



## ERBIL BANK FOR INVESTMENT & FINANCE

Abbas Ali Abbas

Chartered accountant and auditor

Muneeb Mustafa Hussein

Chartered accountant and auditor



## ERBIL BANK FOR INVESTMENT & FINANCE Private Joint Stock Company

The financial statements for  
the year ended on 31 December 2021



ن (م). ئاكادىمى يۇمىنلىق تەرجىمە بۇروسى  
الترجمة القانونية / دار ترجمة قانوني  
Akademi Yeminli Tercüme Ofisi  
Legal Translation Bureau  
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10-08-2022

## Speech of the Chairman of the Board of Directors

Peace and mercy of Allah and his blessings may be upon you

Honorable ladies and gentlemen...

We are pleased with your honorable presence. In my name and on behalf of the members of the Board of Directors, I extend my thanks and gratitude to the sisters and brothers, representatives of the Central Bank of Baghdad and the Companies Registration Department, the trouble of traveling to attend this general assembly meeting. On this occasion, I would like to take this opportunity to explain to you the financial results for the year 2021, 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 making a serious contribution to promoting economic development in the Region in particular and Iraq in general by contributing to all economic activities by providing cash and pledge credits in all sectors of the economy based on the sound foundations of banking works through the application of the highest standards and best banking practices. However, the bank incurred a loss due to the provisions resulting from the retained balances in Kurdistan Region, which amounted to (89,964) billion dinars, where a provision of (17,278) billion dinars was held for a period of five years.

**Below are some indicators of the financial results for the year 2021:**

1. The bank's net loss before tax during 2021 amounted to (8,893) billion dinars.
2. The bank worked to diversify its revenues from banking operations by expanding its various activities and significantly improving the performance of employees, where the revenues in the year 2021 amounted to (19,245) billion dinars (before deducting expenses).
3. During the year 2021, the number of outward remittances amounted to (395) remittances, and the incoming foreign remittances amounted to (126) remittances during the year 2021.
4. The number of letters of guarantee executed during the year 2021 was (469) letters of guarantee.
5. The number of open documentary credits during the year 2021 reached (22) documentary credits and (37) cash credits.
6. Within the bank's work plan, the opening of four other branches (Kirkuk, Mosul, Rania, Halabja).
7. The bank intensified during the year 2021 multiple visits outside Iraq to meet with large international companies in the field of credit cards, and work is still continuing in this regard.
8. The number of our bank's correspondents abroad during the year 2021 with whom we have banking relations and open current accounts with them reached (17) correspondents distributed all over the world.

9. The bank conducts multiple correspondences with foreign banks, especially American banks, for the purpose of establishing banking relations with them and opening current accounts.
10. The bank's participation in the initiative of the Central Bank of Iraq in financing small - medium - large projects amounted to (162) loans.

Once again, we thank and appreciate your presence... We wish everyone success and success

With thanks and appreciation..

Chairman of Board of Directors

Mohammed Saadi Ahmad Syed Mohammed

(Signature)





## ERBIL BANK FOR INVESTMENT & FINANCE

### Organizational Chart - The Board of Directors of Erbil Bank for Investment and Finance

The secretariat of the board of directors      - Consultants      - Audit and Compliance Committee  
Nomination and Remuneration Committee      - Institutional Governance Committee  
Risk Management Committee

### Authorized Manager

Anti-Money Laundering and Anti-Terrorism Reporting Department      - Compliance Department  
Travel and Dispatch Department      - Travel and Dispatch Department  
Liabilities and Asset Management Committee      - Credit Committee  
Investment and Treasury Committee      - Information and Communication Technology Committee  
Deputy Authorized Manager      - Department of Financial Affairs  
Department of Legal Affairs and Government Relations      - Information Technology Department  
Department of Credit, Collection and Contract Documentation

Branches and Sales Department      - Department of Investment and Treasury Operations  
Public Awareness and Protection Department      - Department of Human Resources and Administrative Affairs  
Central Operations Department

Treasury and Foreign Exchange Department      - Department of Studies and Development of Banking Products  
Marketing and Media Department

Card Operations Department      - Trade Finance Department  
Payments and clearing department      - External Banking Relations Department

Zakho branch      - Sulaymaniyah branch      - Baghdad branch      - Erbil branch

External Remittance Unit      - Documentary credits unit      - Letter of Guarantee Unit

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Report of the Board of Directors on the Bank's activities  
for the financial year 2021

Ladies and Gentlemen

Peace, mercy and blessings of God

The Board of Directors of Erbil Bank for Investment and Finance is pleased to thank you for your presence in this meeting of the General Assembly, which will present the activities of the Bank and the financial statements as of **31/12/2021** in accordance with the provisions of the Companies Law No. **21** of **1997** Amended and the Banking Law No. **94** of **2004** and the instructions of the accounting system No. **1** of the year **1998**.

**First: Application of International Accounting Standards:**

Erbil Investment and Finance Bank implemented the International Accounting Standards for the fifth year, which required the restatement of the financial statements for comparative years (**2019-2020**) in line with this year. It also adopted the principle of recording historical cost of valuation of property, buildings and equipment rather than revaluation.

**Second: Brief about the Bank:**

**1. Establishment of the bank:**

The bank was established on **20/04/2009** with a capital of **50** billion dinars according to the incorporation certificate No. **SH-01-69202** dated on **20/04/2009** issued by the Companies Registration Department and obtained the practice of banking work on **24/06/2010** according to both Letters of the Central Bank of Iraq numbered **45** and **46** on **24/06/2010** and its capital became **265** billion dinars in **2013**.

## 2. Bank's Capital developments:

- The bank began its work with a capital of (50) billion dinars.
- The capital of the bank has been increased from (50) billion dinars to (100) billion dinars. The increase procedures have been completed according to the letter of the Companies Registration Department No. **12912** on **9/6/2010**.
- The capital of the bank has been increased from (100) billion dinars to (150) billion dinars according to the letter of the Companies Registration Department No. **18251** on **4/9/2012**.
- The General Authority of the Bank decided on **24/11/2012** to increase the bank's capital from (150) billion to (200) billion.
- The capital of the bank was increased to (265) billion dinars during the year **2013** according to the letter of the Companies Registration Department No. (20695) on **18/8/2013**.

## Third: The Bank's main objectives:

- The Bank has worked during the period of practicing banking to achieve its main objectives in providing the best banking services to its customers and provide facilities and credit and monetary commitment to contribute to the development of the Iraqi economy and Kurdistan Region economy through active participation in all sectors of the economy, including the industrial sector, agricultural and commercial housing and reconstruction and health ... etc.
- It also works to raise the rates of economic growth and therefore keep pace with all the developments taking place in the Iraqi and foreign banking market and working to apply the highest international standards in the management of banking work.
- Possessing the latest technologies and advanced electronic means in accordance with the highest standards of control and governance.
- Reaching the highest standards of governance and financial inclusion in the provision of banking services and products.
- Developing and innovating the marketing and financing policies necessary to achieve the highest return on equity.



**Fourth: Activities offered by the bank to its customers:**

1. Opening current accounts and savings accounts.
2. Accepting cash deposits for (three months, six months, one year).
3. Organization of foreign and internal remittances in the currency of the Iraqi dinar, the US dollar and the euro.
4. Acceptance of foreign and internal remittances in the Iraqi Dinar, the US Dollar and the Euro.
5. Opening documentary credits (import and export) in the currency of the Iraqi dinar, the US dollar and the euro.
6. Granting cash credits in both the Iraqi dinar and the US dollar.
7. Issuing Letters of Foreign and Internal Guarantees of all kinds in the Iraqi Dinars and the US Dollars.
8. Issuing credit cards (Master Card) and increasing the number of ATMs to (14) machines distributed in the governorates of Iraq (Erbil - Sulaymaniyah - Zakho).
9. Issuance of bills of exchange and instruments certified in the Iraqi dinar and the US dollar.
10. Buying and selling foreign currencies.



**Fifth: Contracts concluded during the year 2021:**

**a. Information technology contracts:**

IT department contracts for the year 2021			
	Contract Name	Company Name	Type of Contract
1	Website hosting	Sorouh AlMarifa	Renewal
2	Supply of Microsoft 365	Info tech	Renewal
3	Maintenance of HW Infrastructure	Info tech	Renewal
4	Oracle Dataset Administration and Support	ISTBML	Renewal
5	Core Banking Maintenance and Support	ISTBML	Renewal
6	Erbil Bank Website Redesing & Hosting	Avesta Group	Buying
7	HQ Data Center Raising Flour	High tech	Buying
8	DR Data Center Raising Flour	Ejaf technology	Buying
9	CBS	ISTBML	Buying
10	Supplying Multifactor Authentication Product	Info tech	Buying
11	Vulnerability Management (System & support)	Info tech	Buying
12	HQ UPS /Back-up power supply device for general management	Volt Gear	Buying
13	DR UPS /Back-up power supply device for alternate location	Volt Gear	Buying
14	Landlines Voice Service Contract	Newroz Telecom	Buying
15	Go Fiber - Internet Connection Dedicated	O3 Telecom	Renewal
16	Internet purchase contract for the alternative site	Newroz Telecom	Buying
17	Service Desk Plus supply contract	Akkadia	Buying

**b. Other contracts:**

1. A contract to implement the International Financial Reporting Standard IFRSQ for the quarterly and final statements for the year 2021 with Iraqna Consulting Company.
2. Rehabilitation contract for the financial and credit department with Iraqna Consulting Company.
3. A contract with Erbil International Hotel.
4. A contract for the preparation of the indicative regulation with Iraqna Company.
5. A contract with Yana Company for electronic payment services.
6. A contract with Newroz Company.
7. A contract with the company of pesticides and rodents.
8. Maintenance Agreement of Capital Banking Solution .

**Sixth: Bank Correspondents Network:**

The bank has a large number of external correspondents who, in turn, have a wide network with the banks of the world and offer the best and fastest services in the field of foreign banking transactions (documentary credits, outgoing and incoming payments, letters of guarantee .....). Below these banks:

1. **Correspondents with whom we have current accounts and banking relations amounted to 16 correspondents:**

S	Reporter Name	Name of the country
1	Al Jazeera Bank	Saudi Arabia
2	Arab African International Bank	United Arab Emirates
3	Albaraka Turki Bank	Turkey

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S	Reporter Name	Name of the country
4	Jordan Financial Bank	Jordan
5	France Bank	Lebanon
6	Housing Bank for Trade and Finance	Jordan
7	Intercontinental Bank	Lebanon
8	Waqflar Turkish Bank	Turkey
9	Bank of Beirut	Beirut
10	Golden Global Bank	Turkey
11	Alubaf Arab International Bank B.S.C.	Libya
12	Halk Bank	Lebanon
13	Maqam Bank	Azerbaijan
14	BANQUE MISR	United Arab Emirates
15	Turkish Nural Bank	Turkey
16	Turkish Active Bank	Turkey

- The bank is working to establish banking relations and open current accounts with a number of external correspondents, including US and European banks.
- The bank and its branches have current accounts and banking relations with various local banks.

### First:

- Central Bank of Baghdad.
- Central Bank of Erbil.
- Central Bank of Sulaymaniyah.

**Second:**

- a. Iraqi Trade Bank Baghdad - Erbil.
- b. Northern Bank Erbil + Sulaymaniyah.
- c. Bank of the Commercial Region (RT Bank) - Erbil.
- d. Al Baraka Turkish Bank - Erbil.
- e. Cihan Islamic Bank - Erbil.
- f. Al Qirtas Islamic Bank - Erbil.

**Seventh: Branches and addresses of the bank:**

**1. General Administration and Erbil Branch:**

Iraq - Erbil – Khanqah St. - opposite the Ministry of Municipalities.

Telephone : 00964(66)2235489 /90

E-Mail: [info@erbilbank.com.iq](mailto:info@erbilbank.com.iq)

**2. Baghdad Branch:**

Baghdad - Arasat Indian Road Quarter/929 Alley/50 House/31

E-Mail: [infob@erbilbank.com.iq](mailto:infob@erbilbank.com.iq)

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**3. Sulaymaniyah branch**

Sulaymaniyah - Salim Street - Mir Building - building number 59/169

Telephone : 00964(533)210217/18

E-Mail: [infos@erbilbank.com.iq](mailto:infos@erbilbank.com.iq)

**4. Zakho Branch:**

Duhok / Zakho - Ibrahim al-Khalil Street.

Telephone : 096400627650696

E-Mail: [infoz@erbilbank.com.iq](mailto:infoz@erbilbank.com.iq)

**Seventh: Employees who received the highest remuneration during the year 2021 :**

1. Bakhtiar Rashid Ismail.
2. Aso Salam Mawlood.
3. Barez Ghazi Yaba.
4. Mohammed Talaat Mohammed Amin.
5. Nabil Ibrahim Ismail.

**Ninth: International Banking Relations:**

The Bank has expanded its services by establishing strong banking relationships with international banks, focusing on investment relationships to provide good services to customers and facilitate its transactions outside Iraq in respect of documentary credits and letters of guarantee.

**Tenth: Statistics on the scientific levels of the Bank's employees:**

Scientific level	Chartered Accountant	Master	Bachelor degree	Diploma	Preparatory and above	Total
Number	2	1	83	12	10	108

**Eleventh: Names of shareholders of 5% or more of the Bank's capital:**


S	Founders Names	Number of Shares
1	Ameen Ahmed Sayed Mohamed Said /Iraqi	26,235,000,000
2	Mohammed Saadi Ahmed Sayed Mohammed Saeed /Iraqi	26,235,000,000
3	Khalid Ahmed Sayed Mohamed Said /Iraqi	26,235,000,000
4	Aso Mohamed Ali /Iraqi	10,098,000,000
5	Almas Mohammed Rashid /Iraqi	21,509,000,000
6	Ahmed Khalid Ahmed Sayed Mohamed Said /Iraqi	26,235,000,000
7	Abdulqader Khalid Ahmed Sayed Mohamed Said /Iraqi	26,235,000,000
8	Ismael Mohamed Ali /Iraqi	26,235,000,000
9	Hisho Amin Ahmed Sayed Mohammed /Iraqi	10,988,400,000

## Twelfth: Board of Directors :

1. The number of meetings of the Board of Directors during the year (**2021**) amounted to: (**8**) meetings.
2. The number of meetings of the General Assembly during the year (**2021**) amounted to : (1) meeting.
3. The Chairman, Vice Chairman and Members of the Board of Directors did not receive any cash reward during **2021**.

**Below the names of the chairman and members of the Board of Directors (original) as in 31/12/2021:**

S	Full name of chairman and members of the board of directors according to the commercial register of the legal person and his nationality	Academic qualifications and practical experience	Amount of contribution to the capital of the bank	Membership in the committees emanating from the council	Extent of commitment to attend board meetings
1	Mohammed Saadi Ahmed Sayed Mohammed Saeed /Iraqi	Administrative Technical Institute / Accounting Department	26.235.000.000	Head of the Governance Committee	Very good
2	Bakhtyar Rashid Ismael Jambaz /Iraqi	Bachelor's degree in Accounting Department	2.000.000	Authorized Manager	Very good
3	Naghham Mwafaq Ahmad /Iraqi	Master of Quality Management - Bachelor of Management and Economics - Industrial Management - Quality Management - Technical Institute / Office Management	1.000.000	Head of the Risk Committee	Very good
4	Wisam Talal Tawfiq Mustafa Al-Hayali /Iraqi	Bachelor's degree in Administration and Economics/Accounting Department	2.000.000	Head of the audit committee	Very good


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S	Full name of chairman and members of the board of directors according to the commercial register of the legal person and his nationality	Academic qualifications and practical experience	Amount of contribution to the capital of the bank	Membership in the committees emanating from the council	Extent of commitment to attend board meetings
5	Jata Faris Mohammed Ahmad /Iraqi	High School of Commerce - Accounting Department	1.000.000	Chairman of the Nominations and Remunerations Committee	Very good
6	Ibrahim Jouda Sadeq Al Faham /Iraqi	Bachelor of Commerce	4.080.000	/	Very good
7	Samer Abd Al-Zahra Salman Aboud Al-Budairi /Iraqi	Bachelor of Computer Engineering	100.000	/	Very good


### Committees emanating from the Board of Directors:

#### Board of Directors

Institutional Governance Committee	Audit and Compliance Committee	Nominations and Remunerations Committee	Risk Management Committee
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### First: The Audit and Compliance Committee:

1. The committee shall consist of at least three members, provided that they are independent members of the board of directors, consultants, or experts in the field of financial or auditing, with the approval of the Central Bank of Iraq.


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2. The chairman of the committee should be an independent member of the board of directors, and he may not be a member of any other committee of the board.
3. The Board must ensure that the members of the Committee have appropriate financial experience.

**Duties and powers of the committee:**

1. The scope, results, and adequacy of the internal audit, the follow-up of the external auditor, and the discussion of reports.
2. Accounting issues that have a material impact on the bank's financial statements.
3. Control and internal control systems in the bank.
4. Ensuring compliance with international standards and combating money laundering in all activities and operations of the bank. The committee has the right to investigate, research and audit any operations, procedures or regulations that it considers to affect the strength and safety of the bank.
5. Recommending to the Board of Directors the approval of the bank's organizational structure and the creation or cancellation of organizational formations or their merging, and specifying and amending the tasks and functions 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. Review the policies and instructions related to appointment, promotion, resignation and termination of service for all bank employees, including the senior executive management, taking into account the provisions of the laws in force.
8. Preparing a quarterly report on the committee's work after the end of each fiscal quarter to be submitted to the Board of Directors.
9. Auditing and approving the accounting procedures, the annual audit plan, and the accounting controls.

10. Ensuring the bank's compliance with the disclosures specified by the "International Financial Reporting Standards" (IFRS, IFRS, Central Bank instructions and other relevant legislation and instructions).
11. The committee's relationship with the internal auditor.
12. Monitor compliance and combat money laundering and terrorism financing with the laws, regulations and controls applicable to the bank and submit a report thereon to the Board.
13. Review the reports submitted by the bank to the Central Bank of Iraq.
14. Presenting 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 membership of the committee, provided that this is stipulated in the internal audit charter.
16. The Committee shall meet with the External Auditor, the Internal Auditor, the Compliance Monitor, and the Money Laundering and Terrorist Financing Reporting Manager at least (4) times a year without the presence of any of the executive management members.
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 addressed objectively.
18. Reviewing anti-money laundering and terrorist 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. Ensuring that there is no conflict of interest that may result from the bank concluding deals, concluding contracts or authorizing projects with related parties. The committee shall review and monitor all related transactions 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 is an independent member.
2. The committee members should have experience in risk management and the practices and issues associated with them.

**Committee duties and powers:**

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 or any member of the executive management or any of the members of the board of directors to attend its meetings to obtain clarifications it deems necessary if the need arises.
3. The committee may obtain advice and technical support from external sources, provided that this is done with the knowledge and approval of the Board of Directors.
4. The Committee shall recommend to the Board of Directors the appointment and acceptance of 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. Discussing, and immediately reviewing 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 its 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 monitoring risk management, and also does not affect the Board of Directors' ability to communicate directly with the Executive Management or the Risk Department.
7. Ensure compliance with international standards in all activities and operations of the bank.
8. Reviewing the scope of application of risk management annually and ensuring that it includes all the risks that the bank may be exposed to. The committee also submits an annual report on the results of its work to the Board of Directors.

9. Submit periodic reports to the Board that include material information and developments that affect the bank's risk management and a statement of the risks that exceed the approved acceptable risk limits.
10. Contribute to the identification of risk management methodologies that ensure the identification of risks and cover all activities of the bank and its 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, and ensuring that the Risk Department is given the necessary powers to enable it to obtain information from the various departments of the Bank to perform its tasks effectively, and to ensure the continuity of providing it with sufficient and trained human resources, in line with the Bank's instructions Central issued in this regard.
13. Review the committee's charter every 3 years and/or whenever the need arises, and submit any amendments thereto to the Board of Directors for approval.
14. Approving the annual plan of the risk department, which includes all the main tasks assigned to the department.
15. Compliance with the provisions of the Bank's Corporate Governance Manual
16. Reviewing the bank's risk management strategy before it is approved by the Board.
17. Reviewing the credit policy and making 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 credit risks, borne by the bank, whether in relation to the standard approach or the internal rating-based approach, operational risk, market risk, supervisory review, and market discipline contained in the decisions that Issued by the Basel Committee on Banking Supervision.
19. Determining credit limits that exceed the authority of the delegated director or the regional director.
20. Monitoring the bank's ability to avoid liquidity risk in accordance with Basel (III) decisions, including liquidity standards.



- 21.** Recommending the abandonment of activities that cause risks to the bank and that it does not have the ability to face.
- 22.** Ensuring the bank's compliance with the 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 ratification and approval.
- 24.** Supervising senior management's procedures towards complying 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 situation of risks in the bank and the culture of risks, in addition to reports on the limits and ceilings set, any violations thereof, and risk avoidance plans.
- 26.** Overseeing the capital and liquidity management strategies and all related risk management strategies to ensure their compatibility with the approved risk framework in the bank.
- 27.** It receives periodic reports from the committees emanating from the executive management (credit, investment, information and communication 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.** Assessing the performance of the investment portfolio in terms of return and risk in relation to the bank's internal and external investments, and continuous follow-up of the indicators and movement of the local and external capital markets.

**Third: The Nomination and Remuneration Committee:**

- 1.** The committee consists of at least three members, provided that they are independent or non-executive members.
- 2.** The chairperson of the committee shall be an independent member.

**Committee duties and powers:**

1. Determining the persons qualified to join the membership of the board of directors or senior management in the bank, except for the identification of persons qualified to work as the director of internal audit, which is the responsibility of the Audit and Compliance Committee.
2. Preparing the remuneration policy and submitting it to the Board of Directors for approval and supervision of 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 board.

**Committee duties and powers:**

1. Reviewing the implementation of the Institutional Governance Manual, supervision and the multiplicity and diversity of its activities, updating it and monitoring its implementation.
2. Reviewing the implementation of the Institutional Governance Manual, supervising its preparation in the bank, according to the size of the bank's operations and the multiplicity and diversity of its activities, updating it and monitoring its implementation.
3. Preparing the Institutional Governance report and including it in the annual report of the bank.

**Risk Tolerance:**

**Risk Tolerance for credit:**

• **Credit portfolio:**

Loan type	Limits	
	Lower	Upper
Individual	30%	50%
Property	30%	50%

- The percentage of credit concentrations for the ten largest borrowers who are clients should not exceed 30% of the total working (non-performing) credit granted. The risk section suggests that the percentage should be 25% as a maximum, so as to avoid reaching the previously mentioned central bank percentage.
- The percentage of credit concentrations of a person with related persons and his subsidiaries and companies in which he has an interest should not exceed 25% of the basic capital of the bank. The risk department suggests that the ratio be 20% as a maximum, and therefore to avoid reaching the previously mentioned central bank ratio.

• **Cash credit ratio to deposit :**

The ratio that is obligatory on us and imposed by the Central Bank is 70% as a maximum. The Risk Management Department proposes that the ratio be 65% as a maximum, and therefore to avoid reaching the previously mentioned Central Bank ratio. Commitment to the bank's special policies and procedures for granting credit and a commitment to the guiding regulations issued by the Central Bank and working with them to reduce risks and to spare the bank the potential loss as a result of those risks.


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- **The ratio of total credits to the bank's capital and its sound reserves:**

The ratio that is obligatory on us and imposed by the Central Bank is 8% as a maximum. The Risk Management Department proposes that the ratio be 7% as a maximum, and therefore to avoid reaching the previously mentioned Central Bank ratio.

### 1. Risk Tolerance Limits for Liquidity :

- **Liquidity Ratio:** The percentage due to 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 non-essential deposits in the bank in a large proportion and it is exposed to sudden withdrawals.

- **LCR Liquidity Coverage Ratio:**

The ratio that is required of us and imposed by the Central Bank is 100% as a minimum. The Risk Management Department proposes that the ratio be 95% as a minimum, and therefore in order to avoid reaching the previously mentioned Central Bank ratio.

- **NSFR Stable Financing Ratio:**

The percentage due to us and imposed by the Central Bank is 100% as a minimum. The Risk Management Department suggests that the ratio should be 95% as a minimum, in order to avoid reaching the previously mentioned central bank ratio.

- **Capital Adequacy Ratio:**

According to the decisions of Basel, the percentage that is required of us is 8% as a minimum, but according to the laws of the Central Bank, the percentage is 12% as a minimum, and the bank is obligated to this percentage.

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- **Adequacy of credit provisions:**

The purpose is to limit credit losses and not to expose the bank to loss as a result of non-performing credit. The bank must set provisions for credit losses, if any, and calculated monthly and at the rates mentioned below and according to their classification as follows:

- a) Excellent credit: no provision.
- b) Good credit: 2% of the total amount of good credit
- c) Medium credit: 10% of the total medium credit
- d) Below average credit: 25% of the total average credit
- e) Bad credit: 50% of the total bad credit.
- f) Credit Losing: 100% of the Total Credit Losing. Excluded from classification and allocation is credit granted with in-kind guarantees that can be quickly and easily accessible, such as (fixed deposits - savings deposits - gold mortgages - mortgaging shares if they are salable and quickly and at a price equivalent to at least twice the credit granted and considered among the excellent credit in the rating unless they are due for payment.

- **Single Focus:**

The objective of this indicator is to identify and analyze the concentrations of deposits at the level of all the bank's customers, including individuals, companies and government agencies. The Risk Management Department suggests that the ratio should not exceed 1% as a minimum, in order to avoid reaching the previously mentioned Central Bank ratio.

## 2. Risk Tolerance limits for concentrations:

- Sectoral concentration:

According to the bank's activities, as follows:

Sector	Limits	
	Lower	Upper
Agricultural sector	2%	7%
Industrial sector	2%	15%
Commercial sector	25%	40%
Tourism sector	2%	10%
Service sector	15%	25%
Construction sector	30%	40%
Transport sector	1%	5%

- Geographical concentration:

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

Location	Limits	
	Lower	Upper
Baghdad	20%	30%
Erbil	35%	45%
Sulaimaniah	35%	45%
Zakho	10%	20%

- Warranties concentration:

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

**ERBIL BANK FOR INVESTMENT & FINANCE**

Guarantee Type	Limits	
	Lower	Upper
Persons	30%	45%
Property	55%	70%

The bank should take precautions and avoid some of the issues that cause problems in the process of granting credit, including:

1. Self-interest prevails: Excessive credit is given to related persons, major shareholders and high-ranking officials.
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 terms of their repayment are insufficient.
3. Compromise on the principles of credit: Not granting credit that violates the principles of granting for reasons of shame, friendships, 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 that leads to the borrower's failure to pay.
6. You should stay away from granting loans that carry high credit risks, such as:
  - Loans that focus more on the expectations of successful completion of the business transaction than on equity.
  - Guarantees taken without an appropriate margin of safety.

**3. Operational Risk Tolerance Limits:**

- It is not allowed to interrupt the system for more than 10 minutes as a maximum.
- It is not allowed for an employee to hold two jobs in the same bank.
- The client is not allowed to wait for a specified period of time not exceeding 10 minutes.
- All customer complaints are resolved on the same day with a maximum of two working days.

**Sixteen: The Bank's objectives, procedures and objectives to reduce carbon emissions:**

1. Projects, activities, products and services that meet the principles of sustainable finance and are included in the criteria for sustainable projects, activities, products and services.
2. The project, activity, product or service in question must obtain investment, financing or credit if the activities prioritize the efficient and effective 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 and inequality or people who facing the effects of climate change.
3. Referring to the definition of sustainable business activities, the following are the criteria for sustainable projects:
  - a. **Efficiency and effectiveness:** To give priority to the efficiency and effectiveness in using natural resources in a sustainable manner, including efficient use of input materials and alternative input materials, efficient use of clean energy, water savings, and the use of non-conventional water sources.



- b. **Reducing:** To prevent, reduce and repair environmental damage, increase pollution, waste, damage to ecosystems, social inequality/inequality, including prevention and treatment of pollution/waste, not provoke and influence social conflict, and create an impact on improving community well-being Environmental protection and production using low carbon processes.
- c. **Adaptation:** To provide solutions for people facing the impacts of climate change, including refurbishing technology to save energy and lower emissions, conserve resources and recycle, and improve the well-being of affected communities.

Signature

Chairman of Board of Directors

Mohammed Saadi Ahmad Sayed Mohammed

No.: (142/22/55)

Date: 06/06/2022

To / the Shareholders of Erbil Bank for Investment & Finance (Private Joint Stock Company) – Erbil

## Subject / Auditor's Report

### **After greeting.....**

We are pleased to inform you that we have audited the financial position of Erbil Bank for Investment & Finance (Private Joint Stock Company) as at 31 December 2021, the statement of income, statement of changes in owners' equity and cash flow statement for the year ended on the same date and explanations that carry the sequence from (1) to (21) and the annual report of the bank's management, which was prepared in accordance with the provisions of the Companies Law No. (21) for the year 1997 Amended, and the regulations and instructions issued thereunder and the Banking Law No. 94 of the year 2004 and according to recognized domestic and international auditing standards.

We have obtained the information and clarifications that were necessary to perform our mission in accordance with the legislation in force for the procedures of auditing, which included the necessary tests of the activities of the bank within our jurisdiction.

### **Management responsibility:**

The management is responsible for preparing and disclosing these statements in accordance with international accounting standards, as well as its responsibility in the preparation and implementation of the internal control system, especially with respect to the preparation and fair disclosure of financial statements that are free from material misstatement and may result from errors and tampering. This responsibility also includes testing the application of appropriate accounting policies and using reasonable accounting estimates.

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## Auditor's responsibility

Our responsibility is to express an impartial opinion about the financial statements presented to us in accordance with local and international auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance whether the statement is free from material misstatement. The audit includes our examination on a test basis of statements and documents supporting the amounts disclosed in the general budget and other final accounts for the fiscal year ended on 31 December 2021. It also includes a fair assessment of the accounting principles adopted by the Administration and we believe that our audit provides a reasonable basis for the opinion we provide, and we have the following clarifications and observations:

### First: Application of International Accounting Standards:

1. The bank still relies on the principle of recording at historical cost in the valuation of property, buildings, equipment and other assets instead of revaluation based on their fair value.
2. The Bank reserved the calculation of expected credit losses (ECL) for the purpose of applying the 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) (thousand dinars) Iraqna Consulting Company	Allowance for credit losses in accordance with the guiding regulation No. (4) for the year 2010 (one thousand dinars)	Provision for credit losses according to accounting records (thousand dinars)	Deviation (thousand dinars)
Cash	31400410	27683425	35413730	+4013320
Construction	4936063	3715839	5848099	+912036
Total	36336473	31399264	41261829	+4925356

We recommend adhering to the methodology set for applying IFRS 9 by reclassifying credit to product or non-productive.


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## Second: Subsequent events:

There are no subsequent events at the budget date that materially affect the financial statements nor a negative impact of Coronavirus until the preparation of this report.

## Third: Money:

1. The Cash Balance amounted to (227,3) billion dinars on 13/12/2021 comparing to the last year which amounted to (296,8) billion dinars by a decrease of (69,5) billion dinars.
2. The prices of foreign currencies against the Iraqi dinar in the bank's accounting records as on 31/12/2021 according to the table below:

Currency type	Exchange rate
USD	1460
Euro	1800

3. The cash in the fortified safes on 31/12/2021 formed (57.7) billion dinars, i.e. (20%) of the total money, which is a high percentage, and accordingly we recommend employing these funds or depositing them in the bank account opened with the Central Bank of Iraq.
4. We reiterate our observation mentioned in Paragraph (8) of our report No. (153/21/55) on 6/9/2021 regarding the bank's failure to insure the bank's fortified room and branches against theft, fire and money damage as a result of moisture and water leakage, as well as the insurance of trustees.
5. The Bank relied on SWIFTs issued by foreign banks for purposes of conformity on 31/12/2021, due to the absence of supporting letters on the balances of these banks, despite the request for such assurances and confirmation by the bank.
6. The bank carried out matching operations for the balances of the Central Bank of Iraq and the external and internal banks, and it was found that there were differences reported according to the disclosure, and these differences were addressed during the year 2022 based on the table submitted to us.



7. Within the current account of the Central Bank of Iraq, an amount of (89,628) billion dollars represents the instruments reserved with Kurdistan Region. We recommend addressing Kurdistan Region for the purpose of obtaining the value of these instruments and according to the directives of the Central Bank of Iraq.

#### **Fourth: Solvency and Liquidity:**

1. The Liquidity Coverage Ratio (LCR) reached (162%) and the Stable Funding Ratio (NSFR) (146%), which is an indicator that shows the bank's ability to face future obligations.
2. The capital adequacy ratio reached (102%) compared to the limited ratio (12%), and accordingly we recommend maintaining the limited ratio by the Central Bank of Iraq.
3. The coverage ratio (cash balances in safes to customer deposits and current accounts) reached (57%), compared to the standard ratio of (5%). We recommend adhering to the limit set by the Central Bank of Iraq.

#### **Fifth: Cash Credit:**

1. The cash credit balance on 31/12/2021 amounted to (176635) billion dinars, net after deducting the expected credit provisions, compared to (158427) billion dinars for the previous year. We recommend that you take the necessary measures for the purpose of reducing the amount of cash credit.
2. The profits achieved as a result of granting cash credit on 31/12/2021 amounted to (5477) billion dinars, which represents a percentage of (28%) of the total revenues.
3. The ratio of the debit current account (overdrawn) to the total cash credit granted is (90%), and this constitutes a risk of concentration in a particular type of credit. We recommend moving quickly to obtain these credits, knowing that most of the credits are due for a long period of time.
4. Most of the credit granted in dollars is overdue and its guarantees are insufficient. We recommend the bank to take what is necessary in order to reduce it.

5. The ratio of cash credit to deposits amounted to (203%), which is a high percentage, based on the percentage specified by the Central Bank of Iraq, which is (75%), so we recommend working to reduce the percentage.
6. The ratio of cash credit granted to the largest (20) borrowers to the total credit reached (97 percent), and that most of the credits are non-performing and have been granted for a long time. Therefore, we recommend taking the necessary measures to urge debtors to pay and to take legal measures
7. The absence of credits granted to the related parties according to the instructions of the Central Bank of Iraq No. 9/6/219 on 23/2/2020.
8. The bank granted debit / overdraft exceeding 10% of the capital and sound reserves, and this is contrary to it. We recommend correcting this case.
9. The Bank financed through the initiative of the Central Bank of Iraq an amount of (9858923) thousand dinars, classified in two accounts 1417 and 1427, and that some of these loans are overdue. We recommend following up the late payments and unifying these loans in one account.
10. Among the loans granted within the 1417 account, there are short-term loans/individuals, amounting to (519,000) dollars and (99,99706) dinars granted from previous years and not paid, we recommend the bank to make the necessary efforts to obtain them.
11. The account balance of debtors / private sector / companies and associations in 31/12/2021 amounted to (33,081) billion dinars, compared to the year 2020 which amounted to (24,267) billion dinars, which represents the fines imposed on companies that entered the currency auction for the incorrectness of customs permits and others. We recommend the bank to analyze the account and collect the amounts owed by the companies.
12. The need to increase the effectiveness of the bank in collecting loans and calculating the interests of those loans.
13. The need to comply with the instructions of the Central Bank of Iraq when granting loans in terms of interest and to provide the necessary guarantees and repayment of loans at the date of maturity to preserve the integrity of the bank's financial assets and shareholders' equity.



**Sixth: Pledge credit:**

1. The balance of letters of guarantee and documentary credits on 31/12/2021 amounted to (252) billion dinars, compared to (244) billion dinars for the previous year, and the cash guarantees obtained against these credits amounted to (65,75) billion dinars, which represents (26%) of the reliable guarantees opposite of these obligations.
2. The balance of the commitment credit risk provision amounted to (5,848) billion dinars, which is the same as the provision for the previous year. We recommend that you adhere to calculating the provisions in accordance with International Accounting Standards No. (9).
3. Some letters of guarantee issued from previous years, the insurance percentage is less than (22%), contrary to the instructions.

**Sixth: Customer Deposits/Current Accounts:-**

1. The current account balances amounted to (100) billion dinars on 31/12/2021, compared to (134) billion dinars for the previous year, i.e. a decrease rate of (74%), and this indicator shows a weakness in the bank's ability to attract deposits.
2. Current accounts accounted for (15.7%) of the total liabilities and equity, which is a small percentage indicating that the bank is still dependent on its own resources.
3. We recommend working on attracting investment (savings) deposits, as it represents a percentage of (26%) of the total deposits.
4. We recommend working to raise the ratio of basic deposits against non-core deposits, as their exposure to risks is high.
5. Some current accounts appeared contrary to their nature and this is a serious indication that we recommend addressing this case.
6. Some accounts contain a balance and have not moved for several years, so these are considered dormant accounts according to Article (37) of Banking Law No. (94) for the year 2004, and we recommend that the appropriate action be taken in this regard.



**Seventh: Other Liabilities:**

The balance of other liabilities amounted to (19,291) billion Iraqi dinars on 31/12/2021, the details of which are shown in Note No. (9) accompanied by the financial statements, and the following accounts were checked:-

1. The balance of the approved (ratified) instruments of the bank on 31/12/2021 amounted to (5673868) thousand Iraqi dinars, including instruments related to a previous period, so we recommend liquidating these instruments .
2. The balance of the financial stamp fees due on 31/12/2021 amounted to (378053) million dinars. We recommend that you pay it to the Ministry of Finance as soon as possible.

**Eighth: Shareholders' equity:**

1. The bank was established based on the certificate of incorporation No. MSH-01-69202 on 20/04/2009 issued by the Companies Registration Department with a capital of (50) billion Iraqi dinars, and the bank's capital was increased to (100) billion Iraqi dinars according to the letter of the Companies Registration Department No.12912 on 9/6/2010, then the capital was increased to (150) billion Iraqi dinars according to the letter of the Companies Registration Department No. 18251 on 4/9/2012, then the General Authority decided to increase the capital to (200) billion on 24/11/2012, then the capital of the bank was increased to (265) billion during the year 2013 according to the letter of the Companies Registration Department No. (20695) on 18/8/2013.
2. The balance of retained earnings from the year (2020) amounted to (24962484) thousand Iraqi dinars, and the retained losses from the year (2020) (17278779) thousand Iraqi dinars, and the bank achieved losses for the year (2021) in the amount of (8893217) thousand Iraqi dinars, so the total losses as on 31/12/2021 amounted to (26171996) thousand Iraqi dinars. As for the legal reserve, it amounted to (3000495) thousand dinars.

**Ninth: Money laundering:**

Through our examination of the accounting records and our review of the nature of the banking operations practiced 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 through the application of the system (AML) according to the directives of the Central Bank of Iraq, as this system (AML) is linked to the main system (ICBS) and linked on a fixed side to the global system (work cheek) and this system works normally from managing alerts for banking operations.

**Tenth: Internal Control:**

The internal control department reports were comprehensive of the bank's activity. The internal control system ensures the necessary procedures by which this department can control and audit the activities of the bank and in accordance with the expansion of its activity. We recommend that the internal control reports and its implementation be taken into consideration.

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**Twelfth: - Risks:**

All risk management reports comply with the instructions and risk management controls issued by the Central Bank of Iraq for the year 2018.

**Thirteenth: - Compliance Monitor:**

The reports of the Compliance Controller's Department sent to the Central Bank of Iraq were reviewed as well as to the Board of Directors of this bank, whereby the bank's management assured full compliance with all laws and instructions issued by the Central Bank of Iraq related to the bank's activity for the year under audit, and sent periodic reports at the specified times according to the required forms.

**Fourteenth: - Revenue from buying and selling foreign currencies:**

1. The bank was approached according to our letter No. (12/22/53) on 30/01/2022 to indicate the amount of dollars purchased by the bank for the year (2021) through the foreign currency sale and purchase outlet. We have been provided with the amount of foreign currency purchased according to the table below, in addition to the revenues generated through this outlet.

The table below shows the amount of amounts purchased from the foreign exchange buying and selling outlet:-

Amounts purchased through the outlet of buying and selling foreign currencies	Amount of purchases in dollars	Amount of revenue in dinars
Cash	9,850,000	95,500,000
External remittances	1,131,500,000	3,582,000,000
documentary credits	-	-
Total		

2. The percentage of profits from buying and selling dollars through the foreign currency window represents (19%) of the bank's total revenues amounting to (19,245) billion dinars, and accordingly we recommend developing various banking products and diversifying sources of income in the future.

### **Thirteenth: Accounting Policy:**

In showing its accounts in accordance with the local accounting principles and standards, and the instructions issued by the Central Bank of Iraq, as a sector-based entity, the bank depends on the principles and controls established in the unified accounting system for banks, provisions and laws according to the following foundations:

1. Calculation of depreciation by straight line method.
2. Adoption of local foreign exchange rates by the Central Bank of Iraq.
3. Adoption of the accrual principle to record revenues and expenses.

### **Fourteenth: The Bank's Anti-Money Laundering Policy:**

The bank, through the committees formed in the bank and described below, conducts a daily audit of all financial and banking transactions and ensures their safety and compliance 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 guiding regulations issued in this regard. In the event of any doubt about any transaction, it is immediately reported to the competent governmental authorities, and the bank applies the articles in 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.

### **Fifteenth: The bank's risk management policy:**

#### **Objectives of the risk management department:**

The risk department aims to create a unified reference with regard to the 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. This applies to all practices related to risk management in the bank, taking into account the following points:

- a) The Board of Directors, the executive management and all employees are obligated to work in accordance with the risk management controls for commercial banks issued by the Central Bank of Iraq.
- b) The Board of Directors ensures the follow-up and supervision of the work of risk management within the Bank.
- c) All policies are mandatory and applied to all risk management personnel.



**Committee duties and powers:**

1. Determining the persons qualified to join the membership of the board of directors or senior management in the bank, except for the identification of persons qualified to work as the director of internal audit, which is the responsibility of the Audit and Compliance Committee.
2. Preparing the remuneration policy and submitting it to the Board of Directors for approval and supervision of its implementation.

**Fourth: The 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 board.

**Committee duties and powers:**

1. Reviewing the implementation of the Institutional Governance Manual, supervising its preparation in the bank, according to the size of the bank's operations and the multiplicity and diversity of its activities, updating it and monitoring its implementation.
2. Preparing the institutional governance report and including it in the annual report of the bank.
3. Ensuring that the bank applies the principles of institutional governance and its sound practices.



**Other clarifications:**

**Applying institutional governance instructions:-**

1) We reviewed the results of the actual application of the scorecard project for environmental, social and governance standards, and in our opinion, the bank is generally compliant with quantitative and qualitative requirements and that 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 correspondences of the Central Bank of Iraq regarding the results of the audit of the final balances sent from the bank, to the Central Bank of Iraq at the end of each season of the year were reviewed, and the implementation of the treatments contained in the audit results and any other executive procedures determined by the Central Bank of Iraq to the bank, such as the reports of the Department of Oversight and internal audit.

3) Through our study of the correspondence file of the bank with the Central Bank of Iraq regarding the detailed and monthly reports, it was noticed that there are no essential matters that could affect the sufficiency of the correspondence information to the Central Bank of Iraq.

4) The bank adopts electronic systems in the registration processes for financial transactions and in accordance with the banking system (CBC), and all accounting records are kept electronically. As for documents, they are documented on paper and kept in safe places in a proper manner.

**5) Balances with correspondent banks:-**

- a. The retention ratio of debit balances in banks corresponded to capital and sound reserves was (6%) on 31/12/2021, which does not exceed the percentage 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 set for the International Standard for Financial Instruments No. (9). The provision on receivable balances abroad and inside amounted to (72,4821) thousand dinars on 31/12/2021 to meet the provisions of default.

6) Foreign exchange centers:-

The bank calculated the foreign exchange positions based on the instructions of the Central Bank of Iraq, where the ratio on 31/12/2021 reached (49%), so we recommend reducing the percentage, which should not exceed the percentage estimated by the Central Bank of Iraq of (20%) of the capital and proper precautions based on its letter No. 9/3/180 on 30/06/2020.

And according to what is recorded in the bank's records and the clarifications given to us:

1. The accounting books used by the bank was in accordance with the requirements of the bookkeeping system and included, at our discretion, the recording of all the assets, liabilities, expenses and revenues of the bank.
2. The process of inventorying fixed and cash assets has been carried out properly in our supervision.
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 it is prepared in accordance with the requirements of the amended Companies Law No. 21 of 1997, and it does not include anything that contravenes the provisions of laws and legislation.
4. The financial statements have been organized in accordance with international accounting standards and in accordance with the legislation in force, and they are consistent with what appears in the records, and they are organized in accordance with the amended Companies Law, the Banking Law and the binding regulations and instructions.

**Opinion:**

Taking into consideration 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 that they, as far as they contain performance indicators, express clearly and fairly the financial position of the bank as on December 31, 2021 and the results of its activity and cash flows for the ended financial year with that date.

With appreciation....

**Signature**

**Abbas Ali Abbas**

**Chartered accountant and auditor**

**Member of the Iraqi Association of Certified  
Public Accountants**

**Signature**

**Muneeb Mustafa Hussein**

**Chartered accountant and auditor**

**Member of the Iraqi Association of Certified  
Public Accountants**

**for Haseeb Kazem Jaweed Company and its partner to  
monitor and audit accounts**

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# ERBIL BANK FOR INVESTMENT & FINANCE

## Erbil Investment & Finance Bank (Private Joint Stock Company) - Erbil

### The financial statements as on 31 December 2021

	Clarification	2021 Dinar	2020 Dinar
<b>Assets</b>			
Cash and balances with the Central Bank	1	207.215.387	261.120.474
Balances with banks and financial institutions	2	20.085.737	35.706.383
Financial assets at fair value through other comprehensive income	4	789.474	789.474
Net Direct Credit	3	204.919.398	177.897.645
Net property and equipment	5	36.203.195	36.400.417
Other assets	6	635.397	339.871
<b>Total assets</b>		<b>469.848.588</b>	<b>512.254.264</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
<b>Deposits of banks and financial institutions:</b>			
Customer deposits	7	100.057.246	134.695.960
Cash collateral	8	66.409.603	62.099.617
Loans Received / Government Sector		9.453.622	8.310.000
Miscellaneous allowances	11	7.846.044	8.335.104
Income tax provision	10	-	-
Other liabilities	9	19.291.090	23.129.383
<b>Total liabilities</b>		<b>203.057.605</b>	<b>236.570.064</b>
<b>Shareholders' equity</b>			
Subscribed capital	12	265.000.000	265.000.000
Legal reserve		3.000.495	3.000.495
Other reserves		24.962.484	24.962.484
Cumulative change in fair value		(17.278.779)	(3.896.732)
Retained earnings (accumulated surplus)		(8.893.217)	(13.382.047)
<b>Total shareholders' equity</b>		<b>266.790.983</b>	<b>275.684.200</b>
<b>Total liabilities and shareholders' equity</b>		<b>469.848.588</b>	<b>512.254.264</b>
<b>Net Commitments</b>	13	<b>886.695.308</b>	<b>183.157.979</b>

Financial Director  
Barez Ghazi Yaba

Authorized Manager  
Bakhtiar Rashid Ismael

Chairman of Board of Directors  
Mohamad Saadi Ahmad Sayid Mohamad

Subject to our report No. (142/22/55) on 06.06.2022.

Abbas Ali Abbas  
Chartered accountant and auditor  
Member of the Association of Iraqi Certified Accountants

Muneeb Mustafa Hussein  
Chartered accountant and auditor  
Member of the Association of Iraqi Certified Accountants

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Clarifications from 1 to 21 attached to the financial statements are considered a part of it and read with it.



# ERBIL BANK FOR INVESTMENT & FINANCE

## Erbil Investment & Finance Bank (Private Joint Stock Company) - Erbil

### The financial statements as on 31 December 2021

Details	Clarification	2021 Dinar	2020 Dinar
Credit benefits	14	8.733.517	7.670.471
Debit benefits	15	(832.724)	(745.983)
<b>Net interest income</b>		7.900.793	6.924.488
<b>Net commission income</b>	16	5.476.652	4.314.608
Profits (Losses) of foreign currencies	18	4.046.677	3.948.936
Other income	17	277.789	45.229
		4.324.466	3.994.165
Total revenues		17.701.911	15.233.261
Staff expenses	19	1.822.625	1.722.320
Depreciation and amortizations		1.006.166	1.433.231
operating expenses	20	2.958.609	2.107.147
Direct cash credit risk	-	17.985.667	22.782.641
Other expenses	21	2.822.061	569.969
<b>Total expenses</b>		26.595.128	28.615.308
		(8.893.217)	(13.382.047)
Net profit/deficit		-	-
Income tax		(8.893.217)	(13.382.047)
<b>Net profit after tax</b>		-	-
<b>Basic earnings per share</b>		-	-
<b>Earnings per share saved</b>		-	-
<b>Distribution:</b>		-	-
Legal reserve		-	-
Distributable surplus		(8.893.217)	(13.382.047)

Signature  
Authorized Manager  
Bakhtiar Rashid Ismael

Signature  
Financial Director  
Barez Ghazi Yaba

Clarifications from 1 to 21 attached to the financial statements are considered a part of it and read with it.


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# ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Bank for Investment & Finance (Private Joint Stock Company) – Erbil

## LIST OF CHANGES IN EQUITY

The financial statements as on 31 December 2021

### Reserves

Statement	Capital	Dividend distribution reserve	Emergency reserve	Legal reserve	Accumulated deficit	The retained earnings	Total
	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar
Balance as on 01/01/2021	265.000.000	24.962.484	-	3.000.495	(17.278.779)	-	275.684.200
Discount during the year	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	(8.893.217)	-	(8.893.217)
Balance as on 31/12/2021	265.000.000	24.962.484	-	3.000.495	(26.171.996)	-	266.790.983

Statement	Capital	Dividend distribution reserve	Emergency reserve	Legal reserve	Accumulated deficit	The retained earnings	Total
	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar
Balance as on 01/01/2020	265.000.000	5.492.310	-	3.000.495	(3.896.732)	-	269.596.073
Discount during the year	-	-	-	-	-	-	-
Additions during the year	-	19.470.174	-	-	(13.382.047)	-	6.088.127
Balance as on 31/12/2020	265.000.000	24.962.484	-	3.000.495	(17.278.779)	-	275.684.200

### Clarifications:

Based on the decision of the General Assembly No. (None) dated on 03/10/2020 and the approval of the Central Bank of Iraq in its letter No. 1387/2/9 on 21/01/2121 to transfer the fines of previous years amounting to (19470174) thousand dinars to the account of the profit distribution reserve, which including the floats (2012, 2013, 2014) and their suspension on the account of debtors.

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# ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Investment & Finance Bank (Private Joint Stock Company) - Erbil

The financial statements as on 31 December 2021

## Statement of Cash Flows for the year ended on 31 December 2021

Details	2021 Dinar	2020 Dinar
<b>Operational activities</b>		
Profit for the year before tax	(8.893.217)	(13.382.047)
<b>Adjustments for non-monetary items</b>		
Depreciations	1.006.166	1.433.232
Provision for credit losses incurred	-	-
Loss on sale of property and equipment	-	-
Loss on sale of financial assets at fair value through consolidated income statement	-	-
Income Tax Paid	-	-
Miscellaneous allowances	(489.060)	3.131.639
unknown differences	-	-
	517.106	4.564.871
<b>Cash flows from operating activities before changes in assets</b>	<b>(8.376.111)</b>	<b>(8.817.176)</b>
<b>Change in assets and liabilities</b>		
Change in net direct credit facilities	(27.021.753)	(27.125.485)
Change in net financial assets at fair value	-	-
Impairment of financial assets at fair value through consolidated income statement	-	-
Change in other assets	(295.526)	877.869
Change in customer deposits	(34.638.714)	(42.006.464)
Change in cash collateral	4.309.986	6.269.943
Change in other liabilities	(3.838.293)	18.190.207
<b>Net cash flow used in operating activities before taxes</b>	<b>(61.484.300)</b>	<b>(43.793.930)</b>
Taxes paid	-	-
<b>Net cash used in operating activities</b>	<b>(69.860.411)</b>	<b>(52.611.106)</b>
<b>Investment activities</b>		
Increase or decrease in financial assets at amortized cost	-	-
Increase in projects in progress	495	(630)
Impairment of financial assets at fair value through other comprehensive income	-	-
Increase in financial assets at fair value and held to maturity	-	-
Purchase of property and equipment	(809.439)	(227.389)
Fixed Asset Sales	-	-
Purchase of intangible assets	-	-
<b>Net cash flows from investing activities</b>	<b>(808.944)</b>	<b>(228.019)</b>
<b>Financing activities</b>	<b>(70.669.355)</b>	<b>(52.830.125)</b>
Increase in borrowed funds	1.143.622	3.860.000
Obtained from Capital increase	-	-
Capital increase fees	-	-
Change in reserves	-	19.470.174
Distributed profits	-	-
<b>Net cash flow used in financing activities</b>	<b>1.143.622</b>	<b>23.330.174</b>
<b>Net increase in cash and cash equivalents</b>	<b>(69.525.733)</b>	<b>(29.508.951)</b>
Cash and cash equivalents at the beginning of the year	296.826.857	326.335.808
Cash and cash equivalents at the end of the year	227.301.124	296.826.857

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# ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Investment & Finance Bank (Private Joint Stock Company) - Erbil

The financial statements as on 31 December 2021

## 1. Cash on hand and balances with the Central Bank of Iraq:

Details	31/12/2021 Dinar	31/12/2020 Dinar
Cash in Branches treasuries / Dinar	57.721.372	125.383.059
foreign banknotes	-	-
Cash balances and legal deposits with the Central Bank of Iraq	185.554.910	153.805.236
<b>Total</b>	<b>243.276.282</b>	<b>279.188.295</b>
Down: Provision for expected and doubtful credit losses	36.060.895	18.067.821
	207.215.387	261.120.474

## 2. Balances with banks and financial institutions:

Details	31/12/2021 Dinar	31/12/2020 Dinar
Cash with local banks	4.511.696	1.711.670
Cash with foreign banks	16.298.862	34.874.106
<b>Total</b>	<b>20.810.558</b>	<b>36.585.776</b>
Down: Provision for expected credit losses	724.821	879.393
	20.085.737	35.706.383

The expected credit losses represent the following:

(89561) thousand dinars expected according to the application of IFRS 9.

(35971334) thousand dinars, losses of instruments in Kurdistan Region based on the Central Bank's letter No. 9/2/5531 on 16/04/2020.

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# ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Investment & Finance Bank (Private Joint Stock Company) - Erbil

The financial statements as on 31 December 2021

## 3. Direct credit facilities:

### a. A detailed statement of cash credit:

Details	31/12/2021 Dinar	31/12/2020 Dinar
Long Term Loans / Individuals	9.563.289	8.073.863
Down: Provision for expected credit losses	53.252	63.198
	9.510.037	8.010.665
Short Term Loans / Private Sector / Companies	8.990.144	13.095.661
Down: Provision for expected credit losses	70.000	219.140
	8.920.144	12.876.521
Short Term Loans / Private Sector / Individuals	1.063.373	1.948.441
Down: Provision for expected credit losses	1.063.373	479.641
	-	1.468.800
Total loans	18.430.181	22.355.986
<b>Debit Current Accounts:</b>		
Debit Current Accounts / Private Sector / Companies	148.932.281	133.695.360
Down: Provision for expected credit losses	32.487.019	32.424.615
	116.445.262	101.270.745
Debit Current Accounts / Private Sector / Individuals	41.475.918	34.337.222
Down: Provision for expected credit losses	866.115	710.291
	40.609.803	33.626.931
Staff advances	1.209.640	1.240.045
Down: Provision for expected credit losses	59.589	66.236
	1.150.051	1.173.809
Total Current Accounts and advance payments	158.205.116	136.071.485
Total loans, Current Accounts and advance payments	176.635.297	158.427.471
Down: Provision for expected and doubtful credit losses		
Debtors / private sector / companies / associations	33.081.075	24.267.148
Down: Provision for risk receivable	4.796.974	4.796.974
	28.284.101	19.470.174
<b>Total</b>	<b>204.919.398</b>	<b>177.897.645</b>


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**ERBIL BANK FOR INVESTMENT & FINANCE**

Erbil Investment &amp; Finance Bank (Private Joint Stock Company) - Erbil

The financial statements as on 31 December 2021

#### 4. Financial Investments:

Details	31/12/2021	31/12/2020
	Dinar	Dinar
Long term investments / Governmental	789.474	789.474
Treasury Transfers of the Republic of Iraq	-	-
Transfers of the Central Bank of Iraq	-	-
Shares of local companies listed on the stock market	-	-
Shares of local companies not listed on the stock market	-	-
Fair value difference	-	-
<b>Total</b>	<b>789.474</b>	<b>789.474</b>

The table below shows the movement in financial assets at fair value through other comprehensive income:

	Details	31/12/2021	31/12/2020
		Dinar	Dinar
Balance at the beginning of the year		-	-
Additions		-	-
Reductions		-	-
Reserve for change in fair value		-	-
Balance of the end of year		-	-

There are no investments of any kind during the fiscal year and comparative year

**Fair Value Calculation:** is the result of a decrease in the market value of the investment fund's share from the cost



# ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Bank for Investment & Finance (Private Joint Stock Company) - Erbil

Clarifications on the bank's financial statements for the year ended on 31.12.2021

Statement No. (5)

## 5. Fixed Assets as on 31/12/2021:

Fixed Assets	Lands	Buildings	Machines & Equipment	Transportation means	Machinery & Tools	Offices furniture and devices	Total
	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar
Cost on 01/01/2021	5962660	21200000	183571	47170	8703	3281766	30683870
Additions	-	-	40256	91581	5785	671817	809439
Write-offs	-	-	-	-	-	-	-
Cost on 31/12/2021	5962660	21200000	223827	138751	14488	3953583	31493309
Depreciation percentage							
Depreciations							
Depreciation provision 1/1/2021	-	2000380	165738	47169	4322	3156994	5374603
Depreciations of current year	-	814880	11618	18317	2033	159318	1006166
Balance of depreciation provision on 31/12/2021	-	2815260	177356	65486	6355	3316312	6380769
Book value as on 31/12/2021	5962660	18384740	46471	73265	8133	637271	25112540
Projects under implementation 1/1/2021	-	11090520	-	-	-	-	11091150
Additions of projects under implementation	-	(495)	-	-	-	-	(495)
Projects under implementation 31/12/2021	-	11090520	-	-	-	-	11090655



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# ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Bank for Investment & Finance (Private Joint Stock Company) - Erbil

Clarifications on the bank's financial statements for the year ended on 31.12.2020

Statement No. (5)

## 5. Fixed Assets as on 31/12/2020:

Fixed Assets	Lands	Buildings	Machines & Equipment	Transportation means	Machinery & Tools	Offices furniture and devices	Total
	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar
Cost on 01/01/2020	5962660	21200000	180900	47170	4323	3061428	30456481
Additions	-	-	2671	-	4380	220338	227389
Write-offs	-	-	-	-	-	-	-
Cost on 31/12/2020	5962660	21200000	183571	47170	8703	3281766	30683870
Depreciation percentage							
Depreciations							
Depreciation provision 1/1/2020	-	1185500	147523	47169	4322	2556857	3941371
Depreciations of current year	-	814880	18215	-	-	600137	1433232
Balance of depreciation provision on 31/12/2020	-	2000380	165738	47169	4322	3156994	5374603
Book value as on 31/12/2020	5962660	19199620	17833	001	4381	124772	25309267
Projects under implementation 1/1/2020	-	11090520	-	-	-	-	11090520
Additions of projects under implementation	-	-	-	-	-	630	630
Projects under implementation 31/12/2020	-	11090520	-	-	-	630	11091150

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# ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Investment & Finance Bank (Private Joint Stock Company) - Erbil

The financial statements as on 31 December 2021

## 6. Other assets:

Details	31/12/2021 Dinar	31/12/2020 Dinar
Debtors of exchange operations / central bank	21.217	456
Reciprocal accounts receivable	-	-
Revenue receivable and not received	316.940	105.663
Insurance for others	244.254	184.254
Prepaid expenses	-	-
Judicial expenses	49.400	49.400
Advances for activity purposes	-	-
Advances for Purchasing	1.956	-
Debtors of late debts repayment	-	-
cash differences	1.630	98
<b>Total</b>	<b>635.397</b>	<b>339.871</b>

## 7. Customer deposits:

Details	31/12/2021 Dinar	31/12/2020 Dinar
<b><u>Current accounts</u></b>		
Current accounts payable / financial sector	3.376.284	6.816.283
Current accounts payable / Private sector / Companies	-	71.941.995
Current accounts payable / individuals	14.532.758	29.835.381
Current Accounts Payable / Private Sector / Companies / Foreign Currency	56.028.059	-
Current accounts payable / individuals	54.662	-
Current accounts payable / individuals / foreign currency	-	-
<b>Total</b>	<b>73.991.763</b>	<b>108.593.659</b>
<b><u>Savings Accounts</u></b>		
Savings Accounts / Dinars	5.861.346	4.509.839
Saving Accounts / Foreign Currency	11.400.795	12.479.859
Time deposits	-	-
Fixed deposits / individuals / dinars	2.030.137	9.020.210
Fixed Deposits / Companies / Dinar	-	-
Fixed deposits with private sector / companies	6.773.205	92.393
<b>Total</b>	<b>26.065.483</b>	<b>26.102.301</b>
	<b>100.057.246</b>	<b>134.695.960</b>

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# ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Investment & Finance Bank (Private Joint Stock Company) - Erbil

The financial statements as on 31 December 2021

## 8. Cash Insurance:

Details	31/12/2021 Dinar	31/12/2020 Dinar
Insurances received and receipts opposite of banking operations	65.759.111	61.023.602
Foreign remittances sold	-	-
Bills of exchange drawn on the bank/ local process	650.492	1.076.015
Instruments drawn on the bank	-	-
<b>Total</b>	<b>66.409.603</b>	<b>62.099.617</b>

## 9. Other liabilities:

Details	31/12/2021 Dinar	31/12/2020 Dinar
Branch transfers drawn on the bank	200	-
Securities - guaranty deposit	1.500.000	-
Accredited instruments (certified)	5.073.868	3.507.429
Instruments retained by telephone	-	-
Payables of money exchange operations with Yana Company	160.564	35.563
Insurance received	6.532.802	7.362.298
Revenues received in advance	4.367.426	4.906.610
Unpaid Due Interests	65.427	13.941
Due Administrative Expenses	65.000	65.000
Financial stamps fee	378.053	164.384
Accounts under settlement	-	-
Amounts received for registering companies	363.328	7.032.820
Other account deductions	7.786	5.614
Accounts and compensations of deceased clients	-	-
Reserved amounts at the request of an official body	45.738	34.474
Unclaimed amounts	-	-
Miscellaneous accounts payable	-	-
Increase in the Fund	270	35
Accounts of deceased	129.929	1.215
Subscription deposits in the name of companies	270	-
Loans Account of atm	429	-
<b>Total</b>	<b>19.291.090</b>	<b>23.129.383</b>

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**ERBIL BANK FOR INVESTMENT & FINANCE**

## Erbil Investment &amp; Finance Bank (Private Joint Stock Company) - Erbil

## The financial statements as on 31 December 2021

**10. Income tax provision:**

	Details	31/12/2021 Dinar	31/12/2020 Dinar
	Balance at the beginning of the year		
	Adjustments to income tax		
	Income tax payable for the current year		

**11. Other provisions:** The details of this item are as follows:

Details	31/12/2021	31/12/2020
	Dinar	Dinar
Provision for risk of contractual obligations	5.848.099	5.848.099
Miscellaneous allowances	-	-
	5.848.099	5.848.099

The movements in the provision for contractual obligations are as follows:

	Details	31/12/2021 Dinar	31/12/2020 Dinar
	Balance at the beginning of the year		
	Additions during the year	5.848.099	5.203.464
	Transfers during the year	-	644.635
	Balance at the end of the year	-	-
		5.848.099	5.848.099

## 12. Property rights:

	Details	31/12/2021	31/12/2020
		Dinar	Dinar
Legal reserve		3.000.495	3.000.495
General reserve		-	-
Dividend distribution reserve		24.962.484	24.962.484
Emergency reserve		-	-
Fair value reserve		-	-
Accumulated surplus		(26.171.996)	(17.278.779)
<b>Total</b>		<b>1.790.983</b>	<b>10.684.200</b>

- Capital: The Bank's capital is 265 billion shares and is fully paid.
- The total amount of reserves for 2021 is (1790.983) billion.

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# ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Investment & Finance Bank (Private Joint Stock Company) - Erbil

The financial statements as on 31 December 2021

## 13. Contractual Credit:

Details	31/12/2021 Dinar	31/12/2020 Dinar
Letters of guarantee	214.653.812	191.433.808
Reduction: Insurance of letters of guarantee	(55.475.357)	(50.063.240)
<b>Net issued letters of guarantee</b>	<b>159.178.455</b>	<b>141.370.568</b>
Documentary Credits	37.757.401	52.747.773
Reduction: Credits insurance	(10.283.753)	(10.960.362)
<b>Net documentary credits</b>	<b>27.473.648</b>	<b>41.787.411</b>
<b>Mortgages amortization of credit facilities</b>	<b>700.043.205</b>	<b>-</b>
<b>Total net contractual credit</b>	<b>886.695.308</b>	<b>183.157.979</b>

## 14. Credit Interest:

Details	31/12/2021 Dinar	31/12/2020 Dinar
Interest on direct credit facilities	-	-
Interest on loans granted / Dinar - Private Sector - Individuals	1.217.805	97.263
Interest on loans granted / Dollar - Private Sector – Companies	7.500	1.106.840
Interest on current accounts receivable / Dinar - Private Sector – Individuals	2.155.103	262.750
Interest on current accounts receivable / Private Sector – Companies	5.351.155	6.199.494
Interest on deposits and balances with banks and financial institutions	-	-
Other Interests (Benefits of cash deposits with third parties / external)	1.954	4.124
<b>Total</b>	<b>8.733.517</b>	<b>7.670.471</b>

## 15. Debit Interest:

Details	31/12/2021 Dinar	31/12/2020 Dinar
Interest on current and on-demand accounts / Private Sector – Individuals	723	-
Interest on savings accounts - Private Sector – Individuals	646.722	608.923
Fixed deposit interest / Private Sector – Individuals	185.279	137.060
Interest on internal borrowing	-	-
Interests on loans and external facilities	-	-
<b>Total</b>	<b>832.724</b>	<b>745.983</b>

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# ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Investment & Finance Bank (Private Joint Stock Company) - Erbil

The financial statements as on 31 December 2021

## 16. Net commission income:

Details	31/12/2021	31/12/2020
	Dinar	Dinar
<b>Credit commissions</b>	4.133.200	3.861.465
Bank transfers	1.547.251	325.225
Indirect facilities	-	-
Other	506.700	307.003
Debit commissions	(710.499)	(179.085)
<b>Net Commissions</b>	<b>5.476.652</b>	<b>4.314.608</b>

## 17. Other Income:

Details	31/12/2021	31/12/2020
	Dinar	Dinar
Income from discount of commercial papers	-	-
Miscellaneous advances income	-	-
Internal investment income	-	-
Other income	277.789	45.229
<b>Total</b>	<b>277.789</b>	<b>45.229</b>

Details	31/12/2021	31/12/2020
	Dinar	Dinar
<b>18. Income of selling and buying foreign currency</b>	4.046.677	3.948.936
	4.046.677	3.948.936

## 19. Functional staff costs

Details	31/12/2021	31/12/2020
	Dinar	Dinar
Salaries, allowances and benefits of employees	1.648.959	1.570.550
Compensatory allowances	82.676	81.998
Wages for non-Iraqis	-	220
Contribution to social security	90.990	69.552
<b>Total</b>	<b>1.822.625</b>	<b>1.722.320</b>

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# ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Investment & Finance Bank (Private Joint Stock Company) - Erbil

The financial statements as on 31 December 2021

## 20. Operating Expenses:

Details	31/12/2021 Dinar	31/12/2020 Dinar
Maintenance	622.533	491.068
Research and consulting services	108.226	34.602
Advertising, publishing and printing	279.443	83.180
Office expenses	-	-
Communications	300.647	382.638
Transfer of employees	14.010	7.624
Transportation of goods	2.171	1.098
Travel and dispatch	92.694	14.124
Wages of training and study	33.371	15.373
Subscriptions and affiliations	253.219	186.783
Non-working equivalents	17.447	3.718
Legal Services	25.759	51.520
Banking Services	20.334	500
Other service expenses	55.170	14.044
Fuel and oil	114.549	76.771
Stationery	27.726	28.449
Working equipment	15.193	6.807
Water and electricity	76.539	63.999
Central Bank Audit Fees	3.300	1.800
Audit fees	77.850	77.500
Taxes and fees	6.395	212.627
Other operating expenses	41.310	30.031
External audit fees	-	44.530
Master project expenses	749.003	278.361
Foreign exchange valuation differences	20.220	-
Rental of Buildings	1.500	-
<b>Total</b>	<b>2.958.609</b>	<b>2.107.147</b>

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## ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Investment & Finance Bank (Private Joint Stock Company) - Erbil

The financial statements as on 31 December 2021

### 21. Other Expenses:

Details	31/12/2021 Dinar	31/12/2020 Dinar
Compensations and fines	2.462.180	260.649
Donations and subsidies to others	254.000	166.000
Miscellaneous taxes and fees	105.838	-
Other expenses	43	142.291
Losses of Fixed Asset Sale	-	1.029
<b>Total</b>	<b>2.822.061</b>	<b>569.969</b>

Clarifications from 1 to 21 attached to the financial statements are considered a part of it and read with it.

ن (م) . لێكۆڵێنی یۆرێڤێرانی ئیاسایی  
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## Erbil Investment & Finance Bank

### Report of the Audit Committee for the year 2021

Members of the General Assembly of Erbil Bank for Investment and Finance.

Gentlemen.

Peace, mercy and blessings of God.

The Audit Committee exercised its duties to examine and audit the financial statements of the Bank for the period from 01/01/2020 until 31/12/2020 in accordance with the requirements and provisions of paragraph (i) of Article (24) of the Banking Law No. 94 of the year 2004 and the instructions of the Central Bank of Iraq. The Committee has reviewed all statements and information required to protect shareholders' equity in accordance with locally and internationally recognized auditing procedures, and which obliged 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 good and based on scientific and logical principles.
2. All activities carried out by the Bank shall be subject to a distinct supervisory procedures by the supervisory body of the Bank, which shall be based on sound foundations.
3. The Committee followed up the reports sent by the Bank to the Central Bank of Iraq concerning the accounts and activities for 2021. 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 he discussed all the activities of the Bank, confirming the soundness of the procedures followed. It was organized in accordance with the provisions of the Companies Law No. (21) for the year 1997 (Amended), the Central Bank of Iraq Law (56) for the year 2004 and the Banking Law No. 94 for the year 2004 and according to the local and International Accounting Standards and Rules.
5. The Audit Committee reviewed the reports of inspectors of the Central Bank of Iraq to monitor the work of the bank and follow up the liquidation of the observations contained therein and take advantage of the proposals and solutions provided in this regard.
6. The Committee reviewed the report of the compliance monitor and confirmed that the bank (senior management and operating sectors) complies with the laws, regulations and instructions issued by the competent supervisory bodies.

7. The Committee did not notice any mention of money laundering, smuggling, terrorist financing or any suspicious operations, or violation of the Law of the Central Bank of Iraq or the Anti-Money Laundering Law, in accordance with the instructions issued by the relevant authorities.
8. Reviewing the mechanism adopted in the implementation of appropriations and remittances, external and income, issued and received and the safety and adequacy of the guarantees obtained and its conformity with the instructions of the Central Bank of Iraq and the relevant departments.

Sincerely Yours.....

Member

Rasul Mahmood Samad

Member

Ibrahim Jawda Sadeq Al-Faham

Chairman of the Committee

Bakhtiar Rashid Ismael

