مصرف اسيا العراق الاسلامي
للاستثمار و التمويل
ASIA ALIRAQ ISLAMIC BANK
FOR INVESTMENT AND FINANCE

The Strategic Plan for Asia Iraq Islamic Bank For the Years (2024-2026)

Speech by the Chairman of the Board of Directors

In the Name of Allah,

the Most Gracious, the Most Merciful
Praise be to Allah, Lord of the Worlds, and peace and blessings be upon the most honorable of messengers, our Prophet Muhammad, and upon his family and companions.

Dear Members of the Board of Directors,

I am pleased to present to you the strategic plan of Asia Iraq Islamic Bank for the next three years, 2024-2026. This plan aligns with our continuous efforts to achieve excellence in the Islamic banking sector and to guide our activities in accordance with our Islamic values and steadfast principles.

Our strategic plan includes a set of ambitious objectives through which we aspire to enhance our bank's position as a leader in the Islamic banking industry at both the local and regional levels. We are committed to being a banking institution that adheres to the principles of Islamic Sharia, offering innovative financial services and products that meet the diverse and growing needs of our customers.

Since the inception of the idea to establish Asia Iraq Islamic Bank for Investment and Finance in compliance with Islamic Sharia, we have been keen to set clear missions and objectives. We have aimed to lay the foundation for a robust Islamic banking structure, attract the best talents in various fields, provide them with a developed and well-equipped work environment, and support them with the latest specialized electronic systems to offer a comprehensive and diverse range of Islamic banking products.

We have also had the opportunity to observe the rapid growth of Islamic banking in Iraq in recent years and to learn greatly from this development. This enables Asia Iraq Bank to play a significant role in the Islamic banking sector and in economic growth by engaging in real estate activities and financing small, medium, and large projects. We aim to share our banking expertise with clients seeking to reap the rewards of their financial investments while maintaining our adherence to our Islamic principles and beliefs.

We are committed to providing modern banking services, innovative Islamic products, and excellent customer care, always paying attention to every detail. Therefore, the bank's management has ensured the adoption of the latest technologies to offer a range of integrated

banking solutions to our clients, delivering them with the highest international service standards. This will allow the bank to continue its relentless journey toward achieving more qualitative achievements, gaining and maintaining customer trust, despite the bank's relatively recent establishment, as it strives to become one of the leading banks in Iraq.

We work as one team to meet the needs of our valued customers, including individuals, ministries, authorities, institutions, and contracting companies, by offering the best banking services and innovative solutions tailored to their current activities while aligning with the bank's ambitions for growth, expansion, and outreach both domestically and internationally. This is achieved by adopting a sound management approach that ensures the proper execution of Islamic banking transactions in compliance with the laws and applicable regulations, while also strengthening the bank's financial position, protecting depositors' funds, safeguarding shareholders' rights, and achieving profits.

We are delighted to extend our gratitude to everyone who contributed to the success of establishing our bank, including the staff of the Central Bank of Iraq, the members of the Board of Directors, and the bank's management team. Special thanks go to all the bank's employees and shareholders for their continuous support and constructive engagement, leading to the shared future success we all aim to achieve.

Please accept my highest respect and regards,

Wisam Abdul Salam Jafar
Chairman of the Board of Directors

Introduction

The 2024-2026 Strategic Plan for Asia Iraq Islamic Bank, initially developed in 2018 following the appointment of the current management team, aims to build new capacities for the bank and ensure its sustainable growth within a rapidly evolving banking environment. It also seeks to contribute to achieving the country's vision for the next three years by fostering a prosperous financial sector.

Our policy will focus on granting credit facilities under new, well-defined regulations aligned with the current phase and its risks. This will be based on clear studies that safeguard the rights of the bank, its shareholders, and all customers. The strategy emphasizes Islamic products and services, such as expanding branches to target new provinces and areas with Islamic and tourism significance, including Karbala, Najaf, and other religious and touristic regions throughout the country.

Additionally, we aim to maintain secure liquidity ratios, focus on low-cost deposits while expanding the depositor base, strengthen alternative communication networks, ensure the secure preservation of data, and guarantee the continuity of branch operations and banking services for customers. We will continue to develop our human resources while retaining key managers and leaders. Furthermore, we will conduct studies to assess changing customer banking needs in the current phase and expand the provision of electronic banking services to customers.

The subject of strategic policies and plans is critical in banking operations—whether financial, commercial, or industrial. These policies are driven by decisions made by the bank's Board of Directors. Through these policies, robust action plans will be established, defining the bank's primary and secondary objectives.

These policies have been designed for our bank in alignment with the objectives and plans of the Central Bank of Iraq.

1. Vision

The bank is committed to establishing the principle of Islamic banking as the first choice for financial transactions and contributing effectively to advancing the Islamic economic system to achieve the principles of solidarity and address Islamic social objectives.

The bank is dedicated to providing modern, high-quality Islamic banking solutions and services by adhering to Islamic economic principles locally and internationally. It aims to work within a spirit of teamwork, train staff in Sharia-compliant banking practices, and welcome input from all stakeholders for the benefit of society.

The bank emphasizes customer satisfaction and operates with competitive, professional, and ethical standards within the banking market

2- Mission

The bank strives to enhance Islamic banking by meeting the banking needs of its clients in accordance with the noble principles of Islamic Sharia, exceeding their requirements and expectations.

It aims to achieve the highest level of coordination among stakeholders, develop methods for delivering Islamic banking services using modern technology and communication tools, and establish banking concepts and practices.

The bank is committed to adopting unified systems and procedures for this purpose, utilizing the latest available technologies, and implementing the highest professional standards

3- Values

Teamwork: We work with a spirit of collaboration in our bank, aiming to serve society and contribute to the national economy.

Progress and Modernity: We strive to develop banking services in line with the best global practices.

Innovation and Excellence: We work on developing creative ideas that benefit society and add quality and distinction to our services.

Integrity and Transparency: We share knowledge and exchange information with the highest levels of integrity and transparency, enhancing functional discipline and ensuring the delivery of the best and fastest services. We continually emphasize compliance with regulations, instructions, and the principles of Islamic Sharia.

Professionalism: We conduct our work with high professionalism, comprehensive coverage, and a thorough understanding of developments in the Iraqi, Arab, and global banking environment.

Credibility: We follow a path of accuracy and reliability, ensuring all sources of information are thoroughly verified.

Continuous Education and Training: We aim to elevate the scientific and practical levels of our staff and stay up-to-date with the latest advancements in banking and finance

About the Bank…

Asia Iraq Islamic Bank for Investment and Finance was established under the founding license issued by the Central Bank of Iraq / Banking Supervision Department, numbered 9/3/4935, dated March 5, 2018, with a capital of 100 billion Iraqi dinars. The license included practicing banking operations in accordance with the applicable laws, including:

The Central Bank of Iraq Law No. 56 of 2004

The Banking Law No. 94 of 2004,

The Islamic Banking Law No. 43 of 2015,

The Anti-Money Laundering and Counter-Terrorism Financing Law No. 39 of 2015.

The bank operates under the supervision and oversight of the Central Bank of Iraq.

The license also included the conversion of the bank's activities from money transfer services to Islamic banking operations and changing the trade name from *The United Company for Financial Transfers* to *Asia Iraq Islamic Bank for Investment and Finance* in accordance with the letter of the Ministry of Trade – Company Registration Department, No. 9/3/19255, dated July 4, 2017.

The bank officially commenced its banking operations on April 15, 2018, based on the Central Bank of Iraq's letter, numbered 9/3/7882, dated April 5, 2018.

The bank's capital was subsequently increased:

From 150 billion dinars to 200 billion dinars according to the letter of the Company Registration Department, numbered 680, dated January 11, 2021.

From 200 billion dinars to 250 billion dinars according to the letter of the Company Registration Department, numbered 33281, dated November 17, 2021.

The Main Goals of the Strategic Plan for Asia Iraq Islamic Bank for Investment and Finance

The main goals for our bank focus on advancing the bank's departments, branches, and divisions in alignment with the strategic priorities of the bank and in accordance with the objectives of the Central Bank of Iraq for the years 2024-2026.

First Strategic Goal:

Enhancing Growth and Sustainability

We will continue working on strengthening our customer base and increasing our market share by engaging in Islamic banking, which offers both societal and humanitarian value, while also upholding the principles of Islamic Shariah. This will help foster love, ethics, and a sense of humanity for the majority of people with limited income who are deprived of basic means of a dignified life.

Thus, our bank has embraced this approach, considering it a positive beginning for adopting Islamic financial tools and offering interest-free loans (Qard Hasan).

The work for this goal will focus on the following:

Adopting the Islamic Banking Law No. (43) of 2015 as the foundation for our banking operations.

Developing accounting systems for our bank in line with Islamic accounting principles.

Establishing a Shariah Board as the basis for approving any banking transactions at our bank in accordance with the Islamic Banking Law, the Corporate Governance Guide for Banks, and the Shariah Board Systems Guide issued by the Central Bank of Iraq.

Following the standards and preparing reports on capital protection and liquidity, ensuring they align with the framework of Islamic banking.

Second Strategic Goal:

Enhancing Innovation

We will strive to develop innovative financial products and solutions that align with changing market requirements, enhance cooperation with partners and investors, expand the scope of our services, and provide added value to our customers. We will also activate all bank departments according to the strategy.

Third Strategic Goal:

Developing the Regulatory Environment and Organizational Structure

We understand that the success of any institution greatly depends on the competence and readiness of its resources. We will invest in the development of our human resources and build the necessary capabilities in banking operations through training programs. We will attach the organizational structure matrix for each department.

Fourth Strategic Goal:

Human Resources Development

We recognize that the success of any institution is significantly influenced by the efficiency and readiness of its human resources. Hence, we will invest in developing the capabilities of our

team, especially in areas directly related to banking operations. This will include training courses that our bank has participated in since obtaining the license on March 5, 2018.

Fifth Strategic Goal:

Digital Transformation
Achieving comprehensive digital transformation of our bank's operations is one of our top priorities. We will work on developing the digital infrastructure to ensure the provision of innovative and seamless banking services, enhance customer experience, achieve operational efficiency, and integrate internal and external relationships with local and international banks.

Sixth Strategic Goal:

Social Responsibility
We will continue our commitment to social responsibility by supporting community and economic initiatives that contribute to sustainable development and enhance the well-being of our community.

We are committed to achieving our strategic goals through the collective efforts of all and working as one team. This plan will pave the way for more successes and strengthen our position as a powerful and influential entity in the Islamic banking industry.

Achievements of the Bank:

Summary of the tasks accomplished at our bank:

1-Enhancement of the Main and Backup Data Centers:
Upgrading the main and backup data centers to meet global standards (Standard 9 as required by the Central Bank of Iraq in this area).

2-Network Protection Equipment and Cybersecurity Testing:
Installation of network protection devices and conducting regular tests related to information security and cybersecurity (Penetration Tests).

3-Securing Equipment and Network Connection for New Branches:
Securing equipment and network connections for the opening of new branches.

4-Adherence to Global Standards:
Implementing the globally recommended standards and practices from regulatory bodies to ensure protection and security of information and users, including adopting the latest database versions.

5-Website Update:
Updating the bank's website in collaboration with specialized companies in this area.

6-Update of Core Banking System (ICBS):
Updating the database system for the ICBS (Integrated Banking Control System) in collaboration with the system provider.

7-Email System Update:
Updating the bank's email system.

8-Customer File Archiving System:
Implementing an electronic system for archiving customer files.

9-Compliance with Central Bank Regulations:
Monitoring and complying with laws, regulations, and directives issued by the Central Bank of Iraq, and ensuring compliance with the required guidelines.

10-Anti-Money Laundering (AML) Program:
Providing the Anti-Money Laundering and Terrorism Financing Department with systems like AML (Suspicious Transactions System), local and international sanctions lists (PROTO TYPE), and electronic reporting systems (GO AML).

11-Updating Work Procedures:
Updating work procedures to ensure compliance with the latest local laws and regulations, while considering international changes in the banking sector.

12-Job Descriptions and Organizational Structure Updates:
Regular updates of job descriptions and organizational structures as needed.

13-Employee Training and Awareness:
Developing training programs and encouraging staff to apply regulatory procedures, instilling a culture of compliance, and focusing on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT).

14-Preventing Violations:
Taking action to prevent any violations of laws and regulations, reporting them, and implementing corrective measures to avoid recurrence.

15-Policy Review and Updates:
Reviewing and updating policies, especially the compliance policies and anti-money laundering measures, in response to regulatory changes.

16-Emergency Preparedness Plan:
Developing an emergency plan for the current phase of the bank.

17-Business Continuity Plan (BCP):
Updating and implementing the Business Continuity Plan based on best practices, ensuring its effectiveness through regular updates.

18-Compliance with Basel III:
Ensuring the bank's compliance with Basel III regulations on a quarterly basis.

19-Liquidity Standards and Basel III Compliance:
Implementing liquidity standards and other requirements as per Basel III guidelines and the Central Bank of Iraq's requirements.

20-Customer Database and Reporting Systems:
Updating the customer database and enhancing the bank's reporting systems to better support strategic and administrative decision-making.

21-Archives for Previous Files:
Continuing to archive previous records and ensuring the completion of any missing files.

22-Branch/Department Evaluations:
Improving branch and department evaluations, reviewing the previous CAMELS rating, and addressing recommendations from past evaluations.

23-Internal Audit Improvements:
Developing and implementing modern international auditing practices, continually reviewing work procedures to reduce risks, and improving oversight practices to enhance customer service.

24-Compliance with International Practices:
Ongoing monitoring and ensuring compliance with international banking regulations and adapting procedures to meet global legal standards.

25-Anti-Money Laundering (AML) and Counter-Terrorism Financing (CFT)

Procedures:-
Updating and implementing AML and CFT procedures in line with current challenges and regulatory expectations.

26-Employee Training on AML/CFT:
Organizing training sessions to ensure employees understand and comply with AML and CFT procedures.

27-Adapting to New Banking Software and Practices:
Keeping up with advancements in banking software and updating operational mechanisms to align with current banking practices.

28-Branch and Department Guidelines:
Developing operational manuals to facilitate work in branches and departments, clarifying instructions related to compliance with regulatory bodies.

29-Treasury and Investment Departments Improvement:
Focusing on the following areas to enhance treasury and investment departments:

- **Surplus Funds: Depositing surplus funds in the bank and attracting deposits from other banks during temporary shortages while aiming to achieve a return greater than the cost of deposit interest.**
- **Adherence to Central Bank Regulations: Ensuring compliance with instructions issued by the Central Bank of Iraq and using them to optimize business objectives, particularly in the areas of market risks.**
- **Cash Management: Effectively managing the bank's cash flow through financial planning, investment, and financing activities, with a focus on minimizing risks and maximizing returns in line with Islamic banking principles.**

30-Development of Financing Policies:
Supporting the economic and social development of the country by providing affordable financial services, particularly targeting low-income individuals, and ensuring that the bank's financing policy aligns with national and central bank regulations.

32-Funding from Shareholders and Deposits:
Determining the sources of funds, including shareholder equity and customer deposits, and investing them in accounts such as current accounts, deposits, and savings.

33- Direct and Indirect Financing: -
Utilizing direct financing (such as Mudarabah, Musharakah, and Ijarah) and indirect financing (such as Murabaha, Salam, Istisna) in line with Islamic banking principles.

34- Competitiveness and Innovation:
Enhancing the bank's competitiveness by diversifying investment activities and offering innovative financing solutions that meet the varied needs of customers.

The Key Banking Services Provided by Asia Iraq Islamic Bank for Investment and Finance:

1. **Opening Accounts:**
   - **Savings Accounts**
   - **Current Accounts**
   - **Term Deposits**
2. **Internal and External Transfers:**
   - **Transferring funds between local and international branches.**

3. **Documentary Credits:**
   - **Providing documentary credit services to facilitate international trade transactions.**
4. **Internal and External Letters of Guarantee:**
   - **Issuing letters of guarantee to secure commercial transactions.**
5. **Financing Small, Medium, and Large Projects:**
   - **Financing projects within the Iraqi Central Bank's initiative.**
6. **Murabaha Transactions and Purchase of Productive Cars and Istisna:**
   - **Providing financing solutions via murabaha to meet the needs of individuals and companies.**
7. **Partnerships and Profit-Sharing in Investment Projects:**
   - **Providing financing through partnerships and profit-sharing in various investment projects.**
8. **Investment in Islamic Certificates of Deposit and Sukuk:**
   - **Investing in Islamic financial instruments such as certificates of deposit and sukuk.**
9. **Murabaha of Pledged Gold:**
   - **Financing individuals against pledged gold.**
10. **Salary Localization:**
    - **Providing salary localization services for employees through the bank.**
11. **Issuing Bank Drafts (Sefatij):**
    - **Providing bank draft services for commercial purposes.**
12. **SWIFT Services:**
    - **Offering international transfer services via the SWIFT system.**
13. **Buying and Selling Foreign Currencies:**
    - **Foreign exchange services (currently suspended).**
14. **RTGS and ACH Operations:**
    - **Performing real-time gross settlement (RTGS) and automated clearing house (ACH) transfers.**
15. **MasterCard Services, ATM, and POS Devices:**
    - **Providing payment services through MasterCard and the use of ATMs and POS devices.**
16. **Money Transfers via MONEYGRAM:**
    - **Providing international money transfer services via MONEYGRAM (currently suspended).**
17. **Triple Loans for Government Employees:**
    - **Offering quick loans to government employees under specific banking initiatives.**
18. **Financing for MasterCard Holders for Micro Murabaha:**
    - **Financing for micro murabaha for MasterCard holders.**
19. **Investment in "Enjaz" Bonds Issued by the Ministry of Finance:**
    - **Providing investment opportunities in government-issued bonds by the Ministry of Finance.**

These services are designed to meet the diverse financial needs of the bank's clients, in line with Islamic principles, while aiming to expand the client base and strengthen the bank's relationship with all segments of society.

Note: All the above-mentioned services are provided in all currencies except for the U.S. Dollar, as per the letter from the Central Bank of Iraq, No. 9/2/446, dated 6/11/2022.

Compliance Department Strategy

- **Compliance Officer - Compliance Policy**
- **As per Article (18/Paragraph 3) of the Banking Law No. 94 of 2004, local banks must appoint a Compliance Officer responsible for ensuring adherence to policies, procedures, and applicable laws, regulations, codes of conduct, and sound practices, as well as the regulatory directives issued by the Central Bank of Iraq and the decisions of the bank's Board of Directors.**
- **The role of the compliance department in the Islamic banking sector is primarily to monitor the bank's adherence to laws, regulations, limits, and compliance standards set by regulatory bodies like the Central Bank of Iraq. The compliance officer ensures that the bank follows the prescribed framework in both spirit and letter and provides support for the bank's operations within a legal framework.**

Key Functions of the Compliance Department:

- **Providing Guidance: Assisting in aligning the bank's operations with the required regulatory frameworks and best practices in the Islamic finance sector. This includes proactive support for implementing legal changes and periodic employee training on compliance matters, including Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF), with a special focus on KYC (Know Your Customer).**
- **Documenting Responsibilities: Ensuring the compliance department is involved in procedures for new products and activities to identify the regulatory impact of these innovations.**
- **Operational Risk Mitigation: Collaborating with the Internal Sharia Audit Department to verify the effectiveness of risk mitigation frameworks and including critical findings from the Sharia audit reports for presentation to the board.**
- **Board Participation: Participating in board meetings in the capacity of the compliance officer to ensure all activities align with compliance policies.**
- **Problem-Solving: Assisting in resolving issues and working closely with auditors and other concerned parties to develop proper control measures and prevent future problems.**
- **Internal Relationships: Establishing strong working relationships within the bank to ensure smooth operational compliance.**

- **Compliance Matrix: Preparing and maintaining a compliance matrix that includes details of all laws, regulations, and banking products under the compliance officer's responsibility.**
- **Review of Policies and Procedures: Regularly reviewing the bank's policies and procedures to ensure compliance with the laws and regulations of the Central Bank of Iraq.**
- **Monitoring Compliance: Ensuring that the bank's operations are constantly monitored and that all employees adhere to the necessary compliance measures. The compliance department also assists in improving regulatory compliance processes.**
- **FATCA Compliance: Ensuring adherence to the US Foreign Account Tax Compliance Act (FATCA), including annual reporting.**
- **Shariah Compliance: Overseeing the creation of a comprehensive guide to Shariah compliance and ensuring it aligns with both local and international standards.**
- **Monitoring Board Adherence: Ensuring that the bank's Board of Directors adheres to internal policies, employee training plans, and corporate governance standards within Islamic banking, as well as promoting Sharia governance within the bank.**
- **Suspicious Activity Reports: Monitoring and reporting suspicious money laundering or terrorism financing activities through regular reports to the Board of Directors and the Central Bank.**
- **Risk Record-Keeping: In collaboration with the Risk Management Department, maintaining a record of operational risks and developing policies and procedures to manage non-compliance risks.**
- **Shariah Compliance Monitoring: Ensuring the integrity of data and information provided to the Central Bank of Iraq is accurate and in line with compliance guidelines.**
- **The Compliance Officer at Asiya Iraq Islamic Bank operates with full independence and reports directly to the Board of Directors. The Compliance Officer submits two types of reports:**
- **Monthly Report: Submitted to the Board of Directors, outlining key observations on various bank departments for necessary corrections.**
- **Quarterly Report: Submitted to the Central Bank of Iraq, evaluating the bank's financial status and compliance.**
- **This structure allows for the effective management of risks and ensures that the bank's operations continue in full compliance with all applicable regulations.**

Anti-Money Laundering and Terrorist Financing Reporting Department Strategy:

The Anti-Money Laundering (AML) and Terrorist Financing (TF) Reporting Department is technically linked to the Anti-Money Laundering and Counter-Terrorism Financing Office at the Central Bank of Iraq and administratively linked to the Board of Directors. The department's role is to review all bank transactions and ensure they are free from any suspicions of money

laundering or involvement in money laundering activities, in compliance with the regulations of the Central Bank of Iraq, international organizations, and supporting systems.

The department's strategies are based on the following factors:

1. **Reviewing Local and Global Blacklists: Ensuring that the bank's customers are checked against these lists to ensure electronic data cross-checking.**
2. **Installing Electronic Monitoring Systems: Completing the installation of electronic monitoring systems as per the requirements of the Anti-Money Laundering and Counter-Terrorism Financing Office and creating necessary scenarios for accurate data matching with the bank's customer data.**
3. **Implementing Internal AML/CTF Programs: Developing and implementing internal programs and procedures related to Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) by assessing the risks of customers.**
4. **Employee Training Programs: Preparing training programs for employees to apply AML laws and regulations. This includes training for branch staff and all employees involved in AML and CTF compliance.**
5. **Reporting Requirements: The department submits two types of reports to the Central Bank of Iraq and the Anti-Money Laundering and Counter-Terrorism Financing Office, including a semi-annual report and a daily report via the GOAML system.**
6. **Periodic Reports and Declarations: Providing regular reports and disclosures about transactions that the Central Bank has mandated for reporting.**
7. **Due Diligence and Identity Verification: Ensuring due diligence procedures are followed by verifying the identity of the customer and the actual beneficiary using reliable and independent documents and data before and during account opening or establishing a business relationship.**
8. **Ownership and Control Structure Identification: Identifying the ownership and control structure of legal entities.**
9. **Reporting Suspicious Transactions: Reporting suspicious transactions to the Anti-Money Laundering and Counter-Terrorism Financing Office.**
10. **Reviewing Banking Services: Reviewing all banking services to ensure they are free from any money laundering or terrorism financing risks.**
11. **Record Keeping: Maintaining records in accordance with regulatory requirements and the Corporate Governance Manual.**

12. **Independent Audits: Conducting independent audits to assess the effectiveness of policies and procedures and their implementation.**

Key Strategies and Recommendations:

a. Risk Classification and Risk Matrix: One of the main strategies is to classify customer risks and create a risk matrix in the electronic monitoring system, linked to the banking system using the "Risk-Based Approach" (RBA). This helps in applying due diligence measures and intensive scrutiny on customers, providing the bank with a database to classify customers, understand the real beneficiary, their activities, and their country of origin.

b. KYC Forms: Completing Know Your Customer (KYC) forms according to regulatory guidelines and updating them periodically or when there is a change in the customer's activity or business address. This is a key part of the due diligence process, ensuring the proper understanding and application of instructions to combat money laundering and terrorist financing.

The department ensures that all employees involved in AML and CTF practices are adequately trained and equipped to handle their roles effectively. A detailed training schedule is provided as part of the quarterly work plan, which evaluates the training needs of employees, the bank's requirements, and considers the necessary skills and roles for compliance.

Indicators of Suspicion:

- **The strategy of the Anti-Money Laundering and Terrorist Financing Reporting**
- **Department at Asia Iraq Islamic Bank is based on a comprehensive understanding of the bank's goals, policies, and the types and scale of banking products the bank plans to launch over the next three years. As an independent regulatory body, this department identifies and monitors all of these products, determining the indicators of suspicious activity for each transaction. Therefore, a thorough understanding of these indicators within the department is central to its work. The department works to convey these cases to the relevant departments through continuous training, applying the latest methods and techniques in accordance with the regulatory guidelines set by the Central Bank of Iraq.**

- **Main Objectives:**
- **Compliance with Law No. 39 of 2015 on Anti-Money Laundering and Counter-Terrorism Financing: Adhering to international standards for anti-money laundering and counter-terrorism financing, along with recommendations from the Financial Action Task Force (FATF).**

- **Ensuring the Bank's Legal Integrity: Ensuring that the bank operates within the legal framework, avoiding legal issues or liabilities.**
- **Avoiding Money Laundering and Terrorist Financing Risks: Preventing the bank from being involved in money laundering and terrorist financing, as these activities have serious repercussions for the country's economy and can harm the bank's reputation.**

Risk Management Strategy:

The bank's expansion requires continuous identification, measurement, and monitoring of all potential risks it may face, along with ensuring sufficient control measures and procedures to mitigate these risks. The risk management process includes identifying, measuring, reporting, controlling, and continuously managing risks to reduce their negative impact on the bank's performance and reputation. Additionally, it assists management by providing recommendations on effective capital allocation to achieve an optimal return-risk ratio.

The frequency of disclosures from the department follows the rules and instructions of the Central Bank of Iraq as outlined in the regulatory work guide and risk management rules for Islamic banks. The bank complies with both quantitative and qualitative disclosure requirements.

The risk management mechanism operates according to the bank's general strategy, formulated to reduce the adverse effects of these risks and achieve the goals of the various business units. It aims to identify internal and external constraints and analyze the strengths, weaknesses, opportunities, and threats in the banking environment, both internally and externally.

The Board of Directors approves the annual risk management strategy developed by the department, with periodic updates. The strategy includes, but is not limited to, the following:

- **Clear and precise identification of risk management objectives, aligned with the nature of Islamic banking operations and a defined timeline.**
- **Identifying and analyzing the risks surrounding the bank's activities and monitoring them.**
- **Keeping the Board of Directors informed about the results of the strategy's implementation and obtaining their approval.**

The importance of risk management in banks is highlighted through the following points:

- **Assisting in forming a clear future vision on which the work plan and policies will be built.**
- **Developing and enhancing the bank's competitive advantage by controlling current and future costs that affect profitability.**

- **Estimating risks and hedging them without impacting the bank's profitability.**
- **Assisting in pricing decisions for the banking services provided.**
- **Managing investment portfolios according to their risk levels.**
- **Helping the bank calculate its capital adequacy ratio in accordance with Basel III requirements. One of Basel III's objectives is to improve the quality and transparency of the capital base, enhance risk coverage for the capital framework, prevent excessive debt accumulation, and establish capital adequacy ratios to strengthen stability.**

  Risks are an inherent part of banking; no banking operation is completely risk-free. With the increasing scale and variety of banking transactions, the growing credit market, and rapid technological advancements in communication systems, banks face diverse risks, each with varying degrees of severity and impact. Therefore, controlling risks, evaluating them properly, studying influencing factors, and mitigating their negative effects are essential for the success and sustainability of the bank's operations. This must be directly overseen by the Board of Directors through the Risk Management Committee, which is a key factor in ensuring the bank's continued success and its ability to operate in the financial market with acceptable returns and minimized risks.

Credit Banking Department Strategy:

Compliance with Islamic Banking Law No. 43 of 2015 issued by the Central Bank of Iraq, and other applicable laws.

1. **Adherence to instructions, regulations, and procedural policies in accordance with the Central Bank of Iraq's directives.**
2. **Contributing to financing various projects and activities by diversifying financial tools both qualitatively and temporally, and introducing new products that comply with Islamic Sharia principles, offering innovative tools.**
3. **Participation in initiatives by the Central Bank of Iraq that aim to provide job opportunities for the unemployed through the Small and Medium Enterprises (SMEs) initiative.**
4. **Establishing a comprehensive framework for policies and procedures to be applied by the bank to mitigate risks associated with granting credit and engaging in investments, and monitoring accounts under surveillance or those in default.**
5. **Supporting the credit strategy through the following:**

- **Attracting and developing qualified staff who will be responsible for implementing the strategy in line with banking work requirements.**
- **Updating the organizational structure to effectively execute the strategic plan.**

- **Developing information systems that provide reports, studies, and research related to credit and the markets of interest to the bank. This includes enhancing research and analysis tools to help identify suitable investment opportunities and preparing specialized programs to train and develop bank employees in Islamic banking practices.**

6. **Balancing the sources of funds and investments, ensuring that short-term funds are not invested in long-term investments, as this could disrupt liquidity management at the bank.**
7. **One of the strategic pillars that the bank focuses on is having a prominent developmental role in the Islamic community, without violating the policies adopted by the bank or the regulations set by the supervisory authorities (Central Bank of Iraq).**
8. **Ensuring flexibility in the strategic policy, making sure it adapts to ongoing market changes, and reviewing and updating the strategic plan continuously to align with current market developments.**
9. **Working on reducing credit costs by intensifying debt collection processes and preventing the classification of debts as non-performing, which could freeze profits and necessitate provisions. This will be achieved by periodically reassessing the guarantees, considering the current security and economic situation, as well as external factors that have negatively impacted credit.**
10. **Analyzing the cost of each product, taking into account the provisions allocated for it and administrative expenses, ensuring they are aligned with the return achieved by the bank**

Preparing a future plan for the credit department at the Asia Iraq Islamic Bank for a period of three years. The Sharia principles governing financial transactions must be taken into account, with a focus on achieving sustainable growth, improving quality and efficiency, and innovation in credit products and services. The following is a strategic plan.

Year 1: Analysis and Foundation

1. **Analysis and Evaluation:**
   - **Current Situation Analysis:**
     - **Review the existing credit portfolio: Assess the quality of the current credit portfolio in terms of performance, risks, and compliance with Sharia principles.**
     - **Risk Evaluation: Analyze current credit risks and identify areas requiring improvement.**
     - **Market Study: Analyze the local and regional market to identify new opportunities and challenges for credit products and services.**
2. **Sharia Compliance:**
   - **Product Review: Ensure that all credit products are in compliance with Islamic Sharia principles, and identify any necessary improvements or modifications.**
   - **Sharia Consultation: Collaborate with the bank's Sharia Committee to develop clear guidelines for each credit product and service.**

2. Improving Operations and Efficiency:

- **Automation of Processes:**
  Streamline and automate credit processes to enhance speed, accuracy, and reduce human error.
- **Development of Credit Risk Management Systems:**
  Improve the systems used to assess credit and risks, ensuring they are more accurate and effective in decision-making.
- **Information Technology:**
  Strengthen the digital systems used for delivering credit services to reduce time and costs, while increasing overall efficiency.
- **Human Resources Development:**
- **Training and Development:**
  Provide specialized training programs for employees to enhance their understanding of Islamic products and the risks associated with them.

Year 2: Growth and Expansion
Expanding the Product Portfolio
Product Innovation:

- **Developing New Products: Create new credit products and services that comply with Sharia principles, such as Murabaha financing, Mudarabah, and Istisna'a, to meet the diverse needs of the market.**
- **Green Financing Expansion: Develop credit products focused on financing eco-friendly projects that align with Sharia principles, supporting environmental sustainability.**

Focusing on Promising Sectors:

Small and Medium Enterprises (SMEs) Financing: Focus on providing credit products for small and medium-sized businesses, with tailored programs designed to support this sector.

Agricultural and Industrial Financing: Provide innovative financing solutions for the agricultural and industrial sectors that comply with Islamic principles, helping to foster growth in these key industries.

Strengthening Partnerships and Cooperation:

Strategic partnerships
Cooperating with Islamic financial institutions Building partnerships with banks and other Islamic financial institutions to exchange experiences and expand the provision of joint services.

Integration into the local community: Working with government agencies and non-governmental organizations to provide financing solutions to support sustainable development in the community

Third Year: Sustainability and Innovation:

1. Performance Monitoring and Improvement

- **Periodic Evaluation: Continuously track financial and credit performance using Key Performance Indicators (KPIs). Regular adjustments to strategies ensure alignment with current market conditions and goals.**
- **Lessons Learned: Leverage past analysis to improve existing products and services, ensuring better outcomes and enhancing departmental effectiveness.**

2. Continuous Improvement

- **Adapting to the Market: Modify products and services based on evolving market trends and customer needs to stay competitive.**
- **Risk Management: Develop advanced risk management strategies that focus on anticipating and mitigating potential risks in the future.**

3. Digital Transformation and Innovation

- **Developing Digital Systems: Enhance online platforms to deliver credit services more efficiently, improving customer accessibility and overall experience.**
- **Data Analytics: Use artificial intelligence (AI) and data analytics to refine credit decision-making processes, offering more personalized products to clients.**

Innovation in Operations:

Adopting sustainable innovation: Searching for ways to improve products and services in a sustainable and innovative manner, including using financial technology (Fintech) to offer more flexible and faster services.

The future plan for the Credit Department at Asia Iraq Islamic Bank requires achieving a balance between compliance with Sharia law and innovation in delivering products and services in line with this strategy.

Credit Department Work Plan for 2024-2026:

1. **Continue granting initiatives under the Central Bank of Iraq's initiative for large, medium, and small projects.**
2. **The department staff needs training courses in cash and contingent credit, aligned with current developments.**

3. **Continue granting credit in accordance with the volume of deposits.**
4. **Provide credit to industrial and medical projects to support national products.**
5. **Grant banking services for settlement according to the settlement offers.**
6. **Utilize global classification systems, such as Standard 9, for which a specialized system has been purchased.**
7. **Due to the increase in granted credit volume and the rise in the number of credit files, we aim for all reports generated by the department to be automated, eliminating manual work. This will complement the existing systems connected with the Central Bank of Iraq. This is a goal we aspire to achieve in the coming years.**
8. **Digitize the archiving of credit files (both cash and contingent)**

Internal Sharia Audit Department Strategy:

The core idea of internal Sharia auditing revolves around developing and professionalizing Fatwas (Islamic legal opinions) and Sharia compliance supervision for Islamic financial institutions. This approach ensures alignment with contemporary institutional frameworks and transforms into a corporate system built on foundations, standards, and procedures that guarantee high execution quality and efficiency. It also ensures the soundness of the methodology used in issuing Islamic legal rulings on contemporary financial transactions. Moreover, it keeps pace with the rapid technological and professional advancements in the operations of Islamic banks and financial institutions.

The internal Sharia audit function is performed by a Sharia audit team with both banking and Sharia expertise. This team operates independently, providing confidence and reassurance to stakeholders about the integrity of Islamic financial institutions' operations. The system follows clear institutional procedures, which enhance and protect the Islamic financial industry and Sharia compliance amid contemporary and future challenges.

Given the complexities, appropriate measures must be taken to address the issues facing the banking institution. These measures rely on the latest organizational standards and quality control methods to regulate the performance of the Sharia oversight units and, in turn, affect the overall Sharia performance of Islamic financial institutions.

The types of Sharia compliance audits in Islamic banks and financing institutions are categorized into four types according to the concept of "comprehensive supervision":

1-Sharia Compliance: Ensures that the bank adheres to Islamic law in all of its activities and operations.

2-Financial Compliance: Ensures that the institution adheres to international accounting standards in recording and processing all its financial activities.

3-Administrative Compliance: Ensures that the systems, policies, procedures, and administrative methods applied by the bank are effective and efficient.

4-Banking Supervision: Ensures compliance with regulations, instructions, and interpretations issued by the central bank, along with internal banking regulations, and checks for any violations.

The future importance of internal Sharia auditing is evident in several strategic advantages for our banking institution. These include:

Building Trust: Strengthening confidence among shareholders and clients regarding the Sharia compliance of the bank, based on recognized Sharia standards.

Positive Impact: Effectively assessing and improving procedural aspects related to banking operations, ensuring the bank's activities remain free from Sharia violations.

Financial Department Strategy:

The financial department is the backbone of the bank, responsible for executing all financial and accounting operations across various departments and branches. The department performs the following tasks:

1. **Preparation of Financial Statements: It prepares the necessary financial data required for operations, as well as reports requested by the central bank or other responsible entities.**
2. **Audit of Financial Statements: The department reviews the primary financial statements related to purchases, expenses, and organizes disbursement processes.**
3. **Audit Compliance: It ensures compliance with audit requirements related to the budget and other financial operations.**
4. **Preparation of Explanatory Notes: It prepares all necessary notes associated with the final and interim budgets.**
5. **Asset and Tax Records: The department maintains records for fixed assets, social security for workers, and tax-related matters.**
6. **Branch and Bank Transaction Records: It organizes records for internal branches and local and international banks, as well as the requirements for the general administration.**
7. **Treasury Account Management: It manages treasury accounts in coordination with the main branch.**
8. **Shareholder Relations: The department handles matters related to shareholders, including the transfer of stock ownership, and monitors both local and foreign investments.**
9. **Budgeting: It prepares the required budgets (monthly, quarterly, annual) and ensures their accuracy.**

10. **International Standards Compliance: It applies international standards in organizing budgets in coordination with the credit department.**

Localization Strategy:

1. **The implementation of the 2024-2026 action plan includes reaching a target of 132 employees from various ministries and government departments for salary localization. Additionally, it involves providing financing options to the staff of the Counter-Terrorism Service as part of the ongoing initiative.**
2. **Efforts are continuously made to attract more employees from government ministries and departments. This includes approaching multiple ministries, organizing workshops, and holding meetings with employees to explain the services and benefits offered by the bank to those with salaries localized at the bank. This includes options like financing, opening accounts, and providing Master Cards associated with the bank.**
3. **The department is actively working to develop new products to serve a wider segment of localized employees, aiming to simplify their access to these products through financing via Murabaha agreements with manageable monthly installment payments.**

Quality Management Department Strategy:

The Quality Management Department has been established at the bank and is directly linked to the Managing Director. The department is responsible for preparing reports that are submitted to the Managing Director, including:

1-Employee and Customer Satisfaction Measurement: Developing models to measure satisfaction levels among employees and clients.

2-Branch and Employee Evaluations: Conducting assessments and surveys at branches and among employees, with results presented to the Managing Director to identify and address the challenges the institution faces.

3-Training and Workshops: Organizing training programs and workshops for various departments within the institution, explaining the department's work and addressing operational challenges.

4-Policy and Procedure Development: Formulating policies and procedures in line with Central Bank regulations.

5-Collaboration with Risk Management: Coordinating with the Risk Management Department to develop solutions based on a continuous improvement approach.

6-Statistical Systems Usage: Utilizing statistical systems to identify problems and implement organizational measures.

7-Internal Audits: Conducting internal reviews of all processes and procedures, documenting records and electronic/paper documents related to the quality management system.

8-Work Environment Analysis: Developing a system for analyzing internal and external work-related issues, including workload pressure, incentives, and working hours, as well as customer needs, market demands, and legal requirements.

9-Data Documentation: Establishing a register for documenting data.

10-Performance Evaluation Model: Creating a performance evaluation form and guidelines for the Quality Management Department, as per Central Bank instructions.

For future improvement, the department proposes the following:

1-Training Participation: Involve the Quality Management Department manager in required training courses designated by the Central Bank.

2-ISO Certification: Communicate with the senior management to contract with reputable companies for obtaining ISO certifications, following Central Bank guidelines.

3-Quality Management Systems: Request approval from senior management to acquire specialized systems for quality management that align with banking operations.

Strategy of the Legal Department:

The Legal Department in the bank plays a crucial role in the following areas:

1. **Follow-up on Legal Cases: Monitoring and managing all legal matters and disputes involving the bank.**
2. **Supervision of External Contracts: Overseeing the drafting, reviewing, and documentation of contracts with external parties.**
3. **Legal Consultancy: Providing legal advice and support to all departments of the bank.**
4. **Debt Recovery Policies: Ensuring the implementation of policies and procedures related to the collection of dues from clients.**

5. **Coordination with Government Entities: Maintaining communication and follow-up with state institutions relevant to the bank's operations.**
6. **Planning and Protection: Developing plans and programs aimed at achieving the department's goals and ensuring legal protection for the bank's assets and funds.**
7. **Records and Documentation Compliance: Ensuring that the bank's records, documents, and files are organized and maintained in accordance with legal standards.**
8. **Real Estate Transactions: Overseeing all procedures related to the purchase of land and properties and transferring ownership to the bank.**
9. **Client Negotiations: Supervising negotiations with clients, particularly key clients, to reach agreements for the repayment of outstanding amounts through administrative and legal means.**

Strategy of the IT Department:

The IT department oversees the Core Banking System (CBS) and manages the design and programming of banking applications, services, archiving, auditing, and customer classification through the following mechanisms:

1. **Structure of the Department: It includes a department manager and a maintenance unit head.**
2. **Core Banking System (BANKS): The bank utilizes a centralized system based on Oracle11G, meeting banking requirements in areas like credit, accounts, customer service, and financial oversight.**
3. **Issue Resolution Coordination: Collaborates with other departments (executive and oversight) to address banking issues.**
4. **Role Assignment: Assigns system permissions by creating user-specific packages based on their functions, allowing tailored access such as data entry, approval, and viewing under the bank's governance policies.**
5. **Data Storage and Backup: Implements secure customer data storage, with automated updates (daily, weekly, monthly) to prevent disaster risks like fire or cyberattacks.**

6. **Disaster Recovery Server (DR): A secondary server continuously updated daily to ensure business continuity during emergencies.**
7. **Monitoring Systems: Offers audit and oversight functionalities in the CBS, enabling specialized personnel to track and inspect banking activities.**
8. **System Integration: Links the CBS with external systems as required by the Central Bank of Iraq, such as Anti-Money Laundering (AML), FATCA compliance, and customer risk classification systems.**
9. **Comprehensive Reporting: The system provides diverse reports related to credit, remittances, customer services, regulatory compliance, and Islamic finance, predicting and minimizing associated risks.**
10. **Security Infrastructure: Utilizes Fortinet Security Services to safeguard servers at headquarters and branches.**
11. **Antivirus Protection: Employs licensed Kaspersky antivirus software to secure devices from potential threats.**
12. **Checkbook Issuance: Offers services for issuing personal and corporate checkbooks, promissory notes, and certified checks.**
13. **Internal Networking: Uses secure internet connections to facilitate data transfer between branches and disaster recovery servers.**
14. **Electronic Services: Prepares for electronic service rollout following the deployment of ATMs, including mobile banking (Mobile Bank), Point of Sale (POS), and Point of Contact (POC).**
15. **HR System Integration: Plans to implement an HR system integrated with the CBS.**
16. **Fixed Asset System: Coordinates to obtain a system for managing fixed assets.**
17. **Comprehensive Archiving: Works on a complete archiving system for all bank departments.**
18. **Support System Expansion: Develops a ticket system to assist departments in resolving issues and tracking them automatically.**

Information Security Strategy:

Information security encompasses a set of administrative and technical measures to ensure the necessary protection of information from internal and external threats. This is implemented in line with institutional guidelines to prevent the disclosure or manipulation of sensitive and non-public data. Maintaining confidentiality is critical to preventing data

breaches or compromise by malware, which could alter or damage data and violate its integrity. Therefore, continuous monitoring is necessary to predict or detect security events by analyzing extensive logs from various electronic systems.

Work Plan:

- **Comprehensive Strategic Program:**
  Organize an inclusive strategic program for information security and cybersecurity, aligned with the bank's policy. This program should be implemented, monitored, and regularly updated.
- **Industry Best Practices:**
  Stay updated with the latest security practices and technologies in the banking industry to analyze, document, and determine requirements for development, maintenance, or enhancements in current security roles and techniques.
- **Policy and Control Development:**
  Develop, manage, and monitor the implementation of information security policies, procedures, and controls.
- **Coordination with Departments:**
  Supervise and coordinate with other departments to ensure business continuity measures are in place.
- **Incident Response Plans:**
  Prepare rapid response plans for server incidents or breaches and establish secure alternative sites.
- **Business Continuity Plan (BCP):**
  Create and refine a robust BCP to maintain uninterrupted operations during crises.
- **Employee Training and Awareness:**
  Conduct awareness, training, and educational workshops for employees across all branches to enhance their understanding of information security.
- **Device Compliance Checks:**
  Perform on-site inspections of bank computers to ensure compliance with established policies and procedures.
- **Year-Round Awareness Campaigns:**
  Implement a continuous information security awareness plan throughout the year.
- **Participation in Specialized Training:**
  Enroll in specialized workshops and training programs to enhance the department's effectiveness.
- **Digital Transformation:**
  Transition work data from paper-based to digital formats to align with environmental sustainability and operational efficiency.

Electronic Services Division Strategy

First: MasterCard Overview

MasterCard is a global company that collaborates with various economic institutions. It operates under the brand name "MasterCard," one of the three major globally recognized credit card brands. The credit extended to cardholders is managed by the financial institution issuing the card, not by MasterCard itself.

Second: Types of MasterCard Cards

MasterCard provides various card types tailored to meet customers' needs. The card types utilized by our bank are as follows:

Prepaid Card:
This card can be issued without requiring an account and is provided by Asia Islamic Bank of Iraq. It offers convenience and security, making it more user-friendly than direct debit cards.

Debit Card:

The card that directly deducts from the customer's bank account at Asia Iraq Islamic Bank.

Third: Benefits of MasterCard
The benefits of using MasterCard include:

- **Avoiding the need to carry cash and relying on the card instead. It is a plastic card that enables the customer to perform all purchase transactions and cash withdrawals.**
- **It cannot be used by anyone else since it is protected by a password known only to the cardholder. This makes it very suitable for managing joint bank accounts, such as family accounts.**

Fourth: Risks of MasterCard
The risks of using MasterCard include:

- **Being cautious about sharing the card's password with anyone. If the card is stolen and the thief knows the password, they can use it. Therefore, the issuing entity must be notified immediately in case of loss.**
- **Verifying the website when making purchases online. It is best not to provide card information to any untrusted or suspicious website.**

- **Avoiding exposing the details written on the card, such as the issuance and expiration dates, card number, and the CVV code on the back of the card, as these details are sufficient for someone to make online purchases without the owner's knowledge.**

The Division's Plan for ATM Distribution:

The Electronic Services Division, in collaboration with the Information Technology Department, develops a plan to distribute ATMs in shopping malls and areas with a limited presence of ATMs. This allows cardholders to withdraw cash from the machines at any time. Below is a table detailing the locations of the ATMs, with an expected increase in the coming years according to the implementation of this strategic plan.

No.	Branch Name	Location
2	Main External	Baghdad – Al-Yarmouk – Al-Mansour District
3	Al-Mansour Office	Baghdad – Al-Mansour – Al-Mansour Street – Opposite Kabab Ninawa
4	Al-Karrada Branch	Baghdad – Al-Karrada – Salman Faiq Street – Opposite Kadouri Restaurant
5	Erbil Branch	Erbil – Waziran – Bakhtiari – Dosed – Near Tonio Sweets
6	Ministry of Justice	Baghdad – Ministry of Justice – Haifa Street
7	Haider Market	Baghdad – Palestine Street – Al-Mohandeseen District – Near Al-Idrisi Institute

8	Ministry of Health	Baghdad – Bab Al-Muazzam – Ministry of Health
9	Ministry of Interior	Baghdad – Ministry of Interior – Palestine Street
10	Baghdad Governorate Council	Baghdad – Al-Salihiya – Baghdad Governorate Council
11	Al-Ahrar Company	Baghdad – Al-Ilam – Al-Badala Street – Opposite Imam Hassan Hussainiya
12	Cairo Mall	Baghdad – Al-Waziriya – Cairo Mall
13	Al-Miyar Company	Baghdad – Karhama Square – Near Toyota Showroom
14	Mosul Branch	Mosul – Al-Zohour District – Bank Building
15	Al-Mansour Mall	Baghdad – Al-Mansour Mall
16	Sadr City	Baghdad – Sadr City – Near Iraqi Airways City Branch
17	Ishtar Mall	Mosul – Al-Dhubbat District
18	Rusafa Shopping Complex	Baghdad – Al-Amiriya – Al-Munazama Street
19	Money Mart	Erbil – Majdi Mall
20	Mobile World	Baghdad – Al-Sayidia – Al-Tijari Street
21	Al-Atefiya Towers	Baghdad – Al-Atefiya – Al-Atefiya Residential Complex

Plan of the Card Division Regarding Salary Localization:

Firstly: Salary localization is the process of transferring salaries for employees in both the public and private sectors from being manually received at their departments to being deposited in banks (whether governmental or private) through a personal account opened for the employee in the bank. The employee can then withdraw the salary using an electronic payment card.

The salary localization system has several characteristics and additional benefits, including the development of the economic, financial, and investment sectors. It helps employees improve their consumption behavior and contributes to instilling a consumer culture within families. This method also reduces cash transactions, which in turn enhances liquidity for banks and allows them to increase or expand credit facilities. Additionally, it stimulates the market economy.

In this regard, the relevant government agencies have been approached about the salary localization initiative. After obtaining full approvals from the Central Bank of Iraq, the goal is to attract the largest possible number of customers, thereby increasing customer trust in private banks.

Financial Inclusion, its Strategy, and Role in Achieving Sustainable Development:

In line with the directives of the Central Bank of Iraq, the integration of the Banking Awareness and Customer Protection Department with the Financial Inclusion Division aims to develop and enhance banking services and financial products. This includes improving their quality and expanding the use of digital payment tools and adopting modern technologies, ensuring that services are accessible to all segments of society across various geographical regions.

Financial inclusion is a key tool for achieving development goals in any national economy. On the other hand, financial inclusion is a goal that the Central Bank of Iraq strives to accomplish by providing financial services to all segments of society, especially those with low income. Financial inclusion has several essential pillars, including:

- **Supporting financial infrastructure,**
- **Providing comprehensive data databases,**
- **Enhancing geographical reach,**
- **Protecting consumers financially,**
- **Financial literacy.**

Digital financial inclusion aims to use digital financial services and develop easy-to-use and secure digital applications that facilitate access to digital banking products, thus supporting sustainable development processes. The importance of financial inclusion as a modern concept in banking operations is based on several key aspects of delivering banking services and its role in achieving and supporting sustainable development. Through the ability of Iraqi banks to deliver high-quality banking services to diverse community segments, this motivates banks to provide the best banking services. The increasing financial literacy within society enhances the concept of financial inclusion, which, in turn, supports developmental processes in the country, such as funding and supporting small projects that contribute to economic growth.

Financial inclusion fosters competition between financial institutions, encouraging them to innovate and deliver better, higher-quality banking services, which provides economic benefits to the country. This ultimately contributes to sustainable development, meeting present needs without compromising the ability of future generations to meet their own needs.

The bank relies on preparing a short- and medium-term strategic plan for financial inclusion, which is approved by the Board of Directors, and organizes timeframes for executing this plan through initiatives like banking awareness and customer protection.

Public Awareness and Protection:

It is in the bank's best interest to update the information on the services and products it offers to customers and contribute to the country's economic development, while serving the Iraqi citizen. This is done by addressing customer concerns and issues through a complaint box, when necessary, and within designated time frames. Since the country is currently undergoing a difficult phase, many procedures and policies need to be implemented to protect citizens and enhance their trust in the bank. Public awareness is crucial to encourage people to keep their money in the bank's safekeeping, so it can be employed to support economic development, benefiting individuals' lives.

Therefore, the bank strives to set an example in public awareness and customer protection, not only by receiving and reviewing complaints but also by analyzing them as data to avoid anything that could harm the interests of both customers and the bank. Additionally, it is important to educate customers about banking services, their proper usage, and the procedures involved, in order to develop and improve banking services. This, in turn, supports economic and social development, helps mitigate risks, and guides clients to choose suitable products that meet their needs.

The bank aims to achieve success by promoting financial inclusion and its role in sustainable development, leading to increased profits and attracting more customers. The customer is the key factor in the bank's success; as deposits grow, it indicates the bank's success and sustainability. This, in turn, strengthens the importance of banking awareness and public protection, built on a high level of customer trust in the bank, which is characterized by good performance and transparency in providing banking and financial services.

The importance of financial literacy and customer protection has gained significant relevance, especially with the current challenges posed by the rapidly changing phenomenon of globalization. This importance is amplified by the variety and development of modern electronic financial tools, necessitating a review of procedures to ensure the protection of customer rights and avoid harm, particularly for individual clients. The bank has been committed to educating the public and continuously reviewing its procedures in order to provide the best services and ensure customer protection.

International Division Strategy:

The international division is considered the bank's window to the outside world. It organizes the bank's external relations with correspondent banks and international institutions, manages the bank's foreign accounts, and performs many external banking operations, which can be summarized as follows:

- **Establishing banking relationships with foreign banks after studying their financial status.**
- **Opening accounts with correspondents and managing their funding, as well as opening accounts for foreign banks within the division.**
- **Issuing external letters of guarantee on behalf of official departments and the private sector, with full responsibility towards the bank.**
- **Transferring funds to beneficiaries abroad and receiving remittances from abroad, then delivering them to beneficiaries domestically.**
- **Opening documentary credits (Note: Transactions in US dollars are currently suspended as per the Central Bank of Iraq's letter 9/2/446 dated 6/11/2022).**

Each of these activities carries risks, which the division aims to avoid or minimize as much as possible for the benefit of the bank. The division strives to hire staff with the necessary skills to carry out its operations efficiently, and this is achieved through continuous training and participation in courses organized for employees, whether inside or outside Iraq.

Foreign Remittance Division Marketing and Business Strategy (Currently on Hold):

The operational and marketing strategy reflects the main goal of increasing business volume and addressing customer needs over the course of three years. Asya Iraq Bank, through its Foreign Remittance Division, develops a unique product design, branding, and features to stand out in the competitive market. Factors considered in developing the pricing strategy include: product, quality, variety, features, packaging, and enhanced services.

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1. Pricing

This element of the marketing strategy requires an evaluation of the value of products to the target customers. Asya Iraq Bank's pricing strategy will focus on setting the price list, credit terms, payment periods, and discounts that align with the instructions and regulations of the Central Bank of Iraq for providers of remittance systems.

If Asia Iraq Bank decides to adopt a pricing strategy that involves lowering prices to meet customer needs, it will need to set prices lower than its competitors in order to win market share based on these discounted prices.

Choosing a pricing strategy will require clear communication of the basis for differentiation and how this differentiation justifies the additional cost.

Today's customers are less concerned with knowing the "price" and more focused on understanding the total cost involved in obtaining, consuming, and disposing of the product.

1.2 Place / Distribution:

This element of the strategy requires Asya Iraq Bank to make important decisions when developing its distribution plan. The bank must consider whether it wants to make the product available to target customer segments through its own channels or if it needs a distribution partner to meet customer needs.

It must also decide whether the distribution will be direct (without intermediaries) or indirect. If an indirect distribution strategy is adopted, the number of intermediaries (such as currency exchange companies, categories A and B, and licensed banks) must be chosen carefully.

The bank should analyze market dynamics, customer preferences, resources, and its specific capabilities. If customers place significant importance on personalized services and prefer traditional marketing methods, the bank should consider whether to use online channels or invest in opening its own outlets.

Additionally, studying competitors' distribution strategies is important. A comprehensive cost-benefit analysis for each channel, compared to the bank's resources and capabilities, will help develop an effective distribution plan.

1.3 Promotion

This is one of the most important elements of the strategy. Promotion options include the internet, television, radio, and print advertisements.

The promotional plan for the marketing strategy should consider the following factors:

- **Clearly define our unique selling propositions: Identify why customers need the product and how it differs from available alternatives.**
- **Craft the message content and evaluate how it will help customers form a clear image of the product: Keep in mind the stages of the customer journey (awareness, interest, desire, action) when developing promotional strategies such as direct selling or prominent advertising if the bank aims to push the product. However, a pull strategy would require developing a prestigious brand image that attracts customers toward the offered product.**
- **Gather the following target market information: Who will buy the product? What is the level of price sensitivity? What communication methods do customers prefer? Incorporate this information into the promotional plan.**
- **Filter promotional options based on the above information and conduct a cost-benefit analysis for the selected promotional alternatives.**

For example, choosing television advertising as a promotional strategy allows the bank to target the broad market and increase brand awareness. However, this is an expensive promotional strategy and is suitable if the bank has sufficient resources for promotional efforts.

The popularity of social media marketing has significantly increased in recent years. Using this promotional strategy will enable the bank to reach the broad market economically. It will also provide an opportunity for active customer engagement and help develop a personal and managerial relationship for better results.

Consider budget constraints and allocate the budget for selected promotional strategies according to their nature, importance, and frequency.

Customer Analysis for MoneyGram Services (Currently Suspended):

Developing effective marketing mix strategies relies on the bank's understanding of its potential customer base. The strategies will be more effective if the bank comprehends the needs, expectations, and attitudes of its customers. Detailed analysis helps identify different customer profiles or segments, as elaborated in the following section.

We can follow three steps to conduct customer analysis:

1. **Identifying Current and Potential Customers: In this step, a complete set of customers should be identified so that they can be segmented into different groups based on their**

motivations, attributes, and characteristics. Identifying potential customers is often more challenging than identifying current ones.

2. **Understanding the Needs and Expectations of Different Groups: The customer analysis should provide information on how the needs and expectations of different groups vary from each other and the possible reasons behind these differences.**

Finally, the product/service provided should be analyzed to understand how it meets the needs of different customer groups, particularly those with higher profitability and growth potential. This information will help develop customer profiles and personas.

When developing customer profiles, the following factors should be considered:

1. **Customer Analysis: The total market size should be identified, including both current and potential customers, which can be segmented into small, measurable segments.**
2. **Distinctive Differences: Customer profiles should contain significant distinctions between groups.**
3. **Behavioral Analysis: A behavioral analysis should also be conducted to determine psychographic profiles. This involves identifying the relative importance of factors considered when making a purchase decision, or what are called the most common purchase criteria. These common purchase criteria include prestige, convenience, quality, and price.**
4. **Challenges and Unmet Needs: The challenges faced by customers due to unmet needs and desired solutions should also be evaluated.**

The commercial attractiveness and growth potential for each segment can be assessed using the following indicators:

- **The identified segments should have an appropriate size.**
- **There should be tangible differences within the segments.**
- **The estimated profits should exceed the additional marketing costs.**
- **The segments should be easily accessible.**

After segmenting the customer market and selecting the right target market, a clear positioning statement should be developed to create a positive image of the product in customers' minds.

To develop an effective positioning strategy, the following steps can be followed:

1. **Develop a positioning statement by answering the following questions:**
    - **What does your brand represent?**
    - **What are the needs and requirements of the target market?**
    - **How does your brand serve those needs?**
    - **How do your offerings differ from competitors?**

The answers to these questions will provide sufficient information to develop a positioning statement.

2. **Comparing Communication Strategies: Comparing your communication strategy with competitors will reveal potential areas that can be addressed through targeted positioning messages.**
3. **Strengths/Weaknesses Evaluation: Strengths and weaknesses of the business should be identified by comparing it with competitors, helping to find gaps that the product offering can fill.**

<u>Competitor Website Analysis and Market Position Evaluation</u>
Using analytical data gathered from various customer, market, and competitor surveys, develop a positioning statement and periodically test its effectiveness through qualitative and quantitative data collection (such as focus groups, surveys, interviews, etc.).
Use the test results to make necessary adjustments in the brand positioning.

Competitive Advantage for the Bank in the MoneyGram Strategy
Remaining in an increasingly competitive market requires establishing a clear differentiation foundation that can provide an advantage over competitors. The strategy should focus on marketing and defining unique selling propositions with higher quality and lower cost or unique ideas.

<u>Cost-Based Competitive Advantage</u>
A cost leadership strategy would be suitable if the bank develops capabilities to reduce costs below industry averages and achieve economies of scale. Moreover, it will require close collaboration between different functional areas.
Developing the most efficient distribution channels, accessing the latest technological tools to assist production operations, using lean production methods, and having a strong negotiating position with suppliers are some indicators for establishing a competitive advantage based on cost leadership.

Differentiation Strategy

The differentiation strategy focuses on building brand loyalty by offering premium products that enable the bank to find different ways to develop differentiation leadership, by focusing on reliability, durability, benefits, and unique features of the products. A strong brand differentiation can be achieved by increasing spending on marketing efforts, and competitive advantages can be obtained through adopting product, service, quality, image, people, or innovation excellence.

Competitive Advantage Model

Following the model shows how the bank can develop an effective marketing strategy by evaluating its resources and capabilities, identifying distinctive competencies, and leveraging those competencies through adopting a cost or differentiation approach.

Perceived Quality

We must carefully assess customer perceptions of product quality as these perceptions influence their pricing decisions.

Competitor Analysis

Detailed competitor analysis is crucial for developing a marketing strategy to identify competitors, evaluate their strategies, and compare their product strengths and weaknesses with the bank's product offerings.
Here are five steps to follow to understand the strategic position of key competitors:

1. **Clearly define the target market.**
2. **Identify the emerging competitors and create a list.**
3. **Analyze the competitors' product offerings, market share, and key strengths and weaknesses.**
4. **Provide a brief summary of the competitors' market and product strategies.**
5. **Conduct a comparative analysis of their products and/or services.**
6. **Continuously update the competitive analysis to make informed and strategically wise decisions.**

A detailed competitor analysis can be classified into the following parts:

- **Determining Market Growth, Share, and Financial Goals: Examples include maximizing short-term profitability or investing in research and development to achieve long-term growth.**

- **Evaluating Competitors' Strategies: This involves gathering information about promotional campaigns, hiring practices, acquisitions, and mergers. This information will reveal the direction in which competitors are moving.**
- **Using the Above Information to Analyze Competitors' Strengths, Weaknesses, and Core Capabilities.**

Market Analysis:

This can be done by evaluating the customer market both in terms of quantity and quality. The information obtained from market surveys will assist management in identifying emerging opportunities, revealing potential threats, and understanding how these relate to the key strengths and weaknesses of the bank.

Market Profitability Analysis to Develop a Marketing Strategy for Asia Iraq Islamic Bank
Market profitability should be determined, as high buyer power negatively affects market profitability, indicating that Asia Iraq Bank's customers have various options. The low power of suppliers positively impacts profitability for the next three years, as the primary objective of the strategy is to increase transaction volume and customer base.

Investment and Financing Department Strategy

1. **Innovation in Financing Tools or Processes:**
   Innovating financing tools or processes that comply with Islamic Sharia law.
2. **Providing New Solutions for Financial Management:**
   Offering new solutions for liquidity or debt management, or creating innovative, beneficial, and Sharia-compliant financing formulas for all types of activities.
3. **Introducing New Financing Mechanisms:**
   Introducing new financing mechanisms to reduce the operational costs of ongoing businesses.
4. **Creating New and Modern Financial Tools:**
   Developing new, modern, and innovative financial tools that meet the needs of individuals, companies, and governments.
5. **Continuous Product Development:**
   Continuously developing products to keep the bank dynamic and sustainable.

6. **Diversifying the Bank's Profit Sources:**
   Diversifying the bank's sources of profitability.
7. **Updating and Maintaining Existing Products:**
   Updating and developing current products to maintain growth and avoid obsolescence.
8. **Reducing Investment Risks Through Diversification:**
   Reducing investment risks by diversifying formulas and sectors.
9. **Supporting the Bank's Competitive Position in the Local Islamic Market:**
   Supporting the bank's competitive position in the local Islamic market.
10. **Investing Funds According to Sharia Guidelines:**
    Investing funds in accordance with Sharia rules and principles.
11. **Seeking New Investment Projects:**
    Searching for new projects to invest the bank's funds.
12. **Achieving Balance and Fairness in Investments:**
    Achieving balance and fairness across various investment fields.
13. **Accepting Deposits with Investment Authorization:**
    Accepting various types of deposits with the authorization to invest according to the client's request.
14. **Covering the Cost of Fund Sources:**
    Covering the cost of each investment source (average return from each investment source) and achieving a net return.
15. **Balancing Fund Sources and Investments:**
    Ensuring a proper match between fund sources and investments, maintaining a healthy balance.
16. **Establishing a Clear Risk Policy:**
    Developing a clear risk policy with a dedicated unit to assist management in measuring risks related to various investment tools.
17. **Evaluating Investment Risks:**
    Evaluating risks related to investment tools.
18. **Determining Risk Levels in Contracts:**
    Determining the risk levels in mudarabah and musharakah contracts, ensuring they are higher than murabaha contracts.
19. **Studying the Investment Environment:**
    Studying the target investment environment or locations where the bank intends to

invest, including learning about laws and regulations protecting investors, as well as economic and political conditions that may affect the bank's investments.

20. **Diversifying Investment Portfolios:**
    Ensuring investment portfolios are diversified and spreading investments across various markets to reduce risk.
21. **Avoiding Concentration of Financing in a Limited Number of Clients:**
    Avoiding concentrating financing operations in a limited number of clients.
22. **Supporting the Bank's Competitive Position:**
    Supporting the bank's competitive position not only in terms of returns but also by offering innovative tools and investment opportunities.
23. **Including Specific Terms in Investment Accounts:**
    Clearly stating in the investment account contract the possibility for the bank to set a repayment term, agreed upon by both parties, for the investment account holder's balance upon request.
24. **Excluding Investment Account Holders from Risk:**
    Clearly stating that investment account holders do not share in the risks (losses) of assets financed through current accounts, as these risks are borne solely by the shareholders.
25. **Focusing on Qualified Staff Recruitment and Development:**
    Focusing on attracting, developing, and training qualified staff to carry out the bank's investment strategy.
26. **Participating in the Central Bank's Initiative:**
    Participating in the Central Bank's initiative to invest some of the bank's funds in Islamic certificates of deposit.

Shareholder Relations Unit:

The unit was established and developed in accordance with the regulations and instructions of the Central Bank of Iraq, number 9/2/518, dated 18/12/2022. It was updated according to the bank's organizational structure and is directly connected to the board of directors. The main goal of Asia Iraq Islamic Bank, which is integral to implementing its strategic plan for the coming years (2024-2026), is to maintain a balance of responsibility towards shareholders, improve relations with them, enhance transparency, and increase share value. Below are some strategies that can be implemented:

First: Enhancing Transparency and Communication:

This is achieved through regular reports by issuing clear and transparent quarterly financial reports containing all necessary financial information that is important to shareholders.

Second: Regular Meetings with Shareholders:

Periodic meetings are organized between the board of directors and shareholders to discuss performance, future plans, and to receive feedback from shareholders.

Third: Improving Communication Channels:

This is done through effective and open communication channels between shareholders and the bank, such as a dedicated online portal that provides access to important information and announcements.

Fourth: Increasing Share Value:

This is achieved through effective capital management and by developing investment plans that focus on projects delivering the highest return on investment, which in turn helps increase share value.

Fifth: Thoughtful Dividend Distribution:

Adopting policies for dividend distribution by achieving a balance between reinvesting profits and increasing cash returns to shareholders.

Sixth: Share Buyback:

If sufficient liquidity is available, the bank may buy back a portion of its shares, potentially increasing the value of the remaining shares.

Seventh: Expansion and Diversification of Investments:

Investing in new markets and directing some investments towards emerging markets or promising sectors, which enhances growth opportunities and increases returns.

Eighth: Diversifying the Investment Portfolio:

Reducing risk by spreading investments across various financial and industrial sectors, which ensures stability in the share value.

Ninth: Enhancing Corporate Governance:

This is achieved through compliance with best practices that meet global corporate governance standards to improve management and transparency.

Tenth: Internal and External Auditing:

This involves ensuring the presence of effective internal auditing systems and cooperating with recognized external auditing firms to ensure the accuracy and credibility of financial reports.

Eleventh: Performance Rewards:
Developing a performance-based rewards system that includes both managers and shareholders to create incentives, achieve the bank's objectives, and increase market value.

Twelfth: Managing Shareholder Relations:
This is done through personal and direct communication and organizing events and meetings between shareholders and management to strengthen relationships and build trust.

Thirteenth: Conducting Regular Surveys:
This aims to understand the expectations and interests of shareholders and respond effectively to them.

Fourteenth: Developing Incentive Programs for Long-Term Shareholders:
This is aimed at enhancing their loyalty and ensuring the continuation of their investments in the bank.

Fifteenth: Sustainable Development and Social Responsibility:
Integrating sustainability and social responsibility principles into the bank's strategy to enhance its positive reputation among shareholders.

Sixteenth: Environmental and Social Reporting:
Providing detailed reports on environmental and social performance, and adherence to sustainability principles.

Seventeenth: Attracting New Investors:
Through investment marketing and developing campaigns that highlight the bank's performance and available investment opportunities to attract new investors and increase the shareholder base.

Eighteenth: Innovation in Financial Products:
Offering innovative financial products and services that target new investors and meet their financial needs.

By following these strategies, the bank's shareholder division can strengthen its position, achieve sustainable growth, and increase stock value for shareholders over the next three years.

The Unit's Work Includes the Following:

1. **Preparing and Continuously Updating an Electronic Database of Bank Shareholders.**
2. **Tracking the Contributions of Each Shareholder in Other Companies (Financial and Non-Financial Institutions).**
3. **Maintaining a Record to Document Shareholder Data.**

4. **Preparing Quarterly Reports Submitted to the Central Bank. These reports include shareholder data, changes in bank share ownership, fluctuations in the bank's share price on the Iraq Stock Exchange, actions taken to improve the bank's share price, and monitoring the stability of new shareholders as well as information about minority shareholders and their roles in the bank.**

Payments Department Strategy:

Components of the Iraqi payments system

1-Real Time Gross Settlement (RTGS) system.

2-Electronic Instruments Clearing System (C-ACH) Check Automated Clearing House.

3-Government Bond Deposit System (CSD) Central Securities Depositary System

Main Strategic Objectives for the Payments Department:

1. **Eliminate Risks of Manual Cash Settlements, particularly high-value ones.**
2. **Increase the Speed and Ease of Payment and Transfer Operations through payment systems, reducing processing time.**
3. **Minimize and Eliminate Credit and Cash Liquidity Risks, ensuring better financial security.**
4. **Contribute to Managing the Bank's Liquidity, supporting the bank's operational needs.**
5. **Ensure Compliance of Payment Systems with International Standards to maintain consistency with global best practices.**

Strategy for the Main Branch:

The main branch is the branch that provides services produced by the bank, such as savings accounts, deposits, and Islamic banking in all its forms. The branch's tasks include:

1. **Customer Service: Providing the necessary explanation of the services offered by the bank to customers.**
2. **Vault Manager: Responsible for the cash in the vault, distributing cash to the tellers in the branch, and reconciling the vault at the end of each day.**
3. **Tellers: They handle and record deposits and withdrawals in the daily ledger and ensure its reconciliation by the end of the day.**
4. **Opening Accounts for customers.**
5. **Islamic Banking: This is the parallel banking system to traditional banking, offering Islamic financing products in various fields.**
   (Murabaha, Musharaka, Salam, Mudaraba, Istisna, Ijara, etc.) and other forms of transactions based on Islamic principl

To develop a three-year strategy for the main branch of an Iraqi bank, it's important to approach the process with a clear understanding of the local market, assess the current situation of the bank, and define clear future objectives. Below is a general framework that can be customized based on the specific needs of the bank and the market:

1-Current Analysis (Year One):

- **Assessing the Current Situation by:**
  - **SWOT Analysis: Evaluating strengths, weaknesses, opportunities, and threats.**
  - **Financial Performance Evaluation: Reviewing revenue, profit, and current growth ratios.**
  - **Market Analysis: Identifying key clients, competitors, and economic trends in Iraq**

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Assessing Internal Capabilities through the following:

- **Infrastructure: Reviewing both the technical and administrative infrastructure.**
- **Human Competencies: Evaluating the skills and competencies available within the staff and identifying gaps.**
- **Operational Systems and Procedures: Analyzing the effectiveness of current processes and discovering areas for improvement.**

2-Setting Strategic Goals (Year Two):

- **Growth and Expansion through:**
  - **Increasing Market Share: Developing strategies to attract new customers and enhance engagement with existing clients.**
  - **Geographical Expansion: Considering opening new branches in strategic locations or strengthening the presence in current areas**

<u>Digital Transformation:</u>

- **Developing Digital Services: Offering online banking services and mobile applications to meet the growing market demand for technology.**
- **Data Analytics: Using big data to improve decision-making and provide personalized offers to customers**

Improving Operational Efficiency:

- **Automating Processes: Reducing costs and increasing efficiency through the adoption of advanced automation systems.**
- **Employee Training: Providing continuous training programs to enhance employee skills and improve service quality**

3. Execution and Monitoring (Year Three):

- **Implementing the Strategic Plan:**
  - **Define Action Plans: Create detailed action plans for each strategic goal with a clear timeline.**
  - **Allocate Resources: Determine the necessary budget, human resources, and technical resources to execute the plans.**
- **Monitoring and Evaluation:**
  - **Key Performance Indicators (KPIs): Establish a set of KPIs to track performance and measure progress.**
  - **Regular Evaluation: Conduct quarterly reviews to assess progress toward goals and adjust the strategy as needed.**
- **Continuous Improvement:**
  - **Adapt to Changes: Adjust the strategy based on market changes or internal performance.**
  - **Foster Innovation: Encourage new ideas and innovative initiatives that can add value to the bank.**

This strategy serves as a general framework and can be customized based on the bank's specific needs and the local market conditions. It is crucial to involve all stakeholders in the bank to ensure successful implementation and achievement of the desired objectives

Branch Management Strategy:

Branch management in the bank requires effective strategies to achieve long-term goals, increase profitability, and improve customer satisfaction. Below are some strategies that can be applied over the next three years:

- **First /Digital Transformation and Financial Technology:**
  - **Full Digitization of Services: Investing in integrated digital platforms that allow customers to perform all banking transactions online or through mobile apps.**
  - **Improving User Experience: Developing user-friendly and efficient interfaces while providing high-quality technical support.**
  - **Artificial Intelligence and Data Analytics: Using advanced analytics to personalize banking services and provide customized offers for each client based on behavioral data.**
- **Second/Expanding Branch Network and Improving Efficiency:**
  - **Branch Redistribution: Studying local markets and identifying optimal locations for opening new branches or redistributing existing ones based on market needs.**
  - **Merging Low-Performance Branches: Periodically evaluating branch performance and merging or closing branches that do not meet the required return.**

  - **Designing Future Branches: Transforming traditional branches into interactive service centers that focus on financial advice and personal services instead of routine operations that can be done online.**
- **Third/Focusing on Customer Satisfaction:**
  - **Loyalty Programs: Developing customer loyalty programs to encourage the use of more banking services.**
  - **Continuous Employee Training: Offering ongoing training programs to improve employee skills in customer service and effective communication.**
  - **Measuring Customer Satisfaction: Using surveys and key performance indicators to measure and analyze customer satisfaction and working to improve services based on feedback.**
- **Fourth/Expanding Financial Services:**
  - **Diversifying Products and Services: Offering new financial products and services such as insurance, investments, and small business financing.**
  - **Strategic Partnerships: Building partnerships with financial technology companies and other financial institutions to provide joint services.**

Fifth Section -Enhancing Governance and Risk Management:

Implementing Risk Management Policies: Developing new policies for managing financial, operational, and legal compliance risks.

Improving Security Infrastructure: Investing in cybersecurity technology to protect data and transactions.

Sixth Section:- Sustainability and Social Responsibility:

- **Environmental Responsibility: Adopt banking practices that are environmentally friendly, such as financing sustainable projects and reducing the carbon footprint of branches.**
- **Social Responsibility: Develop programs to contribute to the development of the local community and support small and medium-sized enterprises.**

Section Seven -Human Resources Management Strategy:

The focus here is on developing leadership and investing in branch leaders by training them in effective leadership and change management. This strategy aims to motivate employees through performance-based incentive programs and enhance the work environment to foster creativity and innovation.

By implementing these strategies, the bank can strengthen its market position, increase profitability, and improve customer satisfaction over the next three years.

Planned and Achieved Actions:

1. **Activating the Branch Management Department: The department's role has been activated to the fullest within the general administration of the bank, in compliance with directives from the Central Bank of Iraq.**
    - **Appointment of the Branch Management Director and Assistant.**
2. **Recent Activation: The department was recently activated in the second half of 2023. It has started its duties during this transitional phase, focusing on training and preparation to fully engage in its functions.**
3. **Training and Development: Recognizing the significant role of training in enhancing employee efficiency, staff will be enrolled in upcoming internal and external courses to improve their skills.**

Additional Strategic Actions:

4. **Administrative and Technical Support:**
    - **Ensure the readiness of all administrative and technical resources necessary for the department's sustainable and effective operation, aligned with the bank's senior management directives.**
    - **Conduct regular field visits to the branches to review past accomplishments and provide support to ensure the continuous functioning of operations.**
5. **Continuous Effort for Innovation: Ongoing and active efforts are critical for generating ideas and innovations that will support the bank's progression. Supporting employees and resolving any challenges, even personal issues, can positively impact the work environment and overall progress.**
6. **Collaboration with Branch Management: Collaborate with branch management to generate ideas for improving operations, presenting the bank in an appealing manner, and creating suitable advertising interfaces to enhance public awareness of Asia Iraq Islamic Bank.**

Strategy for Cash Management and Investment:

1. **Cash Vaults as the Bank's Cash Lifeline: The cash vaults are the main cash reservoir for the bank, through which daily cash inflows and outflows are processed. These vaults store surplus cash allocated for various banking operations. Managing these vaults safely and securely, defining legal responsibility limits for all operations, is critical for sound banking operations. The bank's policy is to set clear procedures and methods for vault management, ensuring the security and safe storage of cash, establishing fixed working**

protocols for cash vaults at the bank's headquarters and branches, and outlining responsibilities. Additionally, it determines alternative keyholders for the secure room to mitigate operational risks.

2. **Secure Vaults and Insurance: The bank strives to use secure vault rooms insured by designated insurance companies to ensure the safety and protection of its cash holdings.**

Human Resources Department Strategy:

The department follows up on the administrative and service aspects of the bank and is composed of the following sections:

Personnel Affairs Section: This section handles the administrative affairs of the bank's employees and includes the following responsibilities:

1. **Adopting and implementing the work system and service rules specific to the bank.**
2. **Announcing job vacancies and organizing interviews for applicants through the recruitment and compensation committee, after approval by the board.**
3. **Completing the hiring process for new employees and organizing administrative orders for their appointments.**
4. **Following up on promotions, transfers, secondments, resignations, and employee leave while issuing the relevant administrative orders.**
5. **Managing employee leave requests, including regular, sick, and unpaid leave.**
6. **Organizing medical referrals and following up on sick leave and related matters.**
7. **Organizing employee roles and duties according to the bank's organizational structure.**
8. **Maintaining personal files and records for all employees, ensuring their electronic archiving for safety and easy retrieval.**
9. **Implementing reward and punishment orders, tracking their effects on employees' performance.**
10. **Preparing employee statistics based on numbers, qualifications, hiring dates, salaries, and other relevant information.**
11. **Overseeing summer internships for university and college students, including follow-up on attendance, organizing evaluations, and sending completion certificates to their institutions.**
12. **Fulfilling employee requests, such as providing service summaries, endorsement letters, and other matters in compliance with legal rules and after approval by senior management.**
13. **Keeping basic employee information and maintaining both manual and electronic records.**

14. **Monitoring employee attendance and ensuring compliance with administrative instructions through daily attendance records.**
15. **Overseeing the employee performance evaluation system, aimed at motivating staff and improving their performance.**
16. **Organizing internal and external training courses to develop employees' performance and providing all necessary materials for these courses.**

Archive and Correspondence Department:

This department is responsible for the following tasks:

1. **Receiving and delivering outgoing and incoming mail: Registering mail in the appropriate records, distributing it electronically (via email) or in hard copy when necessary, using a liability record, and archiving it electronically.**
2. **Distributing administrative orders, circulars, and instructions that regulate the bank's operations.**
3. **Maintaining employee records: Storing all administrative orders, letters, and documents related to employees in their personal files.**
4. **Archiving orders and letters issued by the Human Resources Department in the department's general files**.

Warehouse Department:

The department is responsible for the following tasks:

1. **Providing the bank's supplies and needs, including printed materials, stationery, furniture, devices, equipment, tools, and other services. It is also responsible for submitting purchase requests and maintaining stock levels.**
2. **Ensuring the proper storage of the bank's assets in designated areas or warehouses, protecting them from damage.**
3. **Inventorying consumed or surplus assets and obtaining management approval for their sale.**

4. **Maintaining a register of fixed assets owned by the bank, along with their locations in different departments, sections, and branches.**
5. **Maintaining a record of stamps used in the bank, along with the names of the users and their signatures upon receipt, as well as handling damaged or unnecessary stamps.**

Maintenance, Services, and Transportation Department:

The department is responsible for the following tasks:

1. **Monitoring cleaning services for the bank building and hospitality services.**
2. **Overseeing the maintenance of generators, electrical devices, and equipment.**
3. **Managing the information desk and security matters of the bank.**

plans for the Department for 2024-2026:

1. **Continuous Updating of Electronic Archiving:**
    - **Continue to update the electronic archiving system for personal files and the archiving of incoming and outgoing letters and correspondence.**
2. **Updating Personnel Information:**
    - **Maintain and update the bank's employee information through digital tables and specialized records.**
3. **Issuance and Execution of Orders and Instructions:**
    - **Continue issuing and implementing all orders and instructions, applying laws, service regulations, and monitoring personnel movement. Issue necessary letters and orders to ensure the smooth running of operations.**
4. **Follow-up on Student Internships:**
    - **Monitor the training of college and institute students approved for internships at the bank during the summer break. Ensure their attendance, issue approval letters for internships, and send completed training certificates and evaluations to their respective institutions.**
5. **Development and Unification of the Bank's Work Plan for Future Years:**

Emergency and Evacuation Policy:

To effectively handle crises and emergencies, it is crucial for all those involved in the bank's safety to be prepared. Therefore, an integrated plan should be developed to manage how to evacuate the bank's assets, information, and employees in the event of a crisis or emergency. The plan should also include identifying safe gathering points and implementing organized

precautionary measures to manage, contain, and limit the impact of the crisis while minimizing damage.

The objectives of the plan are as follows:

1. **Preparation: Ensure readiness and planning to effectively confront the crisis.**
2. **Damage Control: Limit the damage and impact, particularly during emergencies such as fires.**
3. **Protection of Assets: Safeguard personnel, assets, information, and other bank properties as much as possible.**
4. **Avoid Confusion: Reduce errors during the evacuation process.**
5. **Control and Containment: Keep the danger confined to a limited area.**

To avoid confusion in such situations, the bank has designated an alternative site to be used until the threat subsides. The Karrada Branch has been selected as this backup location, which meets all the necessary operational conditions. This plan aligns with the Business Continuity Plan and quality standards sent by the Central Bank.