



Bank Establishment:

Al- Marj International Money Transfer is an Iraqi private shareholding company that was established in 2009 under the incorporation license number M. SH/01-69098 dated 19/4/2009 with its main office is in Baghdad, with a capital of (IQD 5) Billion. This capital was increased to (IQD 10) Billion, then to (IQD 30) Billion, and finally to (IQD 100) Billion by virtue of the Companies Registrar letter No. 23821 dated 04/11/2015. The name of the company was changed from (Al- Marj International Money Transfer- Private Shareholding Company) to (Trust International Islamic Bank- Private Shareholding Company) with a capital of (IQD 100) Billion, by virtue of procedures completion letter No. 4844 dated 9/03/2016 issued by the Ministry of trade – Companies Registrar.

Pursuant to the decision of the General Assembly in the session held on 29/4/2017, the Bank's capital was increased by (IQD 150) billion to (IQD 250) billion through public offering, which was fully covered, noting that the Bank completed all the procedures related to this increase by virtue of the letter of the Ministry of Trade / Companies Registrar No. SH/H/01-27721 dated 13/9/2017.

Our Vision

The leading Islamic bank.

Our Mission

To offer a variety of modern Islamic banking products and services, in all sectors and governorates, to a wide customer base, with a broad coverage of Islamic financing formulas and local and international banking services, in addition to adopting creative and innovative solutions, achieving financial inclusion and protecting the public while complying with our great Islamic Sharia, the law and international standards and implementing comprehensive quality requirements.

Our Core Values

- Sincere compliance with Sharia.
- Financial inclusion and protection of the public.
- Disclosure and transparency for financial customers.
- The customer is a strategic partner.
- Ensuring the confidentiality of customers' transactions.
- Reaching various segments of customers through our network of branches and offices.
- Offering a variety of creative Islamic banking solutions.
- Employing modern technology in our operations, products and services.
- Excellence and innovation in service provision.
- Teamwork.
- Professionalism in modern banking activities.
- Determination to change, grow and develop.



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Board of Directors





Chairman of the Board of Directors

Mr. Mohammad Muslim Jarallah Al-Baidani

Deputy Chairman of the Board of Directors

Mr. Saadi Ahmad Habib Al-Obaidi

Members of the Board of Directors

Mr. Dhamen Taymour Ali Al-Wakeel

Mrs. Esraa' Ali Muhyiddeen

Mrs. Sabiha Eidan Abbas Al-Wani

Mr. Latif Hamid Alwan Al-Qaragholi

Mr. Mohammad Saad Mohammad Al-Obaidi

Managing Director

Mr. Latif Hamid Alwan Al-Qaragholi

Auditors

Firas I. Korban Ali & Co.



Statement of the Chairman of the Board of Directors



Mohammad Muslim Jarallah
Chairman of the Board of Directors of Trust International Islamic Bank

On behalf of the members of the Board of Directors, I would like to express my thanks and gratitude for answering the invitation to attend the Bank's General Assembly meeting to discuss the items on its agenda.

Dear shareholders,

I am pleased to present to you the Annual Report of Trust International Islamic Bank which includes the financial statements for the year ended December 31, 2022 and the Bank's main achievements and future objectives, in accordance with the relevant laws and instructions of the Central Bank of Iraq, including the corporate governance rules, disclosure and transparency policy, International Financial Reporting Standards and Islamic Accounting Standards.

Trust International Islamic Bank has continued its journey of offering the best banking services to citizens and government and private institutions, driven by its executive management's efforts based on the plans and directions of the Board of Directors under the supervision of the central Bank of Iraq.

The financial statements show that the Bank's total assets reached approximately (IQD 456) billion, compared to (IQD 410) billion in 2021, with a growth rate of (11.13%). The Bank achieved approximately (IQD 8.3) billion in profit before tax and provisions, compared to IQD (4.4) billion in the previous year, with a growth rate of approximately (86%). However, the Bank's net loss after tax and provisions reached approximately (IQD 272) million due to creating additional provisions in 2022 for the sum of (IQD 5.8) billion that were charged to profit and loss; bringing the total provision for expected credit loss to approximately (IQD 10.96) billion.

Dear shareholders,

Based on the general strategic outlook and directives of the Bank and in line with the Bank's strategic vision and mission, values and competitive advantage, the Bank's strategic budget included the future aspirations of the Board of Directors to enhance its competitive position and increase its market share by offering best Sharia-compliant banking practices and services to our customers and working on key financial ratios within the requirements of regulatory authorities and international standards.

As for local economy, IMF report revealed that the economic growth rate in Iraq reached (9.3%) as a result of the increasing global demand on crude oil and natural gas, as Iraq ranked first among Arab countries and second worldwide in terms of the expected GDP growth rate for the current year based on IMF rankings in the "Global



Economy Outlook” report issued in October 2022. Furthermore, removing Iraq from the List of Non-compliant Countries and Grey List by the World Bank and European Union, respectively, may also improve the prospects of the local banking sector in the upcoming period.

Dear shareholders,

On behalf of the members of the Board of Directors, I would like to extend my thanks and appreciation to our customers and shareholders for their confidence in us, and to our employees for the efforts they exerted in order to ensure the success of our Bank and improve the quality of its banking services.

I would also like to thank the Bank’s Sharia Supervisory Board for its continuous support to ensure that our transactions are in compliance with Islamic Sharia. My thanks also go to the representatives of the Central Bank of Iraq and Companies Registration Department for their continuous presence and communication.

Finally, I would like to extend my thanks and gratitude to the Central Bank of Iraq, our main supporter, for the wise and constant directions that aim at developing the banking sector and play a key role in enhancing the confidence of customers of banks in general, and private banks in particular and help stimulate national economy.

We pray to Allah the Almighty to guide and enable us to serve our beloved country.

Yours sincerely,
Chairman of the Board of Directors of Trust International Islamic Bank
Mohammad Muslim Jarallah



Board of Directors' Report



Board of Directors' Report on the Consolidated Financial Statements for the Year Ended December 31, 2022 In accordance with articles (117) and (134) of the Companies Law No. (21) for 1997 as amended.



Board of Directors' Report

Bank Establishment:

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Bank's Rating:

On November 30, 2022, the Bank received the following ratings by the Islamic International Rating Agency / Bahrain:

- Credit rating - International – LCY (LT / ST) B/B
- Credit rating - International – FCY (LT / ST) B/B
- Outlook - International Stable
- Credit rating – National (LT / ST) BBB+/A 3
- Outlook – National Stable



Board of Directors

Original Members of the Board of Directors:



Mr. Mohammad Muslim Jarallah Al-Baidani

Chairman of the Board of Directors

Appointment / Resignation:
20/4/2017

Education:
Economy and Management / Mustansiriyah University

Practical Experience:

- Al- Marj International Money Transfer – Managing Director
- Trust International Islamic Bank – Managing Director
- Trust International Islamic Bank – Chairman of the Board of Directors



Mr. Saadi Ahmad Habib Al-Obaidi

Deputy Chairman of the Board of Directors

Appointment / Resignation:
20/4/2017

Education:
Control and Systems Engineering / University of Technology

Practical Experience:

- Al- Marj International Money Transfer – Member of the Board of Directors
- Trust International Islamic Bank – Deputy Chairman of the Board of Directors



Mr. Latif Hameed Alwan

Managing Director - Member of the Board of Directors

Appointment / Resignation:
10/10/2019

Education:
Bachelor of Arts / Islamic Sciences

Practical Experience:

- Long banking experience at the Central Bank of Iraq (40 years)
- Assistant Director General – Central Bank of Iraq
- Adequate knowledge of technical and administrative matters
- Managing Director of Trust International Islamic Bank – Member of the Board of Directors



Mr. Mohammad Saad Mohammad

Member of the Board of Directors – First Assistant Managing Director

Appointment / Resignation:
1/5/2017

Education:
Bachelor of English Literature

Practical Experience:

- United Bank – Transfer, SWIFT and DC Department (2006 – 2013)
- National Bank of Iraq – Transfer and SWIFT
- Al- Marj International Money Transfer – Head of the Compliance Department
- Trust International Islamic Bank – Head of the Public Awareness and Protection Department
- Trust International Islamic Bank – First Assistant Managing Director
- Trust International Islamic Bank – Member of the Board of Directors



Board of Directors' Report



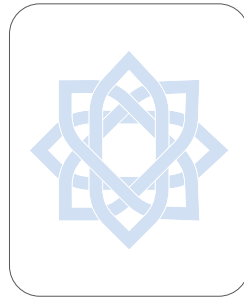
Mr. Dhamen Taymour Ali Al-Wakeel

Member of the Board of Directors

Appointment / Resignation:
17/4/2017

Education:

- Bachelor of Law / Al Mansour University College
- Practical Experience: Schneider Electric – Legal Representative
- MTC Kuwait – Legal Representative
- Trust International Islamic Bank – Member of the Board of Directors



Mrs. Esraa' Ali Muhyiddeen

Member of the Board of Directors

Appointment / Resignation:
10/10/2019

Education:

- Bachelor of Law / Al Mansour University College
- Practical Experience: Sumer Financial Brokerage
- Trust International Islamic Bank – Member of the Board of Directors



Mrs. Sabiha Eidan Abbas Al Lawani

Member of the Board of Directors

Appointment / Resignation:
30/7/2019

Education:

- Bachelor of Business Administration
- Practical Experience: Central Bank of Iraq – Telex Department
- Central Bank of Iraq – Administrative Affairs Department
- Central Bank of Iraq – Credit Department
- Central Bank of Iraq – Assistant Head of the Credit Department
- Central Bank of Iraq – Head of the Credit Department
- Trust International Islamic Bank – Member of the Board of Directors



Substitute Members of the Board of Directors:

- Mr. Shihab Ahmad Habib Al-Obaidi
- Mrs. Shatha Kathem Aziz Al-Atabi
- Mrs. Eman Rashid Hamid Al-Rubai'ei
- Mrs. Saadia Majid Abd Qadri
- Mr. Ghassan Mohammad Hussein Al-Obaidi
- Mrs. Mariam Danial Odesho Hedo
- Mr. Ali Muslim Jarallah Al-Baidani

Board Meetings:

- The Board of Directors held a total of (18) meetings in 2022, and attendance was as follows:

Name	Meetings Attended
Mr. Mohammad Muslim Jarallah	18
Mr. Saadi Ahmad Habib	18
Mr. Damen Taymour Ali	18
Mrs. Esraa' Ali Muhyiddeen	18
Mr. Latif Hameed Alwan	18
Mr. Mohammad Saad Mohammad	18
Mrs. Sabiha Eidan Abbas	18



Board of Directors' Report

Board Committees:

The duties of the committees are disclosed in the attached Governance Manual.

• Corporate Governance Committee:

- » The Committee consists of three members, including the Chairperson of the Board of Directors, the majority of whom are independent and non-executive Board members.
- » The Committee held a total of (12) meetings in 2022. Following are the members of the Corporate Governance Committee and their attendance:

Name	Position	Meetings Attended
Mr. Saadi Ahmad Habib	Chairman	12
Mrs. Esraa' Ali Muhyiddeen	Member	12
Mr. Mohammad Saad Mohammad	Member	12

• Audit Committee:

- » The Committee consists of at least three members, who shall be independent Board members or consultants or experts in finance or audit, subject to the approval of the Central Bank. The Chairperson of the Committee shall be an independent member of the Board of Directors and may not be a member of any other Board committee.
- » The Committee held a total of (12) meetings in 2022. Following are the members of the Audit Committee and their attendance:

Name	Position	Meetings Attended
Mr. Damen Taymour Ali	Chairman	12
Mrs. Esraa' Ali Muhyiddeen	Member	12
Mrs. Sabiha Eidan Abbas	Member	12

• Risk Management Committee:

- » The Committee consists of at least three members, who shall be non-executive Board members. The Chairperson of the Committee shall be an independent Board member. Members of the Committee shall have experience in risk management and related practices and issues.
- » The Committee held a total of (12) meetings in 2022. Following are the members of the Risk Management Committee and their attendance:

Name	Position	Meetings Attended
Mrs. Sabiha Eidan Abbas	Chairwoman	12
Mr. Saadi Ahmad Habib	Member	12
Mr. Mohammad Saad Mohammad	Member	12

• Nomination and Remuneration Committee:

- » The Committee consists of at least three members who shall be independent and non-executive Board members. The Chairperson of the Committee shall be an independent Board member.
- » The Committee held a total of (12) meetings in 2022. Following are the members of the Nomination and Remuneration Committee and their attendance:

Name	Position	Meetings Attended
Mrs. Sabiha Eidan Abbas	Chairwoman	12
Mr. Mohammad Muslim Jarallah	Member	12
Mrs. Esraa' Ali Muhyiddeen	Member	12



- **Executive Management Committees:**

- » The executive management shall set up committees to assist in carrying out its duties and report periodically to the competent Board committees in order to ensure effective control and supervision. Each executive management committee shall consist of at least three members, and Board members may attend as observers for assistance purposes. The committees shall notify the Board of Directors of their meeting dates prior to holding the same so that Board members can attend said meetings as observers if they so wish.
- » The duties of the committees are disclosed in the attached Governance Manual.

- **Credit Committee:**

- » The Committee shall hold at least one monthly meeting, or whenever necessary.
- » The Committee held a total of (12) meetings in 2022. Following are the members of the Credit Committee and their attendance:

Name	Position	Meetings Attended
Mr. Hassan Amer Kathem	Chairman	12
Mrs. Samaher Sbaih Ahmad	Member	12
Mr. Ashraf Mohammad Kathem – until 25/9/2022	Member	9
Mr. Saif Mohammad Abd Abbas	Member	3

- **Investment Committee:**

- » The Committee shall hold at least one monthly meeting, or whenever necessary.
- » The Committee held a total of (12) meetings in 2022. Following are the members of the Investment Committee and their attendance:

Name	Position	Meetings Attended
Mr. Hassan Amer Kathem	Chairman	12
Mrs. Samaher Sbaih Ahmad	Member	12
Mrs. Reem Zaid Hmood	Member	12
Mr. Anas Nedal Hamad Al-Safadi	Member	12

- **Information and Communication Technology (ICT) Committee:**

- » The Committee shall hold at least one monthly meeting, or whenever necessary.
- » The Committee held a total of (12) meetings in 2022. Following are the members of the ICT Committee and their attendance:

Name	Position	Meetings Attended
Mr. Hassan Amer Kathem	Chairman	12
Mrs. Samaher Sbaih Ahmad	Member	12
Mr. Ahmad Raad Jawad	Member	12



Board of Directors' Report

- **Sharia Supervisory Board (SSB):**

- » Every Islamic bank has to appoint a local Sharia supervisory board consisting of at least three members. The Sharia supervisory board may not be dissolved or any member thereof dismissed without a justified decision of the board of directors passed by a two-thirds majority of members, subject to a prior justified notice and the approval of the bank's general assembly and the Central Bank.
- » Members of the Sharia Supervisory Board are as follows:

Name and Position	Date of Appointment / Resignation	Academic Qualifications
Dr. Mohammad Hashem Hammoodi Chairman of the Sharia Supervisory Board	25/3/2017	PhD in Philosophy of Fundamentals of Religion - 2016
Mr. Alaa Salman Mohammad Board Member / Secretary	25/3/2017	Bachelor of Law / Al Iraqia University - 2012
Mr. Mohammad Helo Khafi Member	20/10/2019	Bachelor of Islamic Studies / Quran Science / Osol Al-Deen University College 2017
Dr. Bashar Sbaih Mohammad Member	11/9/2019	PhD in Islamic Jurisprudence / General Transactions Jurisprudence/ Imam A'Adhum University College 2019
Mrs. Rajaa Dawood Saudi Member	8/6/2021	Bachelor of Economy / Mustansiriyah University 2007

- » The SSB held a total of (13) meetings in 2022, and attendance was as follows:

Name	Position	Meetings Attended
Dr. Mohammad Hashem Hammoodi	Chairman of the Sharia Supervisory Board	13
Mr. Alaa Salman Mohammad	Board Member / Secretary	12
Dr. Bashar Sbaih Mohammad	Member	13
Mr. Mohammad Helo Khafi	Member	13
Mrs. Rajaa Dawood Saudi	Member	12

Network of Foreign Banks and Financial Institutions:

- Bank of Jordan – Jordan
- Bank al Etihad – Jordan
- Safwa Islamic Bank – Jordan
- Arab African International Bank – UAE
- Aktif Bank - Turkey
- Banque Misr – UAE
- Western Union - USA



Bank's Network of Branches:

#	Name of Branch	Address of Branch	Name of Branch Manager	Telephone No.
1	Head Office	Bagdad – Al Wahda District – Subdivision 906 - Alley 38 – end of 62 Str. Abdulqadder Al Jazaeri Square	Senan Saad Jassib	7834907607
2	Karrada Branch	Baghdad – Karrada – Al Attar Str. (Subdivision 905 – Alley 11 – Building 4)	Hassan Bahar Mahmood	7834907600
3	Erbil Branch	Erbil – Ainkawa – Saidin – opposite Karizi Petrol Station	Shahenaz Baqir Shah Mohammad	7834926770
4	Karbala Branch	Karbala – Saree' – Ramadan District – opposite Al -Fahad Bros.	Mutassem Hassan Abdel Hassan	7834977273
5	Palestine Str. Branch	Baghdad – Palestine Str. – Central Markets Str. – near the Ministry of Education – Subdivision 504 – 13 Str. Building 1/14	Wafaa' Adel Ibrahim	7834907606
6	Basra Branch	Basra – Manawi Basha- opposite the Traffic Department	Samira Huseein Thujail	7834914075
7	Hilla Branch	Babel (Babylon) – Hilla – Sadriyah Str. – near Al Mashta Petrol Station	Qaisar Mhammad Kathem	7834923057
8	Baquba Branch	Diyala – Baqubah – Baldah Intersection – near Diyala Police Department	Ghadban Rahim Ahmad	7833099368
9	Ramadi Branch	Ramadi – 20 Str. – near Khashi' Market	Alem Noori Khalifa	7835965843
10	Mosul Branch	Ninawa (Nineveh) – Agricultural District – near the Agricultural District Park	Younes Sa'eb Khaled	7835966420
11	Najaf Branch	Najaf – LA Ameer District – Girls Education College Str.	Farqad Mhammad Ghadreef	7803553193
12	Amarah Branch	Maysan – Amarah – Kafa'ay District – opposite Maysan Governorate Police Department	Aziz Fadhel Nasser	7835966423
13	Kut Branch	Kut – Governorate Str. – near Wasit Communications Department	Qais Abedmohdi Qaid	7714364334
14	Kirkuk Branch	Kirkuk – Governorate Center – near the Governorate roundabout – opposite Kirkuk Mosque	Yasser Sadoun Hammed	7833383853
15	Al Qassem Office	Babel – Al Qassim Sub-district – opposite Al Qassim Passports Department	Adel Jawad Tayih	7833383859
16	Sulaimaniyah Branch	Sulaimaniyah – 60 St. – near West Eye Turkish Hospital	Omar Ali Abdullah	7701442421

Internal Sharia Control and Audit Department:

- The Internal Sharia Control and Audit Department is one of the key control functions that ensure risk-free banking activities through continuous monitoring. The Department has assessed the implementation of banking instructions issued by the Central Bank of Iraq by auditing the accounts of the Head Office and branches, in addition to auditing the credit granting procedures and committees' membership criteria, in order to correct banking errors and ensure the integrity of records, disbursement authorities and account opening procedures.
- The Internal Sharia Control and Audit Department's mandate covers all Bank's work stations, activities and operations in a manner that enables it to assess the appropriateness and effectiveness of internal control systems, risk management activities and corporate governance, and check compliance with the Bank's internal policies, international standards and relevant legislation, in accordance with the risk-based annual audit plan



Board of Directors' Report

approved by the Audit Committee and Sharia Supervisory Board. The Department also prepares reports for the Audit Committee and Sharia Supervisory Board in accordance with the controls issued by the Central Bank of Iraq.

- The Internal Sharia Control and Audit Department is under the direct supervision of the Audit Committee and Sharia Supervisory Board and reports directly to the Chairperson of the Audit Committee. The Department also reports quarterly to the Sharia Supervisory Board on Sharia related observations, and submits monthly, quarterly, semi-annual and annual reports on business results to the Audit Committee. The Department also monitors and reviews working manuals and Islamic banking procedures in terms of their consistency with the rules developed and reviewed by the Sharia Supervisory Board based on "AAOIFI" standards, and ensures that the products and services offered by the Bank are approved by the Sharia Supervisory Boards. The Internal Sharia Control and Audit Department is also under the direct supervision of the Sharia Supervisory Board and submits its reports to the Chairperson of the Sharia Supervisory Board, with copies thereof sent to the Audit Committee.

Risk Management Department:

- It is disclosed in the "Bank's Future Aspirations" paragraph under "Risks", as well as in the financial statements (Note 38).

Sharia Compliance Department:

- The Compliance Department helps in safeguarding the Bank's reputation and credibility and protecting it from penalties and fines that may result from violating the law or Islamic Sharia, as well as protecting the interests of the Bank's shareholders, depositors and employees by ensuring that all Bank's departments comply with laws, regulations and instructions and that the policies and procedures in place are in line with said laws and regulations. The Department also encourages all employees to comply with relevant policies and procedures by means of continuous training, follow-up, monitoring, field visits and reporting to the Board of Directors / Audit Committee and the Central Bank of Iraq.

Anti-money Laundering and Counter-terrorism Financing Department:

- Money laundering and terrorism financing crimes are among the most serious economic crimes of the modern age, in light of the enormous advances in communication and information technologies and the financial liberalization and expansion of global financial markets and the resulting increased cross-border transfer of funds throughout the world. These crimes became the center of attention due to their adverse effects on economic development and growth by affecting the national economy in general, and the financial and banking sector in particular. Therefore, Trust International Islamic Bank has dedicated most of its care and attention to this issue by establishing the Money Laundering and Terrorism Financing Reporting Department as an independent department, and staffing it with qualified personnel. The Bank manages money laundering and terrorism financing risks by:
 - » Preparing the anti-money laundering and counter-terrorism financing policy and having it approved by the Board of Directors in accordance with the Anti-money Laundering and Counter-terrorism Financing Law No. (39) for 2015 and regulations issued pursuant thereto, and monitoring the actual implementation of and continuously reviewing the same.
 - » Using anti-money laundering (AML) software to examine all daily financial transactions of customers.
 - » Rating customers by risk level, and verifying and taking the necessary action regarding the sources of funds.
 - » Automatically and periodically verifying that customers are not on international and local prohibited customers lists.
 - » Exercising due diligence when dealing with high-risk customers.
 - » Educating and raising the awareness of all Bank employees on the topic of anti-money laundering and counter-terrorism financing by means of field visits and training courses for all Bank employees including liaison officers in branches.



Financial Department and Accounting policies:

- The first-time transition from local standards under the Unified Accounting System to implementing the International Financial Reporting Standards (IFRSs) in the preparation of final accounts took place in 2016. The final accounts for 2022 were prepared in accordance with AAOIFI standards and IFRS.
- The Financial Department aims to present the Bank's financial position in a fair manner and provide the necessary information for decision making purposes. The Department also implements procedures for controlling current and capital expenses and submitting internal and external reports to regulatory authorities as per the dates set in relevant instructions.
- The Bank implemented the IFRS 9 Application Instructions No. 9/6/466 issued by the Central Bank of Iraq on 26/12/2018, regarding the calculation of expected credit loss, retrospectively without adjusting the comparative figures, and the effect of implementing said instructions was recognized by reflecting said effect in retained earnings in the statement of shareholders' equity on January 1, 2019.
- An agreement has been signed to acquire a software for the calculation of expected credit loss in 2023
- As of January 1, 2019, the Bank implemented IFRS 16 "Leases" which replaced the exiting guidelines on leases, including IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC 15 "Operating Leases" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The Bank selected to adopt the simplified approach permitted under IFRS 16 upon the first-time application of the same to operating leases individually (on a lease-by-lease basis), where the right to use leased assets was generally measured at the lease commitment amount using the discount rate upon first-time application, and the right-of-use assets were measured at an amount equal to lease commitments; after adjustment by any advance or accrued lease payments relating to a lease recognized in the balance sheet.
- The Bank applied the Islamic Financial Accounting Standard (FAS 33) "Investments in Sukuk, Shares and Similar Instruments", and investments in shares and interests in companies' and investment funds' capital are classified and measured based on the business model of Trust International Islamic Bank as part of the standard application methodology which is in line with FAS (33), and debt instruments are recorded within one of the three portfolios (amortized cost, non-cash debt instruments through the statement of shareholders' equity and non-cash debt instruments at fair value through the statement of income.)

Branches Management Department:

- The Branches Management Department is a key department in the Bank's organizational structure. This Department follows the instructions and orders of senior management, and acts as the link between branches and relevant departments of the Head Office, as it coordinates work between branches and the Head Office departments and vice versa in terms of implementing the instructions of the Head Office regarding working procedures and general policies on one hand, and implementing the instructions of the Credit Department including working methods related to Bank's products on the other. The Department is administratively linked to senior management in terms of implementing administrative instructions and orders, and to branches in terms of meeting their requirements and communicating with them in the event of new instructions. The Department is technically linked to the Board of Directors in terms of submitting the Departments' monthly reports and annual plan and implementing the Board's policy of expansion by opening new branches.

Main Duties of the department:

- Supervising Bank's branches in various regions and governorates and ensuring their implementation of the instructions and regulations issued by the Main Office (Head Office).
- Coordinating between branches and Bank's departments and offices, and addressing all the difficulties encountered by branches.
- Supervising branches' cashiers and employees to ensure that they carry out their duties, observe working hours and protect Bank's properties.
- Studying the periodic reports, statistics and statements sent by branches and deriving indicators and data from the same, and making recommendations on addressing branches' problems and organizing, closing or establishing branches.



Board of Directors' Report

- Participating in the preparation of the budget, in order to allocate the necessary funds and items for branches' activities and cover their expenses in a manner that ensures their proper functioning, in addition to monitoring the implementation of the approved budget.
- Following up on the distribution of mail between branches through a company approved by the Bank.
- Following up on branches' day-to-day activities.
- Following up on branches' organizational structures and job descriptions.

Objectives of the Branches Management Department:

- Training Department's employees such that they can meet branches' requirements and solve their problems.
- Defining the duties and responsibilities of all employees in branches, while focusing on enriching their experience and improving their efficiency.
- Enhancing the means of communication between branches and Head Office departments and vice versa.
- Developing marketing plans for branches in order to expand their customer base and, consequently, increase revenue.

Department's Future Aspirations:

- Restructuring the department by distributing the duties and responsibilities between its employees, and establishing an engineering division affiliated with the Branches Management Department.
- Adding new positions to monitor branches' activities and communicate and discuss their suggestions with senior management.
- Increasing the Department's efficiency by directing the employees to work in a manner that minimizes problems and assists in the timely resolution of the same.
- Studying the Bank's products and distributing them to branches according to market needs.

Human Resources Department:

- All acts of employees fall within the scope of work of the Human Resources Department (HR), which is a key function in any bank; focusing primarily on recruiting, managing and educating employees on the regulations in place in their banks.
- The Human Resources Department aims to continuously attract people with outstanding experience and skills in order to ensure high performance that enables the Bank to achieve its objectives with utmost efficiency and effectiveness. The Department also continuously strives to develop the Bank employees and utilize their potentials by optimal investment in human capital.

Achievements in 2022:

- Developing a special program that contains all Bank employees' information in a comprehensive and more professional and accurate manner, and updating all information.
- Recruiting highly competent employees.
- Recommending 106 in-house and external training courses from which 309 employees benefited.



Bank Employees:

Item	Masters	Bachelor	Associate Diploma	General Secondary Education	Below General Secondary Education	Total
Head Office	4	130	3	17	4	158
Main Branch	-	24	3	-	-	27
Karrada Branch	-	7	-	2	-	9
Erbil Branch	-	4	1	5	-	10
Karbala Branch	-	13	-	-	-	13
Palestine Street	-	7	-	-	-	7
Basra Branch	-	12	-	2	1	15
Hilla Branch	-	6	-	-	-	6
Baquba Branch	1	11	-	1	1	14
Ramadi Branch	-	5	-	-	1	6
Mosul Branch	-	5	-	2	-	7
Najaf Branch	-	7	-	3	-	10
Amarah Branch	-	7	-	3	-	10
Kut Branch	-	7	-	-	1	8
Kirkuk Branch	-	10	-	4	1	15
Al Qassem Office	1	1	-	-	-	2
Sulaimaniyah Branch	-	6	3	-	1	10
Total	6	262	10	39	10	327

Community Service:

- The Bank started using renewable energy in 2022 in order to save costs, minimize carbon emissions and reduce electricity load by providing the best and most appropriate renewable and solar power systems that are fit for Iraq's climate. These systems have been installed in Bank's branches in Karbala, Baquba and Palestine Street.
- The Bank participates in the community-based initiatives fund (TAMKEEN) through monthly subscription fees. This initiative plays a community-based and humanitarian role beyond the scope of common initiatives in the banking industry, and aims to support and provide funds for community-based, humanitarian, environmental, cultural and artistic projects, in addition to supporting employment activities managed by a board and chaired by the Central Bank Governor and Iraqi Private Banks League. This step initiated by the Central Bank reflects the increasing attention to social responsibility.
- The Bank participated in the flower and agricultural activities exhibition organized in Najaf.
- The Bank's Basrah branch participated in a Ramadan event titled "Youth without Drugs" as the official sponsor of the same.
- The Iraqi Golf Federation held its elective congress under the sponsorship of the Bank and Baghdad King Company.
- The Bank held summer youth training courses for (50) university graduates.
- The Bank held free training courses in Najaf branch for management and economy graduates.



Board of Directors' Report

Participations in Seminars and Conferences:

- Participating in the Bank's 75th anniversary celebration organized in Basrah branch, in which Basrah branch was awarded a certificate of recognition and appreciation for its productive efforts.
- Participating in the Bank's 75th anniversary celebration held in Babylon Hotel in Baghdad.
- Participating in the 10th exhibition of security, defense and military industries (International Defense Exhibition IQDEX).
- The Iraqi Golf Federation held its elective congress under the sponsorship of the Bank and Baghdad King Company.
- The Iraqi Company for Deposit Insurance held a training course in the Head Office for trainees from various banks.
- Mosul branch organized a visit to the Central Bank of Iraq with the participation of the Head of the Internal Sharia Control and Audit Department and Head of the Money Laundering and Terrorism Financing Department.
- Participating the 5th Annual Conference of Finance and Banking Services attended by H.E. the Minister of Finance Deputy Governor of the Central Bank of Iraq.
- Participating in the Banking Sector Development Conference held in Erbil.
- Participating in the 2nd Annual International Scientific Conference "Reforming the Banking Sector towards Economic Recovery" held in Mustansiriyah University and attended by H.E. the Minister of Finance.

Training Courses:

Item	No. of Training Courses	No. of Beneficiaries
In-house Courses	40	206
External Courses	66	103
Total	106	309



Summary of Main Branches Items as of 31/12/2022

IQD thousand - Total

Item	Branch Opening / Contribution Date	Total Cash Credit	Investments	Contractual Credit	Customers' and Financial Sector's Deposits	Profit (loss)
Head Office	27/04/2017	-	2,509,676	-	4,157,063	(12,545,304)
Main Branch	27/04/2017	26,128,308	-	101,213,452	53,216,932	4,067,132
Karrada Branch	12/08/2018	2,082,582	-	532,900	385,213	115,841
Erbil Branch	16/08/2018	103,509	-	6,383,630	423,477	428,772
Karbala Branch	29/01/2019	4,250,340	-	11,171,380	4,882,030	907,175
Palestine Street	29/01/2019	2,983,379	-	967,354	108,474	83,466
Basra Branch	29/08/2019	949,821	-	14,344,284	5,576,024	1,095,286
Hilla Branch	26/09/2019	139,197	-	11,405,992	541,764	707,464
Baquba Branch	27/01/2020	63,936	-	7,994,613	8,845,624	913,591
Ramadi Branch	29/06/2020	1,337,332	-	2,588,200	3,290,688	253,943
Mosul Branch	10/08/2020	178,938	-	11,552,157	1,400,890	1,339,843
Najaf Branch	21/09/2020	8,469,019	-	4,028,126	23,981,496	367,922
Amarah Branch	27/10/2020	1,201,955	-	6,928,336	183,835	475,491
Kut Branch	05/11/2020	418,020	-	8,998,284	1,195,352	404,880
Kirkuk Branch	10/11/2020	37,910	-	12,195,209	752,866	1,255,539
Al Qassem Office	27/10/2020	-	-	-	-	(24,402)
Sulaimaniyah Branch	25/07/2021	897,156	-	155,367	5,462,954	142,871
Ayen Al Thiqa Real Estate Co.	24/05/2018	-	302,746	-	-	(62,779)
Ayen Al Thiqa Agricultural Co.	24/05/2018	-	-	-	-	(67,088)
Ard Al Thiqa for General Trading	02/10/2018	-	11,760,000	-	-	(63,824)
Al Thiqa for Leasing	20/10/2018	-	18,386,239	-	-	(68,045)
Total		49,241,402	32,958,661	200,459,284	114,404,682	(272,226)

External Auditor's Fees:

Item	December 31	
	2022 IQD	2021 IQD
External auditor's fees	60,000,000	52,250,000



Board of Directors' Report

Islamic Banking Products and Services:

Islamic Sharia should be complied with in transactions the same way it is complied with in worship. This is done by basing all Bank's Sharia-compliant dealings and services on the provisions of Islamic Sharia; in order to contribute to the development of national economy and conduct Islamic banking activities in accordance with Islamic accounting and Sharia standards and the Law of the central Bank of Iraq, including:

- Receiving all types of deposits without interest, in accordance with the provisions of Islamic Sharia.
- Providing foreign exchange services that do not carry interest or violate the provisions of Islamic Sharia, as well as offsetting and settlement services.
- Internal and external cash and note transfer services.
- Murabaha financing products, including personal financing for the purchase of goods.
- Car financing programs.
- SME financing / Central Bank of Iraq's initiative.
- Concessional loans and Qard Hassan / Central Bank of Iraq's initiative.
- Housing finance program.
- Miscellaneous Murabaha (house furniture, electrical appliances, mobile phones ...etc.)
- Hajj and Umrah Murabaha.
- Marriage Murabaha.
- Postgraduate studies Murabaha.
- Musharaka financing program.
- Issuing cheques and approving certified cheques.
- Issuing transfers and money transfer services via Western Union
- Master Card services.
- Sale of gold bullions provided by the Central Bank of Iraq.
- Qi Card services.
- SWIFT services.
- Real-time Gross Settlement (RTG) services.
- Automated Clearing House (ACH) and approval of certified cheques.
- Issuing letters of guarantee.
- Issuing letters of credit (documentary credit).
- US dollar sale auction.
- Mobile banking service.
- Internet banking service.
- SMS service.
- Salary localization.



Land and Real Estate Owned by the Bank:

Item	Real Estate No.	Central Bank's Approval	Cost / IQD thousand
Head Office Building	564/356	2640/3/9 dated 22/2/2017	5,256,382
Palestine Street / Palestine Branch	3/1877	17575/3/9 dated 7/12/2017	2,500,000
Al Attar Building / Karrada Branch	139/40	6738/3/9 dated 25/3/2018	5,060,243
Karabala Branch Building	3/227	15055/3/9 dated 26/6/2019	1,565,660
Erbil Branch Building	9/163/5	21508/3/9 dated 17/9/2019	1,355,784
Diyala Branch Land / under construction	416 Takiya	12167/3/9 dated 17/9/2020	2,658,296
Basra land / under construction	1/18	14301/3/9 dated 27/7/2021	2,146,163
Babel land / under construction	6-9/174	4988/3/9 dated 11/3/2021	606,505
Head Office parking land	356/541	15822/3/9 dated 28/6/2022	2,288,679
Total			23,437,712

Shareholders Holding More Than 1% of Shares:

Name	Nationality	No. of Shares	Percentage
Salman Khazal Muslim AL Baidani	Iraqi	24,750,000,000	9.90%
Hassan Amer Kathim Haddi	Iraqi	24,749,700,000	9.90%
Muhammad Muslim Jarallah AL Baidani	Iraqi	24,000,000,000	9.60%
Ali Muslim Jarallah AL Baidani	Iraqi	22,469,600,000	8.99%
Salam Amer Kathim AL Jboori	Iraqi	20,000,000,000	8.00%
Abdel Hakim Amer Kathim Haddi AL Jboori	Iraqi	20,000,000,000	8.00%
Ahmad Abdel Hakim Amer Kathim	Iraqi	17,750,000,000	7.10%
Qassem Khazal Muslim AL Baidani	Iraqi	16,750,000,000	6.70%
Shehab Ahmad Habib AL Obaidi	Iraqi	13,542,900,000	5.42%
Odai Mezel Muslim AL Baidani	Iraqi	13,001,950,000	5.20%
Abdullah Mezel Muslim AL Baidani	Iraqi	6,001,000,000	2.40%
Abdul Rahman Mezel Muslim AL Baidani	Iraqi	6,000,500,000	2.40%
Yousef Ibrahim Kathim AL Jboori	Iraqi	5,000,000,000	2.00%
Hussein Amer Kathim Haddi	Iraqi	4,750,000,000	1.90%
Khaldoon Hussein Alwan AL Tamimi	Iraqi	4,000,000,000	1.60%
Rajaa Abdel Amir Aziz Ajinah	Iraqi	4,000,000,000	1.60%
Wassan Bassem Mahdi AL Shaikhali	Iraqi	4,000,000,000	1.60%
Issa Shawkat Mohammad Jawad	Iraqi	4,000,000,000	1.60%
Salem Ahmad Habib AL Obaidi	Iraqi	3,542,900,000	1.42%
Rade' Shaker Najji AL Rubai'ei	Iraqi	3,297,750,000	1.32%
Raed Zaidan Khalaf AL Moharreb	Iraqi	2,850,000,000	1.14%
Mohammad Hussein Sami AL Jboori	Iraqi	2,850,000,000	1.14%



Board of Directors' Report

Remunerations of Members of the Board of Directors:

Name	IQD thousand
Mr. Saadi Ahmad Habib Al Obaidi	18,000
Mr. Damen Taymour Ali Al Wakeel	7,200
Mrs. Esraa' Ali Muhyiddeen	6,000
Mrs. Sabiha Eidan Abbas Al Lawani	9,000
Mr. Shehab Ahmad Habib Al Obaidi	12,000
Mrs. Shatha Kathim Aziz Al Atabi	6,000
Mrs. Eman Rashid Hamid Al Rubai'ei	6,000
Mrs. Saadia Majid Abd Qadri	6,000
Mr. Ghassan Mohammad Hussein Al Obaidi	6,000
Total	76,200

Remunerations of Members of the Sharia Supervisory Board:

Name	IQD thousand
Dr. Mohammad Hashem Hammoodi	10,100
Mr. Alaa Salman Hamad	10,100
Mr. Mohammad Hilo Khafi	10,100
Dr. Bashir Sbaih Mohammad	10,100
Mrs. Rajaa Dawood Saudi	10,100
Total	50,500

Names and addresses of the five employees who received the highest salaries:

Name	Position
Mr. Latif Hameed Alwan	Managing Director
Mrs. Hassan Amer Kathem	Assistant Managing Director
Mr. Nabil Mahmood Yousef	Head of the Financial Department
Mr. Senan Saad Jassib	Head of the Main Branch
Mrs. Reem Zaid Mohammad	Head of the International Department



Number of Shares Held by Members of the Board of Directors and Their Relatives:

Name	Capacity	Nationality	December 31	
			2022 IQD	2021 IQD
Saadi Ahmad Habib Al Obaidi	Deputy Chairman of the Board of Directors	Iraqi	542,900,000	542,900,000
Ibrahim Saadi Ahmad	Son	Iraqi	0	100,000
Sarah Saadi Ahmad Al Obaidi	Daughter	Iraqi	100,000	100,000
Mohammad Saadi Ahmad Al Obaidi	Son	Iraqi	100,000	100,000
Zaid Saadi Ahmad Al Obaidi	Son	Iraqi	100,000	100,000
Ghaidaa Ali Habib Al Obaidi	Wife	Iraqi	100,000	100,000
Mohammad Muslim Jarallah Al Baidani	Chairman of the Board of Directors	Iraqi	24,000,000,000	24,000,000,000
Sajjad Mohammad Muslim Al Baidani	Son	Iraqi	100,000	100,000
Yaqeen Mohammad Muslim Al Baidani	Daughter	Iraqi	100,000	100,000
Dhuha Mohammad Muslim Al Baidani	Daughter	Iraqi	100,000	100,000
Ali Mohammad Muslim Al Baidani	Son	Iraqi	0	100,000
Latif Hameed Alwan Al-Qaragholi	Board Member / Managing Director	Iraqi	100,000	100,000
Ibtesam Abdullah Hussein Al-Qaragholi	Wife	Iraqi	0	100,000
Damen Taymour Ali Al-wakeel	Board Member	Iraqi	2,300,000	2,300,000
Esraa Ali Mohyiddin Al-Saeidi	Board Member	Iraqi	100,000	100,000
Mohammad Saad Mohammad Ibrahim Al Obaidi	Board Member / Assistant Managing Director	Iraqi	250,000	250,000
Sabiha Eidan Abbas Al Lawani	Board Member	Iraqi	100,000	100,000



Board of Directors' Report

Senior Executive Management and Main Branch:



Mr. Latif Hamid Alwan

Managing Director – Member of the Board of Directors

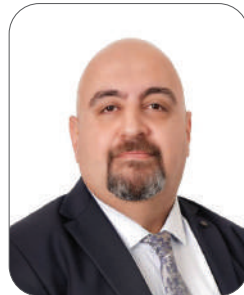
Appointment / Resignation:
10/10/2019

Education:

- Bachelor of Arts / Islamic Science

Practical Experience:

- (40) years of banking experience at the Central Bank of Iraq
- Assistant Director General – Central Bank of Iraq
- Adequate knowledge of technical and administrative matters
- Managing Director of Trust International Islamic Bank - Member of the Board of Directors



Mr. Mohammad Saad Mohammad

First Assistant Managing Director

Appointment / Resignation:
1/5/2017

Education:

- Bachelor of English Literature

Practical Experience:

- United Bank – Transfer, SWIFT and DC Department (2006 – 2013)
- National Bank of Iraq – Transfer and SWIFT
- Al- Marj International Money Transfer – Head of the Compliance Department
- Trust International Islamic Bank – Head of the Public Awareness and Protection Department
- Trust International Islamic Bank – Member of the Board of Directors
- Trust International Islamic Bank – First Assistant Managing Director



Mr. Hassan Amer Kathem

Second Assistant Managing Director

Appointment / Resignation:
4/10/2018

Education:

- Bachelor of Science / Mathematics

Practical Experience:

- Chairman of the Board of Directors – Al Noor for Money Transfer
- Managing Director – Al Murtakaz for Money Transfer
- Trust International Islamic Bank - Second Assistant Managing Director



Mr. Nabil Mahmood Yousef

Head of the Financial Department

Appointment / Resignation:
17/12/2017

Education:

- Master of Finance and Banking / Financial Management
- The Arab Academy for Management, Banking and Financial Sciences - Jordan

Practical Experience:

- Extensive banking experience in financial and accounting matters since 1988
- Bank of Jordan - Financial Manager
- Several banking and IFRS courses
- Specialized course in Islamic and Sharia accounting standards
- Trust International Islamic Bank – Head of the Financial Department





Mrs. Alaa Nabil Mohammad Seddiq

Head of the Human Resources Department

Appointment / Resignation:
12/5/2017

Education:

- Bachelor of English Literature

Practical Experience:

- Trust International Islamic Bank – HR officer
- Trust International Islamic Bank – Assistant Head of the Human Resources Department
- Trust International Islamic Bank - Head of the Human Resources Department



Mr. Saif Mohammad Abd Abbas

Head of the Credit Department

Appointment / Resignation:
20/10/2022

Education:

- Bachelor of Accounting – Al Turath University College

Practical Experience:

- Gulf Commercial Bank - Assistant Manager and Rapporteur of the Credit Committee and Debt Settlement Committee
- Al Qurtas Islamic Bank – Head of the Credit Department
- Trust International Islamic Bank - Head of the Credit Department



Mr. Abdullah Osama Abdullah

Head of the Legal Affairs Department

Appointment / Resignation:
7/2/2018

Education:

- Bachelor of Law / Madenet Alelem University College

Practical Experience:

- Public Relations Manager – Engineers Group
- Trust International Islamic Bank – Head of the Legal Affairs Department



Mrs. Reem Mahdi Ali

Head of the Money Laundering and Terrorism Financing Reporting Department

Appointment / Resignation:
21/11/2022

Education:

- Bachelor of Arts / English Literature – Al Mamoun University College

Practical Experience:

- Credit Bank - Operations Officer in the International Department
- Credit Bank - Acting Payments Manager
- Credit Bank - Compliance Manager
- Al Arabia Islamic Bank - Compliance Manager
- Specialized courses in compliance, conflict resolution, cybercrime and money laundering and terrorism financing
- Trust International Islamic Bank – Head of Compliance Department
- Trust International Islamic Bank – Head of the Money Laundering and Terrorism Financing Reporting Department



Board of Directors' Report



Mr. Akram Balassem Ahmad

Head of the Internal Sharia Control and Audit Department

Appointment / Resignation:
11/3/2018

Education:

- Bachelor of Accounting

Practical Experience:

- Elaf Islamic Bank - Assistant accountant
- Bank of Baghdad - Auditor / Chairperson of audit committees
- Trust International Islamic Bank - Assistant Head of the Audit Department
- A number of courses in internal audit and risk-based audit
- Certified Sharia Controller /
- Diploma in Islamic Financing Formulas
- Trust International Islamic Bank - Head of the Internal Sharia Control and Audit Department



Mrs. Samaher Sbaih Hassan

Head of the Risk Management Department

Appointment / Resignation:
4/4/2018

Education:

- Bachelor of Political Science - University of Baghdad - Bachelor of Law

Practical Experience:

- Turkish Agricultural Bank - Assistant Superintendent - Current accounts Officer
- Turkish Agricultural Bank - Operations Manager - Risk Manager
- TOT certificate from Cambridge - Germany
- International Arbitration Center Certified International Cyber Crime Arbitrator
- Certified Islamic Risk Management Professional
- Diploma in Islamic Banking and Diploma in International Trade
- Financial Crime Specialist - American Institute of CPAs
- Trust International Islamic Bank - Head of the Risk Management Department



Mr. Saleh Mahdi Al-Aboodi

Head of the Money Laundering and Terrorism Financing Reporting Department

Appointment / Resignation:
26/3/2019 - 28/8/2022

Education:

- Bachelor of Fine Arts

Practical Experience:

- Al Handal International Group - Public Relations and Marketing Manager
- Al Handal International Group - Stock Representative in Dubai Financial Market (2003 - 2007) - Dubai
- Ashur International Bank - Assistant Public Relations Manager
- Ashur International Bank - Head of the Money Laundering and Terrorism Financing Reporting Department
- Ashur International Bank - Head of the Shareholder Affairs Department
- CAMS course
- Diploma in Financial Crime
- Fraud Prevention Officer (Western Union)
- Trust International Islamic Bank - Head of the Money Laundering and Terrorism Financing Reporting Department



Mrs. Reem Zaid Hmood

Head of the International Banking Department

Appointment / Resignation:
2/1/2018

Education:

- Bachelor of Software Engineering / Baghdad College of Economic Sciences

Practical Experience:

- Elaf Islamic Bank - SWIFT Department
- Ashur International Bank - Treasury and Investment Department
- Trust International Islamic Bank - Assistant Head of the International Banking Department
- Certified Letters of Credit Manager (CLCM)
- Trust International Islamic Bank - Head of the International Banking Department





Mrs. Rasha Mohammad Hadi

Head of the Local Banking Department

Appointment / Resignation:
2/5/2018

Education:

- Bachelor of Computer and Information Systems – Al Mansour University College

Practical Experience:

- Gulf Commercial Bank – Banking Systems Manager
- Trust International Islamic Bank - Head of the Local Banking Department



Mr. Senan Saad Jasseb

Main Branch Manager

Appointment / Resignation:
8/7/2018

Education:

- Bachelor of Statistics / Mustansiriyah University

Practical Experience:

- United Bank for Investment - Assistant Superintendent - Superintendent
- United Bank for Investment - Teller Supervisor
- United Bank for Investment – Assistant Main Branch Manager
- Trust International Islamic Bank - Main Branch Manager



Mrs. Areej Kathem Mahmoud

Head of the Public Awareness and Protection Department

Appointment / Resignation:
2/1/2018

Education:

- Bachelor of English Education

Practical Experience:

- Baghdad International News Agency (2015 – 2017)
- Asiacell Telecommunications Company (2016 – 2017)
- Trust International Islamic Bank – Treasurer – Letters of Guarantee – Board Secretary
- Trust International Islamic Bank - Head of the Public Awareness and Protection Department



Mr. Hassanin Najem Abd Ali

Acting Head of the Letters of Guarantee Department

Appointment / Resignation:
15/1/2019

Education:

- Bachelor of Finance and Banking – Baghdad College of Economic Sciences

Practical Experience:

- Trust International Islamic Bank – Letters of Guarantee
- Trust International Islamic Bank – Acting Head of the Letters of Guarantee Department



Board of Directors' Report



Mrs. Dalia Ghassan Abdullatif

Head of the Branches Management Department

Appointment / Resignation:
9/7/2017

Education:

- BA in Languages - Spanish

Practical Experience:

- Warka Bank (2000 – 2006)
- Ashur Bank (2008 – 2017)
- Trust International Islamic Bank – Assistant Head of the Risk Management Department
- Trust International Islamic Bank – Head of the Letters of Guarantee Department
- Trust International Islamic Bank – Head of the Branches Management Department



Mr. Anas Nedat Hamad Al-Safadi

Head of the Investment Department

Appointment / Resignation:
1/6/2021

Education:

- Bachelor of Accounting – Tishreen University / Syria

Practical Experience:

- Ashur Bank – Head of the Transfers Department
- Trust International Islamic Bank – Head of the Investment Department



Mr. Ahmad Raad Jawad

Head of the ICT Department

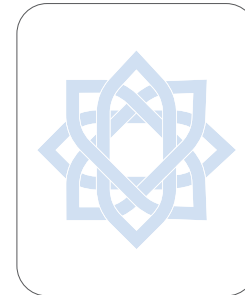
Appointment / Resignation:
1/2/2018

Education:

- Bachelor of Software Engineering – Al-Rafidain University College

Practical Experience:

- Gulf Bank – Technical Support Department
- Gulf Bank – Management and Follow-up
- Gulf Bank - Programmer
- Trust International Islamic Bank – Team Leader
- Trust International Islamic Bank – Assistant Head of the ICT Department
- Trust International Islamic Bank – Head of the ICT Department



Mr. Ashraf Mohammad Kathem

Head of the Credit Department

Appointment / Resignation:
1/2/2022 – 25/9/2022

Education:

- Bachelor of Commerce – Al-Mamoun University College

Practical Experience:

- Iraqi Middle East Investment Bank – Credit Officer / Main Branch
- Iraqi Middle East Investment Bank – Transaction Auditor / Head Office
- Trade Bank of Iraq – Transaction Auditor / Head Office
- Trade Bank of Iraq – Credit Committee Rapporteur
- Zain Iraq Islamic Bank – Head of the Credit Department
- Trust International Islamic Bank – Head of the Credit Department





Mr. Abdullah Foad Abd Al Amir

Head of the Sharia
Compliance Department

Appointment / Resignation:
5/1/2022

Education:

- Bachelor of Accounting – Al-Rafidain University College

Practical Experience:

- Iraqi Middle East Investment Bank – Head of the Anti-money Laundering Department
- North Bank – Head of the Anti-money Laundering Department
- Wifaq Bank – Head of the Sharia Compliance Department
- Trust International Islamic Bank – Head of the Sharia Compliance Department



Mr. Yassin Saad Al Samerraei

Head of the Information
Security Department

Appointment / Resignation:
8/6/2022

Education:

- Bachelor of Computer Technology Engineering

Practical Experience:

- Gulf Bank – IT Engineer
- Arab Payment Services – IT Engineer
- International Union of Arab Academics – IT Manager
- Digital Link Co. – IT Engineer
- Talia – IT Engineer
- Trust International Islamic Bank – Head of the Information Security Department



Board of Directors' Report

Analysis of the Financial Position and Business Results – Consolidated Financial Statements for 2022:

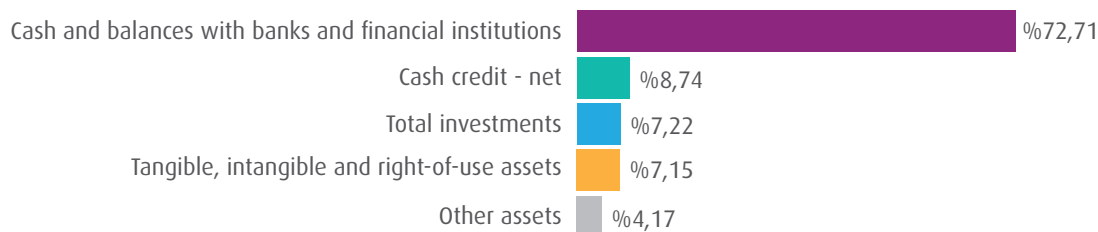
Assets:

- Total assets increased by 11.13% to (IQD 456.597) billion, including cash assets which accounted for 72.71% of total assets with an 8.63% increase due to the increase in the sources of funds, which included deposits, cash margins and loans.
- Net cash credit grew by 64.67% (approximately IQD 15.68 billion) as a result of Central Bank's SME support initiative.
- Total investment dropped by 1.93 % due to the payment of a contribution for the sum of (IQD 14.3) billion and increase in investments in subsidiaries by approximately (IQD 13) billion.

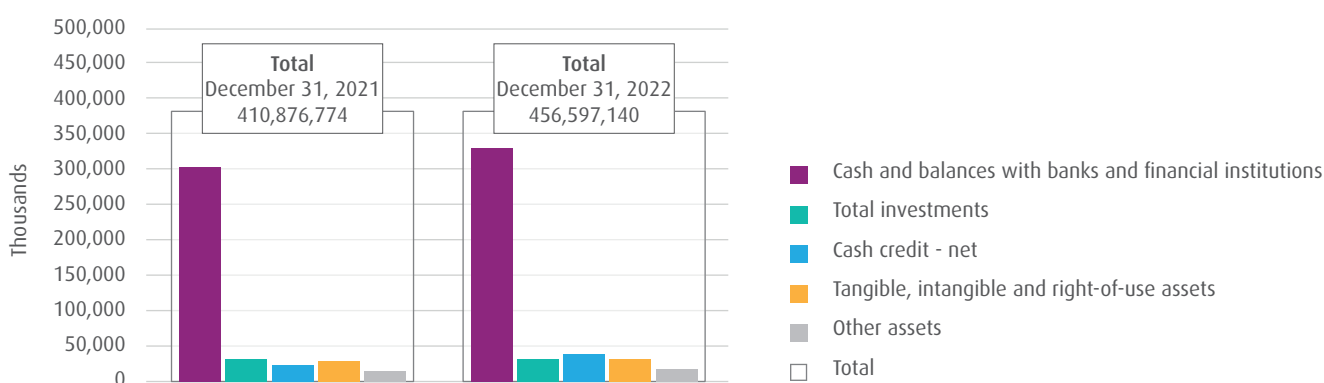
IQD thousand

Item	December 31		Materiality		Growth
	2022	2021	2022	2021	
Cash and balances with banks and financial institutions	332,012,755	305,644,465	72.71%	74.39%	8.63%
Total investments	32,958,661	33,608,634	7.22%	8.18%	-1.93%
Cash credit - net	39,921,102	24,242,776	8.74%	5.90%	64.67%
Tangible, intangible and right-of-use assets	32,658,321	30,885,170	7.15%	7.52%	5.74%
Other assets	19,046,301	16,495,729	4.17%	4.01%	15.46%
Total	456,597,140	410,876,774	100.00%	100.00%	11.13%

Asset Materiality in 2022



Assets in 2022 compared to 2021:



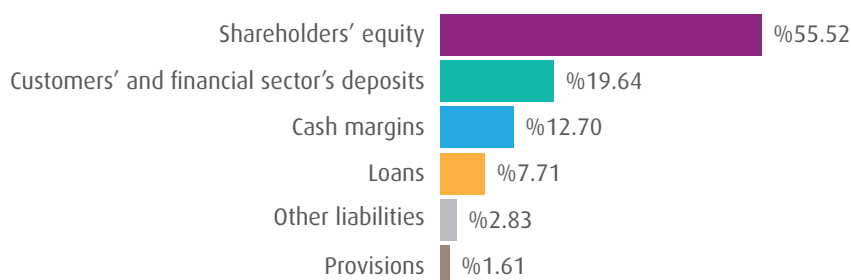
Liabilities and Shareholders' Equity:

- Shareholders' equity decreased by 1.08% as a result of distributing cash dividends to shareholders for the sum of (IQD 2.5) billion for 2021.
- Provisions increased by 71.86% by increasing the provision for expected credit loss from contractual credit due the increase in letters of guarantee by approximately (IQD 116) billion and, consequently, the increase in cash margins by 119.92%.

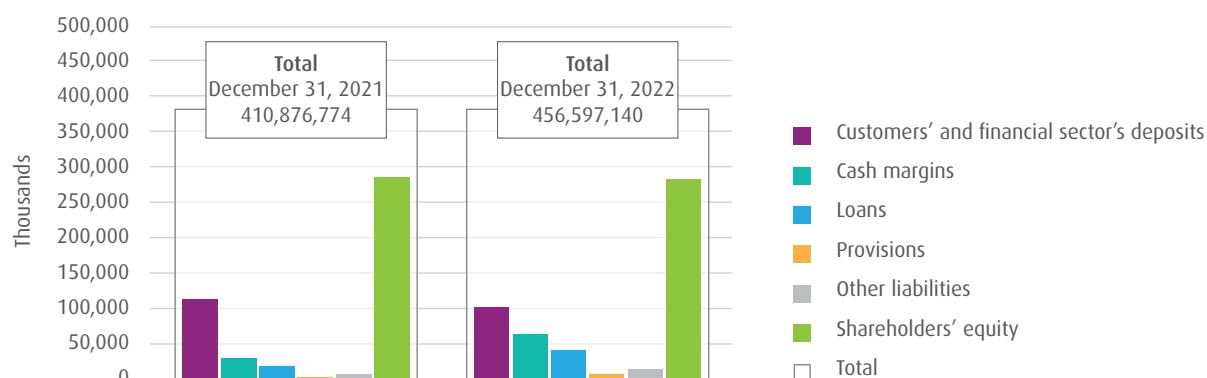
IQD thousand

Item	December 31		Materiality		Growth
	2022	2021	2022	2021	
Customers' and financial sector's deposits	89,661,568	100,176,481	19.64%	24.38%	-10.50%
Cash margins	57,976,894	26,362,509	12.70%	6.42%	119.92%
Loans	35,184,902	17,104,498	7.71%	4.16%	105.71%
Provisions	7,350,067	4,276,736	1.61%	1.04%	71.86%
Other liabilities	12,929,938	6,690,553	2.83%	1.63%	93.26%
Shareholders' equity	253,493,771	256,265,997	55.52%	62.37%	-1.08%
Total	456,597,140	410,876,774	100%	100%	11.13%

Materiality of Liabilities and Shareholders' Equity 2022



Materiality of Liabilities and Shareholders' Equity 2022 compared to 2021:



Board of Directors' Report

Bank's Business Results:

The Bank's profit before tax and provisions grew by (85.94%) to approximately (IQD 8.3) billion, compared to (IQD 4.4) billion in the previous year. However, the Bank incurred a loss of (IQD 272) million. Revenues and expenses were as follows:

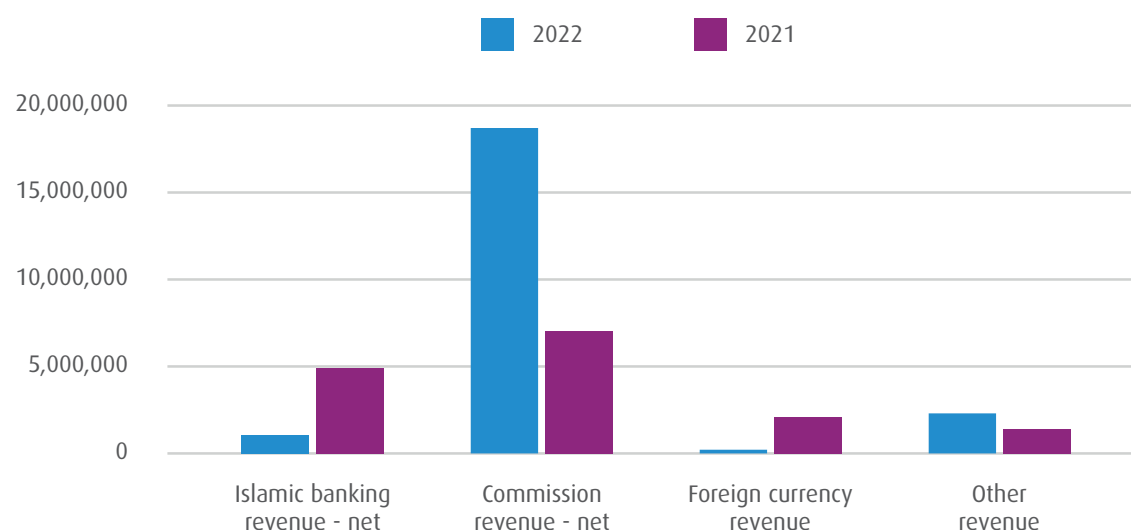
- Revenue:**

Net revenue from Islamic banking and commissions increased to approximately (IQD 22.03) billion (compared to IQD 15.38 billion in 2021) with a growth rate of 43.24% as a result of:

- » Discontinuing the issuance of letters of guarantee in 2021.
- » Withdrawing from Musharaka arrangements in 2021.
- » The decline in revenue from subsidiaries in 2022 by approximately (IQD 3) billion.

IQD thousand

Item	December 31		Materiality		Growth
	2022	2021	2022	2021	
Islamic banking revenue - net	958,883	4,923,490	4.35%	32.01%	-80.52%
Commission revenue - net	18,768,694	7,032,929	85.19%	45.73%	166.87%
Foreign currency revenue	67,583	2,097,741	0.31%	13.64%	-96.78%
Other revenue	2,236,378	1,326,719	10.15%	8.63%	68.56%
Total	22,031,538	15,380,879	100.00%	100.00%	43.24%

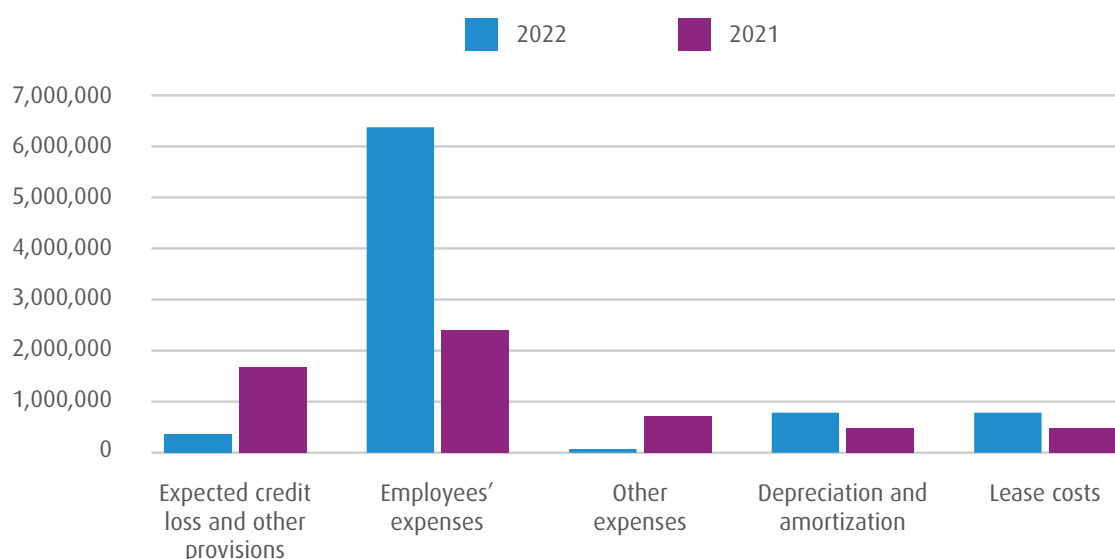


Expenses and Provisions:

- Total expenses grew by approximately (53.03%) (Approximately IQD 6.8 billion) due to the allocation of additional provisions / expected credit loss for the sum of approximately (5.8) billion, with an increase of (212%), increase in administrative and general expenses by approximately (IQD 2.78) billion and increase in employees' expenses by approximately (IQD 732) million.

IQD thousand

Item	December 31		Materiality		Growth
	2022	2021	2022	2021	
Expected credit loss and other provisions	5,813,031	1,863,055	29.64%	14.53%	212.02%
Employees' expenses	4,412,674	3,680,020	22.50%	28.71%	19.91%
Other expenses	6,457,645	4,727,730	32.92%	36.88%	36.59%
Depreciation and amortization	2,374,676	2,030,326	12.11%	15.84%	16.96%
Lease costs	556,676	516,645	2.84%	4.03%	7.75%
Total	19,614,702	12,817,776	100%	100%	53.03%



Expected Credit Loss:

- The total provision for expected credit loss as of December 31, 2022 reached (IQD 10.963 billion including (IQD 4.840) billion for cash credit, (IQD 4.223) billion for contractual credit and (IQD 1.900) billion for other provisions, of which (IQD 5.813) billion were charged to profit and loss in 2022. The total provision to total exposure coverage ratio in Stage 3 reached approximately 291%, and provisions were calculated in line with CBI Instructions on Facilitating the Implementation of the Banking Law, where the stricter provisions were created, as a result of which the provisions under IFRS 9 exceeded the requirements of the Banking Law by (IQD 1.978) billion.

Cash Credit:

- Net cash credit before deferred earnings and provisions increased to (IQD 39.921) billion, compared to IQD 24.242 billion in 2021, with a growth rate of 64.67%, and the ratio of total non-performing debt in Stage 3 (Murabaha and Qard Hassan) to total cash credit reached 7.30%.

Contractual Credit:

- Total contractual credit increased to approximately (IQD 200) billion, compared to approximately (IQD 94) billion in the previous year, with a growth rate of 113%, as a result of discontinuing the issuance of new letters of guarantee in 2021, which was resumed on 11/1/2022. Paid contractual credit reached (IQD 161) million.



Board of Directors' Report

Significant Financial Ratios:

Ratio	December 31	
	2022	2021
Capital adequacy (CBI models)	248.48%	260%
Regulatory capital adequacy – Instructions 4 for 2010	174.73%	204%
Liquidity coverage ratio (LCR)	338%	307%
Net stable funding ratio (NSFR)	351%	376%
Non-performing debt to total cash credit ratio	7.31%	5.46%
Debt coverage ratio (Stage 3) – Cash credit	105.36%	102.13%
Return on average assets before tax	0.56%	0.70%
Return on average shareholders' equity before tax	0.95%	1.00%
Non-performing debt to regulatory capital	1.35%	0.83%
Total expenses to total revenue / before tax	89.03%	83.3%

Bank's Aspired Future Objectives and Activities:

With respect to Islamic banking, the Bank's management have been developing forward-looking plans and aspirations. The Bank has developed the strategic plan for the next three years (2022 – 2024) and commenced the action programs in line with said strategy. The strategy covers the objectives of the future plan within the following aspects:

Financial Aspect:

This aspect included:

- **Preparing the annual budget**

The budget is an essential part of modern bank management methods and is related in particular to the performance of the planning and control functions exercised by the management within the framework of the organizational structure. In addition, the budget represents the development of financial accounting information into the language of management accounting and has many advantages and some disadvantages that the bank's management seeks to address. One of its advantages is enabling the bank to develop clear policies and sub-policies for its various activities, and providing the opportunity for involving the various human resources in departments and branches in decision making and budget preparation, based on which all branches and departments have participated in preparing the Bank's annual budget for 2023. Another advantage is determining responsibilities at the Bank's organizational structure level down to each individual in the Head Office and branches, and paying attention to organizing accounting and statistical information and the actual balance rates required for the preparation of the budget. The bank has provided smart systems that were the main source for preparing budgets.

- **Profitability analysis**

The budget included a set of financial ratios related to sources and uses of funds, future outlooks, analysis of profitability rates and return on assets and equity, materiality of profitable assets, adequacy and administrative expenses coverage ratio, analysis of the relation between total expenses and revenues and analysis of the cost of funds.

- **Responsibility accounting**

Responsibility accounting in the Bank means that the performance of each manager is measured by his/her management of the activities (or areas) under his/her responsibility and direct control. This type of accounting requires thorough examination and classification of the Bank's costs and revenues based on the hierarchical levels of responsibility for controlling the same in the organizational structure. Accordingly, each manager is responsible for the relevant costs and is accountable for any deviation in the results achieved from those planned in the budget.



Responsibility accounting links the accounting system to the competent manager, such that said manager views costs from the point of view of the person responsible for controlling the same, rather than the point of view of the Bank as a whole. This concept is essential for developing any effective planning and control system.

- **Market and Customers Aspect:**

Segmenting the local Islamic services market and providing services that meet the needs of each market segment. The budget included planned projects, such as:

- » Acquiring an anti-virus and anti-malware software, and an authentic Windows license from Microsoft for employees' personal computers in accordance with international information security standards and CBI requirements.
- » Issuing new types of cards, obtaining all applications' user interfaces, implementing the data security industry's standard for payment cards, connecting to other systems and digitizing the opening of initial accounts via the mobile banking application; as new mobile and internet banking applications will be developed in line with the CBI requirements.
- » Implementing the open bank program such that customers can transfer funds from their accounts to the accounts of other customers with other banks, and developing a system for paying bills via mobile banking.
- » The workflow system.
- » Acquiring the SIEM system, which is a security solution that enables organizations to detect potential security threats and gaps before they can interfere with business transactions; by highlighting irregularities in users' behavior and uses AI to automate various manual operations related to threat detection and incident response. This system has become an essential element of modern security operations centers (SOCs) for security and compliance management purposes.
- » Acquiring an email security device that monitors organizations' emails and identifies those with harmful content.
- » Developing a customer information system and chat system between customers and customer service.
- » A system that monitors the activity and cash flow in customers' accounts and reports the same to the office by connecting banks to the Central Bank of Iraq and Anti-money Laundering and Counter-terrorism Financing Office.
- » Designing various Islamic cards, while focusing on specific groups (women, students, youth and SMEs.)
- » Designing new products targeting funds that are still outside the banking sector.
- » Increasing the average number of services per customer.
- » Continuously expanding traditional branches on economic grounds in the capital city and other governorates.
- » Installing and continuously increasing the number of ATMs, and issuing credit cards in USD.
- » Offering modern electronic banking services.
- » Continuously attracting current deposits and localizing salaries and investment accounts, while establishing a solid base of the same.

- **Risk Management Development Aspect:**

In line with the controls of the Sharia Supervisory Board and Internal Sharia Audit and Compliance Department, as well as the Islamic Banking Risk Management Controls issued by the Central Bank of Iraq to regulate the work of Islamic banks, and driven by our belief in the importance of Islamic financing instruments and the risks associated therewith that may give rise to significant challenges relating to the financial position of our Bank which operates under the supervision of the Central Bank of Iraq, and the urgent need to address said risks by diagnosing and analyzing them and designing solutions that make them controllable and minimize their impact, a specialized company was contracted to provide consultation related to the following aspects:

- » **First:**

The organizational structure and job descriptions of the Risk Management, Credit and Investment departments, together with the duties of the various divisions.

- » **Second:**

A set of policy manuals (liquidity management policy, risk appetite management policy, assets and liabilities management policy, treasury policy, Code of Professional Conduct and attached reports.)



Board of Directors' Report

- » **Third:**
A set of working procedures manuals (Risk Management Department, market risk, decline in returns, liquidity risk, non-compliance with Sharia, investment in capital - Musharaka, attached reports.)
- » **Fourth:**
o Strategies (risk management strategy, liquidity risk management strategy, finance strategy, attached reports.)
- » **Fifth:**
o A set of risk related reports (reports of committees and departments related to risk management, market and return risk management compliance lists, liquidity risk management strategy compliance lists, investment in capital risk management compliance lists, liquidity and operational risks management compliance lists, credit portfolio evaluation mechanism, investment portfolio evaluation mechanism.)

- **Human Resources Aspect:**

- » The automated system for the Human Resources Department was implemented.
- » Maintaining a minimum employee turnover rate of 2% (excluding retirement).
- » Offering employees income that ranks among the highest three Islamic banks in Iraq.
- » Continuously assessing job satisfaction levels.
- » Developing a job description manual for departments.
- » Implementing the periodic employee performance appraisal system.
- » Continuously identifying training needs and aligning training and development courses to career paths.

- **Disclosure and Transparency:**

Trust International Islamic Bank always ensures that the principle of disclosure and transparency is fully implemented, and always strives to provide adequate and meaningful information about its activities to its shareholders, the public and internal and external regulatory bodies. Therefore, the Bank has adopted a policy that includes:

- » Disclosing the financial statements in accordance with IFRS, instructions of the Central Bank of Iraq and the Iraqi Banking Law, while keeping pace with changes to international financial reporting practices and scope of transparency required from financial institutions, in addition to fully complying with all the amendments to IFRS, or issued instructions and/or laws.
- » Meeting the essential requirements of disclosed information (timeliness and accessibility of disclosure).
- » The Bank's understanding of transparency includes its willingness to share its information, data, decisions and facts with relevant parties; namely the Central Bank of Iraq, Iraq Stock Exchange and Companies Registrar, as well as the willingness to discuss them and welcome the feedback from these parties.
- » Explaining its responsibilities regarding the accuracy, integrity and adequacy of the financial statements and information included in its annual report.
- » Providing appropriate, adequate and valuable statements, notes and information about its activities to the Central Bank of Iraq, shareholders and depositors, while focusing on topics that normally interest shareholders.
- » Opening various channels and lines of communication with regulatory bodies, shareholders, depositors and the public, including: the Shareholders Affairs Department, Bank's annual report and quarterly reports, in addition to making information available on the Bank's website in Arabic and English.
- » Incorporating the following information into the Bank's annual report: (disclosure of the Bank's executive management and their practical experience, academic qualifications and salaries and bonuses, and complete information about the members of the Board of Directors).
- » Each member's commitment to attend meetings of the Board of Directors and its committees during the year, stating the number of meetings attended and any other transactions between the Bank and the relevant member, companies owned thereby or parties related thereto.



- » The Bank's major shareholders, such as shareholders or related parties, owning more than 1% of the Bank's capital.
- » The governance report on the Bank's compliance with the articles of the Corporate Governance Manual, with an explanation of the implementation progress and reasons for non-compliance with any article, in addition to the Bank's major shareholders, such as shareholders or related parties, controlling more than 5% of the Bank's capital, which is published on the Bank's web site.
- » A report on the adequacy of the internal control systems, explaining the executive management's responsibility for developing these systems, in addition to disclosing any material weaknesses therein. The annual report also includes the external auditor's report and opinion regarding the assessment of the Bank's internal control systems.
- » Information about (the Internal Sharia Audit Department and the nature of its work, Compliance Department, Anti-money Laundering and Counter-terrorism Financing Department, Financial Affairs Department, Branches Management Department and Human Resources Department.)
- » A summary of the duties, responsibilities and authorities of Board committees, as well as the number of meetings held by the Board of Directors and its committees.
- » The report of the Bank's Sharia Supervisory Committee on the Bank's compliance with the provisions of the Islamic Sharia.
- » The report of the Audit committee.
- » The Bank's organizational structure.
- » The number of Bank's employees by branch, and their academic qualifications.
- » Bank's branches, their addresses and names of their managers.
- » Descriptive and quantitative disclosures of the Risk Management Department.
- » A disclosure of Bank's subsidiaries and its ownership percentage in each of them
- » A disclosure of the responsibilities of the Board of Directors, Managing Director and Head of the Financial Affairs Department, attesting to the accuracy, correctness and completeness of the financial statements.



Financial Statements for the Fiscal Year

Ended December 31, 2022





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Auditor's report

Ref.: 654 / 51

Date: 12/3/2023

To the shareholders of Trust International Islamic Bank (Private Shareholding Company)

Subject: External Auditor's report

Opinion:

We have audited the financial statements of Trust International Islamic Bank (Private Shareholding Company) which comprise the statement of financial position as of December 31, 2022, statement of income and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements; including a summary of significant accounting policies.

In our opinion, subject to the audit results described herein, the Bank's financial statements represent, fairly in all material aspects, the financial position of the Bank as of December 31, 2022, its financial performance and its cash flows for the year then ended in accordance with the Islamic Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and International Financial Reporting Standards (IFRS), which are consistent with the Bank's Articles of Association and the Sharia rules and principals defined by the Bank's Sharia Supervisory Board, Companies Law and applicable Iraqi banking laws and regulations.

Basis for Opinion:

We have conducted our audit in accordance with local and international auditing standards. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and the Iraqi professional conduct requirements, and we have fulfilled our responsibilities in accordance with those requirements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key Audit Results:

The result of our audit has revealed the following notes and comments:

1- Application of International Accounting Standards:

The Bank's financial statements for the year under audit have been prepared in accordance with the standards of AAOIFI and IFRS, and based on the relevant directions and instructions of the Central Bank of Iraq.

a. IFRS 9 "Financial Instruments"

The Bank has implemented the IFRS 9 application instructions No. 9/6/466, related to the calculation of expected credit loss, issued by the Central Bank of Iraq on 26/12/2018. The expected credit loss is calculated on a comparative basis in line with the Instructions to Facilitate the Implementation of the Banking Law No. (4) (whichever is stricter). As a result of the application of this standard, the provision for expected credit loss reached (IQD 10,964,370) thousand as of December 31, 2022 and an expected credit loss expense of (IQD 5,661,355) thousand was recorded under financial assets for the year then ended as shown in the statement of income.

Noting that the Bank has contracted ICSFS at the end of 2022 to purchase a program for calculating the provision for expected credit loss pursuant to the relevant instructions of the Central Bank of Iraq to be fully operational next year.



b. IFRS 16 "Leases"

The Bank has applied IFRS 16 "Leases" as of January 1, 2019 and chose the simplified approach permitted under the standard upon first-time application to individual operating leases (on a lease by lease basis). The right to use leased assets was generally measured by the lease commitment using the discount price upon first-time application, and the value of right-of-use assets reached (IQD 1,219,568) thousand and lease commitments reached (IQD 1,233,948) thousand.

c. FAS 33 "Investment in Sukuk, Shares and Similar Instruments"

The Islamic Financial Accounting Standard (FAS) 33 "Investment in Sukuk, Shares and Similar Instruments" has been applied, and investments in companies' shares, sukuk and investment funds are classified and measured based on the business model of Trust International Islamic Bank as part of the FAS 33 application methodology. Debt instruments invested in are classified as per the Bank's business model and their cash flows into debt instruments at amortized cost, debt instruments at fair value through the statement of other comprehensive income and debt instruments at fair value through the statement of income.

2- Cash and Cash Equivalents:

Cash on hand and with banks as of 31/12/2022 reached (IQD 332,009,892) thousand, which is more than previous year's balance by (IQD 26,642,202) thousand with an approximately (9%) increase. Cash in vaults accounted for (43%), cash with the Central Bank (50%) and cash with banks (7%) of total cash. Following are some indicators of the cash account:

- a. Cash on hand and in vaults in the center, branches and ATMs reached (IQD 143,064,715) thousand, with a (236%) increase from previous year's balance of (IQD 42,522,484) thousand. The cash in the main branch was counted under our supervision and the balance matches the count lists.
- b. Cash with the Central Bank of Iraq reached (IQD 167,591,295) thousand, with a (34%) decrease from previous year's balance of (IQD 253,174,890) thousand.
- c. Cash with local banks reached (IQD 654,121) thousand, with a (836%) increase from previous year's balance of (IQD 69,912) thousand represented by the Bank's balance of (IQD 636,958) thousand with a local bank.
- d. The net cash balance with foreign correspondent banks reached (IQD 20,699,761) thousand, with a (116%) increase from previous year's balance of (IQD 9,600,405) thousand. In this respect, we have noticed that:
 - The ratio of receivables with foreign correspondent banks to capital and healthy reserves reached (10%), noting that the ratio set by the Central Bank of Iraq is (20%) pursuant to its Circular No. 9/3/180 dated 30/6/2020
 - The balance with a certain correspondent bank which reached (IQD 15,423,891) thousand as of 31/12/2022 exceeds (5%) of capital and healthy reserves as it represents (6.89%) of the same.
 - A provision for expected credit loss equal to (100%) of the balance of IQD 1,739,857) thousand with a certain foreign correspondent bank with a low credit rating of (BB-).
 - The Bank used SWIFT lists for reconciling its foreign balances as of 31/12/2022 due to the lack of balance confirmation letters from relevant banks.
- e. All cash balances stated in records and kept with the Central Bank of Iraq and local banks have been reconciled to bank statements and confirmations received as of 31/12/2022.
- f. The cash items in foreign currency were evaluated based on the rate of IQD (1460) per USD, which is the exchange rate set by the Central Bank of Iraq as of 31/12/2022.



Auditor's report

3- Foreign Currency Auction:

- With reference to our letter to the Central Bank of Iraq – Financial Operations and Debt Management Department / Foreign Currency Auction Department No. 654/6 dated 8/1/2023, we have been provided with the table of the Bank's participations in the foreign currency auction by virtue of their letter No. 6/2/277 dated 24/1/2023.
- The Bank's purchases through the foreign currency auction for the year ended December 31, 2022 reached (USD 3,206,433,000) as follows:

Item	Purchases (USD)	Revenue & Commission (IQD)
Transfers purchases	1,261,873,000	1,950,682,478
Exchange companies purchases	1,936,110,000	1,980,080,000
Bank's cash auction purchases	8,450,000	84,500,000
Total	3,206,433,000	4,015,262,478
Bank's total sales of the amounts purchased through the foreign currency auction in Iraqi dinars		IQD 4,681,392,180,000
Revenue to total auction amounts ratio		0.09%
Average USD exchange rate		1461,25

- The foreign currency auction revenue to purchase amounts ratio was (0.09%)
- Based on the volume of USD purchases, the Bank's average USD exchange rate during the fiscal year was (1461.25) per USD.

4- Cash Credit

- The cash credit balance as of 31/12/2022, less deferred revenues; expected credit loss and suspended profits, reached (IQD 39,921,102) thousand with a (64.67%) increase from previous year's balance of (IQD 24,242,776) thousand as shown below

Item	Current Year IQD	Previous Year IQD
Total granted cash credit	49,241,402,057	29,322,641,139
Less: Deferred revenues	(4,454,439,391)	(2,606,013,896)
Less: Expected credit loss	(4,839,832,021)	(2,459,801,210)
Less: Suspended profits	(26,028,688)	(14,049,998)
Net cash credit	39,921,101,957	24,242,776,035

- The net cash credit to deposits ratio reached (38.52%) as of 31/12/2022, noting that the ratio set by the Central Bank of Iraq is (75%).



- c. The provision for cash credit / expected credit loss under IFRS 9 reached (IQD 4,839,832) thousand as of 31/12/2022, which is higher than previous year's (2020) balance by (IQD 2,380,031) thousand. The Bank's methodology was reviewed and found to be in compliance with the requirements of IFRS 9 and instructions of the Central Bank of Iraq.
- d. The non-performing cash credit reached (IQD 3,597,922) thousand; accounting for (7.31%) of total cash credit, which requires reconsidering the credit and debt collection policies in order to achieve good results.
- e. Total cash credit / Murabaha granted to the biggest (20) borrowers reached (IQD 27,156,623) thousand accounting for (55.15%) of total cash credit / Murabaha, which is a high percentage indicating credit concentration that may increase credit risk in the event of customers' delay or default in repayment of loans, contrary to the instructions of the Central Bank of Iraq regarding customer concentration, noting that part of the cash credit collateral is in the form of (real estate mortgage and bills of exchange).
- f. The collateral provided by Bank's customers is in the form of (real estate mortgage / bills of exchange, surety by a government official, bills of exchange, lien on jewelry). We recommend obtaining solid collateral in order to ensure the rights of the Bank and address credit risk in accordance with the instructions issued by the Central Bank / Commercial Banks Control Departments No. 9/2/182 dated 2/5/2017 providing for refusing bonds and bills of exchange as collateral for credit, while focusing on customers' solvency when granting credit and obtaining additional and precautionary collaterals to address potential risks to the Bank.
- g. Credit granted to related parties (major shareholders and senior executive management) as of December 31, 2022 reached (IQD 5,321,329) thousand representing approximately (2.4%) of capital and healthy reserves, which is within the (10%) set by the Central Bank of Iraq, noting that the Bank has obtained the Central Bank's approval of granting a major shareholder a cash credit for the amount of (IQD 20) billion, but did not grant said credit in 2022.

5- Contractual Credit:

- a. The contractual credit (Letters of Guarantee) balance as of 31/12/2022 reached (IQD 199,157,986) thousand, with a (139.58%) increase from previous year's balance of (IQD 83,127,514) thousand. Letters of guarantee balance represents more than (89%) of capital and healthy reserves, noting that the percentage set by the Central Bank of Iraq is (100%) of capital since the Bank provides documentary credit.
- b. Letter of guarantee collaterals reached (IQD 57,651,569) thousand, accounting for approximately (29%) of letters of guarantee, which is higher than the minimum set by the Central Bank of Iraq which is (15%) in cash.
- c. The balance of the Bank's issued letters of guarantee account with the Central Bank of Iraq as of December 31, 2022 reached (IQD 6,985,139) thousand, representing (3.5%) of the issued letters of guarantee balance, noting that the Central Bank deducts said reserve on a quarterly basis.
- d. Letter of guarantee commissions as part of the credit portfolio reached (IQD 9,816,529) thousand, accounting for (45%) of net revenue, compared to (24%) in the previous year.
- e. Documentary credit balance as of December 31, 2022 reached (IQD 1,301,298) thousand, with a (88.1%) decrease from previous year's balance of (IQD 10,946,655) thousand. Documentary credit commissions reached (IQD 702,925) thousand, which is higher than previous year's balance of (IQD 283,013) thousand. However, this promising credit activity is still modest and requires expansion in this area in order to increase banking resources.
- f. The contractual credit balance for the biggest (20) customers reached (IQD 31,309,431) thousand, accounting for (15.72%) of total letters of guarantee. We recommend the letters of guarantee file includes the financial statements of companies ratified by the Board of Monitoring and Auditing Profession, in addition to copies of the identification documents of the applicants (individuals and corporations).



Auditor's report

6- Investments:

- a. These are Bank's investments in wholly-owned subsidiaries, shares in other companies and foreign Islamic Sukuk, which are as follows:

#	Name of Company	Investment Amount	Ownership Percentage
1	Ayen Al Thiqa Real Estate Co.	10,000,000,000	100%
2	Ayen Al Thiqa Agricultural Co.	8,000,000,000	100%
3	Ard Al Thiqa for General Trading	15,000,000,000	100%
4	Al Thiqa for Leasing LLC	15,000,000,000	100%
5	Iraqi company for Deposit Insurance / PSC	750,000,000	
6	Takaful Insurance Company (Takaful Fund)	550,000,000	
7	Foreign Islamic Sukuk	1,201,468,310	
	Total	50,501,468,310	

- b. During the year ended December 31, 2022, the Bank's subsidiaries incurred losses equal to (IQD 261,752) thousand.
- c. Investments in companies and shares as of December 31, 2022 represented (22%) of capital and healthy reserves, exceeding the percentage set by the Central Bank of Iraq which is (20%).

7- Fixed Assets:

- a. The net fixed Assets account balance as part of the property and equipment and projects under construction account as of December 31, 2022 reached (IQD 26,466,111) thousand, with an increase of (IQD 320,879) thousand from previous year's balance as stated in the list of property and equipment
- b. The projects under construction balance as stated in the list of property and equipment reached (IQD 2,838,908) thousand, with an increase of (IQD 2,171,313) thousand from previous year's balance
- c. All assets, including real estate, are owned by and registered in the name of the Bank, with the exception of the parking land acquired on June 28, 2022, which was duly registered in the name of the Bank in 2023. We recommend updating the title deeds of real estate acquired by the Bank in 2022 with real estate registration departments.

8- Other Assets

Other assets balance as of December 31, 2022 reached (IQD 18,904,684) thousand, as detailed in Note (15), with an increase of (IQD 15,121,154) thousand from previous year's balance, noting that:

- a. The clearing house balance of (IQD 17,020,350) thousand represents clearing of other banks' Sukuk drawn at the Bank that have been settled in the following year.
- b. The documentary credit debtors balance of (IQD 116,800) thousand represents outstanding debts for which a provision for expected credit loss was created at the rate of (100%).
- c. The letter of guarantee debtors balance of (IQD 44,676) thousand represents commissions on unsettled letters of guarantee for which a provision for expected credit loss was created at the rate of (100%).
- d. No real estate has been acquired as a result of debt.
- e. The other assets to current assets ratio reached (5.51%) and has not exceeded the (10%) ratio specified in the instructions of the Central Bank related to the improvement of financial statements.



9- Customer Deposits:

- a. Customer deposits as of December 31, 2022 reached (IQD 103,648,038) thousand, representing individual and corporate customers' deposits and saving deposits, which is less than previous year's balance by (IQD 6,736,999) thousand.
- b. Current (deposit) accounts represent (22%) of total liabilities and equity, which is less than previous year's percentage of (25%).
- c. We recommend continuing to improve the services offered to customers in order to attract and develop more core deposits and avoid the risks associated with non-core deposits

10- Other Liabilities:

Other liabilities balance as of December 31, 2022 reached (IQD 3,508,162) thousand, as detailed in Note (22), which is less than previous year's balance of (IQD 5,327,923) thousand as a result of the decrease in cheques drawn against the Bank the balance of which as of December 31, 2022 reached (IQD 2,279,524) thousand, with a (IQD 1,250,629) thousand decrease from previous year's balance, and we noticed that there were suspended cheques that exceeded the statutory period of (6) months and (10) days without settlement. We recommend following up on and settling the cheques drawn against the Bank, noting that we have examined the balances of all relatively significant accounts related to this balance.

11- Received Loans:

The received short-term loans account of (IQD 35,184,902) thousand for the fiscal year ended December 31, 2022 represents the amount allocated by the Central Bank of Iraq under the Short and Medium-term Loans Initiative. This is a liability that the Bank needs to utilize and use in an optimal manner, in addition to repaying it and minimizing the risks associated with it.

12- Bank's Activity:

- a. According to the separate statement of income and other comprehensive income for the year ended December 31, 2022, the Bank achieved net profit before tax equal to (IQD 2,678,573) thousand, compared to the loss of (IQD 467,265) thousand incurred in the previous year.
- b. The Bank's net revenue from Islamic banking and commissions for the year ended December 31, 2022 reached (IQD 22,028,587) thousand, with an increase from previous year's revenue of (IQD 12,105,224) thousand, as a result of the increase in net revenue from commissions; particularly letter of guarantee commissions which accounted for (45%) of the Bank's revenue. We recommend diversifying Islamic financing products in the future, as well as diversifying other sources of income.
- c. Bank's total expenses for the year ended December 31, 2022 reached (IQD 19,350,013) thousand, with an increase from previous year's expenses of (IQD 12,572,489) thousand, as a result of the increase in the provision for expected credit loss, as well as the increase in employees' expenses and other operating expenses.

13- Capital Adequacy:

The capital to risk-weighted assets ratio reached (248.48%), which is higher than the (12.5%) ratio permitted by the Capital Bank of Iraq in accordance with Basel III requirements.

14- Internal Sharia Control and Audit:

The internal control system includes the necessary procedures that are appropriate for the Bank's size and activities. This department plays a role in controlling performance by ensuring compliance with the policies in place, protecting Bank's assets and adding value by contributing to risk management and assessing and improving this system by ensuring internal auditor's compliance and independence of the executive management in order to be able to



Auditor's report

properly carry out his/her duties by implementing a risk-based audit program that helps protect Bank's assets. The activities of the Internal Control Department includes:

- Auditing the activities of the Bank's Main Office and all departments and branches according to a schedule that has been followed during the current year.
- Ensuring the protection of Bank's assets and integrity of its records, opening of current accounts and participation in the competent committees.
- Submitting periodic quarterly reports to the senior management, Sharia Supervisory Board and Audit Committee in accordance with Central Bank controls.

We recommend staffing the department with more internal auditors in order to activate the role of internal Sharia control and audit, particularly in new branches, such that it covers all Bank's activities and branches.

15- Liquidity Ratio and Solvency:

The cash on hand and with the Central Bank of Iraq to total assets ratio reached (66%), which indicates the availability of unutilized liquid funds. Below are the main indicators as of December 31, 2022:

1. The liquidity ratio at the end of the fiscal year reached (82%), whereas the minimum ratio required by the Central Bank is (30%).
2. The liquidity coverage ratio (LCR) in accordance with Basel III requirements at the end of the fiscal year reached (338%), whereas the minimum ratio required by the Central Bank is (100%).
3. The net stable funding ratio (NSFR) in accordance with Basel III requirements at the end of the fiscal year reached (351%), whereas the minimum ratio required by the Central Bank is (100%).

According to the abovementioned ratios, there are no concerns regarding the Bank's ability to meet its obligations to depositors in the upcoming period. However, the Bank needs to further utilize the available excess cash liquidity in various low-risk credit and investment activities in line with the Banking Law No. (94) for 2004 and Islamic Banking Law No. (43) for 2015.

16- Anti-money Laundering and Terrorism Financing:

By examining the Bank's accounting records and banking activities during the year under audit and the information provided by the relevant department, we found that the Bank has taken adequate actions to prevent money laundering and terrorism financing, and that said actions are taken in accordance with the regulations and instructions issued by the Central Bank pursuant to Article (9) of the Anti-money Laundering and Terrorism Financing Law No. (39) for 2015. Furthermore, we have reviewed the reports sent by the Money Laundering and Terrorism Financing Reporting Department to the Central Bank of Iraq in accordance with the law and instructions of the Central Bank of Iraq and found that the Bank adopts the following anti-money laundering and terrorism financing procedures:

- a. The Bank has special electronic programs for money laundering and terrorism financing, namely:
 - The BANK-BI AML Solution System by PIO TECH, which is linked to the Bank's internal systems and monitors financial transactions in customers' accounts using the scenarios developed for monitoring transactions and issuing (daily - monthly) alerts, noting that the system includes the scenarios required by the Central Bank.
 - The Safe Check program which includes continuously updated international and local lists (UN - OFACSDN - OFAC) and is linked to the Bank's internal systems and the blacklists that are immediately updated by the providing company whenever updated by the relevant international source.
 - Prototype company has been contracted to prepare the FINSCAN program that includes international blacklists where a specific mechanism is used to audit the currency auction / cash transfers and incoming and outgoing transfers for all relevant parties and practice due diligence in order to prevent transactions associated with money laundering and terrorism financing when issuing and receiving internal and external transfers to customers' accounts with the Bank.



- b. Under the system, the Bank classifies customers by risk into (low, medium and high).

In order to activate anti-money laundering procedures, we recommend:

- a. Monitoring the bank accounts of and identifying high-risk customers (politicians, state officials and certain customers), and notifying the Anti-money Laundering office of any suspiciously high withdrawals or deposits.
- b. We noticed that folders are kept for each customer, including all fundamentals of foreign transfers, in addition to monitoring and checking the business activities of customers. We recommend updating and maintaining the relevant documents and information (such as the business statement, import contract, import license, income tax clearance, customer's financial position (certified balance sheet), amounts of foreign transfers during the year... etc.)

17- Foreign Currency Positions:

The foreign currency positions to capital and healthy reserves ratio as of December 31, 2022 reached (21.74%), which is higher the required ratio of (20%) in accordance with the foreign currency positions controls issued by the Central Bank of Iraq by letter No. 9/3/180 dated June 30, 2020.

18- Sharia Compliance Controller:

We have reviewed the reports sent by the Sharia Compliance Department to the Central Bank and Bank's Board of Directors, as the Bank's management has ensured full compliance with all the laws and instructions of the Central Bank related to Bank's activities during the year under audit and has sent periodic reports in a timely manner using the required forms.

19- Risk Management:

The Bank has taken all necessary action to activate the risk classification system, because risks are an integral part of the banking business which cannot avoid certain risks. For instance, the financing function and credit granting risks are the most prominent risks, so long as the Bank's job is to grant credit. Other risks also resulted from the technological advances in the modern banking industry, including electronic transactions risks, particularly electronic operational risks, which enabled faster banking operations and made banking services more accessible from anywhere. The Bank also conducts stress tests and implements risk management policies and procedures in accordance with the instructions of the Central Bank of Iraq but, at the end of the day, risks cannot be completely avoided, but plans can be developed to reduce and minimize them. The Risk Management Department implements procedures to minimize risks and prepares and issues monthly and quarterly reports that are submitted to the Bank's management and sent to the Central Bank of Iraq

20- Corporate Governance:

The Bank complies with corporate governance requirements through Board committees and has set up a Board committee called the (Corporate Governance Committee) that prepared the Bank's governance manual which was approved by the Board of Directors in accordance with the minimum requirements prescribed in the Governance Manual issued by the Central Bank of Iraq

21- Lawsuits:

The Bank's management confirmed that there are (5) lawsuits filed by the Bank against third parties and the Bank's standing in said lawsuits is good. On the other hand, (1) lawsuit was filed against the Bank and, according to the Bank's Legal Department, has been determined in favor of the Bank.

22- Document and Record Keeping Method:

The Bank takes various actions to keep cash in vaults and important files in safe cabinets in an organized and orderly manner, in addition to maintaining and updating cash and other records. The Bank also has an electronic archiving system through which documents and files are electronically kept and indexed.



Auditor's report

23- Adequacy of the Protection of Bank's and Customers' Funds:

The Bank's and customers' funds are protected by:

- a. Maintaining the statutory reserve with the Central Bank in accordance with relevant instructions. The statutory reserve balance as of December 31, 2022 reached (IQD 11,482,048) thousand, which is within the percentage required by the Central Bank of Iraq.
- b. The Bank's contribution to the capital of the Iraqi Company for Deposit Insurance and payment of monthly insurance premium in accordance with relevant instructions.

24- Results of the Audit by the Central Bank of Iraq:

We have reviewed the correspondences of the Central Bank of Iraq regarding monitoring the Bank's activities and the results of the audit of the quarterly and annual statements and reports prepared by the Bank for the year under audit, and found that they cover the key comments related to the main aspects of Bank's activities that were referred to by the Central Bank in its reports. We recommend taking said reports into consideration in order to avoid any future risks or mistakes.

25- Electronic systems:

The Bank uses various electronic systems to record financial transactions, such as the (BANKS) banking system, and keeps all accounting records electronically. The Bank also uses the CBS credit information sharing system and electronic archiving system, in addition to a number of other systems for internal and external transfers.

26- Meetings of the Board of Directors:

The Board of Directors held (18) meetings during the year. The meetings focused on implementing the requirements of corporate governance, developing the Bank's infrastructure, introducing world-class banking systems and enrolling employees in courses to improve their competencies, particularly in the International Accounting Standards and other topics.

27- Events After the Reporting Date:

On February 8, 2023, the Bank changed the US dollar exchange rate from (IQD 1460) to (IQD 1310) per US dollar effective as of February 8, 2023. This change did not result in any adjustment of the activity results and figures of the financial statements for the year ended December 31, 2022.

28- Audit Fees:

The Bank's final accounts audit fees for the year ended December 31, 2022, in accordance with the controls of the Board of Monitoring and Auditing Profession, reached (IQD 60,000,000).

Other Comments:

The financial statements for the year ended December 31, 2022 have been jointly audited by two other auditors who expressed their opinion on the same on March 1, 2022.

Responsibility of the Management and Governance Officers for the Financial Statements:

The management is responsible for the preparation and fair presentation of the financial statements in accordance with local and International accounting rules and standards, in addition to its responsibility for developing and implementing an internal control system related to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and using appropriate accounting estimates.



In preparing the financial statements, the management is responsible for assessing the Banks ability to continue as a going concern and disclosing, wherever necessary, relevant issues, in addition to using the going concern basis of accounting; unless the management plans to liquidate or terminate its business, or when no other realistic alternative is available. The governance officers are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibility:

Our responsibility is to express an unbiased technical opinion on these financial statements in accordance with local and international auditing standards. Those standards require that we plan and perform the audit to obtain reasonable evidence of whether the financial statements are free from material misstatements. The audit also includes examining and disclosing, on a test basis, the data and documents supporting the figures stated in the financial statements and notes. It also includes assessing the appropriateness of the implemented accounting policies and reasonability of the accounting estimates made by the management, in addition to assessing the overall presentation of the financial statements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion

Based on Bank's records and the notes provided to us:

1. The electronic accounting program used by the Bank is in compliance with the requirements of the bookkeeping regulations, and it included, based on our judgment, all bank's assets, liabilities, expenses and revenues. In addition, the internal Sharia control and audit system has included all procedures that ensure the fairness and clarity of these statements in line with the size and nature of Bank's activities
2. Fixed assets and cash counts have been performed by the Bank's management and under our supervision, and the results of the counts where correct as they have been assessed in accordance with the accounting rules and principles adopted in the previous years.
3. The management' annual report and the financial and accounting information included therein reflect the management's opinion in a comprehensive manner and the Bank's operations during the year under audit, and does not include any violations of applicable Laws and legislations.
4. The statements have been prepared in accordance with the standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), International Financial Reporting Standards (IFRS) and applicable legislations, are fully consistent with Bank's records, and are prepared in accordance with the amended Companies Law, Banking Law and regulations and instructions in force.

Yours sincerely,

Firas Ismail Korban Ali
Chartered Accountant and Auditor

Firas I. Korban Ali & Co.
Chartered Public Accountants / Partnership



Separate Statement of Financial Position

for the Year Ended December 31, 2022

Statement (A) - Separate	Note	December 31	
		2022 IQD	2021 IQD
Assets			
Cash and balances with the Central Bank of Iraq	4	310,656,010,159	295,697,373,973
Balances with banks and financial institutions	5	21,353,882,321	9,670,316,724
Financial assets at fair value through the statement of income	6	1,209,676,810	1,062,109,120
Financial assets at fair value through the statement of other comprehensive income	7	1,300,000,000	750,000,000
Investments in Finance – net	8	-	14,361,067,278
Deferred sales receivables and other receivables - net	9	36,733,221,117	23,209,693,011
Qard Hassan	10	3,187,880,840	1,033,083,024
Investments in subsidiaries	11	48,000,000,000	48,000,000,000
Property and equipment – net	12	26,466,110,536	26,145,231,120
Intangible assets – net	13	2,817,203,990	3,200,064,578
Right-of-use assets	14	1,219,568,064	1,387,360,830
Other assets	15	18,904,684,188	15,121,153,925
Total Assets		471,848,238,025	439,637,453,583
Liabilities			
Customers' current accounts	16	103,648,037,648	110,385,036,283
Banks and financial institutions accounts	17	4,157,062,994	22,204,790,538
Loans – Central Bank of Iraq	18	35,184,902,010	17,104,498,000
Cash margins	19	57,976,893,870	26,362,509,399
Other provisions	20	4,976,431,162	2,643,746,421
Income tax provision	21	1,602,000,000	763,076,538
Lease commitments	14	1,233,947,817	1,335,764,211
Other liabilities	22	3,508,161,717	5,327,922,847
Total Liabilities		212,287,437,218	186,127,344,237
Customers' investment accounts	23	6,599,580,915	538,400,258
Total Liabilities and Investment Accounts		218,887,018,133	186,665,744,495
Shareholders' Equity			
Paid-up capital	1	250,000,000,000	250,000,000,000
Statutory reserve	24	351,946,863	351,946,863
Voluntary reserve / Expansions	24	3,009,040,554	3,009,040,554
Retained earnings (losses)	24	(399,767,525)	(389,278,329)
Net Shareholders' Equity		252,961,219,892	252,971,709,088
Total Liabilities, Investment Accounts and Shareholders' Equity		471,848,238,025	439,637,453,583

For Trust International Islamic Bank (Private Shareholding Company) – Baghdad – Republic of Iraq

Accountant A/32417
Haider Salman Khazal

Chief Financial Officer (CFO)
Nabeel Mahmood Yousef

Managing Director
Lateef Hameed Elwan

Chairman of the Board of
Directors
Mohammad Muslim Jarallah

Pursuant to our report No. 654/51 dated 12/03/2023

Firas Ismail Korban Ali
Chartered Accountant and Auditor
Firas I. Korban Ali & Co.
Chartered Public Accountants / Partnership



The accompanying notes are an integral part of these financial statements and should be read with them and with the accompanying external auditor's report.

Separate Statement of Changes in Shareholders' Equity

for the Year Ended December 31, 2022

For the year ended December 31, 2022

Statement (C) - Separate	Paid-up Capital IQD	Statutory Reserve IQD	Voluntary Reserve / Expansions IQD	Retained Earnings (losses) IQD	Total Shareholders' Equity IQD
Balance as of January 1, 2022	250,000,000,000	351,946,863	3,009,040,554	(389,278,329)	252,971,709,088
Profit (loss) for the period	-	-	-	(10,489,196)	(10,489,196)
Transferred from subsidiaries	-	-	-	-	-
Transferred to reserves	-	-	-	-	-
Balance as of December 31, 2022	250,000,000,000	351,946,863	3,009,040,554	(399,767,525)	252,961,219,892

For the year ended December 31, 2021

Statement (C) - Separate	Paid-up Capital IQD	Statutory Reserve IQD	Voluntary Reserve / Expansions IQD	Retained Earnings (losses) IQD	Total Shareholders' Equity IQD
Balance as of January 1, 2021	250,000,000,000	351,946,863	1,009,040,554	77,986,733	251,438,974,150
Profit (loss) for the period	-	-	-	(467,265,062)	(467,265,062)
*Transferred from subsidiaries	-	-	-	2,000,000,000	2,000,000,000
Transferred to reserves	-	-	2,000,000,000	(2,000,000,000)	-
Balance as of December 31, 2021	250,000,000,000	351,946,863	3,009,040,554	(389,278,329)	252,971,709,088

The accompanying notes are an integral part of these financial statements and should be read with them and with the accompanying external auditor's report



Separate Statement of Cash Flows

for the Year Ended December 31, 2022

Statement (D) - Separate	Note	December 31	
		2022 IQD	2021 IQD
Cash Flows from Operating Activities			
Net profit (loss) before tax	Income	2,678,573,266	(467,265,062)
Adjustments for non-monetary items			
Depreciation and amortization	12,13	2,323,838,490	1,979,488,069
Amortization of right-of-use assets	14	371,662,719	391,878,284
Amortization of financing costs / lease commitments	14	65,593,653	74,042,871
Effect of changes in exchange rates on cash and cash equivalents	29	(14,600)	(379,827,206)
Unrealized financial assets at fair value through the statement of income	6	58,293,310	977,412
Other provisions	20	143,149,343	136,571,162
Loss (profit) from disposal of property and equipment	12		547,257
Expected credit loss – DC and LG debtors	15	(592,504,500)	753,980,500
Expected credit loss - Investments	8	(58,932,380)	58,932,380
Expected credit loss – Contractual credit	32	2,192,901,985	(702,637,263)
Expected credit loss – Cash credit	9,10	2,380,030,811	1,613,047,185
Expected credit loss – Banks		1,739,858,640	-
Cash flows from operating activities before changes in working capital items		11,302,450,737	3,459,735,589
Changes in Working Capital Items:			
Deferred sales receivables and other receivables	9	(15,531,906,930)	(12,339,871,309)
Qard Hassan	10	(2,526,449,803)	(1,125,592,941)
Other assets	15	(3,191,025,764)	789,168,954
Current accounts	16	(6,736,998,635)	79,451,280,057
Cash margins	19	31,614,384,471	9,783,325,043
Paid end of service provision	20	(3,366,587)	(14,693,500)
Other liabilities	22	(1,819,761,130)	4,123,541,342
Cash flows (used in) from operating activities		13,107,326,359	84,126,893,235
Paid income tax	21	(1,850,139,000)	(194,605,000)
Net cash flows (used in) from operating activities		11,257,187,359	83,932,288,235
Cash Flows from Investment Activities:			
Financial assets at fair value through the statement of income	6	(205,861,000)	(1,002,231,782)
Investments - Partnerships		14,419,999,658	15,580,000,342
Purchase of property and equipment and projects under construction payments	12	(1,814,425,716)	(4,427,502,147)
Purchase of intangible assets	13	(447,431,601)	(414,683,802)
Transferred from subsidiaries		-	2,000,000,000
Financial assets at fair value through the statement of other comprehensive income	7	(550,000,000)	-
Net cash flows used in investing activities		11,402,281,341	11,735,582,611
Cash Flows from Financing Activities:			
Investment accounts	23	6,061,180,657	324,450,258
Finance lease (payments)	14	(371,280,000)	(472,530,000)
Loans – Central Bank of Iraq	18	18,080,404,010	11,182,498,000
Net cash flows from financing activities		23,770,304,667	11,034,418,258
Effect of changes in exchange rates on cash and cash equivalents	29	14,600	379,827,206
Net increase in cash and cash equivalents		46,429,787,967	107,082,116,310
Cash and cash equivalents at beginning of year		283,162,900,159	176,080,783,849
Cash and cash equivalents at end of year	34	329,592,688,126	283,162,900,159

The accompanying notes are an integral part of these financial statements and should be read with them and with the accompanying external auditor's report

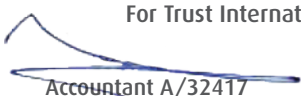


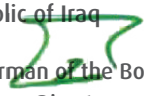


Consolidated Statement of Financial Position

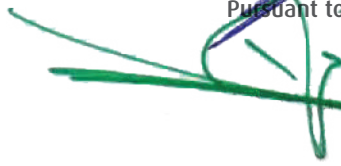
for the Year Ended December 31, 2022

Statement (A) - Consolidated	December 31	
	2022 IQD	2021 IQD
Assets:		
Cash and balances with the Central Bank of Iraq	310,658,872,919	295,974,148,473
Balances with banks and financial institutions	21,353,882,321	9,670,316,724
Financial assets at fair value through the statement of income	1,209,676,810	1,062,109,120
Financial assets at fair value through the statement of other comprehensive income	1,300,000,000	750,000,000
Financing investments- net	-	14,361,067,278
Long-term investments and partnerships	30,448,983,750	17,435,458,000
Deferred sales receivables and other receivables - net	36,733,221,117	23,209,693,011
Qard Hassan and concessional loans	3,187,880,840	1,033,083,024
Property and equipment - net	28,544,748,874	26,182,543,920
Intangible assets - net	2,894,003,990	3,315,264,578
Right-of-use assets	1,219,568,064	1,387,360,830
Other assets	19,046,301,105	16,495,728,870
Total assets	456,597,139,790	410,876,773,828
Liabilities:		
Customers' current accounts	78,904,923,904	77,433,290,461
Banks and financial institutions accounts	4,157,062,994	22,204,790,538
Loans - Central Bank of Iraq	35,184,902,010	17,104,498,000
Cash margins	57,976,893,870	26,362,509,399
Other provisions	4,976,431,162	2,643,746,421
Income tax provision	2,373,636,000	1,632,989,538
Lease commitments	1,233,947,817	1,335,764,211
Other liabilities	11,695,989,671	5,354,787,847
Total Liabilities	196,503,787,428	154,072,376,415
Customers' investment accounts	6,599,580,915	538,400,258
Total Liabilities and Customers' Investment Accounts	203,103,368,343	154,610,776,673
Shareholders' Equity:		
Paid-up capital	250,000,000,000	250,000,000,000
Statutory reserve	620,699,358	620,699,359
Voluntary reserve / expansions	3,009,040,554	3,009,040,554
Retained earnings (losses)	(135,968,465)	2,636,257,242
Net shareholders' equity	253,493,771,447	256,265,997,155
Total liabilities, investment accounts and shareholders' equity	456,597,139,790	410,876,773,828

For Trust International Islamic Bank (Private Shareholding Company) – Baghdad – Republic of Iraq

 Accountant A/32417
Haidar Salman Khazal
  Chief Financial Officer (CFO)
Nabeel Mahmood Yusef
  Managing Director
Lateef Hameed Elwan
  Chairman of the Board of Directors
Mohammad Muslim Jarallah

Pursuant to our report No. 654/51 dated 12/03/2023


 Firas Ismail Korban Ali
Chartered Accountant and Auditor
Firas I. Korban Ali & Co.
Chartered Public Accountants / Partnership

The accompanying notes are an integral part of these financial statements and should be read with them and with the accompanying external auditor's report

Consolidated Statement of Income

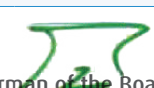
for the Year Ended December 31, 2022

Statement (B) - Consolidated	December 31	
	2022 IQD	2021 IQD
Islamic Banking Revenue		
Realized revenue – Deferred sales receivables	1,205,703,521	936,684,361
Realized investment revenues - Financing	-	805,124,394
Revenue from long-term investments - Subsidiaries	3,207,816	3,275,774,945
Profit (loss) from financial assets at fair value through the statement of income	20,543,621	(452,162)
Total Islamic Banking Revenue	1,229,454,958	5,017,131,538
(Less) investment deposit accounts gains	(177,844,680)	(38,319,194)
(Less) Insurance expenses for Deposit Insurance	(92,727,000)	(55,322,622)
Net Islamic banking revenue	958,883,278	4,923,489,722
Net revenue from commissions	18,768,694,065	7,032,928,700
Foreign currency revenue	67,582,744	2,097,741,530
Revenue from other operations	2,236,458,384	1,326,718,537
Total Commissions	21,072,735,193	10,457,388,767
Net Revenue from Islamic Banking and Commissions	22,031,618,471	15,380,878,489
Expenses		
Employees' expenses	4,412,674,435	3,680,020,081
Amortization of right-of-use assets	371,662,719	391,878,284
Financing costs / lease commitments	65,593,653	74,042,871
Rent expenses	119,420,000	50,724,000
Other expenses	6,457,723,661	4,727,730,235
Depreciation and amortization	2,374,676,090	2,030,325,669
Expected credit loss / Deferred sales receivables - Murabaha	2,008,378,824	1,509,075,030
Expected credit loss / Qard Hassan	371,651,987	103,972,155
Expected loss / Investments	(58,932,380)	58,932,380
Expected loss / Contractual credit	2,192,901,985	(702,637,263)
Expected loss / Banks	1,739,858,640	-
Expected loss / LC and LG debtors	(592,504,500)	753,980,500
Other provisions	151,676,603	139,731,922
Total Expenses	19,614,781,717	12,817,775,864
Net profit (loss) before tax	2,416,836,754	2,563,102,625
(less) income tax	(2,689,062,462)	(454,558,000)
Profit (loss) after tax	(272,225,708)	2,108,544,625
Comprehensive income items		
Net Profit (Loss) and Other Comprehensive Income	(272,225,708)	2,108,544,625


Accountant A/32417
Haidar Salman Khazal


Chief Financial Officer (CFO)
Nabeel Mahmood Yousef


Managing Director
Lateef Hameed Elwan


Chairman of the Board of
Directors
Mohammad Muslim Jarallah

The accompanying notes are an integral part of these financial statements and should be read with them and with the accompanying external auditor's report



Consolidated Statement of Changes in Shareholders'

for the Year Ended December 31, 2022

For the Year Ended December 31, 2022

Statement (C) - Consolidated	Paid-up Capital IQD	Statutory Reserve IQD	Voluntary Reserve / Expansions IQD	Retained Earnings (losses) IQD	Total Shareholders' Equity IQD
Balance as of January 1, 2022	250,000,000,000	620,699,359	3,009,040,554	2,636,257,242	256,265,997,155
Profit (loss) for the period	-	-	-	(272,225,708)	(272,225,708)
*Distributed dividends for 2021				(2,500,000,000)	(2,500,000,000)
Balance as of December 31, 2022	250,000,000,000	620,699,359	3,009,040,554	(135,968,466)	253,493,771,447

* Pursuant to the decision of the Board of Directors submitting a recommendation to the General Assembly to distribute cash dividends at the rate of 1% of the working capital for the sum of IQD 2,500,000 for the profits of 2021, which was unanimously approved in the general meeting held on 29/03/2022.

For the Year Ended December 31, 2021

Statement (C) - Consolidated	Paid-up Capital IQD	Statutory Reserve IQD	Voluntary Reserve / Expansions IQD	Retained Earnings (losses) IQD	Total Shareholders' Equity IQD
Balance as of January 1, 2021	250,000,000,000	491,908,873	3,009,040,554	656,503,103	254,157,452,530
Profit (loss) for the period	-	-	-	2,108,544,625	2,108,544,625
Transferred to reserves	-	128,790,486	-	(128,790,486)	-
Balance as of December 31, 2021	250,000,000,000	620,699,359	3,009,040,554	2,636,257,242	256,265,997,155

The accompanying notes are an integral part of these financial statements and should be read with them and with the accompanying external auditor's report



Notes to the Separate Financial Statements

for the Year Ended December 31, 2022

1 General

- 1.1 Trust International Islamic Bank is an Iraqi private shareholding company registered under the establishment license No. M SH / 01-69098 dated April 19, 2009 with its head office in Baghdad, with a capital of IQD 100 billion. The Bank was established upon the approval of the Ministry of Trade – Companies Registrar by changing its name and activity from Al-Marj International Financial Transfer Company (a financial transfer company) to Trust International Islamic Bank (an Islamic bank) by virtue of their letter No. 4844 dated March 9, 2016. The Bank completed all relevant legal procedures on said date and became the legal successor of Al-Marj Financial Transfer Company.
- 1.2 In a meeting held on April 29, 2017, the General Assembly decided to increase the Bank's capital by IQD 150 billion through subscription that has been fully covered. The Bank has completed all procedures related to this increase at the Ministry of Trade / Companies Registrar as provided for in their letter No. SH / H / 01-27721 dated September 13, 2017.
- 1.3 The Bank carries out all financial, banking, investment, import and precious metals and gemstones sale and purchase activities in accordance with Sharia provisions and is governed by the Central Bank of Iraq and Islamic Banking laws in force.
- 1.4 The Bank started its Islamic banking business on March 10, 2016 through its own funds.
- 1.5 The financial statements as of December 31, 2022 were approved by the Bank's Board of Directors on 26/02/2023.
- 1.6 The financial statements as of December 31, 2022 were approved by the Bank's Sharia Supervisory Board on 9/03/2023.

2 Basis of Preparation of the Financial Statements:

- 2.1 The Bank's financial statements have been prepared in accordance with the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions which are consistent with the Bank's Articles of Association and in line with Sharia rules and principles that are established by the Bank's Sharia Supervisory Board and in accordance with the applicable local laws and instructions of the Central Bank of Iraq. In the event that there are no standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions relating to the financial statements' items, the International Financial Reporting Standards (IFRS) and related interpretations are applied in conformity with Sharia standards, until new Islamic standards are issued therefor.
- 2.2 The Bank adopted the Islamic Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions in the preparation of the financial statements for the year ending December 31, 2018 in accordance with the Islamic Banking Law No. 43 for 2015.
- 2.3 The financial statements have been prepared on the historical cost basis except for financial assets and financial liabilities, which are presented at the fair value at the date of the financial statements.
- 2.4 The basis of consolidation of the financial statements includes the consolidated financial statements of the Bank and the subsidiaries financed by the Bank's own funds and controlled thereby. Control is achieved when the Bank has the power to govern the financial and operating policies of the subsidiaries to obtain benefits from their activities. All transactions, balances, revenues, and expenses between the Bank and its subsidiaries are excluded.
- 2.5 The financial statements have been presented in Iraqi Dinar, which is the primary currency of the country in which the Bank operates.

3 Significant Accounting Policies:

When preparing the Financial Statements, the significant judgments made by the management in the application of the Bank's accounting policies, including the significant sources of estimation of uncertainty in the application of the accounting policies when preparing the financial statements, are the same as those adopted as of December 31, 2021:



Notes to the Separate Financial Statements

for the Year Ended December 31, 2022

3.1 International Financial Reporting Standard (IFRS 9) Islamic Financial Accounting Standard (FAS 30):

The Bank has followed the IFRS 9 application instructions No. 9/6/466, related to the calculation of expected credit loss, issued by the Central Bank of Iraq on 26/12/2018. The Bank has prepared the requirements for the expected credit loss calculation model and applied these instructions. The effect of the application of the instructions was recognized as of January 1, 2019. The requirements of FAS 30 are substantially similar to those of IFRS 9 and IFRS 9 Application Instructions issued by the Central Bank of Iraq. The expected credit loss is calculated on a comparative basis in line with the Instructions to Facilitate the Implementation of the Banking Law No. (4) and the accounting entry is recorded in the financial statements using the most conservative method (whichever is higher).

3.2 International Financial Reporting Standard (IFRS 16) - Leases

As of January 1, 2019, the Bank has applied the International Financial Reporting Standard (IFRS 16) - Leases, that superseded the existing guidelines relating to lease contracts, including the International Accounting Standard (IAS 17) - Lease Contracts, IFRIC 4 - Determining Whether an Arrangement Contains a Lease, SIC 15 - Operating Leases and SIC 27 - Evaluating the Substance of the Transactions Involving the Legal Form of a Lease.

The International Financial Reporting Standard (IFRS 16) was issued in January 2016, and is in effect for financial periods commencing on or after January 2019. The International Financial Reporting Standard (IFRS 16) stipulates that all leases and related contractual rights and obligations are to be recognized in the Bank's statement of financial position, unless the lease term is 12 months or less, or the underlying asset is of low value. Therefore, the classifications required under the International Accounting Standard (IAS 17) - Leases for both operational leases and financing leases has been repealed for lessees in all leases, such that the lessee recognizes a liability against future lease liabilities, in return for capitalizing the right to use the leased asset; which generally equals the current value of future lease payments plus directly attributable costs that are amortized over the productive life of the asset.

3.3 FAS (33) – Investment in Sukuk, Shares and Similar Instruments:

Investment in shares in companies' capital, sukuk and investment funds is classified and measured based on the business model of Trust International Islamic Bank as part of the standard application methodology in line with FAS (33). Debt instruments are recorded in one of the three portfolios (amortized cost, non-cash debt instruments through equity, non-cash debt instruments at fair value through the statement of income).

3.4 Non-Sharia Compliant Revenues, Gains and Losses

Non-Sharia compliant revenues, gains and losses of the Bank (if any) are recognized by recoding them in a special account that is presented in the statement of financial position under other assets. They are not recorded in the statement of income and other comprehensive income, and are spent on charity as determined by the Sharia Supervisory Board.

3.5 Zakat

Since the Bank is not authorized by its shareholders to pay Zakat on their shares, it is their responsibility to do so once the relevant conditions and controls are satisfied, taken the following into consideration:

3.5.1 If shares are purchased for trading purposes, Zakat is paid on their market value.

3.5.2 If shares are purchased for profit, rather than trading, purposes, Zakat is paid on the value of Zakatable assets (assets on which Zakat is payable) plus realized profit; regardless of whether said profit is distributed or not.

3.6 Murabaha Contracts

Murabaha contracts are contracts under which a commodity is sold for its initial purchase price paid by the seller (the Bank) with a known and agreed upon mark-up. The sale may be on an ordinary Murabaha basis called (Simple Murabaha), in which the Bank practices trade and purchases the commodities without reliance on a prior promise by a customer to purchase them, then offers said commodities for sale by Murabaha at an agreed upon price and profit. Otherwise, the sale could be Murabaha with a promise from a customer, i.e. the



Notes to the Separate Financial Statements

for the Year Ended December 31, 2022

Bank purchases the commodity only after the customer determines his desires with the existence of a prior promise to purchase, which is then called (Murabaha to the purchase order). Furthermore, the customer may authorize the bank to sell the commodity on their behalf to a third party and transfer its price to the customer's account after receiving it from the buyer (third party).

- 3.6.1 The Bank does not apply the binding promise principle to Murabaha to the purchase order contracts.
- 3.6.2 Murabaha receivables are recognized upon their occurrence at their nominal value, and are measured at the end of the fiscal year at the net cash value expected to be realized.
- 3.6.3 In cash Murabaha and term Murabaha for a period not exceeding the fiscal year, profit is recognized upon concluding the contract
- 3.6.4 Revenue from deferred sales for a term exceeding the fiscal year is recognized by distributing it over the future fiscal years for the term, such that a share of the profits is allocated for each fiscal year regardless of whether or not it is received in cash.

3.7 Subsidiaries:

When separate financial statements are prepared for the Bank as an independent entity, investments in subsidiaries are presented at cost or, in case of liquidation, net realizable value.

3.8 Fair Value of Financial Assets

- 3.8.1 Closing (buy / sell) prices in active markets on the date of the financial statements represent the fair value of financial instruments with market prices; and in the absence of effective prices, lack of active trading of certain financial instruments or market inactivity, their fair value is estimated by comparing them to the current market value of a financial instrument that is substantially similar.
- 3.8.2 The valuation methods aim to obtain a fair value that reflects market expectations and takes into account market factors and any anticipated risks or rewards when estimating the value of financial assets. Where there are financial assets the fair value of which cannot be reliably measured, they are stated at cost less any impairment.

3.9 Property and equipment

- 3.9.1 Property and equipment are stated at cost less accumulated depreciation and any impairment. Property and equipment are depreciated when ready for use according to the straight-line method over their expected useful lives as per the following annual rates:

Buildings	2%
Tools and equipment	20%
Vehicles	20%
Furniture and fixtures	20%
Decorations	20%

- 3.9.2 The useful lives of property and equipment are reviewed at the end of each fiscal year. In the event the expected useful life is different from what was estimated before, the change in estimate is recorded in the subsequent years as a change in estimates.
- 3.9.3 When the recoverable amount of any property and equipment is less than their net carrying value, their value is reduced to the recoverable amount, and the impairment loss is recorded in the statement of income and comprehensive income.
- 3.9.4 Property and equipment are excluded when disposed of or when there are no expected future benefits from their use or disposal.



Notes to the Separate Financial Statements

for the Year Ended December 31, 2022

3.9.5 Impairment of an asset (IFRS 36) is recognized as loss in the statement of income, and the value of the asset is reduced by the impairment amount by creating accumulated impairment loss which is stated as a deduction from the asset, and the impairment loss of assets the impairment of which was previously recognized can be reversed. Where the fair value is increased, the accumulated impairment loss is derecognized up to the amount previously recognized in previous periods as impairment loss. The effect of depreciation on the recovered loss is also recognized since no depreciation of the same was accounted for in previous periods.

3.10 Projects under construction

Projects under construction are stated at cost and include the cost of construction, equipment and direct expenses. Projects under construction are not depreciated until the related assets are ready for use.

3.11 Intangible assets

3.11.1 Intangible assets acquired through any method other than merger are recorded at cost.

3.11.2 Intangible assets are classified based on the estimation of their useful life for a definite or an indefinite period. Intangible assets with definite useful lives are amortized over their useful lives, and amortization is recorded in the statement of income and comprehensive income. The impairment of intangible assets with indefinite useful lives is reviewed on the date of the financial statements, and any impairment in their value is recorded in the statement of income and comprehensive income.

3.11.3 Intangible assets resulting from the Bank's business are not capitalized but recorded in the statement of income and comprehensive income in the same year.

3.11.4 Indications of impairment of intangible assets are reviewed on the date of the financial statements, their useful lives are reassessed and any adjustments are made in the subsequent years.

3.11.5 Software and systems are presented in the statement of financial position at cost less accumulated amortization, and are amortized when ready for use according to the straight-line method over their expected useful lives at an annual rate of 20%.

3.12 Investment in Real Estate

3.12.1 Real estate or land, or parts thereof, are acquired for the purpose of obtaining periodic revenue or for expected increase in the future value thereof, or for both purposes.

3.12.2 Investment in real estate is recorded at cost, and includes directly attributable costs.

3.12.3 These investments are subsequently recorded using the cost model less depreciation and impairment provision, if any. Depreciation is a systematic distribution of the cost of the asset over the years of its useful life.

3.12.4 The fair value of these investments is disclosed based on the last approved evaluation in the financial statements prepared for publication.

3.13 Income tax

3.13.1 Accrued tax expenses are calculated on the basis of taxable profits. Taxable profits are different from those declared in the financial statements because the declared profits include non-taxable revenue or non-deductible expenses in the fiscal year but in subsequent years, acceptable accumulated losses or items that are non-taxable or non-deductible for tax purposes.

3.13.2 Taxes are calculated as per the tax rates established under the Income Tax Law in force. Under the latest tax law, the effective tax rate on banks was 15%.

3.14 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to do so, and when settled on a net basis, or the asset is realized and the liability is settled simultaneously



Notes to the Separate Financial Statements

for the Year Ended December 31, 2022

3.15 Realization of revenues and recognition of expenses:

- 3.15.1 Revenues and expenses are recognized on the accrual basis, with the exception of revenue from deferred sales of non-performing finances which are not recognized as revenue, but recorded in the suspense revenue account.
- 3.15.2 Commissions are recorded as revenue when the related services are rendered.

3.16 Recognition date of financial assets:

Purchases and sales of financial assets are recognized on the trading date (the date on which the Bank commits itself to purchase or sell the financial assets).

3.17 Foreign currency:

- 3.17.1 Transactions in foreign currencies during the year are recorded at the exchange rates prevailing on the dates of the transactions
- 3.17.2 Balances of cash items are translated using the exchange rates prevailing on the date of the statement of financial position and declared by the Central Bank of Iraq.
- 3.17.3 Exchange rate differences arising from non-cash items are recognized in the statement of income.
- 3.17.4 Exchange rate differences of (non-cash) items such as property and equipment are recognized in fair value reserve under shareholders' equity, and are recognized in the statement of income and other comprehensive income when disposed of.
- 3.17.5 Revenues and expenses resulting from changes in exchange rates are recognized in the statement of income.

3.18 Cash and cash equivalents

This item represents cash and cash balances that mature within three months and include: cash and balances with the Central Bank of Iraq and balances with banks and financial institutions less banks' and financial institutions' accounts that mature within more than three months.

3.19 Use of estimates

The preparation of the financial statements and application of accounting policies require the Bank's Management to make estimates and judgments that affect the amounts of financial assets and financial liabilities and disclosure of contingent liabilities. These estimates and judgments also affect revenues, expenses and provisions. In particular, the Bank's Management is required to make significant judgments to estimate the amounts and timing of future cash flows. These judgments are necessarily based on several assumptions and factors with varying degrees of judgment and uncertainty, and the actual results may differ from the estimates due to the changes resulting from the conditions and circumstances of such estimates in the future. We believe that our estimates used in the preparation of the financial statements are reasonable and mainly include the following:

- 3.19.1 A provision for expected credit loss due to impairment in the facilities self-financed by the Bank is created based on IFRS 9 and the instructions of the Central Bank of Iraq.
- 3.19.2 A provision for lawsuits (if any) against the Bank is created based on a legal study prepared by the Bank's consultants, under which potential future risks are identified. These studies are reviewed periodically.
- 3.19.3 A provision for end-of-service indemnity is created in accordance with the Labor Law, such that an employee whose service has ended is entitled to a 2-week's pay for each year of service with the employer.
- 3.19.4 The Management periodically re-assesses the useful lives of property and equipment to calculate annual depreciations based on the general status of said assets and the estimates of their expected useful lives in the future. The impairment loss is recorded in the statement of income and comprehensive income.
- 3.19.5 The fiscal year is charged with its respective income tax expense in accordance with the laws and regulations and Islamic accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, and the necessary tax provision is calculated and recorded.
- 3.19.6 Fair value levels: The Standard requires full determination and disclosure of the fair value hierarchy by which fair value measurements are categorized and fair value measurements are determined in



Notes to the Separate Financial Statements

for the Year Ended December 31, 2022

accordance with the levels set out in IFRS. The difference between level (2) and level (3) for fair value measurements means assessing whether information or inputs are observable and the importance of information that is not observable, which requires careful judgment and analysis of the inputs used to measure fair value, including consideration of all the factors related to the asset or liability.

- 3.19.7 The Management periodically reviews the financial assets that are stated at cost to assess any impairment in their value. Such impairment (if any) is recorded in the statement of income and comprehensive income.
- 3.19.8 The use of estimates might give rise to significant risks that might require material adjustments.
- 3.19.9 We believe that our estimates used in the preparation of the financial statements are reasonable and similar to those adopted at the end of 2021.

3.20 Deposits Insurance

The Bank Deposits Insurance Regulations No. (3) for 2016 allow the Central Bank of Iraq to authorize a shareholding company established in accordance with the provisions of the Companies Law No. (21) for 1977 to practice deposit insurance for public interest purposes by protecting the funds of depositors and increase their confidence in the banking system, with relevant charges borne by the Bank.

3.21 New and inapplicable Islamic standards:

- 3.21.1 Technical Advisory and Interpretation Committee (TAIC) of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) adopted the Islamic Financial Accounting Standard (40) "Financial Reporting for Islamic Finance Windows".

This standard improves upon and supersedes FAS (18) and sets out financial reporting principles, including the presentation and disclosure requirements applicable to Islamic finance windows.

The mandatory date of this standard is January 2024.

- 3.21.2 AAOIFI officially issued Financial Accounting Standard (FAS) 41 "Interim Financial Reporting". The objective of this standard is to set out the principles for interim financial reporting and permits users to either prepare a complete set of financial statements as prescribed by FAS 1 or a set of condensed interim financial statements.

- 3.21.3 The Islamic Financial Accounting Standard (FAS) 43 "Accounting for Takaful: Recognition and Measurement" was adopted for takaful arrangements and supporting operations in order to honestly present relevant information to stakeholders. This standard supersedes FAS 12.

- 3.21.4 Islamic Financial Accounting Standard (1) (Revised 2021) "General Presentation and Disclosure in the Financial Statements": this standard provides for comprehensive presentation and disclosure requirements in line with international best practices and supersedes the earlier FAS (1). FAS (1) (Revised 2021) will help prepare clear, transparent and comprehensible financial statements, which will help users make better informed economic decisions.

The mandatory date of application of this standard is the first of January 2023, with early application allowed.

- 3.21.5 Islamic Financial Accounting Standard (39) "Financial Reporting of Zakah": this standard improves upon and supersedes the earlier FAS (9) "Zakah" and aims at setting out the accounting treatment of Zakah in the books of Islamic financial institutions, including the presentation and disclosure in financial statements. The standard describes the financial reporting principles applicable to Islamic financial institutions that are obligated to pay Zakah. In addition, Islamic financial institutions that are not, under the Law or articles of incorporation, required to pay Zakah, are still required to specify and disclose the amount of Zakah payable to various concerned parties.

The mandatory date of application of this standard is the first of January 2023, with early application allowed.



Notes to the Separate Financial Statements

for the Year Ended December 31, 2022

3.21.6 Islamic Financial Accounting Standard (40) "Financial Reporting for Islamic Finance Windows": this standard improves upon and supersedes FAS (18) "Islamic Financial Services Offered by Conventional Financial Institutions", and sets out the financial reporting requirements applicable to conventional financial institutions providing Islamic financial services. This standard requires conventional financial institutions providing Islamic financial services through Islamic finance windows to prepare and present the financial statements of the Islamic finance windows in line with its requirements and the requirements of other financial accounting standards issued by AAOIFI. This standard sets out financial reporting principles, including the presentation and disclosure requirements applicable to Islamic finance windows.

3.21.6.1 The mandatory date of application of this standard to the financial statements of Islamic finance windows of conventional financial institutions is the first of January 2024, with early application allowed, subject to simultaneous application of FAS (1) "General Presentation and Disclosure in the Financial Statements."

3.22 Islamic standards that did not have any effect on the financial statements:

3.22.1 FAS (31) "Investment Agency (Al-Wakala Bi Al-Istithmar).

3.22.2 FAS (34) "Financial Reporting for Sukuk-holders"

3.22.3 FAS (30) "Impairment, Credit Losses and Onerous Commitments", which is substantially similar to IFRS 9 which was applied retrospectively to the statements of 2018 as of the beginning of 2019 and did not have any material effect.

3.22.4 FAS (32) "Ijarah and Ijarah Muntahia Bittamleek": this standard aims at improving the principles pertaining to the recognition, classification, measurement and disclosure of Ijarah and Ijarah Muntahia Bittamleek transactions. The mandatory date of application of this standard is on or after the first of January 2021.

3.22.5 FAS (35) "Risk Reserves": this standard addresses the accounting treatment and financial reporting related to risk reserves created to mitigate the various risks encountered by stakeholders, particularly investors. The mandatory date of application of this standard is the first of January 2021, with early application allowed.

3.22.6 FAS (37) "Financial Reporting by Waqf Institutions."

4 Cash and balances with the Central Bank of Iraq:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Cash in vaults	143,064,715,010	42,522,484,288
Balances with the Central Bank of Iraq:		
Current and call accounts	28,669,556,029	11,820,788,745
Statutory reserve	11,482,048,500	14,147,493,940
Letters of guarantee reserve	6,985,138,620	4,655,077,000
Auction accounts	120,454,552,000	171,951,500,000
Temporary / retained accounts	-	50,600,030,000
Total	310,656,010,159	295,697,373,973



Notes to the Separate Financial Statements

for the Year Ended December 31, 2022

5 Balances with banks and financial institutions:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Balances with local financial institutions	654,121,288	69,911,614
Balances with foreign financial institutions	21,788,970,673	4,196,834,621
Cash margins with foreign financial institutions	650,649,000	5,403,570,489
Less		
Expected credit loss	(1,739,858,640)	-
Total	21,353,882,321	9,670,316,724

- 5.1 There were no restricted cash balances as of December 31, 2022 and December 31, 2021.
- 5.2 There were no balances with banks and financial institutions on which the Bank receives returns as of December 31, 2022 and December 31, 2021.
- 5.3 All balances with banks and financial institutions were classified in Stage 1 in accordance with IFRS 9, and there were no reclassifications. There is no need to record a provision for expected credit loss with banks and financial institutions, other than the balances with banks rated (B-) or below in accordance with the instructions of the Central Bank of Iraq.

6 Financial assets at fair value through the statement of income

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Financial assets at fair value - gold bullions*	8,208,500	34,784,500
Islamic sukuk listed in financial markets**	1,201,468,310	1,027,324,620
Total	1,209,676,810	1,062,109,120

* This item represents investment in gold bullions held for trading, were the same have market prices and are valued based on the Central Bank of Iraq price list.

** This item represents investment in rated Islamic sukuk (financial assets at fair values through the statement of income) according to the Bank's business model and FAS (33), and have market prices in financial markets and mature within less than 6 months.

6.1 Islamic Sukuk:

Item	Fair Value	Rating	Return	Issuing Country	Maturity
BARKA SUKUK	429,248,760	BB-/ S&P	S/A- Variable	Bahrain	31/05/2023
DUKHAN SUKUK	548,960,000	A-/ Fitch	S/A- Variable	Qatar	14/01/2023
OMANGS	223,259,550	-	S/A- Variable	Oman	30/04/2023



Notes to the Separate Financial Statements

for the Year Ended December 31, 2022

7 Financial assets at fair value through the statement of other comprehensive income:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Iraqi Company for Deposit Insurance	750,000,000	750,000,000
Takaful Fund	550,000,000	-
Total	1,300,000,000	750,000,000

8 Musharaka (Partnership Finance) Investments – Net:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Individuals - Musharaka	-	-
Corporate - Musharaka	-	14,419,999,658
Less		
Expected credit loss provision	-	(58,932,380)
Total		14,361,067,278

8.1 Financing activity was as follows:

Item	December 31, 2022			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	14,419,999,658	-	-	14,419,999,658
Financing during the year	-	-	-	-
Repaid financing	(14,419,999,658)	-	-	(14,419,999,658)
Reclassified to Stage 1	-	-	-	-
Reclassified to Stage 2	-	-	-	-
Reclassified to Stage 3	-	-	-	-
Total	-	-	-	-

Item	December 31, 2021			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	30,000,000,000	-	-	30,000,000,000
Financing during the year	-	-	-	-
Repaid financing	(15,580,000,342)	-	-	(15,580,000,342)
Reclassified to Stage 1	-	-	-	-
Reclassified to Stage 2	-	-	-	-
Reclassified to Stage 3	-	-	-	-
Total	14,419,999,658	-	-	14,419,999,658



Notes to the Separate Financial Statements

for the Year Ended December 31, 2022

8.2 Expected credit loss / Financing activity was as follows:

Item	December 31, 2022			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	58,932,380	-	-	58,932,380
Added expected loss	-	-	-	-
Recovered expected loss	(58,932,380)	-	-	(58,932,380)
Reclassified to Stage 1	-	-	-	-
Reclassified to Stage 2	-	-	-	-
Reclassified to Stage 3	-	-	-	-
Total	-	-	-	-

Item	December 31, 2021			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	-	-	-	-
Added expected loss	58,932,380	-	-	58,932,380
Recovered expected loss	-	-	-	-
Reclassified to Stage 1	-	-	-	-
Reclassified to Stage 2	-	-	-	-
Reclassified to Stage 3	-	-	-	-
Total	58,932,380	-	-	58,932,380

9 Deferred sales receivables / Murabaha and Murabaha to the purchase order – net

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Murabaha to the purchase order – individuals	44,278,735,102	27,576,174,994
Murabaha to the purchase order – Corporate	1,298,122,211	608,371,204
Less		
Deferred revenues	(4,454,439,391)	(2,606,013,896)
Expected credit loss	(4,363,168,117)	(2,354,789,293)
Suspended profits	(26,028,688)	(14,049,998)
Total	36,733,221,117	23,209,693,011



Notes to the Separate Financial Statements

for the Year Ended December 31, 2022

9.1 Total non-performing deferred sales receivables / Murabaha reached IQD 3,501,499, i.e., 7.68% of the total deferred sales receivables / Murabaha as of December 31, 2022 (5.68 % as of December 31, 2021).

9.2 Deferred revenues' activity was as follows:

Item	December 31	
	2022 IQD	2021 IQD
Balance as of January 1	2,606,013,896	1,532,280,503
Additions	3,010,675,361	2,000,721,376
Less		
Exclusions	(40,315,907)	(30,985,470)
Transferred to revenues	(1,121,933,959)	(896,002,513)
Balance as of December 31	4,454,439,391	2,606,013,896

9.3 Suspended profits' activity was as follows:

Item	December 31	
	2022 IQD	2021 IQD
Balance as of January 1	14,049,998	3,571,502
Suspended profits during the year	95,748,252	51,160,344
Less: Returned to revenues	(83,769,562)	(40,681,848)
Balance as of December 31	26,028,688	14,049,998

9.4 Disclosure of the allocation of total deferred sales receivables – Murabaha, in accordance with the Bank's internal credit rating:

Item	December 31, 2022				December 31 2021
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD	Total IQD
Very low	2,727,040,433	-	-	2,727,040,433	53,531,596
Low	36,899,934,326	-	-	36,899,934,326	3,686,212,976
Moderate	-	-	-	-	6,912,029,602
Acceptable	-	695,977,811	-	695,977,811	12,244,432,005
Acceptable to a certain extent	-	578,470,548	-	578,470,548	4,005,835,042
Subject to increase	-	1,173,934,517	-	1,173,934,517	800,464,754
Requires special attention	-	-	630,052,606	630,052,606	296,992,296
Below moderate	-	-	372,420,257	372,420,257	115,302,937
Doubtful debt	-	-	293,426,331	293,426,331	27,773,746
Non-performing	-	-	2,205,600,484	2,205,600,484	41,971,244
Total	39,626,974,759	2,448,382,876	3,501,499,678	45,576,857,313	28,184,546,198



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9.5 Disclosure of the activity of deferred sales receivables – Murabaha:

Item	December 31, 2022			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	24,115,862,650	2,466,549,837	1,602,133,711	28,184,546,198
Deferred sales receivables during the year	27,322,625,098	721,235,028	309,439,272	28,353,299,398
Settled deferred sales receivables	(9,552,233,810)	(750,794,061)	(657,960,412)	(10,960,988,283)
Reclassified to Stage 1	350,464,427	(276,449,557)	(74,014,870)	-
Reclassified to Stage 2	(935,216,449)	1,203,211,180	(267,994,731)	-
Reclassified to Stage 3	(1,674,527,157)	(915,369,551)	2,589,896,708	-
Total	39,626,974,759	2,448,382,876	3,501,499,678	45,576,857,313

Item	December 31, 2021			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	13,730,719,361	737,219,861	292,523,778	14,760,463,000
Deferred sales receivables during the year	22,045,079,606	1,626,627,025	679,161,603	24,350,868,234
Settled deferred sales receivables	(10,526,321,671)	(258,795,708)	(141,667,657)	(10,926,785,036)
Reclassified to Stage 1	170,212,098	(170,212,098)	-	-
Reclassified to Stage 2	(635,009,644)	671,067,058	(36,057,414)	-
Reclassified to Stage 3	(668,817,100)	(139,356,301)	808,173,401	-
Total	24,115,862,650	2,466,549,837	1,602,133,711	28,184,546,198

9.6 Disclosure of the activity of expected credit loss – Murabaha:

Item	December 31, 2022			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	567,473,606	490,158,048	1,297,157,639	2,354,789,293
Added expected loss	1,284,254,155	202,334,458	277,790,220	1,764,378,833
Recovered expected loss	603,151,274	366,866,410	(726,017,693)	243,999,991
Reclassified to Stage 1	26,222,342	(20,484,508)	(5,737,834)	-
Reclassified to Stage 2	(114,732,543)	148,215,619	(33,483,076)	-
Reclassified to Stage 3	(716,047,748)	(759,220,963)	1,475,268,711	-
Total	1,650,321,086	427,869,064	2,284,977,967	4,363,168,117

Item	December 31, 2021			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	418,923,264	170,972,992	255,818,007	845,714,263
Added expected loss	503,811,335	363,366,923	518,418,999	1,385,597,257
Recovered expected loss	272,243,728	(5,662,750)	(143,103,205)	123,477,773
Reclassified to Stage 1	6,403,245	(6,403,245)	-	-
Reclassified to Stage 2	(90,099,837)	96,868,041	(6,768,204)	-
Reclassified to Stage 3	(543,808,129)	(128,983,913)	672,792,042	-
Total	567,473,606	490,158,048	1,297,157,639	2,354,789,293



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10 Qard Hassan and Concessional Loans:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Qard Hassan	3,664,544,744	1,138,094,941
Less		
Expected credit loss	(476,663,904)	(105,011,917)
Total	3,187,880,840	1,033,083,024

10.1 The activity of Qard Hassan was as follows:

Item	December 31, 2022			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	1,084,358,731	53,736,210	-	1,138,094,941
Qard Hassan granted during the year	2,558,846,514	367,496,189	47,635,736	2,973,978,439
Settled Qard Hassan	(420,818,434)	(26,710,202)	-	(447,528,636)
Reclassified to stage 1	11,000,000	(11,000,000)	-	-
Reclassified to stage 2	(16,112,427)	16,112,427	-	-
Reclassified to stage 3	(43,760,067)	(5,026,658)	48,786,725	-
Total	3,173,514,317	394,607,966	96,422,461	3,664,544,744

Item	December 31, 2021			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	12,502,000	-	-	12,502,000
Qard Hassan granted during the year	1,081,511,731	53,736,210	-	1,135,247,941
Settled Qard Hassan	(9,655,000)	-	-	(9,655,000)
Reclassified to stage 1	-	-	-	-
Reclassified to stage 2	-	-	-	-
Reclassified to stage 3	-	-	-	-
Total	1,084,358,731	53,736,210	-	1,138,094,941

10.2 The activity of the provision for expected credit loss / Qard Hassan and concessional loans was as follows:

Item	December 31, 2022			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	89,539,967	15,471,950	-	105,011,917
Added credit loss	207,434,624	114,200,615	47,635,736	369,270,975
Recovered credit loss	8,918,449	(6,537,437)	-	2,381,012
Reclassified to stage 1	898,517	(898,517)	-	-
Reclassified to stage 2	(5,369,421)	5,369,421	-	-
Reclassified to stage 3	(43,760,067)	(5,026,658)	48,786,725	-
Total	257,662,069	122,579,374	96,422,461	476,663,904



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Item	December 31, 2021			Total IQD
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	
Balance as of January 1	1,039,762	-	-	1,039,762
Added credit loss	104,903,980	-	-	104,903,980
Recovered credit loss	(931,825)	-	-	(931,825)
Reclassified to stage 1	(15,471,950)	15,471,950	-	-
Reclassified to stage 2	-	-	-	-
Reclassified to stage 3	-	-	-	-
Total	89,539,967	15,471,950	-	105,011,917

11 Investments in subsidiaries:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Investments in subsidiaries*	48,000,000,00	48,000,000,00
Total	48,000,000,000	48,000,000,000

11.1 Trust International Islamic Bank owns the following subsidiaries as of December 1, 2022 and 2021:

Name of Company	Capital	Ownership Percentage	Nature of Company's Work	Date of Participation
Ayen Al Thiqa Real Estate Co.	10,000,000,000	100%	Real estate	24/05/2018
Ayen Al Thiqa Agricultural Co.	8,000,000,000	100%	Agriculture	24/05/2018
Ard Al Thiqa for General Trading	15,000,000,000	100%	Trading	02/10/2018
Al Thiqa for Leasing LLC	15,000,000,000	100%	Leasing	02/10/2018

11.2 By virtue of Central Bank of Iraq letters No. 9/3/22813 dated 2/10/2018 and No. 9/3/4686 dated 04/03/2018 approving the establishment of the companies.

11.3 Investments in subsidiaries are presented at cost.

11.4 Main items under investments in subsidiaries:

Item	December 31	
	2022 IQD	2021 IQD
Investments and projects	30,448,983	17,435,458
Total assets	57,492,015	52,191,066
Total equity	48,532,551	51,294,288
Net profit (loss) for the period	(261,752)	2,575,809



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11.5 Projects and investments of subsidiaries as of December 31, 2022:

Item	Amount in IQD Thousand	Item	Amount in IQD Thousand
Noor Al Mortada Housing Complex/Trading	11,760,000	Basra branch project/Real Estate	302,745
Noor Al Mortada Housing Complex/Leasing	5,800,000	Model cemetery project/Leasing	12,586,238

12 Property and equipment – net:

The details of this item are as follows:

12.1 December 31, 2022

Cost / Iraqi Dinar	Lands	Buildings	Machines, Tools and Equipment	Vehicles	Furniture and Fixtures	Decorations	Projects under Construction	Total
Balance as of January 1	11,957,585,294	10,317,916,970	669,944,264	1,519,256,500	4,012,199,305	463,797,520	667,595,395	29,608,295,248
Additions	2,288,679,000	-	129,600,790	99,578,000	153,208,114	6,539,300	2,193,650,795	4,871,255,999
Reclassifications	-	-	-	-	-	-	(22,338,000)	(22,338,000)
Disposals	(2,316,283,172)	(795,853,793)	-	-	-	-	-	(3,112,136,965)
Balance at end of period	11,929,981,122	9,522,063,177	799,545,054	1,618,834,500	4,165,407,419	470,336,820	2,838,908,190	31,345,076,282

Accumulated Depreciations:

Cost / Iraqi Dinar	Lands	Buildings	Machines, Tools and Equipment	Vehicles	Furniture and Fixtures	Decorations	Projects under Construction	Total
Balance as of January 1	80,000,000	953,475,341	279,490,506	950,317,287	949,165,545	250,615,449	-	3,463,064,128
Depreciation for the year	-	205,031,580	126,874,093	264,602,502	804,495,165	92,542,960	-	1,493,546,300
Disposals	-	(77,644,682)	(2,075,966)	-	2,075,966	-	-	(77,644,682)
Impairment loss	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment	80,000,000	1,080,862,239	404,288,633	1,214,919,789	1,755,736,676	343,158,409	-	4,878,965,746
Net carrying value	11,849,981,122	8,441,200,938	395,256,421	403,914,711	2,409,670,743	127,178,411	2,838,908,190	26,466,110,536

- The cost of fully depreciated property and equipment as of December 31, 2022 was IQD 1,257,360 thousand.
- The financial obligations for acquiring property and equipment (projects under construction) reached IQD 119,271 thousand as of December 31, 2022, and will be settled in accordance with the terms of the contract pertaining to the purchase of these assets.

12.2 December 31, 2021

Cost / Iraqi Dinar	Lands	Buildings	Machines, Tools and Equipment	Vehicles	Furniture and Fixtures	Decorations	Projects under Construction	Total
Balance as of January 1	9,178,013,052	9,543,070,355	530,082,954	1,240,505,500	2,046,555,950	444,923,920	2,199,207,803	25,182,359,534
Additions	1,783,580,750	35,094,000	123,306,060	278,751,000	681,155,660	18,873,600	1,506,741,077	4,427,502,147
Reclassifications	995,991,492	739,752,615	16,555,250	-	1,286,054,128	-	(3,038,353,485)	-
Disposals	-	-	-	-	(1,566,433)	-	-	(1,566,433)
Balance at end of period	11,957,585,294	10,317,916,970	669,944,264	1,519,256,500	4,012,199,305	463,797,520	667,595,395	29,608,295,248



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Accumulated Depreciations:

Cost / Iraqi Dinar	Lands	Buildings	Machines, Tools and Equipment	Vehicles	Furniture and Fixtures	Decorations	Projects under Construction	Total
Balance as of January 1	80,000,000	744,587,029	164,464,478	685,206,868	408,839,816	158,672,903	-	2,241,771,094
Depreciation for the year	-	208,888,312	115,026,028	265,110,419	541,344,904	91,942,546	-	1,222,312,209
Disposals	-	-	-	-	(1,019,175)	-	-	(1,019,175)
Impairment loss	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment	80,000,000	953,475,341	279,490,506	950,317,287	949,165,545	250,615,449	-	3,463,064,128
Net carrying value	11,877,585,294	9,364,441,629	390,453,758	568,939,213	3,063,033,760	213,182,071	667,595,395	26,145,231,120

- There were no fully depreciated property and equipment as of December 31, 2021.
- The financial obligations for acquiring property and equipment (projects under construction) reached IQD 667,595 thousand as of December 31, 2021, and will be settled in accordance with the terms of the contract pertaining to the purchase of these assets.

12.3 The activity of the provision for property and equipment impairment loss was as follows:

Item	December 31	
	2022 IQD	2021 IQD
Balance as of January 1	80,000,000	80,000,000
Added during the year	-	-
Disposals*	-	-
Total	80,000,000	80,000,000

13 Intangible assets – net:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Balance as of January 1	3,200,064,578	3,542,556,635
Reclassifications	22,338,000	-
Additions	425,093,601	414,683,802
Amortization for the year	(830,292,189)	(757,175,859)
Total	2,817,203,990	3,200,064,578

14 Right-of-use assets and lease commitments:

The details of this item are as follows:

Item	December 31, 2022	
	Right of Use IQD	Lease Commitments IQD
Balance as of January 1	1,387,360,830	1,335,764,211
Additions during the period	203,869,953	203,869,953
Amortization for the period	(371,662,719)	-
Financing costs	-	65,593,653
Paid during the year	-	(371,280,000)
Total	1,219,568,064	1,233,947,817



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Item	December 31, 2021	
	Right of Use IQD	Lease Commitments IQD
Balance as of January 1	945,515,933	900,528,159
Additions during the period	833,723,181	833,723,181
Amortization for the period	(391,878,284)	-
Financing costs	-	74,042,871
Paid during the year	-	(472,530,000)
Total	1,387,360,830	1,335,764,211

15 Other assets:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Prepaid expenses	332,666,495	157,153,216
Miscellaneous liabilities	587,208,793	534,533,552
Cheque clearing	17,020,349,874	11,543,575,608
Cash margins with third parties	296,538,000	153,338,000
Stationery in warehouses	216,934,508	125,783,841
Accrued revenue not collected	-	-
Transfers and Qi Card salaries	281,301,788	2,399,523,363
Credit cards / points of sale and ATM	169,684,730	207,246,345
Paid documentary credit debtors	116,800,000	753,980,500
Letters of guarantee debtors	44,676,000	-
(Less) Expected credit loss -	(161,476,000)	(753,980,500)
Total	18,904,684,188	15,121,153,925

16 Customers' current and call accounts:

The details of this item are as follows:

Item	December 31, 2022		
	Individuals	Corporate	Total
Current and call accounts	14,798,031,823	79,776,459,162	94,574,490,985
Auction deposit accounts	-	773,800,000	773,800,000
Saving deposits	8,299,746,663	-	8,299,746,663
Total	23,097,778,486	80,550,259,162	103,648,037,648



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Item	December 31, 2021		
	Individuals	Corporate	Total
Current and call accounts	5,370,934,318	103,532,160,016	108,903,094,334
Auction deposit accounts	-	206,400,000	206,400,000
Saving deposits	1,275,541,949	-	1,275,541,949
Total	6,646,476,267	103,738,560,016	110,385,036,283

17 Banks and financial institutions

The details of this item are as follows:

Item	December 31	
	2022	2021
	IQD	IQD
Current and call accounts	4,157,062,994	22,204,790,538
Total	4,157,062,994	22,204,790,538

18 Long-term loans:

The details of this item are as follows:

Item	December 31	
	2022	2021
	IQD	IQD
Long-term loans*	35,184,902,010	17,104,498,000
Total	35,184,902,010	17,104,498,000

* The long-term loans account represents the loan provided by the Central Bank of Iraq to support small and medium-sized enterprises.

19 Cash margins:

The details of this item are as follows:

Item	December 31	
	2022	2021
	IQD	IQD
Margins against letters of guarantee	57,651,569,370	23,133,257,876
Margins against documentary credit	325,324,500	3,229,251,523
Total	57,976,893,870	26,362,509,399



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20 Other provisions:

The details of this item are as follows:

Item	December 31, 2022				
	Balance as of January 1	Created Provision	Used Provision	Returned to Revenue	Balance as of December 31
Expected credit loss / Contractual credit	2,030,301,208	2,192,901,985	-	-	4,223,203,193
End-of-service indemnity provision	302,430,739	140,136,403	3,366,587	-	439,200,555
Provision for foreign currency exchange rate fluctuations	681,654	-	-	-	681,654
Operational risk provision	310,332,820	3,012,940	-	-	313,345,760
Total	2,643,746,421	2,336,051,328	3,366,587	-	4,976,431,162

Item	December 31, 2021				
	Balance as of January 1	Created Provision	Used Provision	Returned to Revenue	Balance as of December 31
Expected credit loss / Contractual credit	2,732,938,471	-	-	(702,637,263)	2,030,301,208
End-of-service indemnity provision	183,566,017	133,558,222	(14,693,500)	-	302,430,739
Provision for foreign currency exchange rate fluctuations	681,654	-	-	-	681,654
Operational risk provision	307,319,880	3,012,940	-	-	310,332,820
Total	3,224,506,022	136,571,162	(14,693,500)	(702,637,263)	2,643,746,421

21 Income tax provision:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Balance as of January 1	763,076,538	957,681,538
Tax provision created during the year	1,602,000,000	-
(Less) Paid tax for previous years	(763,076,538)	(194,605,000)
Total	1,602,000,000	763,076,538

21.1 Income Tax

Item	December 31
	2022 IQD
Accounting profit	2,678,573,266
Less	
Nontaxable profits (recovery of provisions)	(651,436,880)
Add:	
Fines, fees and taxes	2,184,053,341
End-of-service indemnity and credit provisions	6,464,468,039
Net taxable profit	10,675,657,766
Accrued income tax	1,602,000,000



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21.2 The tax presented in the statement of income represents:

Item	December 31	
	2022	2021
	IQD	
Income tax due on profits for the year	1,602,000,000	
Income tax paid for previous years	1,087,062,462	
Total	2,689,062,462	

22 Other liabilities:

The details of this item are as follows:

Item	December 31	
	2022	2021
	IQD	
Undistributed investment profits	33,510,868	2,902,790
Accrued expenses	148,259,904	34,164,996
Fees and stamps	9,357,268	28,628,448
Accrued taxes and social security contributions	52,848,361	45,821,419
Cheques withdrawn against the Bank	2,279,523,583	3,530,142,557
Collected margins and guarantees	117,394,898	21,744,638
Amounts withheld upon government request		-
Companies under foundation		1,000,000
Transfers	25,351,602	11,279,880
Other payables	841,915,233	1,652,238,119
Total	3,508,161,717	5,327,922,847

23 Investment deposit accounts:

The details of this item are as follows:

Item	December 31	
	2022	2021
	IQD	
Investment accounts / Individuals	5,599,580,915	538,400,258
Investment accounts / Corporate	1,000,000,000	
Total	6,599,580,915	538,400,258



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24 Reserves and retained earnings:

24.1 Statutory reserve

In accordance with the Iraqi Companies Law, 5% (as a minimum) of the annual income after taxes is deducted as a statutory reserve. The accumulated amounts in this account may not exceed 50% of the Bank's capital. The statutory reserve or any related returns may not be distributed to shareholders. The deduction may be continued subject to the approval of the General Assembly of the Bank, provided that the statutory reserve does not exceed 100% of the Bank's capital.

24.2 Voluntary reserve / Expansions

5% of the annual income after tax and statutory reserve is deducted based on the decision of the General Assembly of the Bank.

24.3 Retained earnings (losses):

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Balance as of January 1	(389,278,329)	77,986,733
Profit (loss) for the year	(10,489,196)	(467,265,062)
Total	(399,767,525)	(389,278,329)

25 Revenue from deferred sales:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Individuals		
Murabaha to the purchase order	1,174,345,452	909,312,372
Corporate		
Murabaha to the purchase order	31,358,069	27,371,989
Total	1,205,703,521	936,684,361

26 Revenue from investments in Musharaka finance:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Individuals		
Murabaha to the purchase order	-	335,000,250
Corporate		
Murabaha to the purchase order	-	470,124,144
Total	-	805,124,394



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27 Revenue from financial assets at fair value through the statement of income:

The details of this item are as follows:

Item	December 31							
	2022				2021			
	Realized Profit (loss) IQD	Unrealized Profit (loss) IQD	Distributed Profit IQD	Total IQD	Realized Profit IQD	Unrealized Profit (loss) IQD	Distributed Profit IQD	Total IQD
Gold bullions	(462,750)	7,696,500	-	7,233,750	142,000	12,801,250	-	12,943,250
Islamic Sukuk	(2,921,752)	(65,989,810)	72,552,580	3,611,018	-	(13,778,662)	383,250	(13,395,412)
Total	(3,384,502)	(58,293,310)	72,552,580	10,844,768	142,000	(977,412)	383,250	(452,162)

28 Net commission revenue:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Transfers commission	3,045,967,916	1,025,743,647
Letters of guarantee commission	9,816,529,440	2,879,792,218
Documentary credit commission	702,924,899	283,013,397
Qard Hassan and concessional loans commission	181,610,000	46,000,000
Currency auction commission	1,980,080,000	1,921,230,000
Cards and electronic services commission	118,920,203	85,457,941
Other banking commissions	3,586,813,395	1,424,050,521
Less: Banking commissions receivable	(664,151,788)	(632,239,024)
Total	18,768,694,065	7,033,048,700

29 Foreign currencies income:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Income from revaluation of foreign currencies	14,600	379,827,206
Income from trading in foreign currencies	67,568,144	1,717,914,324
Total	67,582,744	2,097,741,530

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30 Employees' expenses:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Employees' salaries	3,721,982,182	3,271,522,163
Bank's contribution to social security	240,338,880	216,051,510
Staff training expenses	82,210,300	23,006,800
Travel expenses	54,229,810	69,421,571
Staff services	260,386,397	65,239,317
Total	4,359,147,569	3,645,241,361

31 Other operating expenses:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Stationery and printed materials	269,824,463	226,884,184
Fax, telephone and swift	192,927,815	234,651,255
General maintenance	420,776,247	480,024,582
Fees, licenses and taxes	2,184,053,341	1,334,454,136
Advertising and subscriptions	903,866,052	354,830,702
Utilities (water, electricity and fuel)	219,217,785	298,266,950
Hospitality	28,317,000	30,604,876
Donations and financial assistance	-	4,000,000
External auditor's fees	60,000,000	60,000,000
Professional and legal fees	15,270,496	20,050,000
Banking services	670,964,220	369,149,811
Workers and goods transportation – cash transportation	879,212,500	726,845,067
Miscellaneous	326,189,880	293,297,734
Remunerations of the Board of Directors and Sharia Supervisory Board	126,700,000	135,000,000
Total	6,297,319,799	4,568,059,297



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32 Commitments and contingent liabilities (off-balance sheet):

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Letters of guarantee (LGs):	199,157,985,917	83,127,513,641
- Tendering	48,168,981,340	2,635,875,700
- Performance bond	140,823,342,561	79,551,129,860
- Operating advances	10,165,662,016	940,508,081
Documentary credit	1,301,298,000	10,946,654,927
Total	200,459,283,917	94,074,168,568

32.1 Disclosure of the activity of letters of guarantee:

Item	December 31, 2022			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance by stage	199,157,985,917	-	-	199,157,985,917
Expected credit loss	4,203,684,453	-	-	4,203,684,453

Item	December 31, 2021			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance by stage	83,026,313,641	60,200,000	41,000,000	83,127,513,641
Expected credit loss	1,854,657,914	1,638,911	17,488,451	1,873,785,276

32.2 Disclosure of the activity of documentary credit (DC):

Item	December 31, 2022			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance by stage	1,301,298,000			1,301,298,000
Expected credit loss	19,518,740			19,518,740

Item	December 31, 2021			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance by stage	10,705,757,555	240,897,372	0	10,946,654,927
Expected credit loss	102,142,062	54,373,870		156,515,932



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33 Other items:

33.1 Foreign currency auction:

Item	December 31, 2022	
	Amount in USD Thousand	Revenue and Commission in IQD Thousand
Foreign currency auction / transfers	1,261,873	1,950,682
Foreign currency auction / corporate	1,936,110	1,980,080
Foreign currency auction / Bank's share	8,450	84,500
Total	3,206,433	4,015,262

33.2 Lawsuits against the Bank:

There were no lawsuits filed against the Bank as of December 31, 2022 and December 31, 2021. Therefore, there is no need to create a provision for lawsuits against the Bank.

34 Cash and cash equivalents:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Cash and balances with the Central Bank of Iraq maturing within three months	310,656,010,159	295,697,373,973
Add: Balances with banks and financial institutions maturing within three months	23,093,740,961	9,670,316,724
Less: Banks' and financial institutions' accounts	(4,157,062,994)	(22,204,790,538)
Total	329,592,688,126	283,162,900,159

35 Earnings per share for the year:

The details of this item are as follows:

Item	December 31	
	2022 IQD	2021 IQD
Profit (loss) for the year / Separate financial statements	(10,489,196)	(467,265,062)
Profit (loss) for the year / Consolidated financial statements	(272,225,708)	2,108,544,625
Weighted average number of shares	250,000,000,000	250,000,000,000
	Dinar / Fils	Dinar / Fils
Basic and diluted earnings per share for the year / Separate	-00004/0	-00187/0
Basic and diluted earnings per share for the year / consolidated	-00108/0	-00843/0

36 Comparative figures:

The comparative figures in the balance sheet, statement of income and comprehensive income and statement of changes in equity represent the balances as of December 31, 2022. Some items of cash flows, statement of income and other assets were reclassified as of December 31, 2022 without any effect on the Bank's financial statements and business results.



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37 Transactions with related parties:

In its ordinary course of business, the Bank conducts transactions with major shareholders, sister companies and senior executive management using Murabaha and commercial commission rates. Following is a summary of transactions with related parties:

Item	Major Shareholders IQD Thousand	Board of Directors IQD Thousand	Executive Management IQD Thousand	Sharia Supervisory Board IQD Thousand	Subsidiaries IQD Thousand	December 31	
						2022 IQD	2021 IQD
Balance sheet items							
Loans (cash credit)	5,239,983	-	81,346	-	-	5,321,329	1,184,194
Current and call accounts	49,433	24,847	84,196	-	24,743,114	24,901,590	33,241,948
Payments on investment account	-	-	-	-	-	-	-
Off-balance sheet items:	-	-	-	-	-	-	-
Letters of guarantee	-	-	-	-	-	-	-
Statement of income items							
Profits and commissions payable	-	-	19,359	-	256	19,615	4,920
Profits and commissions receivable	-	-	-	-	-	-	-

- By virtue of the approval of the Central Bank of Iraq to grant a major shareholder of the Bank a cash credit for the sum of IQD 20 billion that was not carried out in 2022.

Following is a summary of benefits (salaries, bonuses and other benefits):

Item	December 31	
	2022 IQD Thousand	2021 IQD Thousand
Members of the Board of Directors*	76,200	94,500
Members of the Sharia Supervisory Board*	50,500	40,500
Executive management**	634,126	671,971
Total	760,826	806,971

* Salaries of members of the Board of Directors and Sharia Supervisory Board are presented under Note (31) other operating expenses – Remunerations of the Board of Directors and Sharia Supervisory Board.

** Salaries of members of the executive management are presented under Note (30) employees' expenses - employees' salaries.

38 Risk management

Risk is an integral part of the banking business. Some risks are structural risks that cannot be disassociated from the finance function. Credit risk will always be the most significant risk in banking so long as the bank's business is to grant credit. Furthermore, electronic transactions, which have become the major turning point in light of the scientific advances in the modern banking industry and enabled quicker transactions and more easily accessible services everywhere, in addition to the bank's abandonment of conventional operating systems to more contemporary and riskier systems, have created new rapidly increasing risks that called for increasing the protection from attacks and the controls related to information and cyber security.

The finance structure has always relied on short-term sources of funds and medium and long-term investments of the Bank. The Bank cannot avoid risk, but can develop plans to mitigate, minimize or transfer them based on accurate readings and appropriate analysis. Banks need to identify these risks in their various stages and assess them in a scientific and objective manner. Bankers, as well as control and supervisory bodies, in many countries worldwide have been developing tools to identify and measure risks and, since you cannot manage what you cannot



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measure, measuring all types of risks is the first step towards managing them. Accordingly, the essential duty of this Department is to identify, measure, and develop appropriate procedures to deal with risks, measure the threat and its affect and develop plans and timelines to deal with events according to their severity.

38.1 Credit risk:

The Bank defines credit risk as the risk arising from the borrowers' inability or unwillingness to fulfill their financial obligations (principal amount and/or profits) in accordance with the agreed conditions and maturity dates, which causes financial losses to the Bank.

The Risk Management Department manages credit risk according to the Risk Management Controls issued by the Central Bank of Iraq, which regulate and govern the credit process, in addition to the Bank's credit policy that was prepared in line with the policies and controls issued by the Central Bank of Iraq. The Bank monitors and controls credit risk by:

- 38.1.1 Managing and controlling the credit portfolio risk through a number of committees, particularly the Board Risk Management Committee.
- 38.1.2 Reviewing and approving applications for banking credit facilities through the credit committees in accordance with specific and documented authorities approved by the Board of Directors, with Individual authorities being limited to small amounts only.
- 38.1.3 Monitoring credit limits, permitted credit facilities limits, and issuing the necessary reports to ensure that credit limits are not exceeded and to control credit quality.
- 38.1.4 Diversifying financing and investing activities to avoid credit concentration risks for individuals, groups or customers in specific geographical areas or certain economic activities, in instruments or products or in the financing period.
- 38.1.5 Managing non-performing financing facilities to minimize expected credit losses.
- 38.1.6 Separating between the duties of the business sectors and those related to the credit decision.
- 38.1.7 Separating between credit granting and monitoring duties.

38.2 Credit risk measurement:

The Bank applies the standardized method to measure credit risk by measuring credit risk- weighted assets included in the statement of financial position according to the degree of risk that is set out in IFRS 9 implementation instructions. Accordingly, a special system for credit risk rating for individual customers is applied to determine the credit quality for each customer at the time of granting the credit, and monitor this quality throughout the financing period on a periodic basis; in order to identify any drop that may occur in the quality of granted credit and evaluate the quality of the credit facilities portfolio on a periodic basis, which is reflected on the basis of credit granting and pricing. The Bank has initiated a SME customer rating program.

38.3 Credit risk mitigation:

The Bank uses a variety of Credit Risk Mitigation (CRM) techniques (such as real estate and financial collaterals, etc.) in accordance with the Bank's approved Credit Risk Mitigation (CRM) policy, in order to hedge for and mitigate the effects of credit risks – to the extent possible – by determining the size and value of required collaterals based on the criteria set out in the approved Credit Risk Mitigation (CRM) policy.

38.4 Governance of the IFRS 9 Application Instructions:

The Bank implements an integrated system of corporate governance regarding the application of IFRS 9. The Bank's Board of Directors is responsible for ensuring compliance with IFRS 9 by setting up a committee responsible for implementing this standard and approving its application methodology and policies, including defining the roles of relevant committees, departments and business units and adopting the automated application systems and providing the necessary infrastructure to ensure the application of this standard. The Board of Directors is also responsible for approving the periodic results of the calculation of credit loss.



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The Bank is required to comply with the instructions of the Central Bank of Iraq regarding the accounting classification as stipulated in financial reporting guidelines in accordance with the requirements of IFRS 9.

- 38.4.1 The instruments included in the calculation
- 38.4.1.1 Islamic financing products with debt features (principal and interest).
 - 38.4.1.2 Letters of credit (contractual credit) as stipulated in IFRS 9.
 - 38.4.1.3 Islamic Sukuk at amortized cost.
- 38.4.2 Necessary criteria by stage:
- All debt instruments that are subject to the measurements and calculation of expected credit loss are categorized under one of the following three stages:
- 38.4.2.1 Stage 1:
Includes debt instruments the credit risk associated with which have not increased significantly since their initial recognition, or have low credit risk on the reporting date.
 - 38.4.2.2 Stage 2:
Includes debt instruments the credit risk associated with which has increased significantly since their initial recognition, but are not yet classified as non-performing, due to the lack of any subjective evidence of non-performance.
 - 38.4.2.3 Stage 3:
Includes debt instruments with evidence of non-performance (irregularity).
- 38.4.3 Calculation of Exposure at Default (EAD):
- Exposure at Default (deferred sales and financing receivables) represents the credit balance plus the deferred revenue for (12) months or over the whole credit period depending on rating.
- The contractual credit balance represents the credit balance taking into account the expected remaining credit period; as in the case of letters of guarantee, where it is usually one year renewed annually, in which case the expected credit period extends past the renewal date based on a study conducted by the Bank to determine the credit period.
- This is done in accordance with Basel (III) Capital Adequacy Ratios (CAR) requirements, where off-balance sheet items represent the contingent liabilities and commitments, and are treated as part of credit risks using Credit Conversion Factors (CCF), and the outcome is treated as balance sheet items that are weighted by risk.
- 38.4.4 Loss Given Default (LGD):
- Loss Given Defaults is the ratio of non-collateralized credit (ratio of loss at default) after deducting the collateral that can be recovered in case of default; subject to the valuation of said collateral. The expected recoverable amount is calculated based on the cash amount (Islamic banks) expected to be realized, which is the units of cash that can be received by liquidating an asset. To enhance the Bank's ability to withstand shocks, particularly in the case of real estate collaterals, by examining the real estate collaterals provided against a debt, where the current value of the real estate collaterals exceeds the debt amount, LGD may not exceed (5% in Stage 1, 10% in Stage 2 and 15% in Stage3.)
- 38.4.5 Discount percentage (Haircut):
- Discount Percentages (Haircuts) stipulated in Instructions No. (4) for 2010 are complied with, where the collateral liquidation costs, such as fees and commissions, are deducted and the time between default and collateral liquidation is determined. Acceptable collaterals are (real estate, cash and gold, as prescribed in Instructions No. (4) for 2010).



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38.4.6 Measurement of the Probability of Default (PD):

For the purpose of calculating the probability of default, the standard requires using historical default data, current data and future outlook data. Therefore, the Bank has collected historical data, along with the future outlook, for the Iraqi macroeconomic indicators. The economic indicators were linked to the historical default data based on statistical tests, where the inflation rate and Gross Domestic Product (GDP) rate were tested with the default data using regression analysis. Expected credit loss is calculated for (12) months for credits classified within stage 1.

Expected credit loss is calculated for the whole credit period for credits classified within stage 2.

Expected credit loss is calculated for the whole credit period for credits classified within stage 3.

38.4.7 Reclassification between stages:

38.4.7.1 In the event of payments due within less than 30 days, this indicates an increase in credit risk.

38.4.7.2 In the event of payments overdue by more than 30 days and less than 90 days, the customer's total credit is classified within stage 2.

38.4.7.3 In the event of payments overdue by more than 90 days, the customer's total credit is classified within stage 3.

38.4.7.4 A customer is not reclassified to a lower stage until 3 monthly installments, two quarterly instalments or one semi-annual instalment are paid.

38.5 Credit risk exposures after expected loss and deferred and suspended earnings and before collaterals and other risk mitigations are as follows:

Item	December 31	
	2022 IQD Thousand	2021 IQD Thousand
Balances with the Central Bank of Iraq	167,591,295	253,174,890
Balances with banks and financial institutions	21,353,882	9,670,317
Financial assets at fair value through the statement of income	1,209,677	1,062,109
Financial assets at fair value through the statement of other comprehensive income	1,300,000	750,000
Investments in subsidiaries	48,000,000	48,000,000
Musharaka financing - net	0	14,361,067
Other assets	18,904,684	15,121,154
Murabaha to the purchase order - net	36,733,221	23,209,693
Qard Hassan - net	3,187,881	1,033,083
Total balance sheet items	298,280,640	366,382,313
Off-balance sheet items		
Letters of guarantee - net	194,954,301	81,253,728
Documentary credit - net	1,281,779	10,790,139
Total off-balance sheet items	196,236,080	92,043,867
Total balance sheet and off-balance sheet items	494,516,720	458,426,180



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38.6 Classification of net credit exposures by level of risk:

Item	December 31, 2022					December 31 2021 IQD thousand
	Individuals IQD thousand	Corporate IQD thousand	Central Bank IQD thousand	Banks and Financial Institutions IQD thousand	Total IQD thousand	
Low risk			167,591,295	23,093,741	190,685,036	262,845,207
Stage 1	41,502,367	1,298,122			42,800,489	39,620,219
Stage 2	2,842,991				2,842,991	2,520,286
Stage 3	3,597,922	161,476			3,759,398	2,356,115
Total	47,943,280	1,459,598	167,591,295	23,093,741	240,087,914	307,341,827
Less: Expected credit loss	4,773,746	227,561	-	1,739,859	6,741,166	3,272,715
Stage 1	1,841,898	66,085		1,739,859	3,647,842	715,946
Stage 2	550,448				550,448	505,630
Stage 3	2,381,400	161,476			2,542,876	2,051,139
Less: Deferred revenues	4,350,660	103,780	-	-	4,454,440	2,606,013
Stage 1	3,978,170	103,780			4,081,950	2,265,969
Stage 2	191,570				191,570	213,713
Stage 3	180,920				180,920	126,331
Less: Suspended profits	26,029				26,029	14,049
Net balance sheet items	38,792,845	1,128,257	167,591,295	21,353,882	228,866,279	301,449,050
Off-balance sheet items						
Stage 1	4,955,656	195,503,628			200,459,284	93,732,071
Stage 2					-	301,097
Stage 3					-	41,000
Total	4,955,656	195,503,628	-	-	200,459,284	94,074,168
Less: Expected loss – off-balance sheet	112,248	4,110,956	-	-	4,223,204	2,030,301
Stage 1	112,248	4,110,956			4,223,204	1,956,800
Stage 2					-	56,013
Stage 3					-	17,488
Net off-balance sheet items	4,843,408	191,392,672	-	-	196,236,080	92,043,867
Net balance sheet and off-balance sheet items	43,636,253	192,520,929	167,591,295	21,353,882	425,102,359	393,492,917



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38.7 Distribution of fair value of collateral against total exposures before expected credit loss and deferred and suspended profits:

Item	December 31, 2022			
	Total Exposure IQD thousand	Cash Margins IQD thousand	Real Estate Collateral IQD thousand	Credit Loss IQD thousand
Balance sheet items				
Balances with the Central Bank of Iraq	167,591,295	-	-	-
Balances with banks and financial institutions	23,093,741	-	-	1,739,859
Murabaha to the purchase order	45,576,857	476,648	24,396,343	4,363,167
Musharaka financing	0	-	-	-
Qard Hassan	3,664,545	-	-	476,664
Other assets	161,476	-	-	161,476
Total balance sheet items	240,087,914	476,648	24,396,343	6,741,166
Off-balance sheet items				
Letters of guarantee	199,157,986	57,651,569	21,177,965	4,203,685
Documentary credit	1,301,298	325,325	-	19,519
Total off-balance sheet items	200,459,284	57,976,894	21,177,965	4,223,204
Total balance sheet and off-balance sheet items	440,547,198	58,453,542	45,574,308	10,964,370

Item	December 31, 2021			
	Total Exposure IQD thousand	Cash Margins IQD thousand	Real Estate Collateral IQD thousand	Credit Loss IQD thousand
Balance sheet items				
Balances with the Central Bank of Iraq	253,174,890	-	-	-
Balances with banks and financial institutions	9,670,317	-	-	-
Murabaha to the purchase order	28,184,544	277,959	24,479,168	2,354,789
Musharaka financing	14,420,000	-	27,422,800	58,932
Qard Hassan	1,138,095	-	-	105,012
Other assets	753,981	-	-	753,982
Total balance sheet items	307,341,827	277,959	51,901,968	3,272,715
Off-balance sheet items				
Letters of guarantee	83,127,514	23,133,258	3,078,739	1,873,785
Documentary credit	10,946,654	3,229,252	-	156,516
Total off-balance sheet items	94,074,168	26,362,510	3,078,739	2,030,301
Total balance sheet and off-balance sheet items	401,415,995	26,640,469	54,980,707	5,303,016

The value of collaterals is listed given that the total value of collaterals does not exceed the credit value for each individual customer.



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38.8 Distribution of fair value of collaterals for exposures within Stage 3:

Item	December 31, 2022			
	Total Exposure IQD thousand	Cash Margins IQD thousand	Real Estate Collateral IQD thousand	Credit Loss IQD thousand
Murabaha to the purchase order	3,501,500	-	1,409,448	2,284,978
Qard Hassan	96,422	-	-	96,422
Contractual credit debtors	161,476	-	-	161,476

Item	December 31, 2021			
	Total Exposure IQD thousand	Cash Margins IQD thousand	Real Estate Collateral IQD thousand	Credit Loss IQD thousand
Murabaha to the purchase order	1,602,134	-	356,067	1,297,158
Contractual credit debtors	794,981	23,639	-	771,469

The value of collaterals is listed given that the total value of collaterals does not exceed the credit value for each individual customer.

38.8.1 The concentration in net credit exposures by geographical distribution is as follows:

Item	December 31, 2022		
	Inside Iraq IQD thousand	Outside Iraq IQD thousand	Total IQD thousand
Balances with the Central Bank of Iraq	167,591,295		167,591,295
Balances with banks and financial institutions	654,121	20,699,761	21,353,882
Financial assets at fair value through the statement of income	8,209	1,201,468	1,209,677
Financial assets at fair value through other comprehensive income	1,300,000		1,300,000
Investments in subsidiaries	48,000,000		48,000,000
Musharaka finance - net			
Other assets	18,904,684		18,904,684
Murabaha to the purchase order - net	36,733,221		36,733,221
Qard Hassan - net	3,187,881		3,187,881
Total balance sheet items	276,379,411	21,901,229	298,280,640
Off-balance sheet items			
Letters of guarantee - net	194,954,301		194,954,301
Documentary credit - net		1,281,779	1,281,779
Total off-balance sheet items	194,954,301	1,281,779	196,236,080
Total balance sheet and off-balance sheet items	471,333,712	23,183,008	494,516,720

Item	December 31, 2021		
	Inside Iraq IQD thousand	Outside Iraq IQD thousand	Total IQD thousand
Total balance sheet and off-balance sheet items	447,798,450	10,627,730	458,426,180



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38.9 The concentration in net credit exposure by economic sector is as follows:

Item	December 31, 2022								
	Financial IQD thousand	Commercial IQD thousand	Agricultural IQD thousand	Industrial IQD thousand	Services & Tourism IQD thousand	Productive IQD thousand	Medical IQD thousand	Construction & Others IQD thousand	Total IQD thousand
Balance sheet items									
Balances with the Central Bank of Iraq	167,591,295	-	-	-	-	-	-	-	167,591,295
Balances with banks and financial institutions	21,353,882	-	-	-	-	-	-	-	21,353,882
Murabaha to the purchase order	-	20,252,969	217,924	2,259,741	5,273,906	5,217,706	2,249,499	1,261,476	36,733,221
Musharaka financing	-	-	-	-	-	-	-	-	-
Qard Hassan	-	-	-	-	-	-	-	3,187,881	3,187,881
Total balance sheet items	188,945,177	20,252,969	217,924	2,259,741	5,273,906	5,217,706	2,249,499	4,449,357	228,866,279
Off-balance sheet items									
Letters of guarantee - net	48,550,361	76,709,997	83,507	2,203,591	25,521,267	180,412	7,985,147	33,720,019	194,954,301
Documentary credit - net	-	1,281,779	-	-	-	-	-	-	1,281,779
Total off-balance sheet items	48,550,361	77,991,776	83,507	2,203,591	25,521,267	180,412	7,985,147	33,720,019	196,236,080
Total balance sheet and off-balance sheet items	237,495,538	98,244,745	301,431	4,463,332	30,795,173	5,398,118	10,234,646	38,169,376	425,102,359

Item	December 31, 2021								
	Financial IQD thousand	Commercial IQD thousand	Agricultural IQD thousand	Industrial IQD thousand	Services & Tourism IQD thousand	Productive IQD thousand	Medical IQD thousand	Construction & Others IQD thousand	Total IQD thousand
Total balance sheet and off-balance sheet items	283,342,437	48,052,949	241,320	4,462,433	17,929,071	1,897,377	5,333,448	32,233,882	393,492,917

38.10 The distribution of net credit exposure by stage is as follows:

Item	December 31, 2022			
	Stage 1 IQD thousand	Stage 2 IQD thousand	Stage 3 IQD thousand	Total IQD thousand
Financial sector	237,495,538	-	-	237,495,538
Commercial sector	96,069,613	1,227,891	947,241	98,244,745
Agricultural sector	296,305	5,126	-	301,431
Industrial sector	4,295,830	140,788	26,714	4,463,332
Services & Tourism sector	30,405,493	369,164	20,516	30,795,173
Productive sector	5,388,661	9,457	-	5,398,118
Medical sector	10,196,298	23,311	15,037	10,234,646
Other sectors	37,844,075	325,236	65	38,169,376
Total	421,991,813	2,100,973	1,009,573	425,102,359



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Item	December 31, 2021			
	Stage 1 IQD thousand	Stage 2 IQD thousand	Stage 3 IQD thousand	Total IQD thousand
Financial sector	283,342,437			283,342,437
Commercial sector	46,581,332	1,385,967	85,650	48,052,949
Agricultural sector	241,320			241,320
Industrial sector	4,323,871	98,698	39,864	4,462,433
Services sector	17,450,213	454,318	24,540	17,929,071
Productive sector	1,881,570	15,589	218	1,897,377
Medical sector	5,321,338	12,032	78	5,333,448
Other sectors	32,116,701	79,423	37,758	32,233,882
Total	391,258,782	2,046,027	188,108	393,492,917

38.11 Credit exposures in accordance with the Iraqi Banking Law compared to IFRS 9:

Item	December 31, 2022							
	CBI Instructions (4) Facilitating the Implementation of the Banking Law		IFRS 9					
	Gross IQD thousand	Provision IQD thousand	Stage 1		Stage 2		Stage 3	
			Gross IQD thousand	ECL IQD thousand	Gross IQD thousand	ECL IQD thousand	Gross IQD thousand	ECL IQD thousand
Good	43,092,302	2,137,756	42,800,489	1,907,983	-	-	-	-
Moderate	2,716,501	199,014	-	-	2,842,991	550,448	-	-
Non-performing loans	-	-	-	-	-	-	3,597,922	2,381,400
Below moderate	36,455	7,815	-	-	-	-	-	-
Bad debt	282,969	143,063	-	-	-	-	-	-
Losing loans	3,113,174	1,739,860	-	-	-	-	-	-
Contractual credit	200,798,109	2,849,648	200,798,109	4,215,486	-	-	-	-
Other assets / Contractual credit debtors	161,476	161,476	-	-	-	-	161,476	161,476
Bank rating	1,739,859	1,739,859	1,739,859	1,739,859	-	-	-	-

Calculation Summary	Gross IQD thousand	Provision / ECL IQD thousand
CBI Instructions (4) Facilitating the implementation of the Banking Law	251,940,845	8,978,491
IFRS 9	251,940,846	10,956,651
Whichever is stricter	251,940,846	10,964,369



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Item	December 31, 2021							
	CBI Instructions (4) Facilitating the Implementation of the Banking Law		IFRS 9					
	Gross IQD thousand	Provision IQD thousand	Stage 1		Stage 2		Stage 3	
			Gross IQD thousand	ECL IQD thousand	Gross IQD thousand	ECL IQD thousand	Gross IQD thousand	ECL IQD thousand
Good	39,819,873	448,244	39,620,221	715,946	-	-	-	-
Moderate	2,699,266	220,621	-	-	2,520,286	505,630	-	-
Non-performing loans	-	-	-	-	-	-	1,602,134	1,297,158
Below moderate	909,594	190,185	-	-	-	-	-	-
Bad debt	253,076	139,743	-	-	-	-	-	-
Losing loans	60,831	60,831	-	-	-	-	-	-
Contractual credit	94,074,169	1,373,415	93,732,071	1,956,800	301,097	56,013	41,000	17,488
Other assets / Contractual credit debtors	753,981	753,981	-	-	-	-	753,981	753,981

Calculation Summary	Gross IQD thousand	Provision / ECL IQD thousand
CBI Instructions (4) Facilitating the implementation of the Banking Law	138,570,790	3,187,020
IFRS 9	138,570,790	5,303,016

38.12 Market risk:

The Bank defines market risk as the risk that the Bank might be exposed to as a result of changes in the return rates and fluctuations in exchange rates and prices of securities.

The Bank adopts a conservative policy of reducing its exposure to relevant risk factors and keeping them to minimum by achieving alignment and symmetry between assets and liabilities and by maintaining minimum financial positions in currencies and securities.

38.12.1 Net foreign currency positions denominated in Iraqi dinar:

Item	December 31	
	2022 IQD thousand	2021 IQD thousand
USD	32,414,757	(5,865,221)
Euro	211,636	2,656,700
AED	16,047,362	212,456
Total	48,673,755	(2,996,065)



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for the Year Ended December 31, 2022

38.12.2 Currency and gold risk:

The details of the effect on profit and loss are as follows:

Item	Change in Exchange Rate	December 31	
		2022 IQD thousand	2021 IQD thousand
USD	5%	1,620,738	293,261
Euro	5%	10,582	132,835
AED	5%	802,368	10,623
Gold bullions*	5%	8,209	1,739
Islamic Sukuk at fair value*	5%	60,073	51,366
Total		2,501,970	489,824

* Have market prices.

38.12.3 Concentration in foreign currency risks:

Item	December 31, 2022		
	USD IQD thousand	Euro IQD thousand	Other Currencies IQD thousand
Cash and balances with the Central Bank of Iraq	48,176,400	-	-
Balances with banks and financial institutions	6,191,020	211,748	16,047,362
Financial assets at fair value	1,201,468	-	-
Net loans (cash credit)	309,179	-	-
Other assets	347,665	-	-
Total	56,225,732	211,748	16,047,362
Customers' current and call accounts	13,832,967	-	-
Banks and financial institutions accounts	52,103	-	-
Cash margins	7,655,971	-	-
Other liabilities	2,269,934	112	-
Total	23,810,975	112	-
Net balance sheet concentration	32,414,757	211,636	16,047,362
Contingent off-balance sheet liabilities	26,883,418	-	-

Item	December 31, 2021		
	USD IQD thousand	Euro IQD thousand	Other Currencies IQD thousand
Net balance sheet concentration	(5,865,221)	2,656,700	212,456
Contingent off-balance sheet liabilities	9,760,425	102,400,711	



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38.13 Liquidity risk

Liquidity management is a clear demonstration of the Bank's ability to meet its cash obligations in the short and long terms. Liquidity risk is managed by examining and analyzing liquidity on a monthly basis and maintaining appropriate liquidity ratios for cash uses. It also includes analyzing the sources of funds according to the nature of their sources and uses.

38.13.1 Distribution of (undiscounted) liabilities based on the remaining period for the contractual maturity on the date of the financial statements:

Item	December 31, 2022						
	Less than 1 Month IQD thousand	1 - 3 Months IQD thousand	3 - 6 Months IQD thousand	6 Months - 1 Year IQD thousand	More than 1 Year IQD thousand	No Maturity IQD thousand	Total IQD thousand
Customers' current and call accounts	103,648,038						103,648,038
Banks and financial institutions accounts	4,157,063						4,157,063
Long-term loans / Central Bank	295,227	978,852	1,352,589	5,728,105	26,830,129		35,184,902
Cash margins	6,936,304	13,086,283	10,842,935	18,544,123	8,567,249		57,976,894
Other provisions	558,807	1,094,385	817,402	1,162,396	1,029,414	314,027	4,976,431
Income tax provision			1,602,000				1,602,000
Lease commitments	163,717	10,587	38,292	309,391	711,961		1,233,948
Other liabilities	3,338,558	101,494	68,099		10	-	3,508,161
Investment deposits	1,331,081	87,000	2,190,000	2,991,500			6,599,581
Total Liabilities	120,428,795	15,358,601	16,911,317	28,735,515	37,138,763	314,027	218,887,018
Assets (based on expected maturity)	57,919,353	8,529,978	3,635,930	6,843,346	394,919,631		471,848,238

Item	December 31, 2021						
	Less than 1 Month IQD thousand	1 - 3 Months IQD thousand	3 - 6 Months IQD thousand	6 Months - 1 Year IQD thousand	More than 1 Year IQD thousand	No Maturity IQD thousand	Total IQD thousand
Customers' current and call accounts	110,385,036						110,385,036
Banks and financial institutions accounts	22,204,791						22,204,791
Long-term loans / Central Bank	250,000	550,000	750,000	2,150,000	13,404,498		17,104,498
Cash margins	4,447,830	6,446,253	6,885,889	7,668,290	914,247		26,362,509
Other provisions	286,414	593,928	344,970	1,075,754	341,998	682	2,643,746
Income tax provision			763,077				763,077
Lease commitments				416,060	919,704		1,335,764
Other liabilities	1,089,324	221,002	110,182	255,304	3,652,111		5,327,923
Investment deposits	350,900	58,000		129,500			538,400
Total Liabilities	139,014,295	7,869,183	8,854,118	11,694,908	19,232,558	682	186,665,744
Assets (based on expected maturity)	244,442,286	6,850,460	2,576,816	7,516,252	98,141,719	80,109,921	439,637,454



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38.14 Operational risk:

Operational risk is defined as the risk of loss arising from the inadequacy or failure of the Bank's internal operations, personnel or systems, or from external events.

Operational Risk factors are managed in accordance with a general framework approved by the Board of Directors. This framework includes policies and procedures that illustrate the mechanism for identifying and assessing the risk factors, as well as assessing the existing controls to determine their adequacy to contain risk factors and reduce the probability of their occurrence.

The bank applies a methodology of collecting the data of all operational losses that arise from operational events. The Bank's Board of Directors has approved the relevant policy, and the Bank is currently collecting and analyzing the date of such events, linking it to risk factors and submitting relevant reports.

The Risk Management Department reviews all working policies and procedures pertaining to all departments and business units - as part of the working procedures approval mechanism - for the purpose of assessing the adequacy of controls in containing risk factors. Furthermore, in order to promote the risk management culture, the Risk Management Department periodically organizes training courses and circulates awareness-raising leaflets to all employees of the Bank.

Within the framework of monitoring and reducing operational risk, the Risk Management Department, as part of its annual plan, conducts a number of field visits to risk management units in branches in accordance with the Risk Management Controls for Islamic Banks for 2018 issued by the Central Bank of Iraq. In 2021, the Department visited 12 out of 16 branches to analyze internal and external risks. Within the same framework, the internal and external environments are analyzed in order to measure changes in the strategic plans of the Department and the Bank in general, as well as analyzing individual risk ratios based on a 3-level analysis: High, Low and moderate, as well as the adequacy of actions taken according to risk levels. In addition, customer credit risk is measured in accordance with IFRS 9 indicators and the Bank's credit rating.

38.15 Information security:

In order to maintain the confidentiality and availability of customers' information and provide banking services with the highest levels of protection and security, strategies, standards and policies have been developed based on the best international standards for information security in order to reach a secure working environment where the goals of protecting information assets and continuously ensuring their confidentiality, integrity and availability are achieved. In the context of information and cyber security and implementation of IT governance, the Bank implements plans to adopt the best practices pertaining to IT and governance in accordance with COBIT 2019.

38.16 Business continuity:

In order to deal with external events included in the definition of Operational Risk adopted by the Bank, the Bank has updated its Business Continuity Plan to ensure its ability to provide services during emergencies. The plan includes the identification of needs, action plans and alternative working producers, as well as recovery producers. A Business Continuity Steering Committee and specialized teams have been set up. The Bank has also established the Data Center to ensure the integrity of the alternative business center. The plan is periodically updated, tested and examined to ensure its applicability and ability to enhance the Bank's readiness to respond to external risk factors. The Bank's business continuity plan has been audited and reviewed by an external auditor, and the outcome of the audit was positive. As for raising awareness of information security and business continuity, training workshops are organized for employees of the Bank and its branches on an annual basis.

38.17 Reputation risk:

The Bank views reputation risk as the negative effects on its reputation and trademark arising from failure to fulfil its banking responsibility towards its customers, failure to manage its business efficiently and



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effectively, non-compliance with Sharia rules and provisions and/or failure to manage all types of other risks that it may face and/or be indirectly exposed to as a result of the banking practices of other banks; which leads to several negative effects, including loss of customers' confidence and, subsequently, decrease in the customers' base, increase in costs or decrease in profits. The Public Awareness and Protection Department handles complaints and develops plans to publish and explain all banking services and minimize reputation risk arising from misunderstanding the banking operations.

38.18 Non-compliance risk:

Non-compliance risk is the risk of legal or regulatory penalties, financial loss or reputation risk which the Bank might face as a result of non-compliance with the laws, regulations, instructions, orders, code of conduct and sound banking standards and practices.

Moreover, non-compliance can result in penalties, legal proceedings, financial loss or harm to the Bank's reputation as a result of its failure to comply with the laws, instructions, rules, circulars and behavioral and ethical values governing its work.

Non-compliance risk ranges from warnings by the Central Bank or Iraq to financial fines and harm to the Bank's reputation, and may lead to closing the Bank or revoking its license in case of failure to comply with the instructions of the legislative bodies.

Therefore, the Bank's compliance with the requirements of the regulatory bodies is considered one of the most important factors affecting its ability to develop its business and maintain the quality of the services provided to its customers. The Compliance Control Department reviews all the requirements of regulatory bodies and ensure their reflection in internal working procedures and policies in a manner that protects the Bank from risks arising from non-compliance with these requirements, as such requirements represent the minimum standards of the Bank's comprehensive control system.

This Department also plays an active role in ensuring that the Bank's services and products are not used for money laundering or terrorism financing purposes, by monitoring all banking transactions and ensuring their integrity, in addition to knowing customers and verifying the legitimacy of their activities and sources of funds to ensure dealing with good customers only. The Department also reviews all the policies and working procedures related to banking products to ensure the availability of controls that can contain the risks arising from non-compliance and money laundering and terrorism financing. Strong controls have been developed to reduce these risks.

38.19 Non-compliance with Sharia risk:

These are the risks faced by Islamic banks leading to non-recognition of income and losses arising from relevant operations, as well as reputation risk arising from non-compliance with Sharia provisions and controls. These risks are managed through the integrated system of Sharia controls of the Sharia Control Department that is supervised by the Sharia Supervisory Board, the control system of the Sharia Compliance Department and the Risk Management Department, which have developed a list of services and products.

38.20 Legal risks related to operations:

These are risks that may arise indirectly from one or more of the four events (personnel, internal operations, systems and external events), or from the Bank's non-compliance with the laws and regulations in force, which may cause the Bank to incur fines or financial liabilities. Risks may arise from legal action initiated by third parties against the Bank. Insufficient documents, lack of legal capacity and invalidity or unenforceability of contracts resulting from improper documentation are the main causes of legal risks.

The Legal Department is responsible for managing these risks by auditing all contracts and documents related to the Bank's transactions, in addition to conducting a legal follow-up on the Bank's debtors - in coordination with the Risk Management Department - and closely following up on the lawsuits to which the Bank is a party.



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38.21 Electronic banking risks and protection:

The significant growth in electronic banking activities created new challenges to banks and control bodies alike, which revealed many problems that gave rise to new risks to business in general and banking in particular; particularly in light of the banks' and bank employees' lack of experience in keeping pace with the rapid developments in communication technology, in addition to the increasing possibilities of fraud on open networks, such as the Internet, due to the absence of conventional practices through which customers' identity and legitimacy are verified. Therefore, the Basel Committee on Banking Supervision (BCBS) highlighted the need for banks to develop policies and procedures that enable the management of electronic banking risks by assessing, controlling and monitoring them. Online banking activities have certainly created a set of challenges to banks when dealing with electronic banking tools, including, for instance, employees' lack of adequate experience and knowledge of the technical aspects of electronic banking risks management, which is the case in many banks.

38.22 Stress testing:

Stress testing is one of the most important tools used by the Bank to measure its ability to tolerate high risks and shocks that it might face. These tests aim to evaluate the Bank's financial position and capital adequacy ratio within different possible scenarios.

The Bank adopts an integrated methodology for stress testing, which includes:

38.22.1 Sensitivity analysis tests:

These tests aim to measure the effect of different economic factors and internal risk factors on the Bank's financial position and capital adequacy ratio. These tests cover credit risk, market risk, operational risk, liquidity risk and any other risks for which the Bank believes stress tests need to be conducted.

38.22.2 Scenario testing:

These tests aim to assess the Bank's tolerance of crisis and shocks related to the State's macro economy, such as changes in economic growth rates and unemployment rates and increases in return rates, and the related effect on the Bank's financial position and capital adequacy ratio.

A stress testing policy has been developed and approved by the Board of Directors to cover all the stress testing requirements and determine their implementation methodology and periodicity.

The Bank seeks to consider the stress testing results as a main reference for future plans and strategies, by incorporating the concept of stress testing in the monthly reports of the Department to create a comprehensive culture of the modern risk management concept.

The Bank adopts an integrated system related to the governance of stress testing. The Risk Management Department periodically conducts stress tests and presents their results to the Board Risk Management Committee for recommendations, which are then presented to the Board of Directors for approval. This system is in line with best practices, as it involves the Bank's Board of Directors and executive management in the stress testing methodology and its effects on the Bank's strategic decisions.

39 Information about the Bank's business sectors:

The Bank is organized, for administrative purposes, such that the sectors are measured in accordance with the reports used by the Bank's Assets and Liabilities Management Committee through the following main business sectors:

- **Individual accounts** (This sector includes following up on unrestricted investment accounts, deferred sales receivables, financings, credit cards and other services.)
- **Corporate accounts** (This sector includes following up on unrestricted investment accounts, deferred sales receivables, financings and other banking services provided to corporate customers.)



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- **Treasury** (This sector includes the provision of trading and treasury services and management of the Bank's funds and direct investment and unrestricted investment accounts.)
- **Others** (This sector covers the sectors that are not included in the abovementioned sectors.)

39.1 Information about the Bank's business sectors by activity:

Item	December 31, 2022					December 31, 2021
	Individuals IQD thousand	Corporate IQD thousand	Treasury IQD thousand	Others IQD thousand	Total IQD thousand	IQD thousand
Total revenue	5,322,074	12,578,730	3,151,389	976,393	22,028,586	12,105,223
Expected credit loss	(2,326,877)	(1,594,621)	(1,739,857)	-	(5,661,355)	(969,343)
Sector's results	2,995,197	10,984,109	1,411,532	976,393	16,367,231	11,135,880
Distributed expenses	(3,270,515)	(7,729,867)	(1,936,588)	(600,012)	(13,536,982)	(10,709,433)
Other provisions				(151,676)	(151,676)	(893,712)
Net income before tax	(275,318)	3,254,242	(525,056)	224,705	2,678,573	(467,265)
Income tax expense	(649,673)	(1,535,504)	(384,695)	(119,190)	(2,689,062)	-
Total comprehensive income for the year	(924,991)	1,718,738	(909,751)	105,515	(10,489)	(467,265)
Other information						
Capital expenditure	546,461	1,291,562	323,579	100,254	2,261,856	4,842,186
Depreciation and amortization	561,436	1,326,954	332,446	103,002	2,323,838	1,979,489
Total assets	39,705,801	1,194,342	398,990,528	31,957,567	471,848,238	439,637,454
Total liabilities	21,578,590	142,998,419	39,379,092	14,930,917	218,887,018	186,665,744

39.2 Information about geographical distribution:

Item	December 31, 2022		
	Inside Iraq IQD thousand	Outside Iraq IQD thousand	Total IQD thousand
Total revenue	21,692,993	335,593	22,028,586
Capital expenditure	1,814,424	447,432	2,261,856
Total assets	448,207,150	23,641,088	471,848,238

Item	December 31, 2021		
	Inside Iraq IQD thousand	Outside Iraq IQD thousand	Total IQD thousand
Total revenue	12,105,223	(13,395)	12,091,828
Capital expenditure	4,511,986	330,200	4,842,186
Total assets	429,009,724	10,627,730	439,637,454



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40 Events after the reporting period:

- 40.1 Since the preparation and auditing of the financial statements can take up to several months after the end of the Bank's fiscal year, some events may occur during this period. These events are called events after the reporting period and may impact the content of the financial statements, and must therefore be taken into account and disclosed in the notes to the financial statements; which provide a degree of importance and relevance to the users of the financial statements.
- 40.2 The Accounting Standard 10 (IAS 10) requires either recognizing the events after the reporting period, which are called adjusting events, or disclosing them, in which case they are called non-adjusting events, depending on the nature and timing of the event. The events after the reporting period either confirm or alter the probability of incidents or events that occurred during the previous fiscal year
- 40.3 No events after the reporting period have been disclosed in the financial statements for the period ended December 31 2022, with the exception of CBI letter No. 9/2/95 dated 8/2/2023 on adopting the new exchange rate of IQD 1310 per USD 1 starting from 8/02/2023; rather 1460 per USD or any other rate.
- 40.4 Due to the Bank's maintenance of a long-term USD and Euro positions, the financial effect of this event on the Bank's financial statements as of 8/2/2023 was approximately IQD 2,252,085 that were charged to the Bank's accounts in 2023
- 40.5 Effect of the event on the Bank's going concern status:
The Bank's going concern assumption essentially means that the Bank will continue to operate indefinitely. This going concern assumption and the resulting division of the project life cycle into periodic intervals, caused the financial statements to show approximate and conditional results; rather than accurately specified results. Therefore, the accuracy of these results depends on the accuracy of certain future estimates, without affecting the Bank's going concern.

41 Capital Management:

Capital components:

- 41.1 Paid-up capital:
The subscribed (paid-up capital) at the end of the year was IQD 250 billion as of December 31, 2022 (December 31, 2021: IQD 250 billion). The minimum amount of Bank capital under the Islamic Banks Law is IQD 250 billion.
- 41.2 Regulatory capital:
The regulatory capital is considered a control tool according to the requirements of regulatory authorities and Basel (II) for the purposes of achieving control over the adequacy of capital and the ratio of regulatory capital to risky and weighted assets and market risk. Regulatory capital consists of paid-up capital, statutory reserve, voluntary reserve / expansions and retained earnings.
- 41.3 Achieving the objectives of capital management:
The Bank's management aims at achieving the capital management objectives by developing the Bank's activities, achieving a surplus in operating profits and revenues, and optimally investing available funds in order to reach the targeted growth in equity through the increase in the statutory reserve by 5% of the profits realized and in voluntary reserve / expansions by 5%, of income for the year after taxes and statutory reserve. The sum of IQD 1 billion was allocated to voluntary reserve / expansions from retained earnings in the separate financial statements for future expansion and proliferation.



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41.4 Capital adequacy in accordance with Central Bank of Iraq Instructions No. (4) for 2010:

Item	December 31	
	2022 IQD thousand	2021 IQD thousand
Core capital		
Paid-up capital	250,000,000	250,000,000
Statutory reserve	351,947	351,947
Other reserves / Expansions	3,009,041	3,009,041
Less:		
Intangible assets	(2,817,204)	(3,200,065)
Accumulated profit (loss)	(399,768)	(389,278)
Investments in subsidiaries	(48,000,000)	(48,000,000)
Total core capital	202,144,016	201,771,645
Additional capital items		
Exchange rate fluctuation provision	681	681
Operational risk provision	313,345	310,332
Total additional capital	314,026	311,013
Total regulatory capital	202,458,042	202,082,658
Total balance sheet risk weighted assets	41,614,784	67,032,118
Total off-balance sheet risk weighted assets	71,753,208	31,540,608
Market risk	2,501,970	489,824
Total risk weighted assets	115,869,962	99,062,550
Core capital adequacy ratio %	174.46%	203.68%
Regulatory capital adequacy ratio %	174.73%	204.00%



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41.5 Assets and liabilities maturities analysis:

The following table shows the analysis of assets and liabilities according to their expected recovery or settlement periods:

Item	December 31, 2022		
	Up to 1 year IQD thousand	More than 1 year IQD thousand	Total IQD thousand
Assets			
Cash and balances with the Central Bank of Iraq	292,188,823	18,467,187	310,656,010
Balances with banks and financial institutions	21,353,882		21,353,882
Financial assets at fair value through the statement of income	1,209,677	-	1,209,677
Financial assets at fair value through the statement of other comprehensive income	-	1,300,000	1,300,000
Financing investments- net	-		-
Real estate investments- net	-		-
Deferred sales receivables and other receivables - net	8,234,340	28,498,881	36,733,221
Qard Hassan - net	787,659	2,400,222	3,187,881
Investment in subsidiaries	-	48,000,000	48,000,000
Property and equipment - net	-	26,466,111	26,466,111
Intangible assets - net	-	2,817,204	2,817,204
Right-of-use assets	402,216	817,352	1,219,568
Other assets	18,904,684		18,904,684
Total Assets	343,081,281	128,766,957	471,848,238
Liabilities			
Customers' current accounts	103,648,038	-	103,648,038
Banks and financial institutions accounts	4,157,063	-	4,157,063
Loans - Central Bank of Iraq	8,354,773	26,830,129	35,184,902
Cash margins	49,409,645	8,567,249	57,976,894
Other provisions	3,632,990	1,343,441	4,976,431
Income tax provision	1,602,000	-	1,602,000
Lease commitments	521,987	711,961	1,233,948
Other liabilities	3,508,151	10	3,508,161
Customers' investment accounts	6,599,581		6,599,581
Total Liabilities	181,434,228	37,452,790	218,887,018
Net	161,647,053	91,314,167	252,961,220



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Item	December 31, 2021		
	Up to 1 year IQD thousand	More than 1 year IQD thousand	Total IQD thousand
Assets			
Cash and balances with the Central Bank of Iraq	230,678,442	65,018,932	295,697,374
Balances with banks and financial institutions	9,670,317	-	9,670,317
Financial assets at fair value through the statement of income	1,062,109	-	1,062,109
Financial assets at fair value through the statement of other comprehensive income	-	750,000	750,000
Deferred sales receivables and other receivables - net	5,698,745	17,510,948	23,209,693
Financing investments- net	-	14,361,067	14,361,067
Qard Hassan	239,383	793,700	1,033,083
Subsidiaries	-	48,000,000	48,000,000
Property and equipment - net	-	26,145,231	26,145,231
Intangible assets - net	-	3,200,065	3,200,065
Right-of-use assets	359,535	1,027,826	1,387,361
Other assets	13,677,283	1,443,871	15,121,154
Total Assets	261,385,814	178,251,640	439,637,454
Liabilities			
Customers' current accounts	110,385,036	-	110,385,036
Banks and financial institutions accounts	22,204,791	-	22,204,791
Loans - Central Bank of Iraq	3,700,000	13,404,498	17,104,498
Cash margins	25,448,262	914,247	26,362,509
Other provisions	2,301,066	342,680	2,643,746
Income tax provision	763,077	-	763,077
Lease commitments	416,060	919,704	1,335,764
Other liabilities	1,675,812	3,652,111	5,327,923
Customers' investment accounts	538,400	-	538,400
Total Liabilities	167,432,504	19,233,240	186,665,744
Net	93,953,310	159,018,400	252,971,710



Sharia Supervisory Board's Report for 2022

Date: 9/3/2023

In the Name of Allah the Most Beneficent the Most Merciful

Praise be to Allah, lord of the universe, and peace be upon His messenger Mohammad and his family and companions.

Dear shareholders of Trust International Islamic Bank,

May Allah bestow His peace and blessings upon you.

In accordance with the provisions of Chapter (5) of the Islamic Banking Law No. (43) and Corporate Governance Guide for Banks issued by the Central Bank of Iraq;

We, the Sharia Supervisory Board, have supervised the activities, transactions and contracts of the Bank for the period from (1/1/2022) to (31/12/2022), and the results of our report are as follows:

1. The Sharia Supervisory Board held several meetings to review the progress of the transactions executed by departments of the Bank.
2. Our monitoring including examining the documentation and other procedures followed by the Bank by testing each type of transactions.

After our meeting with the executives of our Bank, reviewing the banking system, records and documents and obtaining the data, information and clarifications that we believed were necessary in order to express our opinion, as stated in our report, on the Bank's compliance with the provisions and principles of Islamic Sharia in accordance with the Sharia-compliant standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Islamic Financial Services Board;

We hereby present our opinion on the results of our supervision and audit of the Bank's transactions in 2022:

- The contracts and transactions concluded by the Bank during the period from (1/1/2022) to (31/12/2022) have been reviewed and found to be in compliance with the provisions and principles of Islamic Sharia.
- The policy adopted for calculating and distributing dividends and charging losses to investment accounts during for said period was in line with the general principles of Islam.

We pray to Allah the Almighty for guidance.

Dr. Mohammad Hashem
Hammoodi
Chairman of the Sharia
Supervisory Board

9/3/2023



Alaa Salman Mohammad
SSB Secretary

9/3/2023

Dr. Bashar Sbaih Mohammad
SSB Member

9/3/2023

Mohammad Helo Khafi
SSB Member

9/3/2023

Rajaa Dawood Saudi
SSB Member

9/3/2023

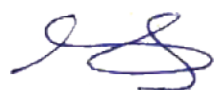


Audit Committee's Report for the Year Ended December 31, 2022

Based on Article (24) of the Banking Law No. (94) for 2004 and the Bank's corporate governance requirements which help improve the Bank's risk management, control and shareholder and depositor protection systems, we are pleased to present to you our report on audit results for 2022.

1. We have verified the Bank's compliance with the disclosures prescribed in the International Financial Reporting Standards, Islamic Accounting Standards, Central Bank of Iraq instructions and other relevant legislations and regulations. We have also verified that the executive management is aware of the changes made to the International Financial Reporting standards as the Bank has disclosed the new inapplicable Islamic accounting standards and those that had no effect on the financial statements, in addition to disclosing the significant accounting policies.
2. The Committee has worked alongside the auditor in 2022 and followed up on the implementation of all the comments and recommendations included in the auditor's report and Central Bank of Iraq's reports on the results of the control and audit activities carried out in 2022.
3. The Committee has reviewed the reports issued by the Bank's Internal Audit Department, approved the recommendations and comments included therein and followed up on their implementation, in addition to reviewing the report of the Bank's compliance officer.
4. The Committee supports the Bank management's direction to continue investing in the administrative development and operations of the Bank, and to distribute duties in a manner that strengthens the internal control system.
5. The Committee supports the development of written working procedures and reassignment of authorities, having reviewed the expected credit loss calculation methodology.
6. We have reviewed the accounting procedures pertaining to Bank's activities and assessed the Bank's compliance with the instructions of the Central Bank in terms of the timely provision of accounting data, as well as compliance with credit and anti-money laundering controls, in addition to credit and investment activities. Therefore, the Committee supports all the actions taken by the Bank in accordance with the instructions of the Central Bank of Iraq and recommends approval of the same.
7. We have reviewed the Annual Report for 2022 and the financial statements and Bank's performance indicators included therein to verify the Bank's compliance with the applicable requirements of the Companies Law and regulations and instructions issued pursuant thereto, and found that it actually and comprehensively reflects the Bank's activity during the year and its compliance with the provisions of the law.
8. The Committee has reviewed the Auditor's Report which detailed the Bank's activities in terms of the integrity of all its actions. Therefore, we confirm the integrity of all the actions taken by the Bank to protect the rights of its shareholders. We also confirm that the Bank's performance during the year and the balances stated in the balance sheet reflect the Bank's solid financial position.
9. We have reviewed the annual training plan and followed up on its implementation. We have also reviewed the policies and instructions related to appointment, promotion, resignation and service termination, as a provision for end-of-service indemnity was created in accordance with applicable instructions.
10. We have reviewed the calculation of expected credit loss and its consistency with the adopted methodology and IFRS 9 application instructions, as well as the creation of a provision for operational risk and reserves in accordance with applicable instructions.
11. We have reviewed the transactions with related parties and found that they were in compliance with the Bank's governance manual.

Dhamen Taymour Ali
Chairman of the Committee



Esraa' Ali Muhyiddeen
Member










23/1/2023

Sabiha Eidan-Abbas
Member



Declarations

The Board of Directors of Trust International Islamic Bank hereby declares that, to the best of its knowledge, there are no material issues that might affect the Bank's continuity, and affirms its responsibility for preparing the financial statements for the year ended December 31, 2022.

Board of Directors	Position	Signature
Mohammad Muslim Jarallah Al Baidani	Chairman of the Board of Directors	
Saadi Ahmad Habib Al Obaidi	Deputy Chairman of the Board of Directors	
Dhamen Taymour Ali Al Wakeel	Member of the Board of Directors	
Esraa' Ali Muhyiddeen	Member of the Board of Directors	
Latif Hameed Alwan Al-Qaragholi	Member of the Board of Directors / Managing Director	
Mohammad Saad Mohammad Ibrahim Al Obaidi	Member of the Board of Directors / First Assistant Managing Director	
Sabiha Eidan Abbas Al Lawani	Member of the Board of Directors	

The Chairman of the Board of Directors, Managing Director and Head of the Financial Affairs Department, hereby affirm the correctness, accuracy and completeness of the information and data of Trust International Islamic Bank for the year ended December 31, 2022.

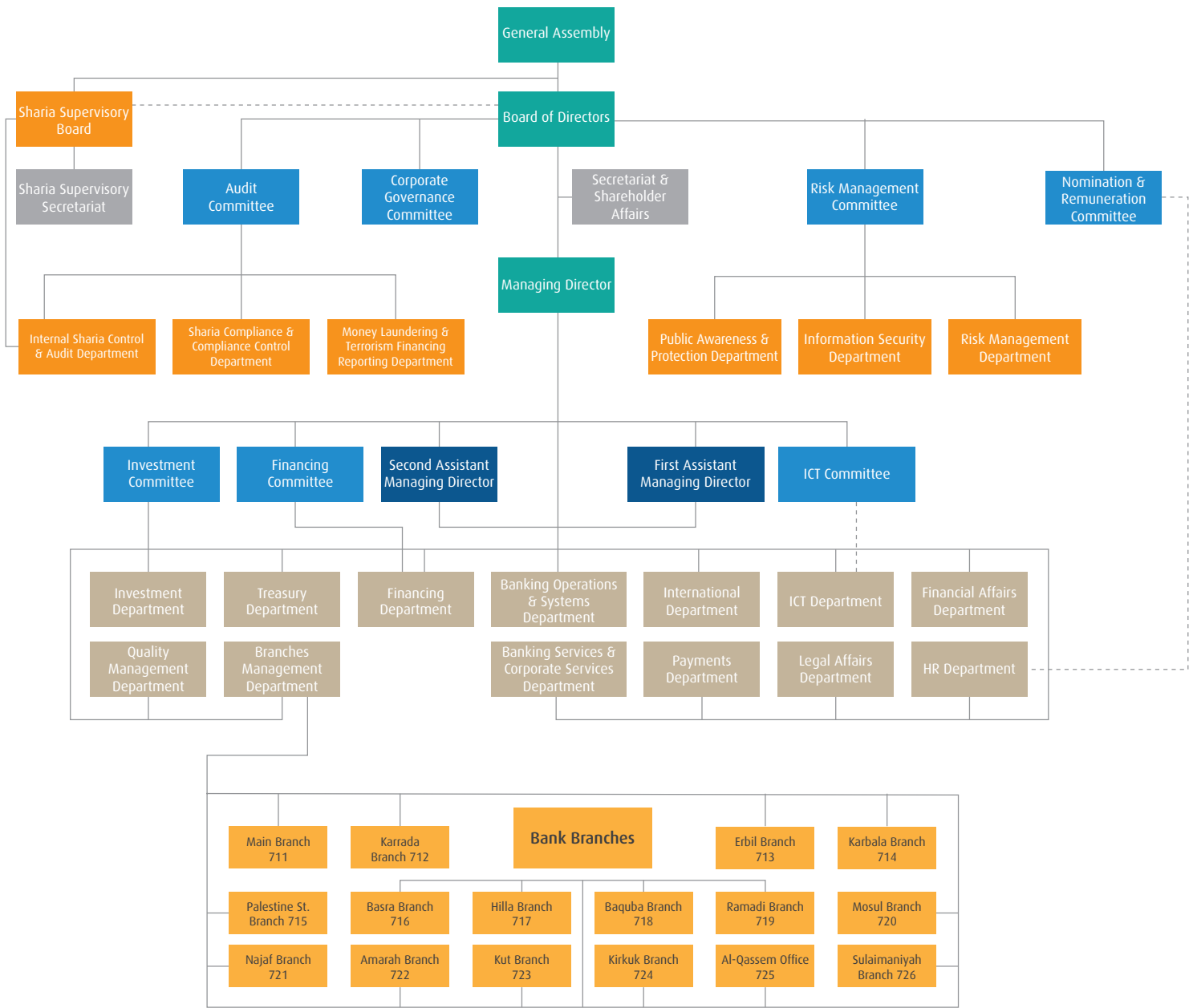
Head of the Financial Affairs Department
Nabil Mahmood Yousef

Managing Director
Latif Hamid Alwan

Chairman of the Board of Directors
Mohammad Muslim Jarallah



The Organizational Structure of Trust International Islamic Bank



Corporate Governance Manual

of Trust International Islamic Bank





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Corporate Governance Manual

Introduction:

To keep pace with international developments and enhance the corporate governance system by implementing the best practices in the banking sector, the Central Bank of Iraq has always been keen on establishing and implementing corporate governance principles by introducing structural, legislative and control developments aimed at minimizing the risks faced by the banking sector; as investors tend to deal with banks that have sound governance structures, where governance aims at defining the nature of the relationship between the bank's Board of Directors and executive management in a manner that ensures the protection of depositors', shareholders' and stakeholders' funds, while focusing on disclosure and transparency. Therefore, the Manual was developed in accordance with international best practices and relevant Iraqi laws, as well as the international standards issued by international institutions and bodies, such as the International Finance Corporation (IFC), Organization for Economic Co-operation and Development (OECD), Basel Committee on Banking Supervision (BCBS), Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and Islamic Financial Services Board (IFSB), in order to enhance the general framework and assist banks in achieving good governance and management, as well as assisting members of the boards of directors and executive managements in supervising and monitoring banks' activities and operations; in a manner that protects the rights of depositors, shareholders and stakeholders.

Abbreviations and Definitions:

Abbreviations:

#	Abbreviation	Meaning
1	CBI	The Central Bank of Iraq.
2	Bank(s)	Banks licensed by the Central Bank of Iraq, including commercial and Islamic banks.
3	The Board	The Board of Directors of the Bank.
4	The General Assembly / Extraordinary General Assembly	The general assembly of shareholders.
5	The Sharia Board	The Sharia Supervisory Board of the Islamic Bank.
6	Bank's Capital	Paid-up capital.
7	AML Office	Anti-money Laundering and Counter-terrorism Financing Office.
8	IFC	International Finance Corporation.
9	OECD	Organization for Economic Co-operation and Development.
10	AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions.
11	IFSB	Islamic Financial Services Board.



Definitions:

#	Term	Meaning
1	Banks Governance	The set of comprehensive systems that define the relationships between the board of directors and the executive management of the Bank, shareholders and other stakeholders. Governance deals with the system through which the Board of Directors directs the bank and monitors its activities and that affects: <ul style="list-style-type: none"> • Determining the Banks' strategy • Managing the Bank's risk system. • The bank's business and activities. • The balance between adhering to the responsibility towards shareholders, protecting the interests of depositors and taking the interests of other stakeholders into account. • The Bank's compliance with the applicable laws, instructions and controls. • Disclosure and transparency practices.
2	Appropriateness	The fulfillment of certain minimum requirements by the members of the Bank's Board of directors, Sharia Supervisory Board and executive management.
3	Executive Management	High-ranking employees as stated in Article (1) of the Banking Law No. (94) for (2004) and in accordance with the instructions of the Central Bank of Iraq and the organizational structure of the Bank.
4	Stockholders	Anyone with an interest in the bank, such as (depositors, shareholders, employees, creditors, clients and customers, relevant supervisory authorities and government authorities.)
5	Qualifying Holding	Any natural or juridical person or associated group planning to contribute to the Bank's capital by (10%) or more of its subscribed capital. CBI shall be notified of said holding at least (10) days in advance in order to obtain the approval thereof prior to effecting the holding; whether by an individual or an associated group.
6	Related Person	Any of the following: <ul style="list-style-type: none"> • A related person pursuant to Article (1) of the Banking Law No. (94) for 2004. • The Managing Director or assistant thereof; for two years after leaving their job. • The external auditor (the external accounts controller); for the duration of their service and two years after the end of their contract with the bank. • Any natural or juridical person that has a contractual relationship with the Bank; for the duration of the contract.
7	Associated Group	A group of individuals or companies with kinship ties or influential economic interests.
8	Independent Member	A member of the Board of Directors who is fully independent of the management or the Bank. Independence means having the ability to judge matters in an unbiased manner taking into account all relevant information without being influenced by the management or other external parties.
9	Executive Member	A member of the Board of Directors who is a member of, and participates in, the Bank's executive management in return for a monthly salary.
10	Non – executive Member	A member of the Board of Directors who is associated with the Bank, such as but not limited to a (Related Person), offering technical opinion and advice without participating, in any way whatsoever, in the Bank's management and day-to-day business or receiving a monthly salary.
11	Cumulative Voting	A voting method for selecting the members of the Board of Directors in a General Assembly, such that each shareholder has a number of votes equal to the number of shares held thereby, and may cast all such votes for one candidate for membership in the Board of Directors or distribute the same between the candidates chosen thereby without duplication of votes. The main objective of this method is to increase the chances of minority shareholders obtaining their representation on the Board of Directors through cumulative votes, as well as to reduce the control of any particular shareholder over Board seats.



Corporate Governance Manual

Guiding Principles and Rules:

This Manual is based on the following guiding principles and rules:

1. Fair treatment of all relevant parties such as (shareholders, investment account holders, Bank's employees, supervisory authorities).
2. Transparency and disclosure in a manner that enables relevant parties to assess the Bank's situation and financial performance.
3. Accountability in the relations between the Bank's executive management and Board of Directors on one hand, and between the Board of Directors and shareholders on the other.
4. Responsibility: In terms of clear separation of responsibilities and authorities.
5. Review and amendment: The Bank reviews, develops and amends this Manual from time to time and whenever necessary, in order to keep pace with the changes and developments in the needs and expectations of the Bank and banking market.

Chapter One: The Board of Directors

Duties and responsibilities of the members of the Board of Directors:

1. The members of the Board of Directors shall be primarily, jointly and severally, responsible for managing the Bank. The Board shall be responsible for all matters related to the Bank's operations, financial integrity, satisfaction of the requirements of the CBI, as well as serving the interests of shareholders; investment account holders, creditors, employees and other relevant parties and ensuring that the Bank is managed in a prudent manner in accordance with the laws and instructions in force and the Bank's internal policies.
2. Members of the Board of Directors shall effectively participate in the performance of the functions of the Board and be able to provide the Board with special expertise.
3. The formation of committees or delegation of certain duties to the executive management or any other party shall not relieve the Board from responsibility for the same, which shall be defined and addressed in accordance with the provisions of the Companies Law as amended.
4. The Board shall establish the commitment of each Board Member to the Bank and representation of all shareholders, and shall act in a manner that serves the interests of the Bank, depositors and other stakeholders; rather than the interests of any particular group.
5. The members of the Board of Directors shall not participate in making decisions when there is any conflict of interests preventing them from carrying out their role in properly protecting the interests of the Bank.
6. The members of the Board of Directors shall understand their supervisory role, and shall demonstrate care for and loyalty to the Bank, shareholders, other stakeholders and society in general.
7. The members of the Board of Directors shall dedicate sufficient attention and time to carry out their duties and fulfill their responsibilities in an effective manner.

Composition of the Board

1. Members shall be elected in a meeting of the General Assembly for a maximum term of (4) years, subject to the approval of CBI, and may be elected for one more term as a maximum.
2. The Board shall consist of at least (7) members elected in a meeting of the General Assembly using the Cumulative Voting system, provided that the number of independent members is not less than (4) or one-third of the total number of Board members. The Board shall also include one member, who may be one of the independent members, representing minority shareholders.
3. The Board shall elect, from its members, a Chairperson and a Deputy Chairperson.
4. The Deputy Chairperson shall act for the Chairperson in the event the latter is absent or cannot chair Board meetings.
5. The Board shall preferably include at least one female member.



Qualifications and independence of Board members:

- **Selection of Board Members:**

- » Satisfying the legal requirement prescribed in the Banking Law No (94) for 2004 and Companies Law No. (21) for 1977 as amended.
- » Two-thirds of the members of the Board of directors shall be holders of a bachelor's degree with experience in Banking.
- » A Board member may not be a member of the board of directors, the managing director, regional manager or employee of any other bank in Iraq, with the exception of Bank's subsidiaries.
- » Non-resident and non-Iraqi individuals may be members of the Board of Directors.

- **Board members' independence requirements:**

- » A Board member may not have been a partner or employee of the Bank's external auditor during the 3-year period preceding the election thereof as a Board member, nor may he/she be related to the partner responsible for the auditing process.
- » A Board member may not be a legal attorney, legal advisor or auditor of the Bank.
- » A Board member or any company of which he/she is a Board Member; owner or major shareholder, may not have obtained credit from the Bank exceeding (5%) of the Bank's capital, nor may he/she be a guarantor of credit from the Bank exceeding said percentage.
- » A Board member may not be a member of the boards of more than (5) shareholding or public companies, in his/her personal capacity in some companies and as the representative of a juridical person in others.
- » A Board member may not be a manager, employee or managing director of another bank.
- » A Board member may not have been an employee of the Bank or any associates thereof during the previous three years.
- » A Board member may not be related to any member of the Board of Directors or senior management, or any associates thereof, up to the fourth degree.
- » A Board member may not be a major shareholder, or a representative of a major shareholder, of the Bank.
- » A Board member may not, directly or indirectly, hold more than 5% of the shares of any company of any type whatsoever (this also applies to shareholding family members and related parties.)

- **Role of the Chairperson:**

1. Establishing a constructive relationship between the Bank's Board and executive management on one hand, and between the Bank and its shareholders and other stakeholders on the other.
2. Encouraging the expression of opinion on issues discussed in general and those on which members have different views, while also encouraging discussion of and voting on said issues.
3. Ensuring that meeting minutes are signed by all members.
4. Identifying and meeting the needs of Board members relating to developing their experiences and continuous learning, and enabling new members to attend an orientation program to learn about Bank's activities.
5. Inviting the Central Bank to attend meetings of the General Assembly within a sufficient period not less than (15) days, so that the Central Bank can nominate a representative thereof.
6. Ensuring that the Central Bank is informed of any material information.



Corporate Governance Manual

- **Organization of Board's activities:**

1. The Board shall hold at least (6) annual meetings whenever necessary.
2. Board meetings shall be held at the Bank's headquarters and may, in the event they cannot be held at the headquarters, be held anywhere else in Iraq, provided that all Board members attend the same or, otherwise, provide a written notice of not being able to do so.
3. Board members shall attend meetings in person. Any Board member who cannot attend in person, may attend by means of video conference or phone; subject to the approval of the Chairperson. This method may be used in the event a member fails to attend a maximum of two meetings during the year.
4. In the event of failure to attend (3 or more meetings during the year), the Chairperson shall notify the Bank's General Assembly accordingly in order to take any action in this respect as it may deem appropriate.
5. The quorum of Board meetings shall be satisfied if (50%) of members or (4) members attend, whichever is more.
6. Board decisions shall be passed by the majority vote of attending members. In case of equal votes, the Chairperson shall have a casting vote.
7. Board decisions shall be passed when minutes are signed by all the members attending in person (or by video or phone) and the Board Secretary, and shall be stamped by the Bank's seal within a period not exceeding (10) working days. The Board shall be responsible for its decisions and for following up thereon.
8. The Board Secretary shall keep accurate and complete minutes of Board meetings, and shall record any reservations raised by any member. The Bank shall keep said minutes which shall be recorded in audiovisual format and keep the same.
9. The executive management shall, at least (5) working days prior to the date of any Board meeting, provide Board members with detailed information about the issues to be presented in the meeting, and the Chairperson shall verify so prior to the meeting.

- **Selection and appointment of the Managing Director**

1. The Board of Directors shall appoint one of its members as the Managing Director of the Bank.
2. The appointed Managing Director shall satisfy the following minimum conditions:
 - » All the conditions prescribed shall satisfy the legal requirements prescribed in the Banking Law No. (94) for 2004 and Companies Law.
 - » Be available to manage day-to-day banking operations on a full-time basis.
 - » Hold at least a bachelor's degree in financial science and banking, business administration, economy, law or banking related disciplines.
 - » Have integrity and good reputation.

- **Duties and responsibilities of the Board:**

1. Approving the Bank's plans, including its vision, mission, purposes, strategic objectives and core values in light of the directions of the General Assembly, and directing the executive management to implement said plans; while monitoring, assessing and, if necessary, adjusting the performance thereof in order to ensure the implementation of said plans.
2. Overseeing and monitoring the performance of the executive management, ensuring the financial integrity and solvency of the Bank and adopting appropriate policies and procedures to periodically oversee and monitor the performance of the Bank.
3. Adopting a policy for monitoring and reviewing the performance of the executive management by developing key performance indicators (KPI) and key performance results (KPR) to determine, measure and monitor performance and progress towards achieving the Bank's institutional objectives.
4. Ensuring that the Bank has working policies, plans and procedures covering all its activities in line with relevant legislation, and that the same are communicated to all administrative levels and regularly reviewed.



5. Defining the Bank's core values and setting clear lines of responsibility and accountability for all Bank's activities, as well as establishing a culture of high ethical standards, integrity and professional conduct for the Bank's administrative staff.
6. Assuming the responsibility for the integrity of all Bank operations, including its financial conditions and reputation, and responsibility for implementing the requirements of the Central Bank, as well as the requirements of supervisory authorities and other regulatory authorities related to its work, taking into account «stakeholders», managing the Bank within the framework of legislations and the Bank's internal policies and ensuring the availability of effective control of the Bank's activities at all times.
7. Following up on the implementation of the decisions of the General Assembly.
8. Submitting the Bank's final accounts and financial statements, as well as a comprehensive report on the results of implementing of the annual plan, to the General assembly for discussion and approval.
9. Ensuring that all Bank's activities and operations conform to international standards.
10. Discussing, approving and following up on the implementation of the annual plans and budgets pertaining to Bank's activities.
11. Setting up and selecting the members of Board committees from Board members or others.
12. Approving the selection of candidates for executive management positions, periodically evaluating and monitoring their performance, supervising them, holding them accountable for and obtaining clear explanation of the issues subject to accountability from them.
13. Appointing and ending the services, determining the fees and remuneration and evaluating the performance of the internal auditor.
14. Approving and annually reviewing the Bank's internal control and monitoring systems and ensuring that the internal auditor (and Sharia auditor in Islamic banks), in coordination with the external auditor (account controller), reviews said systems at least once a year. Furthermore, the Board shall incorporate proof of the adequacy of said systems in the Bank's annual report.
15. Ensuring the independence of the external auditor (account controller) at all times.
16. Adopting and monitoring the implementation of an effective risk management strategy; such that it includes establishing the Bank's risk appetite and ensuring that the Bank is not exposed to high risks, that the Board is aware of the Bank's operating environment and associated risks and that the Bank has the necessary and sufficient risk management tools and infrastructure that are capable of identifying, measuring, controlling and monitoring all types of risks to which the Bank is exposed.
17. Ensuring that the Bank applies the core principles of "good governance" as set out in the "Rules of Good Governance and Internal Control System" prescribed in Instructions No. (4) for 2010.
18. Ensuring the existence of adequate and reliable Management Information Systems (MIS) that cover all Bank's activities.
19. Promoting the governance culture in the Bank and encouraging all the employees and executive management to implement its practices and attend relevant training courses, in addition to encouraging Bank customers to implement the rules of governance in their organizations. The Board shall also verify that the Bank's credit policy includes applying corporate governance to its customers, particularly corporate customer, such that risks are assessed based on weaknesses and strengths in customers' corporate governance practices.
20. Ensuring that the Bank observes the sustainability principles set out in annex (1) to this Manual.
21. Taking action to create a clear separation between the powers of shareholders with a "Qualifying Holding" on one hand, and the powers of the "Executive Management" on the other; in order to enhance sound corporate governance. The Board shall also develop appropriate mechanisms to limit influence of shareholders with a "Qualifying holding".
22. Adopting an organizational structure with a clearly defined administrative hierarchy for the Bank.



Corporate Governance Manual

23. Determining the executive authorities related to Bank's activities (including those of the Managing Director and executive management, with respect to banking operations, credit granting and signing transfers, cheques, collaterals, surety bonds, borrowings, liens and letters of guarantee.)
24. Approving and annually reviewing a job succession plan for the Bank's executive management.
25. Ensuring that the executive management is updated, on a daily basis, on the Terrorism Funds Freezing Lists published on the official web site of the AML Office, and immediately notifying the AML Office and CBI Banking Monitoring Department of any person listed on the Terrorism Funds Freezing List.
26. The performance of the Board as a whole shall be evaluated at least once a year and the results of said evaluation shall be presented to the General Assembly using a Board performance evaluation system that includes the following as a minimum:
 - » Setting specific targets and defining the role of the Board in overseeing the achievement of said targets in a periodically measurable manner.
 - » Defining key performance indicators (KPIs) and key performance results (KPRs) for the Managing Director and executive management that can be derived from the Bank's strategic objectives and annual working plans and used to periodically measure the performance of the executive management.
 - » Communication between the Board and shareholders, and the need for said communication to occur periodically.
 - » The periodicity of Board meetings with the executive management.
 - » Each member's role and duties in, and attendance of, Board meetings, as well as comparing the performance thereof with that of other members. Feedback shall also be obtained from the relevant member in order to improve the evaluation process.
27. The Bank shall provide the Central Bank with information related to members of the boards of directors and executive managements of subsidiaries in and outside Iraq; on a semi-annual basis and whenever said information is amended.
28. The Board of Directors shall oversee the quality of disclosure, transparency and all information about the Bank.

- **Duties and Responsibilities of the Board Secretary:**

The Board shall define the duties of the Board Secretary such that they include:

1. Attending all Board meetings and recording all deliberations, suggestions, objections, reservations and method of voting on draft Board decisions, with the need to use audiovisual means or any means deemed thereby appropriate to ensure the recording of all comments made during Board meetings, and to record, keep and document the records and minutes of Board meetings signed by Board members in addition to the audiovisual (video) recording of the same.
2. Presenting topics after preparing brief summaries thereof, stating the opinions of the executive management and various committees thereon, attaching the relevant documents and inputs and presenting the same to the Chairperson to approve the presentation thereof.
3. Providing each member, upon election; appointment or request, with an adequate summary of Bank's activities.
4. Deliberating with any new member, with the assistance of the Bank's legal advisor or Head of the Legal Affairs Department, on the duties and responsibilities of the Board, particularly in relation to the legal and regulatory requirements, to clarify membership related duties, authorities and other matters, including membership term and meeting schedule, in addition to providing new members with the texts of laws related to banking and Bank's instructions related to Board's work, including this Manual.
5. Organizing the Board's meeting schedule with the approval of the Chairperson.
6. Ensuring that meeting minutes are signed by Board members, and following up on the implementation of Board decisions and any other topics rescheduled from previous meetings.



7. Receiving the reports of Board committees and presenting the same to the Board.
8. Numbering the decisions sequentially from the beginning to the end of the year (decision number, session number, date).
9. Ensuring compliance with all legal requirements in all Board affairs.
10. Providing the Central Bank with signed minutes of meetings.
11. With respect to shareholders and General Assembly meetings: Communicating with shareholders and assisting in organizing General Assembly meetings.
12. Maintaining shareholders' data.
13. Preparing for General Assembly meetings and cooperating with Board committees.
14. Sending invitations to shareholders, Central Bank and Companies Registrar.
15. Ensuring the attendance of members of the Board of Directors and senior management and the external auditor.
16. Keeping records of General Assembly meetings.

Chapter Two: Sharia Supervisory Board in Islamic Banks

The Sharia Supervisory Board may not be dissolved, nor may any member thereof be relieved from duty, without a justified Board decision passed by a two-thirds majority of members following a notice including the justification and remedy period and after listening to the views of the Sharia Supervisory Board or members thereof to be relieved from duty, subject to the approval of the Bank's General Assembly and Central Bank.

- **Meetings of the Sharia Supervisory Board:**

- » The Sharia Supervisory Board shall hold at least (6) annual meetings to follow up on compliance with Sharia in Bank's operations.
- » The Sharia supervisory Board shall meet with the Board, Sharia Audit Department and external auditor on a quarterly basis to discuss matters of common interest.
- » Members of the Sharia Supervisory Board shall attend meetings in person. Any member who cannot attend in person, may attend by means of video conference or phone; subject to the approval of the Chairperson. This method may be used in the event a member fails to attend a maximum of two meetings during the year.
- » In the event of failure to attend (3 or more meetings during the year), the Chairperson shall notify the Bank's General Assembly accordingly in order to take any action in this respect as it may deem appropriate.

- **Duties and responsibilities of the Sharia Supervisory Board:**

- » Monitoring the Bank's business and activities in terms of compliance and consistency with the provisions of Islamic Sharia, and following up on and reviewing operations to verify that they do not include any violations of Sharia.
- » Expressing opinion on and approving all contracts, transactions, agreements, products, services, investment policies and policies regulating the relationship between shareholders and investment account holders, including the distribution of profits and charging of losses once approved, as well as retention of revenue from investment accounts and the mechanism for dealing with non-Sharia compliant income.
- » Reviewing and approving the policies and guidelines related to the provisions of Islamic Sharia to ensure the adequacy and effectiveness of the Bank's internal Sharia control systems.
- » Providing guidance to Bank employees and promoting awareness of the principles and provisions of Islamic Sharia and Islamic finance instruments.
- » Suggesting necessary Sharia training courses for Bank employees in coordination with Human Resources Department.
- » Attending General Assembly meetings and presenting the Sharia Supervisory Board Report by the Chairperson thereof or anyone delegated thereby for the purpose of approving the same.



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- » Forming and expressing an opinion on the Bank's compliance with the provisions and principles of Islamic Sharia by:
 - Reviewing and approving the annual report of the Internal Sharia Audit Department which is submitted by said department to the Audit Committee.
 - Issuing a semi-annual and annual reports on Sharia compliance, such that it covers the effectiveness of internal Sharia controls and any weaknesses in the internal Sharia controls and control systems that have a material effect. The semi-annual report shall be submitted to the Board, the annual report shall be submitted to the General Assembly and a copy of each shall be submitted to CBI.
- » Expressing an opinion on the Bank's articles of association and articles of incorporation and ensuring that the same are consistent with the provisions and principles of Islamic Sharia.
- » Submit a recommendation to the Board of Directors regarding the appointment and dismissal of the Head of the Internal Sharia Audit Department, provided that the final decision in this respect is made upon the approval of the Central Bank.
- » Expressing an opinion on the legitimacy of the sources of increases to the Bank's capital as a requirement for the validity of the same.
- » The Chairperson of the Sharia Supervisory Board shall ensure that CBI is notified of any material information that may have an adverse effect on the appropriateness of and member of the Sharia Supervisory Board.
- » Drafting the Guiding Manual which includes the method of requesting Fatwa from the Sharia Supervisory Board by the Bank's administrative units, how SSB meetings are managed, the mechanism for ensuring actual compliance with any decision issued by SSB and ensuring the written documentation of the record that is kept in paper form and electronically.
- **The Sharia Supervisory Board shall have a secretariat that shall undertake the following duties:**
 - » Setting SSB meetings schedules in coordination with the Chairperson of SSB, and notifying the members of the same.
 - » Verifying that the executive management, within a sufficient time prior to any SSB meetings, provides detailed information about the Bank's activities and topics related to the meeting.
 - » Attending and recording all SSB meetings, including the deliberations, suggestions and any reservations expressed by any member, provided that all minutes are kept and documented in an appropriate manner.
 - » Recording the names of members who fail to attend meetings and whether or not the absence thereof is justified in meeting minutes.
 - » Following up on the implementation of Fatwas and decisions made by SSB and briefing the Internal Sharia Audit Department and Compliance Department on the same to act accordingly, as well as following up on any topics rescheduled from previous meetings.
 - » Providing SSB meeting minutes upon the request of the internal Sharia auditor and CBI inspectors.
 - » Keeping the reports of the Internal Sharia Audit Department and following up on the implementation of the relevant recommendations of the Sharia Supervisory Board.
- **Appropriateness of members of the Sharia Supervisory Board in Islamic banks:**
 1. The Chairperson of the Sharia Supervisory Board shall hold at least a master's degree from a recognized university in Sharia science, including Fiqh Al Mo'amalat (jurisprudence of transactions), and shall have at least (3) years of post-graduation experience in teaching or scientific research in the field of Islamic finance.
 2. SSB members shall hold at least a bachelor's degree in their areas of specialty.
 3. In the event it believes that any person does not meet any of the conditions set out in paragraph (2) of this article or for any other reason it deems fit, the Central Bank may object to the nomination of said person for SSB membership.



4. In the event there is a need to appoint persons residing outside Iraq as members of SSB, the number of said members may not be more than (2) out of the (5) members.
5. The Chairperson and members of SSB shall be independent, which can be achieved by ensuring that:
 - » None of the SSB members is a shareholder or member of the Board of Directors of the Bank or an employee in any of the Bank's subsidiaries during the previous two years prior to the appointment thereof.
 - » None of the SSB members is a first or second degree relative of the Bank's or any of its subsidiaries' current or previous (current and previous year) senior executives.
 - » None of the SSB members is a member of the Sharia supervisory board of any other Islamic bank in Iraq.

Chapter Three: Bank's Committees

First- Board committees:

Board committees play an important role in supporting the Board of directors in making decisions. Therefore, an appropriate number of committees need to be set up depending on the size of the Bank and diversity of its activities, including at least the following committees: The Audit Committee, Risk Management Committee and Nomination and Remuneration Committee.

1. The general framework for forming and following up on the work of committees:
 - » The Board shall form committees from among its members and shall define the objectives thereof and delegate authorities thereto, while ensuring that aid committees do not make decisions without the Bank's Board of Directors voting on the same. The Board shall also continuously follow up on the work of the committees to ensure the effectiveness of their role, with the possibility of merging certain committees depending on the jurisdictions thereof, provided that the duties and responsibilities of said committees do not conflict with one another.
 - » Ensuring that committees can easily access sufficient information from the management, and that any committee can obtain advice and technical support from external sources with the knowledge and approval of the Board.
 - » Committees shall be formed in a transparent manner and the names of the members thereof shall be disclosed in the annual Directors' report, along with the different committees set up by the Board and the working mechanism and scope of supervision thereof.
 - » Specialization, experience, impartiality and non-conflict of interests shall be observed when forming committees.
 - » Board committees shall be monitored and reports and results thereof presented to the Chairperson of the Board of Directors.
 - » Each committee shall have an internal charter setting out its duties, scope of work and procedures, including the method of reporting to the Board of Directors and what is expected of Board members who are members in said committees.
 - » The Bank shall provide CBI with a list of all Board committees, including the duties, working procedures and names of members thereof.
 - » The Board Secretary or any executive employee selected by the Board committee, other than the head of the department concerned with the work of said committee, shall be elected as the Rapporteur of the same.
 - » Each committee so formed shall be chaired by an independent member of the Board of Directors.
2. Organization of the work of committees:
 - » Committees shall hold periodic meetings, the number of which shall be determined depending on the nature of work of each committee.
 - » The Rapporteur of the committee shall organize minutes of committee's meetings and record the recommendations thereof as per the authorities granted thereto.



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- » The chairperson of the committee shall present the meeting minutes and recommendations of said committee to the Board of Directors to vote thereon.
- » Committees shall submit periodic and annual reports on the results of their work to the Board of Directors.
- » Ad hoc committees shall be set up by a decision of the board or upon the request of CBI. The formation decision shall set out the composition and scope of work of the committee, as well as the period required to complete the work thereof.

- **Audit Committee:**

- » The Committee shall comprise at least (3) members from independent Board members or consultants or experts in finance or audit; subject to the approval of CBI. The chairperson shall be an independent Board member and may not be a member of any other Board committee.
- » The Board shall ensure that all members of the committee have appropriate abilities and experience in finance, including:
 - Experience in audit practices and procedures.
 - An understanding of internal audit methods and techniques and financial reporting procedures.
 - An understanding of the accounting principles applicable to the Bank's financial statements.
 - An understanding of the duties and importance of the Audit Committee.
 - The ability to read, understand and assess the Bank's financial statements, including the balance sheet, statement of income, statement of cash flow and statement of changes in shareholders' equity.
- » Duties and authorities of the committee:
 1. The scope, results and adequacy of internal audit, and following up on and discussing the reports of the external auditor.
 2. Accounting issues with a material effect on the Bank's financial statements.
 3. The Bank's internal controls and control systems.
 4. Ensuring compliance with international standards and anti-money laundering requirements in all Bank's activities and operations. The committee shall have the right to investigate, research and audit any operations, procedures or regulations that, in the view of the committee, affect the Bank's integrity.
 5. Submitting a recommendation to the Board of Directors to approve the Bank's organizational structure, add; remove or merge organizational formations and specify and amend the duties and jurisdictions of said formations.
 6. Reviewing and monitoring the implementation of the annual training and development plan, as well as reviewing executive management's reports on the situation of human resources.
 7. Reviewing the policies and instructions related to the appointment, promotion, resignation and termination of services of all Bank's employees, including the executive management, subject to the provisions of laws in force.
 8. Preparing a quarterly report on the work of the committee at the end of each fiscal quarter, and submitting the same to the Board of Directors.
 9. Auditing and approving the accounting procedures, annual audit plan and accounting controls.
 10. Ensuring that Bank complies with the disclosers prescribed in the International Financial Reporting Standards (IFRS), CBI instructions and other relevant legislations and instructions, as well as ensuring that the executive management is aware of the changes to IFRS and other relevant standards.
 11. Incorporating in the Bank's annual report a report on the adequacy of internal control systems in relation to financial reporting; such that the report includes at least the following:
 - » A paragraph explaining the responsibility of the internal auditor, in collaboration with the executive management, for developing and maintaining internal control systems for financial reporting in the Bank.



- » A paragraph on the framework used by the internal auditor, and an assessment of the same, in order to determine the effectiveness of the internal control systems.
- » Ensuring compliance with international standards in all Bank's activities and operations.
- » Ensuring that there is an anti-money laundering and counter-terrorism financing office affiliated with the Board to undertake the implementation of Know Your Customer (KC) policies and related functions and duties, including the preparation of periodic reports on the activities thereof.
- » Monitoring compliance with the Foreign Account Tax Compliance Act (FATCA).
- » Disclosing the weaknesses in internal control systems that may hinder the prevention or detection of false statements with a material effect.
- » A report from the external auditor stating the opinion thereof on the effectiveness of internal control systems.
- » The relationship between the committee and the external auditor: The committee shall be directly responsible for:
 - Proposing qualified persons to work as external auditors, and recommending the dismissal thereof.
 - Providing means of direct communications between the external auditor and the committee.
 - Agreeing with the external auditor on the scope of the audit.
 - Receiving audit reports and ensuring that the Bank's management takes the necessary remedial action in a timely manner to address problems identified by the external auditor.
- » The relationship between the committee and the internal auditor: The committee shall be directly responsible for:
 - Appointing or recommending the dismissal, promotion or transfer of the internal auditor, subject to the approval of CBI.
 - Studying and approving the internal audit plan.
 - Requesting reports from the Head of the Internal Audit Department.
 - The Audit Committee shall verify the availability of sufficient financial resources and a sufficient number of qualified human resources for the Internal Audit Department, as well as the provision of training therefor.
 - The Audit committee shall verify that internal audit staff are not assigned any executive duties and are independent.
- » Monitoring compliance with anti-money laundering and counter-terrorism financing requirements in accordance with the laws, regulations and controls applicable to the Bank, and reporting on the same to the Board.
- » Reviewing the reports submitted by the Bank to CBI.
- » Submitting an annual report on the Bank's activities and operations to the Board of directors.
- » The committee shall have the authority to obtain any information from the executive management, and shall have the right to summon any director to attend any meetings thereof without having the capacity of a member, provided that the same is stipulated in the internal audit charter.
- » The committee shall meet with the external auditor, internal auditor, compliance officer and anti-money laundering officer at least (4) times a year, without the attendance of any member of the executive management.
- » The committee shall review and monitor the procedures that enable employees to anonymously report and errors in financial statements or any other matters, and shall ensure the existence of the necessary arrangements for independent investigation and protection of employees, in addition to ensuring that investigation outcomes are followed up on and objectively addressed.
- » Reviewing anti-money laundering and counter-terrorism financing reports.
- » Monitoring the implementation of business continuity and disaster and crisis recovery programs in coordination with the Information and Communication Technology (ICT) committee.



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Risk Management Committee:

- The committee shall comprise at least (3) members from non-executive Board members, and the chairperson of the committee shall be an independent Board member. Members of the committee shall have experience in risk management and related practices and issues.
- Duties of the committee:
 - » Reviewing the Bank's risk management strategy prior to approval of the same by the Board of Directors.
 - » Reviewing and submitting recommendations on the credit policy to the Board of Directors for approval purposes, in addition to overseeing the implementation of the credit policy proposed thereby.
 - » Monitoring the Bank's "credit risk", with relation to the "Standard Approach" or "Internal Rating Based Approach", as well as "operational risk", "market risk", "supervisory review" and "market discipline" prescribed in the conventions of Basel Committee on Banking Supervision (BCBS).
 - » Setting the credit limit that are beyond the authorities of the Managing Director or Regional Manager.
 - » Monitoring the Bank's ability to avert liquidity risk pursuant to Basel III conventions, including liquidity standards.
 - » Recommending the abandonment of activities exposing the Bank to risks that it cannot deal with.
 - » Ensuring the Bank's compliance with the regulations, instructions and policies related to risk management.
 - » The committee shall meet at least (4) times a year, and may invite any member of senior management to attend its meetings in order to clarify certain issues and topics that, in the view of the committee, need clarification.
 - » Periodically reviewing the risk management strategy proposed by the Bank's senior management and submitting recommendations to the Board of Directors to approve and ratify the same.
 - » Overseeing the procedures of senior management regarding compliance with the Bank's adopted risk management policies.
 - » Continuously communicating with the Head of the Risk Management Department and obtaining periodic reports therefrom on matters related to the Bank's current risk situation and culture, in addition to reports related to the limits set and any violations thereof and risk aversion plans.
 - » Overseeing all capital and liquidity management strategies and related risk management strategies to ensure the consistency of the same with the Bank's adopted risk management framework.
 - » Receiving periodic reports from executive management committees (Credit Committee, Investment Committee and ICT Committee).
 - » Reviewing and submitting recommendations on the investment policy to the Board of Directors for approval, in addition to overseeing the implementation of the investment policy proposed thereby.
 - » Evaluating the performance of the investment portfolio in terms of return and risk with respect to the Bank's domestic and foreign investments, and continuously monitoring domestic and foreign capital market indexes and activity.

Nomination and Remuneration Committee:

- The committee shall comprise at least (3) members from independent or non-executive Board members, and the chairperson of the committee shall be an independent Board member.
- Duties of the committee:
 - » Nominating qualified persons for membership of the Bank's Board of Directors or senior management, with the exception of nominating qualified persons for the position of the Head of the Internal Audit Department which shall be the responsibility of the Audit Committee.
 - » Preparing and submitting the remuneration policy to the Board of Directors for approval, and overseeing the implementation of the same taking the following into consideration:



- That the policy is consistent with good governance principles and practices, in a manner that ensures prioritizing the Bank's long-term interests over temporary or short-term considerations.
- The Bank's achievement of its long-term objectives in accordance with the adopted strategic plan.
- Ensuring that the remuneration policy takes into account all types of risks to which the Bank is exposed by balancing between the profits realized and the level of risk associated with banking activities.
- The remuneration and salaries policy shall cover all levels and categories of Bank's employees and shall be reviewed periodically or whenever so recommended by the Board of Directors, and relevant recommendations shall be submitted to the Board to amend or update the policy. In addition, the adequacy and effectiveness of the remuneration and salaries policy shall be periodically evaluated to ensure the achievement of the stated objectives thereof.
- Developing a succession plan to fill the Bank's executive management positions, and reviewing the same at least annually so that the Bank can deal with any changes to those occupying executive management positions without affecting the Bank's performance and the continuity of the operations thereof.
- » Ensuring the preparation of plans and provision of programs to continuously train and qualify Board members to keep pace with significant developments in the (commercial and Islamic) banking and financial services.
- » Overseeing the performance appraisal of the Bank's human resources, particularly the executive management, and reviewing and submitting recommendations on the related reports to the Board of Directors.

Corporate Governance Committee:

- The committee shall comprise at least (3) members, the majority of whom shall be independent and non-executive Board members, and shall include the Chairperson of the Board.
- Reviewing the implementation of this Manual and overseeing the preparation of the Bank's Corporate Governance Manual depending on the volume of the Bank's operations and diversity of its activities, in addition to updating and monitoring the implementation of the same.
- Overseeing and preparing the governance manual and incorporating the same in the Bank's annual report.
- Ensuring that the Bank implements corporate governance principles and related good practices.

Second- Executive Management Committees:

The senior management shall set up committees to assist it in performing its duties and submit periodic reports to the competent Board committees in order to ensure effective control and oversight. Each executive management committee shall comprise at least (3) members, with the possibility for Board members to attend as observers to provide assistance. The committees shall notify the Board of Directors of the meeting dates thereof so that any Board members can attend as an observer if they so wish.

First- Credit Committee:

- The committee shall meet at least once a month or whenever necessary.
- Duties of the committee:
 - » Overseeing and monitoring the implementation of the instructions of the Central Bank of Iraq regarding the bases for assessing customers' creditworthiness and creating provisions
 - » Monitoring credit exposure in cooperation with the following two divisions:
 - Credit History Accounting.
 - Customer Affairs (Consumers and Beneficiaries).
 - » Monitoring loan settlement activity.
 - » Cooperating with the Legal Affairs Department on following up on the collection of non-performing loans.
 - » Working on recovering written-off loans where possible.
 - » Simplifying loan granting procedures.



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Second- Investment Committee:

- The committee shall meet at least once a month or whenever necessary.
- Duties of the committee:
 - » Dividing the investment portfolio into “equity” and “debt” instruments, including all treasury bonds, government bonds and foreign instruments.
 - » Proposing the sale, purchase or retention of the components of the investment portfolio, and monitoring the implementation of the same where approved by the Board of Directors.
 - » Reviewing the periodic indicators used by the Investment Department or investment units and submitting the necessary propositions thereon.

Third- ICT Committee:

- The committee shall meet at least once a month or whenever necessary.
- Duties of the committee:
 - » Reviewing and developing ICT utilizations, and verifying the security of information and communication.
 - » Verifying the adequacy of the Bank’s infrastructure, information and communication systems, electronic networks and software.
 - » Verifying the adequacy of the procedures in place for keeping up-to-date back-ups of information to deal with potential disasters and loss of databases.
 - » Monitoring electronic customer service technologies.
 - » Ensuring the quality and appropriateness of the Bank’s management of its intranet and web site.
 - » Monitoring the implementation of business continuity and disaster and crisis recovery programs.
 - » Ensuring the preparation of and updating the ICT Policies and Procedures Manual and proposing the necessary developments thereto in line with work requirements.
 - » Ensuring the separation between the duties of the ICT Department on one hand, and those of other departments of the Bank on the other.

Chapter Four: Executive Management

Appropriateness of members of the executive management:

1. Members of the executive management shall be of utmost credibility, competence and banking experience, and shall have the ability to commit and dedicate their time to working in the Bank. The Board and Nomination and Remuneration Committee shall be responsible for ensuring the same as per the responsibilities prescribed therefor in this Manual.
2. Executive management’s framework:
 - a. The executive management shall comprise Bank officials.
 - b. The executive management shall exercise its authorities and fulfill its responsibilities in accordance with the mandate and decisions issued by the Board of Directors.
 - c. The executive management shall be accountable to the Board of Director for the achievement of Bank’s objectives and operations.
 - d. Board members may not interfere in the Bank’s day-to-day executive work.
3. Duties of the executive management:
 - » Preparing and implementing strategic and operating plans, subject to the approval of the Board of Directors, ensuring the effectiveness of the same and proposing developments or amendments thereto.
 - » Implementing relevant laws, regulations and instruction and Board of Directors’ policies and directions in an honest and responsible manner.



- » Submitting recommendations on important decisions related to banking operations, including the management of deposits, loans and investments and provision of local and international services; in terms of the requirements, implementation method and continuous improvement of the same.
- » Reviewing and working on implementing new branches and offices expansion plans.
- » Preparing and developing the policies and procedures for all aspects of work.
- » Preparing the Bank's organizational structure, including the definition of duties and responsibilities and allocation of the same to various organizational formations, as well as the definition of vertical and horizontal reporting lines.
- » Preparing the necessary annual budgets for the Bank.
- » Observing and implementing the internal control systems to protect the Bank's funds and assets and ensure good and sound financial conduct and information.
- » Establishing appropriate systems to manage all types of risks.
- » Providing internal and external control bodies with the reports and information requested thereby and facilitating the performance of the control and inspection duties thereof.
- » Ensuring compliance with international standards in All Bank's activities and operations.
- » Submitting periodic report on Bank's business to the Board of Directors.
- » Maintaining complete and accurate records and information systems for all activities and decisions and supporting the same with the necessary documents.
- » Discussing and monitoring the flow of work in the Bank and proposing relevant solutions.
- » Coordinating between the various departments to ensure agreement, harmony and complementarity.
- » Identifying the needs of human resources and following up on their training to develop their performance.
- » Monitoring the Bank's financial position and achievement of appropriate profits within the framework of proper trade-off between risk and return and in accordance with the Bank's annual plan.
- » Reviewing, on a daily basis, the Terrorism Funds Freezing Lists published on the official web site of the AML Office, and immediately notifying the AML Office and CBI Banking Monitoring Department of any person listed on the Terrorism Funds Freezing List.
- » The appointment of any member of the Bank's executive management shall be subject to the approval of the Board.

Conditions to be met when appointing members of the Bank's executive management:

- May not be a member of the board of directors of any other bank, unless said other bank is a subsidiary of the Bank.
- Shall be available to manage Bank's work on a full-time basis.
- Shall hold at least a bachelor's degree in financial science and banking, business administration, finance, accounting, economy, law, information technology or other disciplines related to the Bank's work.
- Shall have at least (5) years of experience in banking or related work, with the exception of the General Manager, Managing director or Regional Manager, who shall have at least (10) years of experience in banking or work related to the financial sector.
- A letter of non-objection shall be obtained from the Central Bank prior to appointing any member of the executive management. Therefore, prior to appointing any member of the executive management, the Bank shall obtain from the candidate the resume thereof, together with the relevant documents and academic certificates, certificates of experience, certificates of good conduct and other necessary supporting documents.
- A manager who has been removed from office by the Central Bank may not become a member of the board of directors, or the managing director of any bank or bank branch, nor may he/she work as a manager or member of the executive management of any other bank.
- The Central Bank shall, within (3) days, be notified of the dismissal or resignation of any member of the executive management, together with the reasons for said dismissal or resignation.
- Anyone who has been a member of the executive management of a bank the license of which was revoked or liquidation of which determined while said person was in office may not become a member of the executive management of any other bank, unless otherwise decided by the Central Bank.



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Conflict of Interests

1. The Board of Directors shall exercise due diligence to arrange Bank's business affairs and personal business affairs in a manner that prevents conflict between personal and Bank's interests.
2. The Board shall adopt policies and procedures to address conflict of interests that may arise when the Bank is a member of a banking group, and disclose in writing any conflict of interests that may arise from the Bank's association with companies within the group.
3. The Board shall adopt policies and procedures to deal with related persons, such that they include a definition of said parties; taking into consideration the legislations, policies, procedures and monitoring mechanism thereof; which may not be violated.
4. The Bank's control departments shall ensure that the transactions of related persons are carried out in accordance with the adopted policies and procedures, and the Audit Committee shall review, monitor and inform the Board of all transactions with related persons.
5. The Board shall adopt professional conduct policies and code and communicate the same to all employees, such that they include at least the following:
 - » That no employee may use the Bank's insider information to their own benefit.
 - » Rules and procedures regulating dealing with related persons.
 - » Addressing cases that may result in conflict of interests.
6. The Board shall ensure that the executive management performs its duties with high integrity, implements adopted policies and procedures and avoids conflict of interests.
7. Board members shall receive important information in a timely, clear and accurate manner so that they can properly fulfil their duties and perform their functions.
8. The Bank shall inform the Central Bank of the number of shares pledged by the Bank's shareholders who own (1%) or more of the Bank's capital, as well as the pledgees of said shares.

Chapter Five: Key Formations for Control, Disclosure and Transparency Purposes

First: Internal Audit

Internal audit ensures the necessary periodic evaluation of the quality and performance of the Bank's accounts, while complying with international standards and submitting periodic reports to the Audit committee on the effectiveness and appropriateness of the internal control processes and procedures adopted and implemented by the Bank's management.

1. Qualifications of the Internal Audit Department staff:

- 1.1 The Head of the Internal Audit Department and assistant thereof shall hold at least a bachelor's degree in accounting, bank management, financial science and banking or any discipline related to banking, and shall have practical experience in the field of control in accordance with the controls and instructions issued by CBI.
- 1.2 Selected internal audit employees shall be specialized and have sufficient experience in accounting and audit.

2. The relationship between the Internal Audit Department and the Board:

- 2.1 In order to ensure the independence thereof, the Board shall verify that the Internal Audit Department is under the direct supervision of the Audit Committee and reports directly to the chairperson of the Audit committee.
- 2.2 The Department shall have the authority to directly communicate with the Bank's Board of Directors or Chairperson of the Board of Directors, Audit Committee, external auditor and compliance officer.
- 2.3 The Department shall submit monthly, quarterly, semi-annual and annual reports on its business results to the Audit Committee.
- 2.4 The Department shall prepare a working manual for the policies and procedures thereof subject to the approval of the Audit Committee and Board of Directors. Said manual shall be reviewed and updated by the Audit Committee at least annually or biannually.
- 2.5 The structure of the internal controls and control systems shall be reviewed by the Audit Committee, Internal Audit Department and, in the case of an Islamic Bank, the Sharia Control Department at least once a year or whenever necessary.



Second: Internal Sharia Audit

Responsible for monitoring and reviewing working manuals and procedures in the Islamic bank in terms of their consistency with the rules established and reviewed by the Sharia Supervisory Board, as well as ensuring that the products and services offered by the Bank are approved by the SSB.

1. The relationship between the Sharia Supervisory Board and Internal Sharia Audit Department:

- 1.1 Verifying the rate of implementation of the audit plan and following up on updates thereof based on field observations.
- 1.2 Reviewing the working manual setting out the purposes, authorities and responsibilities of the Department.
- 1.3 The internal Sharia Auditor shall not have an executive authorities or responsibilities related to the work carried out thereby.
- 1.4 Identifying deviations from the decisions and Fatwas of the Sharia Supervisory Board.
- 1.5 Evaluating the performance of the Head and employees of the Internal Sharia Audit Department.
- 1.6 Examining and evaluating the adequacy and effectiveness of the Bank's internal Sharia control system.
- 1.7 Monitoring the compliance of Bank's management with Sharia and the Fatwas and decisions of SSB.
- 1.8 Monitoring the Bank's compliance with the Sharia and accounting standards issued by AAOIFI and IFSB.
- 1.9 The annual sharia audit plan, subject to the approval of SSB, and adherence thereto.
- 1.10 Examining the accounts and financings classified as non-performing facilities, or decided to be written off, that are financed from joint investment accounts; to ensure that there is no infringement or failure to act on the part of the Bank.
- 1.11 Verifying that the executive management adheres to the policy regulating the relationship between shareholders and investment account holders, particularly in terms of profit distribution bases.

2. The relationship between the Board and Internal Sharia Audit Department:

- 2.1 Ensuring and enhancing the independence of internal Sharia auditors and that they are qualified to carry out their duties, including their right to access all records and information and communicate with any employee in the Bank in order to be able to perform their duties and prepare their reports without any outside interference.
- 2.2 Taking the necessary action to enhance the effectiveness of internal Sharia audit by:
 - 2.2.1 Giving proper attention to Sharia audit and establishing the importance thereof in the Bank.
 - 2.2.2 Following up on remedial action taken in line with the comments made by the Sharia audit function.
- 2.3 Verifying the availability of sufficient financial resources and a sufficient number of qualified human resources for the Internal Sharia Audit Department, as well as the provision of training therefor. Sharia audit staff shall satisfy the following minimum requirements:
 - 2.3.1 A specialized university degree and knowledge of Islamic financial transactions principles and the conditions to be met by contracts and reasons for invalidity of the same.
 - 2.3.2 The Head of the Internal Sharia Audit Department shall hold a Sharia controller auditor certificate, which includes the (Certified Sharia Advisor) and (Certified Sharia Auditor) certificates granted by AAOIFI, where either certificate shall be sufficient to fulfil this requirement.
- 2.4 Verifying that internal Sharia audit employees are not assigned to any executive duties.
- 2.5 adopting an Internal Audit Charter that includes the duties, authorities and responsibilities of the Internal Sharia Audit Department, and circulating the same in the Bank.
- 2.6 Verifying that the Internal Sharia Audit Department is under the direct supervision of the SSB and reports to the chairperson of SSB, with copies of reports sent to the Audit Committee.

Third: The relationship between the Board and external auditor

1. The Board shall ensure regular rotation of the external auditor between the audit firms and their subsidiaries, affiliates, or companies associated therewith in any form whatsoever, every five years as a maximum, from the date of the election.
2. The Board shall take appropriate action to address weaknesses in the internal controls and control systems, or any other points revealed by the external auditor.



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3. The Board shall contribute to enhancing the role of the external auditor to ensure that the financial statements reflect the Bank's performance in all material aspects and present its true financial position.
4. Stressing the importance of effective communication between the external auditor and the Bank's Audit Committee.

Fourth: The relationship between the Board and Risk Management Department

1. Ensuring that the Risk Management Department monitors the Bank's executive departments to ensure adherence to the Bank's risk appetite.
2. The Board shall verify that violations of the risk appetite are addressed, including holding the relevant executive department accountable for the same.
3. The Board shall ensure that the Risk Management Department carries out periodic "stress tests" to assess the Bank's ability to withstand shocks and deal with high risks. The Board shall also play a major role in adopting the assumptions and scenarios used, discussing test results and approving actions to be taken based on said results.
4. The Board shall adopt the methodology of internal assessment of the Bank's capital adequacy in line with the conventions of Basel Committee on Banking Supervision (BCBS), Basel II, Basel II and any other international standards. Said methodology shall be comprehensive, effective, and capable of identifying all risks that the Bank may face, and shall take into consideration the Bank's strategic plan and capital management plan. Said methodology shall be periodically reviewed and its implementation verified, while ensuring that the bank maintains sufficient capital to deal with all potential risks.
5. Prior to approving any expansion of the Bank's activities, the Board shall take into consideration the associated risks and abilities and qualifications of Risk Management staff.
6. The Board shall ensure the independence of the Bank's Risk Management Department by reporting to the Risk Management Committee, and shall grant said Department the necessary authorities to enable it to obtain information from other departments of the Bank and cooperate with other committees to perform its duties.
7. The policies adopted by the Board of Directors shall include the Bank's risk appetite which shall be consistent with the Bank's risk tolerance and capital.
8. Assessing the continued appropriateness of working procedures related to the risk measurement, monitoring and control, and making any necessary amendments thereto in line with the developments in the market and environment in which the Bank operates.
9. Using appropriate and effective information and communication systems, especially in relation to following up on and monitoring risks and ensuring the efficiency of the information management system in a manner that allows providing the Bank's senior management, Risk Committee and Board with periodic (at least monthly) reports that reflect the Bank's observance of the set risk appetite and clarify the violations of the same, their causes and necessary remedial plan therefor.
10. The duties of the Risk Management Department shall include at least the following:
 - 10.1 Studying and analyzing all types of risks to which the Bank is exposed.
 - 10.2 Preparing and presenting the Bank's Risk Management Framework to the Board.
 - 10.3 Implementing the risk management strategy and developing working policies and procedures to manage all types of risks.
 - 10.4 Developing methodologies for identifying, measuring, monitoring and controlling each type of risk.
 - 10.5 Submitting reports to the Board, through the Risk Management Committee with copies thereof sent to the executive management, including information on the actual «Risk Profile» of all Bank's activities in comparison with the risk appetite, and following up on treatment of negative deviations therefrom.
 - 10.6 Verifying the integration of risk measurement mechanisms with the management information systems (MIS) in place.
 - 10.7 Submitting recommendations to the Risk Management Committee regarding the Bank's exposures, and recording exceptions from the risk management policy.
 - 10.8 Providing the necessary information about Bank's risks for disclosure purposes.



Fifth: the relationship between the Board and Compliance Department

1. The Board shall adopt a clear policy to ensure the Bank's compliance with all relevant legislations and instructions, and shall periodically review and verify the implementation of said policy.
2. The Board shall approve the duties and responsibilities of the Compliance Department.
3. The Compliance Department submits its reports to the Audit Committee, with copies thereof sent to the General Manager or Managing Director.
4. The Bank shall set up an independent compliance department that is staffed with trained human resources and adequately remunerated in line with the relevant instructions of the Central Bank.
5. The Compliance Department shall prepare effective policies and procedures to ensure the Bank's compliance with all the legislations and instructions in force and any relevant guidelines and manuals, and the Bank shall document the duties, authorities and responsibilities of the Compliance Department and circulate the same in the Bank.

Sixth: The relationship between the Board and Anti-money Laundering and Counter-terrorism Financing Department (AML / CTF Department)

1. The Board shall, through the Audit Committee and Bank's control departments and sections, ensure that the Bank exercises due diligence with customers in accordance with the Anti-money Laundering and Counter-terrorism Financing Law No. (39) for 2015 and regulations issued pursuant thereto.
2. The Board shall ensure that the Bank keeps the at least the following records and documents for a period of (5) years from the date of terminating the relationship with the customer or the date of closing the account or carrying out the transactions for an occasional customer, whichever is longer, and shall ensure that the same are made available to the competent authorities as soon as possible:
 - 2.1 Copies of all records obtained through the due diligence process in verifying transactions, including documents indicating the identities of the beneficial owners, accounting files and business correspondences.
 - 2.2 All records of local and international transactions, whether actually carried out or attempted, provided that said records are detailed to the extent that enables the reconstruction of the steps involved in each transaction on a case-by-case basis.
 - 2.3 The records related to the risk assessments or any required information regarding the performance or update of the same.
3. The Board shall adopt AML / CTF programs that include:
 - 3.1 Conducting an assessment of the money laundering and terrorism financing risks to which the Bank is exposed.
 - 3.2 Adopting internal policies, procedures and controls that are appropriate for implementing the obligations imposed in the field of AML / CTF.
 - 3.3 Conducting independent audit to test the effectiveness and implementation of policies and procedures.

Seventh: The relationship between the Board and stakeholders

1. The Board shall provide a specific mechanism to ensure communication with «stakeholders» by means of effective disclosure and provision of indicative information about the Bank's activities to «stakeholders» through the following:
 - 1.1 General Assembly meetings.
 - 1.2 The annual report and governance report.
 - 1.3 Quarterly reports including financial information, in addition to the Board of Directors' report on the Bank's share trading and financial position during the year.
 - 1.4 The Bank's web site.
 - 1.5 Reports on the shareholder Relations Department.



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2. Each issue raised in the annual meeting of the General Assembly shall be voted on separately.
3. Upon the end of the annual meeting of the General Assembly, reports shall be prepared to inform shareholders of the comments made, results arrived at and decisions passed therein, including voting results, questions raised by shareholders and executive management's responses thereto.
4. The Board shall ensure effective dialogue with shareholders by providing at least the following factors:
 - 4.1 Ensuring that Board members are made aware of shareholders' views, particularly in relation to the Bank's strategies and governance systems.
 - 4.2 Holding periodic meetings with major shareholders and non-executive and independent Board members to obtain the opinions and views thereof on the Bank's strategies.
 - 4.3 Disclosing in the annual report the steps taken by Board members, particularly non-executive members, in order to reach an agreement on and common understanding of the views of major shareholders on the Bank's performance.

The chairpersons of the "Audit" and "Nomination and Remuneration" committees, and any other Board committees, shall attend the annual meetings of the General Assembly.
5. The external auditor, or representative thereof, shall attend the annual meeting of the General Assembly, present the report thereof and answer enquiries.

Eighth: Disclosure and transparency

1. The Board shall ensure the publication of financial and non-financial information of interest to stakeholders.
2. The Bank's annual report shall include a provision stating that the Board shall be responsible for the accuracy and adequacy of the Bank's financial statements and information contained in said report, as well as the adequacy of the internal controls and control systems.
3. The Board shall ensure the Bank's compliance with the disclosures prescribed in "IFRS", CBI instructions and other relevant legislations and instructions, and shall ensure that the executive management is aware of the changes to IFRS and other relevant standards.
4. The Board shall ensure that the Bank's annual and quarterly reports include disclosures that allow stakeholders to view the Bank's business results and financial position.
5. Disclosure should preferably be made in both (Arabic and English).
6. The Board shall ensure that the annual report includes at least the following:
 - 6.1 The Bank's organizational structure showing Board committees.
 - 6.2 A summary of the duties and responsibilities of Board committees.
 - 6.3 Information of interest to "stakeholders" as set out in the Bank's Corporate Governance Manual, and the Bank's compliance with said Manual.
 - 6.4 Ensuring that the Bank's governance report is prepared and incorporated in the annual report.
 - 6.5 Information about each Board member, in terms of their qualifications, experiences, contribution to the Bank's capital, membership of the Board committees, date of appointment, any memberships of the Boards of other companies, all forms of remuneration received from the Bank (if any) for the previous year, as well as the loans granted thereto by the Bank and any other transactions carried out between the Bank and the member or parties related thereto.
 - 6.6 Information about risk management, including the structure and nature of operations thereof and developments therein.
 - 6.7 The number of meetings held by the Board and Board committees and the number of such meetings attended by each Board member.




- 6.8 The code of professional conduct and names of members of the Board and executive management and those who resigned during the year.
 - 6.9 A summary of the Bank's remuneration policy and all forms of remuneration granted to each individual member of the executive management for the previous year.
 - 6.10 The names of shareholders who own (1% or more) of the Bank's shares and associated groups that own (5% or more) of the same, with the identification of the beneficial owner of said contributions, or any part thereof, and clarification of whether any of said contributions are pledged in whole or part.
7. A report on corporate governance practices shall be published.
 8. The Bank's sustainability policy and what has been done in this regard.

Eighth: (Shareholders' rights)

1. All shareholders shall, periodically and without delay, obtain relevant information that enables them to fully exercise their rights.
2. To participate and vote in meetings of the General Assembly, taking into consideration the topics which shareholders wish to raise in said meetings.
3. To discuss the topics on the agenda of the General Assembly meetings and direct enquiries to Board members.
4. To elect the members of the Bank's Board of Directors.
5. Shareholders shall be provided with information about the places, dates and agendas of General Assembly meetings (30) days prior to the dates of the meetings.
6. To nominate, elect and terminate the services of members of the board of Directors, enquire about their qualifications, experience and ability to perform their duties and discuss the remunerations and financial incentives received by Board members senior executives, in addition to their right to submit any enquiry to the Board regarding any unprofessional practices.
7. Small shareholders shall have the right to elect one or more members to represent them on the Board of Directors based on the cumulative voting mechanism.





Bagdad – Al Wahda District – Subdivision 906
Alley 38 – end of 62 St. – Abdulqadder Al Jazaeri Square
Customer Service: 6669
Email: info@itbank.iq
Website: www.itbank.iq