



الشركة العراقية للكفالات المصرفية، مساهمة خاصة  
THE IRAQI COMPANY FOR BANK GUARANTEES, JSC.

# BY- LAWS

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## Article I. DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings:

“Adjournment”	The suspension of proceedings of the General Assembly to another time or place.
“Agent”	A representative authorized by the Board of Directors to act on behalf of the Company, regarding a specified matter.
“Annual Meeting”	A meeting held by the General Assembly once every calendar year to review and discuss the Company’s performance, its Annual Report, and dividend distributions and reserve requirements.
“Annual Report”	The public record published for each financial year presenting the official audited financial results of the Company and discussion of Company’s financial performance.
“Authority”	The relevant legal or regulatory body.
“Board”	The Board of Directors elected by the General Assembly of shareholders responsible for the strategic direction and oversight of the Company
“Borrower”	A Borrower of a Participating Bank receiving a guarantee from the Company
“Capital Expenditure”	Funds spent to invest in long-term assets.
“CBI”	Central Bank of Iraq
“Certificate of Company Registration”	The document that establishes the date when the becomes a registered company.
“Certificate of Share share of the Ownership”	The document that substantiates the ownership of a Company
“Certification of Votes”	The confirmation of the results from a vote conducted at a general or special meeting of the Members of the General Assembly of the Company.
“CFO”	Chief Financial Officer
“Chairman”	The individual appointed by the Board of Directors to preside over meetings of the Board of Directors and of the General Assembly.
“Code of Ethics”	The guideline of behaviour according to which the representatives and employees of the Company are to act.

“Committee”	The group of people officially designated by the Board of Directors or the General Assembly to perform a function, such as investigating, considering, reporting, or acting on a matter.
“Company”	The Iraqi Company for Bank Guarantees, JSC.
“Compensation”	All forms of payment received by Board Members, Executives, and employees of the Company.
“Corporate Governance”	The system of organized policies, structures, guidelines and procedures governing the oversight, management, operations and accountability of a company. These are generally reflected in, among other things, a company’s articles or corporate charter, by-laws, formal policies, and rules of law.
“Donor”	An entity contributing financial support to the Company.
“External Audit”	An audit conducted by non-employees who are qualified, independent, certified auditors who conduct full financial, operational, and information technology audits of a firm.
“Financial Statements”	Includes a balance sheet, income statement, statement of changes in financial position, and discussion thereof, prepared in accordance with International Accounting Standards consistently applied.
“General Assembly”	A meeting of the shareholders of the Company. Also the highest authority in the Company.
"HAM"	HR and Administrative Manager
“Headquarters”	The primary centre of operations and administration of the Company.
"HR"	Human Resources
“Internal Audit”	An audit conducted by auditors who are employed by the Company.
“JSC”	Joint Stock Company
“Management”	The Executives appointed by the Board of Directors and other employees subordinate to them who have the responsibility and accountability for the running of the business of the Company.
“MD”	Managing Director of the Company (Authorized Manager, according to Iraqi Company Law)
“MFIs”	Microfinance Institutions
“Minutes of Meeting”	The official record of the proceedings of meetings held by the Company
"MIS"	Management Information Systems
"MM"	Marketing Manager

“Participating Bank Agreement”	The agreement between the Company and a Participating Bank
“PB”	Participating Bank, an Iraqi private sector bank participating in the Company’s loan guarantee programs
“Proxy”	A written authorization or power of attorney from a Shareholder appointing someone with the right to vote on the Shareholder’s behalf in the absence of the Shareholder at a General Assembly meeting. Another Shareholder can be given a proxy.
“Quorum”	The minimum number of persons or shares required for a meeting to be held for a decision of the company to be legally binding.
“Regulatory Authority”	Any external governmental body which administers laws according to which the Company must operate.
“Reserve Member”	A person elected to the Board of Directors who will only carry out the duties of a Board Member if a vacancy occurs on the Board.
"RM"	Risk Manager
“Secretary”	The Officer who keeps the Company’s official records and seals, takes minutes of meetings, and manages procedural matters of Board and General Assembly meetings.
“Shareholder”	The holder of a share or number of shares of the Company which entitles the holder to vote at a General Assembly. Shareholders are also referred to as “Owners”, and as “Members”.
“SMEs”	Small and Medium Enterprises
“Special Meeting”	A non-regular meeting held by the Board of Directors or General Assembly where extraordinary matters are scheduled.
“Committee”	A committee established by the Board of Directors to address key organizational, managerial, regulatory, or compliance issues and to make recommendations.
“Technical Advisor”	An advisor to the Managing Director and/or to the Board of Directors of the Company, with specialized experience in international standards and best practices knowledge of successful loan guarantees programs, funds, or companies
“Vice Chairman”	The individual second in command who is elected Board member authorized to take on the duties of Chairman when the Chairman is absent.

## Article 2 Company Name and Location(s)

The name of the Company shall be **THE IRAQI COMPANY FOR BANK GUARANTEES, JSC.** (ICBG or the Company). The Company is a non-bank financial institution (NBFII) governed by the Central Bank of Iraq's (CBI) laws and regulations, and other applicable laws.

The ICBG's national headquarters office shall be in Baghdad, Iraq. The Company will provide partial loan guarantees for eligible private bank loans to eligible SMEs, for loans by eligible private banks to MFS, and portfolio guarantees for eligible MFIs throughout Iraq. In addition to its national headquarters office, the ICBG may also establish branch offices to provide services covering all of the governorates of Iraq. The headquarters office shall have oversight responsibility for all of the branch offices, and will also provide guarantee services.

## Article 3 Company Objectives

The main objectives of the Company are to:

- a. Enhance access to credit from private banks for eligible Small and Medium Enterprises (SMEs) and Microfinance Institutions (MFIs) in Iraq; and
- b. Support the use of modern credit methods and sound banking practices in providing loans to SMEs.

These objectives support the overall mission of the Company, which is to contribute to a sustainable economic growth in Iraq, in particular by supporting private sector development.

The Company will provide partial guarantees for eligible loans to SMEs through eligible banks (the Participating Banks, or "PBs") operating in Iraq. The SME guarantee will cover up to a maximum of 75 % of the principal value of a loan, and the interest accrued on the loan account up to a maximum of 180 days following a default under such loan. The Company may also provide up to 75% guarantee on Participating Bank loans to MFIs, or, guarantees on the portfolios, in whole or in part, of eligible MFIs operating in Iraq.

The provision of such guarantees will be subject to specified criteria related to the nature of the business activities conducted by the borrowers of the Participating Banks and the policies and procedures adopted by the Participating Banks and followed in providing and monitoring the loans. Claims submitted to the ICBG in respect of guarantees granted by it will be paid, provided that the agreed loan and guarantee criteria and conditions have been met by the Participating Bank or MFI submitting the claim.

The Company may re-insure any or all of the risks that pertain to the loans that ICBG guarantees, provided that such re-insurances are extended based on international best practices and standards, technically and financially justifiable conditions and criteria, and are allowed under applicable Iraqi laws and regulations.

The Company will develop the tools, means, and models related to the loan guarantee work of the ICBG, and will ensure the training of its staff, and as appropriate, of the staff of Participating Banks, on their applications and use.

## **Article 4 Capital**

### **Section 4.01 Capitalization**

The Company's initial capital is 7 billion Iraqi Dinars divided into 7,000,000,000 nominal shares; the nominal value of each share is one Iraqi Dinar. The capital was paid up in full prior to the Company's registration and issuance of a Certificate of Registration. At no time can the company's capital be allowed to diminish to less than its original level.

The General Assembly may increase the capital through the issuance of new shares, the value of which should be paid either in cash or through the capitalization of reserves. The value of new shares must be paid within the timeframe stipulated in Company Law No. 21 as amended.

A permanent Certificate of Share Ownership will be provided for all paid up shares and any temporary certificates will be cancelled. The Company may issue the Certificate of Share Ownership in either paper or electronic form.

## **Article 5 Company Ownership**

### **Section 5.01 Common Stock**

A list of the Founding Shareholders of the Company is attached to these By-Laws. In accordance with international best practice and with Iraqi legislation, there shall be no distinction between the Founding Shareholders and other Members who may invest in the Company subsequent to its initial registration.

At the present time, governing Company and Central Bank laws and regulations indicate that the ICBG shall exist as non-banking, non-insurance, financial services Joint Stock Company, JSC, regulated by the CBI. It is the intent of the Founding Shareholders of the Company to: a) operate as a non-bank and non-insurance financial services company, in the form of a JSC, owned by private banks, international financial institutions and possibly private individuals and insurance companies; and b) admit such other new Shareholders to the Company's ownership by allowing the Company to issue new shares.

## **Article 6 Governance of the Company - General Assembly**

### **Section 6.01 Definition**

The General Assembly is the highest authority in the Company. Its members are all the legal holders of shares of the company having a Certificate of Share Ownership and shall have at least one Annual Meeting according to prevailing laws.

## Section 6.02 General Powers

The General Assembly has the power to decide on all matters of the Company, including but not limited to the following:

- A. Amendments to By-Laws.** Amendments to these By-Laws may be made provided that such amendments are in line with international standards and best practices, and is approved by the Company's General Assembly
- B. Capital Increases.** The General Assembly would be responsible for any further issuance of shares to allow for business expansion and broadening of the base of Shareholders.
- C. Election of the Board of Directors.** The General Assembly elects the Members of the Board of Directors, following the procedures established in Section 6.05 below and decides their removal. It also decides on any compensation for the services of the Directors by a majority of votes.
- D. Appointment of External Auditors.** The General Assembly of the Company shall appoint or remove an independent, qualified, external Auditor registered in Iraq, with specialized experience in the audit of financial institutions and fixes his/hers remuneration.
- E. Appointment of a Legal Advisor.** The General Assembly appoints and removes the Legal Advisor of the Company and fixes his/hers remuneration.
- F. Financial Statements.** The General Assembly reviews and approves the Annual Financial Statements of the Company, the External Auditor's Report, and the Annual Management Report in accordance with applicable Laws and Regulations. It also approves the annual Budget prepared by the Management.
- G. Profit distribution.** The General Assembly may decide that dividends be paid on the year's results, provided that such payment does not result in capital not being maintained at or above the Company's original capital level (Section 4.01) and after establishing a ten (10) percent reserve from the profits, above the legal requirements; The General Assembly may establish additional reserves for specific or general purposes.
- H. Major Capital Expenditures.** The General Assembly shall approve all major capital expenditures, acquisitions and divestitures.
- I. Leverage.** The General Assembly may adjust the ratio of the total guarantees the Company may issue in relation to its capital plus reserves and grants, based on the Company's performance, portfolio quality, risk exposure, and business needs, provided that such adjustment remains in line with international standards and best practices and applicable laws and regulations. Initially, the Company may issue guarantees up to a maximum of four (4) times its capital plus reserves and grants.

- J. Removal of officers.** Any Officer, elected or appointed by the Board of Directors may be removed by a majority vote (at least 70%) of the General Assembly whenever the best interests of the Company will be served thereby; but such removal shall be without prejudice to the contract rights, if any, of the person so removed provided that no law or public regulation, or code of ethics has been violated by that individual.
- K.** Approval of Board of Directors remunerations.

### **Section 6.03 (a) Schedule of General Meetings**

The Board of Directors shall convene a meeting of the General Assembly at least annually.

### **Section 6.03 (b) Notice of the Place of Meeting**

The Secretary shall notify every Member in good standing at his/her registered address, advising of the time and place of such Annual Meeting. Regular meetings shall be held at the registered Headquarters office of the Company, unless the Board of Directors shall select an alternate location within or outside of Baghdad. The notification of the date and locale of the meeting must be provided to Members not less than 30 days in advance of the meeting.

### **Section 6.04 Quorum**

The presence of Members in person or by proxy representing a majority of the shares outstanding shall constitute a Quorum, and shall be necessary to vote on Company business matters to be decided by the General Assembly.

### **Section 6.05 Voting**

Each Member shall be entitled to one vote for each share. Voting by proxy is permitted, and would comply with applicable regulations governing the Company. At all meetings voting may be conducted by voice, provided that a full and complete record of the votes, with attribution, is maintained in the Company books.

### **Section 6.06 Order of Business**

The order of business at any General or Special Meeting of the Members of the General Assembly shall be as follows:

- A. Attendance
- B. Reading of the Minutes of the preceding meeting
- C. Reports of Officers, including the Report of the Chairman
- D. Reports of Committees, as appropriate
- E. Report of the External Auditor, including the Audit Opinion
- F. Old and Unfinished Business, including review of annual financial reports
- G. Report on Corporate Governance
- H. New Business
- I. Voting and Certification of Votes
- J. Adjournment.

The Chairman of the Board of Directors shall preside at all of the General Assembly meetings.

The Board of Directors shall present, at each Annual Meeting of the Shareholders, an Annual Report detailing the operations and financial results of the Company and its Annual Audit, including the Audit Opinion.

### **Section 6.07 Procedures for Special Meeting**

Special meetings of the Members of the General Assembly for any purpose may be called by the Board of Directors, or by the Chairman of the Board of Directors. Notices of such meeting shall be delivered to all Members at their addresses as they appear in the Membership roll book at least twenty (20) days before the scheduled date set for such Special Meeting. Such notice shall state the reasons that such meeting has been called, the business to be transacted at such meeting and by whom it was called. At the request of forty (40%) percent of the Members of the Board of Directors, or by one or more Members holding shares in the aggregate entitled to cast not less than twenty-five (25%) percent of the votes at any such meeting, the MD shall cause a Special Meeting to be called.

No other business but that specified in the notice of the Special Meeting may be transacted during the meeting without the unanimous consent of all present at such meeting.

## Article 7 Board of Directors

### | Section 7.01 General Powers

The Board is accountable to the Company's Shareholders (General Assembly) and is responsible for ensuring the strategic guidance of the Company and the effective monitoring of its management, to attain the objectives of the Company (Article 3) in such a manner as to protect the best interests of the Company and its Shareholders, and to maximize share value.

The Board shall apply high ethical standards and should fulfill certain key functions including:

- A. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures;
- B. Monitoring the effectiveness of the Company's governance practices, including internal structure, lines of authority and accountability, and performance monitoring and measurement (including of the Board, its Members, and the Managing Director (MD), and making changes as appropriate;
- C. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning;
- D. Aligning key executive remuneration with the longer-term interests of the Company and its Shareholders, defining policies in this regard, and providing for disclosure of all forms of remuneration (i.e. including payments, stock options/stock transactions, and fees for consulting, if any).
- E. Ensuring a formal and transparent Board nomination and election process, based on an active role for Shareholders. In this regard, the Board, and if applicable, a Nomination Committee, should ensure the establishment of specific and transparent procedures; it should identify potential Members for the Board with the appropriate knowledge, competencies and expertise to complement the existing skills of the Board, and thereby improve the body's value-adding potential for the Company;
- F. Monitoring and managing potential conflicts of interest of Management, Board Members and Shareholders, including misuse of Company assets and

abuse in related party transactions. The Board oversees the Company's internal control systems for financial reporting and the use of corporate assets and guards against abusive related party transactions. These functions may also be assigned to the Company's Internal Auditor, who should maintain direct access to the Board. In fulfilling its control oversight responsibilities it is important for the Board to encourage the reporting of unethical/unlawful behavior without fear of retribution, and to define and establish a company Code of Ethics;

- G. Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent Internal and External Audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards; and
- H. Overseeing the process of disclosure and communications. The functions and responsibilities of the Board and Management with respect to disclosure and communication need to be clearly established by the Board.
- I. The Board should exercise independent judgment on Company affairs related to monitoring managerial performance, preventing conflict of interest, and balancing competing demands of the Company. The Board shall appoint Committees to address key organizational, managerial, and regulatory or compliance matters of the Company and to make recommendations on these. The Committees may comprise, in addition to representatives of the Owners/Shareholders, highly-qualified independent experts, if permitted by Law and CBI regulations, as specified in section 7.02.

### **Section 7.02 Number, Term and Qualifications of Board of Directors**

A Board of Directors, including specialized expertise relevant to the Company's activities and in line with international best Corporate Governance guidelines, shall be elected at the first meeting of the Company's General Assembly, to be held within 30 days of the Company's registration.

The number and qualifications of Directors comprising the Board will be five (5), selected for their specialized expertise in the areas of loan guarantees, lending operations, prudent banking and credit, financial sector policies and norms,

economic policy, and reform in developing/transitioning economies. In line with international best practice, they shall also have particular knowledge of private real sector activities, including industrial development, and micro, small and medium size enterprises and their financing.

The term of the Board shall be (4) four years renewable.

The minimum qualifications of a Director are a Bachelors degree from an accredited college or university, and at least ten years of senior managerial experience in banking, finance, economics, industry, or investment management. Other specialized expertise may also be required, in particular for independent, external experts selected as Directors.

### **Section 7.03 Nomination and Election of Directors**

The General Assembly Meeting of the Company shall elect five full time Directors and five alternate Directors, in the manner described below:

- A. The Directors shall be experienced bankers or businessmen with experience relevant to the Company's business and operations;
- B. The Directors shall be members of the Board of Directors of a shareholder bank, as allowed by the Iraqi Company Law and CBI regulations.

### **Section 7.04 Removal**

Any Director or the entire Board of Directors may be removed, with cause, through a transparent and objective process by the holders of a majority of the shares then entitled to vote at an Annual or Special Meeting of the General Assembly.

### **Section 7.05 Vacancies**

- A. If a vacancy occurs in the Board of Directors, the Chairman shall appoint one of the alternate Directors chosen in order of priority, to serve the remainder of the term of the previous Director.
- B. If the Board of Directors loses over half of its Members at once, the Board shall be considered as dissolved. In such a case, a special meeting of the

General Assembly shall be convened within 30 days from this loss to elect a new Board

- C. A vacancy in the Board of Directors shall be deemed to exist in the event of the death, resignation, or removal of any Director.
- D. Any Director may resign effective upon giving written notice to the Chairman of the Board.

No reduction of the authorized number of Directors shall have the effect of removing any Director before the Director's term of office expires, except in the event of removal with cause through a transparent and objective process (Section 7.04).

#### **Section 7.06 Chairman of the Board**

- A. The Board of Directors shall elect from one of its Members, a Chairman of the Board.
- B. The Chairman's term is one (1) year renewable.
- C. The Chairman shall preside at all meetings of the Board of Directors; he shall see that all orders and resolutions of the Board are executed.
- D. The Chairman oversees the activities of the Board and the execution of its decisions by the Management of the Company.

#### **Section 7.07 Compensation**

Directors are not entitled to receive salary for their services. However, Directors may receive limited, fixed-sum fees for specific consulting services and for reimbursement of expenses, which must be approved by the General Assembly.

### **Section 7.08 Committees of the Board of Directors**

On the approval of the Board of Directors, the Chairman may appoint specialized Board Committees, as and when required, whose Terms of Reference would be determined by the Board. Recommendations from Committees must be reviewed and approved by the Board, except where the Board has delegated these authorities. The designation of any Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any Member thereof, of any responsibility or liability imposed upon it or him by law.

As applicable (Sections 7.02 and 7.03), the composition of the above Committees should be determined on the basis of the recommendations of the Board. The Board may also decide from time to time to establish additional Committees as required.

### **Section 7.09 Board Authorities**

To the extent allowed by law, the Board is empowered to control and supervise the management of the Company. The Board shall:

- A. Select or replace the Company's external Auditor, provided that notice thereof, together with an explanation of the reasons for the decision, is provided to and is ratified by the General Assembly;
- B. Ensure the preparation of the Annual Report on Company operations, finance, and its future plans, which shall be presented at the Annual General Assembly meeting;
- C. Ensure that a presentation of the external Auditor's report and the Auditor's opinion of the Company and its final accounts, and a presentation of an estimated budget for the following year, are made at the Annual General Assembly meeting;
- D. Establish the Treasury, Capital Expenditure, Risk, Debt Management, and other Policies of the Company;
- E. Call the Annual Meeting of the General Assembly for review and discussion of the Company's activities, the Annual Report, dividend distribution and reserve requirements for the previous year; and
- F. Approve all the Company's Operational Policies and Guidelines.
- G. The Board has the right to delegate certain authorities to the Board Chairman according to the provisions of Iraq's Company Law no. 21 of 1997, as amended in 2004.

### **Section 7.10 Contracts**

The Board of Directors may authorize the MD, the CFO, or specialized Agent(s), to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances.

### **Section 7.11 Loans**

No loans shall be contracted on behalf of the Company and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

### **Section 7.12 Checks and Drafts**

All checks, drafts, or other orders for the payment of money, issued in the name of the Company, shall be jointly signed by the MD and CFO of the Company. The Board may agree to establish a limit or threshold beyond which signature of a Board Member would also be required.

### **Section 7.13 Investments and Deposits**

All funds of the Company not otherwise employed shall be invested and managed in the best interests of the Company in accordance with the Treasury Management policy based on modern risk/return strategies as approved by the Board of Directors.

### **Section 7.14 Gifts**

The Board of Directors or the MD may accept, on behalf of the Company, any contribution, gift, bequest, or Donor contribution for the general purpose or for any special purposes of the Company. Any and all such acceptances will be for the exclusive use of the company or for company's business and must be disclosed in full in the Company's annual Financial Statements, and must be reported, as required by the appropriate Regulatory Authorities.

## **Article 8 Meetings of the Board of Directors**

### **Section 8.01 Regular Meetings**

The Board of Directors shall meet at least every two months. One or more Directors may participate in a meeting of the Board or a Committee of the Board by means of conference telephone or similar communications equipment such that all persons participating in the meeting can hear each other. Participation in this manner shall constitute presence in person at such meeting. Committees of the Board shall also meet periodically, under similar conditions to the Board's regular meetings.

### **Section 8.02 Special Meetings**

The Chairman, on two days notice to each Director, may call Special Meetings of the Board of Directors. The Managing Director shall call Special Meetings in like manner and on like notice on the written request of a majority of the Directors in office.

### **Section 8.03 Quorum**

Three of the Members of the Board of Directors, including the Chairman shall constitute a Quorum.

### **Section 8.04 Voting**

Except as otherwise provided in these By-Laws, a decision by a majority vote of the Directors present at a meeting at which a Quorum is present shall be the binding decision of the Board of Directors. In the event of a tied vote, the vote of the Chairman would be determinative.

### **Section 8.05 Minutes of Proceedings**

The proceedings of the Board should be comprehensively noted in minutes recorded in a special register maintained by the Secretary of the Board, at the Company's registered headquarters. These minutes must be signed by all the Directors who were present at the proceedings and be available for inspection by the Shareholders and the Regulatory Authorities at all times.

## **Article 9 Officers of the Company**

### **Section 9.01 Officers of the Company**

The Board of Directors shall identify potential Officers with the appropriate knowledge, competencies and expertise to manage the Company.

### **Section 9.02 Election and Term of Officers**

Officers of the Company shall be ratified annually by the Board of Directors and each Officer shall hold office for one year or until his successor shall have been elected and qualified. A vacancy in office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors. The Board of Directors may, at its discretion, enter into an employment contract with an individual Officer for a longer period of time (up to three years (3)) which may be renewed by the Board.

### **Section 9.03 Compensation**

The Board of Directors shall fix the compensation of key officers, including the Managing Director as well as the CFO, the Risk Manager, the Marketing Manager, and the HR Manager.

### **Section 9.04 Managing Director**

The Managing Director (MD) shall be the principle strategic manager of the Company and is appointed by the Board of Directors. He shall ensure that the operational implementation of the Board-approved business strategies and plans is carried out in accordance with the Board's decisions. He shall sign with the Secretary of the Board or any other proper Officer of the Company thereunto

authorized by the Board of Directors, the following: deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to another Officer of the Company, or shall be required by law to be otherwise signed or executed. In general he shall be required to countersign, along with the Risk Manager, all principal agreements of the Company, specifically:

- a. Agreements with specific banks or MFIs to participate in the loan guarantee products provided by the Company;
- b. Approval of individual SME and MFI loan guarantees; and
- c. Approval of claims for payment against individual SME and MFI loan guarantees.

The approval of SME and MFI loan guarantees shall be governed according to policies "The Policies" approved and amended from time to time by the Board.

He/she shall also perform such other duties incident to the role of MD as may be prescribed by the Board of Directors from time to time.

He/she shall plan, control, and supervise all of the operational, day to day business affairs of the Company, including the direction and oversight of all branch offices. He/she shall make recommendations to the Board and implement Board-approved eligibility criteria for individual banks to participate in the guarantees, products and services provided by the Company, which would be based on international best practice. Similarly, he/she shall make recommendations to the Board and implement Board-approved eligibility criteria pertaining to MFIs, which also would be based on best practices internationally (Article 11). He/she will define and establish training programs for staff of the Company and for Participating Bank employees in modern, cash-flow based credit appraisal, marketing and in specialized topics on loan guarantees, risk (interest rate, foreign exchange, other) and other progressive banking and guarantee topics. He/she shall develop the initial detailed 3-year business plan of the Company and related recommendations on:

- A. staffing, including as priority, hiring of key officers of the company;
- B. product differentiation
- C. fees and pricing
- D. business development
- E. IT
- F. reporting and compliance
- G. audit (internal and external)
- H. budget
- I. marketing, outreach and branches

**J. operational policies, procedures and related forms**

He/she will revise and update the business plan, based on actual implementation experiences and lessons learned, and will provide such revisions, recommendations and feedback to the Board on an annual basis, with intermittent and quarterly updates. He/she shall attend Board Meetings and shall be called upon to report and elaborate on the past and projected activities and related information contained in his/her updates and Annual Reports.

He/she shall see that all books, reports and certificates required by law are properly kept and filed.

**Section 9.05 Secretary**

The Secretary shall:

- a. draft and maintain the comprehensive Minutes of the meetings of the Board of Directors and of all Board Committees;
- b. ensure that all notices are duly given in accordance with the provisions of the By-Laws (at least 5 days notice) or as required by law;
- c. act as custodian of the corporate records, the membership roll book and seal of the Company, and ensure that the seal is affixed to all documents the execution of which on behalf of the Company under its seal is duly authorized.

He/she shall, in general, perform all duties incident to the Office of Secretary and such other duties as from time to time may be assigned to the Secretary by the MD or by the Board of Directors.

**Section 9.06 Chief Financial Officer (CFO)**

The CFO/Treasurer shall be responsible for the management, reporting and control of all funds and securities of the Company, including:

- A. cash management,
- B. investment management,
- C. bank account management, and
- D. accounting.

He/she shall, in general, perform all of the duties, incident to the office of CFO/Treasurer (including, among others, signing off on all Financial Statements) and such other duties as from time to time may be assigned to him/her by the MD or by the Board of Directors.

### **Section 9.07 Risk Manager (RM)**

The RM shall be responsible for the management, reporting and control of all risks in relation to the Company, including:

- A. claims handling and recovery,
- B. analysis of guarantees, and
- C. management of all other risks.

He/she shall, in general, perform all of the duties, incident to the office of RM (including, among others, the management of Credit Risks and Operational Risks in accordance with the risk management policy of the Company and such other duties as from time to time may be assigned to him/her by the MD or by the Board of Directors.

### **Section 9.08 HR and Administrative Manager (HAM)**

The HAM shall be responsible for the management and reporting of all HR and administrative issues of the Company, including:

- A. Management Information Systems and IT,
- B. Procurement, maintenance and transportation, and
- C. HR Development.

He/she shall, in general, perform all of the duties, incident to the office of the HAM (including, among others, keeping a good standard of the MIS and professional staff capacity to perform the tasks of the Company) and such other duties as from time to time may be assigned to him/her by the MD or by the Board of Directors.

### **Section 9.09 Marketing Manager (MM)**

The MM shall be responsible for the management and reporting of all marketing activities of the Company, including an active relationship with the shareholders and participating banks and to execute appropriate marketing measures to enlarge the number of shareholders and participating banks as well as to increase the awareness of SMEs, the general public and the GOI, about the mission of the company to enhance access to credit to the private sector businesses.

He/she shall, in general, perform all of the duties, incident to the office of MM and such other duties as from time to time may be assigned to him/her by the MD or by the Board of Directors.

### **Section 9.10 Management Committees**

The Management may form, as and when required, specialized Management Committees.

## **Article 10 Guarantee Operations**

### **Section 10.01 Selection of Participating Banks (PB) and MFIs**

The Board will develop policies establishing Participating Bank eligibility criteria by which private commercial banks operating in Iraq would need to adhere in order to be eligible to submit guarantee applications to ICBG for approval. The policies may also specify certain conditions under which banks may be excluded from participating in the guarantee program. Eligible banks shall be invited to sign a standard agreement (the "Participating Bank Agreement") to participate in the guarantee products offered, and to become Participating Banks.

The policies governing Participating Banks will be reviewed by the Board of Directors annually.

MFIs interested in participating in the MFI guarantees offered by ICBG shall also be required to comply with eligibility criteria for MFIs that are based on international best practices and Iraqi laws and regulations governing the operations of MFIs. The ICBG policies governing eligibility criteria for MFIs will be developed by the ICBG and approved by its Board.

If a PB or MFI no longer meets the eligibility criteria when reviewed, its participation may be reconsidered when it again meets the eligibility criteria. If a PB or MFI is

found to be no longer eligible to participate, new guarantees may not be approved for it until such time as it again meets the Participating Bank eligibility criteria.

## | Section 10.02 Participating Bank Agreements

Each Participating Bank must adhere to the Company's Policies and Guidelines, which shall be based on these By-Laws, and must sign a standard Participating Bank Agreement with the Company which will clearly set out the following:

- A. The obligations of the Participating Bank and its borrowers in relation to the credit criteria and conditions of the loans;
- B. Details of the credit appraisal and results that should be conducted by the Participating Banks prior to requesting Company guarantees, and the selected documents to be attached to the Company guarantee application;
- C. Matters relating to enforcement of loan agreement conditions (repayment, collections, and collateral, in particular);
- D. How repayments and, where relevant, the proceeds of security will be shared between the Participating Bank and the Company;
- E. Other relevant administrative and/or credit policy/management matters specific to that Participating Bank;
- F. Reporting obligations of the Participating Bank to the Company; and
- G. Status of the Participating Bank's compliance with regulatory and prudential standards of the CBI.

The standard Participating Bank Agreement may be revised by the Board of the Company from time to time to reflect lessons learned, changing circumstances, Board decisions, Donor or investor requirements, or evolving international best practice.

The ICBG Board may decide to introduce ceilings for individual PBs or the guarantee program overall based on: (i) the financial strength of individual PBs; (ii) PB compliance with its agreement with the ICBG; (iii) PB compliance with applicable regulatory requirements for banks in Iraq; (iv) PB loan guarantee demand (of an individual PB or of the PBs overall); and/or (v) ICBG's actual or potential exposure to claims from individual PBs.

### **Section 10.03 Eligibility Criteria for SMEs**

In order to be eligible for Company loan guarantees, SME loan proposals presented for guarantees by Participating Banks must conform to ICBG policies.

### **Section 10.04 (a) SME Loan Eligibility Criteria**

In addition to the above and in line with the company's overall Strategic Framework, the Participating Banks must ensure that loans submitted for Company loan guarantees are in compliance with ICBG policies

All eligibility criteria related to SME's and SME loan guarantees, and bank participation shall be approved by the Board and elaborated in the Company's Policies.

### **Section 10.04 (b) - MFI Loan Portfolio Guarantee Eligibility Criteria**

The policies governing eligibility criteria for guaranteeing MFI portfolios shall be established by the Company's Board of Directors and shall be based on international best practice and standards, as related to MFIs and applicable regulations.

### **Section 10.04 (c) - Currency/Interest Rate/Tenor - Exposure and Matching**

The guarantee cover for SME loans and for MFI portfolios provided by the Company will be in Iraqi Dinars or in US Dollars in line with a Board-approved prudent policy of foreign risk management, applicable to the Company's operational and investment risk strategies.

### **Section 10.05 Activities Excluded from Guarantee Programs**

Excluded activities are described in the operating policies of the company "The Policies"

## **Article 11 General Provisions**

### **Section 11.01 Indemnification**

All Directors, Officers and Employees of the Company may be held individually and severally liable for claims arising from the mismanagement or misappropriation of Company funds or guarantees, in line with international guidelines of Corporate Governance and Codes of Ethics, and with prevailing Iraqi laws.

The Board of Directors shall have the right and power to purchase and maintain insurance on behalf of any person who is or was a Director, Officer, Employee or Agent of the Company, or is or was serving at the request of the Company as Director, Officer, Employee or Agent of another Company, partnership, joint-venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify him against such liability.

### **Section 11.02 Fiscal Year**

The fiscal year of the Company starts on January 1 (one) and ends on December 31 (thirty one) of every year.

### **Section 11.03 Books and Records**

The Company shall keep correct and complete books and records in accordance with Iraqi law and international standards, and shall also keep Minutes of the proceedings of the General Assembly, Board of Directors and Committees having any of the authority of the Board of Directors. The books, records, papers and By-Laws of the Company shall at all times, be subject to inspection by any Director, Shareholder, Auditor or Regulatory Authority at the Headquarters office of the Company, during normal business hours.

### **Section 11.04 Non-discrimination Policy**

In general, within the Company and in considering loan guarantees, the Company will take care that it will not discriminate in any way with regard to gender, nationality, race, religion, ethnic origin, sect or handicap. It shall require all Participating Banks and MFIs to confirm their own commitments to such non-discrimination policy.

### **Section 11.05 Code of Ethics**

The Board of Directors shall implement a Code of Ethics governing all Directors, Officers, and Employees. The Code of Ethics will be in line with international guidelines of Corporate Governance and Codes of Ethics and with Iraqi law.

### **Article 12 Auditing**

The external Auditor should be retained for a period of not less than one (1) year. Any proposed change of the Auditors shall be fully justified and explained to the Shareholders by the Board of the Company and by the Auditors, and must be ratified by the General Assembly.

The Company's Auditors shall enjoy full access to the Board, non-Owner Directors, all Managers and Employees, and to all information of the Company.

The Auditor, or any member of the audit firm, shall not be an Administrator, Owner, Affiliate, Employee, Agent or representative of the Company and shall not have any interest in the Company.

The Auditor shall not provide services to the Company that are connected with the internal audit function of the Company, except occasionally for training purposes.

The Audit should be accomplished annually, on a consolidated basis in accordance with internationally accepted accounting and auditing standards, the requirements of the Central Bank of Iraq, and of other Iraqi Regulatory Authorities. The Audit Report shall include a statement on the management and operations of the Company and its financial condition, as well as the integrity of its financial reporting and information systems, and Auditor's Opinion.

The external Auditor shall observe professional and Company confidentiality requirements, provided that the Auditor shall not incur legal liability for the disclosure of confidential information concerning the Company or the Company's customers that the Auditor provides in good faith to the Central Bank of Iraq under the Banking Law no.94 of 2004.

## **Article 13 Confidentiality**

As stated in the Code of Ethics adopted by the ICBG, It shall be prohibited for any current or former Administrator, Officer, Employee or Agent of the Company to provide information or statements on customer's transactions, or to disclose or enable a third party to examine such information and statements in other than those cases permitted by these By-Laws.

## **Article 14 Disclosure of Personal Interest**

### **Section 14.01**

Each Director or Company Officer shall disclose, in full to the Board of Directors, any personal financial interest, direct or indirect, that the Director or Officer may have. Each also must disclose the same information for all individuals in the Director's or Officer's household. Subject to Section 14.02 of this Article, such written disclosure shall be made by the Director or Officer prior to appointment or election, and annually thereafter, in accordance with internationally recognized Corporate Governance Guidelines, Iraqi Law, and Ethical Guidelines adopted by the Board of Directors.

### **Section 14.02**

Whenever any matter related to such personal interest comes up for discussion by the Board of Directors or in any other Committee or working group of the Company with decision-making authority, the Director or Officer concerned shall disclose the interest at the beginning of the discussion and shall excuse himself from participating in any related discussion and decision on such matter. The Director or Officer shall not be present or counted for the purpose of constituting a Quorum on the matter at hand.

## **Article 15 Discrepancy between English and Arabic Version**

If there is any discrepancy between the English version and the Arabic version of these By-Laws, the Arabic version shall prevail.