



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 2019



ن (م) لئاكنيمى بز وقراتيرنى بلسكى
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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 2019. 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:

Erbil Bank for Investment & Finance has applied the International Accounting Standards for the third year and continues to adopt the historical cost of valuing property, buildings, equipment and other assets rather than revaluation, and the bank re-evaluates at fair value upon receipt of instructions from the sector. The bank did not take the necessary measures to implement Standard No. (9) as directed by the Central Bank of Iraq.

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 at foreign banks amounted to (15,699,297 IQD) billion dinars.
2. The Bank relied on SWIFTs issued by foreign banks for purposes of conformity on 31/12/2019, due to the absence of supporting letters on the balances of these banks, despite the request for such assurances and confirmation by the bank.
3. The exchange rate for foreign currency was approved on 31 December 2019 based on the price of (1190) dinars per dollar and (1400) dinars per euro.



4. It was noticed that there was no insurance contract for the bank's strong-room (vault), such as insurance against theft, fire, and money damage due to moisture and water leakage, as well as the absence of insurance contracts for cashiers.

Fourth: Contractual Credit:

The Balance allocated to Contractual Credit Risk amounted to (5203464) billion dinars compared to (5203464) billion dinars for the year 2018.

Fifth: Cash Credit:

1. The need to increase the effectiveness of the bank in collecting loans and calculating the interests of those loans.
2. 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: Income statement (profit and loss):

The Bank has realized net losses at the date of the balance sheet amounted to (3896732) billion dinars compared to (2289876) billion dinars as profits during the year 2018 after tax.

Seventh: Money laundering:

The Bank has taken adequate measures to prevent money laundering or financing of terrorism. These procedures are being implemented in accordance with the regulations, guidelines issued by the Central Bank of Iraq and in accordance with the provisions of the Anti-Money Laundering and Terrorism Financing Law No. 39 of the year 2015. We have seen the reports of the Money Laundering Department which have met all the required terms. We recommend the need for the bank to contract an integrated money laundering system and with complete technical specifications.



Eighth: Compliance Auditor:

Through our review and auditing of the Compliance Auditor's reports submitted during the audit year, they have been prepared in accordance with the requirements of the Central Bank of Iraq.

Ninth: 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.

Tenth: Legal lawsuits:

There are two lawsuits raised by the Bank:

1. Lawsuit No. (710 b 2019).
Plaintiff / Mustafa Ahmad Khudhur.
Defendant / Erbil Bank – Erbil Branch.
Subject of the lawsuit / Real Estate.
2. Lawsuit No. (1759 b 2019).
Plaintiff / Erbil Bank for Investment & Finance.
Defendant / Omid Ghareeb Hama Company.
Amount (\$ 81,185) USD.



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According to the bank records and explanations given to us:

1. The accounting system used by the Bank was in line with the requirements of the bookkeeping system and included, at our discretion, the recording of all assets, liabilities, expenses and income of the Bank.
2. The inventory of fixed and cash assets has been properly prepared by the Bank's management. The assets have been assessed in accordance with the principles adopted in accordance with International Accounting Standards. The historical cost profile of fixed assets has been adopted as follows:
 - A) The management of the Bank has chosen to apply the Standard (9) effective from 1/1/2019 as per the directives of the Central Bank but the bank did not take the necessary measures to implement the standard until the date of preparing the accounts.
 - B) Based on the Central Bank's Letter No. 116/2/9 dated on 15/3/2007, the evaluation of the Bank's assets has been delayed.
3. The annual report of the Bank's management and the financial and accounting information included in it reflect comprehensively the progress of the Bank during the year and it is prepared in accordance with the requirements of the Companies Law No. 21 of 1997 amended and does not contain anything contrary to the provisions of laws and legislations.
4. The financial statements have been prepared in accordance with International Accounting Standards and in accordance with applicable legislation and are in accordance with what the records show and are organized according to both the Amended Companies Law and the Banking Law, Regulations and Compulsory Instructions.

The opinion:

Taking into consideration the above notes and clarifications, based on the information and clarifications obtained, the financial statements and the attached management report are in accordance with the records and comply with the legal requirements and they contain the performance indicators that clearly and fairly reflect the financial position of the Bank as on 31 December 2019 and the results of its activities and its cash flows for the financial year ended on the same date.

Signed by

Abbas Ali Abbas

Chartered accountant and auditor

Member of the Iraqi Society of Certified Public Accountants

Signed by

Muneeb Mustafa Hussein

Chartered accountant and auditor

Member of the Iraqi Society of Certified Public Accountants



**Report of the Board of Directors on the Bank's activities
for the fiscal year 2019**

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 31/12/2019 in accordance with the provisions of the Companies Law No. 21 of the year 1997 Amended and the Banking Law No. 94 of the year 2004 and the instructions of the accounting system No. 1 of the year 1998.

First: Application of International Accounting Standards:

Erbil Bank for Investment and Finance has implemented the International Accounting Standards for the third year, which required the restatement of the financial statements for comparative years (2017-2018) 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 issued 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 9/3/45 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 09/06/2010.
- 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 04/09/2012.



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- 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 18/08/2013.

Second: 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, agricultural and commercial housing and reconstruction and health sectors....etc.

As well as it works to raise the rates of economic growth and therefore the bank keeps pace with all the developments taking place in the Iraqi and foreign banking markets and working to apply the highest international standards in the management of banking work.

Third: 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. Issuance of certified bills of exchange and instruments in the Iraqi dinar and the US dollar.
9. Buying and selling foreign currencies.
10. The Bank's accounts and financial statements shall subject to audit by an international auditing company in accordance with international standards.



Fourth: Contracts concluded during 2019:

1. Internet contract with Rey Telecom.
2. Renewing the maintenance contract of SWIFT.
3. A contract for the money laundering and terrorist financing system with (AML) Capital Banking.
4. A contract with Thomson Reuters Company on the black list of face (world - check).
5. Renewing maintenance contract (Banking system equipment).
6. Renewing a contract of (Oracle), (icbs).
7. A contract with Thomson Router Company for the purpose of (oface list).

Fifth: 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). These banks are listed below:

1. Correspondents with whom we have current accounts and banking relations amounted to 23 correspondents:

S	Reporter Name	Name of the country
1	Al Jazeera Bank	Saudi Arabia
2	Arab African International Bank	Dubai
3	Albaraka Turki Bank	Turkey
4	Jordan Financial Bank	Jordan
5	France Bank	Lebanon
6	Housing Bank	Oman
7	Intercontinental Bank	Lebanon
8	Waqflar Turkish Bank	Turkey
9	Bank of Beirut	Beirut
10	Golden Global Bank	Turkey



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

First:

- a. Central Bank of Baghdad.
- b. Central Bank of Erbil.
- c. 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.

Sixth: 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

2. Baghdad Branch:

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

E-Mail: infob@erbilbank.com.iq

3. Sulaymaniyah branch

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

Telephone : 00964(533)210217 /18

E-Mail: infos@erbilbank.com.iq



4. Zakho Branch:

Duhok / Zakho - Ibrahim al-Khalil Street.

Telephone : 096400627650696

E-Mail: infoz@erbilbank.com.iq

Seventh: Employees who received the highest remuneration during 2019.

1. Bakhtiar Rashid Ismail.
2. Khawla Khalid Fathi.
3. Bariz Ghazi Yaba.
4. Mohammed Talaat M. Amin.
5. Nabil Ibrahim Ismail.

Eighth: International Banking Relations:

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

We offer you statistics on the scientific levels of the Bank's employees:

Scientific level	Chartered Accountant	Master	Bachelor degree	Diploma	Preparatory and below	Total
Number	2	7	62	18	23	112

Ninth: Board of Directors :

1. The number of meetings of the Board of Directors during the year (2019) amounted to: (7) sessions.
2. The number of meetings of the General Assembly during the year (2019) amounted to : (1) meeting.
3. The Chairman, Vice Chairman and Members of the Board of Directors did not receive any cash reward during 2019.



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4. Below are the names of the chairman and members of the Board of Directors (Regulars) as on 31/12/2019:

S	Members	Positions
1	Mohammed Saadi Ahmed Sayed Mohammed Saeed	Chairman of Board of Directors
2	Aisha Qader Mohammed Saeed	Vice Chairman / Regular Member
3	Mohammed Saleh Semin	Regular Member
4	Ibrahim Jouda Sadeq Al Faham	Regular Member
5	Fid Abdel Amir Hassoun	Regular Member

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

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

Tenth: Accounting Policy:

The Bank shall rely on showing its accounts in accordance with local accounting principles and standards and the instructions issued by the Central Bank of Iraq as a sectoral authority based on the bases and controls prescribed in the unified accounting system for banks and the provisions and laws according to the following bases:

1. Calculation of Depreciations on a Fixed Installment Method.
2. Adoption of local prices for foreign currencies by the Central Bank of Iraq.
3. Approving the accrual principle to record revenues and expenses.



Eleventh: Bank's Policy in Anti-Money Laundering:

The Bank shall, through the committees set up in the Bank, set out below, conduct daily audits of all financial and banking transactions and ensure its safety and compliance with the instructions, notices and notifications issued by the Central Bank of Iraq, the Anti-Money Laundering Office and relevant government departments and organizations, taking into account the application of all regulations and guidelines issued for this purpose. In the event of any doubt about any transaction, the competent government authorities shall be notified immediately. The Bank shall also apply the materials contained in the Law of the Central Bank of Iraq, the Banking Law and the Anti-Money Laundering Law to all banking transactions in a transparent and accurate manner.

1. Credit Committee.
2. Credit Risk Management Committee.
3. Audit Committee.
4. Money Laundering Unit.
5. Audit and Internal Control Section.
6. Compliance Auditor Unit.

Finally, after this summary of the financial statements of the bank as on 31/12/2019, we are pleased to reiterate our thanks and appreciation to the ladies and gentlemen of the representatives of the Central Bank of Iraq in Baghdad and Erbil and representatives of Baghdad Companies Registration Department and wish them good accommodation and success.

Chairman of Board of Directors
Mohammed Saadi Ahmed Sayed Mohammed
(Signed)



ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Bank for Investment & Finance (Private Joint Stock Company) - Erbil The financial statements as on 31 December 2019

	Clarification	2019 Dinar	2018 Dinar
Assets			
Cash and balances with the Central Bank	1	307.228.706	304.694.189
Balances with banks and financial institutions	2	19.107.102	48.434.223
Financial assets at fair value through other comprehensive income	4	789.474	789.437
Net Direct Credit	3	150.772.160	158.421.612
Net property and equipment	5	37.605.630	25.327.626
Other assets	6	1.217.740	68.455
Total assets		516.720.812	537.753.542
Liabilities and shareholders' equity			
Liabilities			
Deposits of banks and financial institutions:			
Customer deposits	7	176.702.425	194.765.802
Cash collateral	8	55.829.674	50.135.462
Loans Received / Government Sector		4.450.000	1.644.050
Miscellaneous allowances	11	5.203.464	5.203.464
Income tax provision	10	-	1.862.785
Other liabilities	9	4.939.176	6.764.510
Total liabilities		247.124.739	260.376.073
Shareholders' equity			
Subscribed capital	12	265.000.000	265.000.000
Legal reserve		3.000.495	3.000.495
Other reserves		5.492.310	6.903.798
Cumulative change in fair value (accumulated deficit)		(3.896.732)	-
Retained earnings (accumulated surplus)		-	2.473.176
Total shareholders' equity		269.596.073	277.377.469
Total liabilities and shareholders' equity		516.720.812	537.753.542
Net Commitments	13	181.282.812	197.695.348

Financial Director
Bariz Ghazi Yaba

Authorized Manager
Bakhtiar Rashid Ismael

Chairman of Board of Directors
Mohamad Saadi Ahmad Sayid Mohamad

Subject to our report No. (55/20/13) on 16.08.2020.

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

Notes from 1 to 22 are part of the financial statements and are read with it.



ERBIL BANK FOR INVESTMENT & FINANCE

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

INCOME LIST

The financial statements as on 31 December 2019

Details	Clarification	2019 Dinar	2018 Dinar
Credit benefits	14	11.477.937	11.470.228
Debit benefits	15	(558.171)	(513.995)
Net interest income		10.919.766	10.956.233
Net commission income	16	4.369.065	4.097.370
Profits (Losses) of foreign currencies	18	4.257.878	6.363.875
Net Profits of financial assets at fair value through consolidated statement of income		-	-
Other income	17	142.957	14.257
Total revenues		19.689.666	21.431.735
Staff expenses	19	1.624.144	1.777.509
Depreciation and amortizations		613.532	898.297
operating expenses	20	1.109.235	1.758.348
Direct cash credit risk	-	-	-
Other expenses	21	20.239.487	14.260.422
Total expenses		23.586.398	18.694.576
Net loss		(3.896.732)	2.737.159
Income tax		-	(447.283)
Net profit after tax		(3.896.732)	2.289.876
Basic earnings per share		-	0.0007
Earnings per share saved		-	-
Distribution:			
Legal reserve		-	114.494
Accumulated deficit		(3.896.732)	2.175.382
Net loss		(3.896.732)	2.289.876
Net profits (material losses and valuation of investments at fair value)		-	-
Net profits (loss) on the valuation of property, premises and equipment		-	-
profits (loss) resulting from transaction valuation differences in foreign currency		-	-
profits (losses) resulting from financing for foreign currency transactions		-	-
Total other comprehensive income for the year		-	2.289.876

Notes from 1 to 22 are part of the financial statements and are read with it.



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 2019

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 01/01/2019	265.000.000	-	6.903.798	3.000.495	-	2.473.176	277.377.469
Discount during the year	-	(250.543)	(6.903.798)	-	-	(2.473.176)	(9.627.517)
Additions	-	5.742.853	-	-	(3.896.732)	-	1.846.121
Distribution of profits	265.000.000	5.492.310	-	3.000.495	(3.896.732)	-	269.596.073

Clarifications:

() Dinars based on the decision of the General Assembly No. // on 05.10.2019.

1. The income tax for the year 2017 which amounted to (250543 IQD) Dinars has been paid from profit distribution reserve.
2. Revenues of the previous years which amounted to (5742853 IQD) Dinars have been transferred and added to the profit distribution reserve account.
3. The balance of the contingency reserve which amounted to (6903798 IQD) Dinars has been transferred to the provision for doubtful debts.



Notes from 1 to 22 are part of the financial statements and are read with it.

ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Bank for Investment & Finance (Private Joint Stock Company) - Erbil
The financial statements as on 31 December 2019

Statement of Cash Flows for the year ended on 31 December 2019

Details	2019 Dinar	2018 Dinar
Operational activities		
Profit for the year before tax	(3.896.732)	2.737.159
Adjustments for non-monetary items		
Depreciations	613.532	898.297
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	(1.862.787)	(2.551.008)
Miscellaneous allowances	-	(23.876)
Unknown differences	-	194
	(1.249.255)	(1.676.393)
Cash flows from operating activities before changes in assets	(5.145.987)	1.060.766
Change in assets and liabilities		
Change in net direct credit facilities	7.649.452	(19.710.952)
Change in net financial assets at fair value	(37)	-
Impairment of financial assets at fair value through consolidated income statement	-	-
Change in other assets	(1.131.285)	1.389.029
Change in customer deposits	(18.063.377)	48.632.859
Change in cash collateral	5.694.212	782.565
Change in other liabilities	(1.825.334)	(1.276.819)
Net cash flow used in operating activities before taxes	(7.676.369)	29.816.682
Taxes paid	-	(8.309)
Net cash used in operating activities	(12.822.356)	30.869.139
Investment activities		
Increase or decrease in financial assets at amortized cost	-	-
Increase in projects under implementation	(11.040.520)	-
Impairment of financial assets at fair value through other comprehensive income	-	-
Increase in financial assets at fair value and held to maturity date	-	-
Purchase of property and equipment	(1.852.264)	-
Sales of fixed assets	1.250	1.717.412
Purchase of intangible assets	-	-
Net cash flows from investing activities	(12.891.534)	1.717.412
Financing activities	(25.713.890)	32.586.551
Increase in borrowed funds	2.805.950	701.050
Obtained from Capital increase	-	-
Capital increase fees	-	(6.308.533)
Change in reserves	(1.411.488)	-
Distributed profits	(2.473.176)	-
Net cash flow used in financing activities	(1.078.714)	(5.607.483)
Net increase in cash and cash equivalents	(26.792.604)	26.979.068
Cash and cash equivalents at the beginning of the year	353.128.412	326.149.344
Cash and cash equivalents at the end of the year	326.335.808	353.128.412



Notes from 1 to 22 are part of the financial statements and are read with it.

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 31.12.2019

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

Details	31/12/2019 Dinar	31/12/2018 Dinar
Cash in Branches treasuries / Dinar	45.211.032	6.334.389
Foreign currency bank notes	34.448.442	30.414.082
Cash balances and deposits with the Central Bank of Iraq	227.569.232	267.945.718
Total	307.228.706	304.694.189

2. Balances with banks and financial institutions:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Cash with local banks	3.407.805	1.248.491
Cash with foreign banks	15.699.297	47.185.732
Total	19.107.102	48.434.223



Notes from 1 to 22 are part of the financial statements and are read with it.

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 31.12.2019

3. Direct credit facilities:

a. A detailed statement of cash credit:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Long Term Loans / Individuals	3.153.140	866.730
Short-term loans granted:		
Short Term Loans / Private Sector / Companies	22.353.913	41.953.007
Short Term Loans / Private Sector / Individuals	2.751.283	1.421.624
Debit Current Accounts:		
Debit Current Accounts / Private Sector / Companies	106.066.343	110.214.252
Debit Current Accounts / Private Sector / Individuals	28.359.260	5.411.855
Discounted Bills	-	-
Staff advances	1.119	1.388.453
Total	162.685.058	161.255.921

b. Provision for Cash Credit (Provision for Doubtful Debts): Below is a Statement of the cash credit provision as on 31 December 2019:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Balance at the beginning of the year	2.834.309	2.810.577
Additions during the year	9.078.589	23.732
Reductions during the year	-	-
Balance at the end of the year	11.912.898	2.834.309

Details	31/12/2019 Dinar	31/12/2018 Dinar
Net Cash Credit:		
Total cash credit	162.685.058	161.255.921
Deductible: Provision for doubtful debts	(11.912.898)	(2.834.309)
	150.772.160	158.421.612



Notes from 1 to 22 are part of the financial statements and are read with it.

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 31.12.2019

4. Financial Investments:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Long term investments / Governmental	789.474	789.437
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	-	-
Total	789.474	789.437

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

Details	31/12/2019 Dinar	31/12/2018 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 reserve: is the result of a decrease in the market value of the investment fund's share of the cost



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Erbil Bank for Investment & Finance (Private Joint Stock Company) - Erbil
Clarifications on the bank's financial statements for the year ended on 31.12.2018

Statement No. (5)

5. Fixed Assets as on 31/12/2018:

31 December 2018	Lands		Buildings		Machines & Equipment		Transportation means		Machinery & Tools		Offices furniture and devices		Deferred revenue expenditures		Total		
		Dinar		Dinar		Dinar		Dinar		Dinar		Dinar		Dinar		Dinar	
Cost on 01/01/2018	50.000	20.000.000	-	-	170.502	47.170	4.323	2.383.040	-	-	-	-	-	-	22.655.035		
Additions during the year	-	-	10.276	-	-	-	-	69.746	-	-	-	-	-	-	80.022		
Balance on 31/12/2018	50.000	20.000.000	180.778	47.170	180.778	47.170	4.323	2.452.786	4.323	2.452.786	-	-	-	22.735.057			
Balance of Depreciation 01/01/2018	-	361.500	89.294	47.169	89.294	47.169	4.323	1.927.261	-	-	-	-	-	-	2.429.546		
Depreciations of current year	-	400.000	30.740	-	30.740	-	-	467.558	-	-	-	-	-	-	898.298		
Balance on 31/12/2018	-	761.500	120.034	47.169	120.034	47.169	4.322	2.394.819	4.322	2.394.819	0	0	0	0	3.327.844		
Book value as on 31/12/2018	50.000	19.238.500	60.744	1	60.744	1	1	57.967	1	57.967	0	0	0	0	19.407.213		
Projects under implementation 1/1/2018	-	5.300.000	-	-	-	-	-	-	-	-	-	-	-	-	5.920.410		
Additions under implementation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0		
Projects under implementation 31/12/2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0		
Net book value	5.350.000	19.858.910	60.744	1	60.744	1	1	57.970	1	57.970	-	-	-	-	25.327.626		

Clarification:

Among the real estate, the balance of 50,000 dinars represents lands expropriated as a result of a settlement.



Notes from 1 to 22 are part of the financial statements and are read with it.

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 31.12.2019

6. Other assets:

Details	31/12/2019	31/12/2018
	Dinar	Dinar
Current activity receivables	-	-
Reciprocal accounts receivable	-	-
Revenue receivable and not received	37.867	6.075
Insurance for others	30.980	30.980
Prepaid expenses	-	-
Judicial expenses	49.400	49.400
Advances for activity purposes	-	-
Advances for associates	1.095.548	-
Debtors of late debts repayment	-	-
Cash differences	3.945	-
Total	1.217.740	86.455

7. Customer deposits:

Details	31/12/2019	31/12/2018
	Dinar	Dinar
Current accounts		
Current accounts payable / financial sector	1.054.672	12.369.840
Current accounts payable / Private sector / Companies	116.162.454	132.708.455
Current accounts payable / individuals	46.373.442	35.694.792
Current Accounts Payable / Private Sector / Companies / Foreign Currency	-	-
Current accounts payable / individuals	-	-
Current accounts payable / individuals / foreign currency	-	-
Total	163.590.568	180.773.087
Savings Accounts		
Savings Accounts / Dinars	7.320.795	4.018.773
Saving Accounts / Foreign Currency	5.263.896	8.212.960
Time deposits	-	-
Fixed deposits / individuals / dinars	468.305	1.706.731
Fixed Deposits / Companies / Dinar	58.861	54.251
Fixed deposits with private sector / companies	-	-
Total	13.111.857	13.992.715
	176.702.425	194.765.802



Notes from 1 to 22 are part of the financial statements and are read with it.

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10. Income tax provision:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Balance at the beginning of the year	1.862.785	1.423.811
Income tax payable for previous years	-	-
Income tax payable during the year	-	447.283
Adjustments to income tax	(1.862.785)	(8.309)
Income tax payable for the current year	-	1.862.785

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

Details	31/12/2019 Dinar	31/12/2018 Dinar
Provision for risk of contractual obligations	5.203.464	5.179.588
Miscellaneous allowances	-	23.876
	5.203.464	5.203.464

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

Details	31/12/2019 Dinar	31/12/2018 Dinar
Balance at the beginning of the year		
Additions during the year	5.203.464	5.179.588
Transfers during the year	-	23.876
Balance at the end of the year	5.203.464	5.203.464

12. Property rights:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Legal reserve	3.000.495	3.000.495
General reserve	-	-
Dividend distribution reserve	5.492.310	-
Emergency reserve	-	6.903.798
Fair value reserve	-	-
Accumulated surplus	-	2.473.176
Total	8.492.805	12.377.469

- a. Capital: The Bank's capital is 265 billion shares and is fully paid.
b. The total amount of reserves for 2019 is (8495805) billion, except for the accumulated surplus.



Notes from 1 to 22 are part of the financial statements and are read with it.

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 31.12.2019

16. Net commission income:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Credit commissions	4.157.227	3.890.497
Bank transfers	210.551	142.901
Indirect facilities	-	76.172
Other	120.153	108.088
Debit commissions	(118.866)	(120.288)
Net Commissions	4.369.065	4.097.370

17. Other Income:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Income from discount of commercial papers	-	-
Miscellaneous advances income	-	-
Internal investment income	-	-
Other income (Detailed in the statement)	142.957	14.257
Total	142.957	14.257

Details	31/12/2019 Dinar	31/12/2018 Dinar
18. Income of selling and buying foreign currency	4.257.878	6.363.875
	4.257.878	6.363.875

19. Functional staff costs

Details	31/12/2019 Dinar	31/12/2018 Dinar
Salaries, allowances and benefits of employees	1.490.682	1.637.750
Compensatory allowances	77.928	84.838
Employee training	-	16.947
Subsidies for associates	-	-
Contribution to social security	55.534	37.974
Total	1.624.144	1.777.509



Notes from 1 to 22 are part of the financial statements and are read with it.

ERBIL BANK FOR INVESTMENT & FINANCE

Erbil Bank for Investment & Finance (Private Joint Stock Company) - Erbil
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21. Other Expenses:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Compensations and fines	19.713.264	14.024.833
Donations and subsidies to others	48.000	66.000
Miscellaneous taxes and fees	458.021	139.855
Other expenses	2.267	29.734
Losses on sale of fixed assets	17.935	-
Total	20.239.487	14.260.422



Notes from 1 to 22 are part of the financial statements and are read with it.

Report of the Audit Committee for 2019

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 01/01/2019 until 31/12/2019 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 sound 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 the year 2019. 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 auditor 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

Diyar Mohammed Qader

Chairman of the Committee

Ibrahim Jawda Sadeq Al-Faham



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 31.12.2019

Statement No. (5)

5. Fixed Assets as on 31/12/2019:

Fixed Assets	Lands	Buildings	Machines & Equipment	Transportation means	Machinery & Tools	Offices furniture and devices	Total
	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar
Cost on 01/01/2019	5300000	20620410	180778	47170	4323	2452786	28605467
Additions	662660	579590	222	-	-	609792	1852264
Write-offs	-	-	100	-	-	1150	1250
Cost on 31/12/2019	5962660	21200000	180900	47170	4323	3061428	30456481
Depreciation percentage							
Depreciations							
Depreciation provision 1/1/2019	-	761500	120034	47169	4322	2394814	3327839
Depreciations of current year	-	424000	27489	-	-	162043	613532
Balance of depreciation provision on 31/12/2019	-	1185500	147523	47169	4322	2556857	3941371
Book value as on 31/12/2019	5962660	20014500	33377	1	1	504571	26515110
Projects under implementation 1/1/2019	-	-	-	-	-	-	-
Additions of projects under implementation	-	11090520	-	-	-	-	11090520
Projects under implementation 31/12/2019	-	11090520	-	-	-	-	11090520



Notes from 1 to 22 are part of the financial statements and are read with it.

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 31.12.2019

8. Cash Insurance:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Insurances received and receipts for banking operations	54.354.823	49.517.413
Foreign remittances sold	-	-
Bills of exchange drawn on the bank/ local process	1.474.851	618.049
Instruments drawn on the bank	-	-
Total	55.829.674	50.135.462

9. Other liabilities:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Accredited instruments (certified)	1.699.687	1.090.387
Instruments retained by telephone	-	-
Public sector creditors	-	-
Insurance received	-	-
Revenues received in advance	2.711.726	3.573.264
Unpaid Due Interests	8.293	36.111
Due Administrative Expenses	63.000	111.798
Financial stamps fee	321.465	91.487
Accounts under settlement	-	-
Amounts received for registering companies	98.232	1.812.997
Other account deductions	9.334	5.694
Accounts and compensations of deceased clients	-	-
Reserved amounts at the request of an official body	26.448	3.449
Unclaimed amounts	-	-
Miscellaneous accounts payable	-	-
Increase in the Fund	-	801
Accounts of deceased	991	38.522
Total	4.939.176	6.764.510



Notes from 1 to 22 are part of the financial statements and are read with it.

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 31.12.2019

13. Contractual Credit:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Letters of guarantee	204.385.114	227.580.747
Reduction: Insurance of letters of guarantee	(41.111.966)	(43.506.103)
Net issued letters of guarantee	156.667.148	184.074.644
Documentary Credits	31.252.520	19.632.013
Reduction: Credits insurance	(6.636.856)	(6.011.309)
Net documentary credits	24.615.664	13.620.704
Total net contractual credit	181.282.812	197.695.348

14. Credit Interest:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Interest on direct credit facilities	-	-
Interest on loans granted / Dinar	139.497	2.347.217
Interest on loans granted / Dollar	1.211.957	-
Interest on current accounts receivable / Dinar	244.524	9.123.011
Interest on current accounts receivable / Dollar	9.870.753	-
Interest on deposits and balances with banks and financial institutions	-	-
Other Interests (Interests of cash deposits with others / foreign)	11.206	-
Total	11.477.937	11.470.228

15. Debit Interest:

Details	31/12/2019 Dinar	31/12/2018 Dinar
Interest on current and on-demand accounts	-	-
Interest on savings accounts	465.883	416.680
Interest on term deposits	74.788	90.315
Interest on internal borrowing	10.500	7.000
Interest of foreign loans and facilities	7.000	-
Total	558.171	513.995



Notes from 1 to 22 are part of the financial statements and are read with it.

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 31.12.2019

20. Operating Expenses:

Details	31/12/2019	31/12/2018
	Dinar	Dinar
Maintenance	219.626	432.148
Research and consulting services	2.000	79.450
Advertising, publishing and printing	97.876	30.405
Office expenses (Backup tools)	3.644	-
Communications	112.793	424.371
Transfer of employees	13.392	14.929
Transportation of goods	885	2.250
Travel and dispatch	111.628	198.540
Rental of fixed assets	-	123.363
Subscriptions and affiliations	134.473	119.036
Non-working equivalents	610	-
Legal Services	37.052	19.213
Banking Services	13.494	13.518
Other service expenses	12.298	14.537
Fuel and oil	74.106	77.643
Stationery	52.659	26.082
Personnel supplies	13.111	1.728
Personnel supplies	31.445	39.690
Central Bank Audit Fees	3.050	3.500
Audit fees	83.025	75.000
Taxes and fees	82.919	175
Other operating expenses	9.149	62.770
Total	1.109.235	1.758.348



Notes from 1 to 22 are part of the financial statements and are read with it.

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 31.12.2019

22. Income adjustment statement for tax purposes:

	<u>Dinar</u>
Net Loss:	(3.896.732)
(Income statement 31/12/2019)	
Add: Tax unacceptable expenses	
Cash Credit Risk	-
Contractual Credit Risk	-
Donations and subsidies	48000
Income tax for employees (guarantee)	55534
Subsidies for associates	-
Miscellaneous taxes and fees	458021
Non-working equivalents	610
	562165
Reduction: Non-taxable revenues:	
Internal Revenues	-
Loss after excluding tax unacceptable expenses	(3.334.567)

