

مصرف الثقة الدولي الاسلامي
TRUST INT. ISLAMIC BANK



ANNUAL REPORT

2023

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-Lawani

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.

Chairman's Message



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, 2023 and the Bank's main achievements and future objectives, in accordance with the 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.

Dear shareholders,

Trust International Islamic Bank has continued its journey of offering the best banking services to citizens, as well as 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.

Despite the Bank's circumstances in 2023 regarding the decision to discontinue transactions in US dollars, which affected the statement of financial position and business results, as well as the decline in USD price, which resulted in a revaluation loss of approximately (IQD 2.7) billion and, consequently, a (84.5%) decrease in net profit before tax and provisions, which decreased by (IQD 6.9) billion, the Bank achieved a profit before tax and provisions equal to (IQD 1.3) billion dinars as a result of decisions made by the Board of Directors and executive management to maintain business and create alternative opportunities. The Bank also achieved a total revenue from Islamic banking without commissions equal to (IQD 3.25) billion, with a growth rate of (165%) compared to the previous year.

Net cash credit increased at the rate of (129.85%) by approximately (IQD 51.8) billion, and total contractual credit increased by (24.67%) from (IQD 200) billion to (IQD 249.9) billion. Furthermore, total provisions created/ provision for expected credit loss – cash credit as of December 31, 2023 reached (IQD 5.516) billion, with a total provision for expected credit loss/ cash credit to total exposure in Stage 3/ cash credit coverage ratio of approximately (113%).

Dear shareholders,

Based on the Bank's General Strategic Plan (2022 – 2024) and in line with its strategic vision and mission, values and competitive advantage, the Bank's Strategic Plan included the future aspirations of the Board of Directors to enhance the Bank's 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. Strategic plans are among the most important advanced management systems used by

institutions and banks in planning, organization, monitoring and supervision in relation to setting the main objectives of the Bank's management, while defining the optimal means and methods to achieve them with minimum cost and risk, in line with key variables and market forces.

Realizing the importance of strategic plans in serving the community, the Bank has developed viable policies in line with the instructions of the Central Bank of Iraq and in compliance with the provisions of Islamic sharia; by supporting SMEs that protect the environment and benefit the local community.

Trust International Islamic Bank believes that digital transformation and cyber security are key to keeping pace with the rapid developments in banking services. To this end, the Bank adopted the digital transformation strategy, in order to provide its customers with a unique experience through mobile apps that make banking processes easier and more efficient. The Bank also realizes the importance of risk management and strives to implement best practices in an effective manner by identifying, assessing and mitigating its risks; in order to protect depositors' and investors' funds, increase their confidence in the Bank and, consequently, ensure its stability and continuity.

At the local level, the Bank launched its strategic plan, which is expected to affect the banking sector in order to maintain stability of banking business, promote financial inclusion and digital transformation and enhance banks' position locally and internationally, by implementing regional and international best practices in line with the development in international standards, in order to ensure integrity, mitigate regulatory risk and ensure financial stability.

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 exert 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 continuous directions that aim to develop the banking sector and play a key role in enhancing the confidence of investors and customers in 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, 2023 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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- 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.

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

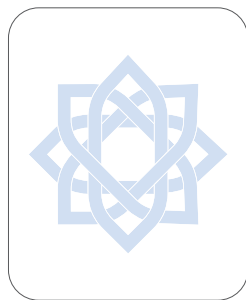
Appointment / Resignation:
17/4/2017

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. Saadia Majid Abd Qadri
- Mr. Ghassan Mohammad Hussein Al-Obaidi
- Mrs. Mariam Danial Odesho Hedo
- Mr. Ali Muslim Jarallah Al-Baidani
- The late Mrs. Eman Rashid Hamid Al-Rubai'ei

Board Meetings:

- The Board of Directors held a total of (7) meetings in 2023, and attendance was as follows:

Name	Meetings Attended
Mr. Mohammad Muslim Jarallah	7
Mr. Saadi Ahmad Habib	7
Mr. Damen Taymour Ali	7
Mrs. Esraa' Ali Muhyiddeen	7
Mr. Latif Hamid Alwan	7
Mr. Mohammad Saad Mohammad	7
Mrs. Sabiha Eidan Abbas	7

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 (6) meetings in 2023. Following are the members of the Corporate Governance Committee and their attendance:

Name	Position	Meetings Attended
Mr. Mohammad Muslim Jarallah	Chairman	6
Mr. Mohammad Saad Mohammad	Member	6
Mrs. Esraa' Ali Muhyiddeen	Member	6

- **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 (5) meetings in 2023. Following are the members of the Audit Committee and their attendance:

Name	Position	Meetings Attended
Mr. Damen Taymour Ali	Chairman	5
Mrs. Esraa' Ali Muhyiddeen	Member	5
Mrs. Sabiha Eidan Abbas	Member	5

- **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 (4) meetings in 2023. Following are the members of the Risk Management Committee and their attendance:

Name	Position	Meetings Attended
Mrs. Sabiha Eidan Abbas	Chairwoman	4
Mr. Saadi Ahmad Habib	Member	4
Mr. Mohammad Saad Mohammad	Member	4

- **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 (5) meetings in 2023. Following are the members of the Nomination and Remuneration Committee and their attendance:

Name	Position	Meetings Attended
Mrs. Sabiha Eidan Abbas	Chairwoman	5
Mr. Damen Taymour Ali	Member	5
Mrs. Esraa' Ali Muhyiddeen	Member	5

- **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 (4) meetings in 2023. Following are the members of the Credit Committee and their attendance:

Name	Position	Meetings Attended
Mr. Hassan Amer Kathem	Chairman	4
Mrs. Alaa' Eyad Mahdi	Member	4
Mrs. Duaa' Hamdi "Mohammad Ali"	Member	4
Mr. Abdullah Osama Abdullah	Member	4

- **Investment Committee:**

- » The Committee shall hold at least one monthly meeting, or whenever necessary.
- » The Committee held a total of (5) meetings in 2023. Following are the members of the Investment Committee and their attendance:

Name	Position	Meetings Attended
Mr. Hassan Amer Kathem	Chairman	5
Mrs. Samaher Sbaih Ahmad - until 30/10/2023	Member	3
Mr. Mohammad Saleh Lafteh	Member	2
Mrs. Reem Zaid Hmood	Member	5
Mr. Anas Nedal Hamad Al-Safadi	Member	5

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

- » The Committee shall hold at least one monthly meeting, or whenever necessary.
- » The Committee held a total of (4) meetings in 2023. Following are the members of the ICT Committee and their attendance:

Name	Position	Meetings Attended
Mr. Hassan Amer Kathem	Chairman	4
Mrs. Samaher Sbaih Ahmad - until 30/10/2023	Member	3
Mr. Ahmad Raad Jawad	Member	4
Mr. Mohammad Saleh Lafteh	Member	1

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 (12) meetings in 2023, and attendance was as follows:

Name	Position	Meetings Attended
Dr. Mohammad Hashem Hammoodi	Chairman of the Sharia Supervisory Board	12
Mr. Alaa Salman Mohammad	Board Member / Secretary	12
Dr. Bashar Sbaih Mohammad	Member	13
Mr. Mohammad Helo Khafi	Member	12
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
- INVESTBANK - Jordan
- Arab African International Bank – UAE
- Aktif Bank - Turkey
- Banque Misr – UAE
- Western Union - USA

Bank Employees:

Item	Masters	Bachelor	Associate Diploma	General Secondary Education	Below General Secondary Education	Total
Head Office	6	88	17	5	3	119
Main Branch	-	6	2	1	-	9
Karrada Branch	-	4	2	-	-	6
Erbil Branch	-	4	6	1	-	11
Karbala Branch	-	5	1	-	-	6
Palestine Street	-	3	3	-	-	6
Basra Branch	-	6	7	-	-	13
Hilla Branch	-	6	-	-	-	6
Baquba Branch	-	5	4	1	1	11
Ramadi Branch	-	6	1	-	-	7
Mosul Branch	-	9	3	-	-	12
Najaf Branch	-	7	1	-	-	8
Amarah Branch	-	6	1	-	-	7
Kut Branch	-	4	2	-	-	6
Kirkuk Branch	-	7	3	3	-	13
Sulaimaniyah Branch	-	5	4	-	1	10
Total	6	169	57	11	5	250

Training Courses:

Item	No. of Training Courses	No. of Beneficiaries
In-house Courses	13	220
External Courses	67	168
Total	80	388

External Auditor's Fees:

Item	December 31	
	2023 IQD	2022 IQD
External auditor's fees	60,000,000	60,000,000

Board of Directors' Report

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 - until 9/2023	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	Babil - Hilla – Babil District – Opposite the Directorate of Nationality, Passports and Residency	Qaisar Mhammad Kathem	7834923057
8	Baquba Branch	Diyala – Baquba – Al Takiya Sub-district – Khuraisan Str. – Next to Al Shabandar Mosque – Building No. 416	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 – Al Ulama District – Al Baladiyah Str. – Opposite Karzat Al Amasi	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	Sulaimaniyah Branch	Sulaimaniyah – Shorash Sub-district – Building No. 101 – Alley 49 – Opposite Regional Central Bank	Omar Ali Abdullah	7701442421

Summary of Main Branches Items as of 31/12/2023

IQD thousand

Item	Branch Opening / Contribution Date	Total Cash Credit	Investments	Contractual Credit	Customers' and Financial Sector's Deposits	Profit (loss)
Head Office	27/04/2017		1,300,000	-	2,051,175	(12,936,738)
Main Branch	27/04/2017	42,317,806	-	119,439,688	11,823,181	4,736,964
Karrada Branch	12/08/2018	1,351,189	-	1,871,350	266,987	60,577
Erbil Branch	16/08/2018	122,880	-	5,380,030	506,843	172,843
Karbala Branch	29/01/2019	4,125,458	-	10,292,587	1,503,988	414,465
Palestine Street	29/01/2019	10,353,215	-	3,815,811	50,564	398,711
Basra Branch	29/08/2019	1,073,324	-	13,756,965	9,079,468	656,869
Hilla Branch	26/09/2019	143,354	-	13,430,394	578,116	565,964
Baquba Branch	27/01/2020	58,822	-	10,377,376	870,598	720,868
Ramadi Branch	29/06/2020	969,419	-	9,646,585	4,235,045	708,605
Mosul Branch	10/08/2020	120,168	-	19,861,323	4,149,573	1,084,568
Najaf Branch	21/09/2020	41,834,857	-	4,130,542	7,042,892	574,504
Amarah Branch	27/10/2020	984,980	-	7,254,492	239,627	149,364
Kut Branch	05/11/2020	725,555	-	12,162,382	773,629	709,889
Kirkuk Branch	10/11/2020	27,968	-	15,125,743	2,204,691	1,262,315
Sulaimaniyah Branch	25/07/2021	1,022,429	-	3,363,702	6,726,419	701,663
Ayen Al Thiqa Real Estate Co.	24/05/2018	-	7,862,540	-	-	465,302
Ayen Al Thiqa Agricultural Co.	24/05/2018	-	129,386	-	-	64,852
Ard Al Thiqa for General Trading	02/10/2018	-	11,760,000	-	-	(56,959)
Al Thiqa for Leasing	20/10/2018	-	11,136,238	-	-	(54,661)
Total		105,231,424	32,188,164	249,908,970	52,102,796	-

Board of Directors' Report

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 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 ensures that the Bank and its internal policies comply with the laws, instructions, codes of conduct and practices issued by local and foreign regulatory bodies; through the Compliance and Sharia Compliance Policy approved by the Board of Directors.
- 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.
- The Compliance Department submits special reports to the Board's Audit Committee.

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, 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, the Bank's Anti-money Laundering and Counter-terrorism Financing Strategy is based on the instructions of the Central Bank of Iraq, international standards, FATF Recommendations and Basel Guidelines. This strategy includes a comprehensive set of procedures aimed at achieving the desired objectives (preventing financial crimes, detecting financial crimes, cooperating with the competent authorities, training the employees and raising their awareness and promoting a culture of commitment to combating financial crimes among Bank's employees and customers.

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, to ensure full compliance with financial transparency.
- Using anti-money laundering (AML) software to examine all daily financial transactions of customers, and developing and reviewing the necessary technologies, systems and programs to assist the employees in implementing the anti-money laundering policy.
- Continuously conducting risk assessments to identify potential money laundering and terrorism financing risks, by publishing information about the anti-money laundering and counter-terrorism financing policy on the Bank's web site and social media pages in order to raise public awareness, as well as raising employees' awareness by organizing training programs on how to identify and report suspicious activities.
- Carrying out customer due diligence (CDD) processes as a key component of anti-money laundering and counter-terrorism financing policies, by verifying customers' identities and understanding the nature of their relationship with the financial institution, including verifying individuals (identity check and understanding the financial activity) and companies and investment partners (company's documentation, company's identity check, business reports and financial relations).
- Exercising due diligence when dealing with customers from high-risk countries and countries partially implementing FATF Standards, as well as high-risk customers.
- Periodically verifying that customers (individuals / entities) are not on international and local prohibited customers lists.

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 2023 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 measure 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. Equity instruments are recorded in the first portfolio (financial assets at fair value through the statement of income) and second portfolio (financial assets at fair value through shareholders' equity) (other comprehensive income).

Board of Directors' Report

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.
- 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 2023:

- A comprehensive human resources system that includes internal or external requirements has been implemented in a more professional manner.
- Recommending 80 in-house and external training courses from which 388 employees benefited.

Community Service:

- The Bank has provided renewable energy to minimize costs, reduce carbon emissions and reduce electrical loads. The Bank has provided the best and most appropriate solar systems for energy and renewable energy projects in line with Iraq's climate. These systems have been installed in (Karabala, Baquba, Palestine Street and Hilla) branches, and will be installed in (Amarah and Kirkuk) branches in 2024.
- 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.
- In cooperation with the Public Relations and Media Department of the Ministry of Interior, the Bank organized a training workshop entitled (Combating Drugs and Cyber Blackmail), with the participation of a number of Bank employees. The workshop discussed matters that lead to addiction and how to prevent them, as well as cyber blackmail risks and how to deal with them. Due to their adverse effects on individuals, families and society.
- The Bank contributed to promoting financial inclusion in public places such as malls, universities and hospitals, and participated in the seminar held on the Financial Inclusion Day at the Baghdad Chamber of Commerce, to educate businesspersons on Central Bank's new banking policy and strategies.
- Through its Erbil, Basra and Mosul branches, the Bank participated in the Financial Inclusion Week in public places, by distribution presents and introducing banks' banking services in order to promote financial inclusion in governorates.

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

Board of Directors' Report

- 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	10,312,230
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	9,672,753
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 Building	416 Takiya	12167/3/9 dated 17/9/2020	2,810,143
Basra Branch Building	1/18	14301/3/9 dated 27/7/2021	3,283,581
Babel Branch Land	6-9/174	4988/3/9 dated 11/3/2021	345,215
Head Office Parking Land	541/356	15822/3/9 dated 28/6/2022	2,288,679
Total			34,134,045

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	13,000
Mr. Damen Taymour Ali Al Wakeel	6,700
Mrs. Esraa' Ali Muhyiddeen	6,000
Mrs. Sabiha Eidan Abbas Al Lawani	7,750
Mr. Shehab Ahmad Habib Al Obaidi	9,500
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
Mrs. Mariam Daniel Odesho	14,000
Total	80,950

Remunerations of Members of the Sharia Supervisory Board:

Name	IQD thousand
Dr. Mohammad Hashem Hammoodi	9,150
Mr. Alaa Salman Hamad	9,150
Mr. Mohammad Helo Khafi	8,650
Dr. Bashar Sbaih Mohammad	9,150
Mrs. Rajaa' Dawood Saudi	9,150
Total	45,250

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

Name	Position
Mr. Latif Hamid Alwan	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
Mrs. Akram Balassem Ahmad	Head of the Internal Audit Department

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

Name	Capacity	Nationality	December 31, 2023
Mohammad Muslim Jarallah Al Baidani	Chairman of the Board of Directors	Iraqi	24,000,000,000
Wasan Kathem Hasan Al Mohammadawi	Wife	Iraqi	500,000
Sajjad Mohammad Muslim Al Baidani	Son	Iraqi	100,000
Yaqeen Mohammad Muslim Al Baidani	Daughter	Iraqi	100,000
Dhuha Mohammad Muslim Al Baidani	Daughter	Iraqi	100,000
Ali Mohammad Muslim Al Baidani	Son	Iraqi	100,000
Abd Al Hussein Muslim Jarallah Al Baidani	Brother	Iraqi	119,600,000
Mezal Muslim Jarallah Al Baidani	Brother	Iraqi	1,250,000
Nadeemah Muslim Jarallah Al Baidani	Sister	Iraqi	500,000
Saadi Ahmad Habib Al Obaidi	Deputy Chairman of the Board of Directors	Iraqi	542,900,000
Ibrahim Saadi Ahmad	Son	Iraqi	100,000
Sarah Saadi Ahmad Al Obaidi	Daughter	Iraqi	100,000
Mohammad Saadi Ahmad Al Obaidi	Son	Iraqi	100,000
Sakeenah Ahmad Habib Al Obaidi	Sister	Iraqi	100,000
Salem Ahmad Habib Al Obaidi	Brother	Iraqi	3,542,900,000
Latif Hamid Alwan Al Qaragholi	Board Member / Managing Director	Iraqi	100,000
Damen Taymour Ali Al Wakeel	Board Member	Iraqi	2,300,000
Esraa' Ali Muhyiddeen Al Saeidi	Board Member	Iraqi	100,000
Mohammad Saad Mohammad Ibrahim Al Obaidi	Board Member / Assistant Managing Director	Iraqi	250,000
Sabiha Eidan Abbas Al Lawani	Board Member	Iraqi	100,000

Bank's Rating:

On November 2, 2023, 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 Negative
- Credit rating – National (LT / ST) BBB-(iq)/A3(iq)
- Outlook – National Negative

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 - until 30/5/2023

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 - until 1/10/2023

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 - until 23/7/2023

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



Mrs. Dalia Jamil Karim

Head of the Money Laundering and Terrorism Financing Reporting Department

Appointment / Resignation:
04/08/2019

Education:

- Bachelor of Finance and Banking

Practical Experience:

- National Bank of Iraq – Executive Secretary
- Western Union and Qi Card Department.
- Money Laundering and Terrorism Financing Reporting Department.
- Trust International Islamic Bank – Head of the Money Laundering and Terrorism Financing Reporting Department.



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 - until 30/10/2023

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



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 - until 30/10/2023

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)
- Asiacelel 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 - until 30/10/2023

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 - until 23/11/2023

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. Abdullah Foad Abd Al Amir

Head of the Sharia
Compliance Department

Appointment / Resignation:
5/1/2022 - until 24/8/2023

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. Taha Fares Sadeq

Head of the Information
Security Department

Appointment / Resignation
07/06/2023

Education:

- Master of Electronic Engineering – Communication Systems Technology

Practical Experience:

- Arab Payment Services – Networks and Systems Department
- Rajih Islamic Bank – Head of the Information Security Department
- 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 2023:

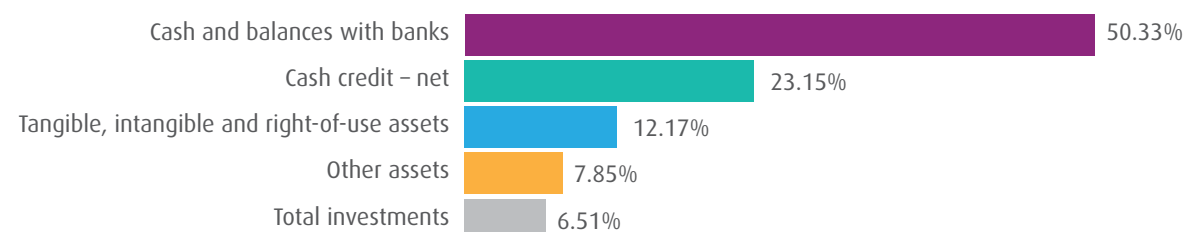
Assets:

- Net cash credit increased by 129.85% (approximately IQD 51.8 billion) as a result of CBI's SME Support Initiative.
- Tangible and intangible assets increased by 47.65% (approximately IQD 15.5 billion). These include Main Office and Karrada branch maintenance activities, projects under construction in Basra and Hilla branches and subsidiaries' real estate.
- Total investment dropped by 21.74% as a result of the disposal of investments in foreign Islamic Sukuk in order to reduce the excess percentage set by the Central Bank of Iraq and investments in subsidiaries.
- Although net cash credit and tangible and other assets increased, they were not sufficient to settle the deficit (decrease) in cash and balances with the Central Bank and financial institutions of approximately (IQD 132) billion, as a result of the significant impact of the decision to discontinue transactions in USD on the Bank and sources of funds.

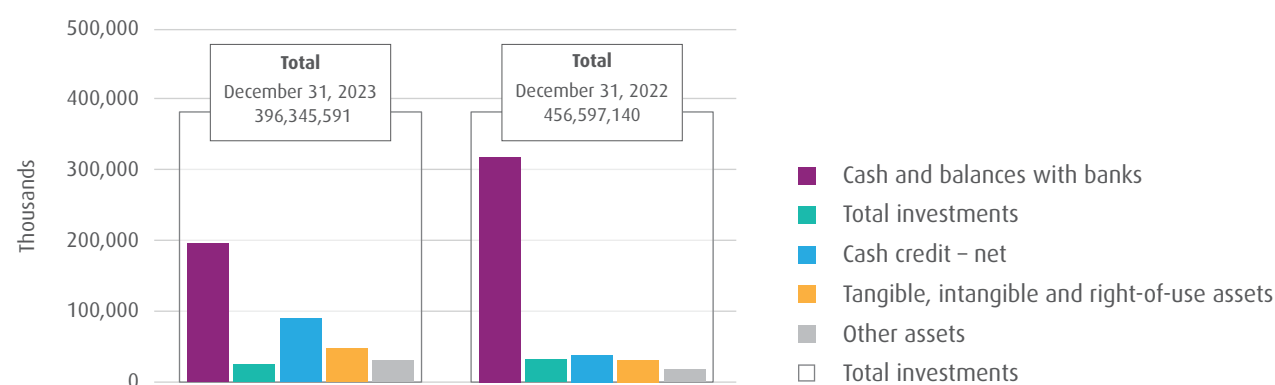
IQD thousand

Item	December 31		Materiality		Growth
	2023	2022	2023	2022	
Cash and balances with banks	199,467,805	332,012,755	50.33%	72.71%	-39.92%
Total investments	25,792,420	32,958,661	6.51%	7.22%	-21.74%
Cash credit - net	91,759,703	39,921,102	23.15%	8.74%	129.85%
Tangible, intangible and right-of-use assets	48,220,407	32,658,321	12.17%	7.15%	47.65%
Other assets	31,105,256	19,046,301	7.85%	4.17%	63.31%
Total	396,345,591	456,597,140	100.00%	100.00%	-13.20%

Asset Materiality in 2023:



Assets in 2023 compared to 2022:



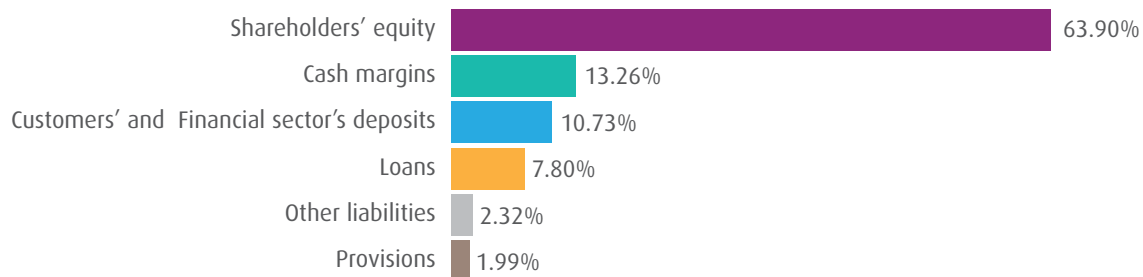
Liabilities and Shareholders' Equity:

- Sources of funds (customer deposits, financials sector, cash margins and loans) dropped by approximately 31% (approximately IQD 56.8 billion) as a result to discontinue transactions in USD, which affected the Bank's balance sheet items and business results.
- Provisions increased by 7.35% in the form of an increase in the provision for expected credit loss by approximately (IQD 480) billion.

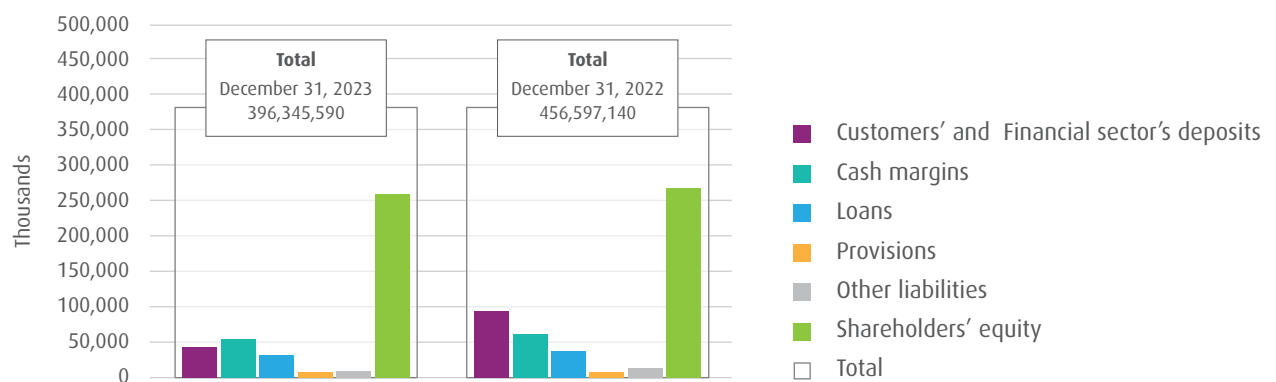
IQD thousand

Item	December 31		Materiality		Growth
	2023	2022	2023	2022	
Customers' and Financial sector's deposits	42,512,411	89,661,568	10.73%	19.64%	-52.59%
Cash margins	52,559,263	57,976,894	13.26%	12.70%	-9.34%
Loans	30,903,212	35,184,902	7.80%	7.71%	-12.17%
Provisions	7,890,279	7,350,067	1.99%	1.61%	7.35%
Other liabilities	9,198,013	12,929,938	2.32%	2.83%	-28.86%
Shareholders' equity	253,282,412	253,493,771	63.90%	55.52%	-0.08%
Total	396,345,590	456,597,140	100%	100%	-13.20%

Materiality of Liabilities and Shareholders' Equity in 2023:



Liabilities and Shareholders' Equity in 2023 compared to 2022:



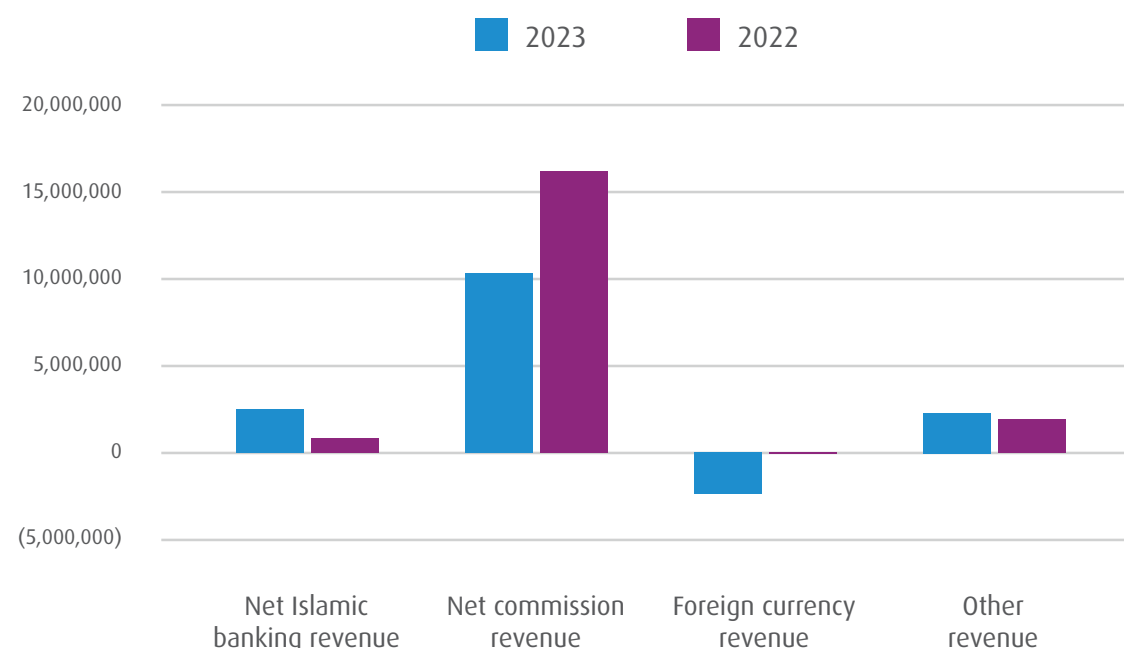
Board of Directors' Report

Bank's Business Results:

Despite the Bank's conditions in 2023, particularly the decision to discontinue transactions in USD, which affected the balance sheet, in addition to the drop in USD exchange rate on February 8, 2023, which resulted in a revaluation loss of approximately (IQD 2.7) billion and the subsequent decline in net profit before tax and provisions by approximately (IQD 6.9) billion at the rate of 84.15%, the Bank achieved profit before tax and provisions equal to (IQD 1.3) billion as a result of the decisions made by the Board of Directors and executive management to maintain business continuity and find new opportunities, as a result of which the Bank's total revenue from Islamic banking without commissions reached approximately (IQD 3.25) billion with a growth rate of 165% compared to the previous year.

IQD thousand

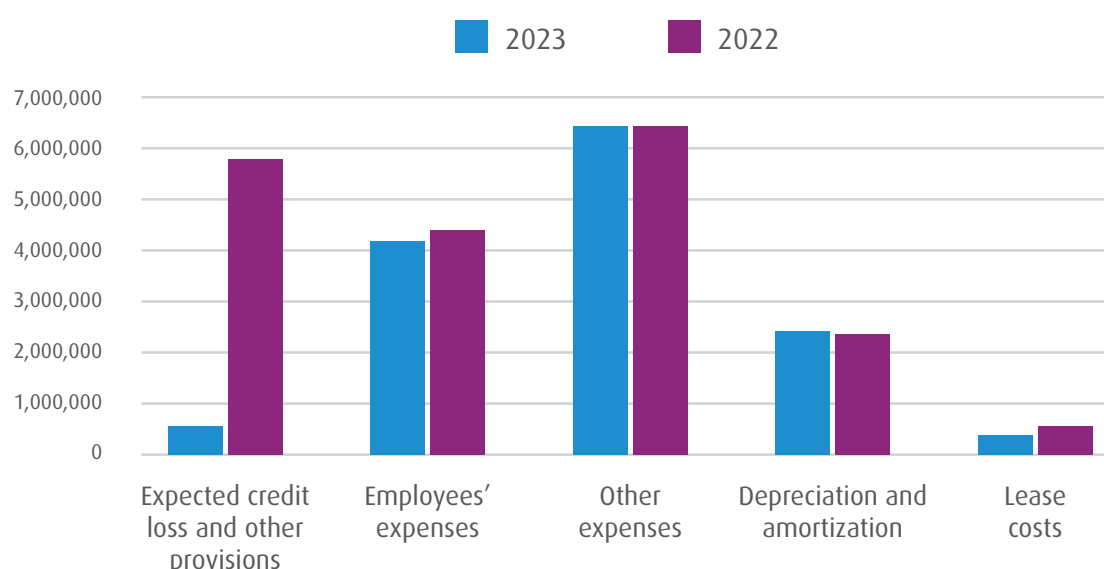
Item	December 31		Materiality		Growth
	2023	2022	2023	2022	
Net Islamic banking revenue	2,927,793	958,883	19.79%	4.35%	205.33%
Net commission revenue	11,983,416	18,768,694	81.00%	85.19%	-36.15%
Foreign currency revenue	(2,786,001)	67,583	-18.83%	0.31%	-4222.34%
Other revenue	2,669,383	2,236,458	18.04%	10.15%	19.36%
Total	14,794,591	22,031,618	100.00%	100.00%	-32.85%



Expenses and Provisions:

- Total expenses dropped by approximately 28% (approximately IQD 5.5 billion) in the form of recovered expected credit loss that is no longer needed, and a 4.96% decrease in employees' expenses, while administrative and general expenses remained unchanged.

Item	December 31		Materiality		Growth
	2023	2022	2023	2022	
Expected credit loss and other provisions	558,954	5,813,031	3.98%	29.64%	-90.38%
Employees' expenses	4,193,742	4,412,674	29.85%	22.50%	-4.96%
Other expenses	6,469,851	6,457,724	46.05%	32.92%	0.19%
Depreciation and amortization	2,435,538	2,374,676	17.34%	12.11%	2.56%
Lease costs	390,816	556,676	2.78%	2.84%	-29.79%
Total	14,048,901	19,614,781	100%	100%	-28.38%



Expected Credit Loss:

- Total provisions / provision for expected credit loss as of December 31, 2023 reached approximately (IQD 11.221) billion including (IQD 5.516) billion for cash credit and (IQD 5.705) billion for contractual credit (Total provision for expected credit loss / cash credit to total exposure coverage ratio in stage 3 / cash credit reached approximately 113%, and total provision for expected credit loss / contractual credit to total exposure / contractual credit coverage ratio in stage 3 reached approximately 2801% , and provisions were calculated in line with CBI Instructions on Facilitating the Implementation of the Banking Law, were the stricter provisions were created, as a result of which the provisions under IFRS 9 exceeded the requirements of the Banking Law by (IQD 4.063) billion.

Cash Credit:

- Net cash credit after deferred earnings, expected credit loss and suspended earnings increased to (IQD 91.759) billion (compared to IQD 39.921 billion in 2022) with a growth rate of 129.85%, and the ratio of total non-performing debt in Stage 3 (Murabaha and Qard Hassan) to total cash credit reached 3.97%.

Contractual Credit:

- Total contractual credit increased from approximately (IQD 200) billion to approximately (IQD 249.9) billion with a growth rate of 24.67%, and paid contractual credit reached (IQD 707) million.

Board of Directors' Report

Significant Financial Ratios:

Ratio	December 31	
	2023	2022
Capital adequacy (CBI models)	116.61%	248.48%
Regulatory capital adequacy – Instructions 4 for 2010	88.92%	174.73%
Liquidity coverage ratio (LCR)	404%	338%
Net stable funding ratio (NSFR)	121%	351%
Total non-performing debt to total cash credit ratio	3.97%	7.28%
Total expected credit loss to debt coverage ratio (Stage 3) – Cash credit	113%	133%
Return on assets before tax - Separate	0.19%	0.59%
Return on average shareholders' equity before tax - Separate	0.33%	1.06%
Non-performing debt to total shareholders' equity	1.64%	1.42%
Total expenses to total revenue / before tax	94.3%	87.8%

Strategic Plan (2022 – 2024):

Banks are the backbone of commerce and investment that drives the growth of local economy. Due to importance of the banking sector and in order to keep pace with international developments and implement international best practices, the Central Bank of Iraq has issued laws and instructions and introduced structural, legislative and supervisory developments aimed at minimizing the risks that this sector might encounter in the event of failure to comply with relevant laws, and safeguarding it from illegal activities in order to protect to funds of depositors, investors and all bank customers.

Strategic plans are among the key advanced administrative systems used by banks and institutions in planning, organization monitoring and supervision activities associated with the definition of the main objectives pursued by bank' management, while also defining the ways and methods to reach these objectives with the best means and lowest costs and risks, in a manner that accommodates the key variables and forces in the banking market and the opportunities and challenged created by the surrounding environment, which are primarily based on balancing between ambitious objectives and possibilities in all areas and activities, in order to enable the Bank to maximize its returns and revenues from these activities, while ensuring the sustainable increase in the efficiency of its activities and operations, which requires developing a clear approach to organize and coordinate all financial and human efforts and capabilities at all levels of work and developing the spirit of teamwork with a high degree of resilience and the ability to properly respond and adapt in order to achieve these objectives in light of the changing environment and within a specified timeframe using a well-informed scientific approach, supported by periodic reviews to evaluate the results and address the gaps between actual achievements and the indicators of the adopted plan.

The Strategic Plan (2022 – 2024) of Trust International Islamic Bank aims to improve banking services in a manner that satisfies customers and shareholders and provides them with returns, in addition to participating in development projects that support national economy in general. The main objectives of this plan are:

- Preparing plans to develop the Bank's internal procedures.
- Offering Islamic banking services in line with the Islamic Sharia.
- Offering high-quality banking services that meet customers' ambitions and aspirations.
- Offering advanced services and developing innovative products.
- Equipping the Bank with the latest technological systems and developing its existing technological services.
- Contributing to and supporting development projects that serve the public interest.
- Achieving reasonable profits that satisfy shareholders in accordance with local laws and regulations and Islamic Sharia.
- Recruiting banking competencies in leadership positions in order to improve the Bank's standard and reputation and have qualified staff that meets the relevant requirements and ambitions.

- Promoting the anti-money laundering and counter-terrorism financing culture among all Bank employees.
- Developing and expanding the Bank's departments and branches in line with the volume of work.
- Building local and international banking relations.
- Contracting external assessment firms to assess the Bank and identify and address obstacles and deviations.
- Continuously qualifying and training the banking staff in order to increase their competency and ability to provide customers with the best banking services.
- Complying with the instructions and laws issued by the Central Bank of Iraq and relevant laws, on top of which is the Anti-money Laundering and Counter-terrorism Financing Law.
- Investing in information technology.

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 2024 with respect to main items (credit, deposits and letters of grantee). 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:
 - » Developing the Bank's web site and translating it into English.
 - » Implementing the workflow system.
 - » Implementing the Security Information and Event Management System (SIEM) to monitor and analyze events and detect security threats.

Board of Directors' Report

- » Implementing the email security system (Forti Mail) as a powerful tool to secure email and protect it from various cyber threats.
 - » Implementing the Web Application Firewall (WAF).
 - » Implementing the anti-virus and anti-malware system (Endpoint Detection and Response EDR).
 - » Developing firewalls using advanced security systems, anti-malware programs and cloud solutions to increase effectiveness and efficiency, assess the organization's unique security needs, understand its potential cyber threats and determine the best solutions.
 - » Implementing the Auto Hunting system.
 - » Implementing the data security standard for payment cards (PCI-DSS).
 - » Acquiring and deploying the Queue System to organize the waiting process and improve customer's experience.
 - » Implementing the POS devices deployment plan in the private, mixed and government sectors.
 - » Installing ATMs and continuously increasing their number in line with the adopted ATM deployment plan.
 - » Offering modern electronic banking services to facilitate customers' financial and banking transactions.
 - » Continuing to attract current deposits and localize salaries and investment accounts, with establishing a stable 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.)
 - » **Third:**

A set of working procedures manuals (Risk Department, market risk, risk appetite, stress testing, low returns, liquidity risk, non-compliance with Sharia, investment in capital – Musharakah, attached reports.)
 - » **Fourth:**

Strategies (risk management strategy, liquidity risk management strategy, finance strategy, attached reports.)
 - » **Fifth:**

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.
 - » Succession plans for key positions in the Bank.

- **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, 2023





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Auditor's Report

Ref.: 654/27

Date: 21/5/2024

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

Subject: Auditor's report

Dear Esteemed Shareholders,

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, 2023, 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, 2023, 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 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 (IAS):

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's management 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) relating to cash credit, whichever is stricter. As a result of the application of this standard, the provision for expected credit loss reached (IQD 11,221,633) thousand as of December 31, 2023 and an expected credit loss expense of (IQD 502,424) thousand was recorded under financial assets for the year then ended as shown in the statement of income.

It should be noted 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.

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 831,376) thousand and lease commitments reached (IQD 882,244) 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:

Net cash on hand and with banks as of 31/12/2023 reached (IQD 199,466,743) thousand, which is less than previous year's balance by (IQD 132,543,149) thousand with an approximately (40%) decrease. Cash in vaults accounted for (65%), cash with the Central Bank for (29%) and cash with banks for (6%) 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 130,052,541) thousand, with a (9%) decrease from previous year's balance of (IQD 143,064,715) thousand, which exposes the Bank to significant operating risks due to the large amount kept in Bank's vaults without insurance against risks and incidents. 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 57,134,067) thousand, with a (66%) decrease from previous year's balance of (IQD 167,591,295) thousand, noting that there are amounts held by the Central Bank of Iraq since 2022 and 2023 (including the auction account which, contrary to its nature, reached (IQD 811,761,580)), that were dealt with during the first quarter of 2024.
- c. Cash with local banks reached (IQD 236,546) thousand, with a (64%) decrease from previous year's balance of (IQD 654,121).
- d. The net cash balance with foreign correspondent banks reached (IQD 12,043,589) thousand, with a (42%) decrease from previous year's balance of (IQD 20,699,761) thousand. In this respect, we have noticed that:
 - The ratio of receivables with foreign correspondent banks to capital and healthy reserves reached (6%), noting that the ratio set by the Central Bank of Iraq is (20%) pursuant to its Circular No. 9/3/180 dated June 30, 2020.
 - The Bank used SWIFT lists for reconciling its foreign balances as of December 31, 2023 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 December 31, 2023.
- f. The cash items in foreign currency were evaluated based on the rate of IQD (1310) per USD, which is the exchange rate set by the Central Bank of Iraq as of December 31, 2023.

Auditor's Report

3- Foreign Currency Auction:

- We have sent letter No. 654/55 dated March 17, 2024 to the Central Bank of Iraq – Investments and Foreign Transfers Directorate/ Foreign Currency Auction Department, requesting quotes of foreign currency (cash, transfers, DC) purchases through the foreign currency auction, but we have not received a reply thereto as of the date of the auditor's report.
- The Bank's purchases through the foreign currency auction for the year ended December 31, 2023 reached (USD 371,974,545) as follows:

Item	Purchases (USD)	Revenue & Commission (IQD)
Transfers purchases	34,244,545	452,137,000
Exchange companies purchases	324,830,000	280,000,000
Bank's cash auction purchases	12,900,000	129,000,000
Total	371,974,545	861,137,000
Bank's total sales of the amounts purchased through the foreign currency auction in Iraqi dinars	IQD 528,608,040,500	
Revenue to total auction amounts ratio	0,16%	

- The foreign currency auction revenue to purchase amounts ratio was (0.16%).
- The table above relates to the Bank's purchases and sales of the USD through the foreign currency auction in January and February 2023 only, which are the months during which the Bank participated in the auction in 2023, noting that the Bank officially stopped participating in the foreign currency auction on July 20, 2023 based on CBI's letter No. 9/2/414 dated July 20, 2023.

4- Cash Credit

- The cash credit balance as of December 31, 2023, less deferred revenues; expected credit loss and suspended profits, reached (IQD 91,759,703) thousand with a (130%) increase from previous year's balance of (IQD 39,921,102) thousand as shown below:

Item	Current Year IQD	Previous Year IQD
Total granted cash credit	105,231,424,245	49,241,402,057
Less: Deferred revenues	(8,627,667,462)	(4,454,439,391)
Less: Expected credit loss	(4,809,024,951)	(4,839,832,021)
Less: Suspended profits	(35,028,661)	(26,028,688)
Net cash credit	91,759,703,171	39,921,101,957

- The net cash credit to deposits ratio reached (185%) as of December 31, 2023, noting that the ratio set by the Central Bank of Iraq is (75%).
- The provision for cash credit/ expected credit loss under IFRS 9 reached (IQD 4,809,025) thousand as of December 31, 2023, which is (IQD 30,807) thousand lower than previous year's balance of (IQD 4,839,832) 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.
- The non-performing cash credit reached (IQD 4,178,902) thousand; accounting for (4%) 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 81,651,106) thousand; accounting for (78%) of total cash credit, 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, surety by a government official, bills of exchange and 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 May 2, 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. We recommend organizing field visits to borrowing companies to verify their activities and ensure that their financial statements truly reflect the same.
- h. Credit granted to related parties (major shareholders and senior executive management) as of December 31, 2023 reached (IQD 35,844,913) thousand; representing approximately (17%) of capital and healthy reserves, which does not comply with the (10%) set by the Central Bank of Iraq.

5- Contractual Credit:

- a. The contractual credit (Letters of Guarantee) balance as of December 31, 2023 reached (IQD 249,908,969) thousand, with a (25%) increase from previous year's balance of (IQD 199,157,986) thousand. Letters of guarantee balance represents more than (117%) of capital and healthy reserves, noting that the percentage set by the Central Bank of Iraq is (150%) of capital and healthy reserves since the Bank does not provide documentary credit.
- b. Letter of guarantee collaterals reached (IQD 52,559,263) thousand, accounting for approximately (21%) 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 reserve account with the Central Bank of Iraq as of December 31, 2023 reached (IQD 9,362,660) thousand; representing (4%) 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 9,123,649) thousand; accounting for (62%) of net income revenue, compared to (45%) in the previous year.
- e. The total contractual credit for the biggest (20) customers reached (IQD 33,098,800) thousand; representing (13%) of total letters of guarantee amount.

6- Investments:

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

#	Name of Company	Investment Amount (IQD)	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	
Total		49,300,000,000	

Auditor's Report

- b. During the year ended December 31, 2023, the Bank's subsidiaries achieved a net profit of (IQD 418,535) thousand.
- c. Investments in companies and shares to capital and healthy reserves ratio as of December 31, 2023 reached (23%), 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, 2023 reached (IQD 36,682,517) thousand, with an increase of approximately (IQD 10,216,407) 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 1,351,986) thousand, with a decrease of (IQD 1,486,922) thousand from previous year's balance.
- c. The Bank has not addressed the overstatement of the value of its Main Office and Al-Attar Street Branch based on the letter of the Central Bank of Iraq No. 9/3/30674 dated 31/10/2023, as CBI pointed out that the actual amount is inconsistent with the maintenance contracts amount of (IQD 9,668,357) thousand, which resulted in the overstatement of the Bank's financial position.
- d. All assets, including real estate, are owned by and registered in the name of the Bank. We recommend updating the title deeds of real estate owned by the Bank with real estate registration departments on an annual basis.

8- Other Assets:

Other assets balance as of December 31, 2023 reached (IQD 22,944,551) thousand, as detailed in Note (14), increasing from previous year's balance of (IQD 18,904,684) thousand, noting that:

- a. The clearing house balance of (IQD 18,085,473) 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 104,800) thousand represents outstanding debts for which a provision for expected credit loss was created at the rate of (100%).
- c. The letters of guarantee debtors balance of (IQD 602,524) 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 by the Bank as a result of debt.
- e. The other assets to current assets ratio reached (10.3%), which exceeds 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, 2023 reached (IQD 49,716,024) thousand, representing individual and corporate clients' deposits and saving deposits, which is less than previous year's balance by (IQD 53,932,014) thousand.
- b. Current accounts represent (31%) of total liabilities, which is less than previous year's percentage of (43%).
- 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.
- d. We recommend periodically updating customer's files based on their risk levels in accordance with the relevant instructions of the Central Bank of Iraq.

10- Other Liabilities:

Other liabilities balance as of December 31, 2023 reached (IQD 6,609,593) thousand, as detailed in Note (21), which is higher than previous year's balance of (IQD 3,508,162) thousand as a result of the increase in cheques drawn against the Bank, the balance of which as of December 31, 2023 reached (IQD 5,006,792) thousand, with a (IQD 2,727,269) thousand increase from previous year's balance. We also 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 30,903,212) thousand for the fiscal year ended December 31, 2023 represents the amount allocated by the Central Bank of Iraq under the SME Financing 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 for the year ended December 31, 2023, the Bank achieved net profit before tax equal to (IQD 839,996) thousand, compared to a net profit of (IQD 2,678,573) thousand achieved in the previous year.
- b. The Bank's net revenue from Islamic banking and commissions for the year ended December 31, 2023 reached (IQD 14,634,127) thousand, with a decrease from previous year's revenue of (IQD 22,028,587) thousand, as a result of the decrease in net revenue from commissions; particularly transfers and currency auction commissions. 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, 2023 reached (IQD 13,794,131) thousand, with a decrease from previous year's expenses of (IQD 19,350,013) thousand, as a result of the decrease in the provision for expected credit loss.
- d. Based on the letter of the Central Bank of Iraq No. 9/2/95 dated February 8, 2023, the Bank changed the USD exchange rate from (IQD 1,460) per USD to (IQD 1,310) per USD, which resulted in a net loss of (IQD 2,767,719) thousand in the statement of income from the revaluation of cash items in USD and other foreign currencies

13- Capital Adequacy:

The capital to total risk-weighted assets ratio reached (89%), 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:

We have reviewed the reports of the Internal Sharia Control and Audit Department for 2023 and the comments contained therein. The activities of the Internal Sharia Control and Audit Department include:

- Auditing the activities of the Bank's Main Office and all departments and branches according to a schedule that has been followed during the year under audit.
- Ensuring the protection of Bank's assets and integrity of its records and opening of current accounts and participating 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 support 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 (46%), which indicates the availability of unutilized liquid funds. Below are the main indicators as of December 31, 2023:

1. The statutory liquidity ratio at the end of the fiscal year reached (99%), whereas the minimum ratio required by the Central Bank is (30%).

Auditor's Report

2. The liquidity coverage ratio (LCR) in accordance with Basel III requirements at the end of the fiscal year reached (404%), 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 (104%), 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 Counter-terrorism Financing:

By examining the Bank's accounting records and reviewing its 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 Counter-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 counter-terrorism financing procedures:

- a. The Bank has special electronic programs for anti-money laundering and counter-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 (OFAC - UN) 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.
 - The FINSCAN program, that includes international blacklists.
- 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 monitoring the bank accounts and identifying high-risk customers (politicians, state officials and certain customers), and notifying the Anti-money Laundering Office of any suspicious withdrawals or deposits.

17- Foreign Currency Positions:

The foreign currency positions to capital and healthy reserves ratio as of December 31, 2023 reached (8%), which is within 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:

We have reviewed the monthly and quarterly reports issued by the Risk Management Department, as well as the stress test results. We recommend that the Bank pays adequate attention to the recommendations contained in the Department's reports, such as minimizing the risks arising from concentration in deposits and cash and contractual

credit, addressing the nonconformities with statutory ratios and decrease in NSFR, in addition to minimizing operational risks.

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 (29) lawsuits filed by the Bank against third parties and the Bank's standing in said lawsuits is good. On the other hand, one 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.

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 of Iraq in accordance with relevant instructions. The statutory reserve balance as of December 31, 2023 reached (IQD 9,016,619) 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 premiums 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. Therefore, 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 (7) meetings in 2023.

27- Events After the Reporting Date:

There are no material events after the reporting period that require disclosure or adjustment of the financial statements for the year ended December 31, 2023.

Auditor's Report

28- Audit Fees:

The Bank's final accounts audit fees for the year ended December 31, 2023 were (IQD 60,000,000).

Other information included in the Annual Report for 2023:

Other information consists of the information included in the Annual Report other than the financial statements and our auditor's report. The management is responsible for the other information. Our opinion does not cover the other information and we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether they are materially inconsistent with the financial statements or our knowledge obtained in the audit of the financial statements. If, through our procedures, there appears to be any material inconsistency or misstatement between the financial statements and the other information, the same must be disclosed, noting that we have not noticed any material issues relating to the other information.

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 Bank's ability to continue as a going concern and disclosing any relevant issues when necessary. This includes 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could influence the economic decisions of users of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of the internal control system.
- Obtain an understanding of internal control system relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control system.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related notes made by the management.

- Reach a conclusion on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that such a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the notes thereon, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Bank's subsidiaries or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding the scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant professional conduct requirements regarding independence, and communicate to them all relationships and other matters that may be thought to bear on our independence, and what is needed to protect this independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would outweigh the public interest benefits of such communication.

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

1. The Bank uses an electronic accounting program to maintain its accounting books and records which, based on our judgment, include all the Bank's assets, liabilities, expenses and revenues. In addition, the financial statements are consistent with the accounting records and in line with the instructions of the Central Bank of Iraq.
2. Fixed assets and cash counts have been performed by the Bank's management and under our supervision, and the results of the counts were correct as they have been assessed in accordance with the accounting rules and principles adopted in the previous years.
3. The management's 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 financial statements have been prepared in accordance with the standards of AAOIFI, 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, 2023

		December 31	
Statement (A) - Separate	Note	2023 IQD	2022 IQD
Assets			
Cash and balances with the Central Bank of Iraq	4	187,186,607,986	310,656,010,159
Balances with banks and financial institutions	5	12,280,135,496	21,353,882,321
Financial assets at fair value through the statement of income	6	-	1,209,676,810
Financial assets at fair value through the statement of other comprehensive income	7	1,300,000,000	1,300,000,000
Deferred sales receivables/ Murabaha to the purchase order- net	8	88,750,114,189	36,733,221,117
Qard Hassan and concessional loans - net	9	3,009,588,982	3,187,880,840
Investments in subsidiaries	10	48,000,000,000	48,000,000,000
Property and equipment - net	11	36,682,517,247	26,466,110,536
Intangible assets - net	12	2,035,028,123	2,817,203,990
Right-of-use assets	13	831,375,992	1,219,568,064
Other assets	14	22,944,551,077	18,904,684,188
Total Assets		403,019,919,092	471,848,238,025
Liabilities			
Customers’ current accounts	15	49,716,023,986	103,648,037,648
Banks and financial institutions accounts	16	2,051,174,993	4,157,062,994
Loans – Central Bank of Iraq	17	30,903,212,409	35,184,902,010
Cash margins	18	52,559,263,005	57,976,893,870
Other provisions	19	6,421,924,562	4,976,431,162
Income tax provision	20	598,235,000	1,602,000,000
Lease commitments	13	882,244,489	1,233,947,817
Other liabilities	21	6,609,592,796	3,508,161,717
Total Liabilities		149,741,671,240	212,287,437,218
Customers’ investment accounts	22	335,597,774	6,599,580,915
Total Liabilities and Investment Accounts		150,077,269,014	218,887,018,133
Shareholders’ Equity			
Paid-up capital	1	250,000,000,000	250,000,000,000
Statutory reserve	23	351,946,863	351,946,863
Voluntary reserve/ Expansions	23	3,009,040,554	3,009,040,554
Retained earnings (losses)	23	(418,337,339)	(399,767,525)
Net Shareholders’ Equity		252,942,650,078	252,961,219,892
Total Liabilities, Investment Accounts and Shareholders’ Equity		403,019,919,092	471,848,238,025

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. 654/27 dated 21/05/2024

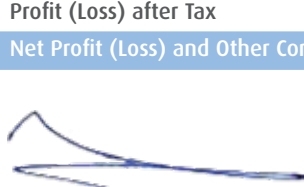
Firas Ismail Korban Ali
Chartered Accountant and Auditor
Firas I. Korban Ali & Co.
Chartered Public Accountants/ Partnership

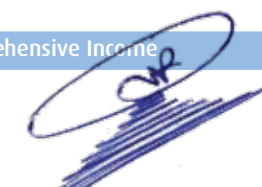
The accompanying notes are an integral part of these financial statements and should be read with them and with the accompanying external auditor's report


Separate Statement of Income and Other Comprehensive Income

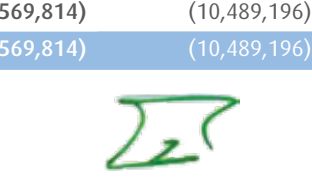
for the Year Ended December 31, 2023

Statement (B) - Separate	Note	December 31	
		2023 IQD	2022 IQD
Islamic Banking Revenue			
Murabaha revenue	24	2,167,120,551	1,205,703,521
Revenue from financial assets at amortized cost	25	850,961,510	-
Revenue from financial assets at fair value through the statement of income	26	78,920,615	10,844,768
Revenue from banks investments		-	9,698,853
Total Islamic Banking Revenue		3,097,002,676	1,226,247,142
(Less) Investment deposit accounts gains		(255,913,153)	(177,844,680)
(Less) Insurance expenses with the Iraqi Company for Deposit Insurance		(74,001,000)	(92,727,000)
Net Islamic Banking Revenue		2,767,088,523	955,675,462
Commissions			
Net revenue from commissions	27	11,983,416,139	18,768,694,065
Foreign currency revenue	28	(2,786,000,696)	67,582,744
Revenue from other operations	29	2,669,623,418	2,236,634,384
Total commission		11,867,038,861	21,072,911,193
Net Revenue from Islamic Banking and Commissions		14,634,127,384	22,028,586,655
Expenses			
Employees' expenses	30	4,128,815,148	4,359,147,569
Amortization of right-of-use assets	13	326,397,922	371,662,719
Financing costs/ lease commitments	13	45,744,903	65,593,653
Rent expenses		18,673,250	119,420,000
Other expenses	31	6,330,844,964	6,297,319,799
Depreciation and amortization	11,12	2,384,700,570	2,323,838,490
Expected credit loss/ Deferred sales receivables - Murabaha	8	145,769,043	2,008,378,824
Expected credit loss/ Qard hassan	9	(169,249,213)	371,651,987
Expected credit loss/ Investments		-	(58,932,380)
Expected credit loss/ Contractual credit	32	1,524,571,735	2,192,901,985
Expected credit loss/ Banks	5	(1,561,106,040)	1,739,858,640
Expected credit loss/ DC and LG debtors	19	562,438,100	(592,504,500)
Other provisions	19	56,530,816	151,676,603
Total Expenses		13,794,131,198	19,350,013,389
Net Profit (Loss) before Tax		839,996,186	2,678,573,266
(less) income tax	21	(858,566,000)	(2,689,062,462)
Profit (Loss) after Tax		(18,569,814)	(10,489,196)
Net Profit (Loss) and Other Comprehensive Income		(18,569,814)	(10,489,196)


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

Separate Statement of Changes in Shareholders' Equity

for the Year Ended December 31, 2023

Statement (C) - Separate	Paid-up Capital	Statutory Reserve	Voluntary Reserve/ Expansions	Retained Earnings (losses)	Total Shareholders' Equity
Balance as of January 1, 2023	250,000,000,000	351,946,863	3,009,040,554	(399,767,525)	252,961,219,892
Profit (loss) for the period	-	-	-	(18,569,814)	(18,569,814)
Transferred to reserves	-	-	-	-	-
Balance as of December 31, 2023	250,000,000,000	351,946,863	3,009,040,554	(418,337,339)	252,942,650,078

For the year ended December 31, 2022

Statement (C) - Separate	Paid-up Capital	Statutory Reserve	Voluntary Reserve/ Expansions	Retained Earnings (losses)	Total Shareholders' Equity
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)
Balance as of December 31, 2022	250,000,000,000	351,946,863	3,009,040,554	(399,767,525)	252,961,219,892

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, 2023

		December 31	
Statement (D) - Separate	Note	2023 IQD	2022 IQD
Cash Flows from Operating Activities			
Net profit (loss) before tax	Income	839,996,186	2,678,573,266
Adjustments for non-monetary items:			
Depreciation and amortization	11,12	2,384,700,570	2,323,838,490
Loss (profit) from disposal of property and equipment	11	2,762,577	-
Amortization of right-of-use assets	13	326,397,922	371,662,719
Amortization of financing costs/ lease commitments	13	45,744,903	65,593,653
Effect of changes in exchange rates on cash and cash equivalents	29	2,767,718,778	(14,600)
Unrealized financial assets at fair value through the statement of income	6	18,479,760	58,293,310
Other provisions	19	38,400,565	143,149,343
Expected credit loss – DC and LG debtors	19	1,524,571,735	(592,504,500)
Expected credit loss - Investments	-	-	(58,932,380)
Expected credit loss – Contractual credit	32	145,769,043	2,192,901,985
Expected credit loss – Cash credit	9.8	(169,249,213)	2,380,030,811
Expected credit loss – Banks	5	(1,739,858,640)	1,739,858,640
Expected credit loss – Other	19	562,438,100	-
Cash flows from operating activities before changes in working capital items		6,747,872,286	11,302,450,737
Changes in Working Capital Items:			
Deferred sales receivables/ Murabaha to the purchase order	8	(52,162,662,115)	(15,531,906,930)
Qard Hassan	9	347,541,071	(2,526,449,803)
Other assets	14	(4,602,304,989)	(3,191,025,764)
Current accounts	15	(53,932,013,662)	(6,736,998,635)
Cash margins	18	(5,417,630,865)	31,614,384,471
Paid end of service provision	19	(117,478,900)	(3,366,587)
Other liabilities	21	3,101,431,080	(1,819,761,130)
Cash flows (used in) from operating activities		(106,035,246,094)	13,107,326,359
Paid income tax	20	(1,862,331,000)	(1,850,139,000)
Net cash flows (used in) from operating activities		(107,897,577,094)	11,257,187,359
Cash Flows from Investment Activities:			
Financial assets at fair value through the statement of income	6	1,191,197,050	(205,861,000)
Investments - Partnerships		-	14,419,999,658
Purchase of property and equipment and projects under construction payments	11	(11,863,996,514)	(1,814,425,716)
Purchase of intangible assets	12	(113,986,130)	(447,431,601)
Transferred from subsidiaries		-	-
Revenue from sale of assets		156,288,652	-
Financial assets at fair value through the statement of other comprehensive income	7	-	(550,000,000)
Net cash flows used in investment activities		(10,630,496,942)	11,402,281,341
Cash Flows from Financing Activities:			
Investment accounts	22	(6,263,983,141)	6,061,180,657
Finance lease (payments)	13	(335,654,081)	(371,280,000)
Loans – Central Bank of Iraq	17	(4,281,689,601)	18,080,404,010
Net cash flows from financing activities		(10,881,326,823)	23,770,304,667
Effect of changes in exchange rates on cash and cash equivalents	28	(2,767,718,778)	14,600
Net increase (decrease) in cash and cash equivalents		(132,177,119,637)	46,429,787,967
Cash and cash equivalents at beginning of year		329,592,688,126	283,162,900,159
Cash and cash equivalents at end of year	34	197,415,568,489	329,592,688,126

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, 2023

Consolidated Statement of Financial Position	December 31	
	2023 IQD	2022 IQD
Assets:		
Cash and balances with the Central Bank of Iraq	187,187,419,622	310,658,872,919
Balances with banks and financial institutions	12,280,385,496	21,353,882,321
Financial assets at fair value through the statement of income	-	1,209,676,810
Financial assets at fair value through the statement of other comprehensive income	1,300,000,000	1,300,000,000
Investments in subsidiaries	24,492,419,750	30,448,983,750
Deferred sales receivables/ Murabaha to the purchase order- net	88,750,114,189	36,733,221,117
Qard Hassan and concessional loans - net	3,009,588,982	3,187,880,840
Property and equipment - net	46,146,979,047	28,544,748,874
Intangible assets - net	2,073,428,123	2,894,003,990
Right-of-use assets	831,375,992	1,219,568,064
Other assets	30,273,879,659	19,046,301,105
Total assets	396,345,590,860	456,597,139,790
Liabilities:		
Customers' current accounts	40,125,637,754	78,904,923,904
Banks and financial institutions accounts	2,051,174,993	4,157,062,994
Loans - Central Bank of Iraq	30,903,212,409	35,184,902,010
Cash margins	52,559,263,005	57,976,893,870
Other provisions	6,421,924,562	4,976,431,162
Income tax provision	1,468,354,000	2,373,636,000
Lease commitments	882,244,489	1,233,947,817
Other liabilities	8,315,769,405	11,695,989,671
Total Liabilities	142,727,580,617	196,503,787,428
Customers' investment accounts	335,597,774	6,599,580,915
Total Liabilities and Investment Accounts	143,063,178,391	203,103,368,343
Shareholders' Equity:		
Paid-up capital	250,000,000,000	250,000,000,000
Statutory reserve	648,602,270	620,699,359
Voluntary reserve/ expansions	3,009,040,554	3,009,040,554
Retained earnings (losses)	(375,230,355)	(135,968,466)
Net shareholders' equity	253,282,412,469	253,493,771,447
Total liabilities, investment accounts and shareholders' equity	396,345,590,860	456,597,139,790

For Trust International Islamic Bank - Private Shareholding Company - Baghdad - Republic of Iraq

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

2024/05/21 dated 27/654 .Pursuant to our report No


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 auditors report

Consolidated Statement of Income

for the Year Ended December 31, 2023

Consolidated Statement of Income	December 31	
	2023 IQD	2022 IQD
Islamic Banking Revenue		
Realized revenue – Deferred sales receivables	2,167,120,551	1,205,703,521
Revenue from financial assets at amortized cost	879,807,650	-
Net revenue from investments in subsidiaries	131,858,000	3,207,816
Profit (loss) from financial assets at fair value through the statement of income	78,920,615	20,543,621
Total Islamic Banking Revenue	3,257,706,816	1,229,454,958
(Less) investment deposit accounts gains	(255,913,153)	(177,844,680)
(Less) Insurance expenses with the Iraqi Company for Deposit Insurance	(74,001,000)	(92,727,000)
Net Islamic banking revenue	2,927,792,663	958,883,278
Net revenue from commissions	11,983,416,139	18,768,694,065
Foreign currency revenue	(2,786,000,696)	67,582,744
Revenue from other operations	2,669,383,418	2,236,458,384
Total Commissions	11,866,798,861	21,072,735,193
Net Revenue from Islamic Banking and Commissions	14,794,591,524	22,031,618,471
Expenses		
Employees' expenses	4,193,741,888	4,412,674,435
Amortization of right-of-use assets	326,397,922	371,662,719
Financing costs/ lease commitments	45,744,903	65,593,653
Rent expenses	18,673,250	119,420,000
Other expenses	6,463,660,536	6,457,723,661
Depreciation and amortization	2,441,728,562	2,374,676,090
Expected credit loss/ Deferred sales receivables - Murabaha	145,769,043	2,008,378,824
Expected credit loss/ Qard Hassan	(169,249,213)	371,651,987
Expected loss/ Investments	-	(58,932,380)
Expected loss/ Contractual credit	1,524,571,735	2,192,901,985
Expected loss/ Banks	(1,561,106,040)	1,739,858,640
Expected loss/ LC and LG debtors	562,438,100	(592,504,500)
Other provisions	56,530,816	151,676,603
Total Expenses	14,048,901,502	19,614,781,717
Net profit (loss) before tax	745,690,022	2,416,836,754
(less) income tax	(957,049,000)	(2,689,062,462)
Profit (loss) after tax	(211,358,978)	(272,225,708)
Comprehensive income items	-	-
Net Profit (Loss) and Other Comprehensive Income	(211,358,978)	(272,225,708)


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, 2023

For the Year Ended December 31, 2023

Statement (C) - Separate	Paid-up Capital	Statutory Reserve	Voluntary Reserve/ Expansions	Retained Earnings (losses)	Total Shareholders' Equity
Balance as of January 1, 2023	250,000,000,000	620,699,359	3,009,040,554	(135,968,466)	253,493,771,447
Profit (loss) for the period	-	-	-	(211,358,978)	(211,358,978)
Transferred to reserves	-	27,902,911		(27,902,911)	-
Balance as of December 31, 2023	250,000,000,000	648,602,270	3,009,040,554	(375,230,355)	253,282,412,469

For the Year Ended December 31, 2022

Statement (C) - Separate	Paid-up Capital	Statutory Reserve	Voluntary Reserve/ Expansions	Retained Earnings (losses)	Total Shareholders' Equity
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 to submit 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 thousand for the profits of 2021, which was unanimously approved in the general meeting held on 29/03/2022.

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, 2023

1 General

- 1.1 Trust International Islamic Bank is an Iraqi private shareholding company registered by virtue of the certificate of establishment No. (M SH/01-69098) on April 19, 2009, with its head office in Baghdad, and a capital of IQD 100 billion. The Bank was established with the approval of the Ministry of Trade – Companies Registrar by changing its name and activity from Al-Marj International Financial Transfer Company (Financial Transfer Company) to Trust International Islamic Bank (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 a 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, as well as the import, sale, and purchase of precious metals and gemstones 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, 2023 were approved by the Bank's Board of Directors on 19/05/2024.
- 1.6 The financial statements as of December 31, 2023 were approved by the Bank's Sharia Supervisory Board on 20/05/2024.

2 Basis of Preparation of the Financial Statements:

- 2.1 The Bank's financial statements have been prepared in accordance with the Islamic Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), 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 AAOIFI in the preparation of the financial statements for the year ended 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 fair value at the date of the financial statements.
- 2.4 The bases of consolidation of the financial statements include 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, were the same as those adopted as of December 31, 2022:

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

- 3.1 International Financial Reporting Standard 9 (IFRS 9) and Islamic Financial Accounting Standard 30 (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 said 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 16 (IFRS 16) - Leases
As of January 1, 2019, the Bank applied the International Financial Reporting Standard 16 (IFRS 16) - Leases, that superseded the existing guidelines relating to lease contracts, including the International Accounting Standard 17 (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. IFRS 16 was issued in January 2016, and is applicable to financial periods commencing on or after January 2019. It states 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 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 Investments in financial assets:
- 3.3.1 First: Equity Instruments
Equity instruments are always recorded at fair value as part of one of the following two portfolios:
- 3.3.1.1 First Portfolio: Financial assets at fair value through the statement of income, which are recorded at fair value, as well as any subsequent changes in fair value, in the statement of income.
- 3.3.1.2 Second Portfolio: Financial assets at fair value through equity (other comprehensive income), where equity instruments are recorded in this portfolio at fair value, and subsequent changes in fair value are recorded under equity rights within the fair value reserve item.
- 3.3.1.3 In the event the equity rights listed in the financial assets at fair value through equity portfolio are actually disposed of or derecognized, the change in fair value balance is not carried forward to the statement of income and is transferred to retained earnings under equity (revenue from sale of financial assets).
- 3.3.1.4 Dividend distributions involving equity rights listed in any of the abovementioned portfolios are recorded in the statement of income.
- 3.3.1.5 No reclassification to or from the abovementioned portfolios is allowed after the initial classification of these financial assets (equity).
- 3.3.1.6 Equity instruments may not be classified under the financial assets at fair value through the statement of income portfolio unless they are listed in an active market and can be actually traded, in which case the same must be traded within a maximum period of (6) months from the date of acquisition. Otherwise, they shall be recorded in the financial assets at fair value through equity portfolio when first acquired (i.e. from the financial assets at fair value through the statement of income portfolio, to the financial assets at fair value through the statement of comprehensive income).

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

3.3.2 Debt Instruments:

3.3.2.1 First Portfolio: Amortized Cost

3.3.2.2 Financial assets (debt instruments) are recorded in its portfolio at cost and are not subject to the fair value measurement requirements, provided that the only purpose of acquiring the instruments listed in this portfolio is to obtain contractual cash flows represented by the debt principal and the return thereon and the bank does not intend to dispose of said instrument prior to the agreed maturity date, except in limited cases such as the cases of nonmaterial or nonrecurring sale, or cases of sale close to the maturity date. The return on said instruments is recorded in the statement of income.

3.3.2.3 Second Portfolio: Non-monetary Debt Instruments through Equity

3.3.2.4 This portfolio includes debt instruments which the bank intends either to retain until their maturity date in order to collect the relevant contractual cash flows, or to sell (liquidity management portfolio). These instruments are measured at fair value, and subsequent changes in fair value are recorded under fair value reserve. The realized return on these instruments is recorded in the statement of income, as these instruments are recorded at fair value, while being subject to expected credit loss calculation, such that the change in fair value is offset against expected credit loss, such that recognition/ recording priority is given to impairment (expected credit loss).

3.3.2.5 Third Portfolio: Non-monetary Debt Instruments at Fair Value through the Statement of Income

3.3.2.6 The realized return on these instruments is recorded in the statement of income, and instruments in this portfolio are not usually subject to expected credit loss measurement.

3.4 Non-Sharia compliant revenues, gains and losses

Non-Sharia compliant revenues, gains and losses of the Bank (if any) are recognized by recording 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 Sharia 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 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 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 applies the binding promise principle to Murabaha to the purchase order contracts in accordance with the standards of AAOIFI. In the event the customer reneges on their promise, the Bank sells the commodity and recourses to the purchase order for actual damages.

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

- 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. 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 presented 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 and partitions	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.
- 3.9.4 Property and equipment are excluded when disposed of or when there are no expected future benefits from their use or disposal.
- 3.9.5 Impairment of an asset (IFRS 36) is recognized as a 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.

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

- 3.9.6 The increase (revaluation surplus) is not recognized in accounting books, and real estate is periodically evaluated whenever necessary or every three to five years.
- 3.10 Projects under construction
- Projects under construction are presented 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 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, and are recorded in the statement of income and comprehensive income in the same year.
- 3.11.4 Any indications of impairment of intangible assets are reviewed on the date of the financial statements. In addition, their useful lives are reviewed 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 estates or lands, or parts thereof, are acquired for the purpose of obtaining periodic revenue, 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 revenues, expenses that are non-deductible in the current fiscal year but deductible 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 reported in the statement of financial position only when there is a legally enforceable right to do so, and when settled on a net basis, or when assets are realized and liabilities settled simultaneously.
- 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 and are recorded in the suspended revenue account.
- 3.15.2 Commissions are recorded as revenue when the related services are rendered.

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

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 monetary 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 monetary items are recognized in the statement of income.

3.17.4 Exchange rate differences of "non-monetary" 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 includes: 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 the application of IFRS 9, FAS 30 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, based on 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 reassesses 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 the revaluation surplus is recorded in the statement of other 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 AAOIFI, 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, 2023

accordance with the levels set out in IFRS. The difference between levels (2) and (3) of 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 2022.

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 increasing their confidence in the banking system, with relevant charges borne by the Bank.

3.21 Standards issued by AAOIFI that are under review and preparation

3.21.1 Sharia standards:

The Sharia Standards issued by AAOIFI have been adopted as mandatory regulatory requirements in Islamic financial institutions.

3.21.1.1 Issued Sharia standards

- SS (55): Competitions and Prizes.
- SS (56): Liability of a fund manager.
- SS (57): Gold and its trading controls.
- SS (58): Repurchase.
- SS (59): Sale of debt.
- SS (60): Waqf.
- SS (61): Payment cards.

3.21.1.2 Sharia standards under review

- SS (2): Debit card, charge card and credit card.
- SS (6): Conversion of a conventional bank to an Islamic bank.
- SS (17): Investment sukuk.
- SS (18): Possession (Qabd).
- SS (19): Loan (Qard).
- SS (20): Sale of commodities in organized markets.

3.21.1.3 Sharia standards under development

- The Sharia standard on the right of intifa' for real estate.
- The Sharia standard on the conversion of a conventional bank to an Islamic bank.
- The Sharia standard on ijarah and ijarah muntahia bittamleek.
- The Sharia standard on B.O.T (build-operate-transfer).
- The sharia standard on SPV (special purpose vehicle).
- The Sharia standard on commissions and fees.
- The Sharia standard on ijarah al mawsufah fi al thimmah.
- The Sharia standard on Purification of Impermissible Income.

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

- The Sharia standard on Khairat account.
- The Sharia standard on risks associated with ownership in modes of finance.
- The Sharia standard on sharecropping partnerships and their modern applications
- The Sharia standard on financial trust.

3.21.1.4 Draft Sharia standards

- Draft standard on the liability of a fund manager.
- Draft standard on competitions and prizes.
- Draft new Sharia standard on sukuk.

3.21.2 Islamic Accounting Standards:

The accounting standards issued by AAOIFI are adopted, in part or in full, as mandatory regulatory requirements in several jurisdictions, and are used as a basis for the development of accounting laws in some countries. They are also recommended as guidelines in some jurisdictions, and banks voluntarily apply them. Furthermore, the legal basis for accounting in some countries has been developed based on AAOIFI's standards, which are also followed by audit firms, takaful insurance companies, non-banking finance companies, capital market companies, education and training institutions and Sharia scholars and specialists all over the world.

3.21.2.1 Issued accounting standards

- FAS (28): Murabaha and other deferred payment sales.
- FAS (30): Impairment, credit losses and onerous commitments.
- FAS (34): Financial reporting for sukuk holders.
- FAS (35): Risk reserves.
- FAS (37): Financial reporting by Waqf institutions.
- FAS (39): Financial reporting for Zakat.

3.21.2.2 Accounting standards under review

- FAS (3): Murabaha and murabaha to the purchase orderer.
- FAS (8): Ijarah and ijarah muntahia bittamleek.
- Combining the current account standards on Islamic insurance.

3.21.2.3 Draft accounting standards

- The financial accounting standard on financial reporting for Zakat.
- The financial reporting on financial services provided by conventional financial institutions.
- The draft financial accounting standard on interim financial reporting.
- The draft - Accounting for Takaful: Recognition and Measurement.
- Presentation and disclosure in the financial statements of takaful institutions.
- The draft financial accounting standard – Control of assets and businesses.
- The draft financial accounting standard – Quasi-equity (including investment accounts).
- The draft financial accounting standard – Sukuk in the books of the originator.
- The draft financial accounting standard – Transfer of assets between investment pools.
- The draft financial accounting standard – Off-balance sheet assets under management.

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

3.21.3 Governance, audit and ethics standards

Governance, audit and ethics standards are adopted, in part or in full, as mandatory regulatory requirements in some countries. Furthermore, many Sharia consultancy firms, audit firms, takaful insurance companies, non-banking finance companies, capital market companies, education and training institutions, and Sharia scholars and specialists all over the world follow these standards.

3.21.3.1 Issued governance, audit and ethics standards

- The appointment, composition and report of the Sharia Supervisory Board (reclassification).
- Sharia supervision (reclassification).
- Internal Sharia supervision.
- The Audit and Governance Committee for Islamic Financial Institutions.
- Independence of the Sharia Supervisory Board.
- Statement on Governance Principles for Islamic Financial Institutions.
- Corporate Social Responsibility: Conduct and Disclosure for Islamic Financial Institutions.
- Code of Ethics for Accountants and External Auditors of Islamic Financial Institutions.
- Code of Ethics for Islamic Finance Professionals.

4 Cash and balances with the Central Bank of Iraq:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Cash in vaults	130,052,541,220	143,064,715,010
Balances with the Central Bank of Iraq:	-	-
Current and call accounts	39,566,549,675	28,669,556,029
Statutory reserve	9,016,618,570	11,482,048,500
Letters of guarantee reserve	9,362,660,101	6,985,138,620
Auction accounts	(811,761,580)	120,454,552,000
Total	187,186,607,986	310,656,010,159

5 Balances with banks and financial institutions:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Balances with local financial institutions	236,546,124	654,121,288
Balances with foreign financial institutions	12,043,589,372	21,788,970,673
Cash margins with foreign financial institutions	-	650,649,000
Less	-	-
Expected credit loss	-	(1,739,858,640)
Total	12,280,135,496	21,353,882,321

5.1 There were no restricted cash balances as of December 31, 2023 and December 31, 2022.

5.2 There were no balances with banks and financial institutions on which the Bank receives returns as of December 31, 2023 and December 31, 2022.

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

- 5.3 All balances with banks and financial institutions were classified in Stage 1 in accordance with IFRS 9 and FAS 30, and there were no reclassifications between stages. In accordance with the instructions of the Central Bank of Iraq, 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.

6 Financial assets at fair value through the statement of income

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Financial assets at fair value - gold bullions*	-	8,208,500
Islamic sukuk listed in financial markets**	-	1,201,468,310
Total	-	1,209,676,810

*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.

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

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Iraqi Company for Deposit Insurance	750,000,000	750,000,000
Takaful Fund	550,000,000	550,000,000
Total	1,300,000,000	1,300,000,000

8 Deferred sales/ Murabaha and Murabaha to the purchase order – net

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Murabaha to the purchase order – individuals	79,747,204,497	44,278,735,102
Murabaha to the purchase order – Corporate	22,167,216,075	1,298,122,211
Less:		
Deferred revenues	(8,627,667,462)	(4,454,439,391)
Expected credit loss	(4,501,610,260)	(4,363,168,117)
Suspended profits	(35,028,661)	(26,028,688)
Total	88,750,114,189	36,733,221,117

- 8.1 Total stage 3 non-performing deferred sales receivables/ Murabaha reached IQD 4,023,331 thousand, i.e. 3.95% of the total balance of deferred sales receivables/ Murabaha as of December 31, 2023 (7.68 % as of December 31, 2022).

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

8.2 Total stage 3 non-performing deferred sales receivables/ Murabaha less suspended profits deferred to stage 3 reached IQD 3,811,619 thousand, i.e. 3.86% of the total balance of deferred sales receivables/ Murabaha as of December 31, 2023 (7.26 % as of December 31, 2022).

8.3 Deferred revenues' activity was as follows:

Item	December 31	
	2023 IQD	2022 IQD
Balance as of January 1	4,454,439,391	2,606,013,896
Additions	6,227,176,015	3,010,675,361
Less:		
Exclusions	(3,112,163)	(40,315,907)
Transferred to revenues	(2,050,835,781)	(1,121,933,959)
Balance as of December 31	8,627,667,462	4,454,439,391

8.4 Suspended profits' activity was as follows:

Item	December 31	
	2023 IQD	2022 IQD
Balance as of January 1	26,028,688	14,049,998
Suspended profits during the year	125,284,743	95,748,252
Less: Returned to revenues	(116,284,770)	(83,769,562)
Balance as of December 31	35,028,661	26,028,688

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

Item	December 31, 2023			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	39,626,974,759	2,448,382,876	3,501,499,678	45,576,857,313
Deferred sales receivables during the year	67,488,084,084	1,020,222,302	211,435,249	68,719,741,635
Settled deferred sales receivables	(9,972,772,246)	(1,067,625,081)	(1,341,781,049)	(12,382,178,376)
Reclassified to Stage 1	993,081,956	(274,286,913)	(718,795,043)	-
Reclassified to Stage 2	(4,658,051,875)	4,792,955,074	(134,903,199)	-
Reclassified to Stage 3	(1,862,113,611)	(643,761,939)	2,505,875,550	-
Total	91,615,203,067	6,275,886,319	4,023,331,186	101,914,420,572

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

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

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

Item	December 31, 2023			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	1,650,321,086	427,869,064	2,284,977,967	4,363,168,117
Added expected loss	901,294,421	54,460,448	184,750,760	1,140,505,629
Recovered expected loss	24,859,040	171,280,147	(1,198,202,673)	(1,002,063,486)
Reclassified to Stage 1	20,483,460	(8,446,394)	(12,037,066)	-
Reclassified to Stage 2	(183,182,490)	192,286,575	(9,104,085)	-
Reclassified to Stage 3	(1,122,279,207)	(560,020,331)	1,682,299,538	-
Total	1,291,496,310	277,429,509	2,932,684,441	4,501,610,260

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

9 Qard Hassan and Concessional Loans:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Qard Hassan	3,317,003,673	3,664,544,744
Less		
Expected credit loss	(307,414,691)	(476,663,904)
Total	3,009,588,982	3,187,880,840

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

9.1 The activity of Qard Hassan was as follows:

Item	December 31, 2023			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	3,173,514,317	394,607,966	96,422,461	3,664,544,744
Qard Hassan granted during the year	380,141,199	54,269,423	54,826,840	489,237,462
Settled Qard Hassan	(721,511,764)	(89,349,357)	(25,917,412)	(836,778,533)
Reclassified to stage 1	161,727,448	(135,144,121)	(26,583,327)	-
Reclassified to stage 2	(299,153,738)	319,559,478	(20,405,740)	-
Reclassified to stage 3	(33,133,020)	(44,095,437)	77,228,457	-
Total	2,661,584,442	499,847,952	155,571,279	3,317,003,673

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

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

Item	December 31, 2023			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance as of January 1	257,662,069	122,579,374	96,422,461	476,663,904
Added credit loss	15,862,734	4,354,455	54,826,840	75,044,029
Recovered credit loss	(111,136,743)	(63,030,195)	(70,126,304)	(244,293,242)
Reclassified to stage 1	6,794,894	(5,674,786)	(1,120,108)	-
Reclassified to stage 2	(23,998,786)	25,658,853	(1,660,067)	-
Reclassified to stage 3	(33,337,318)	(43,891,139)	77,228,457	-
Total	111,846,850	39,996,562	155,571,279	307,414,691

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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

10 Investments in subsidiaries:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Investments in subsidiaries*	48,000,000,00	48,000,000,00
Total	48,000,000,000	48,000,000,000

10.1 Trust International Islamic Bank owns the following subsidiaries as of December 1, 2023 and 2022:

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

10.2 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.

10.3 Investments in subsidiaries are presented at cost.

10.4 Main items under investments in subsidiaries:

Item	December 31	
	2023 IQD 1000	2022 IQD 1000
Investments and projects	24,492,419	30,448,983
Total assets	51,670,286	57,492,015
Total equity	48,978,990	48,532,551
Net profit (loss) for the period	418,535	(261,752)

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10.5 Projects and investments of subsidiaries as of December 31, 2023:

Item	Amount in IQD 1000	Item	Amount in IQD 1000
Noor Al Mortada Housing Complex/ Trading	11,760,000	Model cemetery project/ Leasing	11,136,238
Karbala Poultry Project/ Agriculture	129,386	Table Eggs Production Project/ Karbala	1,466,795

11 Property and equipment – net:

The details of this item are as follows:

11.1 December 31, 2023

Cost/ Iraqi Dinar	Lands	Buildings	Machines, Tools and Equipment	Vehicles	Furniture and Fixtures	Decorations and Partitions	Projects under Construction	Total
Balance as of January 1	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
Additions	-	10,957,621,530	156,354,740	75,738,451	124,780,353	5,279,200	544,222,240	11,863,996,514
Reclassifications	-	1,724,378,900	-	135,050,000	171,715,630	-	(2,031,144,530)	-
Disposals	-	-	(33,359,500)	(159,088,500)	(67,140,946)	(6,743,175)	-	(266,332,121)
Balance at end of period	11,929,981,122	22,204,063,607	922,540,294	1,670,534,451	4,394,762,456	468,872,845	1,351,985,900	42,942,740,675

Accumulated Depreciation:

Cost/ Iraqi Dinar	Lands	Buildings	Machines, Tools and Equipment	Vehicles	Furniture and Fixtures	Decorations and Partitions	Projects under Construction	Total
Balance as of January 1	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
Depreciation for the year	-	324,560,042	138,402,595	138,690,575	797,743,248	89,142,114	-	1,488,538,574
Disposals	-	-	(10,575,757)	(60,666,807)	(31,662,878)	(4,375,450)	-	(107,280,892)
Impairment loss	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment	80,000,000	1,405,422,281	532,115,471	1,292,943,557	2,521,817,045	427,925,073	-	6,260,223,428
Net carrying value	11,849,981,122	20,798,641,326	390,424,823	377,590,894	1,872,945,411	40,947,772	1,351,985,900	36,682,517,247

- The cost of fully depreciated property and equipment as of December 31, 2023 was IQD (2,176,824) thousand.
- The financial obligations for acquiring property and equipment - projects under construction reached IQD (4,023) thousand as of December 31, 2023, and will be settled in accordance with the terms of the contract pertaining to the purchase of these assets.

11.2 December 31, 2021

Cost/ Iraqi Dinar	Lands	Buildings	Machines, Tools and Equipment	Vehicles	Furniture and Fixtures	Decorations and Partitions	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

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Accumulated Depreciation:

Cost/ Iraqi Dinar	Lands	Buildings	Machines, Tools and Equipment	Vehicles	Furniture and Fixtures	Decorations and Partitions	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.

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

Item	December 31	
	2023 IQD	2022 IQD 1000
Balance as of January 1	80,000,000	80,000,000
Added during the year	-	-
Disposals*	-	-
Total	80,000,000	80,000,000

12 Intangible assets – net:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Balance as of January 1	2,817,203,990	3,200,064,578
Reclassifications	21,900,000	22,338,000
Additions	92,086,130	425,093,601
Amortization for the year	(896,161,997)	(830,292,189)
Total	2,035,028,123	2,817,203,990

Notes to the Separate Financial Statements

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13 Right-of-use assets and lease commitments:

The details of this item are as follows:

Item	December 31, 2023	
	Right of Use IQD	Lease Commitments IQD
Balance as of January 1	1,219,568,064	1,233,947,817
Additions during the period	140,743,005	140,743,005
Disposals	(202,537,155)	(202,537,155)
Amortization for the period	(326,397,922)	-
Financing costs	-	45,744,903
Paid during the year	-	(335,654,081)
Total	831,375,992	882,244,489

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

14 Other assets:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Prepaid expenses	105,387,803	332,666,495
Miscellaneous liabilities	600,426,491	587,208,793
Cheque clearing	18,085,472,665	17,020,349,874
Cash margins with third parties	272,538,000	296,538,000
Stationery in warehouses	216,914,443	216,934,508
Transfers and Qi Card salaries	3,557,176,632	281,301,788
Credit cards/ points of sale and ATM	106,635,043	169,684,730
Paid documentary credit debtors	104,800,000	116,800,000
Letters of guarantee debtors	602,524,100	44,676,000
Less: Expected credit loss – contractual debtors	(707,324,100)	(161,476,000)
Total	22,944,551,077	18,904,684,188

Notes to the Separate Financial Statements

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15 Customers' current and call accounts:

The details of this item are as follows:

Item	December 31, 2023		
	Individuals	Corporate	Total
Current and call accounts	9,628,489,694	36,824,914,417	46,453,404,111
Auction deposit accounts	-	28,281	28,281
Saving deposits	3,262,591,594	-	3,262,591,594
Total	12,891,081,288	36,824,942,698	49,716,023,986

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

16 Banks and financial institutions

The details of this item are as follows:

Item	December 31	
	2023	2022
	IQD	IQD
Current and call accounts	2,051,174,993	4,157,062,994
Total	2,051,174,993	4,157,062,994

17 Long-term loans:

The details of this item are as follows:

Item	December 31	
	2023	2022
	IQD	IQD
Long-term loans*	30,903,212,409	35,184,902,010
Total	30,903,212,409	35,184,902,010

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

Notes to the Separate Financial Statements

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18 Cash margins:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Margins against letters of guarantee	52,559,263,005	57,651,569,370
Margins against documentary credit	-	325,324,500
Total	52,559,263,005	57,976,893,870

19 Other provisions:

The details of this item are as follows:

Item	December 31, 2023				
	Balance as of January 1	Created Provision	Used Provision	Change in Exchange Rates	Balance as of December 31
Expected credit loss/ Contractual credit	4,223,203,193	1,524,571,735		(42,490,650)	5,705,284,278
End-of-service indemnity provision	439,200,555	35,387,625	(74,988,250)		399,599,930
Provision for exchange rate fluctuations	681,654				681,654
Operational risk provision	313,345,760	3,012,940			316,358,700
Total	4,976,431,162	1,562,972,300	(74,988,250)	(42,490,650)	6,421,924,562

Item	December 31, 2022				
	Balance as of January 1	Created Provision	Used Provision	Change in Exchange Rates	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 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

20 Income tax provision:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Balance as of January 1	1,602,000,000	763,076,538
Tax provision created during the year	598,235,000	1,602,000,000
Less: Paid income tax	(1,602,000,000)	(763,076,538)
Total	598,235,000	1,602,000,000

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

20.1 Income Tax

Item	December 31
	2023 IQD
Accounting profit	839,996,186
Add	
Fines, fees and taxes	2,589,279,031
Provisions/ Added expected credit loss and end-of-service indemnity	2,289,309,694
Less	
Provisions/ Recovered expected credit loss	(1,730,355,253)
Net taxable profit	3,988,229,658
Accrued income tax 15%	598,235,000

20.2 The tax presented in the statement of income represents:

Item	December 31
	2023 IQD
Income tax due on profits for the year	598,235,000
Income tax paid for previous years	260,331,000
Total	858,566,000

A final settlement of income and direct withholding tax until December 31, 2022 was reached.

21 Other liabilities:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Undistributed investment profits	2,792,387	33,510,868
Accrued expenses	206,174,941	148,259,904
Fees and stamps	13,485,449	9,357,268
Accrued taxes and social security contributions	21,461,183	52,848,361
Cheques withdrawn against the Bank	5,006,792,181	2,279,523,583
Collected margins and guarantees	281,426,354	117,394,898
Amounts withheld upon government request	10,000,000	
Companies under foundation	769,000,000	
Transfers	8,971,241	25,351,602
Other payables	289,489,060	841,915,233
Total	6,609,592,796	3,508,161,717

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for the Year Ended December 31, 2023

22 Investment deposit accounts:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Investment accounts/ Individuals	335,597,774	5,599,580,915
Investment accounts/ Corporate	-	1,000,000,000
Total	335,597,774	6,599,580,915

23 Reserves and retained earnings:

23.1 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.

23.2 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.

23.3 Retained earnings (losses):

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Balance as of January 1	(399,767,525)	(389,278,329)
Profit (loss) for the year	(18,569,814)	(10,489,196)
Total	(418,337,339)	(399,767,525)

24 Revenue from deferred sales:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Individuals		
Murabaha to the purchase order	1,981,596,560	1,174,345,452
Corporate		
Murabaha to the purchase order	185,523,991	31,358,069
Total	2,167,120,551	1,205,703,521

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

25 Financial assets at amortized cost

The details of this item are as follows:

December 31, 2023					
Issue No.	Amount/ IQD 1000	Maturity Date	Issue No.	Amount/ IQD 1000	Maturity Date
ICD 117	30,000,000	24/07/2023	ICD 122	30,000,000	18/10/2023
ICD 118	30,000,000	09/08/2023	ICD 123	30,000,000	06/11/2023
ICD 119	40,000,000	28/08/2023	ICD 124	30,000,000	22/11/2023
ICD 120	30,000,000	13/09/2023	ICD 125	30,000,000	27/12/2023
ICD 121	30,000,000	02/10/2023	-	-	-

- Islamic certificates of deposit/ Central Bank of Iraq. The auction held by the Central Bank of Iraq was entered during the fiscal period with a maturity of (14) days, and a profit of IQD (850,961,510) was realized during the fiscal period with a 7.5% return.

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

The details of this item are as follows:

Item	December 31							
	2023				2022			
	Realized Profit IQD	Revaluation Profit (loss) IQD	Distributed Profit IQD	Total IQD	Realized Profit IQD	Revaluation Profit (loss) IQD	Distributed Profit IQD	Total IQD
Gold bullions	43,793,000	64,000	-	43,857,000	(462,750)	7,696,500	-	7,233,750
Islamic Sukuk	-	(18,543,760)	53,607,375	35,063,615	69,600,828	(65,989,810)	-	3,611,018
Total	43,793,000	(18,479,760)	53,607,375	78,920,615	69,138,078	(58,293,310)	-	10,844,768

27 Net commission revenue:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Transfers commission	1,068,345,958	3,045,967,916
Letters of guarantee commission	9,123,649,437	9,816,529,440
Documentary credit commission	1,862,541	702,924,899
Concessional loans commission	27,175,000	181,610,000
Currency auction commission	280,000,000	1,980,080,000
Cards and electronic services commission	98,755,445	118,920,203
Other banking commissions	2,078,485,233	3,586,813,395
Less: Banking commissions receivable	(694,857,475)	(664,151,788)
Total	11,983,416,139	18,768,694,065

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

28 Foreign currencies income:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Income from revaluation of foreign currencies	(2,767,718,778)	14,600
Income from trading in foreign currencies	(18,281,918)	67,568,144
Total	(2,786,000,696)	67,582,744

29 Other revenue

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Rent received from third parties	24,000,000	4,584,000
Sales and printed materials	176,573,124	252,460,362
Mail, telephone and SWIFT	554,350,094	119,313,523
Profit (loss) from sale of property	(2,762,577)	-
Account management	240,151,342	267,204,794
Misc. banking commissions	1,673,073,435	1,589,646,972
Revenue from credit report, rating and inquiry	4,238,000	3,424,733
Total	2,669,623,418	2,236,634,384

30 Employees' expenses:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Employees' salaries	3,601,423,290	3,721,982,182
Bank's contribution to social security	220,448,763	240,338,880
Staff training expenses	26,785,160	82,210,300
Travel expenses	23,795,000	54,229,810
Staff services*	256,362,935	260,386,397
Total	4,128,815,148	4,359,147,569

*Including Bank employees' tax expenses / direct withholding for the sum of (IQD 243,062,935).

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

31 Other operating expenses:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Stationery and printed materials	102,773,044	269,824,463
Mail, telephone and SWIFT	168,464,637	192,927,815
General maintenance	500,192,997	420,776,247
Fees, licenses and taxes	2,589,279,031	2,184,053,341
Advertising and subscriptions	1,004,026,846	903,866,052
Utilities (water, electricity and fuel)	183,517,990	219,217,785
Hospitality	35,023,250	28,317,000
External auditor's fees	60,000,000	60,000,000
Professional and legal fees	43,877,500	15,270,496
Banking services	554,917,908	670,964,220
Workers and goods transportation – cash transportation	589,386,500	879,212,500
Miscellaneous	373,185,261	326,189,880
Remunerations of the Board of Directors and Sharia Supervisory Board	126,200,000	126,700,000
Total	6,330,844,964	6,297,319,799

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

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Letters of guarantee:	249,908,968,578	199,157,985,917
Tendering	45,435,085,595	48,168,981,340
Performance bond	197,873,882,983	140,823,342,561
Operating advances	6,600,000,000	10,165,662,016
Documentary credit	-	1,301,298,000
Total	249,908,968,578	200,459,283,917

32.1 Disclosure of the activity of letters of guarantee:

Item	December 31, 2023			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance by stage	249,705,294,578	-	203,674,000	249,908,968,578
Expected credit loss	5,639,147,388	-	66,136,890	5,705,284,278

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for the Year Ended December 31, 2023

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

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

Item	December 31, 2023			
	Stage 1 IQD	Stage 2 IQD	Stage 3 IQD	Total IQD
Balance by stage	-	-	-	-
Expected credit loss	-	-	-	-

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

33 Other items:

33.1 Foreign currency auction disclosure:

Item	December 31, 2023	
	Amount in USD 1000	Revenue and Commission in IQD 1000
Foreign currency auction/ transfers	34,244	452,137
Foreign currency auction/ corporate	324,830	280,000
Foreign currency auction/ Bank's share	12,900	129,000
Total	371,974	861,137

33.2 Lawsuits against the Bank:

There were no lawsuits filed against the Bank as of December 31, 2023 and December 31, 2022. 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	
	2023 IQD	2022 IQD
Cash and balances with the Central Bank of Iraq maturing within three months	187,186,607,986	310,656,010,159
Add: Balances with banks and financial institutions maturing within three months	12,280,135,496	23,093,740,961
Less: Banks and financial institutions' accounts	(2,051,174,993)	(4,157,062,994)
Total	197,415,568,489	329,592,688,126

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

35 Earnings per share for the year:

The details of this item are as follows:

Item	December 31	
	2023 IQD	2022 IQD
Profit (loss) for the year/ Separate financial statements	(18,569,814)	(10,489,196)
Profit (loss) for the year/ Consolidated financial statements	(211,358,978)	(272,225,708)
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	-00007/0	-00004/0
Basic and diluted earnings per share for the year/ consolidated	-00085/0	-00108/0

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, 2023. 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.

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 1000	Board of Directors IQD 1000	Executive Management IQD 1000	Sharia Supervisory Board IQD 1000	Subsidiaries IQD 1000	December 31	
						2023 IQD 1000	2022 IQD 1000
Balance sheet items							
Cash credit	8,844,913	-	-	-	-	8,844,913	5,321,329
Current and call accounts	74,079	32,008	80,259	-	9,590,386	9,776,732	24,901,590
Hillah and Basra branches contracts	-	-	-	-	2,060,772	2,060,772	-
Off-balance sheet items:							
Letters of guarantee	-	-	-	-	-	-	-
Third party sureties	20,000,000	-	-	-	-	20,000,000	-
Statement of income items							
Profits and commissions payable	195,025	-	8,771	-	240	204,036	19,615
Profits and commissions receivable**	-	-	-	-	639,228	639,228	-

*Major shareholders (holders of 5% or more of the shares issued by the Bank).

**This item represents the net contracting profit realized by the Bank's real estate subsidiary (Hillah and Basra branches construction projects).

Item	December 31	
	2023 IQD	2022 IQD
Members of the Board of Directors*	80,950	76,200
Members of the Sharia Supervisory Board*	45,250	50,500
Executive management**	566,875	634,126
Total	693,075	760,826

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

*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 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 risks, 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 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 effect 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 and 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 concentration risks as key risks that require the allocation of a capital base in accordance with Basel II. Therefore, The Bank adopts a policy of maintaining capital adequacy ratios above the minimum limit after creating the contingency capital base to cover concentration risks, and setting appropriate limits to all types of concentration in line with the risk appetite statement and risk tolerance, within the mandatory limits set in the instructions and controls issued by the Central Bank of Iraq. Credit concentration risks can be associated with individuals, groups or customers in specific geographical areas or certain economic activities, as well as with certain instruments or products, the financing period or significant currency.
- 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.

Notes to the Separate Financial Statements

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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 techniques (e.g. real estate and financial collaterals, etc.) in accordance with the Bank's approved Credit Risk Mitigation 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 Policy.

38.4 Governance of the IFRS (9) and FAS (30) 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.

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

38.5 The instruments included in the calculation

38.5.1.1 Islamic financing products with debt features (principal and interest).

38.5.1.2 Contractual credit as stipulated in IFRS 9.

38.5.1.3 Islamic Sukuk at amortized cost.

38.5.2 Necessary criteria by stage:

All debt instruments that are subject to the measurement and calculation of expected credit loss are categorized under one of the following three stages:

38.5.2.1 Stage 1:

Includes debt instruments the credit risk associated with which has not increased significantly since their initial recognition, or have low credit risk on the reporting date.

38.5.2.2 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.

38.5.2.3 Stage 3:

Includes debt instruments with evidence of non-performance (irregularity).

38.5.3 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.

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

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.

38.5.4 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 (35%).

38.5.5 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.

38.5.6 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.

38.5.7 Reclassification between stages:

- 38.5.7.1 In the event of payments due within less than 30 days, this indicates an increase in credit risk.
- 38.5.7.2 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.
- 38.5.7.3 In the event of payments overdue by more than 90 days, the customer's total credit is classified within stage 3.
- 38.5.7.4 A customer is not reclassified to a lower stage until 3 monthly installments, two quarterly installments or one semi-annual installment are paid.

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

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

Item	December 31	
	2023 IQD 1000	2022 IQD 1000
Balances with the Central Bank of Iraq	57,134,067	167,591,295
Balances with banks and financial institutions	12,280,135	21,353,882
Murabaha to the purchase order - net	88,750,114	36,733,221
Qard Hassan - net	3,009,589	3,187,881
Contractual credit debtors - net	-	-
Total balance sheet items	161,173,905	228,866,279
Off-balance sheet items		
Letters of guarantee - net	244,203,684	194,954,301
Documentary credit - net	-	1,281,779
Total off-balance sheet items	244,203,684	196,236,080
Total balance sheet and off-balance sheet items	405,377,589	425,102,359

38.7 Classification of net credit exposures by level of risk:

Item	December 31, 2023					December 31 2022 IQD 1000
	Individuals IQD 1000	Corporate IQD 1000	Central Bank IQD 1000	Banks and Financial Institutions IQD 1000	Total IQD 1000	
Low risk	-	-	57,134,067	12,280,135	69,414,202	190,685,036
Stage 1	72,509,058	21,767,729	-	-	94,276,787	42,800,489
Stage 2	6,635,335	140,400	-	-	6,775,735	2,842,991
Stage 3	3,919,815	966,411	-	-	4,886,226	3,759,398
Total	83,064,208	22,874,540	57,134,067	12,280,135	175,352,950	240,087,914
Less: Expected credit loss	4,432,316	1,084,033	-	-	5,516,349	6,741,166
Stage 1	1,112,744	290,599	-	-	1,403,343	3,647,842
Stage 2	316,109	1,317	-	-	317,426	550,448
Stage 3	3,003,463	792,117	-	-	3,795,580	2,542,876
Less: Deferred revenues	7,474,396	1,153,271	-	-	8,627,667	4,454,440
Stage 1	6,853,569	1,132,630	-	-	7,986,199	4,081,950
Stage 2	458,167	6,618	-	-	464,785	191,570
Stage 3	162,660	14,023	-	-	176,683	180,920
Less: Suspended profits	33,245	1,784	-	-	35,029	26,029
Net balance sheet items	71,124,251	20,635,452	57,134,067	12,280,135	161,173,905	228,866,279
Off-balance sheet items						
Stage 1	4,516,666	245,188,628	-	-	249,705,294	200,459,284
Stage 2	-	-	-	-	-	-
Stage 3	50,000	153,674	-	-	203,674	-
Total	4,566,666	245,342,302	-	-	249,908,968	200,459,284
Less: Expected loss - off-balance sheet	148,064	5,557,220	-	-	5,705,284	4,223,204
Stage 1	127,233	5,511,915	-	-	5,639,148	4,223,204
Stage 2	-	-	-	-	-	-
Stage 3	20,831	45,305	-	-	66,136	-
Net off-balance sheet items	4,418,602	239,785,082	-	-	244,203,684	196,236,080
Net balance sheet and off-balance sheet items	75,542,853	260,420,534	57,134,067	12,280,135	405,377,589	425,102,359

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for the Year Ended December 31, 2023

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

Item	December 31, 2023			
	Total Exposure IQD 1000	Cash Margins IQD 1000	Real Estate Collateral IQD 1000	Credit Loss IQD 1000
Balance sheet items				
Balances with the Central Bank of Iraq	57,134,067	-	-	-
Balances with banks and financial institutions	12,280,135	-	-	-
Murabaha to the purchase order	101,914,420	955,647	119,951,165	4,501,610
Qard Hassan	3,317,004	-	-	307,415
Contractual credit debtors	707,324	-	-	707,324
Total balance sheet items	175,352,950	955,647	119,951,165	5,516,349
Off-balance sheet items				
Letters of guarantee	249,908,968	52,559,263	279,539,039	5,705,284
Documentary credit	-	-	-	-
Total off-balance sheet items	249,908,968	52,559,263	279,539,039	5,705,284
Total balance sheet and off-balance sheet items	425,261,918	53,514,910	399,490,204	11,221,633

Item	December 31, 2023			
	Total Exposure IQD 1000	Cash Margins IQD 1000	Real Estate Collateral IQD 1000	Credit Loss IQD 1000
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
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

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

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

Item	December 31, 2023			
	Total Exposure IQD 1000	Cash Margins IQD 1000	Real Estate Collateral IQD 1000	Credit Loss IQD 1000
Murabaha to the purchase order	4,023,331	-	1,906,163	2,932,684
Qard Hassan	155,571	-	-	155,571
Contractual credit debtors	707,324	-	-	707,324
Contractual credit – Letters of guarantee	203,674	70,899	-	66,137

- The total cash credit provision (all three stages) to total cash credit exposure (all three stages) coverage ratio was 113%

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Item	December 31, 2022			
	Total Exposure IQD 1000	Cash Margins IQD 1000	Real Estate Collateral IQD 1000	Credit Loss IQD 1000
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
Contractual credit – Letters of guarantee	-	-	-	-

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

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

Item	December 31, 2023		
	Inside Iraq IQD 1000	Outside Iraq IQD 1000	Total IQD 1000
Balances with the Central Bank of Iraq	57,134,067	-	57,134,067
Balances and deposits with banks and financial institutions	236,546	12,043,589	12,280,135
Deferred sales receivables and other receivables - net	88,750,114	-	88,750,114
Qard Hassan - net	3,009,589	-	3,009,589
Contractual credit debtors	-	-	-
Total balance sheet items	149,130,316	12,043,589	161,173,905
Off-balance sheet items			
Letters of guarantee - net	244,203,684	-	244,203,684
Documentary credit - net	-	-	-
Total off-balance sheet items	244,203,684	-	244,203,684
Total balance sheet and off-balance sheet items	393,334,000	12,043,589	405,377,589

Item	December 31, 2022		
	Inside Iraq IQD 1000	Outside Iraq IQD 1000	Total IQD 1000
Total balance sheet and off-balance sheet items	403,748,477	21,353,882	425,102,359

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

Item	December 2023 ,31										
	Financial IQD 1000	Commercial IQD 1000	Agricultural IQD 1000	Industrial IQD 1000	Services & Tourism IQD 1000	Production IQD 1000	Medical IQD 1000	Construction IQD 1000	Transport & Telecommunication IQD 1000	Other Sectors IQD 1000	Total IQD 1000
Balance sheet items											
Balances with the Central Bank of Iraq	57,134,067	-	-	-	-	-	-	-	-	-	57,134,067
Balances with banks and financial institutions	12,280,135	-	-	-	-	-	-	-	-	-	12,280,135
Murabaha to the purchase order	-	43,600,712	-	4,970,270	3,308,196	-	-	21,194,170	-	15,676,766	88,750,114
Qard Hassan	-	-	-	-	-	-	-	-	-	3,009,589	3,009,589
Total balance sheet items	69,414,202	43,600,712	-	4,970,270	3,308,196	-	-	21,194,170	-	18,686,355	161,173,905
Off-balance sheet items											
Letters of guarantee - net	30,079,552	66,740,877	44,537	10,624,048	9,076,275	104,864	1,507,378	119,615,664	5,585,420	825,069	244,203,684
Documentary credit - net	-	-	-	-	-	-	-	-	-	-	-
Total off-balance sheet items	30,079,552	66,740,877	44,537	10,624,048	9,076,275	104,864	1,507,378	119,615,664	5,585,420	825,069	244,203,684
Total balance sheet and off-balance sheet items	99,493,754	110,341,589	44,537	15,594,318	12,384,471	104,864	1,507,378	140,809,834	5,585,420	19,511,424	405,377,589

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38.11 The distribution of net credit exposures by stage is as follows:

Item	December 31, 2023			
	Stage 1 IQD 1000	Stage 2 IQD 1000	Stage 3 IQD 1000	Total IQD 1000
Financial sector	99,493,754	-	-	99,493,754
Commercial sector	108,469,782	1,730,270	141,537	110,341,589
Agricultural sector	44,537	-	-	44,537
Industrial sector	13,927,568	1,538,194	128,556	15,594,318
Services & Tourism sector	12,036,604	318,648	29,219	12,384,471
Production sector	104,864	-	-	104,864
Medical sector	1,507,378	-	-	1,507,378
Construction sector	140,459,179	247,537	103,118	140,809,834
Transport & Telecommunications sector	5,585,420	-	-	5,585,420
Other sectors	16,738,507	2,158,875	614,042	19,511,424
Total	398,367,593	5,993,524	1,016,472	405,377,589

Item	December 31, 2022			
	Stage 1 IQD 1000	Stage 2 IQD 1000	Stage 3 IQD 1000	Total IQD 1000
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 sector	30,405,493	369,164	20,516	30,795,173
Production 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

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

Item	December 31, 2023							
	CBI Instructions (4) Facilitating the Implementation of the Banking Law		IFRS 9					
	Gross IQD 1000	Provision IQD 1000	Stage 1		Stage 2		Stage 3	
			Gross IQD 1000	ECL IQD 1000	Gross IQD 1000	ECL IQD 1000	Gross IQD 1000	ECL IQD 1000
Good credit	94,219,099	616,168	94,276,788	1,403,343				
Moderate credit	6,833,423	493,182	-	-	6,775,734	317,426		
Non-performing loans			-	-			4,178,902	3,088,256
Below moderate	2,030,792	387,173	-	-				
Bad debt	1,499,663	367,470	-	-				
Losing loans	648,447	440,305	-	-				
Contractual credit	249,908,969	4,146,595	249,705,295	5,639,147			203,674	66,137
Other assets/ Contractual credit debtors	707,324	707,324	-				707,324	707,324

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Calculation Summary	Gross IQD 1000	Provision/ ECL IQD 1000
CBI Instructions (4) Facilitating the Implementation of the Banking Law	355,847,717	7,158,217
IFRS 9	355,847,717	11,221,633
Whichever is stricter	355,847,717	11,221,633

Item	December 31, 2022							
	CBI Instructions (4) Facilitating the Implementation of the Banking Law		IFRS 9					
	Gross IQD 1000	Provision IQD 1000	Stage 1		Stage 2		Stage 3	
			Gross IQD 1000	ECL IQD 1000	Gross IQD 1000	ECL IQD 1000	Gross IQD 1000	ECL IQD 1000
Good credit	43,092,302	2,137,756	42,800,489	1,907,983	-	-	-	-
Moderate credit	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 1000	Provision/ ECL IQD 1000
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

38.13 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 maintaining minimum financial positions in currencies and securities.

38.13.1 Net foreign currency positions denominated in Iraqi dinar:

Item	December 31	
	2023 IQD 1000	2022 IQD 1000
USD	5,010,962	32,414,757
Euro	343,222	211,636
AED	11,474,875	16,047,362
JOD	1,341	-
Total	16,830,400	48,673,755

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38.13.2 Currency and gold risk:

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

Item	Change in Exchange Rate	December 31	
		2023 IQD 1000	2022 IQD 1000
USD	5%	250,548	1,620,738
Euro	5%	17,161	10,582
AED	5%	573,744	802,368
JOD	5%	67	8,209
Gold bullions*	5%	-	60,073
Islamic Sukuk at fair value*	5%	-	1,620,738
Total		841,520	2,501,970

*Have market prices.

38.13.3 Concentration in foreign currency risk:

Item	December 31, 2023			
	USD IQD 1000	Euro IQD 1000	AED IQD 1000	Other Currencies IQD 1000
Cash and balances with the Central Bank of Iraq	8,368,835	-	-	-
Balances with banks and financial institutions	224,806	343,325	11,474,875	1,341
Financial assets at fair value	-	-	-	-
Net loans (cash credit)	45,902	-	-	-
Other assets	386,764	-	-	-
Total	9,026,307	343,325	11,474,875	1,341
Customers' current and call accounts	1,694,710	-	-	-
Banks and financial institutions accounts	46,750	-	-	-
Cash margins	2,053,465	-	-	-
Provisions	197,201	-	-	-
Other liabilities	23,219	103	-	-
Total	4,015,345	103	-	-
Net balance sheet concentration	5,010,962	343,222	11,474,875	1,341
Contingent off-balance sheet liabilities	6,790,641	-	-	-

Item	December 31, 2022		
	USD IQD 1000	Euro IQD 1000	Other Currencies IQD 1000
Net balance sheet concentration	32,414,757	211,636	16,047,362
Contingent off-balance sheet liabilities	26,883,418	-	-

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38.14 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.

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

Item	December 31, 2023						Total IQD 1000
	Less than 1 Month IQD 1000	1 - 3 Months IQD 1000	3 - 6 Months IQD 1000	6 Months - 1 Year IQD 1000	More than 1 Year IQD 1000	No Maturity IQD 1000	
Customers' current and call accounts	49,716,024	-	-	-	-	-	49,716,024
Banks and financial institutions accounts	2,051,175	-	-	-	-	-	2,051,175
Long-term loans/ Central Bank	2,502,592	2,571,555	3,638,369	6,897,116	15,293,580	-	30,903,212
Cash margins	8,066,355	5,367,580	9,575,660	10,445,587	19,104,081	-	52,559,263
Other provisions	-	-	-	-	-	6,421,925	6,421,925
Income tax provision	-	-	598,235	-	-	-	598,235
Lease commitments	72,089	10,587	38,292	309,391	451,885	-	882,244
Other liabilities	120,462	226,257	254,268	868,939	5,139,667	-	6,609,593
Investment deposits	235,098	10,000	10,000	80,500	-	-	335,598
Total Liabilities	62,763,795	8,185,979	14,114,824	18,601,533	39,989,213	6,421,925	150,077,269
Assets (based on expected maturity)	139,525,366	3,706,514	6,259,385	14,144,521	86,678,533	152,705,600	403,019,919

Item	December 31, 2022						Total IQD 1000
	Less than 1 Month IQD 1000	1 - 3 Months IQD 1000	3 - 6 Months IQD 1000	6 Months - 1 Year IQD 1000	More than 1 Year IQD 1000	No Maturity IQD 1000	
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

38.15 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 data of such events, linking it to risk factors and submitting relevant reports.

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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 leaflets to all employees of the Bank.

38.16 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 ensure 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.

38.17 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 a 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.

38.18 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 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 the loss of customers' confidence and, subsequently, the decrease in the customer 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, aiming to minimize reputation risk arising from misunderstanding the banking operations.

38.19 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 regulations, instructions, rules, circulars and behavioral and ethical values governing its work.

Non-compliance risk ranges from warnings by the Central Bank of 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.

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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.

38.20 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.

38.21 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 instructions 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/or invalidity and/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.

38.22 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 bank management's and 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.

38.23 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:

38.23.1 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.

38.23.2 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.

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A stress testing policy has been developed and approved by the Board of Directors to cover all the stress testing requirements and determine the testing 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 senior executive management in the stress testing methodology and its effect on the Bank's strategic decisions.

38.24 Information about geographical distribution:

Item	December 31, 2023		
	Inside Iraq IQD 1000	Outside Iraq IQD 1000	Total IQD 1000
Total revenue	14,805,773	(171,646)	14,634,127
Capital expenditure	11,873,882	82,200	11,956,082
Total assets	390,976,330	12,043,589	403,019,919

Item	December 31, 2022		
	Inside Iraq IQD 1000	Outside Iraq IQD 1000	Total IQD 1000
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

39 Events after the reporting period:

- 39.1 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 or disclosed in the notes to the financial statements, which provide a degree of importance and relevance to the users of the financial statements.
- 39.2 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.
- 39.3 No events after the reporting period have been disclosed in the financial statements for the period ended December 31, 2023.
- 39.4 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.

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40 Capital Management:

Capital components:

- 40.1 Paid-up capital:
The subscribed capital at the end of the year was IQD 250 billion as of December 31, 2023 (December 31, 2022: IQD 250 billion). The minimum bank capital under the Islamic Banks Law is IQD 250 billion.
- 40.2 Regulatory capital:
The regulatory capital is considered a control tool according to the requirements of regulatory authorities and Basel II for the purpose 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.
- 40.3 Achieving the objectives of capital management:
The Bank's management aims at achieving the objectives of capital management by growing the Bank's business, achieving a surplus in operating profits and revenues and optimally investing available sources of funds in order to reach the targeted growth in equity through the increase in the statutory reserve by 5% of realized profits 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.
- 40.4 Capital adequacy in accordance with Central Bank of Iraq Instructions No. (4) for 2010:

Item	December 31	
	2023 IQD 1000	2022 IQD 1000
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	(2,035,028)	(2,817,204)
Accumulated profit (loss)	(418,337)	(399,768)
Investments in subsidiaries	(48,000,000)	(48,000,000)
Total core capital	202,907,623	202,144,016
Additional capital items		
Exchange rate fluctuation provision	681	681
Operational risk provision	316,359	313,345
Total additional capital	317,040	314,026
Total regulatory capital	203,224,663	202,458,042
Total balance sheet risk weighted assets	129,022,593	41,614,784
Total off-balance sheet risk weighted assets	98,674,853	71,753,208
Market risk	841,520	2,501,970
Total risk weighted assets	228,538,966	115,869,962
Core capital adequacy ratio %	88.78%	174.46%
Regulatory capital adequacy ratio %	88.92%	174.73%

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

40.5 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, 2023		Total IQD 1000
	Up to 1 year IQD 1000	More than 1 year IQD 1000	
Assets			
Cash and balances with the Central Bank of Iraq	184,298,421	2,888,187	187,186,608
Balances and deposits with banks and financial institutions	12,280,135	-	12,280,135
Financial assets at fair value through the statement of income	-	-	-
Financial assets at fair value through the statement of other comprehensive income	-	1,300,000	1,300,000
Financial assets at amortized cost	-	-	-
Deferred sales receivables and other receivables - net	6,334,419	82,415,695	88,750,114
Qard Hassan - net	868,889	2,140,700	3,009,589
Investments in subsidiaries	-	48,000,000	48,000,000
Property and equipment - net	26,466,111	10,216,406	36,682,517
Intangible assets - net	-	2,035,028	2,035,028
Right-of-use assets	402,216	429,160	831,376
Other assets	20,676,258	2,268,294	22,944,552
Total Assets	251,326,449	151,693,470	403,019,919
Liabilities			
Customers' current accounts	49,716,024	-	49,716,024
Banks and financial institutions accounts	2,051,175	-	2,051,175
Loans - Central Bank of Iraq	15,609,632	15,293,580	30,903,212
Cash margins	33,455,182	19,104,081	52,559,263
Other provisions	-	6,421,925	6,421,925
Income tax provision	598,235	-	598,235
Lease commitments	430,360	451,884	882,244
Other liabilities	6,602,473	7,120	6,609,593
Customers' investment accounts	335,598	-	335,598
Total Liabilities	108,798,679	41,278,590	150,077,269
Net	142,527,770	110,414,880	252,942,650

Notes to the Separate Financial Statements

for the Year Ended December 31, 2023

Item	December 31, 2022		
	Up to 1 year IQD 1000	More than 1 year IQD 1000	Total IQD 1000
Assets			
Cash and balances with the Central Bank of Iraq	292,188,823	18,467,187	310,656,010
Balances and deposits 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
Investments 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

Sharia Supervisory Board's Annual Report (2023)

Date: 20/5/2024

In The Name of Allah, the Most Beneficent, the Most Merciful

Praise be to Allah and peace be upon prophet 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 the Corporate Governance Manual for Banks issued by the Central Bank of Iraq,

the Sharia Supervisory Board has supervised the Bank's activities, transactions and contracts from (1/1/2023) to (31/12/2023), and the findings of our report were as follows:

1. The Sharia Supervisory Board held several meetings to review the transactions carried out by the various departments of the Bank.
2. We monitored the transactions, which included examining the documentation and other procedures followed by the Bank, by testing each type of transaction.

Having met with the Bank's executives, reviewed the banking system; records and documents and obtained the data, information and clarifications that we deemed necessary to express our opinion, as stated in our report, on the Bank's compliance with the provisions and principles of Islamic Sharia, based on the Sharia Standards issued by AAOIFI and the Islamic Financial Services Board (IFSB),

following is our opinion on the findings of our supervision and audit of the Bank's transactions in 2023:

- The contracts and transactions concluded by the Bank from (1/1/2023) to (31/12/2023) have been reviewed and found to be in compliance with the provisions and principles of Islamic Sharia.
- The policy adopted for calculating and distributing profits and allocating losses on investment accounts for said period were in line with the general rules and principles of Islamic Sharia.

We pray to Allah the Almighty for guidance

Dr. Mohammad Hashem Hammoudi
Chairman of the Sharia Supervisory Board



Alaa Salman Mohammad
Secretary




Dr. Bashar Sbaih Mohammad
Member



Mohammad Helo Khafi
Member



Raja Dawood Saudi
Member



Audit Committee's Report for the Year Ended December 31, 2023

Dear Members of the General Assembly of Trust International Islamic Bank

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 2023;

Based on relevant legislations and laws, instructions of the Central Bank of Iraq, International Financial Reporting Standards and Islamic Accounting Standards, we have audited the data and information that are necessary for the protection of all parties in relation to the Bank's activities and business from 01/01/2023 to 31/12/2023; and

Based on the information, notes and financial statements we obtained from the Bank, and the comments included in the external auditor's report, we would like to point out the following:

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's 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 2023 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 2023.
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 the 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 2023 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, service termination and succession, 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.
12. The reports issued by the Compliance Department indicate the Bank's compliance with the laws, regulations and instructions issued by supervisory authorities.
13. The Risk Management Department prepares reports on credit risk, operating risk, liquidity risk, market risk and information security risk by implementing the risk management controls issued by the Central Bank of Iraq governing the credit granting process, in addition to the Bank's policy, in line with the policies and controls issued by the Central Bank of Iraq. In addition, the Bank monitors risks through stress testing and scenario analysis.
14. The Reports issued by the Anti-money Laundering and Counter-terrorism Financing Department are in accordance with the Anti-money Laundering and Counter-terrorism Financing Law No. (39) for 2015 by implementing an automated system to examine all daily financial transactions of customers, reviewing the technologies; systems and programs necessary to assist employees in implementing the anti-money laundering policy, continuously carrying out risk assessments to identify potential money laundering and terrorism financing risks and following Customer Due Diligence (CDD) procedures as a key component of the anti-money laundering and counter-terrorism financing policy; by verifying customers' identities and understanding the nature of their relationship with the financial institution.

Dhamen Taymour Ali
Chairman of the Committee



Israa Ali Mohyiddin
Member



Sabiha Eidan Abbas
Member







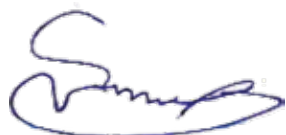


19/05/2024



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, 2023.

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	
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, 2023.

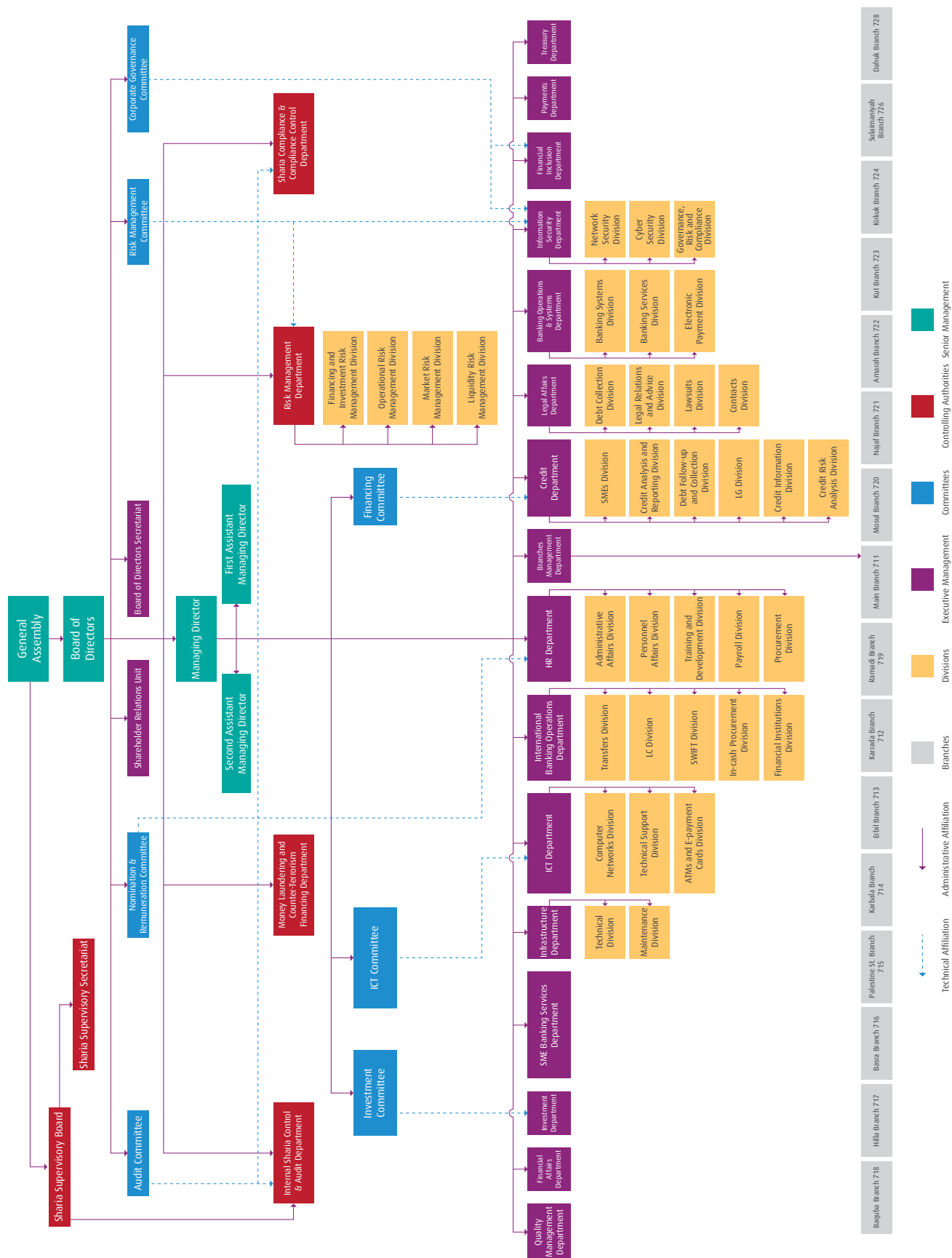
Chairman of the Board of Directors
Mohammad Muslim Jarallah

Managing Director
Latif Hamid Alwan

Head of the Financial Affairs Department
Nabil Mahmoud Yousef



Organisational Structure



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 in 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.

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 disclosures 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 III 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.

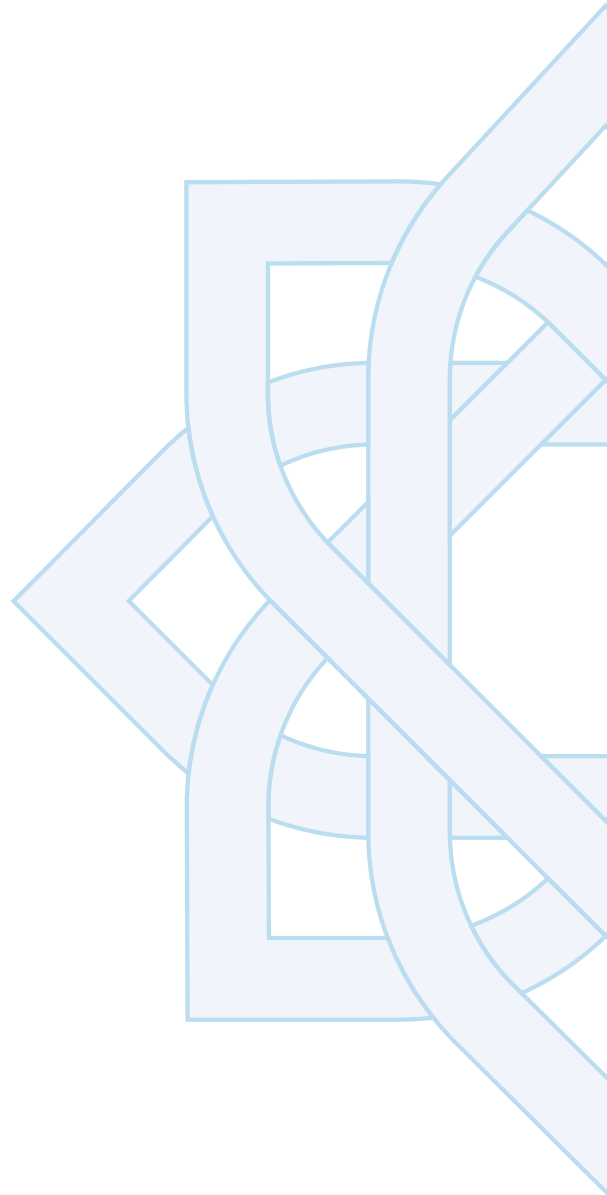
Eighth: Disclosure and transparency

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.



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