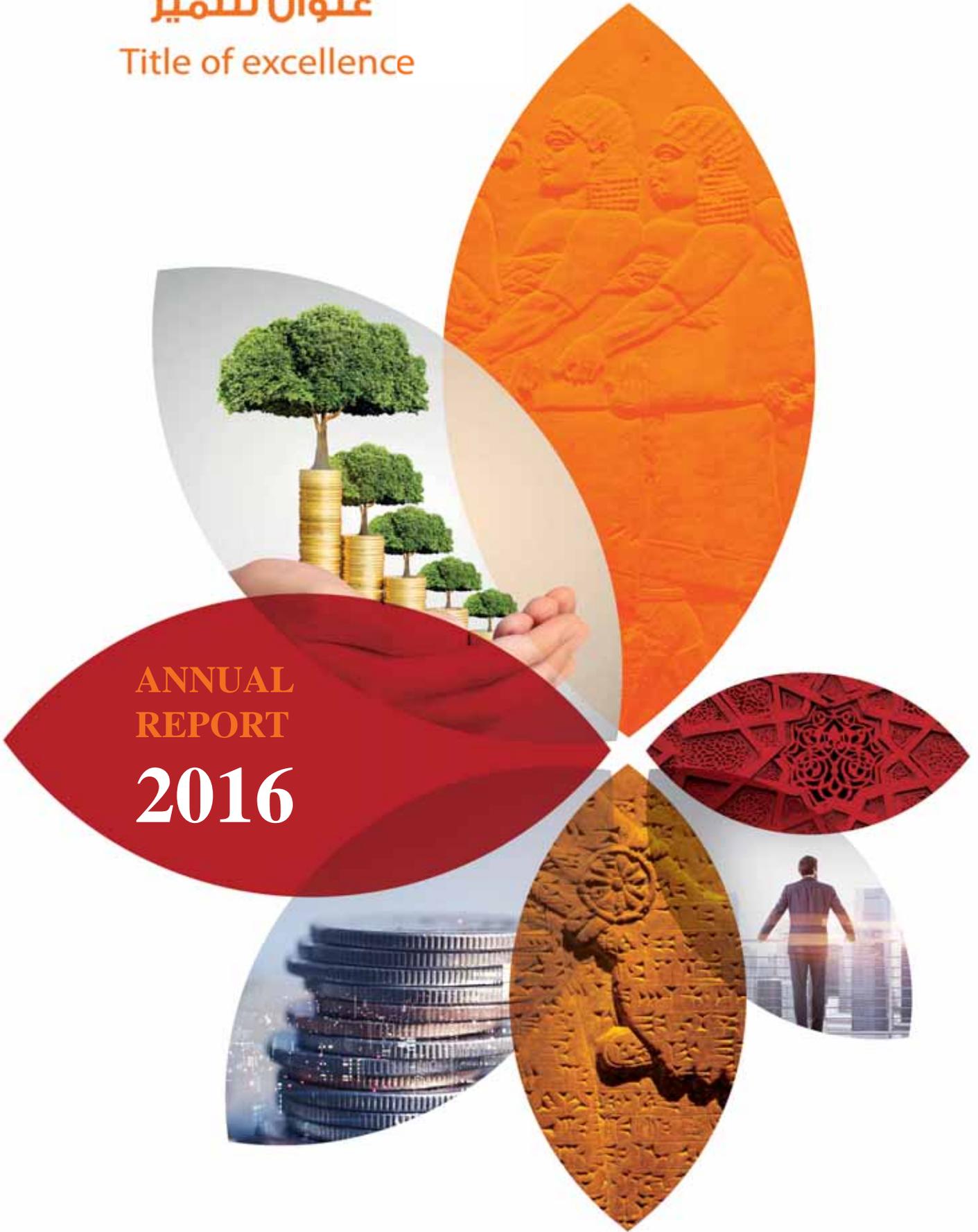


International Development Bank
مصرف التنمية الدولي



عنوان للتميز
Title of excellence



ANNUAL
REPORT

2016

ANNUAL REPORT 2016

MORE THAN



OF EXCELLENCE



In the Name of God
the Compassionate, the Merciful

International Development Bank
مصرف التنمية الدولي



عنوان للتميز
Title of excellence

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Mr. Ziad Khalaf Abed Kareem

Chairman of the Board

Mr. Ziad Khalaf Abed Kareem is the Chairman of International Development Bank for Investment and Finance Iraq. He is also the Chairman of “Al Sharq Insurance” and one of the biggest shareholders at “DOMA Steel” for sandwich panel production and “Bankiyeh Industrial” which owns one of the biggest Cement plans in Iraq. In addition, he is Board member and one of the biggest shareholders at “Khalaf Abed Kareem General Contracting”, “Iraqia Automotive Trading” and “Asr Al Tanmia General Trading Company”.

More so, he has been engaged in several investment projects inside and outside Iraq with more than 20 years experience in contracting and trade businesses. He has more than 10 years experience in banking with special focus in strategic planning and corporate governance. He holds a Bachelor of Civil Engineering from Baghdad University of Technology. It should also be noted here that Mr. Ziad comes from a very known and respectful Iraqi family originally from Baghdad with more than 50 years of experience in the domain of manufacturing and trade. It is noteworthy to mention also that he has a proven track record and successes in all trade and industrial business he owns.

Since he became IDB’s Chairman, he thrived to establish a comprehensive strategy based on solid controls and procedures in line with the economic and political situation in Iraq. The strategy focuses on applying advanced Information Technology system in all the bank’s activities and services. Mr. Ziad has succeeded in empowering IDB to become in the forefront of Iraqi banks in the provision of E-services including a sophisticated infrastructure of ATMs and POSs, in addition to leading the bank to sustain solid liquidity ratio and financial position.



 **Mahmood Mohammed Al-Barazenchi**
Vice-Chairman

Mr. Al-Barazenchi has over 50 years of banking experience in prominent banks and financial institutions in Iraq. He was the Deputy General Manager of Al Raffidain Bank, the former Managing Director of both Bank of Baghdad and Kurdistan International Bank. He also served as financial banking expert in the Trade Bank of Iraq. Mr. Al-Barazenchi holds a Bachelor of English Literature from University of Baghdad.

 **Fouad Mohammed Al-Jawahri**
Board Member and Managing Director

Mr. Al-Jawahri has over 50 years of banking experience with several Financial Institutions in Iraq. He held many managerial positions in the Central Bank of Iraq, in addition to serving in leadership position in Al-Bilad Islamic Bank. Mr. Al-Jawahri holds a BSc in Accounting from University of Baghdad.



 **Mueen Hussain Al-Hashimi**
Board Member

An established businessman from a reputed and well known family in Iraq with over 35 years of experience in Business and Trading. Mr. Mueen Al-Hashimi is also the Chairman of Al-Hashimi Group, established over 100 years ago.

Mr. Mueen has a comprehensive and diversified banking experience of more than 15 years with a special focus on trade finance and internal banking transactions. He has a great deal of knowledge in investments in foreign currencies, commodities and forward contracts. It should also be noted here

that Mr. Mueen has adopted a conservative investment and liquidity strategy during his era as the Bank's Chairman. He is currently the exclusive agent of Mercedes Benz, Volkswagen, and Audi and Porsche in Iraq.

Mr. Mueen holds a BS in economics from University of Baghdad.

 **Safa Hussein Habib Alfartosy**
Board Member

Safa Hussein Habib Alfartosy is a prominent banker with vast experience in managing financial institutions at its best. With over 23 years in the banking industry and with another 13 years in managing a power plant he brings with him a huge experience and value addition. He holds a Bachelor degree in Mechanical Engineering from University of Baghdad and a Master of Arabic Language from University of Baghdad.





Board of Directors Meetings

The Board of Directors of the International Development Bank (IDB Iraq) held (12) meetings during the year 2016, it is noteworthy to point out that members of the Board of Directors did not earn any allowances or bonuses for attending the meetings.

The Board of Directors handled the planning and formulating interim and strategic objectives of the bank, and supervised implementing these objectives by the Executive Management.

In light of the difficult and unstable economic environment that Iraq has experienced in 2016, the Board of Directors has worked on developing specialized policies and procedures

in credit granting and investments in order to maintain the good reputation of the bank and to ensure the integrity of the financial position in accordance with the requirements of the Central Bank of Iraq. The Bank's Board of Directors' meetings covered the Bank's monthly P&L, Credit Dues, Liquidity Levels, Asset Quality, Risk Management Reports, Compliance & AML Reports, and Internal Audit Reports.

In response to the decision of the Iraqi Council of Ministers to domicile the salaries of public sector employees with private banks, the Bank's strategy focused on expanding and developing the infrastructure of electronic services, IT systems and investment in human resources.



Ownership Structure within the Board of Directors

The following are the names of the original Board of Directors and their contribution in the bank:

		No. of Shares
Ziyad Khalaf Abed Kareem	Chairman of the Board	24,750,000,000
Mahmood Mohammed Al-Barazengi	Vice-Chairman of the Board	1,562,500
Fouad Mohammed Ridha Al-Jawaheri	Member of the Board and Managing Director	1,562,500
Mueen Hussein Ismael	Member of the Board	24,750,000,000
Safa Hussein Habeeb	Member of the Board	1,562,500



Board of Directors Meetings

Chairman's Letter

Dear Shareholders,

On behalf of my colleagues and members of the Board of Directors, we are pleased to present to you the sixth annual report of the International Development Bank for the fiscal year ended 31 December 2016, including the financial statements and auditor's reports as well as other aspects related to the Bank's strategy to discuss and listen to your opinions that enhance the future of your bank and support its activities and development.

Despite the fact that the year 2016 was very challenging with all the economic and political circumstances, a year that witnessed a default of a number of private Iraqi Banks, IDB was able to maintain a solid financial position.

Locally, and to correct the imbalance in the fiscal policy and the governmental budget deficit, the Iraqi banks touched the impact of the economic slowdown through major difficulties in collecting dues from obligors. We can say that default rates remain within the internationally recognized limits. Hedging by taking provisions against these bad debts has had a negative impact on banks' financial results and has led to a major drop in net profits. We believe that this negative impact is a transient effect because these provisions may constitute a source of revenue if no longer needed in subsequent years.

The Bank was able to place its sources of funds in acceptable risks investments, given the volatile and dynamic conditions of the Iraqi's Banking Sector. This in return contributed to the Bank's gross profits (before deducting taxes and capital reserves) which amounted to 19.534 billion Iraqi dinars at the end of 2016 compared to 20.184 billion Iraqi dinars as at the end of the previous year. This income was generated from a variety of sources, including the proceeds of credit facilities and the proceeds of trade finance through documentary credits and bank guarantees, while attempting to increase non-interest income which carries no credit risk by focusing on revenues derived from electronic banking services.

In continuation of the Bank's strategy and its mission to meet the needs of customers in all their segments and sectors, the Bank continued to expand its branch network which reached to 12 branches in Iraq with expectations to increase them to 15 branches in Iraq by the end of 2017. Moreover, IDB was able to open its the representative office in Beirut after taking the final approval and license from the Central Bank of Lebanon during the year 2016. Targeting other vital areas internally, as well as the Bank's ATM network which reached 100 ATMs and is expected to reach 300 by the end of 2017. In terms of branch reengineering, and in order to meet its corporate identity, the bank transferred some of his branches from old locations to the most prime locations covering current and future needs.

In 2016, the Bank continued to focus on the role of the Risk Management Department, the Compliance Section and the AML / CFT Section, as directed by the CBI, and continued to invest in the IT infrastructure to provide the Executive Management of the Bank and its Board with oversight reports sufficient to contribute to sound decision-making. Note that the bank recognizes the importance of reputational risk considerably and has worked to develop a framework of internal control that mitigates the Bank's risk exposure.

In 2016, the Bank continued the strategy adopted in previous years, in terms of the investment and credit granting, and in order to protect depositors and shareholders and to enhance the high levels of liquidity and capital adequacy.

It is worth noting here that the Bank continued to develop and prosper in the field of electronic banking services by diversifying these services, launching new cards and modernizing the services provided through mobile application, expansion and spread in the network of ATMs and point of sale devices, and when it comes to salaries domiciliation the bank received the majority of employees' salaries domiciliation in both private and government sector.

Dividend distribution

In light of the new financial results achieved this year, the Board of Directors recommended the distribution of dividends to shareholders for the year 2016 amounting to (15.774) billion Iraqi dinars.

A word of thanks and gratitude

On this occasion, it is my pleasure to express my thanks and appreciation to all members of the Board of Directors and to the efforts of all members of the Executive Management at all levels. And all thanks and gratitude to the sponsor and supporter of the Iraqi banks, the Central Bank of Iraq under his wise leadership for his continuous support to members of the Iraqi banking family and the integrity of monetary policy and continuous development of its oversight role to ensure the ascendancy and safety of the banking industry in Iraq. And all the appreciation of our customers , who we value their trust in this institution, and we thank you, dear shareholders, for your continued support.

I ask Almighty God for the progress and prosperity of our dear institution and to enable it to perform its duty towards the national economy, its shareholders and employees, as well as its duty to the local community.

God grants success
Ziad Khalaf Abed Kareem
Chairman of Board of Directors



Our Successes in 2016



PRINCIPAL MEMBER
ISSUER & ACQUIRER



SUPER AGENT



LICENSE



AML FILTERING SYSTEM



WORLD-CHECK™
REDUCING RISK THROUGH INTELLIGENCE

AML FILTERING SYSTEM



IMAL CORE BANKING



❖ The Bank received the best rating in Iraq with respect to Iraqi banks. The bank's rating was (2.2) according to (CAMELS) rating. This assessment was completed by the Central Bank of Iraq in cooperation with Ernst and Young.

❖ The Bank has assigned Ernst and Young as the Bank's external auditors for the years 2017-2019.

❖ The bank obtained "Issuance and Acquiring" license from MasterCard in 2016, making it the first bank in Iraq to issue Debit, Credit, Pre-Paid cards from within Iraq. The bank is in the process to obtain the license from Visa.

❖ The Bank has obtained the PCI Security License making it the first Bank In Iraq to obtain such a license.

❖ The Bank has succeeded in obtaining the largest number of employees of the Central Bank of Iraq (more than 700 employees out of 1200) in the salaries domiciliation project where more than 5 Iraqi & International banks participated in this project.

❖ More than 70 ATMs have been installed in various governorates of Iraq from north to south, in various commercial locations, hotels and leisure clubs, in addition to the installation of more than 120 POS terminals.

❖ Various connectivity solutions was established between the Bank's wide ATM

network Bank's core banking solution (IMAL) to address the ongoing interruptions in internet in Iraq including the use of "dual sim-card" in these machines to provide better customers' experience.

❖ The Bank has continued its investment and development in its mobile banking application through the provision of additional services, most notably the ability to execute internal transfers (RTGS) within Iraq through this application making IDB the first Bank in Iraq to offer this service.

❖ The Bank implemented a sophisticated system (Queue System) across the Bank wide branch network to improve the customer experience and provide the required service faster and better.

❖ The Bank has successfully developed and expanded its customer and credit banking service offerings by launching new products such as mobile financing, travel loan and other tailored made products targeting SMES.

❖ The Bank has made extensive investments and developments in its IT infrastructure and Information technology systems in relation to AML/CFT & compliance and as per CBI recent requirements. The Bank successfully completed the interface of the "World Check" filtering software with its core banking solution.

❖ The bank has internally developed an advanced AML solution specifically for studying and analyzing patterns of customers' transactions with IDB and as stipulated by CBI.



- ❖ The Bank has implemented a modern risk assessment mechanism for customer risk profiling and has been included in the bank's due diligence procedures when opening bank accounts to customers.
- ❖ The Bank succeeded in completing the process of populating data for borrowers and guarantors in relation to CBI's recently established credit bureau.
- ❖ The Bank has insured all of its fixed assets as cash in vault and cash in transit through obtaining the Bankers Basket Bond from the best international reinsurance companies.
- ❖ The Bank participated actively in the SMEs Financing Initiatives stipulated by the Central Bank of Iraq through the financing of projects exceeding 3 billion Iraqi dinars during 2016 and in various provinces in Iraq.
- ❖ The Bank has entered into a strategic partnership with Harvard Training and Rehabilitation Organization to continue investing in human resources through continuous training courses in line with the skills required for each employee and according to the requirements of the Central Bank of Iraq.
- ❖ The bank has made significant progress in the infrastructure necessary to complete the bank's headquarters in the Abu Nawas area, which will be a distinctive brand of the bank through a huge building with more than 10 floors.
- ❖ The bank has launched its core banking system upgrade project, which is expected to be fully implemented by the end of 2018, and which will add many fields and features to the previous version and offer more diversified banking solutions and services.
- ❖ STREX has been installed to take backups of all branches of the bank.
- ❖ The Bank continued to develop and rehabilitate the recovery infrastructure for IT systems and the SWIFT system in Basra.
- ❖ The electronic clearing system (ACH) was interfaced with the bank's core banking system, which provided assurances over the Bank's internal control environment.
- ❖ The database of the banking system used in the bank has been centralized to improve the quality of performance and speed in providing banking services to customers.
- ❖ The Bank succeeded in activating check clearing including certified checks which can be automatically processed by the Bank's core banking system.
- ❖ The savings account books were activated on the core banking system where all customer transactions are recorded and printed automatically on the book.



IDB is the First Bank in Iraq to Obtain
«Issuing & Acquiring License»
from MasterCard from Inside Iraq





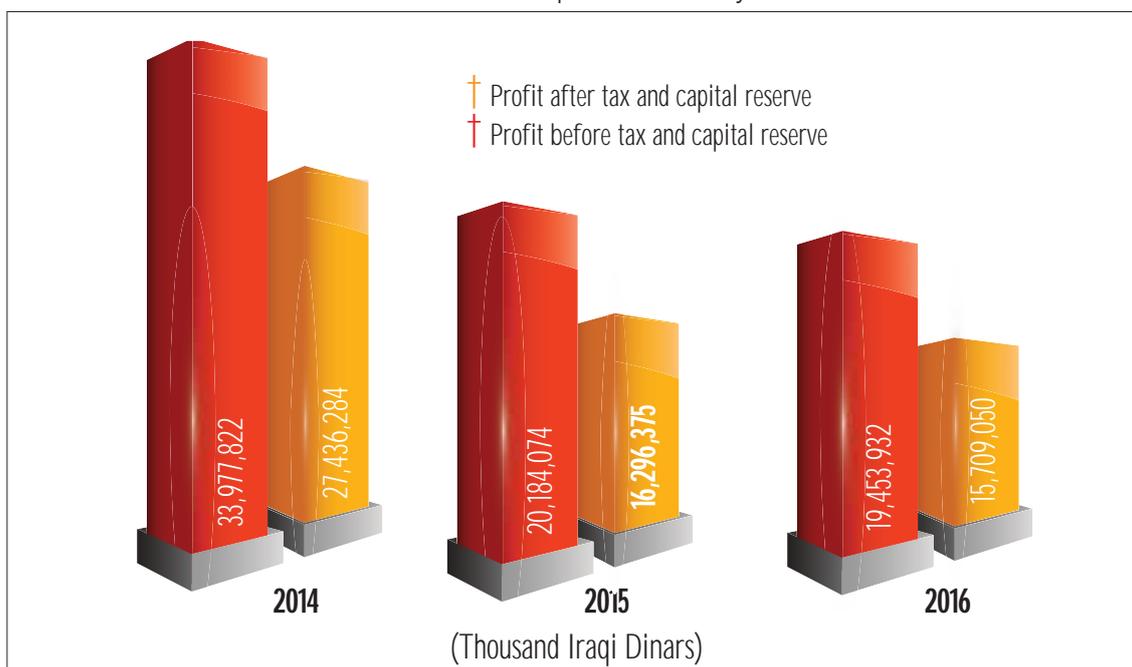
The financial performance of the bank / Key financial indicators

Details	2013	2014	2015	2016
	in thousands IQD	in thousands IQD	in thousands IQD	in thousands IQD
Total assets	539,847,000	755,589,507	792,954,700	654,596,192
Customer deposits	339,837,000	351,010,210	415,570,724	311,922,899
Direct Credit	91,928,000	219,577,521	290,690,974	279,132,822
Shareholders' equity	187,138,000	282,018,152	272,172,850	272,708,698
Profit before tax and statutory reserve	28,566,000	33,977,822	20,184,074	19,453,932
Profit after tax and statutory reserve	23,067,000	27,436,284	16,296,375	15,709,050
Cash dividends distributed to the share holders	24,000,000	27,000,000	16,000,000	-

Analysis of business results

In line with the difficult economic and financial conditions in Iraq and the region, low oil prices and governmental revenues which have drained significant financial resources that directly or indirectly benefited the Iraqi economy; IDB has achieved satisfactory financial results in 2016. However, the Bank achieved a net profit of IQD 15,709 million as of 31 December 2016, a slight decline compared to the end of 2015.

General Trend of the Bank's profits for the years 2014 - 2016



The bank's growth is conservative in line with the Bank's low risk appetite and its objective is to maintain a strong and high-quality loan portfolio in a high risk environment.

In addition, IDB seeks to maintain a high liquidity ratio and strong capital adequacy ratio. This policy, which reflects the robustness of the International Financial Development Bank, will allow it to be ready in the event of any unexpected events and move quickly to take advantage of important business opportunities. Moreover, IDB will continue to adopt its strategy of maintaining a high-quality portfolio of corporate and retail loans, enhancing customer experience, diversifying lending in a way that minimizes exposure to sovereign risk, embedding advanced technology in its products and services, simplifying procedures,

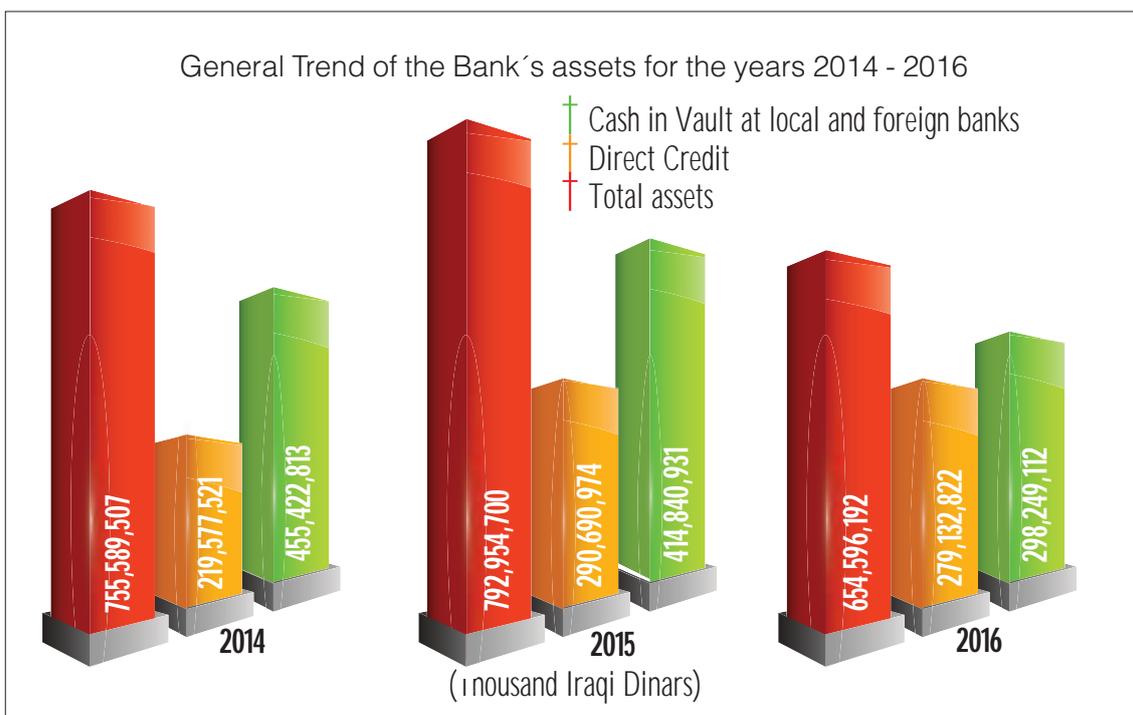
and conducting training programs for its staff in an attempt to provide excellent services to customers.

Financial position analysis

Despite the difficult security and economic conditions faced by all Iraqi banks, including the large withdrawals on bank deposits, the bank and due to its conservative strategy and rigid controls, was able to maintain solid assets structure which included more than 40% in liquid assets, taking into account the low level of deposits from 415.570 million dinars Iraq at the end of 2015 to 311.922 million Iraqi dinars at the end of 2016.

Total deposits:

The Bank and due to its good reputation and

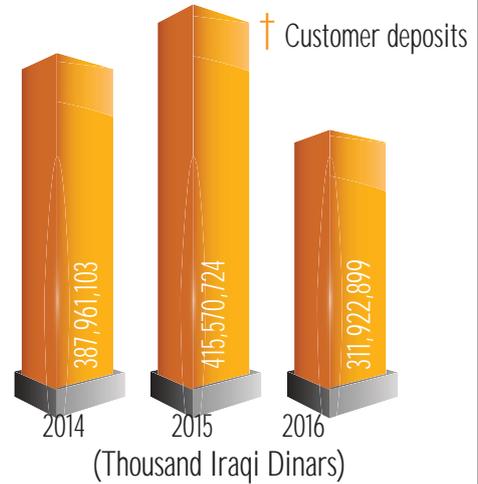


The above chart shows that the general trend of the bank's assets indicates an acceptable decline due to the decrease in the level of deposits which led to a decrease in total assets from IQD 755 billion in 2014 to IQD 654 billion in 2016 reflecting a 13% decrease.



solid financial position, was able to earn depositors' confidence which in return assisted the Bank to maintain an acceptable level of sources of funds despite current political and economic conditions. The fact that a number of Iraqi Private Banks went into default in the year 2016 resulted in deteriorating depositors' trust in the whole sector which in return adversely impacted levels of deposits with the Iraqi Banking sector.

General trend of the bank deposits for the years 2014-2016



The above graph shows that the general trend of the bank deposits indicates a decline in total deposits from 387 billion Iraqi dinars in 2014 to 311 billion Iraqi dinars in 2016 reflecting a 20% decrease.

Analysis and general performance indicators of the bank

The capital adequacy ratio at the end of 2016 stood at (79%) which is above the minimum requirement of (12%) in the Central Bank of Iraq and (8%) in the Basel Committee. The Bank also maintained a high liquidity ratio of (57%) at the end of 2016, which exceeded the minimum requirement set by the Central Bank of Iraq (30%).

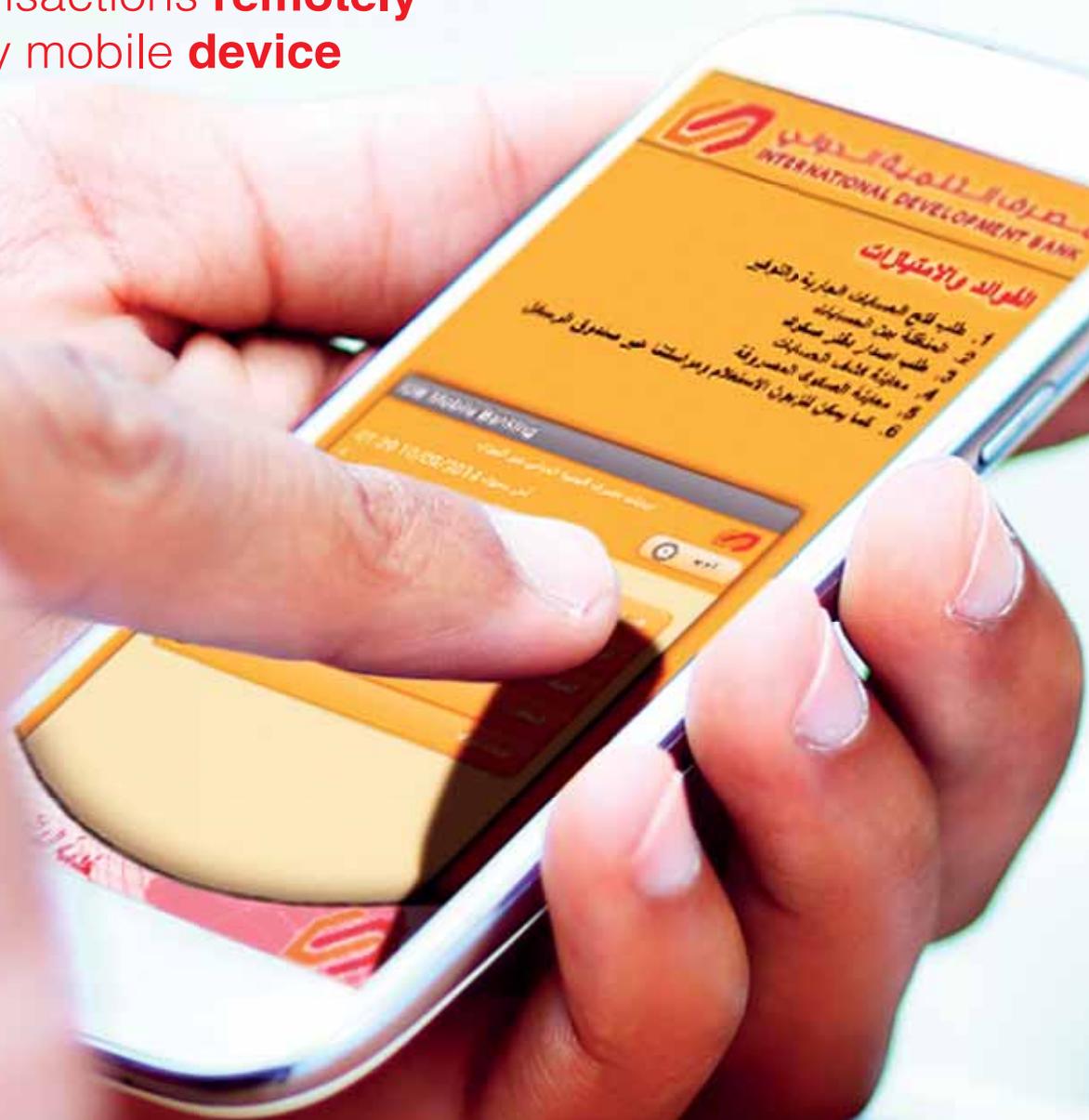
10%

Interest on fixed deposits in Iraqi Dinars



Banking services for 2016

You are now able to conduct financial transactions **remotely** using any mobile **device**





Retail Banking:

Whereas, the competition in the segment of Retail Banking is increasing, the bank's strategy focused to provide the best products and services that meet the varied clients' needs through reinforcing its position in this market to keep International Development Bank as the first choice for clients in their different strata and ages. IDB Iraq enhanced its reach through the expansion of the branch network and ATM network; and the following overview illustrates the most important achievements in the field of providing banking services to individuals during the year.

IDB's Retail Banking Services:

1. Accounts:

- ❖ Saving accounts
- ❖ Current accounts
- ❖ Fixed deposit accounts

2. Loans:

- ❖ Car loans
- ❖ Mobile phone loans
- ❖ Small and medium business loans

3. Cards:

- ❖ Debit cards
- ❖ Credit cards
- ❖ Prepaid cards

Stay in touch
with your
**Personal
Accounts**



International
Development Bank
مصرف التنمية الدولي

4. Other services

- ❖ Western unions money transfers
- ❖ Money transfers
- ❖ Electronic account statement
- ❖ Receive all your statements through e-mail
- ❖ Electronic banking services
- ❖ Internet banking service
- ❖ Mobile banking service
- ❖ Automated customer support service
- ❖ SMS service
- ❖ OTP service
- ❖ R.T.G.S service
- ❖ E-POS service



Distribution and the Banking Divergence:

The bank continued to maintain one of the leading positions in the local banking market with regards to its branch and ATM network. It is worth mentioning that the branches of the bank and the ATM network have been commissioned in selected cities and sites to ensure reachability to clients. The bank has succeeded during 2016 exploiting available opportunities and added (2) branches and (70) new ATM's, accordingly the total numbers of operating branches in Iraq increased to a number of (12) branches, and a representative office in Lebanon while the ATM numbers increased to reach (100) ATMs. The Bank is expected to open 2 additional branches in Jamila and Al-Kadhimiya by the end of 2017, in addition to the installation of 200 additional ATMs and 850 POSs terminals.

Moreover, the bank is aiming to open foreign branches and representative offices in United Arab Emirates and Greece.



Electronic Banking Outlets:

Enhancing the reputation of the bank and its overall image as the forefront of leading technology in the Iraqi banking sector, IDB continued to provide banking services through its electronic distribution outlets, such as online banking, ATMs, and POSs. It should also be noted here that the Bank has obtained the issuance and acquiring license from Master Card allowing the Bank to issue all types of cards inside Iraq. Also the Bank focused on expanding the number of electronic cards' agents by adding 30 additional agents in most of the provinces of Iraq to have a better customer reach.

Credit and Debit Cards of International Development Bank:

The Bank was able to sustain its advanced position in the market of the electronic cards in Iraq for the year 2016. This position has been enhanced with the launch of the various categories of Master Cards, including the debit, credit, and pre-paid cards. It is worth mentioning here that cards issued by the bank granted to its clients provide many privileges and assures highest safety standards in relation to ATM withdrawals and the use of POSs inside or outside Iraq.



Quality Service and Customer Care:

IDB believes that client satisfaction and providing top of the line services is a strategic preference and one of the priorities to enhance client's confidence level in the Bank's services and products. Most importantly and to ensure that these services reflect the best image of the Bank, by keeping our clients as priority, the Bank continued to perform customer surveys and studies to determine the level of the clients' satisfaction and to work on improving quality of services through assigning specialized consulting firms to undertake client satisfaction service and constant monitoring and evaluation

of services provided using the Mystery Shoppers Technique.

Personal Loans:

In 2016, The Bank attained good levels of growth in the portfolio of retail loans. This has been achieved due to the flexible credit policies adopted by the bank, simplified credit granting procedure and marketing campaigns on national tv and social media. The fact that the Bank was able to shorten the time taken to complete credit transactions gave IDB a competitive edge over its clients. Furthermore, IDB continued to offer car and mobile loans to its customers.



Corporate Banking:

Despite the on-going turmoil in Iraq, IDB was able to fulfill financing needs of various corporate operations in Iraq, which has enabled it to enhance its leading position in the banking market as a strategic partner in funding the needs of these corporates. Accordingly, IDB was able to grow the size without having to compromise levels of bad debts and meeting credit limits set by CBI.

The bank also continued to support the industrial sector, the energy and the tourism sectors in Iraq by providing financing programs stipulated by CBI in an attempt to revamp and develop these sectors. In line with the Bank's strategy to expand the volume of its trade operations, the Bank continued to provide financing solutions to its customers through its correspondent bank's network.

● Corporate banking loans example:

- ❖ Loans
- ❖ L/C financing
- ❖ Working capital financing
- ❖ Letter of guarantee financing

● Other services:

- ❖ Electronic account statements
- ❖ Cash management services

- ❖ Salary domiciliation services
- ❖ Treasury and investment services
- ❖ Assets management services

Treasury and Investment Services:

In 2016, the Bank achieved real success through activating F/X exchange services through its branch network in addition to maintaining the Bank's liquidity position while meeting CBI's requirements. Furthermore the Bank aims in 2017 to improve its Investment and Treasury related products such as trading in foreign currencies, precious metals, and future contracts in addition to brokerage services in the domestic and international financial markets.

Financial Institutions and Correspondent Banking:

The bank improved its global position despite the challenges related to the difficult circumstances in Iraq; IDB managed to enhance the existing banking relationships with correspondent banks and financial institutions across the world as well as build new correspondent relationships with global banks. The Bank has also managed to grow its revenues generated from trade finance operations and transfer and remittance commissions.

In attempt to activate and develop relationships

with correspondent Banks, a dedicated team of staff have made several visits to strategic markets and countries including China, Turkey, and the United Arab Emirates in 2016.

It is noteworthy to mention here that IDB's branch network exceeds 22 banks in more than 9 different countries giving the Bank a strong position to fulfill the needs of its customers in international trade operations.

Bank's Management and Organization:

In the year 2016, the Bank continued to review and update policies and procedures manuals for all business and control functions departments, and in line with the requirements of its core banking solutions and to ensure efficiency of all banking activities while ensuring adequate internal controls are embedded in all banking and operational activities.

IDB continued a wide restructuring process aimed at revamping and centralizing several business processes such as: trade finance, transfers and credit granting in order to reduce the expenses and enhance efficiency.





Human Resources:

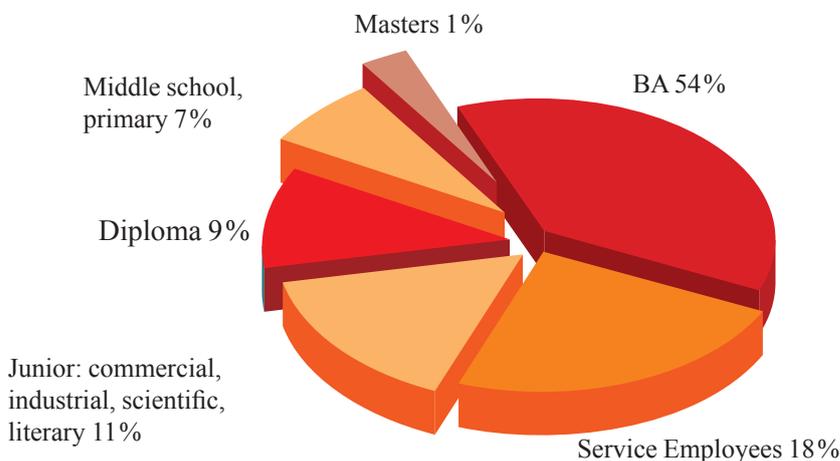
IDB recognizes that its back bone is its Human Resource. Accordingly and taking into consideration the importance of the human factor, the Bank has worked to enhance the efficiency and productivity among all levels

of staff, while taking care of developing their skills and improving their capacity to perform their duties properly. Importantly, IDB Iraq aims to be the employer of choice for the Iraqi Market.

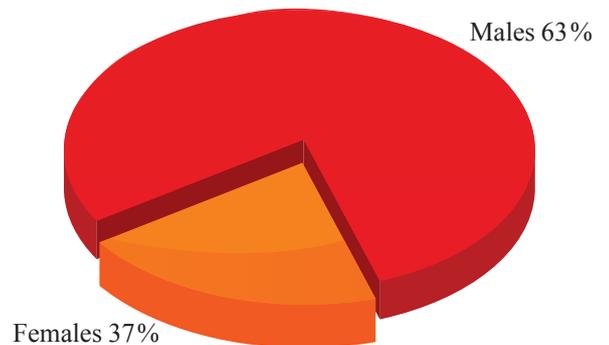
IDB Iraq Staff Analysis by Academic Qualification and Gender

Academic achievement	Number	Percentage
Masters	4	1%
BA	219	54%
Diploma	38	9%
Junior: commercial, industrial, scientific, literary	45	11%
Middle school, primary	30	7%
Service Employees	71	18%
Total	407	100%

Breakdown by Academic Background



Distribution of Employees by Gender





Recruitment

To maintain its position as one of the leading financial institutions with regards to employing qualified and distinguished individuals in Iraq, the bank aims to attract the best graduates of universities and attract a group of recognized competence and talented employees.

Training

In continuation of the Bank's investment in its human resources and development of their professional skills and experience, IDB has provided its employees with specialized training courses in various banking and non-banking areas including the development of





international accounting standards, asset and liability management, IT controls and systems. All these courses were aimed at increasing employees' awareness in banking and strengthen their work ethic, as well as providing them with leadership and management skills in line with the bank's vision and strategy. It is worth mentioning that these training opportunity took place inside and outside Iraq.

Risk Management

The Bank adopts a comprehensive Risk Management framework that supports IDB in identifying, measuring and controlling the various risks its exposed to; and subsequently design adequate controls and mitigants to reduce/eliminate this exposure. Further, the Bank relies on solid controls and sound strategies to assess and manage various risks in its daily activities, which in return assist the Bank to comply with internal policies and CBI requirements.

The Banks' Risk Management Department operates independently, by reporting to Board Risk Management and Compliance Committee. Moreover, The Bank's Risk Management Department has the full power to obtain information from the other departments.

Currently, the Bank is developing and introducing Control Risk Self-Assessment for the Bank's various departments, including updating business continuity plans and examining them periodically, and in line with the security conditions in Iraq.

Compliance

IDB Iraq ensures that adequate controls in relation to compliance and anti-money laundering are fully embedded within the Bank's wide operations and departments. In the year 2016 ,the Bank continued

to comply with all CBI requirements through the acquiring of new AML systems, re-engineering certain processes and procedures, recruiting of certain specialist and subject matter experts.

In addition, the Bank continued to update customers' files and records and in line with the the Foreign Account Tax Compliance Act (FATCA). IDB utilizes advanced and automated systems for monitoring and detecting "suspicious transactions" related to money laundering and financial crimes.

As part of IDB's mission to enhance compliance culture and awareness, the Bank provided various training programs for all its employees to ensure that they are adequately equipped with latest update and changes in the compliance regulatory framework including CBI new AML regulations. It should be noted here that IDB adopts detailed due diligence procedures as part of its Know Your Customer (KYC) policy and in line with the dynamic banking environment in Iraq.

The Bank understands the importance of the role of the Compliance Department, being an independent functionality subject to CBI approvals. The Department operates in a manner that ensures that daily banking operations are in compliance with CBI laws and regulations.

Corporate Governance

The Bank believes in the importance of Corporate Governance in promoting the principles of fairness, transparency, accountability, responsibility, and strengthening the trust of depositors, shareholders and regulatory bodies.

The fact that IDB has a Board approved comprehensive corporate governance manual has helped the Bank to witness growth in financial and business performance.

Marketing and Public Relations

In 2016, the Bank adopted the sales and marketing strategies of previous years, aimed at enhancing the overall image of the Bank and its reputation. This included running a large number of advertising campaigns covering the Bank wide products and services offerings. Furthermore, the Bank's management seeks to promote IDB's brand awareness to its customers through the participation in important and influential banking conferences and seminars both locally and internationally. In addition and to reach a larger customer base, IDB contracted a specialized marketing company to manage the Bank's social media pages such as Twitter, Facebook and LinkedIn.

The Bank aims through its comprehensive "Advertising and Marketing" strategy to build sustainable and effective communications channels with its customers by responding to their queries and updating them about the banks products and services.

Information Technology

IDB Iraq's forte is its investment in Information Technology. In 2016, the Bank continued to develop and update the core banking solution (IMAL) which has been operating since 2012, which in return enhanced MIS reporting at the Bank by providing tailor made reports that assisted

the Bank's management to set solid monitoring controls in the various operations and business departments. Further, the Bank has defined all rates and commissions in relation to its products and services on its core banking solution; hence eliminating human intervention and error. In summary, IDB has achieved several milestones to modernize and develop the information technology and infrastructure for all banking systems and operations, including:

- ❖ Effectively operating the service of BGP and activating the Load Balance for this service, which subsequently resulted in several reinforcements in the Bank's Fire-Wall.
- ❖ Expanding the Internet Package, and allocating 3 megabits for continuous data transfer outside Iraq to DR sites.
- ❖ The introduction of V. SAT connectivity between Baghdad and Basra branches as part of the disaster recovery plan approved by the Bank's management.
- ❖ Establishing Disaster Recovery Site in Dubai for the LASER FISH archiving system.
- ❖ Implementing AML filtering system FircoSoft while interfacing it to SWIFT, so that clients' names will be reviewed and audited automatically against Local and International blacklists.





IDB's Awards in 2016





Mr. Ziad Khalaf Abed receives from Mr. Wissam Fattouh, Secretary General of the Union of Arab Banks, the shield of diamond sponsorship for the efforts made at the 20th Annual Arab Conference.



Mrs. Rasha Hashem, director of Beirut Rep. Office, receives the «Banking Executive Award 2016» on behalf of IDB for being the Best Bank with Diversified Services for the year 2016.



Strategic Plans of the Bank for the year 2017-2019



Lately in 2016, the Bank's Board of Directors adopted the Bank's strategic plan for the years 2017-2019. The plan has been set out for the purpose of enhancing the Bank's competitive position, increasing the Bank's market share at various business segments and markets, maintaining growth rates and revenues achieved over the past years.

It should be noted here that the Bank's adopted strategy was based on immunity, durability, accuracy and safety of procedures and in line with conservative investment and credit granting approach. This in return will secure and support the Bank to capitalize on qualitative and quantitative achievements during previous years, while sustaining a solid infrastructure with the reliance on expertise and efficiency of its personnel, The strategic plan included five main pillars:

I. Financial Pillar

- ❖ Achieve sustainable growth in profits, and strengthening shareholders' equity.
- ❖ Increase levels of returns on assets and returns on equity.
- ❖ Increase the market share in deposits and credit facilities within the Iraqi banking sector, while maintaining low levels of non-performing loans.
- ❖ Increase interest income and development the Bank's activity in the field of trade finance.
- ❖ Rationalizing expenditures in all areas to assist in improving the financial performance indicators of the Bank.

- ❖ Building adequate provisions against direct and indirect credit in addition to other provisions against foreign currency exposure and as per international accounting standards.

II. Banking Operations

- ❖ Continue to review credit procedures in an attempt to expedite credit granting process whilst still making sure adequate documentation of credit as per the Bank's credit policy.
- ❖ Continuing the development and investment process in the Bank's IT infrastructure and increasing the efficiency in various banking services.
- ❖ Improving the efficiency of electronic channels and directing clients towards the use of alternative channels; such as online banking and the other services.
- ❖ Migration towards centralization of banking activities in such a manner that all back-office operations are performed by specialized departments in the head office independently from the Bank's branches.

III. Banking Services

- ❖ Enhance clients' experience at the branches level and raising clients' satisfaction with the service provided.
- ❖ Sustaining client loyalty and encouraging them to use electronic channels.
- ❖ Develop existing products and services offering while studying the feasibility of introducing new



products and services according to the needs of target clients.

- ❖ Seeking to provide the highest level of advanced banking services.
- ❖ Maintaining strong and lasting relationships with the existing clients and constantly building relationships with new clients.

IV. Human Resources

- ❖ Developing and enhancing the efficiency of employee while maintaining the remarkable competencies at the Bank
- ❖ Developing principles and criteria of evaluation of employees, performance, compensation, benefits and incentives; resulting in deepening and strengthening the loyalty of our employees.
- ❖ Providing training opportunities necessary to the actual needs of employees and nature of their work.

- ❖ Adopting succession plans for employees at the Bank, preparing the second-row employees, and providing them with the necessary knowledge and practical expertise.

V. Geographical Expansion: Local and External Branch Network

- ❖ Opening new local branches to expand the Bank's branch network and reaching a larger client base.
- ❖ Studying the economic feasibility to open external branches in the United Arab Emirates and Greece.
- ❖ Continue to improve the overall appearance of the existing branches.
- ❖ Promoting the Bank's network of ATMs and maintaining their continuity with high efficiency.

Audited Financial Statements and Auditor's Report





Dr. Hassib Kazem Jawid Al - Mayah
Chartered accountant and auditor

Haidar Mohammed Darwish Ali
Chartered accountant and auditor

Number:

Date:

To the shareholders of the International Development Bank for Investment and Finance (Private Shareholding Company

Auditor's Report

Dear Sirs:

We have audited the general balance sheet of the International Development Bank for Investment and Finance as at 31 December 2016, the profit and loss account, the statement of changes in owner's equity, the cash flow statement and the notes that carry the sequence from (1) to (18) for the year ending 2016; in addition to the Bank's annual report which was prepared according to Company's Law number (21) for the year 1997, Banking Law number (94) for the year 2004 and as per local and International accounting standards.

Management Responsibility:

The Bank's management is responsible for preparing and disclosing such data in accordance with International Accounting Standards, in addition the management should design adequate internal controls in relation to the Bank's financial statement reporting and disclosures to ensure fairness and accuracy of such data.

Auditor's responsibility:

Our responsibility is to express an impartial technical opinion on the Bank's financial statements presented to us, in accordance with local and international audit standards. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the data is free from material misstatement. Further, the audit includes sample basis examination for data and supporting documents for numbers reported in the financial statement for the year 2016. It also includes an assessment of the accounting principles adopted by the management.

We believe that our audit provides a reasonable basis for our opinion and the following clarifications and observations should be noted:

First: Application of International Accounting Standards:

The International Development Bank has adopted the International Financial Reporting Standards (IFRS) for the first time this year, which requires the restatement of the final accounts for comparative

years consistent with this year. It also adopted the principle of recording historical cost of valuation of property, buildings and equipment rather than revaluation. The exchange rate of IQD/Dollar was set at IQD 1300 per dollar, as explained in Note 2, Accounting Policies / Foreign Currency. The exchange rate differences resulted in a total amount of IQD (2,490) million which was recognized in the profit and loss statement.

Second: Cash:

This item in the balance sheet comprises (cash in vault, ATM cash, balances with local banks, balances with the Central Bank of Iraq and balances with foreign banks). We have noted the following:

A) Cash count records were obtained from the Bank's branches, the necessary statements supporting cash in ATMs. Further, we have managed to supervise the cash count process over cash held in the Bank's HQ vault.

(B) The necessary and proffered statements were obtained for both balances with the local banks and the Central Bank of Iraq, which were identical to the balances shown in Note 1 regarding cash and balances with the Central Bank.

C) The Bank's management referred to balances stated in SWIFT messages sent by foreign correspondent banks for purposes of accounts reconciliation on December 31, 2016, due to the fact that these banks failed to provide the Bank with account statements for that period despite being requested by IDB several times.

Third: Direct/Indirect Credit:

A) Direct Credit: Direct credit amounted IQD (284.374) million as of 31st December 2016, of which IQD (15.234) million was in foreign currency. These loans were granted against cheques and notary bills with the presence of other guarantees in some cases, 88% of the total loans and 81% of the deposits were granted in that manner. We recommend strengthening guarantees for loans granted.

B) Indirect Credit: Indirect credit amounted IQD (194.696) million as of 31st December 2016; where we have noted the following:

1. Letters of Guarantees amounted (145.741) million dinars while cash margin collected against this credit amounted IQD (31.193) million which is equivalent to 21.4% of total issued guarantees.

2. Letters of Credit amounted to IQD (45.316) million, while cash margin collected against this credit amounted IQD (2,638) million, which is equivalent to or 5.8% of total issued letters of credit.

Upon our audit, it was noted that most of indirect credit granted by the bank was against collaterals presented by cheques and notary bills in addition to real estate guarantees. We recommend that the Bank obtains more guarantees and collaterals from obligors.

C) Provisions: Total provisions calculated by the Bank's management to meet credit risks as of 31 December 2016 amounted IQD (9.69) million with a decrease of IQD (2.391) million compared to previous year. As shown in Annex 6 and 11, provisions were computed according to CBI regulations No. 4 for the year 2010.

**Fourth: Bank Real Estate:**

A) Upon reviewing the buildings and real estate belonging to the bank, there were properties with a value of IQD (9.519) million, some of which are registered with the names of the members of the Board of Directors, including Erbil branch building (2,660) million. We recommend changing ownership of these assets to be in the Bank's favor, it should be noted here that we have reviewed correspondence between the Bank and governmental bodies in an attempt to change ownership of these assets.

B) The Bank did not provide us with any documentation/evidence for the continuation of the ownership of the properties referred to above for the year 2016 until the date of the financial statements. However, documentations for the year 2015 were provided. We recommend to renew this documentation.

C) The Bank did not provide statement of deferred expenses account where these balances were consolidated with the bank's properties account. The management of the bank has indicated that it represents part of the properties.

Fifth: Debtors:

Included in the balances of debtor's amount (627) million dinars and represents cash differences in the vault, we recommend investigating the causes and writing off this amount.

Sixth: The legal position:

A) The number of claims filed by third parties against the Bank was four, all of which were dismissed without any legal or financial effect on the Bank.

B) The number of cases filed by the bank against third parties, all belong to letters of guarantee, two of which were liquidated and two of them are still outstanding, the most important letter of guarantee (\$ 200,000); where obligor was put into legal custody.

Seventh: Capital Adequacy:

The Capital Adequacy Ratio amounted (79%) which is higher than the 12% stipulated by CBI.

Eighth: Compliance Officer:

The Compliance Officer reports were reviewed and we recommend that some notes be included to cover the Bank's performance.

Ninth: Internal Controls:

The internal controls environment has included the necessary procedures that commensurate with the nature of the Bank's activities and we recommend that the internal audit scope of work be expanded to cover all the activities of the Bank.

Tenth: Combating money-laundering:

The Bank has taken the appropriate measures to prevent money laundering and terrorist financing during the year. The audit is conducted in accordance with AML regulations No. 39 for the year 2015, as well as compliance with CBI circulars in terms of timely submission of bi-monthly reports sent to the Central Bank of Iraq. We recommend amending these reports to be inclusive of all aspects of bank's activity and identified by the relevant sector.

Eleventh: Subsequent Events:

In the first quarter of 2017, and in accordance with paragraph (b) in point 4 above, the Bank's management obtained some of the newly issued title deeds as recent documentation of ownership of this real estate. According to the bank records and explanations given to us:

A) The accounting system used by the Bank was in line with the book keeping system. In our opinion this book keeping recorded accurately all of the Bank's assets, liabilities, expenses and income. The internal control framework included the necessary procedures and controls to ensure the correctness and accuracy of these statements and in line with the size and nature of the Bank's activities.

B) Cash count was properly carried out under our supervision, while the fixed assets were reviewed and audited by designated committees at the Bank. Copies of these reviews were provided and they matched book records. All valuations were based on the principles adopted in accordance with International Financial Reporting Standards; except for real estate assets which were kept at historical book value.

C) The financial statements have been prepared in accordance with International Financial Reporting Standards and in compliance with applicable legislation and are fully consistent with what the records show and are organized according to the amended Companies Law, the Banks Act and the applicable regulations and instructions.

The opinion:

Taking into account the observations and explanations above, the financial statements and associated management reports are consistent with the records and meet the legal requirements and they include performance indicators that clearly and fairly reflect the financial position of the International Development Bank as of December 31, 2016.

With Respect



Haidar Mohammed Darwish Ali

Chartered accountant and auditor

Member of the Iraqi Society of Certified Public Accountants



Dr. Hassib Kazem Jawid Al - Mayah

Chartered accountant and auditor

Member of the Iraqi Society of Certified Public Accountants

From Adel Al-Hassoun and its partners



Consolidated Financial Statement / Financial Position

	Note	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)	1/1/2015 (in thousands IQD)
Assets				
Cash and balances with central banks	1	259,642,931	377,301,644	432,412,587
Balances with banks and financial institutions	2	38,606,181	37,539,287	23,010,226
Direct credit facilities - net	6	279,132,822	290,690,974	219,577,521
Financial assets at amortized cost	3	-	5,004,155	-
Property and equipment - net	7	73,121,831	70,248,615	60,263,229
Other Assets	8	4,092,428	12,170,025	20,325,944
Total Assets		654,596,192	792,954,700	755,589,507
Liabilities and owners' equity				
Liabilities				
Deposits / Customers and financial institutions	9	311,922,899	415,570,724	351,010,210
Cash Margins	10	52,939,396	69,125,492	82,223,336
Sundry Provisions	11	3,384,919	4,030,198	5,695,263
Income tax provision	12	2,918,090	3,029,376	5,096,523
Other liabilities	13	10,722,196	29,026,061	29,546,023
Total liabilities		381,887,500	520,781,850	473,571,355
Owners' equity				
Paid-up capital		250,000,000	250,000,000	250,000,000
Statutory reserve		5,437,831	4,611,039	3,752,716
Retained earnings		1,561,811	1,265,436	829,152
Profit for the year		15,709,050	16,296,375	27,436,284
Total owners' equity		272,708,692	272,172,850	282,018,152
Total liabilities and owners' equity		654,596,192	792,954,700	755,589,507

Bashar Ali Mahdi
Director of Accounting & Finance

Fouad Mohammed Reda Al-Jawahri
Authorized Director

Ziad Khalaf Abed Kareem
Chairman of the Board

Consolidated Financial Statement / Income Statement

	Note	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Interest income	14	28,180,293	17,529,662
Interest expense	15	2,645,589	1,112,987
Net interest income		25,534,704	16,416,675
Commissions income - net	16	16,148,284	20,076,449
Net interest and commissions income		41,682,988	36,493,124
Total income		41,682,988	36,493,124
Employee expenses	17	7,518,941	6,652,002
Other expenses	18	11,145,473	6,815,309
Consumables	7	3,564,642	2,841,739
Total expenses		22,229,056	16,309,050
Profit / Loss before income tax		19,453,932	20,184,074
Income tax expense		2,918,090	3,029,376
Profit / Loss after income tax of the year		16,535,842	17,154,698
Statutory reserve		826,792	858,323
Net profit / Loss after Statutory reserve		15,709,050	16,296,375



Consolidated Financial Statement / Cash Flow

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Cash flows from operating activities		
(Loss) Profit before income tax	19,453,932	20,184,074
Non-cash financial operating activities		
Consumables	2,603,010	1,801,716
Net cash flows from operating activities before changes in assets and liabilities	22,056,942	21,985,790
Changes in Assets and liabilities		
Increase in direct credit facilities	11,558,152	(71,113,453)
Increase in other assets	8,077,598	8,155,918
Increase in customers deposits	(103,647,825)	64,560,514
Increase (decrease) in cash margins	(16,186,096)	(13,097,844)
(Decrease) increase in other liabilities	(18,303,865)	(519,963)
Change in retained earnings	(645,279)	(1,665,065)
Increase in property and equipment	(5,476,226)	(11,787,102)
Net cash flows from (used in) operating activities before taxes	-124,623,540	-25,466,994
Income tax paid	(3,029,376)	(5,096,523)
Net cash flows from (used in) operating activities	-127,733,516	-30,563,517
Cash flows from investing activities		
(Purchase) of financial assets at amortized cost	5,004,155	(5,004,155)
Net cash flows (used in) investing activities	5,004,155	-5,004,155
Cash flows from financing activities		
Dividends paid to shareholders	(16,000,000)	(27,000,000)
Net cash flows (used in) financing activities	(16,000,000)	(27,000,000)
Effect of exchange rate fluctuations on cash and cash equivalents	-116,591,819	-40,581,883
Cash and cash equivalents - beginning of the year	414,840,931	455,422,814
Cash and cash equivalents - end of the year	298,249,112	414,840,931

Financial Statements / Statement of Shareholders' Equity

	Equity capital	statutory reserve	Fair value reserve	Rotated profits	Total shareholders' equity
2016 (in thousands IQD)					
Balance - beginning of the year	250,000,000	4,611,039	-	17,561,811	272,172,850
Transfer to reserves	-	826,792	-	15,709,050	16,535,842
Dividends paid	-	-	-	(16,000,000)	-16,000,000
Total	250,000,000	5,437,831	-	17,270,861	272,708,692
2015 (in thousands IQD)					
Balance - beginning of the year	250,000,000	3,752,716	-	28,265,436	282,018,152
Transfer to reserves	-	858,323	-	16,296,375	17,154,698
Dividends paid	-	-	-	(27,000,000)	-27,000,000
Total	250,000,000	4,611,039	-	17,561,811	272,172,850

1. Information and overview of the Bank (International Development Bank)

The capital of the bank: The bank has a capital of 250 billion dinars (two hundred and fifty billion dinars) paid in full as per companies registrar memo No. 5375 of 21/2/2014.

2. Main Accounting Policies

A) Basis of preparation of financial statements:

The financial statements for the year ended 31 December 2016 have been prepared in accordance with the requirements of the Central Bank of Iraq and the Board of the CPA in Iraq by adopting the International Standards (IFRS and IAS) as of 2016. The Iraqi Dinar is the currency used in the presentation of financial statements.

B) Consolidation of financial statements:

The consolidated financial statements of the Bank represent the General Administration, the Head Office and the branches of the Bank (11 branches in Baghdad and the governorates).

C) Accounting changes:

In the preparation of the financial statements on the basis of international financial reporting standards, some changes in the presentation of the financial statements were made. The Bank did not need to make any adjustments or amendments to the financial statements for the year ended 31/12/2016 or previous years.

D) The adoption of accrual principle for revenues and expense recognition:

The Bank adopts the accrual principle by calculating revenues and expenses.

As for interest income (excluding interest on credit), the Bank adopts the effective interest method.

**E) Direct credit facilities:**

The Bank classifies credit in accordance with the Iraqi Banks Law No. 4 for the year 2004 in accordance with international financial reporting standards in relation to credit classification, calculation of provisions, suspension of interest income and presenting these facilities in net in the statement of financial position.

Financial assets at fair value through statement of income and comprehensive income:

Financial assets of equity instruments are classified through comprehensive income and financial instruments are classified for trading through consolidated income and changes in foreign exchange rates except for financial instruments that are classified as comprehensive income, see note 4.

F) Clearing:

Financial assets and financial liabilities are stated at their net value and in accordance with legal requirements and in accordance with international financial reporting standards where assets and liabilities should always match.

G) Fixed assets:

All fixed assets are stated at cost, which is included in the cost of land and buildings after deducting the accumulated depreciation of all fixed assets except for land not being depreciated. All these assets are subject to stock count and reviews on semi-annual basis to ensure their safety and continuity in the business. Refer to note no. (6) for further details.

H) Foreign Currency:

The exchange rate is used according to the Central Bank of Iraq (CBI) main bulletin. The currencies not shown in the bulletin are based on the international exchange. The differences resulting from the revaluation are treated in the consolidated statement of income and the transactions that occur during the year are settled in the same manner.

Financial assets are classified by their nature either in the consolidated statement of income or in the statement of comprehensive income.

I) Provisions:

Provisions are calculated in accordance with management's estimates when there is possible risks such as changes in exchange rates (direct and indirect credit facilities provisions are not calculated based on this instead these are computed in accordance with CBI requirements) where certain write offs are made on these provisions and based on fluctuations in the exchange rate.

3. International Financial Reporting Standards (IFRS) and First-Time Adoption

The financial statements and their explanatory notes for the year ended 31 December 2016 have been prepared on the basis of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). The previous financial statements have been prepared on the basis of Unified Iraqi Accounting Standards. In that sense, the Bank had to refer back to financial statements of two previous years (2015 and 2014) and one previous year (2015) for the income statement.

4. Cash and balances with the Central Bank

There are certain restricted balances with Central Bank of Iraq; more specifically balances with the Central

Bank branch in Kurdistan Region (sub-bank Sulaymaniyah and Erbil) due to economic situation between the central government and the Kurdish government.

The balance with the central bank branch of Sulaymaniyah amounted 5,940 million dinars for the year 2104 and 5.218 million dinars for the year 2015 and 4,769 million dinars for the year 2016. In dollars, balances amounted 500 for the years 2014, 2015, 2016.

The balance with the Central Bank of Erbil amounted 17,692 million dinars for 2014, 10,719 million dinars for 2015 and 10,377 million dinars for the year 2016. In dollars, balances amounted 501 thousand dollars in 2014 and 342 thousand dollars In 2015 and 501 thousand dollars in 2016.

There are other restricted balances with the Central Bank of Iraq set as a legal reserve calculated on the basis of CBI laws and regulations in line with the average deposits during the month, which varies from month to month. The following shows the balance of this reserve:

1/1/2015	27,911	Million Dinars
1/1/2015	12,305	Thousand Dollars
31/12/2015	16,008	Million Dinars
31/12/2015	15,097	Thousand Dollars
31/12/2016	26,061	Million Dinars
31/12/2016	8,890	Thousand Dollars

5. Investments at Amortized Cost

The amount invested is 5 billion Iraqi dinars with return of 99 million dinars per annum; this investment is with the Ministry of Finance (T-bills) and was assigned from the Bank's legal reserve balances with the Central Bank of Iraq .(note that the date of maturity of this investment is 13/12/2016). Pending the release of the amount by the Ministry and was also addressed to the Ministry of Finance Bank's letter No. 4709 dated 12/12/2016.



6. Fixed Assets

The fixed assets were recorded in the accounting records and presented in the financial statements in accordance with paragraph d of 2 above. The life age of these assets were approved on the basis of the Ministerial Order No. 19792 of 5/5/1995 with a five year period.

As for buildings, a life age of (10) years was given instead of (5) years being closer to reality.

Notes to the financial statements

As for projects under process, most of these balances were transferred to their accounts within fixed assets and according to their classification. It is worth mentioning that:

- One branch was opened during 2014 Karbala branch.
- Four branches were opened in 2015 Najaf Branch, Al Kut Branch, Al Mansour Branch, Al Rubaie Branch.

- Two branches were opened in 2016, namely Nasiriyah and Al Hillah.
- The headquarters of branches 1, 2, 3 and 4 were transferred to the new headquarters of the bank after completion, since the old buildings were leased.

7. Stages of Capital Development

The bank opened in 2011 and is subject to the supervision of the Central Bank of Iraq in accordance with the provisions of the Law of Banks No. 4 of 2004 with a capital of 100 billion dinars and began its work on 1/9/2011 through the main branch and then the bank increased capital to 160 billion dinars at the end of 2013, and as per the requirements of the Central Bank, the capital was raised to 250 billion dinars at the end of 2014.

Annex 1

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Cash and balances with the Central Bank		
Cash in Vault - IQD	39,454,698	101,849,931
Cash in the vault - US dollar val to the Iraqi dinar	24,077,583	15,534,556
Cash in Vault - Euro val to the Iraqi dinar	1,943	3,236
Cash in ATMs - Iraqi Dinar	3,418,980	405,620
Cash in ATMs - US dollar val to the Iraqi dinar	18,928	723,417
Total Cash balances - Iraqi Dinar	66,972,132	118,516,760
Balances with the Central Bank of Iraq		
Current Accounts	15,160,576	19,465,940
Current Accounts - US \$ val to the Iraqi dinar	7,969,959	3,372,963
RTGS Account - IQD	64,725,312	104,947,874
RTGS Account - US \$ val to the Iraqi dinar	9,792,482	16,945,870
Legal Reserve - IQD	26,611,449	16,008,482
Legal Reserve - US \$ val to the Iraqi dinar	9,583,370	17,921,055
Currency Auction Account - Iraqi Dinar	58,827,651	80,122,701
Total balances in the Central Bank - IQD	192,670,799	258,784,884
Total cash and balances with the Central Bank - IQD	259,642,931	377,301,644

Clarifications

The “Currency Auction” account is an intermediary account that is deposited for the purpose of customers’ participation in foreign currency CBI auction and the funds are deposited in this account not less than 5 days and subject to CBI approvals/rejection of auction.

**Annex 2**

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Balances with banks and other financial institutions		
Local banks	11,161,614	21,227,012
Foreign Banks	27,444,567	16,312,274
Total balances with banks and other financial institutions	38,606,181	37,539,287

Annex 3

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Financial assets at amortized cost		
Bonds and Treasury Bills / Government Sector	5,000,000	-
Receivable income not paid	99,762	-
Income received in advance (to be subtracted)	95,571	-
Total financial assets at amortized cost	5,004,155	-

Clarifications

The amount of this investment was paid to the Ministry of Finance on 28/12/2016 after discount.

Annex 4

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Direct Credit		
Loans granted	284,373,898	298,372,880
Overdrafts	-	-
Bill of Lading - Bank's procession	-	287,896
Receivable income not received	1,298,945	-
Total Direct credit	285,672,843	298,660,776
Interest in Suspense	316,190	-
Provision for impairment of credit facilities	6,223,831	7,969,802
Total interest in suspense and provisions for credit impairment	6,540,021	7,969,802
Net Direct Credit	279,132,822	290,690,974

	Outstanding Interest	Credit Interest	Total
Interest in suspense and credit facilities provisions			
2016 (in thousands IQD)			
Balance at the beginning of the year	-	8,000,000	8,000,000
Interest in suspense during the year	316,190	-	316,190
Provision adjustments during the year	-	-1,776,169	-1,776,169
End of year balance	316,190	6,223,831	6,540,021
2015 (in thousands IQD)			
Balance at the beginning of the year	-	4,483,904	4,483,904
Provision adjustments during the year	-	3,485,898	3,485,898
Write Offs- Interest	-	-	-
End of year balance	-	7,969,802	7,969,802
2014 (in thousands IQD)			
Balance at the beginning of the year	-	2,930,040	2,930,040
Provision adjustments during the year	-	1,553,864	1,553,864
End of year balance	-	4,483,904	4,483,904



Annex 5

	Lands	Buildings	Machinery and equipment	Furniture, Office and Computer	Transportation/ Vehicles	Others	Total
31/12/2016 (in thousands IQD)							
Cost							
<i>Beginning of the year</i>	-	4,007,944	2,364,919	7,056,025	417,750	116,392	13,963,030
Additions	40,529,099	15,142,877	3,227,164	1,838,882	276,454	45,642	61,060,118
Exclusions (sold and resigned)	-	-	775,028	168,982	29,128	751	973,889
<i>End of the year</i>	40,529,099	19,150,821	4,817,055	8,725,926	665,076	161,283	74,049,259
Accumulated depreciation							
<i>Beginning of the year</i>	-	-	692,338	3,700,074	226,180	80,161	4,698,753
Additions for the year	-	460,114	641,698	1,557,842	123,975	25,794	2,809,423
Exclusions (sold and resigned)	-	-	196,176	3,648	6,588	-	206,413
<i>End of the year</i>	-	460,114	1,137,859	5,254,268	343,567	105,954	7,301,763
Net book value	40,529,099	18,690,707	3,679,196	3,471,658	321,509	55,328	66,747,496
Projects under process*	-	-	-	6,374,334	-	-	6,374,334
Net book value	40,529,099	18,690,707	3,679,196	9,845,992	321,509	55,328	73,121,831

31/12/2015 (in thousands IQD)							
Cost							
<i>Beginning of the year</i>	-	-	1,051,928	6,491,748	418,681	104,055	8,066,412
Additions	-	4,007,944	1,339,826	572,265	83,476	12,337	6,015,847
Exclusions	-	-	26,834	7,988	84,408	-	119,230
<i>End of the year</i>	-	4,007,944	2,364,919	7,056,025	417,750	116,392	13,963,030
Accumulated depreciation							
<i>Beginning of the year</i>	-	-	322,230	2,342,652	172,937	59,219	2,897,037
Additions for the year	-	-	-	-	-	-	-
Adjustments during the year	-	-	376,970	1,361,726	91,448	20,942	1,851,086
Exclusions	-	-	6,862	4,304	38,204	-	49,370
<i>End of the year</i>	-	-	692,338	3,700,074	226,180	80,161	4,698,753
Net book value	-	4,007,944	1,672,581	3,355,951	191,570	36,231	9,264,278
Projects under process*	-	-	-	60,984,337	-	-	60,984,337
Net book value	-	4,007,944	1,672,581	64,340,289	191,570	36,231	70,248,615

Annex 6

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Other assets		
Cash margins with other Banks	195,142	9,966,002
Real estate ceased by the bank against credit facilities	-	-
Interest and revenue receivable	-	882,403
Prepaid expenses	2,317,690	497,339
Cash in vault discrepancies	627,468	-
Staff advances	200,966	524,224
Affiliate advances	33,672	8,172
Private sector debtors	386,482	260,535
Outstanding receivable amounts	144,000	-
gold	-	31,350
Other assets	187,008	-
Total other assets	4,092,428	12,170,025

Clarifications

- ❖ Cash margin with other banks mainly represent balances with the Housing Bank for Trade and Finance and Bank UBAF - Paris, which is against three letters of credit issued on behalf of customers.
- ❖ Prepaid expenses represent the rental of the bank's HQ building until June 2018 in addition to other branches' rent for upcoming years. The rent for the Bank's HQs is \$ 900,000 per annum. The Bank is expected to complete all construction work for its new Headquarters in Abu Nuwas area (owned by the Bank) by end of 2018.
- ❖ Employees' advances: We would like to point out that the employees' advances were previously included in direct credit facilities based on the requirements of the Unified Iraqi Accounting Standards. During the course of adopting the International Financial Reporting Standards, these advances were classified as other assets.



Annex 7

	Current deposits	Saving deposits	Fixed/term deposits	Total
Deposits / customers and financial institutions				
2016 (in thousands IQD)				
Retail deposits	78,465,188	25,738,183	33,367,430	137,570,801
Corporate deposits	167,661,760	1,296,350	4,150,000	173,108,110
Banks deposits	11,077	1,232,911	-	1,243,987
Total	246,138,024	28,267,444	37,517,430	311,922,899
2015 (in thousands IQD)				
Retail deposits	85,690,672	12,767,671	6,667,840	105,126,182
Corporate deposits	305,173,394	133,302	-	305,306,696
Banks deposits	93,214	5,044,631	-	5,137,845
Total	390,957,280	17,945,604	6,667,840	415,570,724
2014 (in thousands IQD)				
Retail deposits	104,657,466	10,903,626	560,000	116,121,092
Corporate deposits	229,347,899	874,459	-	230,222,358
Banks deposits	48,915	4,617,845	-	4,666,759
Total	334,054,280	16,395,929	560,000	351,010,210

Clarifications

Retail current deposits represent individual customers' deposits in addition to employees' deposits and local debit cards balances.

Annex 8

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Cash Margin		
Margin against letters of guarantee	31,192,875	33,185,738
Margin to enter the currency auction	-	32,242,384
Margin against documentary credits	2,639,897	3,697,370
Other cash margin balances	19,106,624	-
Total cash collateral	52,939,396	69,125,492

Clarifications

- ❖ Other cash margin balances represent the following cases:
- ❖ Amounts received from contractors as performance bonds against construction work done for the Bank.
- ❖ Amounts received from foreign currency exchange companies to enter into the weekly cash currency auction of the Central Bank.
- ❖ Amounts received for the purchase of gold bars through the Central Bank of Iraq.

Annex 9

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Other provisions		
Indirect credit provisions	3,060,015	3,030,198
Other provisions	324,905	1,000,000
Total other provisions	3,384,919	4,030,198

Clarifications

- ❖ Indirect credit provisions were computed based on requirements of CBI on the basis of 2% of the net exposure amount as stated In the Banking Law No.4 for the year 2004.
- ❖ Foreign currency fluctuation provisions were computed based on the management's judgment and possibility of incurring losses due to currency fluctuations.



Annex 10

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Income tax provision		
Balance at the beginning of the year	3,029,376	5,096,523
Income tax paid during the year	3,029,376	5,096,523
Income tax payable	2,930,180	3,029,376
<i>End of year balance</i>	2,930,180	3,029,376
The income tax appearing in the consolidated income statement represents the following:		
Income tax payable for profit for the year	2,930,180	3,029,376
Net income tax at the end of the year	2,930,180	3,029,376
Income tax: The reconciliation of accounting profit (loss) with tax profit		
Accounting profit (loss)	19,534,532	20,184,074
Tax profit	19,534,532	20,184,074
Income tax due on profit for the year (15%)	2,930,180	3,029,376

Annex 11

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Other liabilities		
Certified bank cheques	161,252	210,295
Cheques drawn on the bank	13,513	-
Certified cheques - non bank customers	499,585	253,465
Incoming foreign transfers	-	-
Accounts payable	4,888,911	1,202,957
Advance recipient income	1,952,242	103,902
Other payables (dividends)	-	27,000,000
External transfers	2,755,997	-
Unpaid interest payable	-	61,768
Balances restricted at the request of official parties	135,919	101,647
Other liabilities	234,178	92,028
Total other liabilities	10,641,596	29,026,061

Clarifications

- ❖ Cheques drawn on the bank: This account represents cheques withdrawn on the Bank's customers and will be deducted from Bank's cash balances after clearing is completed by CBI.
- ❖ Accounts payable represent balances of pre-paid cards issued by MasterCard.
- ❖ Balances restricted at the request of official parties are accounts of customers who were black listed/law orders and as communicated by the Central Bank of Iraq.



Annex 12

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Interest income		
Direct credit facilities		
Interest of loans and bills	28,005,619	17,438,253
Interest of SME loans	18,822	-
Interest of personal credit	36,234	58,826
Total interest of direct credit facilities	28,060,676	17,497,079
Financial assets at amortized cost		
Balances and deposits with banks and financial institutions	24,046	28,428
Total interest income	28,180,293	17,529,662

Annex 13

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Interest expense		
Interest / savings deposits	937,763	699,570
Interest / term deposits	1,707,826	413,417
Total interest expense	2,645,589	1,112,987

Clarifications

The interest rate for savings accounts and fixed deposits (term deposits) is as follows:

Savings deposits

In 2016

Interest savings deposits in Iraqi dinar	6%	per annum
Savings deposits in USD	3%	per annum

In 2015

Interest savings deposits in Iraqi dinar	6%	per annum
Savings deposits in USD	3%	per annum

Term deposits

In 2016

For 12 months Iraqi Dinar	10%	per annum
6 months Iraqi Dinar	8%	per annum
For 12 months IQD / USD	6%	per annum
For 6 months IQD / USD	4%	per annum

In 2015

For 12 months Iraqi Dinar	10%	per annum
6 months Iraqi Dinar	8%	per annum
For 12 months IQD / USD	6%	per annum
For 6 months IQD / USD	4%	per annum.



Annex 14

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Staff expenses		
Employees' salaries, benefits and allowances	3,435,226	3,194,298
Professional allowances	424,112	395,267
Compensatory allowances	668,858	614,178
Other provisions	443,951	427,545
Incentives	1,875,059	1,555,395
Tax paid for employees	324,066	121,999
Bank contribution to social security	347,670	343,320
Total staff expenses	7,518,941	6,652,002

Annex 15

Operating expenses	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Communications	90,263	58,503
Memberships	643,096	327,558
Transportation expenses	80,414	72,455
Rent - building and premises	1,133,426	653,242
Hospitality	62,850	141,639
Maintenance building and premises	334,092	219,193
Equipment	93,649	95,990
Equipments worker / sanitary	280	-
Miscellaneous services expenses	1,608,607	852,652
Water expenses	2,464	2,097
Electricity expenses	199,145	52,874
Hardware maintenance	1,450	163,376
Consumables	90,707	85,883
Stationery	74,617	112,646
Missions expenses	46,344	87,121
Bonuses for non-workers	553,805	255,725
Lecturing expenses	5,380	1,700
Media and advertising expenses	189,807	113,949
Material transportation expenses	43,694	22,782
Transportation expenses	77,850	57,061
Travel and delegation expenses	234,850	262,108
Late payment fees expenses	2,580,278	23,836
Taxes and fees expenses	1,230,161	374,277
Research and consultation expenses	845,666	775,085
Oil and gas expenses	193,135	213,519
Transportation / maintenance	34,173	22,526
Equipment and machines maintenance expenses	79,987	90,600
Previous years expenses	1,460	73,190
Currency re-evaluation expenses	3,060	-



Operating expenses	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Forged currency expenses	50,740	-
Cash Count expenses / Central Bank of Iraq	41,647	-
Cash transfer through RTGS	269,799	-
Donations	140,000	-
Western union expenses	8,387	-
Currency loss Western union	1,110	-
Capital loss	13,372	10,191
Miscellaneous expenses	-	356
Salaries	-	331
Insurance expenses	59	15,048
Audit expenses	5,050	80,818
Provision Expense	-	1,496,978
Total operating expenses	11,064,873	6,815,309

Capital Adequacy

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Basic capital		
Paid in Capital	250,000,000	250,000,000
Adequacy of reserves	5,441,257	4,611,039
Retained Earnings	17,335,945	17,561,811
Total basic capital	272,777,202	272,172,850
Secondary capital		
General reserves	9,924,940	16,698,753
Total Secondary capital	9,924,940	16,698,753
Total capital base	282,702,142	288,871,602
Total risk weighted assets (on -balance sheet)	231,416,440	390,335,510
Total risk weighted assets (off- balance sheet)	124,727,816	66,621,016
Capital Adequacy %	79.38%	63.22%

Off- Balance Sheet Assets

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Letters of guarantee	146,886,869	156,767,246
Letters of credit	47,809,006	27,848,681
Total	194,695,876	184,615,928

Share and Percentage of Profits

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Net profit for the year	15,774,134	16,296,375
Equity capital	250,000,000	250,000,000
% per share	6.31%	6.52%
Dividends distributed for the year after approval by the General Authority for the accounts of the previous year	16,000,000	27,000,000
Retained Earnings	15,774,134	17,561,811
Total retained earnings after profit distribution in the following year	17,335,945	1,561,811

Clarifications

Total retained earnings for the year 2016 are not final until the dividends distribution to shareholders at the General Assembly meeting of the Bank is approved.

Senior Management Benefits

	31/12/2016 (in thousands IQD)	31/12/2015 (in thousands IQD)
Salaries	769,716	748,944
Bonuses	256,572	249,648
Other	395,472	395,869
Total	1,421,760	1,394,461



Corporate Governance Manual



First: Compliance with Corporate Governance

The Bank's Board of Directors believes in the importance of corporate governance in establishing the basis for the Bank's development in the future and improving its performance, strengthening confidence in its activities with depositors and shareholders. Therefore, the Board of Directors decided to adopt a general framework for corporate governance, to be in line with the best international standards and practices, the Principles of Organization for Economic Cooperation and Development (OECD), the guidelines of the Basel Committee for banks monitoring, the instructions of CBI and the Banking law and Commercial law. The corporate governance charter was prepared and adopted by the Bank, to determine the Bank's values and strategic directions. The Bank publishes this charter in its annual report and its website.

Second: Definition of Corporate Governance:

The Bank adopts the definition of Organization for Economic Cooperation and Development (OECD), which states that Corporate Governance is "a set of relations between a corporate's top management, its Board of Directors, its shareholders and the other stakeholders with an interest in the corporation, as well as it shows the composition within which it achieves the corporate objectives and the means for monitoring their achievement. Therefore, such sound corporate governance is which provides the Bank's Board of Directors and the executive management with appropriate foundations to reach the objectives that serve the corporate's interests, and facilitate reaching effective control process, and thus help corporates utilize their resources efficiently."

Third: The Board of Directors' Responsibilities:

- The Bank's Board of Director shall bear responsibilities related to the Bank's management and the safety of its books in addition to complying with the Central Bank of Iraq's requirements, and for taking care of the interests of shareholders, depositors, creditors, employees and other relevant authorities.
- Ensuring that the Bank's managements acts reasonably and within the framework of the laws and instructions in force, in addition to the Bank's internal policies.
- The Bank's Board of Director is the entity authorized to approve the Banks' strategies and action plans, including approval on risk management policies and setting the necessary limits thereon.
- Members of the Bank's Board of Directors shall have adequate expertise needed to perform their tasks and duties identified by the Bank's Board of Directors. Necessary expertise is obtained in such cases that require specialized expertise.
- The Board of Directors shall elect the members of the Bank's executive management, within the specifications that ensure the performance of the functions entrusted to them. Moreover, the Board of Directors shall monitor such members' performance and replace them if the case may be, whilst ensuring complete succession plans are in place for key positions at the Bank.
- The Bank's Board of Director shall supervise and monitor the Bank's top management, by exercising its powers and inquiring about the Bank's financial positions, requesting reports in a timely manner from the upper management in a manner that ensures the Board's ability to judge the performance of the management and their level of compliance with board of directors approved strategies and policies.
- The Bank's Board of Director and top management



shall follow clear policies in compliance with regulations and laws regarding the exercise of any operations outside Iraq.

■ The Board shall approve an appropriate organizational structure, including an appropriate reporting structure and approval ladders and for different positions at the Bank, sound corporate governance framework, adequate internal control environment, advanced risk management systems and tools, and policies for monitoring compliance; anti-money laundering and code of ethics.

■ The Bank's Board of Director consists of majority of (non-executive) members who shall not hold any position at the Bank, and executive members, provided that the Board members shall include three independent members, at least.

■ The Bank's Board members shall exercise their duties towards the Bank in a loyal manner and with adequate due diligence and shall ensure the existence of frameworks and policies assisting the Bank's management to comply with all legislations, regulations and laws. The Bank's Board members shall, avoid conflicts of interests or that appears as a conflict of interests, and undertake to provided such time and effort required to fulfilling their responsibilities towards the Bank.

■ The Board of Directors shall evaluate the Managing Director annually.

Fourth: Responsibilities of Chairman of the Board of Directors

■ Positions of the Chairman and Managing Director shall be segregated and as per documented roles and responsibilities, such segregations shall be reviewed whenever necessary and in accordance with Banking Laws and Commercial laws enforced in Iraq, provided that there is no affinity between them rather than third-degree relationship.

■ The Chairman shall be of full-time, exercise all the functions and powers granted to him under the Banking Laws and Commercial laws enforced in Iraq, and shall exercise such powers and functions delegated to him by the Board.

■ Supervising bank wide activities, and will be held responsible on behalf of the Board of Directors for the supervision and following up the progress of the Bank's activities, following up implementation of the policy set and approved by the Bank to achieve the Bank's objectives; follow-up and evaluating the Bank's overall performance in accordance with the strategies, plans, goals, policies and budgets approved by the Board of Directors.

■ The Chairman shall ensure presence of high level and effective corporate governance, create and maintain a constructive relationship between the Bank management and the members of the Board of Directors, and contribute to the promotion of corporate culture in the Board of Directors encouraging constructive criticism and alternative views on the topics and discussions, and making corrections on individual proposals. The Chairman shall also ensure that each member and shareholders obtain adequate information in a timely manner.

Fifth: Practices and Work Mechanism of the Board of Directors

■ The Board of Directors meetings shall be held regularly, in accordance with the requirements of the Companies Act and the Central Bank of Iraq, with a minimum of six meetings a year. Main topics shall be included in the agenda of each meeting to ensure that it covers all subjects, as well as names of members who attended the meeting and disclosure of the same.

■ The Bank shall provide sufficient information to the Board members before the meetings to enable them to reach sound decisions. An official assignment

statement for each member shall be issued, such statement shall describe the member's rights, duties and responsibilities, and limits for banking transactions which require the approval of the Board shall be determined in writing (including loans that exceed a certain limit or transactions with the Bank related parties), and the same shall be disclosed.

Sixth: Role of Secretary of the Board of Directors

- Arranging meetings of the Board of Directors and its committees, recording minutes of the meetings, ensuring implementation of the decisions of the Board of Directors, ensuring conveying of information among the Board members; committees and executive management, and maintaining a permanent written record of the Board's discussions and the results of voting members. Decisions of appointment or removal of the Board's Secretary shall be taken by the Board of Directors.

Seventh: The Board Committees

- The Board of Directors is solely responsible for managing the Bank's activities and affairs. For increasing the Board effectiveness, committees for assisting the Board in performing tasks and duties transparently shall be established. The committees shall report to the Board of Directors. Functions, duties, powers and responsibilities of these committees and their term shall be determined in writing by the Board of Directors in accordance with the relevant laws.
- Members of the Board Committees shall be officially and transparently appointed, the committee members names and a summary of their responsibilities and duties shall be described in the annual report of the Bank. Each Board of Directors committee shall have the right to directly contact the executive management of the Bank through the Chairman of the Board and

the delegated director.

- The Bank's Board of Directors consists of (five) main committees: "Audit Committee", "Strategies and Corporate Governance Committee", "Nomination and Remuneration Committee", "Credit and Investment Committee", and "Risk Management and Compliance Committee". Each committee has a written charter periodically revised and updated. Other competent committees shall be established by the Board of Directors members, if necessary, aiming at dealing with specific data in a timely manner. Several committees may be merged together, if appropriate:

(1) Audit Committee

- Audit Committee shall consist of a minimum of three members, provided that most of them shall be of the non-executive members. The committee members must have scientific and practical experience in accounting and financial management. The committee shall operate under the supervision of the Board of Directors, and shall submit its reports and recommendations of results of its activities to the Board of Directors.
- The Audit Committee shall meet on a regular basis, with a minimum of four times a year and once every three months, or as the case may be, and the meetings minutes shall be duly prepared.
- The Audit Committee shall perform such audit functions and duties stipulated in the laws, regulations and instructions of the supervisory authorities, as well as the best practices and guidelines of Basel Committee.
- **The Audit Committee shall have the following main functions:**
 - Overseeing external and internal auditors and monitoring the level of comprehensiveness of their scope of work and duties, ensuring coordination among external auditors, conducting periodic review



over audit scope, internal controls, and approving their work plan.

- Reviewing the observations provided in CBI reports, the external and internal auditor; following-up such procedures taken thereon, identifying weaknesses in controls and procedures and lack of compliance with the laws, regulations and legislation; and ensuring that the Bank's upper management takes such necessary measures to address them.
- Reviewing the financial statements before submission to the Board of Directors to verify their compliance with the applicable accounting principles, legislations of the Iraqi Central Bank and laws, and the adequacy of provisions set by the Bank's management.
- Reviewing financial reports before submission to the Board of Directors and making recommendations thereon, including reports on any changes in the accounting policies or any change in the Bank's accounts due to the audit or suggestions of the auditor, and ensuring the accuracy of accounting and control procedures, their integrity and compliance therewith. Providing recommendations to the Board of Directors regarding nomination/appointment/termination services/remuneration of the external auditor and to be elected by the general assembly, and ensuring that they meet the terms of the supervisory authorities and ensuring his being independent.
- Providing the necessary independence to the internal audit and control department in order to perform its tasks, and approving nomination of a head for the Bank's internal audit and control department or dispensing his services.
- Ensuring adequacy and efficiency of internal audit and control procedures taken at the Bank through reviewing the external auditor's report, internal audit reports or any other reports submitted to the Audit Committee.
- Ensuring adequacy of the internal control system,

as well as its efficiency to ensure the absence of any conflict of interest may result from the Bank's contracting, dealings or involving into projects with the relevant parties, and ensuring that the audit plan covers these aspects.

- Reviewing cases related to amortizing loans and providing opinions on that, in addition to providing recommendations to the Board of Directors.

(2) Strategy and Corporate Governance Committee

- Strategies and Corporate Governance Committee consists of at least four members; where the majority thereof shall not be constituted from the Bank's executive management according to the Central Bank's requirements (in addition, the members of this Committee must not be members of the Audit Committee).
- Chairman of the Committee shall be elected by the Board of Directors of the Bank. The Committee continues to carry out its work for the duration of the mandate of the council.
- This Committee meets four times during the year and actually once every three months or whenever need arises.
- The Board of the Bank shall periodically evaluate the effectiveness of its exercise of corporate governance processes, in order to identify weaknesses and to make the necessary adjustments as needed. The Board of Directors shall support its members through participation in training programs in specialized fields related to the Board's activities.
- **The Committee shall have the following main tasks:**
 - Review the general framework of the Bank's Corporate Governance.
 - Review and assess the size and the structure of the Board and its committees.
 - Review and analyze transactions related to related

parties to the members of the Board of implementing the charter and updating it periodically.

- Directors and Executive management of the Bank, which may lead to a conflict of interest.
- Review and recommend to the Board of Directors succession plans for the executive management members.
- Assist the Board of Directors in evaluating the performance of the committees emanating from it with regard to the supervision and revision entrusted to them by the Board.
- Assist the Board of Directors to build a clear strategies and objectives, including the existence of sound budgets and business plans in line with the overall economic and financial situation in Iraq.
- Review the overall organizational structure of the bank as well as the detailed structure of the departments and make sure it is in line with the leading practices and Central Bank of Iraq regulations in this field.
- Guide the process of preparing, updating, and implementing the charter and updating it periodically.

(3) Nomination and Remuneration Committee

- Nominating and Remuneration Committee of the Board of Directors is composed of at least three members whereby the head of the Committee should be a member of the Board of Directors whereby the members of this committee should not be part of the Audit Committee.
- The Head of the Committee shall be elected by the Board of Directors of the Bank. The Committee continues to carry out their work for the duration of the mandate of the Council.
- This Committee will meet four times during the year, i.e. once every three months or whenever the need arises.
- The Board of Directors shall, through the Nomination and Remuneration Committee, assess the

Board performance once at least a year, in addition to the assessment of member's participation during the Board's discussions. The Committee shall adopt specific and approved mechanism in evaluating the effectiveness of the Board, so as the performance evaluation criteria be objective, in addition to validity and accuracy of the Bank's financial statements and the extent of compliance with regulatory requirements.

■ The Committee shall have the following main tasks:

- Developing and recommending the Bank's internal policy with regards to staff remunerations, compensations and benefits to the Board of Directors.
- Ensure comprehensive disclosure by the Bank regarding the process of remunerations and compensations granted for all Bank staff including senior management.
- Establishing technical requirements including experiences and qualifications for members of the senior management of the Bank in line with the requirements of the Central Bank of Iraq in this regard.
- Assess the qualifications and experience of the members of the senior management of the Bank and ensure that they are in line with the Bank's internal policy and the requirements of the Central Bank of Iraq.
- Review the Bank's salary policies to ensure they are compatible with the Bank's values, objectives and its long-term strategy considering the control environment where the Bank operates.

(4) Credit and Investment Committee

- The Credit and Investment Committee consists of minimum four members where the majority of the Committee should be members of the non-executive management. In addition, the head of the Committee should be a member of the Board of Directors, and the members of the Committee shall not be members of the Audit Committee.



■ The head of the Committee shall be elected by the Board of Directors of the Bank, and the Committee shall continue to carry out its work for the duration of the mandate of the Council.

■ The Committee shall meet at least once monthly, and whenever necessary. The Committee shall consider all matters relating to credit and investment.

■ Credit and Investment Committee shall be deemed highest position at the Bank with regard to credit and investment authorities. The Committee's authorities are related to amounts that exceed the delegated limit set to the Management Credit committee, which fall under its power. Its recommendations shall be submitted to the Board of Directors to take the appropriate decision thereon.

■ **The Committee shall have the following main tasks:**

● Monitoring and review over the credit granting process at the Bank, including credit decisions reached by the Management Credit Committee, and ensuring its compatibility with the Board of Directors approved credit policy and other maximum exposure per obligor limits set in CBI regulations.

● Supervising and revising the credit risk management process in the bank, including a review of credit policy at least once annually and recommend to the Board of Directors of the Bank any amendments that may take place.

● Advising the Board of Directors on credit decisions taken by the Management Credit Committee and/or credit decisions/cases directly forwarded to it in respect of volume of credit granted, guarantees provided by the borrower, the interest rates (and in line with the pricing schedule adopted by the bank), and any other matters related to the resolution of credit decision.

● Review and evaluate the quality of credit portfolio of the bank, including the credit rating process and provisions allocated versus non-performing loans.

Moreover, the Committee has to recommend to the Board of Directors the adequacy of these provisions that should be in line with the requirements of the Central Bank of Iraq.

● Review the Bank's investment policy at least on a yearly basis, and forward these recommendations to the Board of Directors for their approval.

● Reviewing any requests for scheduling and extension of granted credit in addition to advising the BOD regarding the write-off of debts and increase in provisions on non-performing loans and provisions related to investment portfolio.

(5) Risk Management and Compliance Committee

■ Risk Management and Compliance Committee shall consist of at least five members, where the head of the committee must be a member of the Board of Directors, one of its members should be the head of risk management department at the Bank, in addition to the fact that members of this committee must not be members of the Audit Committee.

■ The head of the Committee shall be elected by the Board of Directors of the Bank, and the Committee shall continue to carry out its work for the duration of the mandate of the Council. This Committee meets four times during the year and actually once every three months or whenever need arises.

■ **The Committee shall have the following main tasks:**

Risk Management

● Supervise and review the risk management process at the Bank including identifying, measuring, and monitoring the various risk the Bank is exposed to. Also, the committee should assess the impact of these risks on the Bank's financial position and reputation.

● Review the Bank's Risk Management policy and ensure that adequate controls are embeded covering the Bank wide processes; and advising the Board of Directors to approve the policy.

- Review the Bank’s acceptable risk limits and appetite in relation to credit, investment and liquidity risk exposure and advising the Board of Directors to approve these limits.

- Review the Bank’s risk universe and controls matrix developed by the Bank’s risk management department while reviewing the Bank’s internal control environment to ensure it covers the Bank wide activities and operations.

Compliance

- Review and monitor the Bank’s internal procedure and process related to compliance with Central Bank of Iraq regulations and anti-money laundering requirements.

- Review the Bank’s Compliance Policy and Anti-Money Laundering and Counter Terrorism policy including account opening procedures to ensure adequate controls are embedded, and advising the Board of Directors to approve these policies.

Eighth: Internal Audit and Control Framework

- The Bank’s internal control framework was established as stipulated by Central Bank of Iraq requirements in addition to leading banking practices.

- The internal control environment and framework shall be reviewed at least once a year, by the Internal Audit and Control Department and external auditor, according to the requirements of Central Bank of Iraq. The Bank will disclose a detailed report in its Annual report related to the adequacy of internal controls.

- Board of Directors shall adopt a general framework for supervision and internal control, as this shall enable the Board of Directors to follow up tasks and take the necessary measures. The Bank’s internal control system shall cover annual budgets developed and approved by the management and a monthly analysis of the actual performance compared to the forecast and financial reports which are submitted

to the Board of Directors members at each regular meeting, submitting the financial reports and business reports to shareholders annually, as well as evaluating the efficiency and competency of Bank’s employees as part of the annual staff performance, and document policies related to information systems, and develop procedures manuals covering the Bank’s wide operations and functions.

Ninth: Code of Conduct

- The Bank adopted a Code of (Conduct/Ethics) that has been circulated to all employees and the Board members. The Bank’s employees shall sign a written acknowledgment at the beginning of each fiscal year that he/she employee examined the Code and any amendments thereto, and his agreement to its contents.

Tenth: Related Parties Transactions (the Board of Directors members, Employees, Shareholders, Related parties)

- The Bank’s policies approved by the Board of Directors shall comply with the applicable laws and regulations issued by the Central Bank of Iraq, including:

- Loans and facilities granted to members of the Board of Directors, top management and staff, which shall be subject to Central Bank of Iraq approval and criteria.

- Loans and facilities obtained by the Chairman of the Board of Directors or any member of the Board shall comply with the Bank’s lending policy, and should be granted in favor of the Bank’s interest.

- lending the Bank’s staff of all levels shall meet the regulations and instructions of the Bank’s internal policies.

- Other banking transactions rather than related parties lending, should be processed based on the Bank’s approved policy, taking into consideration the Bank’s interests mostly.



- Periodic reviews over related party transactions shall be conducted by the internal and external auditors to ensure compliance with laws, regulations and the Bank's internal policies.
- VIP clients related transactions should be conducted in accordance with the credit policy approved by the Board of Directors, and financial statements related to these customers shall be subject to a detailed analysis by qualified staff.

Eleventh: Hotline / Whistle Blowing

- Internal arrangements were established, and on which basis the staff confidentially report any doubts about any possible violations enabling the verification of such doubts and following them up independently, through direct communication line Hotline/Whistle Blowing managed by Head of Internal Audit and Control Department, and such arrangements shall be overseen and monitored by the Audit Committee, as well as coordination with the managing director and the Bank's top management.

Twelfth: Internal Audit Department

- The Bank realizes that the existence of Internal Audit Department has an effective role in contributing to enhancing the internal control and risk management framework concerning the Bank's activities, as Internal Audit Department shall seek providing the management and Audit Committee with confirmation on the implementation and compliance with internal policies and procedures and the extent of their effectiveness.
- Internal Audit Department reports functionally to the Audit Committee arising out from the Board of Directors to enhance its independence, and it, administratively reports to the Managing Director.
- Internal Audit Department shall perform its tasks in accordance with the Audit charter approved by the Audit Committee, which duties, responsibilities

and powers shall be identified in accordance with the international standards.

- Internal Audit Department shall prepare the annual audit plan for the Bank departments and branches, so that the plan shall rely in identifying the audit priorities on the levels of risk exposure (Risk-based plan), and shall cover the Bank wide functions and departments where a detailed human resource plan and estimated budgets should be established in line with the approved audit plan.

- To ensure that the staff of this section is objective, they shall not be assigned executive tasks, and any prospective conflicts of interest shall be reported to the Audit Committee.

- Internal Audit Department reports shall be discussed with relevant departments and branches the department shall prepare reports without intervention or influence from other parties.

- Internal Audit Department shall coordinate with the external auditor when examining the adequacy of the Bank's internal control system.

Thirteenth: Risk Management Department

- The Bank's Risk Management Department shall report to the Risk Management and Compliance Committee.

- As for the day to day reporting, this should be done to the Managing Director. The Department will be responsible mainly for the following:

- Analysis and review of the Bank's credit exposure including but not limited to (credit, market, liquidity, operational risk), developing risk measurement tools, adequate control and monitoring over the risk exposures, advising the Bank's Executive management on the risk management framework and structure at the Bank.

- Reviewing detailed reports related to the Bank's risk exposure in addition to reviewing concentration limits related to credit and investments activities to

ensure it's in line with the Bank's overall risk appetite and limit structure.

- Responsible for coordinating with other departments to provide the necessary information to risk management department and periodically review and study of the risk exposure related to the Bank's activities and operations, establishing appropriate recommendations and following up on the implementation of these recommendations by related departments.

Fourteenth: Compliance Department

- Compliance Department shall develop detailed mechanisms necessary to ensure compliance with laws and regulations governing the Bank's activities inside and outside Iraq in the countries where the Bank exists through its branches or subsidiaries or representative offices.

- Compliance Department shall submit its reports on the results of departments/branches compliance with local policies and CBI requirements to the Board Risk Management and Compliance Committee, while copying the Managing Director. As for day to day administrative reporting, the department shall be associated with the Managing Director.

- The Board shall approve and monitor the Bank's Compliance Policy. However, policy development and implementation at the Bank shall fall under the responsibility of the Compliance Department.

- As for the Bank's Anti-Money Laundering procedures and framework, the Compliance Department works as a liaison with the Central Bank of Iraq and the Anti-Money Laundering Department at the Bank. Moreover, it shall develop the necessary policies and procedures, and set policies related to KYC (Know your Customer) and banking transactions monitoring, investigate suspicious transactions, and submit the necessary reports to the Bank's Anti-money Laundering Department.

Fifteenth: External Audit

- According to applicable laws and regulations, Audit Committee shall nominate an external auditor to the Board of Directors to be elected by the Bank's General assembly after making sure that the selected external auditor meets the requirements of the supervisory authorities (the Central Bank of Iraq, the Registrar of Companies).

- The external auditor's report shall be reviewed by the Audit Committee, which shall ensure that the management follows the corrective necessary measures. The external auditor shall perform his duties in accordance with the Banking Law and Companies Law, shall review and monitor the adequacy of internal audit and internal control procedures, and shall submit his recommendations and meet with the Audit Committee without the presence of the Executive Management at least once annually.

Sixteenth: Shareholders' Fair Treatment and Rights

- The Bank shareholders consist of a group of ordinary individuals. The law ensures to all shareholders the right to vote in person or by proxy at the General Assembly meetings, and the right to discuss the topics on the agenda of the General Assembly on the basis of full equality. Furthermore, the shareholders may propose any suggestions related to the ordinary General Assembly Agenda, provided that such proposal shall be subject to the approval by shareholders representing at least 10% of the registered shares at the meeting.

- The Bank shall follow effective steps to encourage the shareholders to participate in the General Assembly meeting, where all share-holders shall receive a copy of the Bank's:

- Annual Report, and shall be invited to General Assembly meeting.



■ In addition, the shareholders shall receive the information and advertising materials sent to shareholders in general to their postal addresses. Each shareholder shall have the right to access the register of shareholders in accordance with the applicable policies. As for the distribution of profits, they shall be fairly distributed among shareholders and in proportion to the number of shares held by each shareholder.

■ The Board of Directors members and Head of Board Committees' shall attend the General Assembly meeting and answer all questions and inquiries raised by the shareholders. Representatives of the Bank's External Auditor must attend the General Assembly meeting to answer any question about the results of their audit report. External auditors shall be appointed by secret ballot at the General assembly meeting.

■ The Board of Directors members shall present themselves for election or re-election by secret ballot at the General Assembly meeting.

Seventeenth: Transparency and Disclosure

■ The Bank's Board of Directors believes that transparency is an essential element for effective corporate governance, that appropriate disclosure enhances corporate governance and improves the ability of supervisors in monitoring the Bank's activities. The Bank shall comply with all disclosure requirements set under the banking law and other instructions of the Central Bank of Iraq.

■ The Bank shall keep pace with the international practices (accounting standards and financial reporting on disclosure of financial statements) in the area of financial reporting, disclosure and transparency.

The Bank's top management shall report such disclosure to the Board of Directors and make such recommendations to improve the Bank's disclosure practices.

■ The Bank understands its obligation in providing proper information about its activities to the shareholders, depositors, its counterparts in the banking sector and regulator. Such information shall be disclosed and provided to all relevant parties in accordance with applicable laws.

■ The Bank shall publish the Bank's memorandum and articles of association on the Bank's website. In addition, and as per applicable laws in Iraq, any amendments to the articles of association an invitation to an extraordinary general assembly meeting shall be conducted, and the Bank's Board of Directors shall provide the Registrar of Companies with the report concerning the election of the Board of Directors and any change in the composition or identity of its members. Such information shall be in line with companies' law and the instructions of the Central Bank of Iraq.

■ The Board of Directors shall be responsible for the Bank's data and the contents of the Annual Report in terms of their accuracy and integrity. The Bank will maintain appropriate channels of communication with the shareholders, investors, counterparts in the banking sector and general public through the Shareholders' Function at the Bank that must provide them with comprehensive, objective and updated information about the Bank, its financial position, performance and activities, as well as the annual report and quarterly reports that provide financial information on the Bank's financial position during the year.

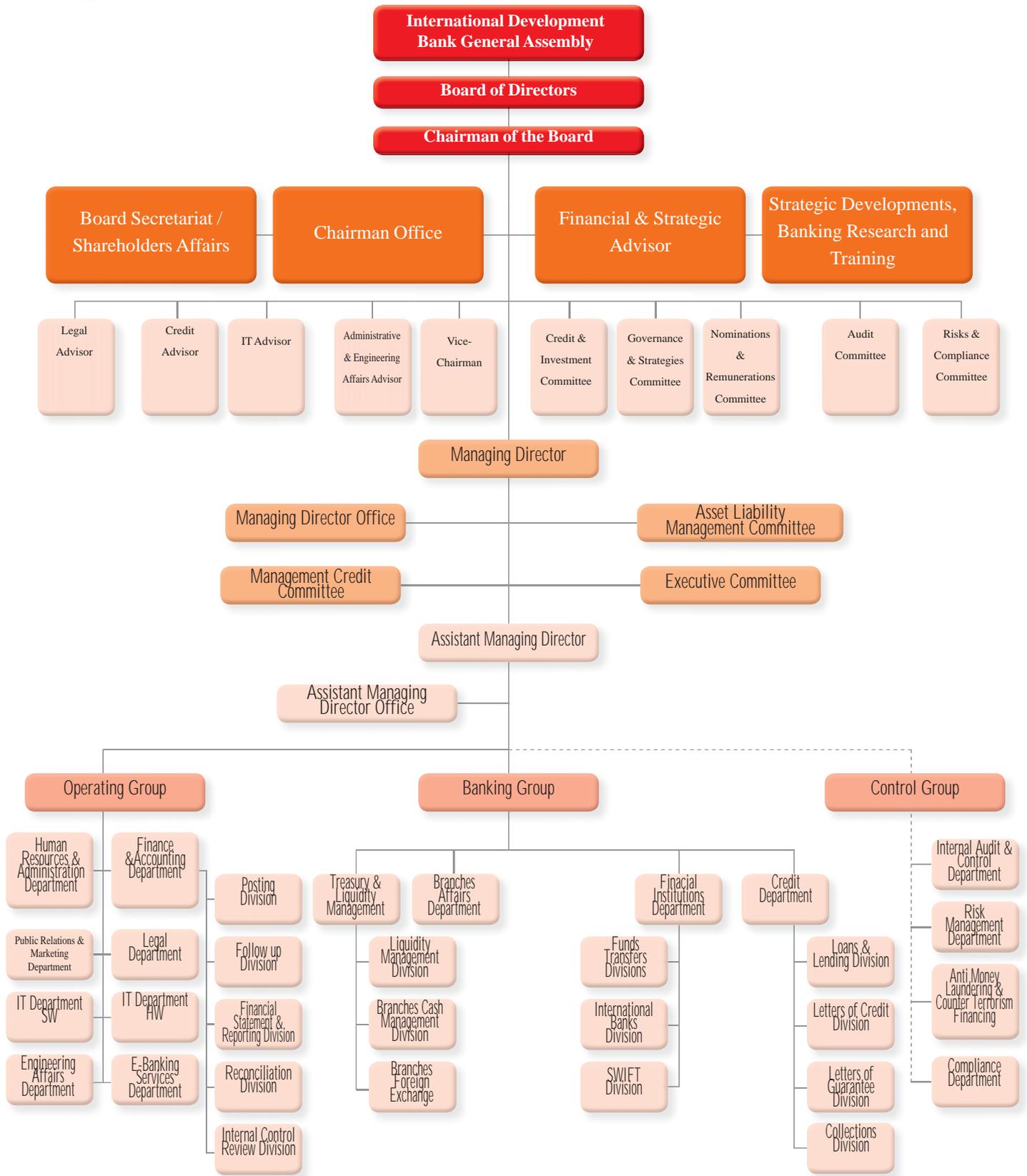
Bank's Organizational Structure





Bank's Organizational Structure

Bank's Organizational Structure & Executive in 23/2/2016



Financial Management and Accounting Department:

Financial Management and Accounting Department at the International Development Bank for Trade and Finance shall implement best practices in the field of financial management and accounting which will assist the Bank to achieve its strategic goals and objectives and in line with its vision and mission.

It is noteworthy to mention here that this function continued to prepare financial statements as per international accounting standards in addition to the Unified Iraqi Accounting Standard and as per Central Bank of Iraq requirements; this in return has promoted values of transparency and disclosure.

Financial Management and Accounting Department plays an important role in the preparation of the discretionary budget plan and in monitoring its implementation and performance, and providing the other departments with data, information and financial statistics to conduct their activities, in addition providing periodic reports to the Central Bank of Iraq, External Auditors, governing bodies related to income tax and social security and the other relevant authorities.

Internal Audit and Control Department:

IDB Iraq has been working on creating an internal audit and control department, which shall conduct its audit objectively, efficiently and independently and act as a main pillar to sound management and oversight practices. Internal Audit and Control Department shall practice its functions with high standards of professionalism, through the adoption of well studied methodology in accordance with the applicable auditing standards, whether locally and internationally, to improve the efficiency of the management and to help achieve the Bank's objectives and strategic plans.

This function shall work as an overseeing body to monitor the Bank's branches and divisions and the Executive Management to ensure their compliance with applicable rules and regulations, also and compliance with the laws governing the Bank's activities, which reduces and controls the Bank's risk exposure.

Anti-Money Laundering and Combating of Terrorist Financing Department

Anti-Money Laundering Department of IDB Iraq is an integral function which ensures and safeguards the banks against any AML and Terrorist Financing transactions and associated risks. More importantly this function ensures the bank operates and inculcates the highest standards as stipulated by International Regulators across the Globe.

The Anti-Money Laundering Department periodically conduct training sessions covering AML, Terrorist Financing and FATCA to the Bank wide employees, in addition the implementation comprehensive and detailed investigation and monitoring system that allow the Bank to fully know its customers and perform required due diligence on them.

In adherence to the Central Bank of Iraq's requirements with regards to combating money laundering and terrorism financing, the Bank, have established a Sub-AML division for combating Money Laundering at every branch of the bank, wherever it operates that will in return boost and empower the scope of work of this function in order to assist the Bank in identifying any potential suspicious transactions that may be conducted through the Bank's branch network.

The Bank has invested heavily in acquiring sophisticated AML solutions and tools for monitoring and detecting suspicious transactions involving risks of money laundering, terrorism financing and financial crimes.



For enhancing the culture of compliance, the Bank conducts Training Programs for all employees to ensure they are fully aware of the latest updates on the topics of Compliance Monitoring, Anti-Money Laundering, Terrorism Financing, the Foreign Account Tax Compliance Act (FATCA) and doing whatsoever necessary enabling them to properly apply the rules of Know Your Customer (KYC), Due Diligence procedures, as per the Central Bank of Iraq requirements which were recently issued, and under the Anti-Money Laundering Act and Terrorist Financing No. (39) for the year 2015.

Compliance Department

In 2016, the Bank continued to implement and adhere to applicable laws and regulations stipulated by the regulator and international bodies with regards to monitoring compliance, Anti-Money Laundering and Terrorism Financing. Also in 2016, the Bank has enforced all branches to update customers' account opening forms in accordance with KYC procedures and the Foreign Account Tax Compliance Act (FATCA).

The Bank understands that the importance of the role of a Compliance function which monitors all business functions and ensures being an independent function appointed after obtaining the approval of the Central Bank of Iraq, and which shall ensure that the Bank is adhering to applicable laws, regulations, Basel Committee directives, Companies Act and Anti-Money Laundering laws.

The Compliance Department has submitted during the year 2016 four quarterly reports to the Central Bank of Iraq covering the Bank's wide operations and branches and the extent of its compliance with applicable laws and regulations.

In addition, Compliance Department have conducted

periodic reviews over procedures and controls embedded in the Bank wide departments and functions to ensure its in line with the Bank's internal policies and Central Bank of Iraq requirements. Further, the Department reports on monthly basis any violations to internal policies along with detailed recommendations to the Bank's Executive Management and Board of Directors

Credit Department

Credit Departments is responsible for managing and controlling the Bank's credit portfolio for all types of loans, provided that the loans be objective. In addition the Department is responsible for granting the banking including overdraft, corporate loans and bank guarantee, while ensuring that adequate guarantees for each type of credit is provided.

The Bank grants the credit facilities after obtaining appropriate guarantees which includes:

- Highly liquid guarantees as mortgaging gold, jewelry, government bonds, stocks , and saving and term deposits.
- Real estate collaterals given that these are not resident by anyone, in addition to machinery, plant, and equipment.

Financial Institutions Department

This Department acts as the back-office function at the Bank in relation to transfers, trade finance and Western Union transactions and in coordination with the Treasury and Liquidity Management Department. Furthermore, the Department is responsible for issuing international guarantees, inward and outward transfers' remittances, and reconciliation of accounts with correspondent banks.

In addition, the Department also communicates the internal documentary credits received from the Trade Bank of Iraq to companies operating in Iraq.

Branches Affairs Department

Branches Affairs Department is responsible for managing and handling operations at IDB's branches network where it addresses various issues facing these branches.

Further, the Department is responsible for looking over liquidity and transfer of funds between the branches, periodically visiting and conducting reviews over branches operations with periodic meetings with the Top Management, and providing recommendations on operational activities with emphasis on marketing and promoting of all products and services.

Information Technology Department

Information Technology Department shall consist of three sections that play an important and key role in relation to the Bank's activities and in line with innovations and developments in the field of banking technology and information systems, these sections shall include:

- Hardware.
- Software.
- E-services Section.

Engineering Department

The importance of the Engineering Department at the Bank is coined in its supervision and performance of a set of important projects for the Bank, including establishing new buildings for the Bank branches in Basra, Najaf, Karbala and Baghdad (Al-Rubaie Street), Baghdad (Al-Gamiela commercial area) in addition to the requalification of another set of branches in Al-Mansour, Alkoat, Al-Imaraa, Alholla, Diwaniyah, Nasiriyah.

The Department will also be responsible for looking over construction work related to the Bank's new Head Office in Abu Nawas which will commence this year and is expected to be completed at the end of 2017.

Public Relations and Marketing Department

The Public Relations and Marketing Department at IDB plays an active and strategic role in relation to the Bank's activities and products, this includes but not limited to continuous follow up and field visits to governmental entities, universities and large corporates in an attempt to introduce the Bank's products and services portfolio, in addition to attending specialized conferences and seminars, and attending exhibitions.

The Department is also responsible for hosting and taking care of delegations visiting the Bank premises in Iraq, preparing brochures, posters and advertising material covering the Banks products and services.

Human Resources and Administration Department

Human Resources and Administration Department is mainly responsible for determining the Bank needs, of labor, quantitatively and qualitatively, so as to ensure achieving the corporate objectives. The scope of activity shall be as follows:

- Assessing the Bank needs of labor.
- Employees hiring and making the necessary tests and interviews to select such competencies suitable for the Bank's needs.
- Developing staff skills through training courses.
- Follow-up on support services and, supervise security personnel.
- Supervising maintenance over the Bank's facilities.

In addition, this Department shall be responsible for managing the bank's human resources to ensure their compliance with the internal policies and the applicable labor law in Iraq.



Corporate Social Responsibility for the year 2016

Corporate Social Responsibility

Based on the Bank's conviction and belief in the importance of social responsibility and supporting individuals in building a better Iraqi society, IDB has engaged effectively in various activities and events for a better future for Iraq and its people. This is a snapshot of what we have done in 2016 in the hope that this social support will continue in the years to come.

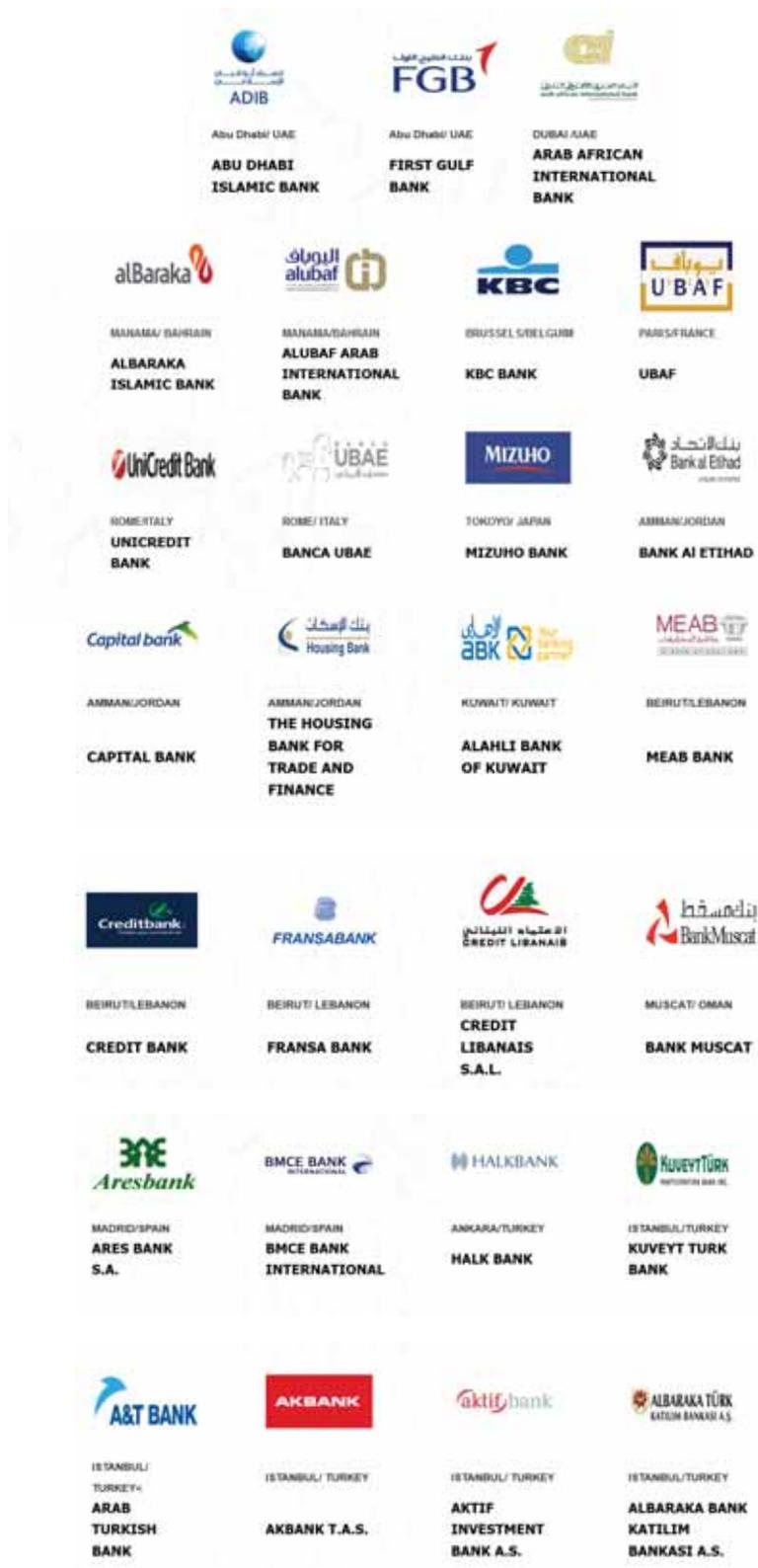
- ❖ Donation of 100 million dinars for the care of displaced families and wounded armed forces.
- ❖ Donation of \$ 10,000 for the development of Al Rasheed Street.
- ❖ Donation of 12 million dinars to sponsor the ceremony of the World Peace Day held at the martyr monument in Baghdad.
- ❖ Donation of 300 million dinars for the development of public gardens in Baghdad.
- ❖ Donation of 15 million dinars to Dar Al-Hanan Handicapped foundation.
- ❖ Donation of \$ 15,000 for 1,000 displaced and homeless Iraqi children residing in Lebanon.







Correspondent Banking Network



IDB`s Correspondent Banking Network

NAME OF BANK	ADDRESS	SWIFT CODE
ARAB TURKISH BANK	ISTANBUL / TURKEY	ATUBTRIS
UNICREDIT BANK	ROME / ITALY	UNCRITMM
BMCE BANK INTERNATIONAL	Madrid / Spain	BMCEESMM
ARES BANK S.A	MADRID / SPAIN	AREBESMM
MIZUHO BANK	TOKOYO / JAPAN	MHCBJPJT
UBAF	PARIS / FRANCE	UBAFFRPP
AKBANK T.A	ISTANBUL / TURKEY	AKBKTRIS
ABU DHABI ISLAMIC BANK	ABU DHABI / UAE	ABDIAEAD
ABU DHABI COMMERCIAL BANK	ABU DHABI / UAE	ADCBAEAA
FIRST GULF BANK	ABU DHABI / UAE	FGBMAEAA
KBC BANK	BRUSSELS / BELGUIM	KREDBEBB
BANK AL-ETIHAD	AMMAN / JORDAN	UBSIJOAX
BANK UBAE	ROME / ITALY	UBAIITRR
CAPITAL BANK	AMMAN / JORDAN	EFBKJOAM
ALAHLI BANK OF KUWAIT	KUWAIT / KUWAIT	ABKKKWKW
BANK MUSCAT	MUSCAT / OMAN	BMUSOMR
FRANSA BANK	BEIRUT / LEBANON	FSABLBBX
AL UBAF ARAB INTERNATIONAL BANK	MANAMA / BAHRAIN	ALUBBHBM
COMMERCIAL INTERNATIONAL BANK	CAIRO/EGYPT	CIBEEGCX
HALK BANK	ANKARA / TURKEY	TRHBTRSA
KUVEYT TURK BANK	ISTANBUL / TURKEY	KTEFTRIS
AKTIF INVESTMENT BANK A.S	ISTANBUL / TURKEY	CAYTTRIS



NAME OF BANK	ADDRESS	SWIFT CODE
CREDIT LIBANAIS	BEIRUT / LEBANON	CLIBLBXX
NUROL INVESTMNET BANK	ISTANBUL / TURKEY	NUROTRIS
THE HOUSING BANK FOR TRADE AND FINANCE	AMMAN / JORDAN	HBHOJOAX
ALBARAKA ISLAMIC BANK	MANAMA / BAHRAIN	ABIBBHBM
ALBARAKA BANK KATILIM BANKASI A	ISTANBUL / TURKEY	BTFHTRIS
MEABANK	BEIRUT / LEBANON	BAMOKBBE
CREDIT BANK	BEIRUT / LEBANON	CBABLBBE
ARAB AFRICAN INTERNATIONAL BANK	DUBAI / UAE	ARAIAEAD
BANK OF JORDAN PLC	AMMAN / JORDAN	BJORJOA

Branches Addresses & Networks





Branches Addresses

	CITY	BRANCH NAME	ADDRESS	PHONE	BRANCH MANAGER
1.	Baghdad	Main Branch	Arassat Al-Hindiya	07704621833	Suhair Sachit Mohseen
2.	Sulymaniyah	Sulymaniyah Branch	Salim Street	07730028050	Mohammed Ameen Abdullah
3.	Erbil	Erbil Branch	Street No.100	07730027050	Kamal Ghareeb Arif
4.	Basrah	Basrah Branch	Dinar Street	07730027020	Mahdi Ridha Mahdi
5.	Baghdad	Shoraj Branch	Samaw'al Street	07730028030	Bushra Mohammed Jawad
6.	Karbala	Karbala Branch	Hay Al-Hussain	07730028040	Hussain Jassim Obaid
7.	Najaf	Najaf Branch	Kafa'at Street	07730027030	Meena Mohammed Abdul Amir
8.	Waset	Kut Branch	Kafa'at Street	07730028010	Dhargham Jabbar Ismael
9.	Baghdad	Mansoor Branch	14, Ramadhan Street	07730500330	Adnan Abdulrahman Gharib
10.	Baghdad	Rubayee Branch	Zayoona Rubayee Street	07730008343	Jabbar Jasim Mohammed
11.	Nasiriyah	Nasiriyah Branch	Saray district	07828793487	Mysak Jamil Hakim
12.	Babylon	Hilla Branch	Street No.40	07828793493	Hussain Mohammed Shati
13.	Beirut-Lebanon	Representative Beirut Office	Stratum Building Omar Al Daouq Street Beirut Central District	0096178800306	Rasha Hashem

ATMs Network

ATM Locations	No.	ATM Locations	No.
Baghdad / Main Branch	7	Karbala / Al-Atyaab Hotel	1
Baghdad / Shorja Branch	1	Karbala / Ared Al-Nour Hotel	1
Baghdad / Al-Mansour Branch	1	Karbala / College of Hussein	1
Baghdad / Al-Rubaie Branch	2	Karbala / Zain Company	1
Baghdad / Mall Al-Mansour	1	Sulaymaniyah / Sulaymaniyah Branch	1
Baghdad / Ishtar Hotel	1	Erbil / Erbil Branch	1
Baghdad / Al-Nakhil Mall	1	Erbil / Magdy Mall	1
Baghdad / Ayoun Baghdad Restaurant	1	Erbil / Empire Building	1
Baghdad / Five Star Center	1	Erbil / Mika Mall	1
Baghdad / Alawiya Club	1	Dohuk / Mazi Market	1
Baghdad / Al-Mansour Hotel	1	Dohuk / Mazi Mall	1
Baghdad / Al-Waha Mall	1	Erbil / Zain Al-Iraq Company Erbil Branch	1
Baghdad / Al Tawasul Trading Company	1	Kut / Kut branch	1
Baghdad Airport/ Babel kudoum Building	1	Kut / Biladi Center	1
Baghdad Airport / Ninawa kudoum Building	1	Kut / Wasit Chamber of Commerce	1
Baghdad / Zain Al-Iraq Company	3	Najaf / Najaf Branch	2
Baghdad / Al-Jarid Company	1	Najaf / Najaf airport	1
Baghdad / Central Bank of Iraq	1	Najaf / Arab Palace Hotel	1
Branch of Basra	1	Najaf / Al-Diyafah Palace Hotel	1
Basra / Al-Rayan Mall	1	Najaf / Baniquia School	1
Basrah / Schools of Andalusia	1	Najaf / Zamzam Hotel	1
Basra / Directorate of Electric Power	1	Najaf / City Mall	1
Basra / Zain Al-Iraq Company	2	Najaf / Al-Bashir Center	1
Basrah Al-Farahidi Schools	1	Najaf / Warkaa Hotel	1
Karbala / Karbala Branch	2	Nasiriyah / Nasiriyah Branch	1
Karbala / Al-Alamiyah Branch	1	Hilla / Hilla Branch	1
Karbala / Rihana Rotana Hotel	1	Al-Amarah / Al-Amarah Branch	1
Karbala / Janat Al-Husein Hotel	1		
Karbala / Al-Zumurod Mall	1		
		Total	68



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