

Paid Capital IQD 7,877,141 Billions

Summary

The Iraqi Company for Bank Guarantees is a non-banking financial services company.

The company was established in March 2006 as a limited liability company (LLC) owned by 11 private banks with license No. **9\3\3666 in 09\18\2008 issued by The Central Bank of Iraq** to provide guarantees of up to 75% of loans given by the participating banks. The loans sizes granted by participating banks are in the ID equivalent range of from \$5,000 to \$250,000.

And its guarantee fund has been further supplemented by a USAID grant in the amount USD 5 million.

ICBG charges a 2% fees annually on the portion of loan. This is presented as revenue from operating activities

Our main income comes from investing our guarantee fund capital in term deposits with our participating banks.

The main task of the company is to facilitate SME lending activities of membership banks, and thus open new possibilities for generation of profits In addition, this will create jobs opportunities and develop the Iraqi economy.

The company deals with two kinds of environments, Internal and External thus the internal is under controlled for it represent the structure and the bylaws of the company but the External represent the political and security situation as long as economy which is out of our control and it affect our activities especially security and CBI regulations in Overnight rate throw 2007-2008-2009 which encouraged the investment policy of the privet banks instead of credit policy.

In all this circumstances we manage to build our structure and to maintain relationships with our banks, the support of USAID with \$ 5 million for loan defaults as a grant encourage banks to give loans and established a fortress balance sheet for the company.

The company headquarter is located in Iraq\ Baghdad\ Krada district\Nadhal Street\Mousel Bank-Baghdad Branch Building\ Second Floor.

By the recommendation of the general assembly and the approval of the Central Bank of Iraq (reference No.9/3/1974 dated 7 May 2009) and the approval of Ministry of Trade /Companies Registration Dated September, 16, 2009 the statue **is changed From LLC to JSC.**

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Guarantee Fund

ICBG received a grant of \$ 5 million from the USAID to cover guarantees defaults and to built solid financial situation so that shareholders equity will not be related to any default repayment

Income and social security tax

The company follows all the Iraqi laws regarding:

- **Gains**
- **Direct deduction \ for employee's tax**
- **Social security**

Revenue

Our main revenue comes from:

- **Operational Revenue** – The 2% fees taken from the guaranteed portion of loans
- **Investment revenue** - The interest from our deposits in our participating banks

Revenue is measured at the fair value of the consideration received or receivable

Capital

The company started with 5,450 Iraqi Billion Dinars in year 2006 as LLC increased to 7,000 Iraqi Billion Dinars in year 2009 and change its statue to JSC with shareholders as:

14 Banks
1 financial company
16 individual

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Risk Management

Due the increase in our guarantees and to maintain update with our participating banks the risk management follows Procedures based on:

- Evaluate quality of loans underlying the guarantees and assign risk ratings by assigning portfolios; scheduling, conducting and overseeing loan reviews; studying verification system information; generating reports.
- Develop loan documentation and tracking system.
- Keep ICBG management, board of directors informed by designing, generating and presenting reports regarding loans and loan guarantees that need special attention.
- Maintain loan guarantee policies and procedures by assessing lending practices; recommending changes.
- Reduce charge-offs, nonperforming assets, and delinquencies by identifying deteriorating credit situations; assessing action plans; evaluating loan documentation system, collateral and structure; providing technical advice to lending personnel in banks.
- Control guaranteed lending operations by conducting field audits on all guaranteed loans; reviewing reports on audit results; ensure participating banks maintain secured lending policies and procedures.
- Maintain customer confidence and protect operations by keeping information confidential.
- Complete guarantee applications by adhering to established Guarantee risk management standards.
- Determine degree of risk by examining application forms, inspection reports, and other reports.

Governance

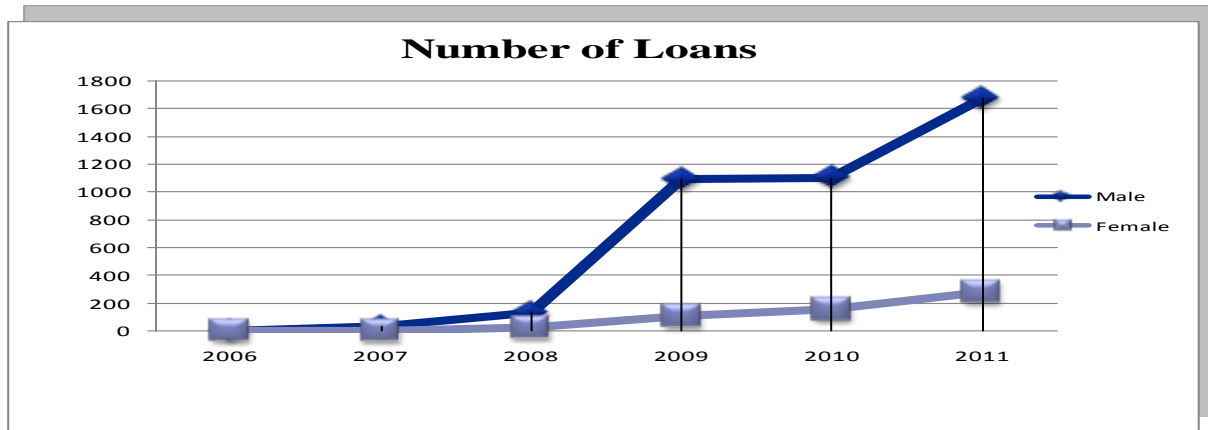
Our governance depends on such policies approved by the Board as our Gaudi line in our daily work and these policies determine all employee activities and their rights such as:

- Management committee
- Human Resource
- Code of Ethics
- Treasure Management
- Procurements Policy
- Participating Bank Agreement
- Guarantee Agreement
- Environment Policy
- Job Description

Number of Loans by Gender

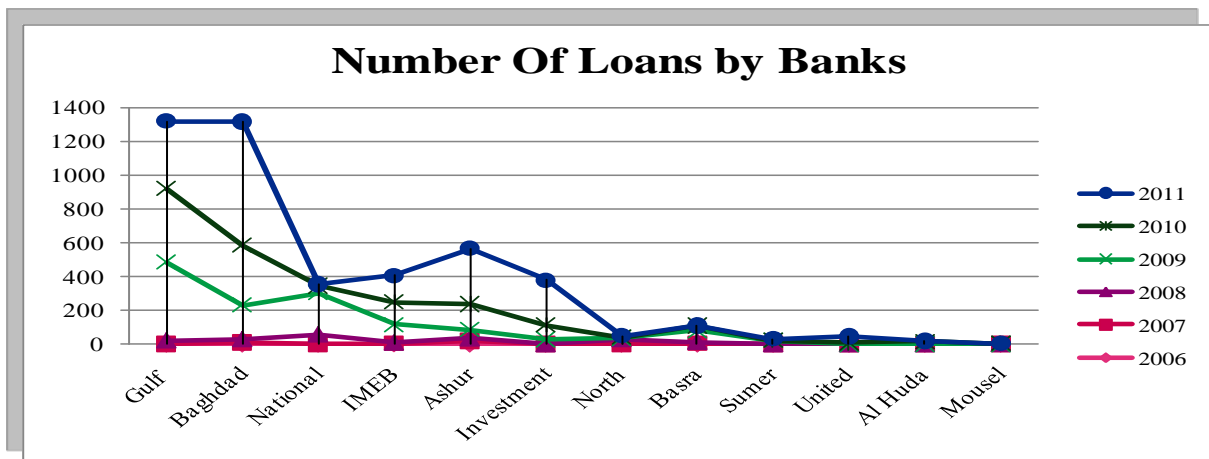
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Gender	2006	2007	2008	2009	2010	2011	Total
Male	1	35	132	1093	1104	1678	4043
Female	0	2	23	105	153	281	564
Total	1	37	155	1198	1257	1959	4607



Number Of Loans by Banks

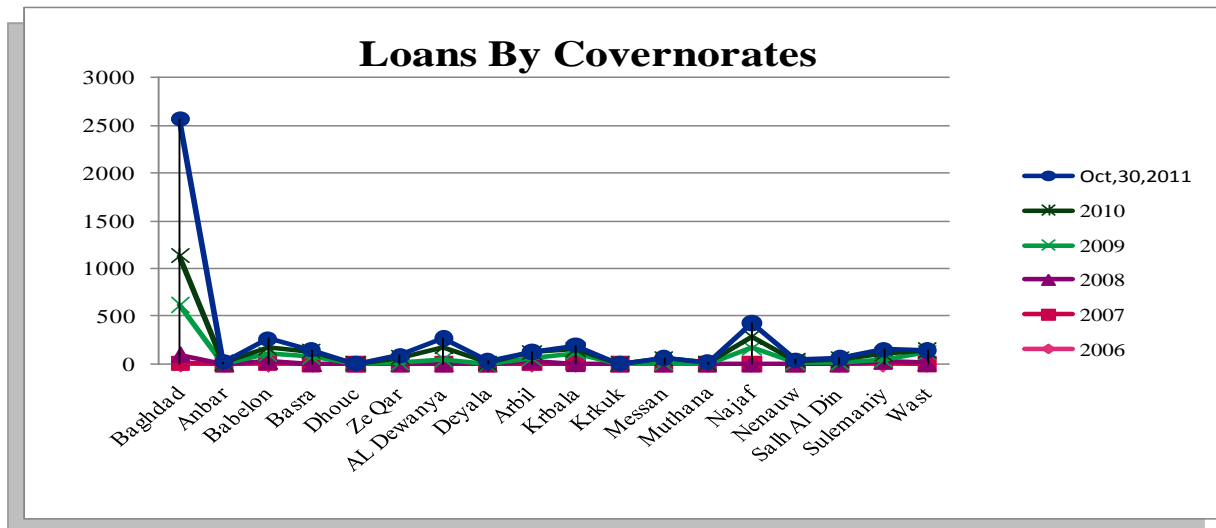
Banks	2006	2007	2008	2009	2010	2011	Total
Gulf	0	0	22	464	435	399	1320
Baghdad	0	10	19	202	353	731	1315
National	0	0	56	248	41	11	356
IMEB	1	3	5	107	133	158	407
Ashur	0	20	13	52	152	331	568
Investment	0	0	0	29	84	266	379
North	0	0	29	8	3	11	51
Basra	0	3	11	67	28	0	109
Sumer	0	0	0	21	0	10	31
United	0	0	0	0	11	37	48
Al Huda	0	0	0	0	15	5	20
Mousel	0	1	0	0	2	0	3
Total	1	37	155	1198	1257	1959	4607



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Loans By Governorates

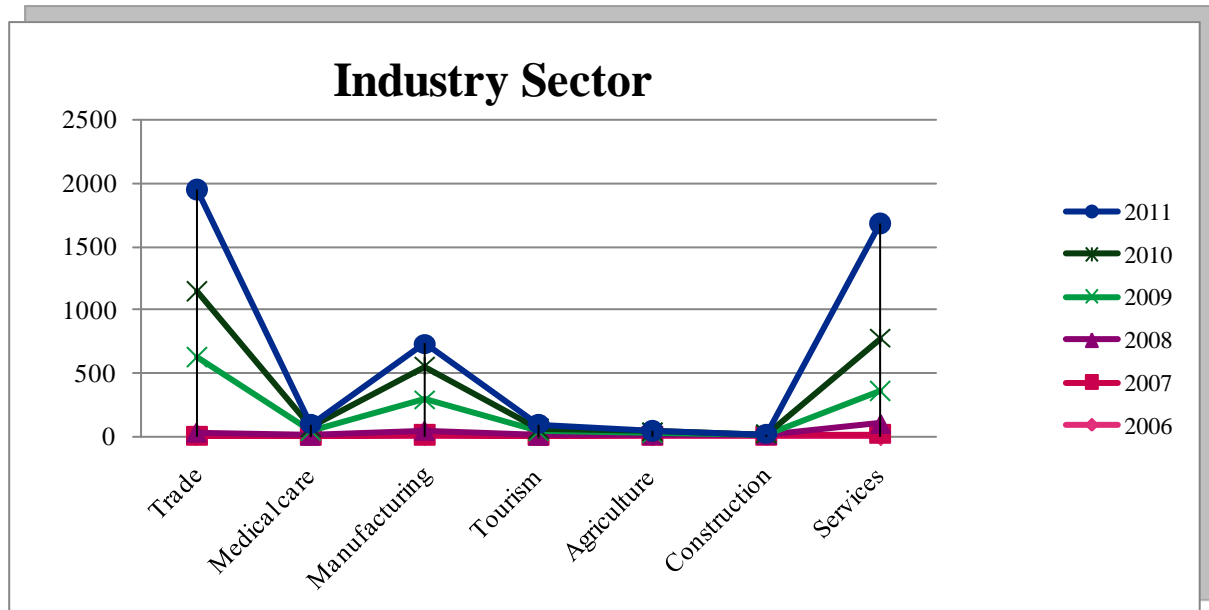
Governorate	2006	2007	2008	2009	2010	2011	Total
Baghdad	1	7	90	523	514	1431	2566
Anbar	0	0	0	1	14	3	18
Babelon	0	8	17	76	73	90	264
Basra	0	0	3	71	54	19	147
Dhouc	0	0	0	1	2	0	3
Ze Qar	0	0	1	11	55	21	88
AL Dewanya	0	0	0	47	132	88	267
Deyala	0	0	0	0	6	22	28
Arbil	0	2	27	27	63	8	127
Krbala	0	2	1	109	39	44	195
Krkuk	0	0	0	1	0	2	3
Messan	0	0	0	5	50	8	63
Muthana	0	0	0	5	4	8	17
Najaf	0	0	1	166	117	142	426
Nenauw	0	0	0	12	22	6	40
Salh Al Din	0	0	0	12	34	17	63
Sulemaniy	0	19	8	15	61	47	150
Wast	0	0	7	115	17	3	142
Total	1	38	155	1197	1257	1959	4607



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Industry Sector

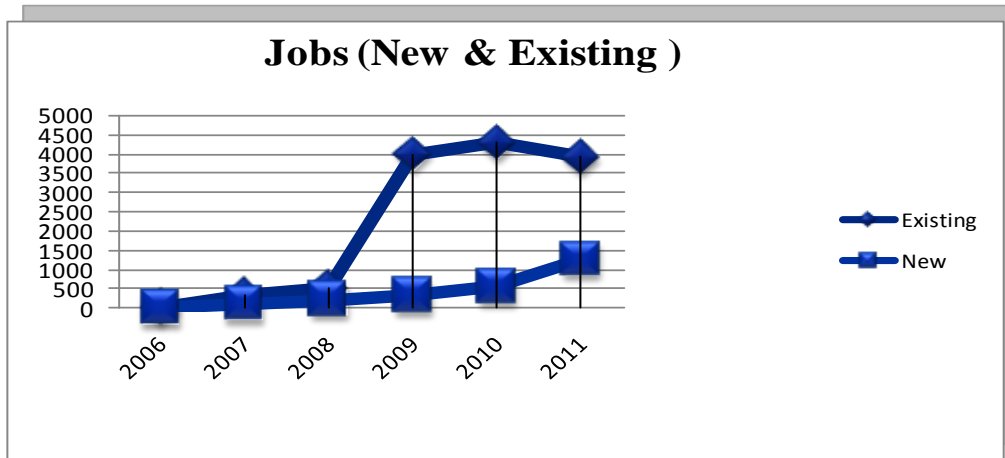
Sectors	2006	2007	2008	2009	2010	2011	Total
Trade	0	2	26	598	521	803	1950
Medical care	0	1	2	41	22	30	96
Manufacturing	0	10	33	245	265	176	729
Tourism	0	2	1	32	23	38	96
Agriculture	0	4	3	20	8	5	40
Construction	1	5	4	4	0	0	14
Services	0	13	86	258	418	907	1682
Total	1	37	155	1198	1257	1959	4607



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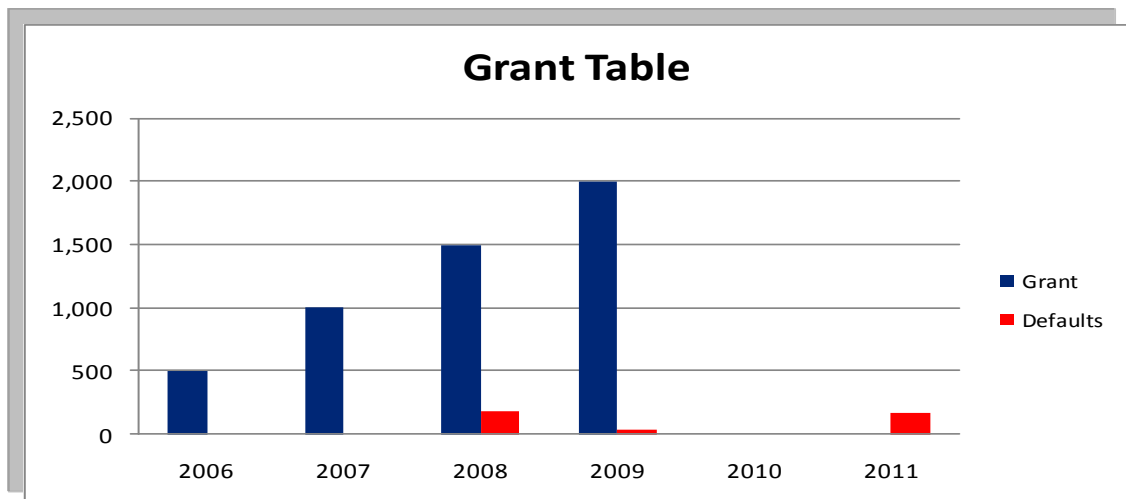
Jobs (New & Existing)

Jobs	2006	2007	2008	2009	2010	2011	Total
Existing	3	344	506	3996	4297	3918	13064
New	1	106	210	314	540	1259	2430
Total	0	450	716	4310	4837	5177	15490



Grant Table (000) \$

	(000) \$							IQD(000)
	2006	2007	2008	2009	2010	2011	Total	
Grant	500	1000	1,500	2,000	0	0	5,000	5,941,220
Defaults	0	0	188	40		163	391	458,836
Balance	0	500	1,000	1,960	0	0	4,609	5,482,384



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ICBG & Banks Portfolio Reconciliation As of Dec, 2011

(000) IQD

Banks	Banks Portfolio	ICBG Portfolio
Gulf	5,641,941	4,231,456
Baghdad	3,906,517	2,929,888
National	322,843	242,132
IMEB	1,708,790	1,281,593
Ashur	3,409,004	2,556,753
Investment	3,307,821	2,480,866
North	89,185	66,889
Basra	141,643	106,232
Sumer	85,058	63,794
United	417,591	313,193
Al Huda	155,774	116,831
Total	19,186,167	14,389,625

