

Asia Iraq Islamic Bank for Investment and Finance
Executive Management Policy

1. **Introduction**

   The concept of executive management (operational management) focuses on providing wise leadership and sound guidance to ensure the institution/bank achieves success and sustainability in the business environment over the long term. It is also the management responsible for implementing the strategic goals of the institution. The executive management is ultimately accountable for executing the work plans approved by the Board of Directors and serves as the link between senior management and lower levels in the bank. Successful executive management represents the key element for the success of the bank, as it is responsible for organizing and executing the bank's policies and managing employees to achieve the highest return. It is capable of presenting and implementing difficult proposals and decisions and creating the necessary plans to accomplish tasks and ensure the bank's success. Therefore, it is the central axis for executing and achieving the established goals and strategies.

Executive management is concerned with planning the execution of a set of objectives defined by the Board of Directors, monitoring the procedures for effective implementation, and ensuring that they align with the established objectives in accordance with policies and strategies. Additionally, it addresses problems that arise during execution and helps connect the tasks between departments/sections based on each department's specific responsibilities.

Executive management is also responsible for decision-making, relying on multiple factors, knowledge, prior study, a good understanding of reality, and the consequences of each decision, along with potential outcomes. This requires experienced and knowledgeable individuals to carry out the work, define their responsibilities, and divide tasks in a way that ensures task separation, independence, and neutrality.

Moreover, executive management has extensive experience with various executive decisions issued daily in the course of work, requiring a level of study and intellectual development to refine execution skills. This experience is characterized by continuity.

Finally, it should be emphasized that all aspects of this policy are mandatory for implementation. Adherence to the prevailing laws and regulations in the Republic of Iraq is essential, particularly the instructions issued by the Central Bank of Iraq.

Definitions

The following terms are meant to have the meanings set forth next to each of them, unless the context indicates otherwise:

Corporate Governance of the Bank	It is the system upon which the bank relies in its management, aiming to define and achieve the bank's institutional goals, manage its operations securely, protect the interests of depositors, fulfill due responsibilities towards shareholders and other stakeholders, and ensure the bank's compliance with the laws, regulations, and instructions issued by the Central Bank of Iraq, including the Governance Guide, internal bank policies, and procedures related to the bank's operations as a whole. The comprehensive set of systems defines the relationships between the Board of Directors, executive management, shareholders, and other stakeholders, and addresses corporate governance as the system through which the Board of Directors directs and monitors activities, including: • Defining the bank's strategy, • Managing the bank's risk management system, • The bank's operations and activities, • Balancing the responsibility towards shareholders with protecting the interests of depositors and considering the interests of other stakeholders, • Ensuring the bank's compliance with applicable laws, regulations, and controls, • Disclosure and transparency practices.

The board	The Board of Directors of Asia Iraq Islamic Bank for Investment and Finance.
Board Member	A Board Member of the bank, either in their personal capacity or as a representative of a legal entity.
The Executive Member of the Board.	A Board Member assigned an executive role in the bank (the Authorized Manager) of Asia Iraq Islamic Bank for Investment and Finance.
The Non-Executive Board Member.	A Board Member who does not intervene in the daily management of the bank and is not assigned any executive role within the bank. This member, for example, is considered an "independent" member, providing advice and technical consultation but not participating in the management of the bank or overseeing its daily operations. They do not receive a monthly salary.
The Independent Board Member.	It is a Board Member who enjoys complete independence from the management and the bank. Independence means the ability to make judgments impartially, after considering all relevant information, without any influence from the management or other external parties.

The Senior Executive Management.	This includes senior employees, such as the Authorized Manager, Deputy/Assistant Authorized Manager, Assistant Authorized Manager, Chief Financial Officer, Operations Manager, Risk Management Manager, Internal Audit Manager, Treasury Manager, Investment Manager, Compliance Manager, Credit Manager, International Banking Operations Manager, Domestic Banking Operations Manager, Anti-Money Laundering and Counter Terrorist Financing Manager, Human Resources Manager, Administration Manager, Banking Awareness and Public Protection Manager, Main Branch Manager, as well as any employee in the bank who holds an executive authority equivalent to that of any of the aforementioned roles and is directly functionally linked to the Authorized Manager.

- These parties include the following:
  - Institutions linked to the bank, their Board members, and their key executives.
  - Major shareholders of the bank (those with a shareholding of 5% or more), their close associates, and affiliates, as well as any other institutions or companies over which they have direct or indirect supervisory authority.
  - The Chairman and members of the bank's Board of Directors, their close associates, and affiliates, along with any other institutions or companies over which they have direct or indirect supervisory authority.
  - The Authorized Manager of the bank, their key executives, their close associates, and affiliates, as well as any other institutions or companies over which they have direct or indirect supervisory authority.

A person with an interest	Any employee of the bank who has a direct personal interest (ownership and/or administrative or executive relationship), or an indirect personal interest (through a family member or a friend), in an entity engaged in any type of business with the bank.
Financial interest	The financial interest refers to a situation where an employee has a direct or indirect financial or material stake in the following cases: • If the employee has ownership, investment, or an administrative relationship in any company that engages in any type of business with the bank. • If a relative of the employee, at any degree of kinship, or the employee's friends and acquaintances, has ownership, investment, or an administrative relationship in any company that engages in any type of business with the bank.
The suitability	It refers to meeting certain requirements for the members of the Board of Directors and senior executive management.

The related person	• Any manager in the bank. • Any person related to the manager by blood or marriage up to the second degree of kinship, including the adoption or guardianship of the manager's children or any person residing in the manager's household. • Any person who holds a qualified interest in the bank or in any project owned by such a person, the manager of the bank, or any manager related to such a person or project.
The strategy	It is the design and formulation of long-term policies to achieve the bank's objectives. These policies may relate to products and services, acquisitions versus organic growth, markets, and natural resources, particularly capital and people. The strategy reflects the priorities for using the bank's resources and outlines the steps the institution will take to achieve its goals and fulfill its commitments.
Work plans	These are work plans or programs for all parts of the organization at various levels, designed to outline in detail the path taken to achieve its strategy. The plans, at a minimum, include specific goals and timeframes for achieving them, with the goals being quantitatively defined.

1 **Suitability of Senior Executive Management Members**
Senior executive management members must possess the highest level of credibility, integrity, competence, necessary experience, and the ability to commit time and effort to the bank's operations. The Board of Directors and the Nomination and Remuneration Committee are responsible for ensuring this.

General Provisions

- The executive management consists of the Authorized Manager and the deputies of the Authorized Manager, as well as the executive directors of the bank's divisions and branches.

- The executive management is accountable to the Board for achieving the bank's objectives and operations.

- Board members do not have the right to intervene in the bank’s day-to-day executive activities.

- This policy is approved by the Board of Directors to ensure the suitability of the senior executive management members. The Board must review this policy periodically and establish sufficient procedures and systems to ensure that all senior executive management members meet the suitability standards and continue to do so.

- Requirements for Appointment to Senior Executive Management
The following conditions must be met for anyone appointed to the senior executive management of the bank:

- They must not be a member of the Board of Directors of any other bank, unless the other bank is a subsidiary.

- They must be dedicated to managing the bank's operations.

- They must hold at least a bachelor's degree in finance, banking, business administration, accounting, economics, law, or any related or relevant field.

- They must have at least five years of experience in banking or related fields, except for the Authorized Manager, whose experience in banking or related financial sector activities must be at least ten years, in compliance with the instructions issued by the Central Bank of Iraq in this regard.

- They must possess integrity, a good reputation, and high ethical standards.

- They must obtain approval from the Central Bank of Iraq before appointing any member to the executive management.

Other Provisions

Executive management consists of the senior officials of the bank.

Executive management exercises its powers and responsibilities according to the delegation and decisions issued by the Board of Directors.

Executive management is accountable to the Board for achieving the bank's objectives and operations.

Board members do not have the right to intervene in the bank's day-to-day executive activities.

2. **Executive Management Responsibilities**
   The executive management is responsible for performing the following tasks:

- Preparing strategic and operational plans and implementing them after they are approved by the Board of Directors.
- Ensuring the effectiveness of strategic and operational plans and providing suggestions for their development or modification.
- Implementing relevant laws, regulations, instructions, policies, and guidelines issued by the Board of Directors with diligence, integrity, and responsibility.
- Providing recommendations regarding important decisions related to banking operations, deposit and loan management, and investments.
- Reviewing local and international banking services and products in terms of requirements, implementation methods, and continuous improvement, and providing recommendations accordingly.

- Reviewing expansion and branch plans.
- Preparing and developing policies and procedures for all business operations.
- Preparing an organizational structure for the bank that includes the distribution of responsibilities and duties across organizational units and defines vertical and horizontal communication lines.
- Preparing the bank's annual budgets.
- Establishing adequate internal control systems to protect the bank's funds and assets, ensure the integrity of financial transactions and information, and ensure proper implementation.
- Implementing appropriate risk management systems for all types of risks.
- Providing internal and external regulatory authorities with the reports and information they request to facilitate their regulatory and inspection tasks.
- Ensuring compliance with international standards in all bank activities and operations.
- Submitting reports to the Board of Directors on the progress of the bank's operations.
- Maintaining accurate and comprehensive records and information systems for all activities and decisions, supported by the necessary documentation.
- Discussing and monitoring the progress of work at the bank and proposing solutions.
- Coordinating between different departments to ensure alignment, harmony, and integration.
- Recommending appointments and making appointments after obtaining the Board of Directors' approval.
- Identifying human resource needs and following up on their training to improve performance.
- Reviewing inspection and audit results.
- Discussing policy manuals, procedures, and work systems and making necessary adjustments.
- Monitoring the bank's financial position and ensuring it achieves appropriate profits within the framework of a sound risk-return balance, and applying it to the annual plan.

2 Requirements for Appointing Senior Executive Management Members:

The Board of Directors is responsible for appointing an Authorized Manager who possesses integrity, technical competence, and banking or financial sector experience, and obtaining prior approval from the Central Bank of Iraq for their appointment.

Prior approval from the Board must be obtained when appointing any member of the senior executive management at the bank.

The Board must approve a succession plan for senior executive management members who do not meet the required qualifications for these positions or who are about to leave their positions. The Board should review this plan at least once a year, with recommendations presented by the senior executive management, led by the Authorized Manager.

Prior approval from the Central Bank of Iraq must be obtained before appointing any member to the senior executive management. Therefore, the bank must obtain the candidate's CV, accompanied by documents such as academic certificates, experience certificates, good conduct certificates, and other supporting documents. The bank must provide the Central Bank with a copy of the acknowledgment along with the candidate's CV.

An individual dismissed by the Central Bank from their position cannot become a member of the bank's Board of Directors, Authorized Manager, or hold any executive management position at the bank or its branches.

The bank must notify the Central Bank of Iraq within three days of the dismissal or resignation of any senior executive management member, along with the reasons for their dismissal or resignation.

A person who was part of the senior executive management of a bank whose license was revoked or who was liquidated during their tenure cannot work in the senior executive management of the bank.

3 Performance Evaluation of Bank Executives Who Are Not Board Members or the Authorized Manager:

The Board must approve a system for measuring the performance of bank executives who are not Board members or the Authorized Manager. This system should, at a minimum, include the following:

A suitable weight should be assigned to measure performance in compliance with the general framework for risk management, internal controls, and regulatory and supervisory requirements.

Gross revenues and net income should not be the sole elements in performance evaluation. Other factors, such as risks related to core operations, customer satisfaction, and other applicable elements, should also be considered.

Preventing the abuse of power and conflicts of interest.

The Board should establish procedures to determine the compensation of its members based on the adopted performance evaluation system.

4. Matrix of Responsibilities and Authorities of Executive Management

Powers of the Authorized Manager

Administrative Powers:

- Appoint employees in the bank, excluding (managers, experts, and consultants), and determine their salaries according to the bank's service and staffing regulations.

- Transfer employees in the bank, excluding (managers, experts, and consultants), from one position to another within their roles and impose disciplinary actions in accordance with applicable laws, policies, and procedures.

- Accept the resignations of employees in the bank, excluding (managers, experts, and consultants), and terminate their services for any reason according to labor law and regulations through a committee formed for this purpose.

- Withhold annual increases for employees in the bank, excluding (managers, experts, and consultants), if reasons exist for withholding them, by a decision from the committee.

- Grant signing authority for level (A and B) employees based on recommendations from their departments and in accordance with the regulations approved by the Board of Directors through a committee formed for this purpose.

- Grant regular and sick leave for employees in the bank, including experts, managers, and consultants, as stipulated in the service regulations.

- Form investigative and audit committees and other committees, presenting important issues to the Board of Directors.

- Represent the bank before various government departments, the judiciary, and sign correspondences and letters on behalf of the bank. Authorize lawyers to represent the bank, grant them litigation powers, and issue warnings based on the specific power of attorney from the notary public. Authorize department managers and employees to interact with government entities to complete the bank's tasks.

- Issue administrative orders for appointing deputy department managers after obtaining prior approval from the Board of Directors for their appointment as agents.

Financial Powers:

- Approve the opening of accounts with the Central Bank and other banks, and authorize deposits with a joint signature with one of the authorized individuals at level (A) according to the organizational structure established by the Board of Directors. Withdrawals require a signature with another employee at the level of Account Manager.

- Grant signing authority at level (A).

- Issue instructions and organize activities prepared by the specialized committees for this purpose, in alignment with the regulations of the Central Bank of Iraq, the Banking Law, and the Companies Law, once approved by the Board of Directors.

- Sign the bank's final financial statements in conjunction with the Account Manager for presentation to the Board of Directors.

- Define spending amounts within the limits established by the approved powers structure within the bank.

- Collaborate with the external auditor to address any observations or reservations, if any, after they are presented to the Board, ensuring the integrity of banking operations, except for matters related to internal audit results.

Powers of Department Managers:

- Grant regular leave to bank employees for up to 3 days, provided a substitute is available.

- Grant leave in accordance with applicable regulations.

- Sign documents addressed to branches for implementing instructions and decisions after obtaining approval from the Authorized Manager. Additionally, sign documents directing bank clients to settle due debts, provided these documents do not create financial obligations for the bank.

Powers of the Administration Manager:

- Supervise the maintenance and upkeep of the bank's buildings, equipment, machinery, and transport vehicles, and propose improvements or suggestions in this regard.

- Supervise the attendance of bank employees according to established regulations and report on their adherence to official working hours in their monthly reports.

- Sign monthly administrative orders related to granting leave to bank employees, issued on a monthly basis.