

Eng. Wadie Noori Al-Handal's Speech

1. The Iraqi Banks at present

The Iraqi Private Banks for the time being are sustained by lucid stumbling in their performance in resultant of the deteriorate security situation in the Country that is reflected on:

- 1/1 Little deposits in the Banks are consequence by drawing them by their owners abroad.
- 1/2 The whole business in Iraq is generally affected on granting banking credit and is also not demanding for credit.
- 1/3 This is obviously affected on achieved profits of some banks which diminished on the previous years definitely on the year 2005 by a very large percentage.

2. Nation Support to Banking Sector

To keep on the performance of the banks, The Central Bank of Iraq has increased the interests up to 20% on the banks' deposits which is more than the previous years that were not more than 4.5%.

This increment is as an encouragement and an incitement on the deposits by increasing the percentage of the interests on saving accounts, fixed deposits to attract the citizens' deposits.

This purpose is for drawing a large quantity of the currency circulation for limiting the occurrence of the inflation.

The Central Bank of Iraq has established an auction for Dollars to support the Iraqi Dinar which it's price was about 1500 Iraqi Dinar to one Dollar whereas becomes now in about 1265 Iraqi Dinar to one Dollar, so this will affect positively on the price of the Iraqi Dinar that we hope will become 1250 Iraqi Dinar to one Dollar.

3. Our Opinions and Suggestions for Developing the Iraqi Banks

- 3/1 For raising the banking business there must be a sort of legality competition among the banks.
- 3/2 Accompany the outcome development in the foreign banks such as communication, using developed systems in the banking business and in the international measurements.

3/3 Concluding regular meetings among the responsible of the Banks to be aware of the problems that cross the banking business and find the treatment to each problem individually and this is the responsibility of The Private Iraqi Banks Association.

3/4 There are a large percentage of banking manpower really in need of training courses of various banking knowledge and on the top of that the loan in accordance with international measurements as mentioned in Bezel 2 , that is directly depending on analyzing the balances, the flow currency and documentary credit according with the international measurements.

I, actually confirm here on the role of The Private Iraqi Banks Association which is fall upon her a big burden on the topic of training and ensuring experience lecturers from the Iraqi Universities.

4. **The Iraqi Company for Banking Guarantee (ICBG)**

- (*) The ICBG has been established by (11) Iraqi private banks and commenced its business operations on 1st November,2006
- (*) SME loan guarantee applications approved to date in the amount of USD 280,000
- (*) The Central Bank of Iraq supports its development in recognition of the important role that the ICBG plays in supporting private sector development through the provision of guaranteed loans to Iraqi SME's.
- (*) The ICBG has signed a Minutes Of Understanding with the Jordanian Loan Guarantee Corporation for a mutual cooperation on an operational level including training and information technology issues.
- (*) **ICBG's Objective**
 - Supporting commercial bank lending to Small and Medium Enterprises (SME's) through the provision of loan guarantees.

- Enhance access to credit from private banks for eligible Iraqi SME's.
- Support the use of modern credit methods and sound banking practices in providing loans to SME's.

(*) **How to Access the Guarantee Program**

The SME borrower requests a loan from its bank which must be a participating bank with the ICBG.

(*) The Bank performs normal due diligence on the application and project cash flow projections.

(*) The Bank's credit committee then decides whether to submit the application package to the ICBG for guarantee coverage.

(*) **Guarantees Offered**

- Guaranteed amount up to maximum of 75% of the approved loan, accrued interest is guaranteed for a period not exceeding 90 days.
- ICBG will guarantee loans with volumes ranging between the ID equivalent of USD 5000 and USD 250000
- A 2% Guarantee Fee is charged per annum on the guaranteed portion of the loan and accrued interest. The fee is calculated and payable on the reducing balance.
- Loans with terms of up to (5) years can be guaranteed to any business that is not "excluded".

(*) **Focused Training for Partner Banks**

- Training Courses for Credit Department Personnel.
- Training Courses for Senior Managers.