, and other relevant legislation and guidelines. Also, ensuring that the executive management is aware of any changes in international financial reporting standards and other related standards.
 9. Including in the bank's annual report a report on the adequacy of internal control and monitoring systems for "Financial Reporting." The report must at the very least include the following:
 - A section clarifying the responsibility of the internal auditor, in collaboration with executive management, for establishing internal control systems around financial reporting in the bank and maintaining those systems.
 - A section on the framework used by the internal auditor, and an assessment to determine the effectiveness of internal control and monitoring systems.
 - Ensuring compliance with international standards in all bank activities and operations.
 - Ensuring that there is an Anti-Money Laundering and Counter-Terrorism Financing department linked to the board, responsible for implementing specific operational policies, Know Your Customer (KYC) procedures, and associated duties, including the preparation of regular reports on its activities.
 - Monitoring compliance with the Foreign Account Tax Compliance Act (FATCA).
 - Disclosing weaknesses in internal control systems that could lead to the inability to prevent or detect a material misstatement.
 - A report from the external auditor indicating their opinion on the effectiveness of the internal control systems.

10. The Committee's Relationship with the External Auditor: The committee is directly responsible for the following:
 - Recommending qualified individuals for the position of external auditors or recommending their removal.
 - Facilitating direct communication between the external auditor and the committee.
 - Agreeing on the scope of the audit with the external auditor.
 - Receiving audit reports and ensuring that the bank's management takes necessary corrective actions promptly regarding issues identified by the external auditor.

11. The Committee's Relationship with the Internal Auditor: The committee is directly responsible for the following:
 - Appointing the internal auditor or recommending their dismissal, promotion, or transfer after obtaining the approval of the Central Bank of Iraq.
 - Reviewing and approving the internal audit plan.
 - Reviewing reports from the internal audit management and providing feedback through regular committee meetings.
 - Requesting reports from the Director of Internal Audit.
 - The Audit Committee is responsible for ensuring the availability of sufficient financial resources and an adequate number of qualified human resources for the management of internal audit and their training.
 - The Audit Committee is responsible for ensuring that internal audit staff are not assigned any executive tasks and guaranteeing their independence.

12. Monitoring compliance with laws, regulations, and controls applicable to the bank and reporting to the Board regarding anti-money laundering, counter-terrorism financing, banking awareness, and public protection.
13. Reviewing reports submitted by the bank to the central bank.
14. Presenting an annual report to the Board to disclose the bank's activities and operations.
15. The committee has the authority to obtain any information from the executive management and has the right to summon any manager to attend its meetings without them having committee membership, as stipulated in the Internal Audit Charter.
16. The committee meets with the external auditor, internal auditor, compliance manager, and anti-money laundering officer at least four times a year and as needed, without the presence of any members of the executive management.
17. The committee evaluates and maintains the procedures and processes by which employees can report any inaccuracies in financial reports or other concerns in a private manner. The committee guarantees that the appropriate systems for impartial inquiry, employee protection, and follow-up and objective processing of investigation results are in place.
18. Reviewing reports from the anti-money laundering and counter-terrorism financing unit, compliance monitor, banking awareness department, and public protection.
19. Monitoring the implementation of business continuity and disaster recovery programs in coordination with the Information Technology and Communications Committee.

4 Risk Management Committee:

- Committee formation, meeting frequency, and quorum:
 1. The committee consists of three non-executive members of the Board of Directors, with the committee's chairman being independent. Committee members are required to have experience in risk management and related practices and issues.
 2. The quorum for the committee is achieved with the presence of at least two committee members.
 3. The committee meets four times a year and as needed. Any member of the senior management may be invited to attend its meetings to clarify certain matters and issues deemed important by the committee.

- Committee Responsibilities:

The committee is responsible for the following tasks:

1. Reviewing the bank's risk management strategy before its approval by the Board.
2. Reviewing the credit policy and providing recommendations to the Board for approval, as well as overseeing the implementation of the proposed credit policy by them.
3. Monitoring the bank's credit risks, whether standardized or internal ratings-based, operational risk, market risk, supervisory review, and market discipline, as defined in the Basel Committee on Banking Supervision's standards.
4. Determining credit limits that exceed the authority of the authorized manager or the regional director.
5. The committee monitors the bank's ability to mitigate liquidity risks under Basel III regulations, including liquidity standards.
6. Recommending discontinuation of all activities that pose risks to the bank and that it cannot effectively manage.
7. Ensuring the bank's compliance with regulations, instructions, and policies related to risk management.
8. Periodically reviewing the proposed risk management policy presented by the bank's senior management, providing recommendations to the Board for approval.
9. Supervising senior management's implementation of the bank's approved risk policies.
10. Maintaining continuous communication with the Risk Department Manager, obtaining regular reports on matters related to the current risk situation in the bank, risk culture, as well as reports on established limits and ceilings, any breaches, and risk avoidance plans.
11. The committee oversees the capital and liquidity management strategies, as well as all related risk management strategies, to ensure their alignment with the approved risk framework of the bank.
12. Receives regular reports from committees derived from executive management (Credit, Investment, Information Technology, and Communications).
13. Reviews the investment policy and provides recommendations to the Board for approval, in addition to supervising the implementation of the proposed investment policy by them.
14. Evaluates the performance of the investment portfolio in terms of return and risk, concerning both domestic and foreign bank investments. It continuously monitors indicators and market movements of domestic and foreign capital markets.

5. Nomination and Remuneration Committee:

- Committee formation, meeting frequency, and quorum:
 1. The committee is composed of three members who must be independent and non-executive members.
 2. The committee meets at least semi-annually, and the quorum is completed with the presence of at least two committee members.

- Committee Responsibilities:
 1. Identifying qualified candidates for participation on the bank's Board of Directors or senior management, except for those qualified to serve as internal audit managers, which is the duty of the Audit Committee.
 2. Developing the compensation policy and submitting it to the Board of Directors for approval, overseeing its implementation, taking into consideration the following:
 - Aligning with principles and practices of sound governance, ensuring the bank's long-term interests prevail over short-term considerations.
 - The bank's achievement of its long-term goals according to its adopted strategic plan.
 - Ensuring that the bonus-granting policy takes into account all types of risks the bank is exposed to, balancing earned profits with the level of risks involved in the bank's activities and operations.
 - The compensation and salary policy should cover all levels and categories of bank employees, conducting periodic reviews of the bonus and salary policy, as recommended by the Board of Directors or when necessary, and providing recommendations to the Board for the amendment or update of this policy, conducting periodic assessments of the adequacy and effectiveness of the bonus, salary, and incentive policy to ensure the achievement of its stated objectives.
 - Developing a succession policy to secure the positions of the bank's executive management, to be reviewed annually at least, ensuring the bank is prepared to smoothly handle any changes that may occur in the occupants of executive management positions without affecting the bank's performance and the continuity of its operations.
 - Ensuring the preparation of plans and the provision of programs to train members of the Board of Directors continuously and qualify them to keep up with all significant developments in the banking and financial services.
 - Supervising the performance evaluation process of human resources in the bank, especially executive management, reviewing the related reports, and submitting recommendations to the Board of Directors.

6. Credit Committee:

- Committee formation, meeting frequency, and quorum:
 1. The committee is formed by the Chairman of the Board of Directors and two members of the Board, with the committee also including the managing director.
 2. The quorum for the meeting is complete with the presence of at least two members, and decisions are made by a majority of its members, regardless of the number of attendees.
 3. The committee meets twice a year or as needed.

- Committee Responsibilities:

Making the appropriate decision regarding the facilities recommended for approval by the Executive Management Committee (the highest committee in the executive management), which exceed the credit authority of the highest credit committee at the executive management level, and in accordance with the bank's credit policy and the authorities approved by the Board of Directors.

Article (17) Committees Derived from the Executive Management

- The following committees are formed with a minimum decision by the managing director:
 1. Information Technology Steering Committee.
 2. Branch Committee.
 3. Internal Risk Management Committee.
 4. Investment Committee.
 5. Supplies and Procurement Committee.
 6. Human Resources Committee.
 7. Assets and Liabilities Committee.
 8. Data Update Committee.
 9. Real Estate Marketing Committee.
 10. International Financial Reporting Standard (IFRS) Implementation Committee.
 11. Business Continuity Committee.

- Each committee has its own charter, which includes:
 - Committee Members
 - Committee rapporteur
 - Committee observers
 - Committee quorum
 - Committee meetings
 - Committee roles and objectives
 - Committee responsibilities
 - Committee decisions
 - Committee reports.

- The charter of each committee is reviewed annually.

Article (18): Stakeholder and shareholder rights.

1. A dedicated system must be provided to ensure communication with stakeholders through disclosure and the provision of meaningful information about the bank's activities to stakeholders through the following:
 - General Assembly meetings.
 - Annual report and governance report.
 - Quarterly reports containing financial information, in addition to the board's report on the bank's stock trading and financial status during the year.
 - The bank's website.
 - Report from the shareholder relations department.

2. Ensure the allocation of a section on the bank's website www.nbi.iq that clarifies the rights of shareholders, encourages their attendance and voting in general assembly meetings, and publishes relevant documents, including the full text of the invitation and meeting minutes.

3. The board must ensure the effectiveness of discussions with shareholders by providing the following minimum factors:
 - Shareholders have access to all relevant information promptly.
 - Ensure that board members are aware of shareholders' opinions, especially regarding the bank's strategies and governance systems.
 - Hold regular meetings with major shareholders, non-executive members, and independent members to understand their opinions and perspectives on the bank's strategies.
 - Disclose in the annual report the steps taken by its members, particularly non-executive members, to reach an agreement and mutual understanding of major shareholders' opinions regarding the bank's performance.
 - Heads of the "Audit," "Nomination and Remuneration" committees, and any other committees derived from the board should attend the annual general assembly meetings.
 - Ensure shareholders' right to participate and vote in general assembly meetings, discuss agenda items, and direct inquiries to board members. The bank must ensure all their rights as specified by various laws, regulations, and instructions.
 - The external auditor or their representative should attend the annual general assembly meeting, present the report, and respond to inquiries.

Article (19): Disclosure and Transparency.

1. The board must guarantee that financial and non-financial information important to stakeholders is published.
2. The bank's annual report should include a statement indicating that the board is responsible for the accuracy and adequacy of the bank's financial data and the information in the report, as well as the sufficiency of internal control and regulatory systems.
3. The board must ensure the bank's compliance with disclosures specified by the International Financial Reporting Standards (IFRS), Central Bank directives, relevant legislation, and other instructions. The board should also confirm that the executive management is aware of any changes to international financial reporting standards and other relevant standards.
4. The board should ensure that the bank's annual report and quarterly reports include disclosures that allow stakeholders to access the results of the bank's operations and financial status.
5. It is preferable to make disclosures in both Arabic and English.
6. The board should ensure that the annual report includes, at a minimum:
 - The organizational structure of the bank, outlining the committees derived from the board.
 - A summary of the tasks and responsibilities of the board committees.
 - Information relevant to stakeholders as outlined in the bank's Corporate Governance Guide and the extent of its commitment to implementing the guide's provisions.
 - Confirmation of the preparation of the bank's governance report and its inclusion in the annual report.
 - Information about each board member, including qualifications, experience, contribution to the bank's capital, committee memberships, appointment date, attendance commitment to board meetings, memberships in other company boards, received bank-related remuneration, loans granted by the bank, and any other transactions between the bank and the member or related parties.
 - Information about risk management, including its structure, nature of operations, and developments.
 - The number of times the board and its committees met and the attendance frequency of each member in these meetings.

- A code of conduct for management and the names of board members, executive management, and resignations during the year.
- A summary of the bank's bonus grant policy and all forms of bonuses granted to executive management individually, for the previous year.
- Names of shareholders owning a stake (1% or more) and affiliated groups owning (5% or more) of the bank's capital, specifying the true beneficiary of these contributions or any part thereof, and clarification of whether any of these contributions are fully or partially pledged.
- Publication of a report on corporate governance practices.
- The bank's sustainability policy and actions taken regarding it.