



## Executive Management Policy

## Executive Management

The concept of executive management (operational management) refers to providing sound leadership and prudent guidance that ensures the institution/bank achieves success and continuity in the business environment over the long term. Executive management is responsible for implementing the institution's strategic objectives and is ultimately accountable for executing the work plans approved by the Board of Directors. It also serves as the link between senior management and the lower levels within the bank.

Successful executive management is a fundamental element in the bank's success, as it is the authority responsible for organizing and implementing the bank's policies and managing employees to achieve the highest return. It is capable of proposing and implementing difficult decisions and formulating the necessary plans to accomplish tasks and ensure the bank's success. Therefore, it is considered the main driver for executing and achieving the set goals and strategies.

Accordingly, executive management focuses on planning for the implementation of a set of objectives defined by the Board of Directors, monitoring the procedures followed for effective execution, and ensuring their alignment with the established goals, in accordance with the policies and strategies. It also addresses problems that arise during execution and contributes to coordinating execution tasks across various departments/units based on the responsibilities assigned to each.

Executive management bears the responsibility for decision-making, relying on multiple factors, extensive knowledge, prior study, and a good understanding of the realities and consequences of each decision and its potential outcomes. This requires experienced and knowledgeable individuals who are responsible for implementation, with clearly defined responsibilities and a division of labor that ensures separation of duties, independence, and impartiality.

Executive management also possesses significant experience in handling various executive decisions made on a daily basis. It requires a certain level of study and academic and cognitive development to help refine executive skills. This experience is characterized by continuity and development.

Finally, it should be emphasized that all the contents of this policy are mandatory and must be implemented in full compliance with the prevailing laws and regulations of the Republic of Iraq, particularly the instructions issued by the Central Bank of Iraq.

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### ✓ 1. Definitions

<b>Corporate Governance of Banks</b>	A comprehensive system of rules that defines the relationships between the Board of Directors, executive management, shareholders, and other stakeholders. Governance covers the system by which the bank is directed and controlled, affecting: the bank's strategy (including ESG), risk management (including ESG risks), operations, balance between shareholders' and depositors' interests, compliance, and transparency in material disclosures.
<b>Board</b>	The Board of Directors of Asia Iraq Islamic Bank for Investment and Finance.
<b>Board Member</b>	A member of the bank's Board of Directors, either in a personal capacity or as a representative of a legal entity.
<b>Executive Board Member</b>	A Board member who is also part of executive management, supervises daily operations, and receives a monthly salary.
<b>Non-Executive Board Member</b>	A Board member not involved in daily operations, who may have ties to the bank (e.g., shareholder, client, consultant), and receives no monthly salary. Not considered independent.
<b>Independent Board Member</b>	A non-executive member who is free from any relationship or interest with the bank that could affect their objectivity. Fully independent from management and the bank.
<b>Senior Executive Management</b>	Includes senior staff such as the Authorized Director, Deputies, CFO, COO, Heads of Risk, Internal Audit, Treasury, Investment, Compliance, Credit, HR, Admin, AML/CFT, Domestic and International Banking Operations, and other equivalent positions reporting directly to the Authorized Director.
<b>Related Parties</b>	Includes: affiliated institutions and their directors/senior managers, major shareholders (2% or more), their close associates, Board members, the Authorized Director, and any entity they supervise directly or indirectly.
<b>Related Person</b>	As defined in Article (1) of the Banking Law No. (94) of 2004 and IAS 24, including: current/former directors or consultants (within 2 years), the external auditor (during and 2 years after service), and any party under contract with the bank.
<b>Connected Group</b>	A group of individuals or entities with family or significant economic ties.
<b>Stakeholders</b>	All parties with an interest in the bank's activities, products, services, or profitability, including shareholders, investors, employees, regulators, customers, depositors, borrowers, suppliers, and society at large.
<b>Significant Interest / Qualified Holding</b>	Any individual or entity (or connected group) intending to hold more than 10% of the bank's subscribed capital must notify and obtain approval from the Central Bank of Iraq at least 10 days in advance.

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<b>Major Shareholder</b>	Any person holding 2% or more of the bank's capital directly or indirectly, or connected groups holding 5% or more.
<b>Control</b>	Exists if a person: owns or controls (directly/indirectly) 25% or more of voting rights, or has the power to appoint the majority of directors or exert significant influence.
<b>Risk Management</b>	A structured process of identifying, measuring, evaluating, and addressing risks based on likelihood and impact, while assigning responsibilities, ensuring continuity, and reporting to relevant authorities.
<b>Conflict of Interest</b>	A situation where the objectivity or independence of a decision is affected by a personal interest—financial or non-financial—of the employee or Board member or their relatives or associates. This includes misuse of assets, related-party transactions, nominations, or setting executive compensation.
<b>General Assembly</b>	The General Assembly of shareholders of Asia Iraq Islamic Bank for Investment and Finance.
<b>Manager</b>	Any person with supervisory authority over a group of employees in the bank.
<b>Bank Capital</b>	Paid-in capital and reserves.
<b>Interested Person</b>	Any bank employee with a direct or indirect personal interest (e.g., ownership or executive/administrative relationship) in a party doing business with the bank.
<b>Financial Interest</b>	Exists if an employee or their relatives or associates own shares or have management roles in any company dealing with the bank.
<b>Fitness and Propriety</b>	Refers to required qualities (honesty, integrity, competence, experience) for Board and executive management members.
<b>Who are Related Individuals</b>	Includes: any bank manager; anyone related by blood or marriage up to the second degree (including adopted or sponsored children or housemates); or anyone with a qualified holding in the bank or related projects.
<b>Strategy</b>	Long-term policies designed to achieve the bank's goals, whether related to products, markets, resources, or acquisitions. Reflects the bank's resource allocation priorities.
<b>Business Plans</b>	Action plans and programs across all levels and departments, including defined objectives and timelines, quantitatively measurable targets at a minimum.

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### ✓ 2. Senior Executive Management Framework

<b>Composition</b>	Comprised of competent senior bank officials.
<b>Implementation</b>	Responsible for implementing strategies and policies approved by the Board, including environmental, social, and climate strategies per CBI and related regulations.
<b>Authority</b>	Exercises delegated powers and responsibilities in accordance with Board resolutions.
<b>Accountability</b>	Reports to the Board on bank objectives, operations, and the integration of sustainability risks in risk management.
<b>Daily Operations</b>	Leads day-to-day operations and reports to the Board; the Board should not interfere in routine activities.
<b>Planning</b>	Prepares and executes strategic and operational plans, proposing modifications for Board approval and ensuring effective execution.
<b>Compliance</b>	Strictly adheres to applicable laws, regulations, policies, and Board directives.
<b>Recommendations</b>	Advises the Board on matters related to operations, including deposit, loan, and investment management.
<b>Expansion</b>	Reviews and implements Board-approved branch and office expansion plans.
<b>Policies and Procedures</b>	Develops internal policies and procedures for all banking operations.
<b>Organizational Structure</b>	Designs an effective structure defining roles, duties, and responsibilities of executive management.
<b>Finance Function</b>	Ensures quality and effectiveness of the finance function, provides necessary resources, and submits reports to the Board including annual financial statements and interim (quarterly/semi-annual) financial updates.
<b>Internal Controls</b>	Ensures compliance by executive management and staff with internal control systems to safeguard the bank's assets and maintain sound operations.

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☐ Recommend to the Board of Directors an appropriate system for supervising the bank's risk management, including environmental, social, and governance (ESG) risks, and ensure that the Risk Management Department implements the risk management framework approved by the Board.

☐ Provide relevant internal and external supervisory authorities with necessary reports and information as needed, and facilitate and support regulatory and supervisory oversight functions.

☐ Keep up-to-date with developments in banking practices and ensure compliance with international standards in the bank's activities and operations.

☐ Submit regular, accurate, and timely reports to the Board of Directors regarding the bank's strategies, performance, and operational progress.

☐ Establish and maintain complete information records of the bank's activities for a minimum of seven (7) years, supported by necessary documentation and maintained under a proper archiving system for these documents and records.

☐ Coordinate and facilitate efforts among various departments to ensure operational efficiency, compliance with defined responsibilities and limits, and to promote integration and coherence.

☐ Identify human resource needs and ensure appropriate training and development of staff.

☐ Monitor the bank's financial position and ensure profitability within the required balance between risk and return in accordance with the bank's annual plan.

☐ Regularly review the official website of the Anti-Money Laundering and Counter-Terrorism Financing Office to monitor the list of entities and individuals subject to asset freezing or any additional requirements. The bank must take the necessary actions if a client appears on the designated list.

☐ Obtain Board of Directors' approval for appointments to executive management positions.

### Conditions Required for Appointment to Senior Executive Management

Candidates appointed to senior executive management positions in the bank must meet the following conditions:

- Must not be a member of the Board of Directors of any other bank, unless the other bank is a subsidiary.
- Must be fully dedicated to managing the bank's operations and must not hold any other employment role.
- Must hold at least a bachelor's degree in finance, banking, financial or banking sciences, business administration, finance, accounting, economics, law, sustainability, information technology sciences, or any other related or relevant field connected to the bank's business.
- The appointment of leadership positions must be approved by the Central Bank of Iraq.
- Candidates for executive management positions must submit their CV, supporting documents, academic certificates, experience certificates, certificates of good conduct, and other documents to facilitate obtaining the Central Bank's approval.
- Any employee dismissed by the Central Bank may not serve as a board member, authorized director, or authorized chief executive of any other bank or its branches, nor may they hold any administrative or executive management position in another bank.
- The Central Bank of Iraq must be notified within three (3) days of the resignation or dismissal of any member of the executive management, along with a statement of the reasons for such resignation or dismissal.
- Any person who served in the executive management of a bank whose license has been revoked or is subject to bankruptcy proceedings may not be appointed to the executive management of the same or any other bank, unless the Central Bank decides otherwise.
- Must have at least five (5) years of experience in banking or related work, except for the position of General Manager (Managing Director), which requires a minimum of ten (10) years of experience in banking or related activities in the financial sector. This is subject to the instructions issued by the Central Bank of Iraq.
- Must possess integrity and good reputation.
- A no-objection approval must be obtained from the Central Bank of Iraq prior to the appointment of any executive management member.

### Other Provisions

- The Executive Management consists of senior officials of the bank.
- The Executive Management exercises its powers and performs its responsibilities in accordance with the delegation and decisions issued by the Board of Directors.
- It is accountable to the Board of Directors for achieving the bank's objectives and executing its operations.
- Members of the Board of Directors are not permitted to interfere in the bank's daily executive operations.

### 1. Duties of Executive Management

The Executive Management shall undertake the following tasks:

- Prepare strategic and operational plans and implement them after approval by the Board of Directors.
- Ensure the effectiveness of strategic and operational plans and propose any development or amendments.
- Implement laws, regulations, related instructions, and the policies and directives issued by the Board of Directors with diligence, integrity, and responsibility.
- Make recommendations regarding key decisions related to banking operations, deposit management, loans, and investments.
- Review domestic and international banking services and products in terms of requirements and implementation, continuously improve them, and provide recommendations.
- Review expansion and branch plans.
- Develop policies and procedures for all areas of operations.
- Establish an organizational structure that distributes responsibilities and duties among organizational units and defines vertical and horizontal lines of communication.
- Prepare the necessary annual budgets for the bank.
- Establish adequate internal control systems to protect the bank's funds and assets, ensure sound financial practices, and implement these systems.
- Implement appropriate risk management systems for all types of risks.
- Provide internal and external regulatory authorities with required reports and information, and facilitate audit and inspection tasks.
- Ensure compliance with international standards in all the bank's operations and activities.

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- Submit reports to the Board of Directors on the bank's progress.
- Maintain comprehensive and sound records and information systems for all activities and decisions, supported by necessary documentation.
- Discuss and monitor the workflow in the bank and propose solutions.
- Coordinate among different departments to ensure alignment, integration, and harmony.
- Recommend appointments and make them upon obtaining Board approval.
- Identify human resource needs and oversee staff training to enhance performance.
- Review audit and inspection results.
- Discuss policy manuals, procedures, and operating systems, and implement any necessary changes.
- Monitor the bank's financial position and ensure it achieves appropriate profitability through a sound balance between risk and return, in line with the annual plan.

## 2. Requirements for Appointment of Executive Management Members

- The Board shall appoint a Managing Director with integrity, professional competence, and experience in banking or financial sector activities, with prior approval from the Central Bank of Iraq.
- Prior Board approval is required for appointing any member of the Executive Management.
- The Board must approve a succession plan for Executive Management members who do not meet the required qualifications or are about to vacate their roles. This plan must be reviewed at least annually and proposed by the Executive Management, led by the Managing Director.
- Approval (no-objection) from the Central Bank must be obtained before appointing any member of the Executive Management. Therefore, prior to any appointment, the candidate must submit a résumé along with academic and professional certificates, certificates of good conduct, and any supporting documents. The bank must provide a copy of the candidate's declaration and résumé to the Central Bank.
- Any administrator dismissed by the Central Bank is not eligible to serve on the Board of Directors, act as a Managing Director, or work in any executive role at the bank or its branches.
- The Central Bank must be notified within three days of the resignation or dismissal of any Executive Management member, including the reasons for such resignation or dismissal.

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- Any person who held an executive position in a bank whose license was revoked or placed into liquidation during their tenure shall not be eligible to serve in Executive Management at this or any other bank.

### 3. Performance Evaluation of Non-Board Executive Bank Officials

The Board shall adopt a system for evaluating the performance of the bank's executive officials (excluding Board members and the Managing Director), which must include the following minimum elements:

- Assign appropriate weight to evaluating compliance with the general risk management framework, internal controls, and regulatory requirements.
- Do not rely solely on gross revenue or net income as performance indicators; other metrics must also be considered, such as risks related to core operations, customer satisfaction, etc., where applicable.
- Ensure non-abuse of authority and absence of conflicts of interest.
- The Board must establish procedures for determining the remuneration of its members based on the approved evaluation system.

### 4. Executive Authority Matrix

Powers of the Managing Director (Delegated by the Board and subject to change based on operational needs):

Administrative Powers:

- Appoint employees (excluding directors, experts, and consultants) and determine their salaries in accordance with the bank's approved staffing and HR policies.
- Transfer employees (excluding directors, experts, and consultants) between roles and locations within the scope of their duties, and apply disciplinary actions as per applicable laws and bank policies.
- Accept resignations and terminate the services of employees (excluding directors, experts, and consultants) in accordance with labor laws and instructions, upon the recommendation of a designated committee.
- Suspend annual raises for employees (excluding directors, experts, and consultants) for valid reasons based on a committee decision.
- Grant signing authorities of grade (A or B) to employees based on their department's recommendation and the Board's approved policies, through a designated committee.
- Approve annual and sick leave for all employees, including experts, directors, and consultants, as outlined in the HR regulations.
- Form investigative, inspection, and other committees and refer significant matters to the Board of Directors.

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- Represent the bank before government bodies and judiciary, sign official correspondence on behalf of the bank, appoint and authorize lawyers, and delegate section heads or staff to liaise with authorities for bank matters.
- Issue administrative orders to appoint deputy department heads after prior approval from the Board for their appointment as deputies.

### Financial Powers:

- Approve the opening of accounts with the Central Bank and other banks and authorize deposits, with a joint signature from an authorized Grade (A) signatory as per the Board-approved structure; withdrawals require co-signing by an Accounts Manager.
- Be granted Grade (A) signing authority.
- Issue directives and organize operations prepared by relevant committees in accordance with Central Bank, banking, and company laws after approval by the Board.
- Co-sign the bank's final financial statements with the Accounts Manager for presentation to the Board.
- Authorize expenditures within the limits defined in the approved authority matrix of the bank.
- Coordinate with the external auditor to resolve audit notes and reservations, after presentation to the Board, and ensuring sound banking operations (excluding internal audit findings).

### Powers of Department Managers:

- Approve routine leave of up to 3 days for employees, provided a replacement is available.
- Grant leave in accordance with applicable regulations.
- Sign memos to branches implementing decisions (with prior approval from the Managing Director), and correspondence with customers regarding debt repayments (provided no financial obligation is incurred by the bank).

### Powers of the Administration Manager:

- Oversee the maintenance of the bank's buildings, equipment, machinery, and vehicles, and submit related proposals.
- Monitor employee attendance and report on adherence to official working hours in monthly reports.
- Sign monthly administrative orders granting employee leave.