

Erbil Bank for Investment and Finance/Private joint stock company
Statements of Financial year ended
on December 31, 2022



Chairman of the Board of Directors' speech

In the name of God, the most gracious, the most merciful

Assalamualaikum Warahmatullahi Wabarakatuh

Distinguished ladies and gentlemen...

We are pleased with your generous presence, in my name and on behalf of the members of the Board of Directors, I extend to you my sincere thanks and gratitude for the sisters and brothers, representatives of the Central Bank of Baghdad and the Directorate of Companies Registration, bearing the trouble of traveling to attend this General Authority meeting.

On this occasion, I would like to take this opportunity to explain to you the financial results for the year (2022), which are before you. It is clear from these financial statements that the bank has achieved success by expanding the provision of banking services to its customers and seriously contributing to enhancing economic development in the region in particular and Iraq in general by contributing in all economic activities.



Head Quarter Erbil Branch

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SULAYMANIYAH PHONE: 00964 (0) 533210217/18 – 00964(0) 7506008989

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الإدارة العامة وفرع أربيل

إدارة العامة – أربيل- شارع خانقا- مقابل وزارة البلديات صندوق بريد ٢٠١٣٨٤

هاتف أربيل: ٠٠٩٦٤٠٧٥٠٩٠٠٨٩٨٩ – ٠٠٩٦٤٠٦٦٢٢٣٥٤٨٩/٩٠

هاتف بغداد: ٠٠٩٦٤٠٧٩٠١٩١٣٠٦٢

هاتف سلیمانیة: ٠٠٩٦٤٠٧٥٠٩٠٠٨٩٨٩ – ٠٠٩٦٤٠٥٣٣٢١٠٢١٧/١٨

الفرع الرئيسي: بغداد – عرصات الهندية – م/٩٢٩ ٥٠/٥ ٣١/٥

فرع السليمانية: شارع سالم- عمارة مير رقم البناية ٥٩/١٦٩

فرع زاخو: شارع إبراهيم خليل- رقم البناية ٢/١٩٣٣



Based on the sound foundations of banking through the application of the highest standards and best banking practices. The bank's net profits for the year 2022 reached (931,166) million Iraqi dinars. This profit was achieved despite a provision being held on the balances held in the Kurdistan Region for the third year in a row.

Below are some indicators of the financial results for 2022:

- 1- The bank's net profit before tax during the year 2022 amounted to (931,166) million dinars
- 2- The bank worked to diversify its revenues from banking operations by expanding its various activities and significantly improving the performance of employees, as revenues in 2022 reached (20,805) billion dinars. (Before deducting expenses).
- 3- During the year 2022, the number of outgoing external transfers reached (473) transfers, and the number of incoming external transfers reached (41) transfers (this is during the year 2022.)
- 4- The number of letters of guarantee executed during the year 2022 reached (418) letters of guarantee.
- 5- The number of documentary credits opened during the year 2022 reached (2) documentary credits.
- 6- The bank's business plan includes opening four other branches (Kirkuk, Mosul, and Basra).
- 7- During the year 2022, the bank intensified multiple visits inside Iraq and meetings with large companies in the field of electronic cards (salary nationalization), and work is still continuing in this regard.



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- 8- The number of our bank's correspondents abroad during the year 2022, with whom we have banking relationships and open current accounts, reached (7) correspondents distributed around the world.
- 9- The bank carries out multiple correspondences with foreign banks for the purpose of establishing banking relationships with them and opening current accounts (Investment Bank, Bank of Kunlun).
- 10- The bank's participation in the initiative of the Central Bank of Iraq to finance small, medium and large projects amounted to (26) loans, and housing projects amounted to (32) housing loans.
- 11- Participate in supporting the Community Initiatives Fund through donations provided by the bank.

Once again, we reiterate our thanks and appreciation for your presence... We wish everyone good luck and success

Board Chairman

Mohamed Saadi Ahmed Sayed



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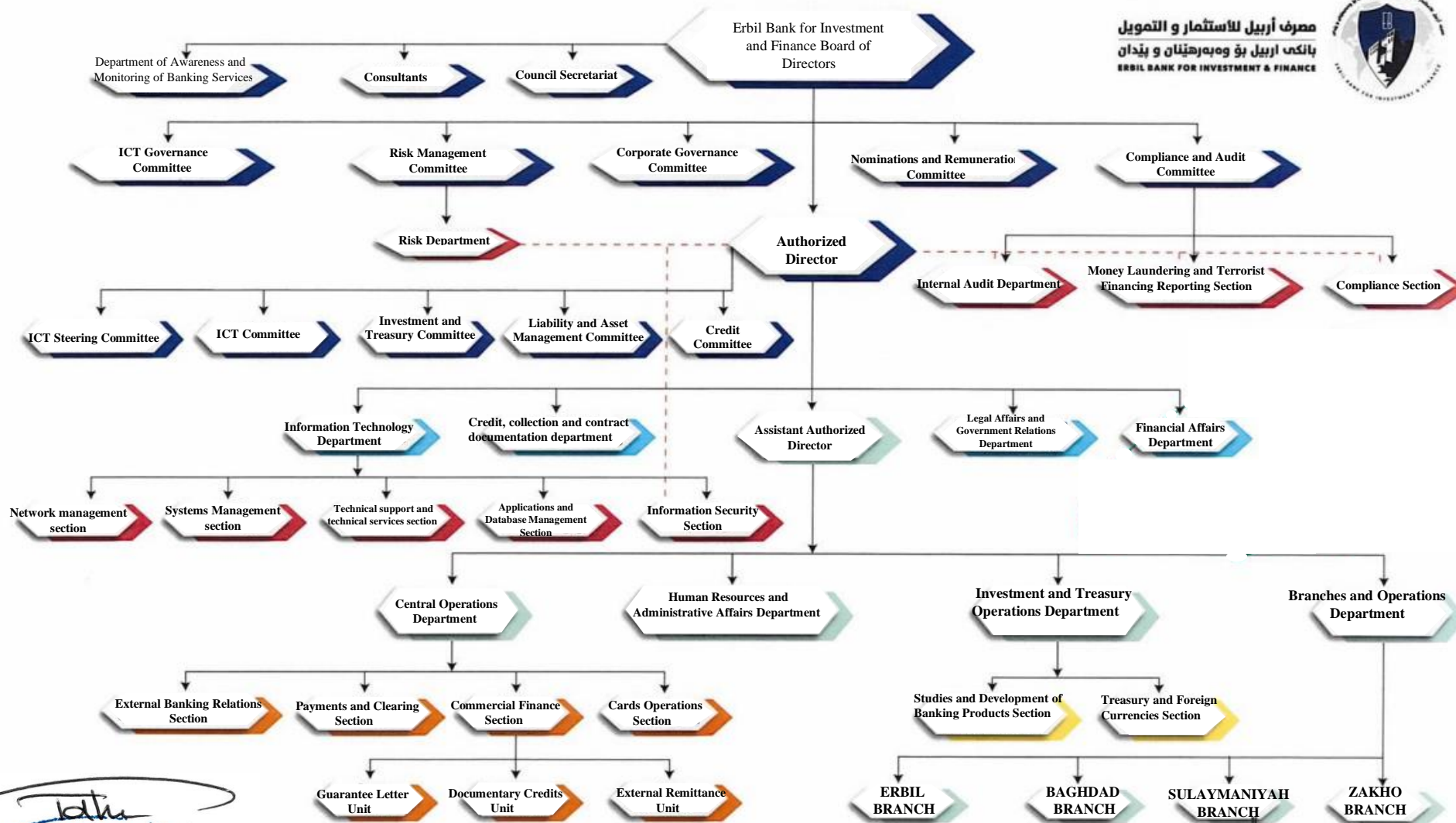
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The Board of Directors' report on the bank's activities for the financial year ending in 2022

Gentlemen, distinguished attendees

Assalamualaikum Warahmatullahi Wabarakatuh

The Board of Directors of Erbil Bank for Investment and Finance is pleased to extend its thanks and appreciation to you for your generous attendance at this General Assembly meeting.

The Board of Directors will present to you the bank's activities and financial statements as they are on **31/12/2022** in accordance with the provisions of Companies **Law No. (21) of 1997** as amended, Banking **Law No. (94) of 2004**, and Accounting System Instructions **No. (1) of 1998**.

First: Applying International Accounting Standards

Our bank, the Erbil Investment and Finance Bank, applied international accounting standards for the fifth year, which required re-presenting the financial statements for the comparative years (2020 - 2021) in a manner consistent with this year. It also adopted the principle of recording at historical cost in valuing property, buildings and equipment instead of re-presenting Evaluation.

Second: A brief summary of the bank

1. Establishment of the bank

The bank was officially established on 20/04/2009 with a capital of (50) billion Iraqi dinars and under the certificate of incorporation numbered Sh-01-69202 on 20/04/2009 issued by the Directorate of Companies Registration. The bank obtained a license to practice banking business on 24/06/2010. According to the Central Bank of Iraq's letters No. 45/3/9 and 46 on 24/06/2010, the bank's capital became 265 billion dinars in 2013.



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2. Bank Capital Developments

- The bank began its banking work with a capital of (50) billion dinars.
- The bank's capital was increased from (50) billion Iraqi dinars to (100) billion Iraqi dinars. The procedures for the increase were completed in accordance with the letter of the Directorate of Companies Registration No. 12912 on 09/06/2010.
- The bank's capital was increased from (100) billion Iraqi dinars to (150) billion Iraqi dinars according to the letter of the Directorate of Companies Registration No. 18251 on 04/09/2012.
- On 24/11/2012, the General Authority of the Bank decided to increase the bank's capital from (150) billion Iraqi dinars to (200) billion Iraqi dinars.
- The bank's capital was increased to (265) billion Iraqi dinars during the year (2013) according to the letter of the Directorate of Companies Registration No. (20695) on 18/08/2013.

Third: Our Vision

To be the most comprehensive in providing innovative financial and banking solutions in Iraq.

Four: Our Mission

Providing the best secure banking services and products to all sectors and segments and delivering them to the various Iraqi governorates.



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Five : Our Values

- 1- Applying the highest levels of professional ethics as a company and as individuals.
- 2- Commitment to the principles and instructions of corporate governance.
- 3- Creativity, innovation, nurturing ideas, and encouraging creativity in providing innovative financial solutions.
- 4- Sustainable social responsibility in contributing to the adoption of community initiatives.

Six: Our Strategic Goals

- 1- Owning the latest technologies and advanced electronic means in accordance with the highest standards of control and governance.
- 2- Reaching the highest standards of governance and financial inclusion in providing banking services and products.
- 3- Develop and innovate the marketing and financing policies necessary to achieve the highest return on equity.

Seven: The Main Strategic Objectives Of The Bank

- 1- During the period of its practice of banking work, the bank worked to achieve its main objectives by providing the best and most advanced banking services to its customers and providing cash and pledged facilities and credits to contribute to the development of the Iraqi economy and the Kurdistan Region through effective participation in all sectors of the economy, including the industrial, agricultural, commercial, housing, construction and health sectors. ...etc.
- 2- In addition, the bank works to raise economic growth rates, so the bank keeps pace with all developments that occur in the Iraqi and foreign banking market and works to apply the highest international standards in managing its banking work.
- 3- Owning the latest advanced technologies and electronic means in accordance with the highest standards of control and governance.



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- 4- Reaching the highest standards of governance and financial inclusion in providing banking services and products.
- 5- Develop and innovate the marketing and financing policies necessary to achieve the highest return on equity

Eight: Sustainable Social Responsibility

The Board of Directors of the Bank believes in the importance of the role that the Bank plays in the local community and its diligent keenness to carry out its role and the social responsibilities that it has taken upon itself. The bank will adopt a strategy of pre-identifying the various needs of the local community by conducting a survey of the needs of the local community, analyzing them, and contributing to the various sectors as part of the strategy adopted by the bank, and in line with the best international banking practices. Sustainable community participation is considered a priority for support aimed at improving social care, building local capabilities, and enhancing the bank's reputation. The bank continues its efforts to assume its sustainable social responsibility by participating in selected events, activities and programs that will be specifically prepared to serve the stated social goals.

During the next five years, the bank will develop plans to contribute to building society by contributing to supporting programs for the social and educational protection network and supporting women in several aspects to enable them to achieve productivity, such as supporting small development projects and taking into account diversification in the sector and the geographical distribution of this contribution.

Nin: Special statement of the bank's core values

Our bank, Erbil Bank for Investment and Finance, has a distinguished administrative structure that expresses good management practices in organizing relations with the Board of Directors, shareholders, and other stakeholders. These relationships address the general framework of the bank's strategy and the channels necessary to implement its objectives. The general framework of corporate governance guarantees fair and equal treatment among all shareholders, and also recognizes all shareholder rights specified by law and confirms that they are provided with all important information about the bank's activity as a joint stock company.



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The commitment of the members of the Board of Directors to their responsibility towards the company and shareholders and publish it on the bank's website and annual report. The bank will also work later to include its annual report in a special report for the public to express the extent of transparency and fairness in disclosing its financial results quarterly, while indicating the extent of the bank's management's commitment to implementing each of its provisions, while denying the reasons for non-compliance - if any - The same applies to any items contained in the corporate governance guide for banks issued by the Central Bank of Iraq that have not been adhered to. In conclusion, the bank will pay close attention based on the directives of the Board of Directors, through its Corporate Governance Committee, with the aim of keeping pace with changes in its needs and expectations and any developments in the banking market and in Iraqi and international legislation, And work to avoid falling into legal conflicts resulting from legislative differences at home and abroad when applying it, and to ensure the full application of the concepts of corporate governance and good management in regulating the relationship between stakeholders and executive management, in a way that guarantees the rights of shareholders, customers, other stakeholders, and other supervisory and external bodies.

BANK'S BOARD OF DIRECTORS

Ten: Formation of the Board of Directors

- 1- The Board of Directors of the Erbil Investment and Finance Bank shall consist of at least seven members, provided that the number of independent members shall not be less than (4) members or one-third of the Board members, with a member representing the minority shareholders who may be among the independent members. The members of the Council shall be elected by the General Assembly for a period of four years by cumulative voting after obtaining the approval of the Central Bank of Iraq. The member may be re-elected for a maximum of a second term. The Chairman and Vice President of the Council shall be elected by the members.
- 2- When forming the council, it must be taken into account that diversity be created through practical and professional experiences and special skills that qualify members to express their opinion in discussions with complete independence. The board should include among its members the managing director and non-executive members who do not hold any positions in the bank.



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- 3- An independent member is defined as a member (whether in his personal capacity or as a representative of a legal person) who does not have any relationship with the bank other than his membership in the Board of Directors, which makes his judgment on matters not affected by any external considerations or matters.

Eleven: Board of Directors Structure:

1. The Board's policy includes appointing an authorized director who possesses integrity, technical competence and banking experience.
2. The Board's approval is required when appointing senior department managers, such as the Compliance Director, Risk Manager, Money Laundering Reporting Director, and Internal Audit Director, and ensuring that they have the required experience.
3. The Board approves succession plans for the bank's executive directors, which include the qualifications and requirements that must be met for the occupants of these positions, and adopts a policy for monitoring and reviewing executive management by setting performance indicators and key results (KPI's and KPR's).

Twelve: The main roles of the Board of Directors

- 1- Approving the bank's plans, including the vision, mission, goals, strategic objectives, and core values of the bank in light of the directives of the general organization, then directing the executive management to implement the plans while monitoring, evaluating, and amending their performance if necessary to ensure the implementation of those plans.
- 2- Supervising the executive management and following up on its performance, ensuring the soundness of the bank's financial conditions and solvency, and adopting appropriate policies and procedures for periodic supervision and control of the bank's performance.
- 3- Adopting a policy to monitor and review the performance of executive management, by setting key performance indicators (KPR Key Performance Result) and (KPI Key performance indicators) to determine, measure and monitor performance and progress towards achieving the bank's institutional goals.



Head Quarter Erbil Branch

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BAGHDAD PHONE: 00964 (0) 7901913062
SULAYMANIYAH PHONE: 00964 (0) 533210217/18 – 00964(0) 7506008989

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SULAYMANIYAH BRANCH: SALEM ST - MEER BLDG, BLDG NO. 169/59
ZAKHO BRANCH: EBRAHIM ALKHALIL ST- BLDG NO. 1933/2

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- 4- Ensure that the bank has policies, plans and work procedures that are comprehensive for all its activities and are in line with relevant legislation. It has been circulated to all administrative levels and is reviewed regularly.
- 5- Determine the “core values” of the bank. Drawing clear lines of responsibility and accountability for all the bank’s activities. And establishing a high culture of ethical standards, integrity and professional behavior for the bank’s administrators.
- 6- Taking responsibility for the integrity of all the bank’s procedures, including its financial conditions and reputation, and responsibility for implementing the requirements of the Central Bank, as well as the requirements of the supervisory authorities and other regulatory bodies related to its work, taking into account “stakeholders”, and that the bank is managed within the framework of legislation, and within the internal policies of the bank, and that effective control is constantly available on its activities. The bank.
- 7- Follow up on the implementation of the decisions of the General Authority,
- 8- Submitting the final accounts and financial statements of the bank and a comprehensive report on the results of implementing the annual plan to the General Assembly for discussion and approval.
- 9- Ensure compliance with international standards in all bank activities and operations.
- 10- Discussing and approving annual plans and budgets related to the bank’s activities and following up on their implementation.
- 11- Forming board committees and selecting their members from among board members or others.
- 12- Approving the selection of candidates to fill executive management positions, evaluating and following up on their performance periodically, supervising and holding them accountable, and obtaining from them a clear explanation of the subject of accountability.
- 13- Appointing and terminating the services of the internal auditor, determining his fees and rewards, and evaluating his performance.
- 14- Approving the bank’s internal control and monitoring systems and reviewing them annually, and ensuring that the internal audit director, in coordination with the external auditor (the auditor), reviews these systems at least once a year. The Council must include in the bank’s annual report confirmation of the adequacy of these systems.
- 15- Ensuring the independence of the external auditor (auditor) from the beginning and on an ongoing basis.
- 16- Adopting an effective risk management strategy and monitoring its implementation, It includes the level of acceptable risk, Ensuring that the bank is not exposed to high risks, The Board must be familiar with the bank’s operational work structure and the risks associated with it.



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And to ensure that there are necessary and sufficient tools and infrastructure to manage risks in the bank. It is capable of identifying, measuring, controlling and monitoring all types of risks to which the bank is exposed.

- 17- Ensuring that the bank applies the basic principles of “good governance,” as stated in the “Rules of Good Governance and the Internal Control System.”
- 18- Ensuring the presence of adequate and reliable management information systems (MIS) that cover all the bank’s activities.
- 19- Spreading the culture of governance in the bank and encouraging all employees and executive management to apply its practices and attend training courses regarding it, in addition to these tasks. The bank should encourage its employees to apply the rules of governance in their institutions, as well as verify that the bank’s credit policy includes the application of corporate governance for its clients, especially companies, so that Risks are assessed with strengths and weaknesses according to their corporate governance practices.
- 20- Ensuring that the bank is in line with sustainability standards (Sustainability principles),
- 21- Taking measures to create a clear separation between the powers of shareholders, who have “qualified possession” on the one hand. And "executive management", on the other hand, with the aim of enhancing sound institutional governance, It must find appropriate mechanisms to limit the influence of shareholders who have “qualified tenure.”
- 22- Approving an organizational structure for the bank that defines a clear administrative hierarchy.
- 23- Determine the executive powers related to the bank’s work (whether the authorized director or the executive management, whether for banking operations, granting credit, or signing transfers, checks, guarantees, guarantees, borrowing, mortgages, and letters of guarantee).
- 24- Approving a succession plan for the bank’s executive management and reviewing it annually.
- 25- Ensure that the Executive Management is informed of the official website of the Anti-Money Laundering Office regarding the lists of freezing terrorist funds on a daily basis, and to inform the Anti-Money Laundering Office and the Banking Control Department at the Central Bank immediately in the event of the presence of a person whose name has been included in the list of freezing terrorist funds.
- 26- Evaluate the performance of the Council as a whole at least once a year and present the results of the evaluation to the General Assembly, by relying on a system to evaluate the Council’s work, provided that this system includes, as a minimum, the following:



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- Setting specific goals, and defining the Council's role in supervising the achievement of these goals, in a way that can be measured periodically.
- Determine key performance indicators for the managing director and the executive management (KPIs & KPRs Key performance indicators) that can be extracted from the bank's strategic objectives and annual work plans and used to measure the performance of the executive management periodically.
- Communication between the Board and shareholders, and the need for this communication to be periodic.
- The periodic meetings between Council with executive management.
- The member's role and duties in Council meetings and the extent of his commitment to attendance, as well as comparing his performance to the performance of other members, Feedback must also be obtained from the member concerned, with the aim of improving the evaluation process

27- Providing the Central Bank of Iraq with information related to the members of the Board or the directors' offices and the executive departments of its subsidiaries inside and outside Iraq, on a semi-annual basis, as well as when any amendment occurs to it.

28- Supervising the quality of disclosure, transparency and information about all the bank.

Thirteen; Board of Directors meetings:

- The number of Board of Directors meeting sessions during the year 2022 was: (10) sessions.
- The number of General Assembly meetings during the year 2022 reached (1) meeting.
- Chairman, the Vice Chairman of the Board of Directors, and the members did not receive any cash compensation during the year 2022.



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LISTED BELOW ARE THE NAMES OF THE (ORIGINAL) CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS AS OF 31/12/2022

S	The name of the Chairman and members of the Board of Directors, according to the commercial registry of the legal person and his nationality	Academic qualifications and practical experience	Amount of contribution to the bank's capital	Membership in council committees	Extent of commitment to attending Council meetings
1.	Muhammad Saadi Ahmed Sayed Muhammad Saeed / Iraqi	Administrative Technical Institute/Accounting Department	26.235,000,000	Chairman of the Governance Committee	Very Good
2.	Bakhtiar Rashid Ismail Gymnastics/Iraqi	Bachelor's degree in Accounting Department	2,000,000	Commissioner Director	Very Good
3.	Naghah Muwaffaq Ahmed Sajat Al-Saadi/Iraqi	Master of Quality Management Bachelor's degree in Management and Economics/Industrial Management Administrative Technical Institute/Management Office	1,000,000	Chairman of the Risk Committee	Very Good
4.	Wissam Talal Tawfiq Mustafa Al-Hayali / Iraqi	Bachelor's degree in Management and Economics/Accounting Department	2,000,000	Chairman of the Audit Committee	Very Good
5.	Chata Faris Muhammad Ahmad Dizaei / Iraqi	Preparatory School of Commerce/Accounting Department	1,000,000	Chairman of the Nominations and Awards Committee	Very Good
6.	Ibrahim Gouda Sadiq Al-Fahham	Bachelor of Commerce	4.080,000		Very Good
7.	Samer Abdel Zahra Salman Abboud Al-Badiri / Iraqi	Bachelor's degree in Computer Engineering	100,000		Very Good



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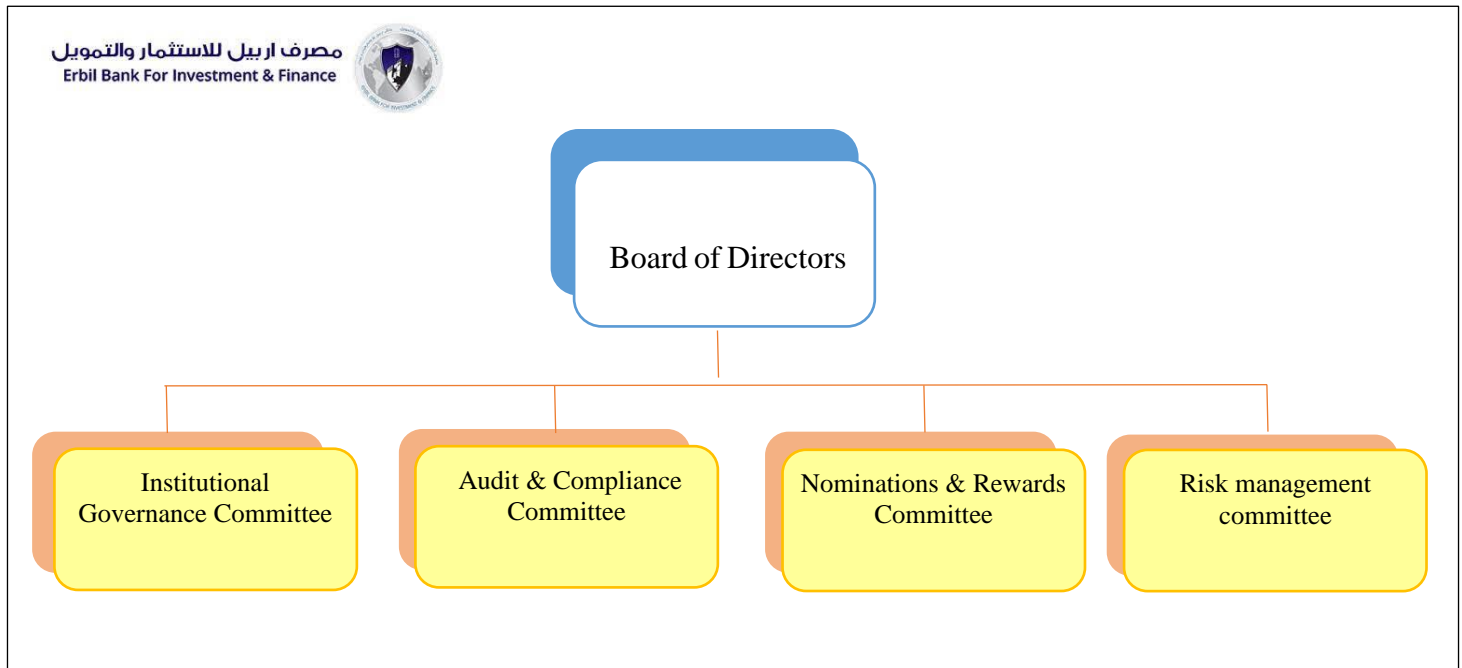
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FOURTEEN: COMMITTEES EMANATING FROM THE BOARD OF DIRECTORS:



First: Audit and Compliance Committee:

- 1- The committee consists of at least three members, who must be independent members of the Board of Directors, consultants, or experts in the financial or auditing fields, with the approval of the Central Bank of Iraq.
- 2- The head of the committee must be an independent member of the Board of Directors, and he may not be a member of any other committee emanating from the Board.
- 3- The Board must ensure that committee members have appropriate financial experience.



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Duties and powers of the committee:

- 1- The scope, results, and adequacy of internal audit, follow-up by the external auditor, and discussion of reports.
- 2- Accounting issues that have a significant impact on the bank's financial statements.
- 3- Internal control and control systems in the bank.
- 4- Ensure compliance with international standards and anti-money laundering in all the bank's activities and operations. The committee has the right to investigate, research and audit any operations, procedures or regulations that it deems affect the strength and safety of the bank.
- 5- Recommending to the Board of Directors to approve the bank's organizational structure, creating, canceling, or merging organizational formations, and specifying and amending the tasks and competencies of these formations.
- 6- Reviewing the annual training and development plan and following up on its implementation, as well as reviewing executive management reports on the status of human resources.
- 7- Reviewing policies and instructions related to appointment, promotion, resignation, and termination of service for all bank employees, including senior executive management, taking into account the provisions of applicable laws.
- 8- Preparing a quarterly report on the committee's work after the end of each fiscal quarter and submitting the report to the Board of Directors.
- 9- Auditing and approving accounting procedures, the annual audit plan, and accounting controls.
- 10- Ensuring the bank's compliance with the disclosures specified by the International Financial Reporting Standards (IFRS), Central Bank instructions, and other relevant legislation and instructions.
- 11- The committee's relationship with the internal auditor.



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- 12- Monitoring compliance and combating money laundering and terrorist financing with the laws, regulations and controls applied to the bank and submitting a report thereon to the Board.
- 13- Reviewing the reports submitted by the bank to the Central Bank of Iraq.
- 14- Submitting the annual report to the Board of Directors to disclose the bank's activities and operations.
- 15- Obtaining any information from the executive management, and it has the right to summon any manager to attend any of its meetings without having the status of a member of the committee, provided that this is stipulated in the internal audit charter.
- 16- The committee meets with the external auditor, the internal auditor, the compliance monitor, and the money laundering and terrorist financing reporting manager (4) at least four times a year without the presence of any member of the executive management.
- 17- Review and monitor the procedures that enable the employee to confidentially report any error in the financial reports, or any other matters. The committee ensures that the necessary arrangements are in place for the independent investigation and protection of the employee, and ensures that the results of the investigation are followed up and treated objectively.
- 18- Reviewing anti-money laundering and counter-terrorism financing reports.
- 19- Follow up on the implementation of business continuity and disaster and crisis recovery programs in coordination with the Information and Communications Technology Committee.
- 20- Ensure that there is no conflict of interest that may result from the bank concluding deals, concluding contracts, or entering into projects with related parties. The committee must review and monitor all transactions of related parties and inform the Board of them.

Second: Risk Management Committee

- 1- The committee shall be composed of at least three non-executive members, provided that the chairman of the committee shall be an independent member
- 2- The committee members must have experience in risk management and the practices and issues associated with it.



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Duties and powers of the committee:

- 1- The committee has the authority to obtain any information, reports or data from the executive management.
- 2- The committee has the right to summon any administrator or request any employee, any member of the executive management, or any member of the Board of Directors to attend its meetings to obtain clarifications it deems necessary if the need arises.
- 3- The committee may obtain consultations and technical support from external sources, provided that this is with the knowledge and approval of the Board of Directors.
- 4- The committee recommends to the Board of Directors to appoint and accept the resignation of the Director of the Risk Department and his deputy, after the approval of the Central Bank of Iraq and after presenting the decision to the Audit and Compliance Committee.
- 5- Research, discuss, and immediately review any material matters or developments that have strategic, credit, market, or operational risks that may have an impact on the bank's financial conditions or reputation, and inform the Board of Directors of any recommendations that the committee deems necessary.
- 6- The responsibility of the Risk Management Committee does not replace the responsibilities of the Board of Directors or the Executive Management with regard to oversight of risk management, and it also does not affect the ability of the Board of Directors to communicate directly with the Executive Management or the risk manager.
- 7- Ensuring compliance with international standards in all bank activities and operations.
- 8- Review the scope of risk management application annually and ensure that it includes all risks to which the bank may be exposed. The committee also submits an annual report on the results of its work to the Board of Directors.
- 9- Submitting periodic reports to the Board that include essential information and developments that affect the bank's risk management and a statement of risks that exceed the approved acceptable risk limits.



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- 10- Contribute to defining risk management methodologies that ensure identification of risks and cover all the bank's activities and departments, and submit periodic reports on the results of applying these methodologies to the Board of Directors.
- 11- Supervising the preparation of risk management policies and ensuring their comprehensiveness.
- 12- Ensuring the independence of the risk department by submitting its reports directly to it, ensuring that the risk department is granted the necessary powers to enable it to obtain information from the various departments of the bank to perform its duties effectively, and ensuring that it continues to be provided with adequate and trained human resources, in line with the instructions of the Central Bank issued in this regard. The special.
- 13- Reviewing the committee's charter every 3 years and/or whenever necessary and submitting any amendments to it to the Board of Directors for approval.
- 14- Approval of the annual plan for the Risks Department, which includes all the main tasks entrusted to be implemented by the department.
- 15- Compliance with the provisions contained in the bank's corporate governance manual.
- 16- Reviewing the bank's risk management strategy before its approval by the Board.
- 17- Reviewing the credit policy and submitting recommendations thereon to the Board of Directors for the purpose of approval, as well as supervising the implementation of the credit policy proposed by them.
- 18- Monitoring the "fiduciary risks" that the bank bears, whether related to the "standard approach" or the "access based on internal classification," "operational risk," "market risk," "supervisory review," and "market discipline" mentioned in the decisions that Issued by the Basel Committee on Banking Supervision.
- 19- Determine credit ceilings that exceed the authority of the authorized director or the regional director.
- 20- Monitoring the bank's ability to avoid liquidity risks in accordance with Basel decisions (III), including liquidity standards.
- 21- Recommending abandoning activities that cause risks to the bank and which it does not have the ability to confront.



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- 22- Ensuring the bank's compliance with regulations, instructions and policies related to risk management.
- 23- Periodically reviewing the risk management policy proposed by the bank's senior management and submitting recommendations thereon to the Board for approval and approval.
- 24- Supervising senior management's procedures towards compliance with the bank's approved risk policies.
- 25- Continuous communication with the Director of the Risk Department and obtaining periodic reports from him on matters related to the current status of risks in the bank and the risk culture, in addition to reports on the limits and ceilings set and any violations thereof and risk avoidance plans.
- 26- Supervising capital strategies, liquidity management, and all relevant risk management strategies to ensure their compliance with the bank's approved risk framework.
- 27- It receives periodic reports from the committees emanating from the executive management (credit, investment, information and communications technology, asset and liability management).
- 28- Reviewing the investment policy and submitting recommendations thereon to the Board of Directors for the purpose of approval, as well as supervising the implementation of the investment policy proposed by them.
- 29- Evaluating the performance of the investment portfolio in terms of return and risk with regard to the bank's internal and external investments, and continuous monitoring of indicators and movement of local and external capital markets.

Third: Nomination and Remuneration Committee:

1. The committee consists of at least three members who must be independent or non-executive members
2. The committee chairman must be an independent member.



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Duties and powers of the committee:

- 1- Determining the persons qualified to join the membership of the Board of Directors or senior management in the bank, except for identifying the persons qualified to work as Director of Internal Audit, which is the responsibility of the Audit and Compliance Committee.
- 2- Preparing a remuneration policy and submitting it to the Board of Directors for approval and supervising its implementation.

Fourth: Institutional Governance Committee:

1. The committee consists of three members, the majority of whom are independent and non-executive members.
2. The committee includes the Chairman of the Council.

Duties and powers of the committee:

1. Reviewing the application of the corporate governance guide, supervising its preparation at the bank, according to the size of the bank's operations and the multiplicity and diversity of its activities, updating it and monitoring its application.
2. Preparing a governance report and including it in the bank's annual report.
3. Ensure that the bank applies corporate governance principles and sound practices.



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Fifteen: Activities that the bank provides to its customers:

1. Opening current and savings accounts.
2. Accepting cash deposits for a period of (three months, six months, one year).
3. Organizing external and internal transfers in the Iraqi dinar, US dollar, and euro.
4. Accepting external and internal incoming transfers in the Iraqi dinar, US dollar, and euro.
5. Opening documentary credits (import and export) in the Iraqi dinar, US dollar, and euro.
6. Granting cash credits in the currencies of the Iraqi dinar and the US dollar.
7. Issuing all types of external and internal letters of guarantee in the currencies of the Iraqi dinar and the US dollar.
8. Issuing credit cards (MasterCard) and increasing the number of ATMs to (18) distributed in the governorates of Iraq (Erbil, Baghdad, Sulaymaniyah, Zakho).
9. Electronic payment service via the Internet
10. Localization of salaries
11. Issuing bills and certified instruments in the currencies of the Iraqi dinar and the US dollar.
12. Buying and selling foreign currencies.



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Sixteen: Contracts concluded during the year 2022:

a- Information technology contracts

S	Contract name	Type of Contract	Company Name
1.	Device and equipment maintenance contract	Annual	Private
2.	Compliance contract with (internal and external IT audit, implementation of the card security standard, PCI-DSS, implementation of the User Security Program CSP standard)	Annual	Company is registered on QSA
3.	Holding a service level agreement license for databases	Annual	Private
4.	Backup system supply contract	Annual	Private
5.	Supply contract for IT service management programs	Annual	Private
6.	Contract for preparing an electronic archiving system	Annual	Private

B- Other Contracts.

1. A contract to implement the International Financial Reporting Standard (IFRSQ) for the quarterly and final data for the year 2022 with Iraqna Consulting Company.
2. Contract with Erbil International Hotel.
3. A contract with Yana Company for electronic payment services.
4. Contract with Newroz Company.
5. Contract with the pesticide and rodenticide company.
6. Capital banking solution maintenance agreement.



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Seventeen: International Banking Relations:

The bank worked to expand its services by establishing banking relationships with reputable international banks and focused on investing in relationships to provide good services to customers and facilitate their transactions outside Iraq with regard to documentary credits and external letters of guarantee.

Eighteen: bank's correspondent network:

The bank has a large number of external correspondents, who in turn have a wide network with banks around the world and provide the best and fastest services in the field of foreign banking transactions. (Documentary credits, outgoing and incoming transfers, letters of guarantee...)

Below are these banks:

1- The number of correspondents with whom we have current accounts and banking relationships reached 14:

S	Correspondent Name	Country Name
1.	Al Jazira Bank	Saudi Arabia
2.	Arab African international bank	United Arab Emirates
3.	Turkish Al-Baraka Bank	Türkiye
4.	Jordanian Capital Bank	Canada
5.	Fransa bank	Jordan
6.	Housing Bank for Trade and Finance	Lebanon
7.	Intercontinental Bank	Jordan
8.	Turkish Vakif Bank	Lebanon
9.	Bank of Beirut	Türkiye
10.	Golden Global Bank	Beirut



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11	MAQAM BANK	AZERBAIJAN
12	BANQUE MISR	UAE
13	TURKISH NORAL BANK	TÜRKIYE
14	JORDAN INVESTMENT BANK	JORDAN

The bank works to establish banking relationships and open current accounts with a number of external correspondents, including European banks.

The bank and its branches have current accounts and banking relationships with multiple local banks:

First :

- A- Central Bank - Baghdad.
- B- Central Bank - Erbil.
- C- Central Bank - Sulaymaniyah.

Second:

- A- The Iraqi Trade Bank, Baghdad + Erbil.
- B- Al-Shemal Erbil + Sulaymaniyah.
- C- Regional trade Bank (RT Bank) - Erbil.
- D- Turkish Al Baraka Bank - Erbil.
- E- Cihan Islamic Bank - Erbil.
- F- Al-Qartas Islamic Bank - Erbil



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NINETEEN.: BANK BRANCHES AND ADDRESSES:

1- General Administration and Erbil Branch:

Iraq - Erbil - Khanqa Street - opposite the Ministry of Municipalities.

Tel: 00964(66)902235489/90

E-Mail: info@erbilbank.com.iq

Baghdad Branch:

Baghdad - ARSAT AL-HENDYA Street, Neighborhood /929, Alley/50, House/31

E-Mail: infob@erbilbank.com.iq

Sulaymaniyah Branch:

Sulaymaniyah - Salem Street - Mir Building - Building No. 169/59

Tel: 00964(533) 210217/18

E-Mail: infos@erbilbank.com.iq

Zakho Branch

Dohuk/Zakho, Ibrahim Al-Khalil Street.

Tel: 096400627650696

E-Mail: infoz@erbilbank.com.iq



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TWENTY: EMPLOYEES WHO RECEIVED THE HIGHEST SALARIES DURING THE YEAR 2022:

S	NAME
1.	BAREZ GHAZI YABA.
2.	AASO SALAM MOULUD.
3.	MUHAMMAD TALAAT MUHAMMAD AMIN.
4.	NABIL IBRAHIM ISMAIL.

Twenty-one: Statistics on the educational levels of the bank's employees

Scientific Level	Accountant	M.A. Degree	Bachelor's Degree	Diploma	Preparatory School and Below	Total
Number	1	1	69	8	34	113

Twenty-two: Names of shareholders with a percentage of 5% or more in the bank's capital

S	FOUNDERS' NAMES	Shares Number
1.	AMIN AHMED SAYED MUHAMMAD SAEED/ IRAQI	26,235,000,000
2.	MUHAMMAD SAADI AHMED SAYED MUHAMMAD SAEED / IRAQI	26,235,000,000
3.	KHALED AHMED SAYED MUHAMMAD SAEED/IRAQI	26,235,000,000
4.	ASO MUHAMMAD ALI / IRAQI	10,098,000,000
5.	ALMAS MUHAMMAD RASHID / IRAQI	21,509,000,000



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6.	AHMED KHALED AHMED SAYED MUHAMMAD SAEED / IRAQI	26,235,000,000
7.	ABDUL QADER KHALED AHMED SAYED MUHAMMAD SAEED / IRAQI	26,235,000,000
8.	ISMAIL MUHAMMAD ALI / IRAQI	26,235,000,000
9.	HISHO AMIN AHMED SAYED MUHAMMAD / IRAQI	10,988,400,000

Twenty-Three: Accounting Policy:

- 1- The bank relies on presenting its accounts in accordance with local accounting principles and standards and instructions issued by the Central Bank of Iraq as a sector-based entity based on the principles and controls established in the unified accounting system for banks and the provisions and laws in accordance with the following principles:
- 2- Calculating amortizations using the straight-line method.
- 3- Approval of local prices for foreign currencies by the Central Bank of Iraq.
- 4- Adopting the accrual principle to record revenues and expenses.

Twenty-four: The bank's anti-money laundering policy:

The bank, through the committees formed in the bank and shown below, conducts a daily audit of all financial and banking transactions and ensures their integrity and conformity with the instructions, reports, and circulars issued by the Central Bank of Iraq, the Anti-Money Laundering Office, and the relevant government departments and organizations.

Taking into account the application of all regulatory and guidance regulations issued in this regard. If there is any doubt about any transaction, it will be reported immediately to the competent government authorities. The bank also applies the strictest articles of the Central Bank of Iraq Law, the Banking Law, and the Anti-Money Laundering Law to all banking transactions in a transparent and accurate manner.



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- The percentage of credit concentrations for the ten largest customer borrowers must not exceed 30% of the total credit granted that is active (non-defaulting). The Risk Department suggests that the percentage be 25% as a maximum in order to avoid reaching the Central Bank percentage mentioned previously.
- The percentage of credit concentrations of a person with related persons and companies affiliated with him and in which he has an interest must not exceed 25% of the basic capital of the bank. The Risk Department suggests that the percentage be 25% as a maximum, in order to avoid reaching the Central Bank percentage mentioned previously.

• **RATIO OF CASH CREDIT TO DEPOSITS;**

The percentage required of us and imposed by the Central Bank is 75% as a maximum. The Risk Management Department suggests that the percentage be 65% as a maximum in order to avoid reaching the previously mentioned Central Bank percentage. Adherence to the bank's policies and procedures for granting credit and adhering to the guidelines issued by the Central Bank and working with them to reduce risks and spare the bank from potential losses resulting from those risks.

• **Ratio of total credits to the bank's capital and sound reserves:**

The percentage required of us and imposed by the Central Bank is 30% as a minimum. The Risk Management Department suggests that the percentage be 50% as a maximum, therefore, to avoid reaching the previously denied Central Bank percentage.

1- **Acceptable risk limits for liquidity**

- **Liquidity Ratio:** The percentage required of us and imposed by the Central Bank is 30% as a minimum. The Risk Management Department suggests that the percentage be 50% as a minimum.

The bank maintains a high percentage of liquidity due to the presence of large non-core deposits in the bank and is exposed to sudden withdrawals.

- **Liquidity Coverage Ratio (LCR):** The percentage required of us and imposed by the Central Bank is 100% as a minimum. The Risk Management Department suggests that the percentage be 95% as a minimum in order to avoid reaching the Central Bank percentage mentioned previously.



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Twenty-Five: The Bank's Risk Management Policy:

THE OBJECTIVES OF THE RISK MANAGEMENT DEPARTMENT

- 1- The Risk Department aims to create a unified reference with regard to policies and procedures related to risk management, which include laws, regulations, instructions and circulars issued by regulatory authorities and international standards issued by international institutions approved to perform risk management tasks within the bank. It applies to all practices related to risk management in the bank, taking into account the following points:
- 2- The Board of Directors, Executive Management and all employees are committed to working in accordance with the risk management controls for commercial banks issued by the Central Bank of Iraq.
- 3- The Board of Directors ensures follow-up and supervision of the work of risk management within the bank.
- 4- All policies are mandatory and apply to all risk management employees.

Acceptable Risk Limits Risk Tolerance

Limits Of Acceptable Risks For Credit:

Credit Portfolio:

TYPE OF LOAN	LIMITS	
	MINIMUM	MAXIMUM
PERSON'S	%30	%50
REAL ESTATE	%30	%50



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2- Acceptable risk limits for Sectoral focus

• Sectoral Focus:

According to the bank's activities, as follows:

Sector	LIMITS	
	MINIMUM	MINIMUM
Agriculture	% 2	% 7
Industry	% 5	% 15
Commercial	% 25	% 40
Tourist	% 2	% 10
Service	% 15	% 25
Structural	% 30	% 40
Transport	% 1	% 5

• Geographical Focus:

According to the bank's branches spread across the governorates (Erbil - Baghdad - Sulaymaniyah - Zakho) as follows:

Location	LIMITS	
	MINIMUM	MINIMUM
Baghdad	% 20	% 30
Erbil	% 35	% 45
Sulaymaniyah	% 35	% 45
Zakho	% 10	% 20



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- **Stable Funding Ratio (NSFR):** The percentage required of us and imposed by the Central Bank is 100% as a minimum. The Risk Management Department suggests that the percentage be 95% as a minimum in order to avoid reaching the Central Bank percentage mentioned previously.
- **Capital Adequacy Ratio:** According to Basel decisions, the percentage we are required to do is 8% as a minimum. According to the instructions of the Central Bank, it is 12% as a minimum, and the bank is obligated to reduce this percentage.
- **Adequacy of Credit Allocations:** For the purpose of reducing credit losses and preventing the bank from being exposed to loss as a result of non-performing credit, the bank must set provisions for credit losses, if any, and they are calculated monthly and, in the percentages, mentioned below and according to their agency classification: -
 - a- EXCELLENT credit: no allowance
 - b- Good credit: 2% of the total good credit amounts.
 - c- Average credit: 10% of the total average credit.
 - d- Below average credit: 25% of the total average credit.
 - e- Bad credit: 50% of the total bad credit.
 - f- Losing credit: 100% of the total lost credit. Excluded from the classification and allocation are credit granted with in-kind guarantees that can be quickly and easily available, such as (fixed deposits - savings deposits - gold mortgage - stock mortgage if they are sellable quickly and at a price equivalent to at least double the credit granted, and they are considered among the excellent credit in the classification unless they are due for repayment.
- **Individual Focus:** The goal of this indicator is to identify and analyze concentrations of deposits at the level of all the bank's clients, including individuals, companies, and government agencies. The Risk Management Department suggests that the ratio should not exceed what is a minimum in order to avoid reaching the Central Bank ratio mentioned previously.



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• **Guarantee Focus:**

According to the type of guarantees used by the bank, as follows:

TYPE OF LOAN	LIMITS	
	MINIMUM	MAXIMUM
PERSON'S	%30	%45
REAL ESTATE	%55	%70

The bank must take caution and avoid some of the things that cause problems in the process of granting credit, including:

- 1- Self-interest prevails: Excessive granting of credit to related people, major shareholders, and high-ranking employees.
- 2- Concern about income: The revenue factor is never allowed to outweigh the safety of the bank because the credits granted carry significant credit risks or the conditions for their repayment are insufficient.
- 3- Compromise solutions regarding credit principles: Not granting credit that violates the principles of granting for reasons of shyness, friendship, or conflict of personal interest.
- 4- Incomplete credit information: Complete credit information is a rational way to determine the financial ability of borrowers, and lack of information leads to bad credit.
- 5- Failure to contract or implement payment agreements: Granting credit without a clear agreement leads to the borrower not repaying.



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- 6- It is necessary to avoid granting loans that carry high credit risks, such as:
- Loans that focus on expectations of the success of completing a business deal rather than on property rights.
 - Guarantees taken without an adequate margin of safety

3- Limits Of Acceptable Operational Risks

- The system is not allowed to be interrupted for more than 10 minutes maximum
- An employee is not allowed to hold two jobs in the same bank.
- The customer is not allowed to wait for a specific period of time not exceeding 10 minutes.
- All customer complaints will be resolved on the same day, with a maximum of two business days.

Twenty-six: The bank's goals, procedures, and objectives to reduce carbon emissions:

- 1- Projects, activities. Products and services that meet the principles of sustainable finance and are included within the criteria for sustainable projects, activities, products and services.
- 2- The project, activity, product or service in question must receive investment, financing or credit if the activities provide priority to efficiency and effectiveness in the use of natural resources in a sustainable manner, and prevent, limit, reduce, correct and provide solutions for environmental damage, increased pollution, waste, ecosystem damage, social injustice, inequality or people. Those facing the impacts of climate change.
- 3- Reference to the definition of sustainable business activities.

Below are the criteria for sustainable projects:

- A- **Efficiency and effectiveness:** To give priority to efficiency and effectiveness in using natural resources in a sustainable manner, Including the efficient use of input materials and alternative input materials, the effective use of clean energy, water saving, and the use of non-conventional water sources,



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فرع السلیمانیة: شارع سالم- عمارة مير رقم البناية ٥٩/١٦٩
فرع زاخو: شارع إبراهيم خليل- رقم البناية ٢/١٩٣٣



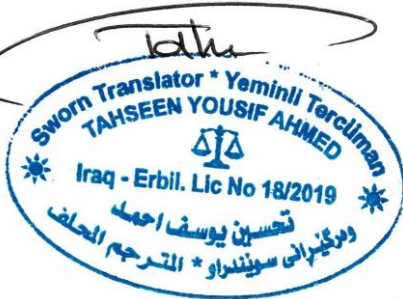
- B- Mitigation:** To prevent, limit, reduce and repair environmental damage, increased pollution, waste, damage to ecosystems, and social inequalities/inequalities, including preventing and treating pollution/waste, not provoking and influencing social conflict, and creating an impact on improving the well-being of society, and protecting the environment and production using low carbon processes.
- C- Adaptation:** To provide solutions for people facing the impacts of climate change, Including renewing technology to save energy and reduce emissions, conserve resources and recycle, and improve the well-being of affected communities.

**Erbil Bank for Investment and
Finance/Private joint stock company
General administration
Stamp**

**Chairman of the Board
MOHAMED SAADI AHMED SAYED
MOHAMED SAEED**

**KHAWLA KHALED FATHI
Assistant Authorized Manager**

**Saad Rashid Jassim and his
partner company for
monitoring and auditing
accounts (joint company)**



Head Quarter Erbil Branch

KHANQA ST- Erbil. Opposite to Ministry of Municipalities, P.O. Box 20/384 Erbil
ERBIL PHONE: 00964(0) 662235489/90 – 00964 (0) 7509008989
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SULAYMANIYAH PHONE: 00964 (0) 533210217/18 – 00964(0) 7506008989

MAIN BRANCH: BAGHDAD - ARASAT AL-HINDIYA - D/929 A/50 H/31
SULAYMANIYAH BRANCH: SALEM ST - MEER BLDG, BLDG NO. 169/59
ZAKHO BRANCH: EBRAHIM ALKHALIL ST- BLDG NO. 1933/2

الإدارة العامة وفرع أربيل

إدارة العامة – أربيل- شارع خانقا- مقابل وزارة البلديات صندوق بريد ٢٠١٣٨٤
هاتف أربيل: ٠٠٩٦٤٠٧٥٠٩٠٠٨٩٨٩ – ٠٠٩٦٤٠٦٦٢٢٣٥٤٨٩/٩٠
هاتف بغداد: ٠٠٩٦٤٠٧٩٠١٩١٣٠٦٢
هاتف سلیمانیه: ٠٠٩٦٤٠٥٣٣٢١٠٢١٧/١٨ – ٠٠٩٦٤٠٧٥٠٦٠٠٨٩٨٩

الفرع الرئيسي: بغداد – عرصات الهندية – م/٩٢٩ ز/٥٠ د/٣١

فرع السلیمانیة: شارع سالم- عمارة مير رقم البناية ٥٩/١٦٩

فرع زاخو: شارع إبراهيم خليل- رقم البناية ٢/١٩٣٣

Erbil Bank for Investment and Finance (private joint stock company)
Financial statements for the year ending on
31 December 2022

Abbas Ali Abbas
Chartered accountant and auditor
Member of the Iraqi Society of Certified Public Accountants
From Saad Rashid Jassim Company and a partner in monitoring and
auditing accounts - joint -
License Number: 222



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Ref. No. : 174/23

Date: 14/05/2023

To/ Gentlemen shareholders Erbil Bank for Investment and Finance
(private joint stock company)-Erbil

Topic

We have examined the balance sheet of Erbil Bank for Investment and Finance (private joint stock company) as of 31/12/2021, as well as the accounts of the company's activity results, as well as the data and statements related to it for the year ending on that date, the clarifications in the sequence from (1) to (22) and the annual report of the bank's management the annual management report prepared in accordance with the requirements of the provisions of companies law no. (21) of (1997), and banking law no. (94) of 2004 in accordance with recognized local and international auditing standards and the regulations and instructions issued pursuant thereto.

The information and clarifications that we obtained, which in our opinion were necessary, are the maximum that we could obtain to perform our mission, which we carried out in accordance with applicable legislation and in accordance with recognized audit procedures, which included the necessary tests for aspects of the company's activities that fall within our jurisdiction.

Responsibility of Company Management:

The company's management is responsible for preparing these data and disclosing them fairly in accordance with local and international accounting rules and standards, in addition to its responsibility for preparing and implementing the internal control system with regard to the preparation and disclosure of financial statements in a fair and free manner from fundamental errors resulting from mistakes and manipulation. This responsibility also includes choosing Apply appropriate accounting policies and use appropriate accounting estimates.

Responsibility of the Auditor:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to manipulation, fraud or error, and to issue an audit report that includes our opinion.

Reasonable certainty is a high level of certainty, but does not guarantee that an audit performed by us in accordance with auditing standards will always detect material misstatements when they exist. Misstatement may arise from manipulation, fraud or error and is considered material if it could reasonably be expected, individually or in the aggregate, to influence the economic decisions of beneficiaries taken on the basis of that data.



Supporting the amounts appearing in the general budget and other final accounts for the fiscal year ending on December 31, 2022, and disclosing them. It also includes a fair evaluation of the accounting principles adopted by management. We believe that our audit provides a reasonable basis for the opinion we express and we have the following clarifications and observations:

First: Applying international accounting standards

- 1- The bank still relies on the principle of recording at historical cost in valuing property, buildings, equipment and other assets instead of revaluing them based on their fair value.
- 2- The bank reserved the calculation of expected credit losses (ECL) for the purpose of applying international standard No. (9), which Iraqna Consulting Company calculated according to the methodology established for applying the standard, as well as in accordance with the instructions of the Central Bank of Iraq No. (4) for the year 2010, and the results were as in the table below:

Credit Type	Provision for expected losses according to standard (9) (one thousand dinars) Iraqna Consulting Company	Provision for credit losses in accordance with Guiding Regulations No. (4) of 2010 (thousand dinars)	Provision for credit losses according to accounting records (thousand dinars) 3625825	deviation Thousand dinars
Pledge in Cash	30751633 3484996	27379935 2583804	31625825 5848099	+ 874192 + 2363103
Total	34236629	29963739	37473924	

We recommend adhering to the methodology established for applying International Financial Reporting Standard No. (9) by reclassifying credit into productive and non-producing.

Second: Later events

Based on the letter of the Central Bank of Iraq No. 95/2/9, on 08/02/2023, addressed to all licensed banks, which stipulates that these banks adopt the exchange rate of (1310) Iraqi dinars against the US dollar instead of the previous rate of (1460) Iraqi dinars against the US dollar. 1460) Iraqi dinar against the US dollar. This event is considered a fundamental event that has an impact on the financial statements of the bank, which will determine its material impact on the financial statements in the year 2023.



Third: Cash

1. The cash balance amounted to (240,016,943) thousand dinars, net, on 31/12/2022 compared to the previous year, which amounted to (227,301,124) thousand dinars, with an increase of (12,715,819) thousand dinars.
2. The prices of foreign currencies against the Iraqi dinar in the bank's accounting records as of 31/12/2022 were according to the table below:

Currency Type	Exchange Rate
U.S. Dollar	1460
Euro	1800

3. The form of cash in the strong vaults on 31/12/2022 was (77,099,655) thousand dinars, i.e. a percentage of (%26) of the total money, which is a high percentage. Therefore, we recommend investing this money or depositing it in the bank account opened with the Central Bank of Iraq.
4. The bank relied on SWIFTs issued by some external and internal banks for matching purposes on 31/12/2022 due to the lack of receipt of letters confirming balances from those banks despite the request for those confirmations and confirmation of them by the bank.
5. The bank carried out reconciliation of the balances of the Central Bank of Iraq and the external and internal banks, and it was found that there were differences in some balances. The necessary adjustments were made in January 2023.
6. Within the current account of the Central Bank of Iraq, an amount of (89,928,335) thousand dinars represents the securities seized in the Kurdistan Region. We recommend moving to the region for the purpose of obtaining the value of these instruments, according to the directives of the Central Bank of Iraq, noting that the bank has built an allocation for the risks of the Kurdistan Region over a period of five years.

Fourth: Solvency and financial liquidity

1. The liquidity coverage ratio (LCR) and the stable financing ratio (NSFR) increased from (162%) and (146%) for the year 2021 to (175%) and (159%) for the year 2022, compared to the ratio required by the Central Bank of Iraq of (100%). This is an indicator that shows the bank's ability to meet future obligations.
2. The capital adequacy ratio reached (55%) compared to the specified ratio of (12%), so we recommend maintaining the ratio specified by the Central Bank of Iraq.



3. The coverage ratio (cash balances in the tanks to customer deposits and current accounts) reached (60%) compared to the standard ratio of (5%). We recommend adhering to the ratio specified by the Central Bank of Iraq

Fifth: Cash Credit

1. Although the cash credit balance decreased on 31/12/2021 from (176,635,297) thousand dinars as of 31/12/2021 to (166,920,817) thousand dinars as of 31/12/2021 after deducting the expected credit allocations for the previous fiscal year, it is still an amount The reduction is less than what is required, so we recommend taking the necessary measures to reduce the amount of cash credit.
2. The profits achieved as a result of granting cash credit on 31/12/2021 amounted to (4,705,386) thousand dinars, which represents (24%) of the total revenues.
3. Most of the cash credit, whether productive or non-productive (overdraft / loans / advances), is backed by a real estate guarantee, and this poses a risk to the bank in the event that it is exposed to the customer's failure to pay, as despite the strength of the real estate guarantee, there is difficulty in liquidating and selling it, and thus the bank will be forced to build allocations on the value of these properties and thus constitutes a financial burden on the bank.
4. The percentage of cash credit granted to the largest (20) borrowers to the total credit amounted to (90%), and most of the credits are non-performing and were granted for a long period of time. We recommend taking the necessary measures to urge borrowers to repay and take legal measures for defaulters because this leads to credit risks and then liquidity risks.
5. There are no credits granted to related parties according to the instructions of the Central Bank of Iraq, No. 219/6/9 on 23/02/2020.
6. The bank granted a debit/overdraft that exceeded 10% of the capital and proper reserves, and this is considered a violation. We recommend correcting this situation.
7. The balance of the debtors' account/private sector/companies and associations on 31/12/2021 reached (45,527,180) thousand dinars compared to the year 2021. The amounts are (33,081,075) thousand dinars, which represents the fines imposed on the companies that entered the currency auction and due to the invalidity of customs permits and others. The bank did not analyze the account and demands from the authorities for the purpose of collecting amounts and not calculating the necessary allocations.
8. The ratio of total credit to deposits as of 31/12/2021 was (154%) compared to the ratio specified by the Central Bank of Iraq of (75%). We recommend adhering to the instructions, noting that the Central Bank of Iraq prevented the bank from granting cash credit according to their letter number 7668/2/9 on 29/03/2022.



9. The total credit, whether it is current debits or loans and advances granted to finance the commercial sector, constitutes an incorrect indicator and may expose the bank to risks if the commercial sector is exposed to any negative situation.
10. A portion of the current debit granted in the dollar currency was converted into the dinar currency based on the approval of the Central Bank of Iraq in their letter No. 30439/2/9 and dated 11/27/2022.

Sixth: Pledged Credit:

1. The balance of letters of guarantee and documentary credits on 31/12/2022 amounted to (184,244,970) thousand dinars compared to the previous year (252,411,213) thousand dinars, and the cash guarantees obtained in return for these credits amounted to (55,054,792) thousand dinars, which represents (30%) of reliable guarantees in exchange for These obligations.
2. The balance of the provision for pledged credit risks amounted to (5,848,099) thousand dinars, which is the same allocation for the previous year. We recommend that the allocations be calculated in accordance with International Accounting Standards No. (9).

Seventh: Investments:

1. The bank did not play an effective role for the purpose of stimulating investment, as the bank is an investor in the Iraqi Deposit Guarantee Company only with an amount of (789,474) thousand dinars. We recommend activating this activity in resources that will generate profits for the bank.
2. The ratio of investment to capital and sound reserves was (0.30%), which is a small percentage compared to the ratio specified by the Central Bank of Iraq as a maximum (20%).

Eighth: Customer Deposits/Current Accounts:

- 1- credit current account balances amounted to (106,523,978) thousand dinars on 31/12/2022, compared to (73,991,763) thousand dinars for the previous year, i.e. an increase rate of (44%). This indicator shows the progressive growth of the bank's capabilities to attract deposits.
- 2- Credit current accounts constituted 22% of the total liabilities and property rights, which is a small percentage indicating that the bank is still relying on its own resources.
- 3- Some current accounts appeared contrary to their nature, and this is a dangerous indicator. We recommend addressing these risks.
- 4- Some accounts contain a balance and have not moved for several years, so these are considered dormant accounts according to Article (37) of the Banking Law No. (94) of 2004. We recommend taking appropriate action regarding them.



Ninth: Other liabilities:

The balance of other liabilities amounted to (15,231,380) thousand Iraqi dinars on 31/12/2022, the details of which are shown in Note No. (10) attached to the financial statements. The following accounts were examined:

1. The balance of the bank's approved (certified) instruments on 31/12/2022 reached (1,132,539) thousand dinars. We recommend that these bonds be liquidated.
2. The balance of stamp fees due on 31/12/2022 amounted to (377,778) thousand dinars. We recommend paying it to the Ministry of Finance as soon as possible.

Tenth: Shareholders' Rights

- 1- The bank was established based on the certificate of incorporation numbered MSH-01-69202 on 4/20/2009 issued by the Companies Registration Department with a capital of (50,000,000) thousand Iraqi dinars. The bank's capital was increased to (100,000,000) thousand Iraqi dinars according to the letter of the Companies Registration Department. Number 12912 on 09/06/2010, then the capital was increased to (150,000,000) thousand Iraqi dinars according to the letter of the Companies Registration Department, number 18251 on 04/09/2012, then the General Authority decided to increase the capital to (200,000,000) thousand on 24/11/2012. The bank's capital was increased to (265,000,000) thousand during the year 2013 according to the Danara Company Registration Letter No. (20695) dated 18/08/2013.
- 2- The balance of retained profits from the year 2021 reached (24,962,484) thousand Iraqi dinars, and the retained losses from the year 2021 reached (26,171,996) thousand Iraqi dinars. The bank achieved profits for the year 2022 in the amount of (931,166) thousand dinars.
- 3- **The bank took the following measures:**
 - a. Extinguishing the deficit amounting to (17,278,780) thousand Iraqi dinars for the year 2020 from the profit reserve.
 - b. (6,000,000) thousand Iraqi dinars were reversed from the profit reserve balance to the Kurdistan Region Balance Loss Allowance account based on the letter of the Central Bank of Iraq No. 3917/2/9, dated 14/02/2022.
 - c. An amount of (139,674) thousand Iraqi dinars was allocated from this year's profits to the income tax allocation.
 - d. Reversing the amount of (39,575) thousand dinars from this year's profits to the legal reserve account to become (3,040,070) thousand dinars on 31/12/2022.
 - e. Adding an amount of (751,917) thousand dinars to the dividend distribution reserve account, so the balance becomes (2,435,621) thousand dinars as of 31/12/2022.
 - f. The balance of (8,893,216) thousand dinars represents the accumulated deficit retained from the year 2021.



Eleven: Money Laundering

Through our examination of the accounting records and our review of the nature of the banking operations carried out by the bank during the year subject to the audit, as well as our study of the reports of the Reporting Department on money laundering and terrorist financing sent to the Central Bank of Iraq, We noticed that the bank has taken sufficient measures to prevent money laundering or terrorist financing by implementing the (AML) system according to the directives of the Central Bank of Iraq, as this system (AML) is linked to the main system (ICBS) and is linked from a fixed point to the global system (WORK CHEEK) and this system It works normally from managing alerts for banking operations.

Twelve: Internal Control

The internal control reports were comprehensive for the bank's activities, and the internal control system includes the necessary procedures through which this department can carry out internal control over the bank's activities. According to the expansion of its activity, we recommend the necessity of taking into account the reports of the internal control department and implementing them.

Thirteen: Legal Cases

First: Private claims against the bank by others

- 1- FADAA AL-RAFIDAIN Company's lawsuit in the amount of (514,000) thousand Iraqi dinars for the letter of guarantee numbered (2017/39) to the plaintiff, the General Electricity Distribution Company.
- 2- THIMAR AL SIDRA Company's lawsuit in the amount of (4,000,000) US dollars for the letter of guarantee numbered (2010/20) to the plaintiff, the General Company for Grain Trading.
- 3- BALAD AL-ZUHOOR Company's lawsuit in the amount of (3,217,500) US dollars for the letter of guarantee numbered (2011/19) to the plaintiff, the General Grain Trading Company.
- 4- MAWARED ALIRAQI Company's lawsuit in the amount of (1,845,000) US dollars for the numbered letter of guarantee (2010/5) for the plaintiff, the General Grain Trading Company
- 5- Lawsuit No. (1377/B 6/2020) in the Court of First Instance for the plaintiff, Muhammad Haji Qadir.

Secondly: Lawsuits Filed by the Bank Against Others

- 1- lawsuit No. (315/B) against Omid Gharib Hama Company.
- 2- lawsuit No. (1783/B/2019) against Karnas Company.



Fourteen: Risks

All risk management reports comply with the instructions and controls issued in the Supervisory Work Guide/Risk Management Controls issued by the Central Bank of Iraq No. 362/6/9 on 24/10/2021.

Fifteen: Compliance Monitor

The reports of the Compliance Monitor Department sent to the Central Bank of Iraq were reviewed as well as to the Board of Directors of this bank, where the bank's management has certainly fully complied with all laws and instructions issued by the Central Bank of Iraq regarding the bank's activity for the year subject to the audit and sending periodic reports at the specified times according to the required forms.

Sixteen: Revenues from buying and selling foreign currencies

First: the auction

1. The bank was approached according to our letter, number (23/74) on 26/02/2023, to indicate the amount of dollars purchased by the bank for the year (2022) through the window for buying and selling foreign currencies, and we were provided with the amount of foreign currency purchased, according to the table below, in addition to the revenues achieved through This window.

The table below shows the amounts purchased from the foreign currency buying and selling window:

Amounts purchased through the foreign currency buying and selling window	The Amount of purchases is in dollars	The amount of revenue is dinar
Cash	8300000	105500000
External transfers	183782000	2539283518
Letters of credit	—	-
Total	1192082000	2644783518



2. The percentage of profits from buying and selling the dollar through the foreign currency window represents (14%) of the bank's total revenues amounting to (19,318,235) thousand dinars. Accordingly, we recommend developing various banking products and diversifying sources of income in the future.

Second: Outside The Auction

The balance of revenues from buying and selling foreign currencies outside the auction as of 31/12/2022 amounted to an amount of (3,810,666) thousand dinars, including an amount of (775,249) thousand dinars as a result of transferring part of a current cash loan owed to some borrowers from the dollar currency to the dinar currency, which totaled (77,525) thousand US dollars at an exchange rate of (1470) dinars to the dollar, based on the approval of the Central Bank of Iraq in their letter No. 30439/2/9 on 27/11/2022.

Other clarifications:

Implementing institutional governance instructions

- 1- We reviewed the results of the actual implementation of the scorecard project for environmental, social, and governance standards. In our opinion, the bank is generally representative of the quantitative and qualitative requirements, and the Board of Directors and the executive management of the bank are working diligently and diligently to adhere to the implementation of corporate governance instructions regarding disclosure and transparency practices.
- 2- **Results of the desk audit by the Central Bank of Iraq:**

The correspondence of the Central Bank of Iraq regarding the audit results of the quarterly budgets sent from the bank to the Central Bank of Iraq at the end of each quarter of the year was reviewed, and the implementation of the treatments contained in the audit results and any other executive procedures determined by the Central Bank of Iraq for the bank, such as the reports of the Oversight and Internal Audit Department, were followed up.

- 3- Through our study of the bank's correspondence file with the Central Bank of Iraq regarding the quarterly and monthly reports, it was noted that there are no fundamental matters that could affect the integrity of the correspondence information to the Central Bank of Iraq.
- 4- The bank adopts electronic systems in the registration process for financial transactions, in accordance with the banking system (ICBC), and all accounting records are kept electronically. As for documents, they are kept in a proper manner and archived electronically after the bank acquired the electronic archiving system.



5- Balances with correspondent banks:

- A. The ratio of maintaining debit balances in correspondent banks to capital and sound reserves reached (5.5) as of 31/12/2022, which does not exceed the ratio estimated by the Central Bank of Iraq of (%20).
- B. The bank built a provision based on the method followed by the bank and not based on the methodology established for the International Standard for Financial Instruments No. (9). The provision on debit balances abroad and internally amounted to (429,581) thousand dinars on 31/12/2022 to confront the possibilities of default.

6- Foreign Exchange Centers:

The bank calculated foreign exchange positions based on the instructions of the Central Bank of Iraq, where the percentage on 31/12/2022 amounted to (-1%), and after comparing the percentage with the percentage for last year, which amounted to (49%), it became clear that the reason for this is due to the transfer of part of the debit current accounts from... The dollar currency is converted into the Iraqi dinar currency after obtaining the approval of the Central Bank of Iraq at the official price of (1470) dinars per dollar.

According to what is recorded in the bank's records and the explanations given to us:

1. The bookkeeping group used by the bank was consistent with the requirements of the bookkeeping system and included, at our discretion, the recording of all assets, liabilities, expenses and revenues of the bank.
2. The process of inventorying fixed and cash assets was carried out properly by our supervisors
3. The annual report of the bank's management and the financial and accounting information it contains comprehensively reflects the bank's progress during the year and is prepared in accordance with the requirements of Companies Law No. 21 of 1997 as amended and does not include anything that contravenes the provisions of laws and regulations.
4. The financial statements have been organized in accordance with international accounting standards and in accordance with applicable legislation, and they are consistent with what the records show, and they are organized in accordance with the amended Companies Law, the Banking Law, and the binding regulations and instructions.



The opinion

Taking into account the above notes and clarifications and their impact on the financial position of the bank. In our opinion, and based on the information we obtained, the financial statements and the financial management report are consistent with the records and meet the legal requirements, and to the extent of the performance indicators they contain, they clearly and fairly express the financial position of the bank as of December 31, 2022, the results of its activity and its cash flows for the ending fiscal year. On that date with respect...

Abbas Ali Abbas

Chartered accountant and auditor

Member of the Iraqi Society of Certified Public Accountants

From Saad Rashid Jassim Company and a partner in monitoring and auditing accounts - joint



Erbil Bank for Investment and Finance (private joint stock company)
Financial position statement for the year ending on
31 December 2022

	Clarification	December 31, 2022, one thousand dinars Thousand dinars	December 31, 2021, one thousand dinars Thousand dinars
<u>Assets</u>			
Cash and balances with the central bank	1	225,175,980	207,215,387
Balances with banks and banking institutions	2	14,840,963	20,085,737
Direct credit net	3	166,920,817	176,635,297
Private sector debtors/companies, associations and individuals	4	45,527,180	28,284,101
Financial assets at fair value through other comprehensive income	5	789,474	789,474
Property and equipment, net	6	34,852,496	36,203,195
Other assets	7	1,459,135	635,397
Total assets		489,656,045	469,848,588
<u>Liabilities and shareholders' equity</u>			
<u>Liabilities</u>			
Deposits from banks and financial institutions:			
Customer deposits	8	128,453,771	100,057,246
Cash insurance	9	56,714,818	66,409,603
Loans received / government sector	-	18,103,003	9,453,622
Various allocations	12	9,430,924	7,846,044
Other liabilities	10	15,231,380	19,291,090
Income tax provision	11	139,674	-
Total liabilities		228,073,570	203,057,605
<u>Shareholders' equity</u>			
Subscribed capital	13	265,000,000	265,000,000
Legal reserve		3,040,070	3,000,495
Other reserves		2,435,621	24,962,484
Cumulative change in fair value Accumulated deficit		-	(17,278,779)
Retained earnings (accumulated deficit)		(8,893,216)	(8,893,217)
Total shareholders' rights		261,582,475	266,790,983
Total liabilities and stockholders' equity		489,656,045	469,848,588
-			
Net pledged obligations	14	906,726,147	886,695,308

FINANCIAL MANAGER
BAREZ GHAZI YABA

AUTHORIZED MANAGER
BAKHTEAR RASHID ISMAIL

CHAIRMAN OF THE BOARD OF DIRECTORS
MOHAMED SAADI AHMED SAYED
MOHAMED

Subject to our report No. (174/23) on 14/05/2023

Abbas Ali Abbas
Chartered accountant and auditor
Member of the Iraqi Society of Certified Public Accountants
From Saad Rashid Jassim Company and a partner in monitoring and auditing accounts - joint

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them



Erbil Bank for Investment and Finance (private joint stock company)
income list for the year ending on
31 December 2022

Details	Clarification	December 31, 2022, one thousand dinars Thousand dinars	December 31, 2021, one thousand dinars Thousand dinars
Credit interest	15	9,094,469	8,733,517
Debit benefits	16	1,022,552	(832,724)
Net funds		8,071,917	7,900,793
Net commission income	17	4,705,386	5,476,652
Foreign currency gains (losses).	19	6,455,450	4,046,677
Net gains on financial assets at fair value through the consolidated income statement			
Other income	18	85,482	277,789
		6,540,932	4,324,466
Total revenue		19,318,235	17,701,911
Staff expenses	20	1,904,918	17,701,911
Depreciation and amortization		1,471,500	1,006,166
operating expenses	21	3,938,302	2,958,609
Direct cash credit risks	-	4,985,668	17,985,667
Other expenses	22	6,086,681	2,822,061
Total cost		18,387,069	26,595,128
Net profit		931,166	8,893,217
Income tax		139,674	
Net profit after tax		791,492	8,893,217
Basic earnings per share		-	
Portfolio earnings per share		-	
Distribution			
Legal reserve		39,575	
Accumulated surplus		751,917	

FINANCIAL MANAGER
BAREZ GHAZI YABA

AUTHORIZED MANAGER
BAKHTIAR RASHID ISMAIL

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them



Erbil Bank for Investment and Finance (private joint stock company)
Statement of cash flows
for the year ending 31 December 2022

Statement	December 31, 2022, one thousand dinars Thousand dinars	December 31, 2021, one thousand dinars Thousand dinars
Operational Activities		
Profit for the year before tax	931,166	(8,893,217)
Adjustments for non-monetary items		
Consumptions	1,471,500	1,006,166
Allowance for charged credit losses	-	-
Losses on sale of property and equipment	-	-
Losses on the sale of financial assets at fair value through the consolidated income statement	-	-
Income tax paid	-	-
Various allocations	1,584,879	489,060
Unknown differences	-	-
Cash flows from operating activities before changes in assets	3,987,545	(8,376,111)
Change in assets and liabilities		
Change in net direct credit facilities	(7,528,599)	(27,021,753)
Change in net financial assets at fair value	-	-
Decrease in financial assets at fair value through the consolidated income statement	-	-
Change in other assets	(913,738)	(295,526)
Change in customer deposits	28,396,525	(34,638,714)
Change in cash insurance	(9,694,785)	4,309,986
Change in other liabilities	(4,059,710)	(3,838,293)
Net cash flow used in operating activities before taxes	6,199,693	(61,484,300)
Paid taxes		
Net cash flow used in operational activities	10,187,238	(69,860,411)
Investment Activities		
Increases and decreases in financial assets at amortized cost	-	-
Increase in projects under implementation	-	495
Decrease in financial assets at fair value through other comprehensive income	-	-
Increase in financial assets at fair value held to maturity	-	-
Purchasing property and equipment	120,800	(809,439)
Sales of fixed assets	-	-
Purchasing intangible assets	-	-
Net cash flows from investing activities	(120,800)	(808,944)
Financing Activities		
Increase in borrowed funds	10,066,438	(70,669,355)
Proceeds from capital increase	8,649,381	1,143,622
Capital increase fees	-	-
Change in reserves	(6,000,000)	-
Distributed profits	-	-
Net cash flow used in financing activities	2,649,381	1,143,622
Net increase in cash and cash equivalents	12,715,819	(69,525,733)
Cash and cash equivalents at the beginning of the period	227,301,124	296,826,857
Cash and cash equivalents at the end of the period	240,016,943	227,301,124

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them



Erbil Bank for Investment and Finance (private joint stock company)

List of changes in ownership rights

statement for the year ending on 31 December 2022

The reserves

Statement	Capital	Dividend Distribution Reserve	Emergency Reserve	Legal Reserve	Accumulated Deficit	Previous Profits	Total
	Thousand Dinars	Thousand Dinars	Thousand Dinars	Thousand Dinars	Thousand Dinars	Thousand Dinars	Thousand dinars
Balance as of 01/01/2022	255,000,000	24,962,484	-	3,000,495	(26,171,986)		266,790,983
Discounts during the year	-	(23,278,780)	-	-	17,278,780		(6,000,000)
Additions	-	751,917	-	39,575	-		791,492
Balance as of 31/12/2022	265,000,000	2,435,621	-	3,040,070	(8,893,216)		261,582,475

Clarifications: (1) The amount of (6) billion dinars was reversed from the balance of the dividend distribution reserve amounting to (24,962,484) thousand dinars on the account of the allocation of Kurdistan Iqama balances based on the letter of the Central Bank of Iraq No. 3917/2/9 on 2/14/2022.

(2) The accumulated deficit amounting to (17,278,780) thousand dinars for the years (2020 and 2019) was deducted based on the approval of the Central Bank of Iraq in accordance with their letter mentioned in the above paragraph.

List of changes in equity

The year ending on 12/31/2021

The reserves

Statement	Capital	Dividend Distribution Reserve	Emergency Reserve	Legal Reserve	Accumulated Deficit	Previous Profits	Total
	Thousand Dinars	Thousand Dinars	Thousand Dinars	Thousand Dinars	Thousand Dinars	Thousand Dinars	Thousand dinars
Balance as of 01/01/2021	265,000,000	24,962,484	-	3,000,495	(17,278,780)	-	275,684,200
Discounts during the year	-	-	-	-	-	-	-
Additions	-	-	-	-	(8,893,216)	-	(8,893,216)
Balance as of 31/12/2021	265,000,000	24,962,484	-	3,000,495	(26,171,986)	-	266,790,983



Erbil Bank for Investment and Finance (private joint stock company)
Clarifications on the bank's financial statements
for the year ending 31 December 2022

1- **Cash in hand and balances at the Central Bank of Iraq:**

Statement	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Cash in branch vaults, dinars / cash account in ATM	77,099,655	57,721,372
Cash foreign currency notes	-	-
Cash balances and statutory deposits at the Central Bank of Iraq	202,118,683	185,554,910
Total	279,218,338	243,276,282
-		
An allowance is deducted for credit losses	85,357	36,060,895
The allowance for losses is deducted from the region's balances	53,957,001	-
	54,042,358	36,060,895
	225,175,980	207,215,387

2- **Balances with banks and financial institutions**

Statement	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Cash in local banks	839,683	4,511,696
Cash at external banks	14,430,861	16,298,862
Total	15,270,544	30,810,558
The allowance for credit losses is deducted	429,581	724,821
	14,840,963	20,085,737

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them



Erbil Bank for Investment and Finance (private joint stock company)
Clarifications on the bank's financial statements
for the year ending 31 December 2022

3- Direct Credit Facilities:

A- Detailed Cash Credit Statement

Statement	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Long-term loans / individuals	13,621,987	9.563.289
The allowance for expected credit losses is reduced	(87,304)	(53252)
	13,534,683	9.510.037
Short-term loans / private sector / companies	8,955,144	8.990.144
The allowance for expected credit losses is reduced	(1,378,704)	(70.000)
	7,576,440	8.920.144
Short-term loans/private sector/individuals	3,883,507	1.063.373
The allowance for expected credit losses is reduced	(676,904)	(1.063.373)
	3,203,603	-
Total loans	24,314,726	18.430.181
		-
Debit current accounts:		
Current accounts receivable/private sector/companies	132,401,563	148.932,281
The expected credit provision decreases	(26,708,741)	(32,487019)
	105,692,822	116.445.262
Debit current accounts/private sector/individuals	38,032,577	41.475.918
The expected credit provision decreases	2,196,321	(866.115)
	35,836,256	40.609.803
Employee advances + associate advances	1,136,925	1.208.040
(Decreases) the balance of the allowance for expected credit losses	(59,912)	(59.589)
	1,077,013	1.150.051
Total current and advance accounts	142,606,091	158.205.116
Total loans, current accounts and advances	166,920,817	176.635.297
(Decrease): The balance of the allowance for doubtful debts		
4- Debtors		
Debtors / private sector / companies and collectives	45,527,180	33,081,075
The provision for receivable risks is reduced	-	(4,796,974)
Total debtors/private sector/corporate associations	45,527,180	28,284,101
Total	212,447,997	204,919,398

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them



Erbil Bank for Investment and Finance (private joint stock company)

Clarifications on the bank's financial statements

for the year ending 31 December 2022

5- Financial Investments

Statement	December 31, 2022, December 31, 2021, one thousand dinars one thousand dinars	
	Thousand dinars	Thousand dinars
Long-term investments / government	789,474	789,474
Treasury transfers of the Republic of Iraq	-	-
Central Bank of Iraq transfers	-	-
Shares of local companies listed on the stock market	-	-
Shares of local companies not listed on the stock market	-	-
Fair value difference		
Total	789,474	789,474

The table below shows the movement on financial assets at fair value through the statement of other comprehensive income

	December 31, 2022, December 31, 2021, one thousand dinars one thousand dinars	
	Thousand dinars	Thousand dinars
Balance at the beginning of the period	-	-
Extras	-	-
Downloads	-	-
Reserve for changes in fair value	-	-
-		
End of period balance	-	-

There are no investments of any kind during the financial period and the comparison year

Fair value reserve: It is the result of the decrease in the market value of the investment portfolio shares from the cost.

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them



Erbil Bank for Investment and Finance (private joint stock company)

Clarifications on the bank's financial statements

for the year ending 31 December 2022

6- Fixed assets as of 31 December 2022

	Lands	Buildings	Machines and equipment	Means of transportation and transportation	Equipment and molds	Furniture, appliances and offices	Total
	Thousand dinars	Thousand dinars	Thousand dinars	Thousand dinars	Thousand dinars	Thousand dinars	Thousand dinars
Balance on 01/01/2022	5,962,660	21,200,000	223,827	138,751	14,488	3,953,583	31,493,309
Additions during the year	-	-	5,840	309,52	15291	687,17	120,800
Cross-outs	-	-	-	-	-	-	-
Balance on December 31, 2022	5,962,660	21,200,000	229,667	169,703	29,779	4,022,300	31,614,109
Extinction rate(s)							
Depreciation allowance on 01/01/2022	-	2,815,260	177,355	65,486	6,355	3,316,312	6,380,768
Current year extinction	-	814,879	39,035	33,941	5,104	578,541	1,471,500
Depreciation allowance balance on December 31, 2022	-	3,630,139	216,390	99,427	11,459	3,894,853	7,852,268
Book value as of December 31, 2022	5,962,660	17,569,861	13,277	70,276	18,320	127,447	23,761,841
Projects under implementation 01/01/2022	-	11,090,655	-	-	-	-	11,090,655
Additions to projects under implementation	-	-	-	-	-	-	-
Projects under implementation as of December 31, 2022	-	11,090,655	-	-	-	-	11,090,655

Clarifications on the bank's financial statements for the year ending December 31, 2021

6- Fixed assets as of 31 December 2021

	Lands	Buildings	Machines and equipment	Means of transportation and transportation	Equipment and mold	Furniture, appliances and offices	Total
	Thousand dinars	Thousand dinars	Thousand dinars	Thousand dinars	Thousand dinars	Thousand dinars	Thousand dinars
Balance on 01/01/2021	5,962,660	21,200,000	183,571	47,170	8,703	3,281,766	30,683,870
Additions during the year	-	-	40,256	91581	5785	671817	809,439
Cross-outs	-	-	-	-	-	-	-
Balance on December 31, 2021	5,962,660	21,200,000	223,827	138,751	14,488	3,953,583	31,493,309
Extinction rate(s)							
Depreciation allowance on 01/01/2021	-	2,000,380	165,738	47,169	4,322	3,156,994	31,493,309
Current year extinction	-	814,880	11,618	18,317	2,033	159,318	5,374,603
Depreciation allowance balance on December 31, 2021	-	2,815,260	177,356	65,486	6,355	3,316,312	1,006,166
Book value as of December 31, 2021	5,962,660	18,384,740	46,471	73,265	8,133	637,271	25,112,450
Projects under implementation 01/01/2021	-	11,090,520	-	-	-	-	11,090,520
Additions to projects under implementation	-	-495	-	-	-	-	-495
Projects under implementation as of December 31, 2021	-	11,090,520	-	-	-	-	11,090,655

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them



Erbil Bank for Investment and Finance (private joint stock company)
Clarifications on the bank's financial statements
for the year ending 31 December 2022

7- **Other assets**

Statement	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Debtors/Private Sector Individuals	465	-
Receivables From Exchange Operations/Central Bank	277,409	21,217
Accrued And Unreceived Revenues	508,420	316,940
Insurance At Others	713,254	244,254
Prepaid Expenses	-	-
Judicial Expenses	49,400	49,400
Advance For Activity Purposes	-	-
Affiliate Advances	-	-
Late Payment Debtors	-	-
Monetary Differences	187	-
Purchase Advance	-	1,956
Delegation And Travel Advance	-	-
Total	1,549,135	633,767

8- **Customer deposits**

Statement	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Current accounts	-	-
Current accounts credited to the government sector	-	-
Current accounts payable/financial sector	8,157,160	3,376,284
Current and credit accounts/private sector/companies	-	-
Current accounts credited/individuals	37,652,648	14,532,758
Current and credit accounts / private sector / companies / associations	60,714,170	56,028,059
Current credit accounts/individuals/foreign currency	-	54,662
Total	106,523,978	73,991,763
Savings Accounts	-	-
Savings accounts / dinars	7,059,046	5,861,346
Savings Accounts/Foreign Currency	8,632,082	11,400,795
Temporary deposits	-	-
Fixed deposits/individuals/dinars	3,029,665	2,030,137
Fixed deposits/companies/dinars	-	-
Fixed deposits with notice from the private sector/companies	3,209,000	6,773,205
Total	21,929,793	26,065,483
	128,453,771	100,057,246

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them



Erbil Bank for Investment and Finance (private joint stock company)
Clarifications on the bank's financial statements
for the year ending 31 December 2022

9- **Cash Insurance**

Statement	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Received Deposits and Receipts for Banking Operations	55,054,792	65,759,111
Foreign Remittances Sold	-	-
Bills Drawn on the Bank / Local Operation	1,660,026	650,492
Checks Drawn on The Bank	-	-
Total	56,714,818	66,409,603

10- **Other Liabilities**

Statement	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Branch transfers drawn on the bank	-	200
Security deposits - security deposit	1,500,000	1,500,000
Approved (attested) instruments	1,132,539	5M673,868
Instruments reserved by telephone	-	-
Creditors of teller operations with YANA	483,840	160,564
Insurances received	6,583,988	6,532,802
Revenue received in advance	4,593,789	4,367,426
Accrued unpaid interest	70,937	65,427
Administrative expenses payable	-	65,000
Stamp duty	377,778	378,053
Accounts under settlement	-	-
Amounts received for registering companies	243,198	363,328
Deductions for the account of others	10,273	7,786
Salaries and wages owed	-	-
Amounts seized at the request of an official body	136,125	45,738
Unclaimed amounts	7,805	-
Various accounts payable	-	-
Increase in the fund	-	270
Accounts of deceased people	91,838	129,929
Subscription deposits in the name of companies	270	270
ATM differences account	-	429
Total	13,231,380	19,291,090

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them



Erbil Bank for Investment and Finance (private joint stock company)
Clarifications on the bank's financial statements
for the year ending 31 December 2022

11- Income Tax Provision

Statement	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Balance at the beginning of the year	-	-
Income tax due for previous years	-	-
Income tax due during the year	139,674	-
Adjustments to income tax	-	-
Income tax due for the current year	139,674	-

12- Other customizations

The details of this item are as follows

Statement	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Provision for the risks of undertaking obligations	5,848,099	5,848,099
Monetary credit risk allowance	3,582,825	-
Various customizations	-	-
	9,430,924	5,848,099

The movement in the provision for undertaking liabilities is as follows

	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Balance at the beginning of the year	5,848,099	5,848,099
Additions during the year	-	-
Transfers during the year	-	-
Balance at the end of the year	5,848,099	5,848,099

13- Ownership rights

Statement	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Legal Reserve	3,040,070	3,000,000
General Reserve	-	-
Dividend Distribution Reserve	2,435,621	24,962,484
Emergency Reserve	-	-
Fair Value Reserve	-	-
Accumulated Deficit	(8,893,216)	(26,171,996)
Total	3,417,525	1,790,983

A- Capital; The bank's capital amounts to 265 billion shares and is fully paid

B- The total amount of reserves until 31/12/2022 is (-3417525) thousand dinars.

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them



Erbil Bank for Investment and Finance (private joint stock company)
Clarifications on the bank's financial statements
for the year ending 31 December 2022

14- **Undertaking Credit**

Statement	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Letters of guarantee	183,767,957	214,653,812
Discount: Letters of Guarantee Insurance	54,577,779	55,475,357
net letters of guarantee issued	129,190,178	159,178,455
Letters of credit	477,013	37,757,401
Discount: credit insurance	477,013	10,283,753
Net Letters of Credit	-	27,473,648
Mortgages in exchange for banking facilities	777,535,969	700,043,205
Total Covenant Credit, Net	906,726,147	886,695,308

15- **Credit Interests**

Statement	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Benefits of direct credit facilities	-	-
Interest on loans granted - private sector - individuals	316,975	1,217,809
Interest on loans granted - private sector - companies	15,730	7,500
Benefits of debit current accounts - private sector - individuals	2,167,162	2,155,103
Benefits of debit current accounts - private sector - companies	6,587,252	5,351,155
Interest on balances and deposits with banks and banking institutions	-	-
Other benefits (interests on cash deposits with third parties/external)	7,350	1,965
-		
Total	9,094,469	8,733,517

16- **Debts interest**

	December 31, 2022, one thousand dinars	December 31, 2021, one thousand dinars
	Thousand dinars	Thousand dinars
Benefits of current accounts credited to the private sector - individuals	-	723
Benefits of private sector savings accounts - individuals	629,543	646,722
Benefits of fixed deposits, private sector - individuals	393,009	185,279
Benefits of internal borrowing	-	-
Interest on external loans and facilities	-	-
-		
Total	1,022,552	832,724

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them



Erbil Bank for Investment and Finance (private joint stock company)
Clarifications on the bank's financial statements
for the year ending 31 December 2022

17- Net Commission Revenue

Statement	December 31, 2022, one thousand dinars Thousand dinars	December 31, 2021, one thousand dinars Thousand dinars
Credit Commissions	4,243,800	4,133,200
Bank Transfers	696,720	1,547,251
Indirect Facilities	-	-
Other	229,194	506,700
Debit Commissions	(464,328)	710,499
-		
Net Commissions	4,705,386	5,476,652

18- Other Revenues

Statement	December 31, 2022, one thousand dinars Thousand dinars	December 31, 2021, one thousand dinars Thousand dinars
Commercial paper discount income	-	-
Miscellaneous credit income	-	-
Internal investment revenues	-	-
Other income	85,482	277,789
-		
Total	85,482	277,789

Statement	December 31, 2022, one thousand dinars Thousand dinars	December 31, 2021, one thousand dinars Thousand dinars
19- Income from buying and selling foreign currency	6,455,450	4,043,677
	6,455,450	4,043,677

20- Functional Costs

Statement	December 31, 2022, one thousand dinars Thousand dinars	December 31, 2021, one thousand dinars Thousand dinars
Salaries, bonuses and employee benefits	1,717,506	1,648,959
Compensatory allocations	84,928	82,676
Employee training	-	-
Wages of non-Iraqis	102,484	90,990
Contribution to social security		
-		
Total	1,904,918	1,822,625

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them



Erbil Bank for Investment and Finance (private joint stock company)

Clarifications on the bank's financial statements

for the year ending 31 December 2022

21- **Operational Expenses**

Statement	December 31, 2022, one thousand dinars Thousand dinars	December 31, 2021, one thousand dinars Thousand dinars
Maintenance	1,030,987	622,533
Research And Consulting Services	90,451	108,226
Advertising, Publishing, Printing and Hospitality	146,211	279,443
Office Expenses (Spare Supplies)	-	----
Telecom	301,856	300,647
Transporting Workers	16,695	14,010
Transport Of Goods and Merchandise	2,076	2,171
Travel and Delegation	173,119	92,964
Training and Study Fees	18,719	33,371
Subscriptions And Credits	379,607	253,219
Bonuses For Non-Workers	23,340	17,447
Legal Services	26,249	25,759
Banking Services	500	20,334
Miscellaneous Service Expenses	78,453	55,170
Fuel And Oils	176,571	114,549
Stationery	28,351	27,726
Staff Equipment	17,916	15,193
Water And Electricity	40,621	76,539
Central Bank Audit Fees	3,900	3,300
Audit/Auditor Fees	49,710	77,850
Supplies And Equipment	33,438	6,395
Taxes And Fees	2,27	----
Other Operating Expenses	2,650	41,310
External Audit Fees	----	---
Master's Project Expenses	537,327	749,003
Differences in the Valuation of Foreign Currencies	750,928	20,220
Building Rental	8,400	1,500
Total	3,938,302	2,958,879

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them



Erbil Bank for Investment and Finance (private joint stock company)
Clarifications on the bank's financial statements
for the year ending 31 December 2022

22- Other expenses

Statement	December 31, 2022, one thousand dinars Thousand dinars	December 31, 2021, one thousand dinars Thousand dinars
Compensation and fines	1,346,102	2,462,180
Donations and aid to others	310,000	254,000
Miscellaneous taxes and fees	4,430,579	105,838
Other expenses	-	43
Special servicing expenses	-	-
Total	6,086,681	2,822,061

Clarification from No. (1) to No. (22) are considered part of the financial statements and should be read in conjunction with them





Audit Committee Report for 2022

Dear members of the General Authority of Erbil Bank for Investment and Finance...

Dear gentlemen present

May the peace, blessings, and mercy of God be upon you..

The Audit Committee carried out the tasks assigned to it by examining and auditing the bank's financial statements for the period from January 1 to December 31, 2023 in accordance with the requirements and provisions of Paragraph (i) of Article (24) of the Banking Law No. (94) of 2004 and the instructions of the Central Bank of Iraq. Review all data and information that it deems necessary to protect shareholders' rights in accordance with auditing and review procedures recognized locally and internationally.

Which obligated the Audit Committee to submit an annual report on the performance of the bank's activities to you, as follows

- 1- The bank's risk management policy was sound and based on scientific and logical foundations.
- 2- All activities carried out by the bank are subject to distinct supervisory procedures by the bank's oversight body, which are based on sound foundations.
- 3- The committee followed up on the reports sent by the bank to the Central Bank of Iraq regarding accounts and activities for the year 2022, and the committee noted that they reflect the true and comprehensive picture of the bank's activities.
- 4- The Audit Committee reviewed the report submitted by the external auditor, in which it dealt with all of the bank's activities, confirming the soundness of the procedures followed in it and that they are organized in accordance with the provisions of the Companies Law No. (21) of 1997 (amended). The Central Bank of Iraq Law (56) of 2004 Banking Law No. 94 of 2004, based on national and international accounting standards and rule





- 5- The Audit Committee reviewed the reports of Central Bank of Iraq inspectors related to monitoring the bank's work, following up on the completion and avoidance of the observations contained therein, and benefiting from the proposals and solutions presented in this regard.
- 6- The committee reviewed the compliance monitor's report and was assured of the bank's compliance (senior management and operating sectors) with the laws, instructions and regulations issued by the competent supervisory and regulatory authorities.
- 7- The committee did not notice anything indicating money laundering, smuggling, terrorist financing, or any suspicious operations or violations of the Central Bank of Iraq law or the anti-money laundering law, according to the instructions issued by the relevant authorities.
- 8- Reviewing the approved mechanism for implementing external, internal, incoming and outgoing credits and transfers, the integrity and suitability of the guarantees obtained and their conformity with the instructions of the Central Bank of Iraq and the relevant departments.

Yours Sincerely

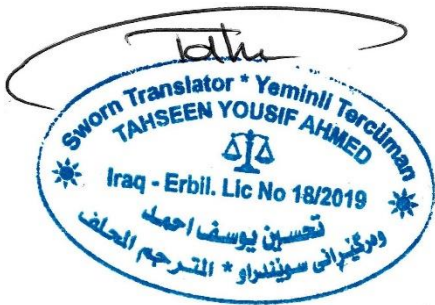
SIGNATURE
MEMBER

NAGAM MUWAFFAQ AHMED AL-SAAD

SIGNATURE
MEMBER

IBRAHIM GOUDA SADIQ AL-FAHHAM

SIGNATURE
CHAIRMAN OF THE COMMITTEE
BAKHTIAR RASHID ISMAIL



Head Quarter Erbil Branch

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AMMANIYAH BRANCH: SALEM ST - MEER BLDG, BLDG NO. 169/59

Head Branch: EBRAHIM ALKHALIL ST- BLDG NO. 1933/2

Head Quarter Erbil Branch

Head Quarter Erbil Branch, Opposite to Ministry of Municipalities, P.O. Box 20/384 Erbil

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