

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

Ladies and Gentlemen, Respected Shareholders of Al-Qaqabid Islamic Bank

Greetings: -

I am pleased to welcome you to the General Assembly meeting on behalf of my fellow members of the Board of Directors, its executive departments and all employees, and I extend my thanks and appreciation to you for attending this meeting to discuss the final accounts for the year 2022 and the auditor's report. The most important achievements that the bank was able to achieve through implementing its strategic and future plans and evaluating the performance of the Board, its committees and members in accordance with the requirements of governance, especially with regard to the management of the control departments, internal audit and compliance departments, and I will continue to expand its services and products in accordance with Islamic Sharia.

With regard to financial performance, our bank is keen to provide cash liquidity to meet its financial obligations compared to the conditions the world is witnessing or any other exposures that may affect the bank. The bank has taken a set of precautionary measures in this regard and applied the financial reporting standard (IFRS 9) for the fourth year in a row, in addition to this led our bank to participate in financing humanitarian, cultural and environmental activities through the "Tamkeen" initiative. The bank also continued to develop electronic systems through contracting with solid companies on an ongoing basis, in addition to developing and training cadres through their participation in external courses.

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And within the framework of the Iraqi government's direction to publish point-of-sale (pos) devices as a means of payment via bank card, our bank works for the purpose of publishing the points of sale above. The bank also works for the purpose of settling the salaries of state employees at our bank.

In conclusion, I would like to extend my thanks and gratitude to the Central Bank of Iraq, the Companies Registration Department, the Securities Commission, the Iraq Stock Exchange, and the staff of our bank, who provided an outstanding performance during this year, wishing them continued progress and prosperity for all in service to our beloved country and its honorable people.

Peace, mercy and blessings of God...

Ameer Yasser Fadel

Chairman of Board of Directors

The Board of Directors' sixth annual report on the bank's activities for the ending fiscal year On December 31, 2022

Dear Shareholders of Al-Qadhafi Islamic Bank,

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

The Board of Directors is pleased to present its seventh annual report for the year 2022, including information about the Bank's activities and the financial results achieved by the Bank during a short period, which contributes to meeting the needs of the reader of this report.

First: Establishing the Bank:

Al-Mohaj Financial Transfer Company was established according to the certificate of incorporation numbered (MM / 01-66116 on 2/12/2008) issued by the Companies Registration Department. The company increased its capital in several stages to become (45,000,000,000) dinars, and the necessary legal procedures were completed by amending the first article From the company's incorporation contract from Al-Mahj Company for financial transfer to the Islamic Al-Qalib Bank and the company's capital increase to (100 billion) Iraqi dinars according to the Companies Registration Department letter No. (Sh / H / 18861) dated (10/17/2016) and the completion of the procedures for transforming the activity in accordance with In accordance with the provisions of the Companies Law No. 21 of 1997 as amended, and the capital has been increased to become (250 billion) dinars according to the Companies Registration Department letter No. (Sh / H / 14321) dated (5/15/2017).

Second: Activities and Objectives of the Bank:

The bank performs all Islamic banking activities practiced by contemporary Islamic banks, taking into account the application of the provisions of the tolerant Islamic Sharia in all banking fields, such as opening current accounts, accounts (investment and savings), granting Islamic financing such as Murabaha, Musharaka, speculation, manufacturing, and meeting the requirements of customers such as opening letters of credit and external transfer operations. Through the window for buying and selling foreign currency in the Central Bank of Iraq and outside the

window. One of its main objectives is to expand Islamic financing operations by developing and improving banking services and products provided by the bank and expanding its customer base by opening branches in the governorates of Iraq that meet the needs of customers and under supervision and control. The Central Bank of Iraq, according to the Iraqi Banking Law No. 94 of 2004, the Companies Law No. 21 of 1997 as amended, the Islamic Banking Law No. 43 of 2015, and the Anti-Money Laundering and Terrorist Financing Law No. 39 of 2015.

Third: The Board of Directors of the Bank:

The Board of Directors works to build a solid banking institution with strong and solid foundations. The Board is keen to apply scientific banking policies and procedures that are based mainly on discreet banking work, through all relevant laws and instructions in accordance with the provisions of the standards of the Corporate Governance Guide issued by the Central Bank of Iraq, in order to build a sound economic entity. And avoid risks to upgrade the bank. The Board has the following responsibilities and duties.

- The accuracy and adequacy of the bank's financial statements and all the information contained in the report, in addition to the adequacy of internal control and control systems.
- Drawing up policies and formulating the bank's vision, goals and strategic objectives.
- Directing the executive management to implement the plans while monitoring its performance, evaluating it and amending it if necessary to ensure the implementation of those plans.
- Supervising the executive management and following up its performance, and ensuring the soundness of the bank's financial conditions.
- Adopting appropriate procedures for periodic supervision and control of the bank's performance.

- Take responsibility for the safety of all the bank's procedures, in terms of financial conditions and reputation, and the responsibility for implementing the requirements of the Central Bank, the supervisory authorities, and other regulatory agencies.
- Ensure compliance with international standards in all activities of the bank.
- Ensure that the bank exercises its social responsibilities, including organizing social initiatives in the field of environmental protection, health and education.
- Reviewing financial status reports and discussing them with the executive management for the purpose of correction.
- Overseeing the quality of disclosure, transparency and all information on the bank.
- Adopting an effective risk management strategy and monitoring its implementation, including the level of acceptable risks, and ensuring that the bank is not exposed to high risks.
- Spreading the bank's governance culture and encouraging all employees and the executive management to apply its practices and attend training courses in this regard.

Fourth: Members of the Board of Directors:

a. The original members of the board of directors:

Gentlemen	position	Amount of shares	Contribute	Date of hiring	Academic achievement	Membership in council committees
Ameer Yasser Fadel	Chairman of Board of Directors	25,000	0,00001	2017/2/8	Bachelor of Engineering	Chairman of the Corporate Governance Committee
Tariq Ibrahim Ismail	Deputy Chairman of the Board	30,000	0,000012	2017/2/8	Bachelor's degree in Management and Economics	Chairman of the Audit Committee
Haider Kazem Ansari	Member (Managing Director)	1,605,000	0.00064	2017/2/8	Bachelor of Computer Science	----
Nourhan Gomaa Matar	member	25,000	0.00001	2021/8/4	Bachelor of Business Administration	Chairman of the Risk Management Committee Member of the Audit Committee Member of the Nominations and Rewards Committee
Atta Emad Reda	member	25,000	0.00001	2021/8/4	Prep	Member of the Corporate Governance Committee Member of the Nominations and Rewards Committee
Hajar Faisal Ghazi	member	20,000	0.00001	2021/8/4	Bachelor of Business Administration	Member of the Risk Management Committee
Zeina Hossam Ezzat	member	25,000	0.00001	2021/8/4	Bachelor of Statistics	Chairman of the Nominations and Remunerations Committee Member of the Audit Committee Member of the Corporate Governance Committee

B. Alternate board members

Gentlemen	position	Number of Shares	Contribution amount	Date of hiring	Academic achievement	Membership in council committees
Qusay Ali Hussain	member	750,000	0.0003	8/2/2017	Bachelor of Computer Technology	-----
Hussein Yunus Abbas	member	3,000,000	0.0012	8/2/2017	Bachelor of Science in Computer Engineering	-----
Ali Shukr Wali	member	500,000	0.0002	8/2/2017	Bachelor of Computer Engineering	-----
Alaa Basil Hussein	member	500,000	0.0002	8/2/2017	Master of Science in Electronic Engineering	-----
Light morning light	member	500,000	0.0002	8/2/2017	Bachelor of Engineering Sciences	-----
Tania Ali Mahmoud	member	30,000	0,00001	4/8/2021	Technical/Accounting Diploma	-----
Hind Khamis Majid	member	20,000	—	4/8/2021	Bachelor of Software Engineering	-----

c. The Chairman of the Board of Directors and the members of the Board did not receive any remuneration during the year 2022, and they did not have any interest in signing any of the contracts, nor did they obtain loans and concessions, and that all members of the Board are committed to attending the meetings of the Board of Directors.

D. The names of the major shareholder of 5% or more, the number of shares and the shareholding percentage for each of them.

S	Names	The number of shares	Contribution ratio to capital
1	Ahmed Hatwan Rahimah Al-Haidari	12.510.165.000	5%
2	Mustafa Qassem Muhammad Al-Sabbagh	15.453.385.000	6%
3	Zina Muhanna Khairy Al-Saadi	24.100.000.000	9.6%
4	Namark Muhanna Khairy Abbas	24.700.000.000	9.8%
5	Raed Muhammad Ghulam Hussain	24.800.000.000	9.9%
6	Ali Muhammad Ghulam Hussain	24,900,000,000	9.9%
7	Hussein Hadi Ahmed Al-Ahramy	24.900.000.000	9.9%
8	Mustafa Yousef Ghulam Al-Ansari	24.900.000.000	9.9%
9	Ahmed Ali Hussein Al-Dujaili	24.900.000.000	9.9%
sum		201.163.550.000	79.9%

e. Share distribution statistics to shareholders as of 12/31/2022

Category	The number of shareholders	number of shares
From 1 to 1,000,000	16	2,185,000
From 1,000,001 to 10,000,000	2	4,605,000
From 10,000,00 to 1,000,000,000	0	0
More than 1,000,000,000	15	249.993.210.000
the total	33	250,000,000,000

Fifth: The Board’s relationship with the oversight departments:

a. Internal Sharia Control and Audit Department

The Internal Sharia Control and Audit Department is considered a vital part of the bank and is considered one of the important tools of the Sharia internal control system. It is an independent and objective activity, concerned with examining the Sharia internal control systems with the aim of obtaining a neutral technical opinion on the extent of compliance with the implementation of these systems within the bank in accordance with the provisions and principles of Islamic Sharia, and in order to To enable the department to carry out its full responsibilities, it must be granted powers, the most important of which is the freedom to view any data, information or documents without restrictions or limits so that the internal Sharia auditor can express a clear and sound opinion regarding the results of Sharia audit work as a neutral body that possesses professional skills and experience by ensuring the discipline of employees And those working in applying Sharia control systems within the bank, and taking the necessary measures to enhance the role of Sharia audit by following up on correcting the observations of the control and audit department, and verifying that the internal Sharia control and audit department is subject to the Sharia board and that it submits its reports to the head of the Sharia board and a copy of it to the audit committee, as well The Board shall verify that the Internal Audit Department is subject to direct supervision by the Audit

Committee emanating from the Board of Directors and that it submits its reports directly to ensure its independence.

B. Sharia Compliance and Compliance Monitoring Section.

The Compliance Department is an active body that aims to comply and ensure compliance with sound banking laws, regulations, instructions, standards and policies. The Compliance Department prepares effective policies and procedures to ensure the bank's compliance with all applicable legislation, instructions and any relevant instructions and evidence. The Board must approve all special tasks and responsibilities of the Compliance Department. The Sharia Compliance and Compliance Monitoring Section submits all reports to the Audit Committee, with a copy sent to the authorized manager.

c. Money Laundering and Terrorist Financing Reporting Section.

The Money Laundering and Terrorist Financing Reporting Section is committed to implementing the instructions issued by the Central Bank of Iraq and its compliance with Anti-Money Laundering Law No. (39) of 2015, as well as verifying the customer's identity by filling out the KYC form when opening the account.

D. Risk Management Department.

The Risk Management Department supports the Board of Directors and the Executive Management to be able to identify risks and reduce them effectively based on an accurate measurement of risks. Ensure that risk management conducts stress tests periodically to measure the bank's ability to withstand shocks and face high risks, and that the Board has a major role in approving The hypotheses and scenarios used, discuss the results of the tests, and adopt the actions to be taken based on these results.

Sixth: Preparing the Financial Statements:

A- The financial statements have been prepared in accordance with the International Accounting Standards for the preparation of financial reports for all periods, including the fiscal year ending on December 31, 2022.

B- The Iraqi dinar is the currency for displaying the consolidated financial statements, which represents the main currency of the bank.

C- The accompanying consolidated financial statements have been prepared for the Bank with the aim of presenting them to shareholders in accordance with the laws in force in Iraq.

D- The bank prepares the financial statements, and they are reviewed by certified accountants in accordance with the Companies Law and the instructions of the Central Bank, and the international accounting standards for financial reports are applied.

E- The Central Bank has a regular mechanism for designing internal control systems related to the bank's business and putting them into practice. It includes the basic elements of the bank's internal control system, defining the powers and responsibilities in order to achieve effective control.

F- As for foreign currencies, they were evaluated according to the instructions of the Central Bank, at the exchange rate of the dollar against the Iraqi dinar (1460 dinars per dollar).

Seventh: During the year 2022, the Board of Directors held (81) sessions to discuss various issues of concern to the bank's policy and directives.

Eighth: Detailed and analytical data:

A- As a result of the bank's activity:

1- Revenues for the year 2022 amounted to (7,369,453) thousand dinars, and expenses amounted to (6,968,512) thousand dinars, and thus a profit of (400,941) thousand dinars was achieved, and after deducting the tax, it becomes (37,007) thousand dinars.

2- The accumulated deficit at the end of the year amounted to (7,570,960) thousand dinars, compared to (7,593,632) thousand dinars in 2021, and the accumulated surplus amounted to (1,406,523) thousand dinars.

3- Reserves balances and their uses: The total balances of the bank's reserves, as they are at the end of 2022, amounted to (310,398) thousand dinars, as shown in the table below.

account name	12/31/2022 dinars	12/31/2022 dinars
mandatory (statutory) reserve	218,009,553	216,159,185
other reserves	94.219.621	94.219.621
the total	312,229,174	310,378,806

4- Balances of retained allocations and their reasons:

The bank's total allocations as at the end of 2022 amounted to (10,645,379) thousand dinars, as detailed below.

account name	12/31/2022 dinars	12/31/2022 dinars
Income tax allocations	363.934.132	758.564.654
Various customizations	10,645,379,249	8,583,122,807
Total assignments	11,009.313.381	9,341,687,461

5- Shareholders' Equity: The total paid-up capital and its reserves amount to (244,182,948) thousand dinars, which represents the paid-up capital (250,000,000) thousand dinars, and the total sound reserves (1,753,908) thousand dinars. The accumulated deficit amounted to (-7,570,960) thousand dinars.

B- Banking activity:

1- Deposits: The total bank deposits amounted to (1,409) thousand dinars, as of December 31, 2022.

2- Banking facilities:

Cash and pledge credit (Islamic finance): The bank granted credit in a variety of forms, namely (Murabaha, Musharaka), as the balance of Islamic finance as of December 31, 2022 reached (190,628,757) thousand dinars.

3- Investments: The bank has invested in shares, bringing the total investments as of 12/31/2022 (174,977,500) thousand dinars.

C- Cash:

The balance of cash in the fund and with local and foreign banks at the end of 2022 amounted to (80,179,473) thousand dinars, and the money account includes cash amounts in the fund from local currency, foreign currency, legal and current deposits with the Central Bank of Iraq, and amounts deposited with local and foreign banks to cover The bank's international dealings in the operations of opening documentary credits and transfers arising from the window of buying and selling foreign currency before it is credited to the accounts of the beneficiaries. The following table shows the money analysis:

the details	2022		2021	
	The amount is in thousands of dinars	Relative importance	The amount is in thousands of dinars	Relative importance
Cash in the box				
Cash in foreign banks	1,677,823	0.02	4,517,742	0.03
Cash in local banks	10,856	0	16.114,308	0,13
Central Bank of Iraq	16,866	0	992	0
Legal deposits with the Central Bank of Iraq	74.939,560	0,93	106.711,774	0,82
the total	3,534,368	0,05	3,013,848	0,02
the details	80,179,473	%100	130,358,664	%100

D- Administrative Activity:

1- The number of workers at the end of 2022 reached (69), and the salaries and wages disbursed to them, including bonuses, allowances and the like, and the contribution to social security amounted to (1,120,577) thousand dinars.

2- The following are the names and addresses of the bank's senior management positions for the year 2022.

S	Name	Career Title
1	Haider Kazem Ansari	Managing Director
2	Susan Dawood Namdar	Deputy Managing Director
3	Good Kamel Shaker	Assistant to the Managing Director for Administrative and Technical Affairs
4	Muhammad Rafiq Qasim	Director of Sharia Compliance and Compliance Monitoring Department
5	Haider Mahdi Naseer	Director of the Money Laundering and Terrorist Financing Reporting Department

3- Efforts continued to attract good banking cadres and focus on holders of university degrees and those who have competence and ability in banking work. The table below shows the cadres according to their level of academic achievement.

S	University degree	numbers
1	Ph.D./Masters	1
2	Bachelor's	60
3	diploma	5
4	Preparatory or less	3
total		69

4- Below are the names and job addresses of five bank associates who earned the highest annual income during 2022.

Name	Career Title
Haider Kazem Ansari	Managing Director
Susan Dawood Namdar	Deputy Managing Director
Muhammad Rafiq Qasim	Director of Sharia Compliance and Compliance Monitoring Department
Ali Zaki Ali	Director of the Risk Management Department
Ghassan Abdel-Razzaq Abdel-Rahman	Main branch manager

The number of branches affiliated to the bank has reached (2), including the main branch.

6- The employees participated in training courses in the field of Islamic banking, remittances, risks, compliance, combating money laundering, and public awareness. And that the bank's procedures are continuing to provide training opportunities for the largest possible number of employees during the year 2022, and the following is a statement that shows this:

s	Course name	The venue of the session	number of participants
1	Data governance in light of digital transformation	Central Bank of Iraq	2
2	Electronic governance	online	2
3	Environmental, Social and Sustainability Governance Risks	inside the bank	14
4	Pictures sold and prohibited in Islamic law	inside the bank	8
5	The role of the audit committee in combating money laundering operations	online	2
6	Mobile banking services project	inside the bank	14
7	Electronic governance course	online	1

8	Regulatory requirements for the issuance of letters of guarantee and discussing the obstacles to the work of the electronic platform	Central Bank of Iraq	2
9	International financial transactions and the basic procedures related to them	Central Bank of Iraq	2
10	The role of Sharia supervision in controlling the work of Islamic banks	online	2
11	Anti-Money Laundering Joint Assessment	online	3
12	Compliance with embargo programs, sanctions and international measures	Central Bank of Iraq	2
13	Preparing settlements and correcting accounting errors	inside the bank	9
14	A qualifying course to obtain the Certified Compliance Manager (CCM) certificate	Central Bank of Iraq	1
15	Development of Leadership Skills	Central Bank of Iraq	4
16	Cyber security and financial crimes	online	3
17	The role of oversight according to compliance controls	online	2
18	universal verification systems	online	1
19	International financial transactions and the basic procedures related to them	Central Bank of Iraq	1
20	Electronic notification receiving system (GO AML)	Central Bank of Iraq	2
21	A qualifying course to obtain a certified specialist in combating money laundering and terrorist financing (CAMS)	Central Bank of Iraq	1
22	Monitor suspicious transactions	online	3

23	FATF Recommendations Course	online	3
24	Project Scope (ISO270001)	Inside the bank, Ernst Co.	1
25	Information technology risks in banks and financial institutions	Central Bank of Iraq	3
26	Risk management controls in Islamic banks	Central Bank of Iraq	2
27	International sanctions and dealing procedures	online	1
28	Operational risk management and methods for its measurement	online	1
29	Newly appointed cadres in banks	Central Bank of Iraq	8
30	Information technology risks in banks and financial institutions	Central Bank of Iraq	2
31	The role of oversight according to compliance controls	online	1
32	Common errors in the first actual implementation of a draft ESG scorecard	Central Bank of Iraq	1
33	Liquidity Coverage Ratio and Net Continuing Funding Ratio (LCR & NSFR).	Central Bank of Iraq	2
34	Banking supervision reporting system	Central Bank of Iraq	2
35	Financial managers and review common and frequent errors in advanced data	Central Bank of Iraq	1
36	International Financial Reporting Standards Course No. 13 (Measuring Equivalent Value)	Central Bank of Iraq	2
37	Accounting errors cycle and methods of discovery and correction in accordance with international accounting standards	Central Bank of Iraq	1

38	Fundamentals of financial statement analysis	online	1
39	Treasury and capital	inside the bank	1
40	financial stability policies	online	1
41	International Accounting Standards IAS	Central Bank of Iraq	1
42	Investing in Islamic certificates of deposit	Central Bank of Iraq	1
43	Management of investment portfolios and investment tools available in global fixed-income markets	Central Bank of Iraq	1
44	User Security Controls (CSP 2022)	online	3
45	Credit officer qualification	inside the bank	4
46	Fundamentals of international banking operations	Central Bank of Iraq	1
47	Crisp on banking laws	online	1
48	Emergency preparedness, crisis management and business continuity course	Central Bank of Iraq	2
49	Security and confidentiality of electronic information systems	Central Bank of Iraq	2
50	Financial Inclusion / Concepts and Requirements	online	1

7- Service contracts concluded by the bank during the year 2022.

S	Contract details	contracting company	the amount
1	Credit rating	agency	\$40,000
2	Contract linking the main system with the operating system of Visa cards and ATMs.	Capital Banking Solutions	\$30,000
3	Contract for issuing electronic payment cards and managing automatic teller machines	Ishtar Gate Company for systems and electronic payment services.	_____
4	Contract information security policy and procedures	Switch company	_____
5	Contract processing service Swift.	AEG Corporation	6,300 Euro
6	Swift annual maintenance contract.	AEG Corporation	7,350 EUR
7	Veeam Backup and Replication supply contract.	Acadia Information Technology Company	\$10,556
8	Subscribe to the banking communication network (optical cable technology)	Central Bank of Iraq	24,000 IQD
9	Contract (GGo AML)	Capital Banking Solutions	\$20,000
10	Contract for maintenance and maintenance of counting and sorting machines	Golden Ribal General Trading Company Limited Liability.	_____
11	Secure gateway supply contract.	Alsco company	\$14,000

12	Consulting services for the evaluation and implementation of the information security management system	Mostafa Fouad Abbas Company	\$50,000
13	Customer account registration system	Capital Banking Solutions	\$21,600
14	PCI DSS Services	Digital Fence Company	\$65,000
15	Contract for the electronic platform of the Central Bank	Refinitive Company	\$2,420
16	Contract for external audit of information and communication technology	Mostafa Fouad Abbas Company	\$35,000
17	ISO20000, ISO22301 systems	Mostafa Fouad Abbas Company	\$85,000
18	Interim data audit contract	Adel Ismail Al Shaibi Company	10,000,000 IQD
19	Implementation of the independent evaluation of the customer security program for the Swift CSP system	Acadia Information Technology Company	\$3,000
20	Anti-money laundering and terrorist financing system	Finscan company	\$12,000
21	Maintenance of the system of coding and issuance of magnetic ink check books	Earth orbit company	\$1,600
22	Islamic financing guarantee contract	Iraqi Company for Bank Guarantees	_____

Ninth: The Sharia Board of the Bank:

The Sharia Board of our bank consists of the gentlemen whose names are listed below:

S	the name	job title
1	Mustafa Khalil Ibrahim	Chairman of the Commission
2	Karrar Radi Sultan	member
3	Ali Ahmed Nehme	Executive member
4	Firoz Taimur Ali	member
5	Nebras Khalil Ibrahim	member

Tenth: The amount of imports and exports during the year 2022

No goods or services were imported or exported for the benefit of the bank during the year 2022

Eleven: Realization of Revenues and Recognition of Expenses:

1- Return revenue is recognized using the effective return method, with the exception of returns and commissions of non-operating Islamic financing, which are not recognized as revenue and are recorded in the suspended returns and commissions account.

2- Expenses are recognized on the accrual basis.

3- Commissions are recorded as revenues when related services are provided, and corporate shares profits are recognized when realized (approved by the General Assembly of Shareholders).

Twelve: Social and humanitarian activities:

The Bank plays an effective role in serving the Iraqi community through the support and care it provides for all community activities and events.

Thirteen: Future Plans:

The bank seeks to provide the best banking services to its customers, develop its banking production and expand its work. Accordingly, the bank aspires to achieve a set of aspirations and future plans, including:

1. Financing according to Islamic formulas (shares-sharing, musaqah, peace, Istisna', and a good loan).
2. Opening documentary credits for customers and opening government letters of credit.
3. Funds to open and develop nurseries and kindergartens.
4. Money transfer service.
5. Salaries Localization Service to transfer the salaries of employees in the public and private sectors.
6. Deploying point-of-sale (POS) devices as a means of payment via bank card.

Fourteen: Material Changes and Events Subsequent to the Balance Sheet Date:

Where the standard stipulates the recognition of subsequent events that occurred during the previous fiscal year, either through modified events or disclosure of them only, as we are committed to the instructions of the Central Bank, and that until the date of approval of the financial statements, no modified or unmodified subsequent events occurred.

Fifteenth: Ways to reduce carbon emissions in the workplace

The benefits of reducing carbon levels for each individual, through the use of many methods, are not limited to saving money and energy to extend to the positive effects on the surrounding environment and the absorption of carbon dioxide from the atmosphere to protect the environment from its devastating effects on the ecosystem while continuing to reduce the carbon percentage of each A person who

becomes a habit that reflects on those around him at work, and this contributes to spreading awareness and the need to protect and preserve the environment.

Ways to reduce carbon emissions in the work environment:

- 1- Limit printer use, reduce printing and use both sides of the paper when doing so.
- 2- Turning off the lights at the end of the day and not leaving any of them lit.
- 3- Reducing unnecessary contacts and working intensive hours to save time, effort and expended energy.
- 4- Preparing a memo board to post orders instead of sending printed copies to each employee.
- 5- Using recycled printers as well as recycled paper and others.

Sixteen: General Principles:

- a. There is no governmental protection or privileges enjoyed by the bank or any of its products or services under laws, regulations and others.
- B. There are no decisions issued by the government, international organizations, or others that have a material impact on the bank's business, products, or competitiveness.
- c. There is no financial impact of events of a recurring nature and they do not fall within the main bank activity.

We would also like to point out to all the bank's shareholders that our main objectives are embodied in developing Islamic services and achieving a high reputation for the bank at the local and international levels by following instructions and controls that support banking work and following all modern technical means to develop work and raise the efficiency of employee performance and support customer service.

With this, I extend my sincere thanks, appreciation and gratitude in my name and on behalf of my fellow members of the Board of Directors to all shareholders and customers of the bank for their support and support for the bank's endeavors during a short period of its work and to all employees and all the good efforts and endeavors that were made in providing effort and giving as a service to develop and improve the work of the bank to occupy an advanced and prestigious position.

Haider Kazem Al Ansari
Managing Director

Ameer Yasser Fadel
Chairman of Directors Board

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

{ Those who devour usury do not straighten up the sleeves. He who is beaten by Satan by touch will stand. That is because they said, Trade is like usury And God permitted trade and prohibited usury. So if an admonition came to him from his Lord, and he finished, then he has what preceded, and his command is up to God }.

*** Great truth of God ***

(Report of the Sharia Supervisory Board of the Islamic Holding Bank for Finance and Investment for the fiscal year ending as of December 31, 2022)

To/ Messrs. Shareholders of Al-Qadhaf Islamic Bank for Finance and Investment, respected....

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

Based on the regulatory controls for the work of Islamic banks, No. (9/3/217 on 30/5/2018) related to the Sharia Supervisory Board, paragraph (5-14-1), we present the following report: -

We audited the contracts and transactions concluded by the bank to express an opinion on the extent of the bank's commitment to the provisions of Islamic Sharia, as they were indicated in the opinions, instructions, and Sharia decisions that were issued by us during the period ending as of 12/31/2022.

The responsibility for compliance with the implementation of contracts and transactions in accordance with the provisions of Islamic Sharia, as stated by us, rests with the management of the bank. As for our responsibility, it is limited to expressing an independent opinion on the extent of the bank's commitment to that based on our audit

We have audited in accordance with the standards of controls issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and all controls of the Central Bank of Iraq in order to obtain all information, interpretations and decisions that we consider necessary to provide us with sufficient evidence to give reasonable assurance that the bank is committed to the provisions of Islamic Sharia, and we have also examined all A type of contracts and transactions executed during the aforementioned period, and we believe that the audit work that we have carried out provides an appropriate basis for expressing our opinion.

The bank is committed to its obligations towards the implementation of contracts and transactions in accordance with the provisions and principles of Islamic Sharia, and it did not appear to us that there were any Sharia violations that contradict this opinion.

We show you the areas of work of the commission in the bank for the year ending (2022):

First:-

- 1- The Board approved the legal aspects of products, services, agreements, contracts and documents related to the products offered by the bank, as well as the policies it uses.
- 2- The commission followed up the bank's operations and activities and made sure that the transactions, activities and investments carried out by the bank fall within the framework of products approved by the commission.
- 3- The Commission has developed legitimate alternatives and sound solutions that are consistent with the provisions and principles of Islamic Sharia in response to the occurrence of problems.
- 4- I reviewed the reports of the Internal Sharia Control and Audit Department with regard to auditing all the bank's transactions and the extent of its compliance with Sharia rulings, fatwas and decisions issued by the Sharia Board.

5- Rooting Islamic jurisprudence in the field of banking financial transactions, expressing the Sharia opinion on the investment activities of the bank, and applying the Sharia rules on the bank's investment activities and other banking activities.

6- Responding to jurisprudential questions and inquiries, and here comes the role of the commission in stating and clarifying the legal opinion of the questioner.

7- Holding courses and workshops for the bank's employees for the year ending (31/12/2022), my agencies: _

- A course entitled (Permissible and Prohibited Sales in Islamic Sharia), which was presented by the lecturer (Ali Ahmed Nehme / member of the Sharia Supervisory Board).

- A course entitled (Sustainable Islamic Banking System) presented by the lecturer Sheikh (Karrar Radi Sultan / member of the Sharia Supervisory Board).

- A course entitled (Islamic Controls for Islamic Banking) presented by the lecturer, Sheikh (Mustafa Khalil Ibrahim / Head of the Sharia Supervisory Board).

- A session entitled (The Role of the Sharia Supervisory Board in Controlling the Business of Islamic Banks) presented by the lecturer, Sheikh (Karrar Radi Sultan / member of the Sharia Supervisory Board).

✚ And that the members of our board have certificates of external courses and workshops related to all legal work and rulings in controlling the work of Islamic banks by the Central Bank, including:

- The role of Sharia supervision in (Control the work of Islamic banks), which was attended by Mr. (Mustafa Khalil Ibrahim / Head of the Sharia Supervisory Board).

- The role of Sharia supervision in controlling the work of Islamic banks, which was attended by Sheikh (Karrar Radi Sultan / member of the Sharia Supervisory Board).

Second:-

The commission in the bank made sure that the banking operations were carried out legitimately or not? It gave directions to correct violations, if they occurred, as the commission worked in applying the provisions of Sharia through three axes (preventive control / before implementation, remedial control / during implementation, supplementary control / after implementation).

We have monitored the principles used and contracts related to transactions and applications provided by the bank for the ending fiscal year (31/12/2022). On our monitoring of the bank's operations and in preparing a report for you.

We have carried out our supervision, which included examining the documentation and procedures followed by the bank on the basis of examining each type of operation, as well as planning and executing our monitoring in order to obtain all the information and interpretations that We considered it necessary to provide us with sufficient evidence to give reasonable assurance that the bank did not violate the provisions and principles of Islamic Sharia.

In our opinion: -

1- The contracts, operations, and transactions concluded by the bank for the fiscal year ending on (12/31/2022), which we reviewed, were carried out in accordance with the provisions and principles of Islamic Sharia.

3- The audited final accounts and annual budget of the bank are all sound and in conformity with the provisions of Islamic Sharia.

The Commission's activities during the year ended:

- 1- The board has prepared a guideline that includes the method of submitting a fatwa request by the executive management, conducting the board's meetings, the mechanism for ensuring actual compliance with any decision issued by it, and an annual plan that includes the Sharia Supervisory Board directing the bank's activities legally, monitoring the extent of its compliance with the board's decisions, not violating them, and ratification by the board of directors. Administration.
- 2- The Authority has prepared a curriculum for training employees on the principles and operations of banking and the jurisprudence of transactions approved by the Board of Directors, and has held training courses to provide guidance to bank employees.
- 3- Quarterly reports were prepared and sent to the Central Bank of Iraq.
- 4- The annual plan for the Sharia Supervisory Board has been prepared for the past year and has been implemented.
- 5- During the aforementioned period, the Board held two meetings with each of the Board of Directors and the external and internal auditor of the bank to discuss issues of common concern and put forward sound solutions in compliance with Islamic Sharia.
- 6- The total number of meetings and fatwas of the commission during the year ending 2022 was (143 meetings and fatwas).

The independence of the Sharia Supervisory Board

We affirm the independence of the Sharia Supervisory Board, as all of its members do not extend any relationship to the bank's shareholders, members of the board of directors, executive officers of the bank, or employees of the bank's subsidiaries during the past two years from the date of appointment, or any relationship up to the second degree with senior executives, current employees, or Those who are former employees of the bank or its subsidiaries and who have not occupied the position of a Sharia Supervisory Board member in any other Islamic bank inside Iraq.

In conclusion, we thank the officials in the bank for their cooperation with us in accomplishing our tasks, and we thank God who has guided everyone to contribute to this great Islamic work.

Karrar Radi Sultan

Member

Mustafa Khalil Ibrahim

Chairman of the Commission

Ali Ahmed Ne'me

Executive member

Nebras Khalil Ibrahim

Member

Firoz Taimur Ali

Member

We ask God Almighty to grant us guidance and payment.

Peace, mercy and blessings of God.

Date: 2023

Corporate Governance Report for the year (2022)

To/ Messrs. members of the General Assembly of the Islamic Holding Bank for Finance and Investment, respected...

Greetings ...

The Islamic Holding Bank applies the principles of corporate governance by introducing structural, legislative and regulatory developments into the bank's system, which aim to reduce the risks that the bank may be exposed to, as customers and investors in particular tend to deal with banks that have sound governance structures that aim to determine the nature of The relationship between the bank's board of directors and the executive management in a way that leads to protecting the funds of depositors, shareholders and stakeholders as well as focusing on disclosure and transparency, and the responsibility for building and developing the governance framework and reviewing the application of the corporate governance guide issued by the Central Bank of Iraq rests with the corporate governance committee emanating from the board of directors, Through the bank's application of corporate governance, the bank's strategy is defined, the bank's risk management system is managed, disclosure and transparency practices are implemented, and the bank's compliance with the laws, instructions and controls in force, and a balance is achieved between commitment to responsibility towards shareholders, protecting the interests of depositors, and taking into account the interest of other stakeholders.

Scope and responsibility

The Governance Committee follows up on the implementation of the corporate governance system, verifies the soundness of the procedures taken, and corrects any deviations that may arise during implementation. The committee submits its recommendation to the Bank's Board of Directors on matters that require that for the purpose of taking the necessary decisions.

The vision of corporate governance at the bank:

The bank is keen to protect the rights of shareholders and provide additional value for their ownership in it, and this will always remain one of its priorities, through the application of high professional banking practices. Not only will the bank adhere to the application of the laws of the Central Bank of Iraq and the supervisory authorities, but it will also take care of the standards of corporate governance. The bank will also work permanently to achieve the best return on the rights of the related parties, which include shareholders, customers, employees and society in general.

The endeavors to implement corporate governance are directly the responsibility of the Bank's Board of Directors and are in compliance with the regulatory and legal requirements in Iraq.

Compliance with regulatory requirements of corporate governance

The Bank is keen to comply with the Corporate Governance Guide and the requirements of the Central Bank of Iraq in this regard, which focused on the concepts and instructions of governance as: a set of relationships between each of the bank's management, the board of directors, shareholders and other stakeholders that clarify the mechanism by which the goals and means are set to achieve those Objectives and performance monitoring. Governance defines powers and the decision-making process. The governance system in our bank, in general, is concerned with ensuring the preservation of the rights of shareholders, equal treatment for them, and the protection of the interests of small shareholders.

Focusing on the requirements for information disclosure and ensuring its transparency, in addition to the responsibilities and duties entrusted to the Board of Directors, including systems, policies, and procedures that ensure appropriate accounting and accountability, integrity and transparency in the Bank's conduct of its business and activities, as well as the responsibilities of the Board of Directors, the role of stakeholders in governance, disclosure and transparency, accountability auditing, and the control environment.

The Bank's initiatives for the year (2022) to implement the corporate governance strategy

Board data:

Formation of the Board of Directors

The Board of Directors of the Bank consists of (7) members who are appointed and elected in accordance with the provisions of the Memorandum of Association and the Articles of Association. The Bank's Board of Directors consists of members with a high professional background and experience. The members of the committees of the Board are also selected in the light of their professional experience, according to the requirements of corporate governance. It periodically reviews its composition, the participation of members, and the work of its committees.

The appointment of the members of the Board is subject to the prior approval of the Central Bank of Iraq, and the members of the Board of Directors are elected/appointed by the shareholders in the annual general assembly meeting.

The election or re-election of a member during the General Assembly shall be with the blessing of the Board and based on the recommendation of its Appointment, Benefits and Governance Committee, so that it is supported by specific information such as qualifications, resume, professionalism and membership in other boards.

Charter of work for members of the Board of Directors

The Board of Directors approved the work charter for each of its members, and also approved charters for all of the Bank's committees. These charters clarify areas of conflict of interest, confidentiality requirements, and the responsibilities of authorized signatories to adhere to best practices. The ultimate responsibility for monitoring the charter rests with the Board of Directors.

Duties and responsibilities of the Board of Directors

The main task of the Board of Directors is to follow up the implementation of the strategic objectives of the Bank and monitor its operations in accordance with the legal system and the regulatory framework in general. The Board shall ensure the

adequacy of the financial and operational system and the internal control systems, as well as the field application of the institutional rules of conduct and work charter.

Supervise the senior executive management, follow up on its performance, and ensure the soundness of the financial conditions and solvency of the bank, and he must adopt appropriate policies and procedures for the periodic supervision and control of the bank's performance. In addition, the Board must ensure that the senior executive management carries out its responsibilities related to the management of the daily operations of the bank, that it contributes to the implementation of corporate governance in it, that it delegates authorities to employees, that it establishes an effective management structure that enhances accountability, and that it implements tasks in the various fields and activities of the business in a manner consistent with The bank's strategy and with the policies and procedures approved by the Board, as well as defining the core values of the bank, drawing clear lines of responsibility and accountability for all the bank's activities, and establishing a high culture of ethical standards, integrity and professional behavior of the bank's administrators.

Annual disclosures at the Board of Directors meeting:


The Bank submits a report on corporate governance to the Board of Directors of the Bank annually, covering the status of compliance with relevant regulatory requirements and international best practices. At the meeting of the Board of Directors, the Bank discloses the details and presents the reports to the shareholders.

Conflict of interest

The bank has clear policies based on local laws and regulations and international best practices to deal with issues related to conflicts of interest, and that during meetings of the Board of Directors or its affiliated committees and during discussion of topics related to banking or investment transactions or any other operations in which there may be a conflict of interest, a member of the Board is asked Leave the meeting room and do not send him / her any correspondence or documents related to the request, and decisions are taken by the Board of

Directors or its affiliated committees without the presence of the concerned member, and those transactions to this effect are recorded in the minutes of the meeting of the Board or its committees.

In addition, it is the responsibility of the board member, and he must immediately disclose to the board the existence of a conflict of interest related to his activities and obligations with other parties, and not to participate in discussion and voting. These disclosures include documents related to contracts or transactions related to the concerned member.


 Training programs organized for members of the Board of Directors during the year (2022)

For the purpose of developing their expertise and getting acquainted with the Bank’s activities and modern technologies, and the number of training hours attended by members of the Board of Directors, whether by attending training courses organized by the Bank or by attending other training courses, are as shown below:

name	Courses and workshops
Nourhan Gomaa Matar	<ul style="list-style-type: none"> • Environmental, Social and Sustainability Governance Risks. • Standard workshop (ISO20022) for the Swift system. • Information Security. • Pictures sold sold and prohibited in Islamic law • The role of the Audit Committee in combating money laundering operations.
Hajer Faisal Ghazi	<ul style="list-style-type: none"> • Environmental, Social and Sustainable Governance risks. • The role of the Sharia Supervisory Board in controlling the work of Islamic banks. • Electronic governance. • Information Security.

	<ul style="list-style-type: none"> • Images of permitted and prohibited sales in Islamic law.
Hind Khamis Majid	<ul style="list-style-type: none"> • Data governance in light of the digital transformation. • Electronic governance.
Zeina Hossam Ezzat	<ul style="list-style-type: none"> • RTGS Payments System • Data governance in light of the digital transformation. • Mobile banking project Risk Based Audit.
Atta Emad Reda	<ul style="list-style-type: none"> • Environmental, Social and Sustainable Governance risks. • The role of the Sharia Supervisory Board in controlling the work of Islamic banks. • Mechanism for receiving complaints and their tasks.

* A plan has been prepared to provide training programs for members of the Board of Directors for the year 2023, and to ensure that programs are provided to train members of the Board of Directors on an ongoing basis to keep pace with all banking and financial developments

 Contracts and financing related to members of the Board of Directors

There are no contracts or funds granted to members of the Board of Directors.

Attendance of the members of the Board of Directors in the meetings of the Board of Directors

All meetings of the Board of Directors in the year (2022) took place in the presence of the Chairman and members of the Board of Directors, as the erection was complete at each meeting.

Board meetings:

The total number of meetings of the Board of Directors during the year (2022) was (81) meetings.

Committees of the Board of Directors:

The committees perform their tasks according to the work charter of each committee prepared in accordance with the Corporate Governance Manual issued by the Central Bank of Iraq, as follows:

A- The Corporate Governance Committee emanating from the Board of Directors:

- This committee monitors the implementation of the (Corporate Governance Manual) issued by the Central Bank, supervises the implementation of the Bank's Corporate Governance Manual and the work charters of the committees emanating from it, updates it and monitors its implementation.
- Publication of the Bank's Corporate Governance Manual on the website, and making it available to all members of the Board of Directors and the Bank's employees.
- Reviewing the application of the bank's corporate governance guide according to the bank's operations and the diversity of its activities and monitoring its implementation.
- Preparing the governance report and including it in the bank's annual report.
- Formation of committees emanating from the Board of Directors and committees emanating from the executive management according to the Corporate Governance Guide issued by the Central Bank of Iraq.
- Submit periodic reports to the Board of Directors on business results.

This committee consists of the following gentlemen:

s	the name	Career Title	Membership in the Committee
1	Ameer Yasser Fadel	Chairman of Board of Directors	Chairman
2	Atta Emad Reda	Member of the Board of Directors	member
3	Zeina Hossam Ezzat	Member of the Board of Directors	member
4	Zahra Hussein Raouf	Office of the Managing Director	scheduled

B- Audit Committee (Account Audit Committee) emanating from the Board of Directors: The committee undertakes the following tasks:

- The scope, results and adequacy of the internal audit, as it reviews the reports of the Internal Sharia Control and Audit Department, and the Bank's external audit, and reviews the external auditor's report on the financial statements.
- Accounting issues of material impact.
- The bank's internal control and control systems.
- Ensure compliance with international standards in all activities of the Bank and monitor compliance with laws and regulations applicable to the Bank.
- Recommending to the Board of Directors to approve the organizational structure of the Bank, to create or cancel the organizational formations or to merge them, and to define the tasks and specializations of these formations.

- Reviewing the annual plan for training and development and following up on its implementation.
- Preparing a quarterly report on the work of the committee after the end of each semester to submit it to the Board of Directors.
- Auditing and approving accounting procedures.
- Ensure the bank's compliance with the disclosures specified by the International Financial Reporting Standards (IFRS), the instructions of the Central Bank of Iraq, and other relevant legislation and instructions.
- Monitoring compliance and combating money laundering and terrorist financing with the laws, regulations and controls applicable to the bank.
- The committee has the power to obtain any information from the executive management, and it has the right to summon any director to attend any of its meetings without having the status of a committee member.
- The committee meets with the external auditor, the director of the Internal Sharia Control and Audit Department, the director of the Sharia Compliance and Compliance Monitoring Department, and the director of the Money Laundering and Terrorist Financing Reporting Department.
- The committee reviews and monitors the procedures that enable the employee to confidentially report any error in the financial reports or any other matters.
- Reviewing the reports of the oversight departments (the Internal Sharia Supervision and Auditing Section, the Sharia Compliance and Compliance Monitoring Section, the Money Laundering and Terrorist Financing Reporting Section).
- Reviewing the reports submitted by the bank to the Central Bank of Iraq.
- Reviewing the bank's operations and transactions based on the plans approved by the Board of Directors.
- Submitting the annual report to the General Assembly to disclose the bank's activities and operations.

- Verifies the sufficient number of human resources for the Internal Shari'a Control and Audit Department and does not assign the department's employees any executive tasks.
- Approving the internal audit charter, policies, procedures, action plan and risk-based audit programs for the Shari'a Control and Internal Audit Department.
- Preparing periodic reports to the Board of Directors on business results.
- The Quality Management Department was established in accordance with the regulations and instructions of the Central Bank of Iraq.

The committee consists of the following gentlemen:

s	name	Career Title	Membership in the Committee
1	Tariq Ibrahim Ismail	Deputy Chairman of the Board	Chairman
2	Nourhan Gomaa Matar	Member of the Board of Directors	member
3	Zeina Hossam Ezzat	Member of the Board of Directors	member
4	Sawsan Aziz Hussain	Assistant Director of Sharia Compliance and Compliance Monitoring Department	scheduled

C- Nominations and Remunerations Committee emanating from the Board of Directors:

- The committee shall nominate qualified persons to join the membership of the Board of Directors or senior executive management in the bank, except for identifying qualified persons to work as a manager and assistant director of the Internal Sharia Control and Audit Department, which is the responsibility of the Audit Committee emanating from the Board of Directors, and supervises important appointments.
- Reviewing salaries, wages and bonuses granted to the Board of Directors and Executive Management.

- Supervise the activity of the training and development unit in the bank, and ensure that members of the Board of Directors attend introductory training courses.
- Preparing a job replacement plan and policy to secure the bank's executive management so that the bank is ready to deal normally with any change that may occur to the occupants of the executive management positions without affecting the bank's performance and the continuation of its operations.
- The bank's remuneration policy and supervising its application, which is prepared on the basis that it is:
 - In line with the principles and practices of sound corporate governance, in a manner that guarantees the long-term interests of the bank.

The extent to which the bank has achieved its long-term goals in accordance with its approved strategic plan.

- It takes into account all types of risks to which the bank is exposed, so that a balance is made between the profits achieved and the degree of risks involved in banking activities and business.
- The remuneration policy includes all levels and categories of the bank's employees, conducting a periodic review of the remuneration granting policy or when the Board of Directors recommends that, and submitting recommendations to the Board to amend or update this policy.
- No bonuses were granted to the executive management during the year 2022.

The committee consists of the following gentlemen:

s	the name	Career Title	Membership in the Committee
1	Zeina Hossam Ezzat	Member of the Board of Directors	Chairman
2	Nourhan Gomaa Matar	Member of the Board of Directors	member

3	Atta Emad Reda	Member of the Board of Directors	member
4	Good Kamel Shaker	Secretary of the Board of Directors	scheduled

D- Risk Management Committee emanating from the Board of Directors: This committee undertakes the following tasks:

- The general financing strategy has been updated by the committee, as the strategy needs a lot of dialogue and highlighting the various financing fields and forms. The success of the bank depends on following successful strategies that lead the bank to survival, continuity, and successes, as well as practical and scientific progress. The financing strategy focuses on reducing Risks and ensuring flexibility and effectiveness by diversifying financing sources.
- The risk management strategy has been updated, as the risk management strategy is necessary to identify the strengths and weaknesses of the organization and the threats it faces.
- Supervising the management of risks to which the bank is exposed, reviewing and evaluating these risks by presenting its recommendations to the Board.
- Reviewing the financing policy and the updated investment policy of the bank, and submitting recommendations thereon to the Board of Directors for approval.
- Monitoring risks of all kinds (financial "credit, market, liquidity", operational "internal and external events", and others).
- Determine the credit ceilings that exceed the authority of the authorized manager.
- Ensure the bank's compliance with regulations, instructions and policies related to risk management.
- Continuous communication with the Director of the Risk Management Department and obtaining periodic reports from him on matters related to the current situation of risks in the bank and the risk culture, in addition to reports on limits and ceilings set and any violations thereof and risk avoidance plans.

- Verifying that there is no difference between the actual risks to which the bank is exposed and the level of acceptable risks approved by the Board of Directors.
- The books of the Central Bank of Iraq were reviewed in numbers (9/6/164 on 4/25/2022) (9/6/378 on 9/29/2022) and (9/6/434 on 10/31/2022) and the contents The first phase of risk management controls in Islamic banks and their updating (documents and documents), which contributes to improving the quantitative and qualitative indicators at the level of basic risks surrounding the work of banks, and that the update process will be carried out gradually by the Central Bank of Iraq. The initial version of the above-mentioned controls included (The general framework of risks and their governance, and the qualitative and quantitative procedures for operating risk management).
- The report on the negative impact of the Central Bank of Iraq's decision to stop dealing in dollars on the bank, which was prepared by the Risk Management Department, was discussed and recommendations were put forward in this regard.
- Ensure the bank's compliance with the regulations, instructions and policies related to the risk management department and the executive controls to regulate the work of Islamic banks related to the risk management department.
- Discussing the risk management department's reports (weekly, monthly, quarterly, semi-annual).
- Discussing the risk management department's work plan for the year (2022).
- Discussing the minutes of the meeting of the executive management committees (the Information and Communication Technology Committee, the Credit Committee, and the Investment Committee).
- Submitting periodic reports to the Board of Directors that include the work and tasks of the committee.

It consists of Messrs :

s	the name	Career Title	Membership in the Committee
1	Nourhan Gomaa Matar	Member of the Board of Directors	Chairman
2	Hajar Faisal Ghazi	Member of the Board of Directors	member
3	Zeina Hossam Ezzat	Member of the Board of Directors	member
4	Zainab Khairy Mahdi	Assistant Director of Risk Management Department	scheduled

- Committees emanating from the executive management: -

A- The Credit Committee of the Executive Management:

1- The committee is responsible for proposing the credit policy, following up on the movement of repayment of the amounts of granted financing, analyzing the creditworthiness of customers, following up on credit exposures according to (Instructions No. 4 of 2010/Chapter Eleven/Article 13), following up the procedures for granting and simplifying financing, and following up on customer complaints regarding granting procedures. Finances.

2- Submit periodic reports to the Risk Management Committee emanating from the Board of Directors on business results.

3- Discussing the mechanism for granting funds for the bank and defining the granting powers.

4- Periodically following up on funding files and following up the implementation of the instructions issued by the Central Bank of Iraq regarding the funds granted by the bank.

5- Discussing the minutes of the meeting of the committee formed according to the administrative order No. (10000/4/238 on 21/2/2019), which includes a table for the granted funds, the analysis and evaluation of each project separately, and determining profit rates according to the classification of risks and to mitigate risks related to customers.

6- An annual report was prepared that includes all the committee's work and recommendations during the year 2022.

It consists of Messrs.:

S	the name	Career Title	Membership in the Committee
1	Susan Dawood Namdar	Deputy Managing Director	Chairman
2	Hajar Yassin Beday	Director of the Finance and Investment Department	member
3	Anas Haitham Majid	Assistant Director of Accounting and Finance Department	member

B- The Investment Committee emanating from the Executive Management: The committee is responsible for proposing the investment policy, dividing the investment into (equity) and (debt instruments), including treasury transfers and government bonds, as well as the components of the portfolio of foreign instruments, proposing sales or keeping the components of the investment portfolio and following up In addition, a special report was prepared for the committee to include all the work and recommendations of the committee during the year 2022, and it consists of the following gentlemen:

S	name	Career Title	Membership in the Committee
1	Raghad Khaled Kazem	Director of the Accounting and Finance Department	Chairman

2	Jamal Said Jamal	Assistant Director of the Treasury and Investment Department	member
3	Salwa Emile Shaker	Assistant Director of Finance and Investment Department	member

C- The Information and Communication Technology Committee of the Executive Management: The committee undertakes the following tasks:

- Developing the uses of information and communication technology at the bank, and verifying the security of information and communications.
- Checking the information security of the systems used in the bank.
- Review the information technology department's policies and procedures manual, and ensure that information and communication technology policies and procedures are prepared to implement the information and communication technology governance guide issued by the Central Bank of Iraq.
- Checking the adequacy of the infrastructure, information and communication systems, and software used in the bank.
- Verify the adequacy of the measures taken to maintain updated backup copies of information for the purposes of coping with the loss of the bank's database.
- Follow-up electronic customer service.
- View all contracts for the implementation of the requirements of the Information Technology Department.
- Follow up on the implementation of the table of items for achievement percentages and the IT governance plan, and review the ICT Governance Guide.
- Reviewing the policies of the SWIFT system included (SWIFT network protection policy, remote access policy, information security policy, cybersecurity policy and procedures).
- Reviewing the updated policies and procedures of the IT department.

- Studying contracts submitted by companies to contract with the bank and submitting recommendations to the Risk Management Committee emanating from the Board of Directors.
- Follow up the implementation of information and communication technology audit controls.
- Follow up on the implementation of ISO 27001 standards.
- An annual report was prepared for the committee, which includes all the work and recommendations of the committee during the year 2022.
- Submitting periodic reports to the Risk Management Committee emanating from the Board of Directors on business results.

The committee consists of the following gentlemen:

S	the name	Career Title	Membership in the Committee
1	Good Kamel Shaker	Deputy Managing Director	Chairman
2	Ali Raad Ashour	Director of the Information Security and Cybersecurity Department	member
3	Hanan Mazen Ibrahim	Director of the Quality Management Department	member

with respect ...

Ameer Yasser Fadel

Chairman of Board of Directors
(chairman)

Zeina Hossam Ezzat

Member of the Board of Directors
(member)

Atta Emad Reda

Member of the Board of Directors
(member)

Zahra Hussein Raouf

(Commission reporter)

Report of the Audit Committee (Audit Committee) for the year (2022)

To/ Messrs. members of the General Assembly of the Islamic Holding Bank for Finance and Investment, respected...

greetings ...

Based on the provisions of Article (24) of the Banking Law No. (94) of (2004) and based on what was stated in the Banks Corporate Governance Guide (Part Four - Article 12 - Paragraph 3,3,11), the Committee presents its annual report on the adequacy of banking systems Control, oversight, and ensure the bank's compliance with the disclosures specified by (International Financial Reporting Standards, IFRS) and the instructions of the Central Bank of Iraq and other relevant legislation and instructions to provide useful information to parties that have interests with the bank to help them make their investment and credit decisions and estimate the amount of flows Expected cash my agencies:

First: - External Auditor (External Auditor): It has been confirmed that:

1) Adel Ismail Hassan Al-Shaibi and his partners company was selected to audit and monitor accounts / solidarity - Baghdad, category (A), financial and administrative consulting and an economic feasibility study to audit and monitor the accounts of our bank for the years (2022/2023/2024/2025/2026), as the future of the bank And its continuity depends mainly on its financial condition, achieving profits, and its ability to face future events and maintain adequate liquidity. Therefore, the issue of predicting the financial condition of the bank is one of the important matters for all parties, whether inside or outside the bank.

2) Reviewing the company's report above, due to the importance of effective communication between the external auditor and the audit committee, and

contributing to strengthening the role of the external auditor to ensure that the financial statements reflect the bank's performance in all important respects, show its real financial position, and take appropriate measures to address weaknesses in the control and internal control systems and any points Others shown by the external auditor, where all the activities of the bank were subject to scrutiny and the bank's operations and transactions were reviewed on the basis of the plans approved by the Board of Directors. The financial statements and final accounts were also checked as on (12/31/2022) and the data and schedules received from the executive management in the bank, which include Monthly comparison tables for the balances of the combined trial balance of the bank's accounts, tables of expenses and revenues, statements and budgets sent to the Central Bank of Iraq, and reviewing the reports of the control departments of the bank.

3) Applying the International Financial Reporting Standard (IFRS9) to calculate the expected credit loss for financial instruments according to the bank's methodology and a table that includes the types of risks that affect the rating degree, and a table to classify customers according to the rating from (Aaa) to (D) according to the customer's ability to pay and the degree of risk The customer and its estimated probability of default (PD) and classifying them according to the stages (first, second, third),

Measuring the degree of exposure to irregularity (EAD), and regarding the balance of the provision for credit losses for Islamic financing and balances with institutions and contractual credit, which amounted to (148,407,747) dinars.

4) A provision for investments was calculated (7,836,300,000) dinars, and the bank gave a period of (10 years) to form a provision for investing in the shares of the Iraqi Middle East Investment Bank, and the bank did not distribute any profits derived from the percentage of our participation in the Iraqi Middle East Investment Bank or from the profits generated from the activities Other banking services until the allocation is completed, according to the book of the Central Bank of Iraq, number (3/9/25060 on 10/5/2022).

5) The interim quarterly financial statements for the year (2022) have been prepared.

6) The annual report and its financial and accounting information and indicators of the bank's performance, which show that it reflects effectively and comprehensively the bank's activity during the aforementioned year and its commitment to the provisions of the laws and legislation in force.

7) The committee reviewed the report of the joint external auditors, which referred to the bank's activity in terms of the integrity of all its procedures, the scope, results and adequacy of the external audit, and ensuring that the bank takes the necessary corrective measures in a timely manner regarding the observations identified by the external auditor.

8) View the statement of the external auditor's opinion regarding the customers participating in the foreign currency buying and selling window.

9) View the report of the bank's external auditor on the final accounts for the year (2021).

Second: Sharia Compliance and Compliance Monitoring Section: It has been confirmed that:

1) Preparing the quarterly report sent to the Central Bank of Iraq, which includes an acknowledgment that the bank is committed to complying with the application of laws, instructions and executive controls to regulate the work of Islamic banks in order to increase the effectiveness of the Sharia Compliance and Compliance Department and to enhance the role it exercises within the bank.

2) Review compliance policies and procedures for all banking operations, identify risks of non-compliance and propose the necessary amendments thereto in the form of a report entitled to the Audit Committee emanating from the Board of Directors and in coordination with the Risk Management Department and the Internal Sharia Control and Audit Department.

3) Preparing semi-annual reports on the bank's non-compliance risks, including penalties and fines imposed on the bank and the necessary control measures.

- 4) Preparing a quarterly report on the circulars issued by the Central Bank of Iraq, mentioning the implemented and non-executed circulars that are being implemented, and submitting them to the auditing committee emanating from the Board of Directors.
- 5) Updating the Shari'a Compliance and Compliance Monitoring Department's policy according to the executive controls to organize the work of the Islamic banks of the department to ensure that the policy is not obsolete and to strengthen its capabilities in covering all the new risks.
- 6) Preparing a non-compliance risk guide based on legal texts and Islamic financial standards and disseminating it to all bank employees, in addition to the job description of the department.
- 7) Updating the implementation plan for the standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the standards of the Islamic Financial Services Board (IFSB).
- 8) Updating the department's database, including the laws issued by the Central Bank of Iraq, international standards, and a list of official websites related to laws, instructions, and controls, and circulating them to all departments and branches of the bank.
- 9) Monitoring quarterly the extent to which the Board of Directors and the Executive Management comply with the internal regulations of the bank as well as the training plan for the year (2021) and the application of governance standards, and the activity of the Sharia compliance monitor in the field of combating money laundering and terrorist financing.
- 10) Follow-up of the bank's regulations related to combating money laundering and terrorist financing, which is the local list (BLACK LIST), the international lists of foreign origins (OFAC) and the (World Check) list, which contains the list of politicians and holders of high positions (PEPS) and the (AML) system) through which the daily movements of customers are monitored and all alerts in the system are processed by the authorized persons and the (FIRCO) system searches for the names of suspects within the following four internationally banned lists (HMT-LIST,

OFAC-NS, EUS, EU-CTRY, UNOM , HMTS, HMT-CTRY, EU-LIST BOE- LIST, OFAC- LIST, OFAC-CTRY , UN-LIST for foreign bank transfers, in addition to the website of the Committee for the Freezing of Terrorist Funds.

11) Preparing a quarterly report, in coordination with the Internal Shari'a Control and Auditing Department, to verify the effectiveness of applying the framework for reducing operational risks, and adhering to it, and conducting an evaluation for each department that is submitted to the Audit Committee emanating from the Board of Directors.

12) Preparing an annual report, in coordination with the Internal Sharia Control and Audit Department, which includes the evaluation of the executive management based on the key performance indicators prepared by the Bank's Board of Directors.

13) Preparing an annual report, in coordination with the Internal Sharia Control and Audit Department, to monitor the implementation of the liquidity risk management strategy.

14) Preparing an annual report, in coordination with the Internal Sharia Control and Audit Department, to monitor the implementation of the general strategy for risk management.

15) Preparing an annual report on the percentage of completion of the annual training plan for the bank for the year (2022).

16) It has been confirmed that the department's work plan and the timetable for field visits to the bank's departments and branches for the year (2022) have been implemented.

17) Preparing a schedule for the implementation stages of the bank's strategic plan for the years (2023, 2022, 2021) on a regular basis.

18) Preparing an annual report on the minutes of the meetings of the Board of Directors for the year (2022) showing the number of the Board's meetings and all the details of the meetings during the year in a detailed manner and through my agencies: (the number and date of the minutes, the subject of the minutes and

their contents, the recommendations of the committees emanating from the Board of Directors, the recommendations of the Board of Directors, the procedures of the minutes).

19) Proposing training courses on established policies and procedures that must be followed and emphasizing the necessity of adherence to them by employees in general and new employees in particular.

20) Preparing a list of banking products and services and fields of work, which helps in identifying all areas of work that were not previously covered, in cooperation with the bank's departments.

21) Regulating banking activities and services with the corresponding legal requirements and instructions related to them.

22) View the number of updated accounts and their percentage out of the total number of accounts.

23) It was confirmed that the Sharia Compliance Controller was granted full access to all information, records and documents to facilitate the implementation of his duties.

24) Coordinating with the legal department to ensure the level of commitment of the bank through its banking and administrative contracts.

25) Ensure that the department staff are involved in internal and external training courses to develop and enhance their skills.

26) The commitment of the FATCA Division to monitor (US tax compliance) through the report submitted by the Division to the US Tax Authority (IRS) on the specified dates.

27) Preparing a report on a quarterly basis by the FATCA division, including checking the FATCA form for the bank's customers.

28) Preparing the Foreign Account Tax Compliance Act (FATCA) policy and the bank's quality assurance and compliance policy.

29) Preparing the plan for providing training programs for members of the Board of Directors for the year 2023 between the Sharia Compliance and Compliance Control Department and the Secretary of the Board of Directors.

Third: - The Money Laundering and Terrorist Financing Reporting Section: It has been confirmed that:

1) Submitting the quarterly report and evaluation form to the Anti-Money Laundering and Terrorist Financing Office and the Central Bank of Iraq, according to the controls and instructions of the department.

2) The Money Laundering and Terrorist Financing Reporting Section is independent and is linked to the Board of Directors through the Audit Committee emanating from it. It has been confirmed that the policies (special operations) are implemented using the (KYC) form (Know Your Customer) and the procedures involved, and that is included in the periodic reports that are submitted to the Committee. Auditing by the Board of Directors for review.

3) The bank takes due diligence measures towards customers in accordance with due diligence procedures and in accordance with Anti-Money Laundering and Terrorist Financing Law No. (39) of (2015) and the instructions issued thereunder.

4) Adopting programs to prevent money laundering and terrorist financing (policies and procedures, due diligence) that include:

- Conducting an assessment of the money laundering and terrorist financing risks to which it is exposed.

- Updating the policies, procedures, internal controls and systems that are appropriate for the implementation of the obligations imposed in the field of combating money laundering and terrorist financing and aligning them with the Anti-Money Laundering and Combating the Financing of Terrorism Law and the executive regulations issued thereunder, and identifying the necessary procedures to prevent the exploitation of electronic payment methods in money laundering operations.

- Updating and applying due diligence procedures in the bank.

5) Implementation of the department's work plan and conducting field visits to the bank's branches for the year (2022).

6) View the periodic reports from the Money Laundering and Terrorist Financing Reporting Section, which show the monthly position and amount of financial transactions of the bank's customers.

7) Ensure that the department staff are involved in internal and external training courses to develop and enhance their skills.

8) Establishing a database on countries with high risks in the field of money laundering and terrorist financing and constantly updating it.

9) Follow-up of the bank's regulations related to combating money laundering and terrorist financing, which is the local list (BLACK LIST), the international lists of foreign origins (OFAC) and the (World Check) list, which contains the list of politicians and holders of high positions (PEPS) and the (AML) system) through which the daily movements of customers are monitored and all alerts in the system are processed by the authorized persons, and the (FIRCO) system searches for the names of suspects within the following four internationally banned lists The Bank owns the (FIRCO) system to search for the names of suspects within the following internationally banned lists (HMT-LIST, OFAC-NS, EUS, EU-CTRY ,UNOM , HMTS, HMT-CTRY, EU-LIST BOE- LIST, OFAC- LIST , OFAC-CTRY , UN-LIST) for foreign bank transfers and lists of freezing terrorist funds .

10) The section in Currency relies on the (go AML) system, which is a special system for receiving, processing and analyzing reports submitted by financial institutions in accordance with the requirements of the laws and regulations of the Central Bank of Iraq and international standards, as reports are submitted to the Office of Combating Money Laundering and Financing of Terrorism, which is considered one of the strategies of the United Nations Office The United Nations Commission on Drugs and Crime (WODC) Among the most important reports in the system are:

- CTR daily transaction report.

- STR Suspicion Report.
- TFR Terrorist Financing Report.
- AIF Information Exchange Report.

11) The bank adopts the risk methodology in updating customer data. The period for updating customer data is determined according to the risk methodology that we adopt in accordance with internal controls and according to the account risks. It is possible that a periodic update of the data of high-risk accounts on an annual basis, medium-risk accounts every two years, and low-risk accounts every three years with a limit. At most, unless there is a need for updating before the expiry of the period. Also, attention is paid to the expiration date of identification documents, passports and corporate professional licenses, and the customer is informed of the need to provide the bank with an updated copy before the expiration of the documents in order to prevent suspension of account-related services.

12) The department has the right to obtain all information and review all records or documents that it deems necessary to carry out its tasks in examining reports of unusual and suspicious transactions that are submitted to it, and to contact whoever is required of the bank's employees to carry out these tasks.

13) Monitoring private websites (the local list and the international list) and applying all decisions and generalizations and implementing international standards and procedures to confront the phenomenon of money laundering and terrorist financing in order to ensure the effectiveness of control measures and remove the danger from these funds and from local banks and to avoid international sanctions against countries that are not cooperating with the international community. By creating effective control systems, choosing good customers, exchanging banking information, adopting the policy of international reports on banking activity, analyzing its outputs, and taking immediate action if an illegal act is found and referring it to the competent authorities.

14) Listing the names of those banned or removing them from the blacklist through the letters received by the Central Bank of Iraq, the Ministry of Finance and other official bodies.

15) The liaison officer's work in the bank's branches is linked to the Money Laundering and Terrorist Financing Reporting Department, and his work is within the limits of the compliance controller's duties, following up on AML/CFT procedures and not carrying out executive actions, and his authority has been expanded by increasing his use of the (AML) system within the limits of the supervisor's duties Compliance, follow-up and non-implementation of enforcement actions.

16) The training plan, policies and procedures for developing aspects of combating money laundering and terrorist financing in the bank and its branches have been prepared for the year (2023). International standards and legal frameworks in the field of combating money laundering and terrorist financing.

Fourth: - Internal Sharia Control and Audit Section:

1) The responsibility of the Internal Shari'a Control and Audit Department for setting internal control and control systems on financial reporting is done through setting the department's policies and procedures, the internal audit charter and risk-based audit programs, where periodic reports are submitted on the effectiveness and adequacy of control systems and approved and implemented internal control processes and procedures. By the bank's management to the audit committee emanating from the board of directors.

2) Ensure and enhance the independence of the department and ensure that they are qualified to carry out their duties, including the right to have access to all records and information and to contact any employee within the bank, so that they can perform the tasks entrusted to them and prepare their reports without any external interference.

3) The framework of the Internal Sharia Control and Audit Department has been confirmed and the percentages of completion of the audit plan and programs based on risk assessment and follow-up of updates thereon and the commitment to

implement its provisions, which are based on field observation according to the schedule of field visits.

4) The structure of the internal control and control systems is reviewed annually by the Audit Committee emanating from the Board of Directors and the Internal Sharia Control and Audit Department to identify weaknesses in the internal control and control systems.

5) The Committee reviewed the reports of the Sharia Control and Audit Department (quarterly reports, quarterly budget reports) and the recommendations mentioned therein and followed up on their treatment.

6) The committee verified the sufficient number of qualified human resources for the internal Shari'a control and audit department and trained them, as well as ensuring that the internal Shari'a audit employees were not assigned any executive tasks and ensuring their independence.

7) An independent audit by the department to test the effectiveness of all the bank's policies and procedures and their application.

8) Verify that the Internal Sharia Control and Audit Department is subject to direct supervision by the Sharia Supervisory Board and that reports are submitted to the Chairman of the Board and a copy thereof to the Audit Committee emanating from the Board of Directors.

9) Ensure that the department staff are involved in internal and external training courses to develop and enhance their skills.

10) A semi-annual report, in coordination with the Sharia Compliance and Compliance Monitoring Section, to verify the effectiveness of applying the operational risk reduction framework and adherence to it, and conducting an evaluation for each section to be submitted to the Audit Committee emanating from the Board of Directors.

11) An annual report, in coordination with the Sharia Compliance and Compliance Monitoring Section, which includes the evaluation of the executive management based on the key performance indicators prepared by the Board of Directors.

12) An annual report, in coordination with the Sharia Compliance and Compliance Monitoring Section, to monitor the implementation of the liquidity risk management strategy.

13) An annual report in coordination with the Sharia Compliance and Compliance Control Section to monitor the implementation of the general risk management strategy.

14) A quarterly report on the model that was approved by the Central Bank of Iraq for the Department of Internal Sharia Control and Audit of Islamic Banks.

15) Preparing an appendix to the work plan of the Internal Sharia Control and Audit Department, which includes a work mechanism to follow up the performance of the sister companies and prepare a quarterly report to follow up on the performance of the sister companies.

16) A monthly report to monitor the movement of cash balances inside and outside the bank.

17) An annual report of the bank's operating expenses.

18) A report on the financial statements for the year ending (2021).

Fifth: - The committee's relationship with the Accounting and Finance Department: Audited and approved by:

1) All accounting issues that have a material impact on the bank's financial statements.

2) Preparing a list for calculating the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).

3) Preparing a list of cash liquidity transfers between banks.

4) Calculating the accrual scale on a quarterly basis.

5) Preparing statements of account balances (reconciliations).

6) Preparing the following financial reports: (monthly statement, aggregate trial balance, detailed trial balance, list of top ten depositors, list of top twenty borrowers, list of bank shareholders, list of monetary denominations in dinars, list of monetary denominations in dollars denominated in dinars, list of calculating cash liquidity, Capital adequacy, appendix to budgets, four-week balance, income statement on a quarterly basis, reports of the Iraq Stock Exchange on a quarterly basis).

7) Preparing the fixed assets register periodically, and then calculating the annual depreciation at the end of the fiscal year.

8) Preparing the report on the structural and prudential financial statements (PSIFI).

9) Reconciling the account of type (216) of the foreign currency buying and selling window on a monthly basis.

10) Preparing a list of compulsory reserves (Dinars, Dollars) and according to the table designated for reserves by the Central Bank, which is in the last week of the month.

11) Preparing a monthly schedule for calculating the guarantee amounts on deposits.

12) Preparing monthly and quarterly budgets in accordance with the requirements of the Central Bank of Iraq and all relevant international standards such as Basel standards for financial statements, as well as Islamic monthly budgets.

13) Preparing prudential structural data.

Sixth: - The International Department: Ensure the implementation of:

1) The policies and procedures for the work of the international department, which is concerned with the work of all departments of the department, according to the requirements and controls of the Central Bank of Iraq.

- 2) The transfer mechanism of the bank transfers section outside the updated foreign currency buying and selling window.
- 3) The transfer mechanism of the bank transfers section within the foreign currency buying and selling window.
- 4) User security controls (CSP) for the year (2022) were implemented in coordination with (AEG) and compliance with these controls by submitting an electronic report (Self-Attestation) to SWIFT in Belgium.
- 5) The bank's management contracted with (Fitch Ratings) for the purpose of obtaining a credit rating for the bank.
- 6) Follow-up of the bank's foreign currency balances, with the need to adhere to all ratios established by the Central Bank of Iraq.
- 7) Subscribing to the updated Signiturnet.org service in order to be able to issue and receive signature bulletins of all authorized Iraqi banks and circulate the powers to those authorized electronically.
- 8) Follow up on the services of the Arab Monetary Fund and the updates it provides, especially with regard to the Bani platform (the Arab payments clearing platform), which provides clearing, transfer and settlement services in Arab and international currencies, noting that the international department (the department of foreign bank transfers) is involved in the platform and aims to expand the scope of transactions and transfers in different currencies.
- 9) Joining the Accounting and Auditing Organization for Islamic Financial Institutions (AAIOIF).

Seventh: - International Standards:

- 1) Submission of periodic reports by the committee formed according to administrative order numbered to the audit committee emanating from the council (1308/4/10000 on 9/22/2022) management, a committee for the bank's compliance with international standards by developing an implementation plan for the Accounting and Auditing Authority for Financial Institutions (AAFIOI) and the

standards of the Financial Institutions Service Board (IFSB) and the preparation of financial statements in accordance with international standards.

2) Submitting periodic reports by the committee formed under Administrative Order No. (10000/4/1309 on 9/22/2022) to the Audit Committee emanating from the Board of Directors, a committee to implement the International Financial Reporting Standard (IFRS9) as well as the Financial Accounting Standard for Islamic Banks (FAS25) in the bank.

Eighth: Banking Training and Development Center:

1) By reviewing the annual report of the Sharia Compliance and Compliance Monitoring Department regarding the extent of completion of the training plan for the year (2022) of the bank, where (26) training courses were held within the bank with the participation of managers and employees of all departments and branches of the bank, and the training plan was completed in all its details, And the involvement of the members of the Board of Directors in several courses related to banking work and corporate governance of banks to train and qualify them continuously to keep abreast of all important developments in terms of banking and financial services.

2) Preparing the training plan for the year (2023) prepared by the Training and Development Center and the Sharia Compliance and Compliance Monitoring Department at the bank.

Ninth: - Other works:

1) The committee reviewed the reports submitted by the bank to the Central Bank of Iraq, which show the actual reality of the bank's work.

2) The integrity of all measures taken by the bank to protect the rights of stakeholders, including shareholders, and that its performance was sound and in line with the laws and instructions in force.

3) The number of meetings held during the year (2022) is (51) meetings.

- 4) Discussing updating the internal system (organizational structure) of the bank, creating or canceling organizational formations or merging them, and defining the tasks and specializations of these formations and amending them in accordance with the institutional governance guide for banks.
- 5) Submitting quarterly reports to the Board of Directors that include the work of the committee.
- 6) Summons any director to attend any of its meetings without having the capacity of membership of the committee.
- 7) The committee has procedures that enable the employee to confidentially report any error in the financial reports or any other matters, and the committee ensures that the necessary arrangements are in place for independent investigation and employee protection.
- 8) View the product evaluation form for the bank's customers, as well as the analytical table for the customer satisfaction questionnaire.
- 9) Discussing the update of the bank fraud policy.
- 10) Follow up on the implementation of business continuity programs and recovery from disasters and crises, in coordination with the Information and Communications Technology Committee.
- 11) Discussing cash flow reports.

Submission of periodic reports by the committee formed according to administrative order No. (10000/4/297 on 3/14/2019) of the bank to audit the financial statements of the bank's customers. Terrorism, Department of Internal Sharia Control and Audit, Department of Risk Management), to provide an opinion on the financial statements and final accounts of the bank's customers.

with respect ...

Zeina Hossam Ezzat

Member of the Board of Directors

(member)

Nourhan Gomaa Matar

Member of the Board of Directors

(member)

Tariq Ibrahim Ismail

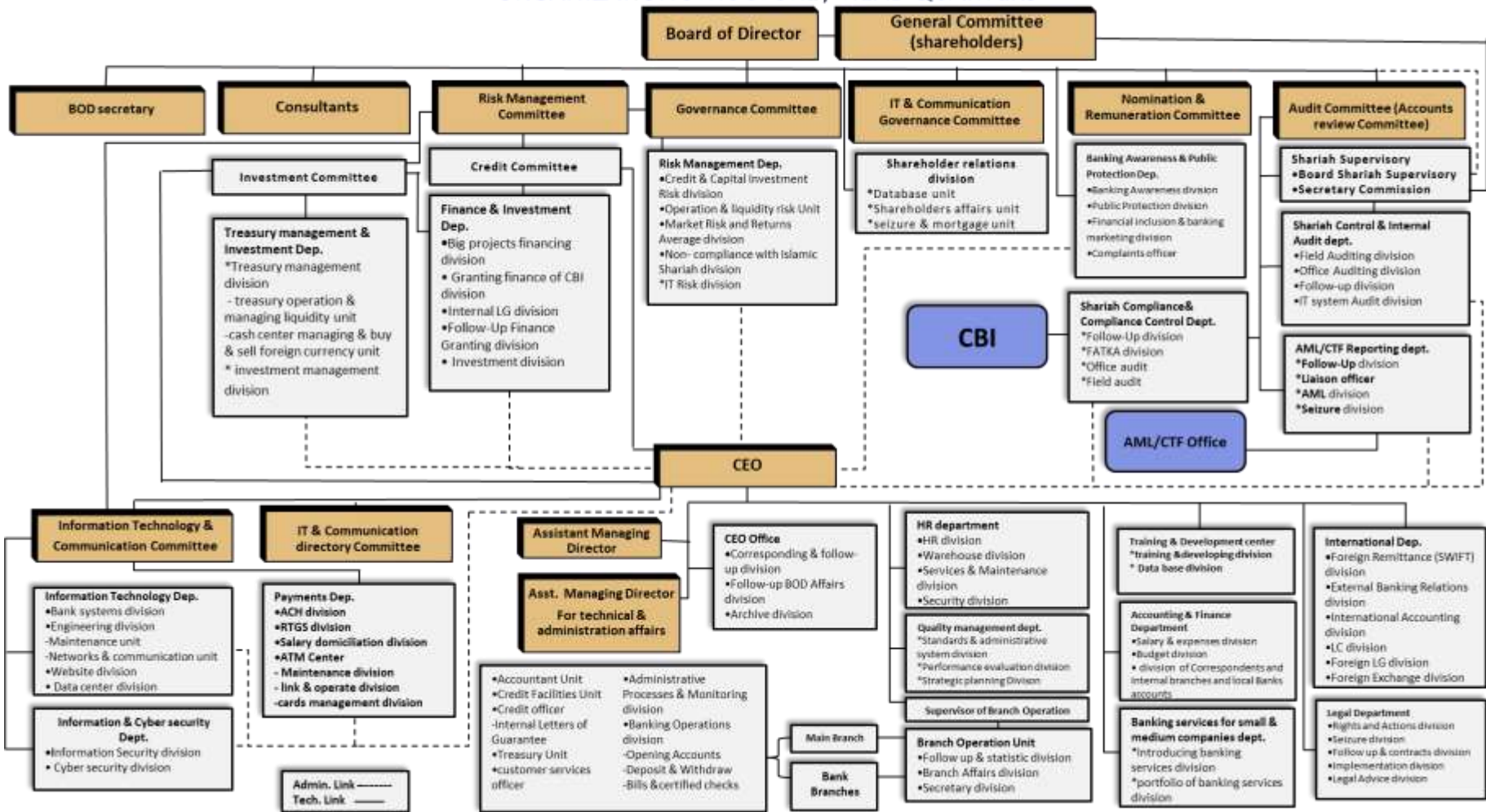
Vice Chairman of the Board of Directors

(chairman)

Sawsan Aziz Hussain

(Commission reporter)

ORGANIZATION STRUCTURE / HEAD QUARTERS



Sustainability Report for the year 2022

Introduction

The Sustainability Report for the year 2022 reviews our bank's adoption of environmental, social and governance standards, which forms the basis of our steps to advance the reality of sustainability and its importance in all fields and try to communicate the concept of sustainability and its positive aspects to the largest possible number of segments of society, and in compliance with the disclosure directives related to environmental, social factors and corporate governance.

This report was prepared according to what was stated in the Financial Sustainability Guide issued by the Central Bank of Iraq based on Article (22) of the Corporate Governance Guide for Banks and in line with our efforts to follow the best approach to sustainability in our field of work, the report reflects our commitment to the goals and standards of sustainable development and local initiatives, it contains This report contains financial information on sustainability activities that take into account environmental, social and governance standards, as well as information on the economic, financial, social and environmental performance of the bank in implementing sustainable business. This report represents an organizational tool for setting goals and monitoring performance and evaluation in order to make the bank's operations more sustainable and efficient.

Reporting period:

This report includes the bank's performance in the field of sustainability for the period from (1/1/2022 to 12/31/2022), and with regard to the bulk of the quantitative

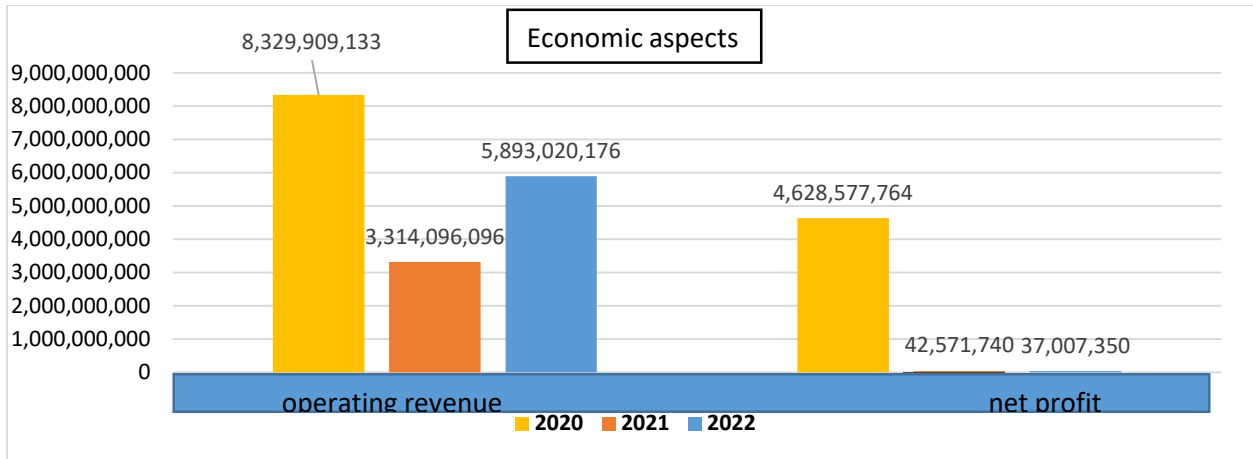
information, data will be provided for the last three years of the report (2022, 2021, 2020) to allow for the possibility of conducting Correct comparisons and analysis.

Sustainability Performance Overview:

The bank is keen to adopt a sustainability approach that takes into account environmental and social standards through the products and services it provides, in addition to the initiatives of the Central Bank of Iraq to finance small and medium projects that serve a large segment of citizens and contribute to achieving societal balance in light of economic conditions and technological development, as development projects have been adopted in the sector. The industrial sector serves a large segment of society members and enhances the country's economy through the production of iron, steel and energy. The waste is completely treated as it is considered environmentally clean projects, as well as projects related to empowering the community and supporting the basic business of people by the bank. Credit facilities were granted to help women with limited income through Service projects in addition to various credit facilities for all segments of society, as well as taxis that were funded for citizens with limited income to help them live a decent life and integrate them into society, in addition to that our bank is working hard on the effective use of paper and plastic through electronic automation and the effective use of energy (electricity and water) to reduce environmental pollution and carbon emissions. The bank is also keen in the near future to adopt projects that take into account the principle of sustainability and environmental and social standards, and to specify a percentage of the funds allocated only to sustainable financing.

Economic aspects of the bank's work			
Overview of the performance of the economic side			
Description / year	2020	2021	2022
Bank operating revenue	8,329,909,133	3,314,096,096	5,893,020,176
Net profit	4,628,577,764	42,571,740	37,007,350

Perform the economic aspect related to sustainability			
The types of products/services that meet the criteria for sustainable business activities	_____	_____	Environmentally friendly projects. Clean renewable energy
The value of products/services that meet the criteria for sustainable business activities	_____	_____	190 billion Dinar iraqi
Percentage of the total portfolio of sustainable business activities to the total portfolio	_____	_____	99%



Profile personal

Who we are:

The Islamic Holding Bank for Finance and Investment was established in the year 2017. Our main location is located in Baghdad / Sheikh Omar, and we also work in other areas of Baghdad, specifically Karrada / Al-Wathiq Square through our branch there. The bank is committed to Iraqi laws and the laws and instructions of the Central Bank of Iraq. The bank has been operating since (6) years and provides its services in the field of finance and investment through services and products that will be mentioned later in this report.

Our bank specializes in Islamic financing and investment business, which establishes our important position in the field of the banking sector in Iraq, and thanks to the technological technologies that we adopt, our banking business has become very developed and shows operational excellence, exceptional quality and good experience for our employees and our work, our team works in a well-equipped headquarters with excellent electronic equipment and the work includes setting up workshops Multidisciplinary work and training courses and administrative departments with integrated support. Our bank is inspired by its spirit in providing distinguished services through the business principles that we adopt, which form the

basis of our commitment to be a key partner in the development of the economy of our country, Iraq. Our bank is keen to work according to the principle of sustainability through its keenness to apply environmental, social and governance standards.

Our mission



We are committed to environmental health and safety and strive to provide a healthy, clean and safe environment for the community.:



We strive to create a positive work environment for our employees, as their development is the basis for the Bank's success.



We offer the best services and products to our customers and customers, and we maintain the principle of excellence and respect in all fields.



We work to achieve the interests of our shareholders and maintain our outstanding



We are constantly working according to the best international practices and seeking to develop the economy of our country in a competitive and sustainable manner.



We play an active role in our society and contribute to its well-being through a responsible and ethical approach.

Our vision

To be the best choice wherever we operate by providing the best financial banking services and products to customers and trying to adopt the green economy approach and greatly reducing environmental risks and environmental pollution.

Our values



Responsibility



Teamwork



Excellence



Integrity

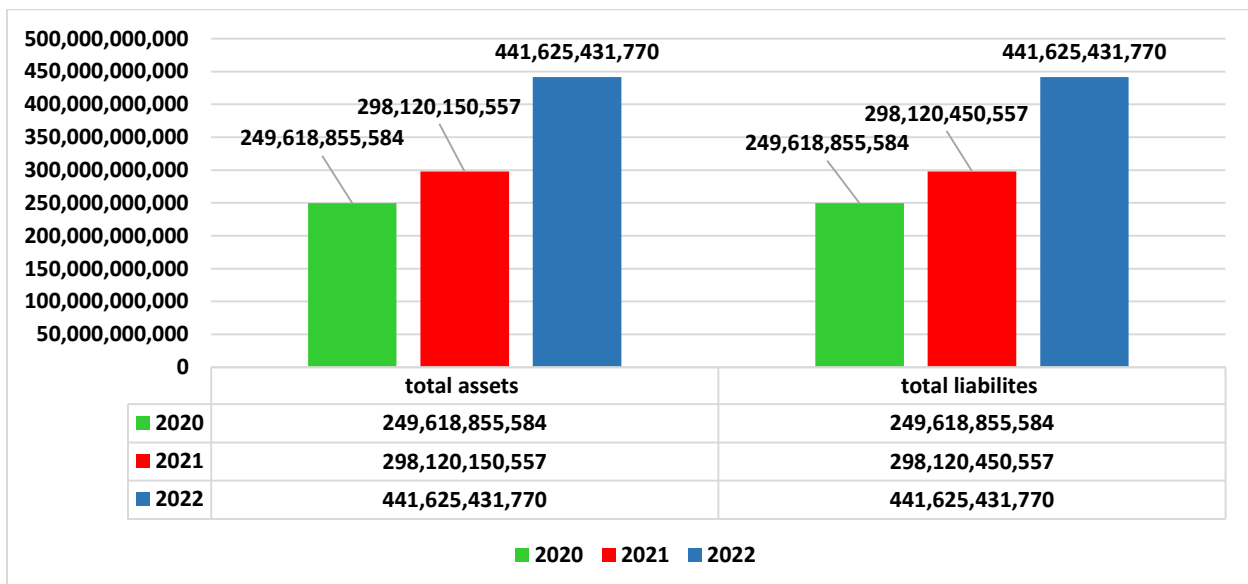


Commitment

The total assets and total liabilities of the bank d.i

Statement	2020	2021	2022
total assets	249,618,855,584	298,120,150,557	441,625,431,770
total liabilities	249,618,855,584	298,120,150,557	441,625,431,770

The total assets and total liabilities



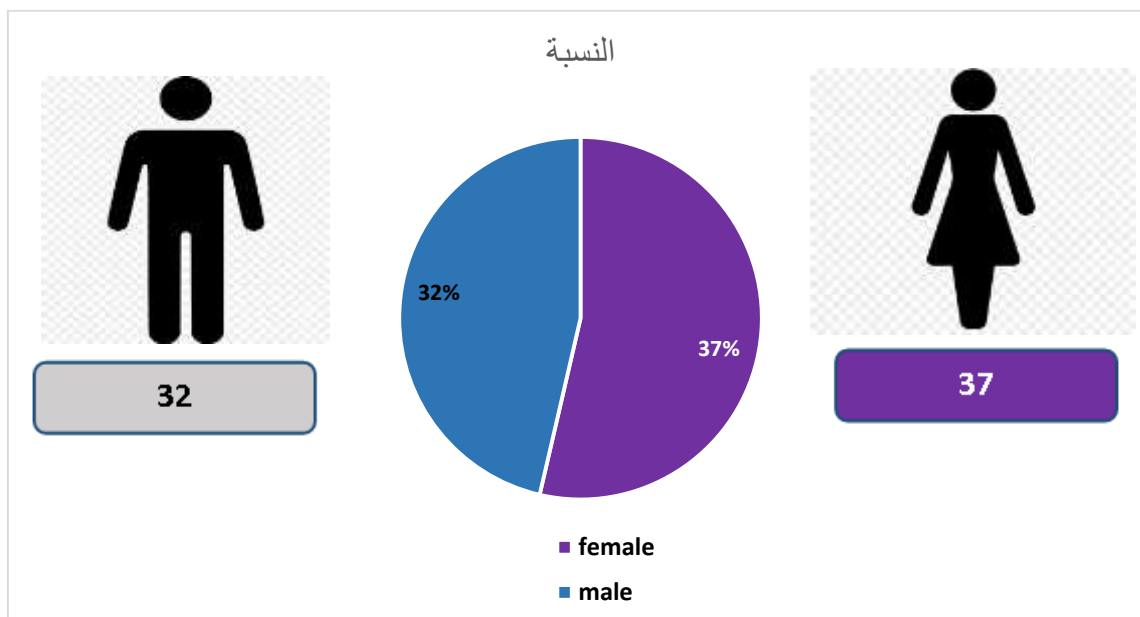
Our staff

In light of our operational and competitive environment, we are committed to our strategic decisions always taking into account our human capital. Our team works in all circumstances, and working hours often include dealing with complex issues and decisions. It is our duty to provide a work environment that promotes diversity and inclusion, encourages talent, and puts employee welfare at the top of its priorities.

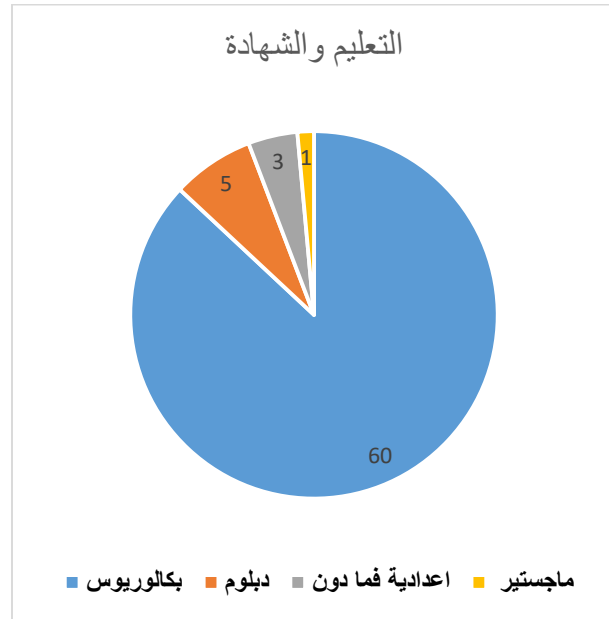
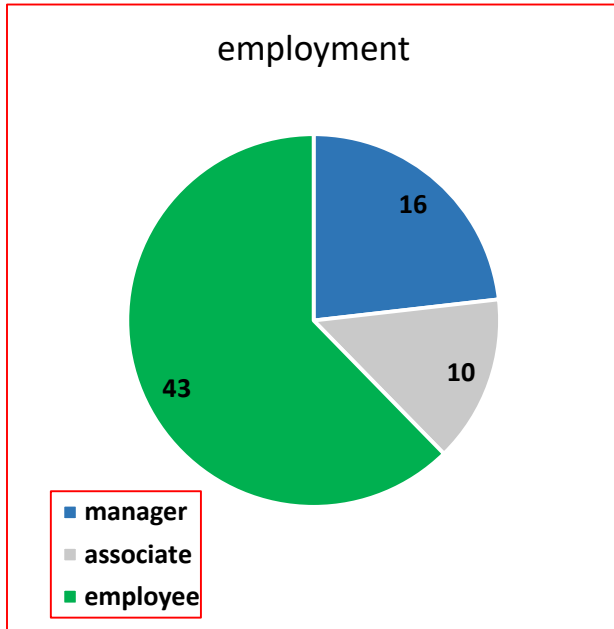
Valuable employment

The focus of our human resource management department is to ensure coherent and rewarding employment, and we constantly strive to enhance our capabilities to ensure that we attract and retain the best talent, while constantly improving the value proposition to establish ourselves as a bank that provides competitive job opportunities, and in the year 2022 our workforce included a total of (69) Employees, divided between workers with temporary and permanent contracts, all working full time:

The number of employees classified on the basis of sex for the year 2022



Number of employees classified based on job/education and certification for the year



Sustainability governance

The Chairman and members of the Board of Directors of the Islamic Holding Bank are responsible for ensuring that the bank’s governance and standard operating procedures have covered the principles of sustainable financing, and it is the responsibility of the executive management, with the assistance of the employees of the departments concerned with financing and investment, to develop a program for sustainable financing by allocating a certain percentage of the amount of funds for sustainable projects And sustainable environmental activities, while the responsibility for measuring risks and determining negative effects whether the project may result in negative effects that harm the environment and the health and safety of society rests with the employees of the risk management department in the bank through their possession of policies, strategies, standard procedures and mechanisms to manage risks related to environmental and social aspects and how Managing it and reducing the negative effects to reach it within the acceptable limits of the risks as follows:

A brief summary of risk management procedures in identifying, measuring, following up and controlling risks within the policies and strategies of the Risk Management Department

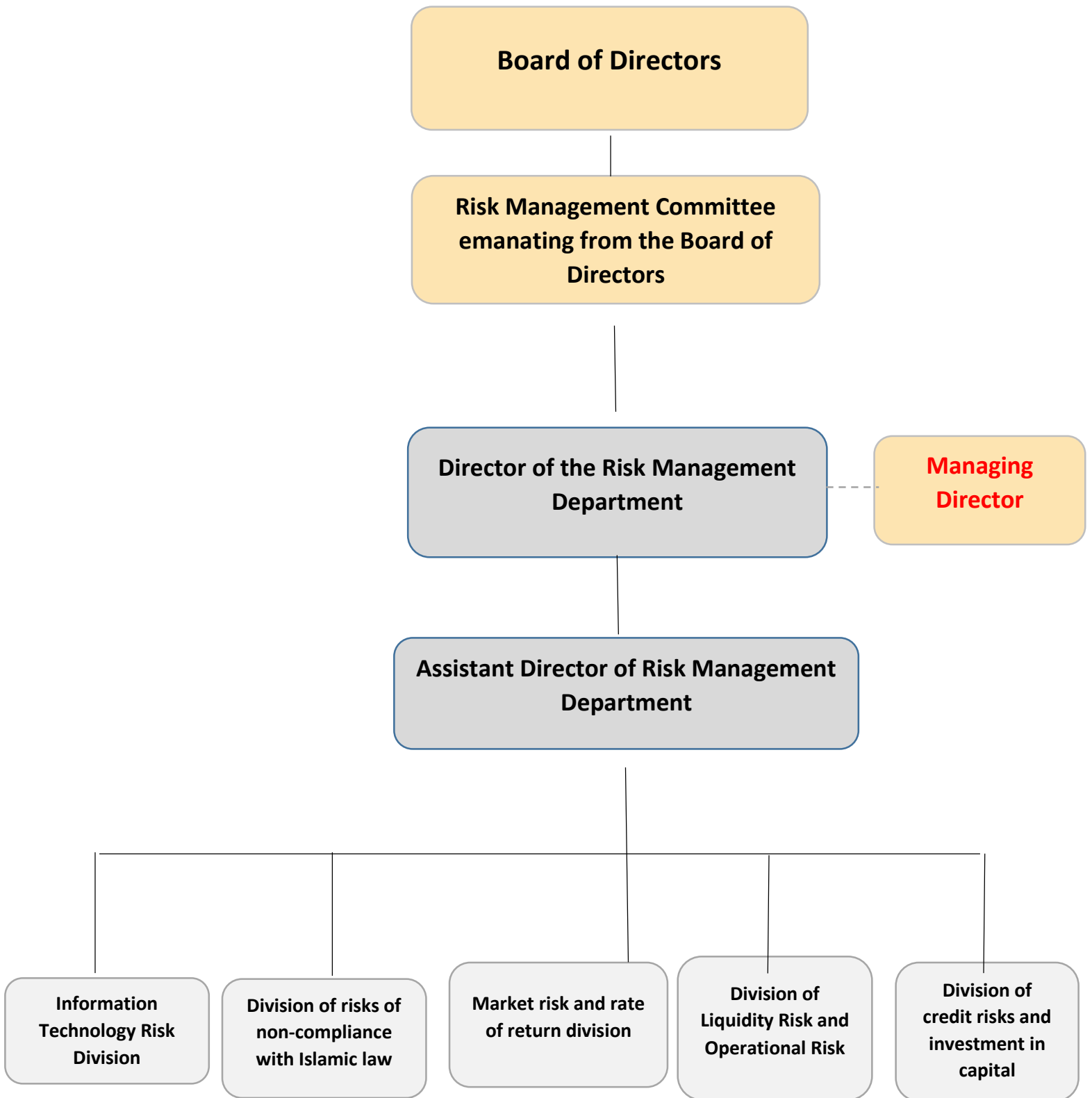
- The bank's risk management department evaluates the extent to which objectives that support the implementation of sustainable credit / financing are achieved, and the results are followed up by the concerned officials.
- Providing the bank's management with a future assessment of the risks in general and the environmental and social risks in particular, to which the bank may be exposed.
- Assisting the bank's management in proper planning procedures for capital and liquidity in all fields.
- Assisting the bank's management in setting acceptable limits for risks and trying not to exceed the impact of risk on these limits.
- Assisting the bank's management in developing methodologies for mitigating risks and developing contingency plans to counter adverse circumstances.
- Submitting periodic reports on the results of planning, implementation, risks and the goal related to credit / sustainable financing to the Board of Directors through the Risk Management Committee emanating from the Board of Directors
- Conduct stress tests (stress tests) periodically on all risks to which the bank is exposed, and indicate the bank's ability to withstand such shocks.
- Preparing periodic reports showing the levels of risk in the bank and deviation from the limits and standards set by the Risk Management Department and approved by the Board of Directors and sent to the Central Bank of Iraq after submitting them to the Risk Management Committee emanating from the Board of Directors and then endorsing them by the Board of Directors.
- Documenting all fatwas of the Sharia Supervisory Board and its decisions, and examining samples of financing contracts to detect risks of non-compliance with Sharia.

The Risk Management Department also has an integrated list of acceptable risks (Risk Appetite) related to environmental and social risks, similar to the list of

acceptable risks for the general risks of the Bank in the risk management strategy, which is as shown below:

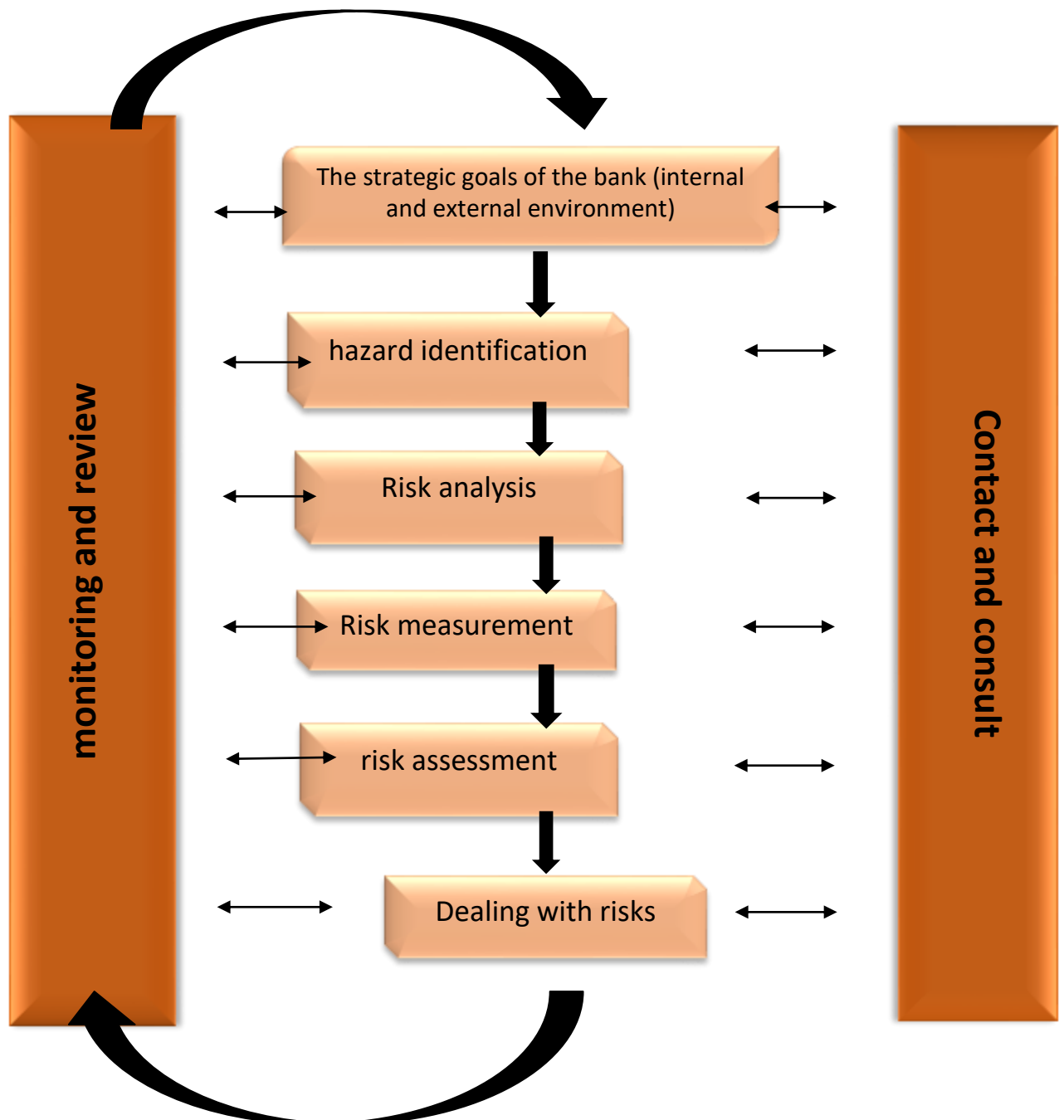
Risk Appetite Classification for environmental and social risks					
risk type	very low	low	middle	high	very high
Finance	An impact that leads to a financial loss of (0.000016) of the bank's capital and sound reserves, and an amount from (1,000,000) dinars up to (3,999,000) dinars.	An effect that leads to a financial loss of (0.00016) of the bank's capital and sound reserves, and an amount of (4,000,000) dinars up to (39,999,000) dinars.	An impact that leads to a financial loss of (0.0016) of the bank's capital and sound reserves, and an amount from (40,000,000) dinars up to (399,999,000) dinars.	An effect that leads to a financial loss of (0.016) of the bank's capital and sound reserves, and an amount of (400,000,000) dinars up to (3,999,999,000) dinars.	An impact that leads to a financial loss of (0.16) percent of the bank's capital and sound reserves, with an amount of (4,000,000,000) dinars up to (40,000,000,000) dinars.
operational	-The effect does not lead to any change in the procedures.	-The effect does not lead to any change in the procedures.	-The effect does not lead to any change in the procedures.	-The effect does not lead to any change in the procedures.	-The effect does not lead to any change in the procedures.
Health and safety	A defect in one work unit without stopping it.	A defect in one work unit without stopping it.	A defect in one work unit without stopping it.	A defect in one work unit without stopping it.	A defect in one work unit without stopping it.
reputation	Continuous loss of the system for (hours).	Continuous loss of the system for (two hours).	Continuous loss of the system for (6 hours).	Continuous loss of the system for a period of (three days)	Continuous loss of the system for a period (a week or more).
The strategy	Without injury or minor personal injury, the necessary first aid is required, but there is no waste of time	Minor injury, medical treatment and wasted days	Injury and potentially hospitalization and wasted many days	Single death or long-term illness and multiple serious injuries	Cases of death or permanent disability

The structure of the risk management department in the bank



The general framework for risk management

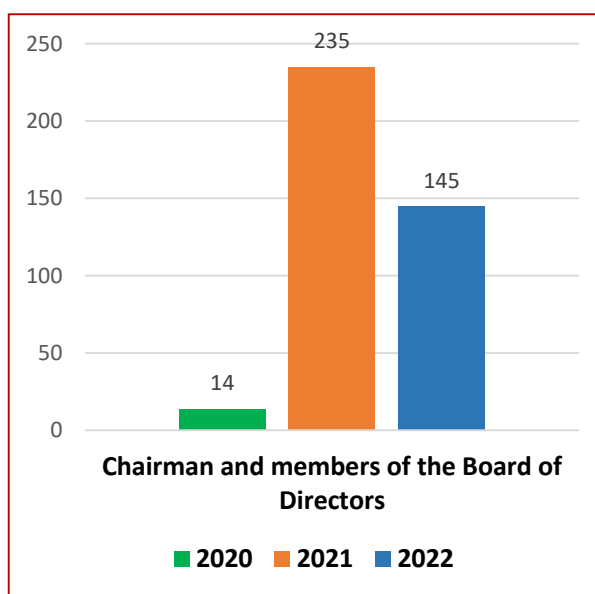
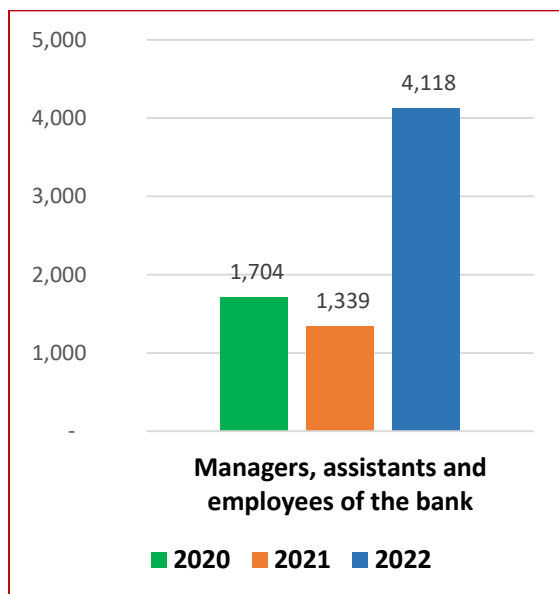
It is a set of arranged and coordinated steps that are based on the best international methods and practices in a way that guarantees the soundness and good performance of the risk management process in the bank and according to the international standard (COSO) (Committee of Sponsoring Organizations of the Treadway Committee) My agencies: -



Developing competencies, courses and training workshops that were conducted for members of the Board of Directors and employees

N	Statement	Number of training hours		
		2020	2021	2022
1	Chairman and members of the Board of Directors	(14) hours	(235) hours	(145) hours
2	Managers, assistants and employees of the bank	(1,704) hours	(1,339) hours	(4,118) hours

The bank is keen to develop the job performance of the bank's employees and members of the board of directors in all areas of banking work and raise them to distinct levels that enable them to play the role of competition and distinguished performance in completing the daily work entrusted to them. We will be keen to include training courses for credit activities that take into account sustainable financing in the bank's next training plan To involve bank staff in sustainable financing courses.

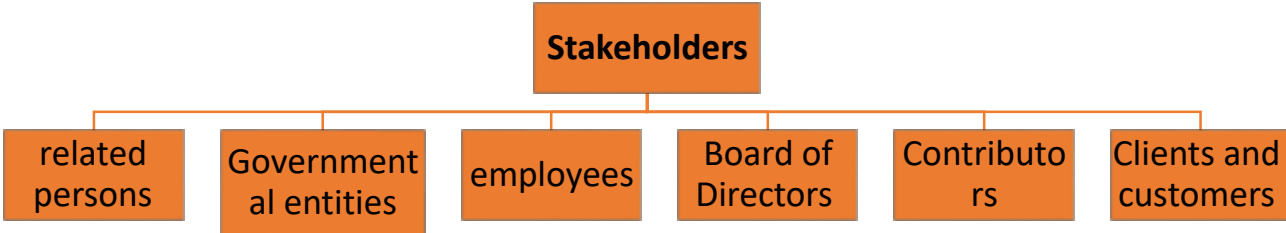


Stakeholder engagement is a key factor contributing to our long-term success, and we believe that building open and trusted relationships is key to understanding stakeholder priorities and expectations and implementing a corporate sustainability strategy focused on adding value and making a positive impact.

Our report on sustainability is based on the methods of engagement adopted by our bank, knowing the interests of stakeholders and determining their priorities according to the criteria shown below:

- The extent to which we need the support of the stakeholder to achieve our strategic objectives
- The extent to which the stakeholder influences our operational performance
- The extent to which the stakeholder influences or is affected by our operations

Our stakeholder engagement strategy and understanding of their expectations allows us to update our key areas of focus as and when required, and our major steps in the field of sustainability have taken into account all stakeholder priorities and expectations. Below is an illustration of our key stakeholders:



In this aspect, we describe the bank's economic performance, which includes a comparison of target performance, portfolio, financing or investment goal, revenues, profits and losses. The bank is keen to develop a targeted economic plan that includes all economic aspects, and to study them according to expected events and priorities established in the bank's main strategy.

Description / year	2020	2021	2022
total assets	249,618,855,584	305,956,450,557	441,625,431,770
productive assets	8,008,746,181	389,810,102	190,628,757,688
Credit / cash financing	8,008,746,181	389,810,102	190,628,757,688
Revenues	8,329,909,131	3,314,096,096	5,893,020,176
expenses	3,701,331,369	3,147,117,890	5,492,078,694
Net profit	4,628,577,764	42,571,740	37,007,350

Indicator Performance (%) Percentage

Minimum capital adequacy ratio	%	%	224.7%
Non-produced assets to the total of productive assets and non-produced assets	0	0	3,110 %
Non-produced assets to total productive assets	0	0	2,740%
Impairment of financial assets versus productive assets	0	0	0
Total bad loans	0	0	0
net non-performing loans	0	0	0
return on assets	_____	_____	_____
return on equity	_____	_____	_____
net margin of return	_____	_____	_____
efficiency ratio	_____	_____	_____
Loan to deposit ratio	_____	_____	_____

A comparison of target and portfolio performance in financial instruments or projects that are consistent with the implementation of sustainable financing

((Products that meet the standards of sustainable business activities))

Fundraising	—	—	—
distribute the money	—	—	—

Total assets produced for sustainable business activities

Total credit/financing for sustainable business activities	—	—	190,000,000,000
Total unsustainable credit/financing activities	—	—	322,000,000

The bank is keen to include all activities targeting financial tools or projects that are in line with the implementation of sustainable financing by allocating a certain percentage of the credit amount determined in the financing policy for the purpose of granting credit facilities for sustainable projects, in addition to developing a plan to provide products that meet the standards of sustainable business activities for the coming years. .

Materiality Approach:

In order to determine which businesses and services are most important to the success of our bank, we considered internal and external factors and conducted a materiality assessment that shows the importance of various sustainability issues based on the impact of our business.

Business impact:

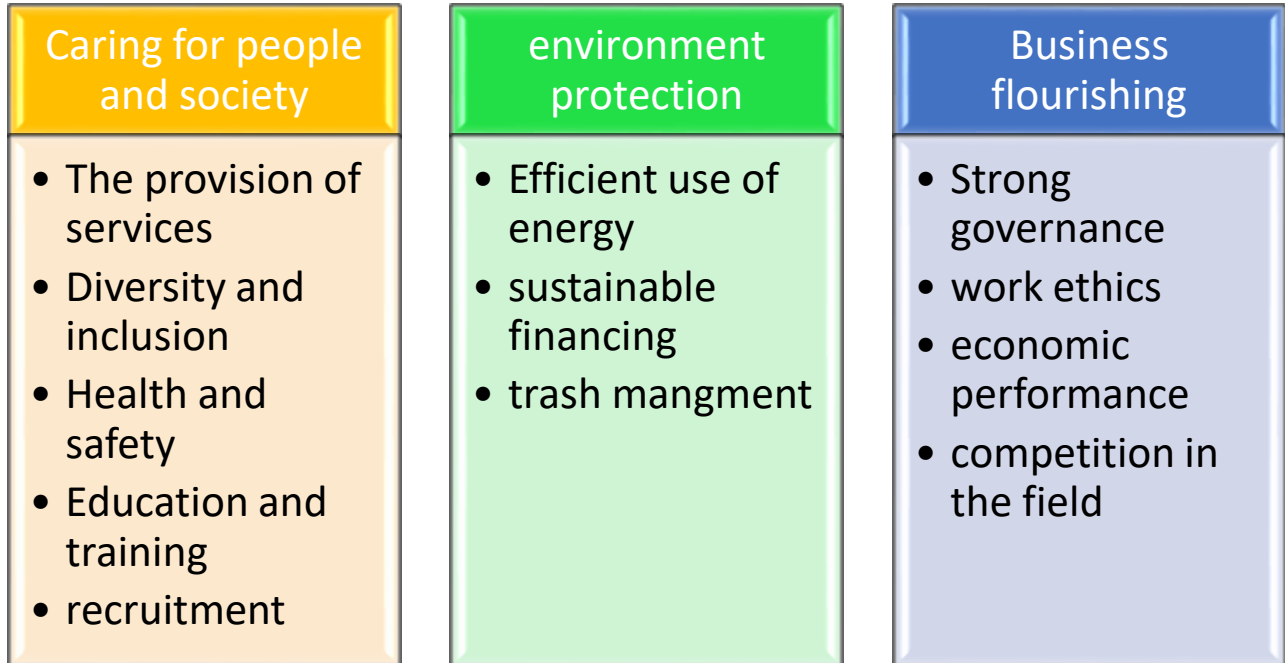
In this regard, topics of relative importance to business related to the banking sector and our bank's directions to adhere to environmental, social and governance standards related to (sustainable financing, efficient use of energy, environment and society) were identified. Priorities were identified for topics of relative

importance that are applicable in the list below based on Our practical experience and in line with the strategic focus of our bank and its operational processes and their internal and external impact, in addition to global and local trends.

Topics of relative importance to the work of the Islamic clutch bank

N	Most important
1	Financing sustainable projects
2	Strong governance and work ethics
3	Environmental and occupational health and safety
4	Efficient use of energy, paper and plastic
5	Training and development of employees
	Very important
6	economic performance
7	Diversity and inclusion in providing products and services
	trash mangment
8	Important
9	Employment

Towards a sustainable future Our impact on sustainability The whole world is facing many challenges in the environmental system and the negative impact on climate change and the social environment. At Al-Qadhaf Islamic Bank for Finance and Investment, we provide necessary services to society and the environment, as we are fully aware of the potential impact of our activities on people and the ecosystem, our responsibility to mitigate the resulting risks and the need to find better solutions. And more sustainable, and as we move to a new stage in our journey towards sustainability, we consider our performance in the field of sustainability as one of our main priorities and an integral part of our comprehensive strategy, we will work in subsequent reports and key performance indicators to develop a framework for sustainability and a strategy that includes targets to monitor performance and progress, The materiality assessment has helped us understand the key current impacts associated with our operations and prioritize areas of focus for our sustainability programme. In line with our corporate strategy and work ethics, we have established three main pillars that will be a priority for our sustainability strategy in the next phase:



social performance

Banking services provided by our bank to customers

1. Savings accounts: - It is a contract between two parties (the bank - the customer), provided that an amount is credited to the account in return for a specific profit paid by the bank. Customers can move it at any time, whether deposit or withdrawal, and usually it is not governed by a specific period of time.
2. Fixed deposit account (investment): - It is a fixed-term deposit that the bank receives from the customer and authorizes the bank to invest it in a legal way and with an Islamic contract free from usury.
3. Current accounts: - It is a contract between two parties (the bank - the customer) provided that an amount is recorded in the accounts exchanged between them, and the bank issues a book of checks that is delivered to the customer. It is an account on demand that allows the customer the freedom to withdraw and deposit.

4. Approval of sukuk and issuance of bills: -

A- The approved check: It is a commercial paper approved by the bank. The drawer (account holder) certifies the check with the drawee (the bank) with a balance in his account.

B- Safta: It is a commercial paper issued by the bank by order of the auditor (from whom the receipt was received) who does not have an account with the bank, and according to which the bank is obligated to pay its value in cash or by set-off.

5. Depositing clearing instruments with the ACH system: This system allows the exchange of payments between individuals and institutions through bank accounts, or in other words, the transfer of funds between banks. Various transactions. This method of bank transfer is characterized as safe and low-cost, as long and tedious transactions within banking institutions are bypassed.

6. Internal transfers CT: These are internal, incoming and outgoing transfers in which transfers are made to and from the balances of the bank's customers' accounts inside Iraq in all monetary currencies except for the dollar.

7. Transferring amounts using the RTGS system: It is a real-time total settlement system that allows funds to be transferred between customer accounts affiliated with banks in Iraq (in dinars) within minutes, and the sender and recipient must have open accounts in their banks.

8. External bank transfers: - Transfer of funds between banks outside Iraq, and it is also required that the customer deposit the amount to be transferred and that he has a current account to cover the transfer, and the bank charges a commission or a fee for the operation.

9. Documentary Credits: - It is a request submitted by the customer in order to pay the price of purchases of goods from abroad, as it is one of the most important banking services provided by banks and is the basis for commercial traffic (import / export) all over the world, which is implemented through the correspondent network of banks around the world.

10. Financing services in Islamic forms in accordance with Sharia and for limited purposes and within a specific period of time. Cooperation is carried out with the customer for the development of the social and economic sectors, including:

A- Murabaha financing: It is the sale of an item for the same price as the first (its original price) plus a known increase for the buyer that represents the profit margin for the seller.

B- Speculative financing: - It is a formula provided by the bank in what is known as the speculative capital to the speculative client who exerts his efforts to invest it on his own in an absolute or restricted manner, and the profit is distributed between the bank and the client according to the common ratios agreed upon in the contract. Such loss must not be the result of an infringement, negligence or violation of the terms by the speculator.

C - Musharaka financing: - It is a contract between two or more parties to participate in the capital to carry out specific and defined activities and activities with the aim of achieving a profit that must be shared between them and it is not required that the profit ratios be equal between the partners.

D - Muzarafa financing: - It is the payment of land from its owner to those who cultivate it or work on it, and they share the crops.

C- Musaka financing: This type of company is based on the effort of the worker in caring for the fruit trees and his commitment to watering and care on the basis that the output of the fruits is distributed between them in an agreed ratio.

H- Salam financing: It is the sale of money for money in which the price is received sooner and the goods are received later.

g- Istisna'a financing: It is a request for craftsmanship, i.e. a request to manufacture a thing, and it is restricted to an industrial field.

D- Ijarah financing (lease): - It means the ownership of permissible benefits for a specific period in return for a known material consideration, which is the price of the benefit or its consideration resulting from the use or benefit of one of the fixed assets. Al Ain after the rental period.

D - Financing a good loan: - It is a loan that does not bear any interest.

R- Internal and external letters of guarantee: - It is a guarantee issued by the bank to the beneficiary in which the person guarantees to pay the value of this guarantee in case the guarantor breaches its obligations, whether the beneficiary is inside or outside Iraq.

11. Banking awareness and public protection: It is to educate and educate the public about banking and financial services and improve the relationship between the consumer (customer) and the banking sector for the purpose of achieving financial inclusion and economic stability and protecting customers from the risks of fraud that they may be exposed to when using these services. Its work is based on instructions and controls. and consumer protection guide.

12. Automated teller machine (ATM) services: It provides a real-time payment service and conducts financial transactions in public places as an alternative to the need for an employee to carry out any operation. The customer must insert a plastic encoded card that contains a number for the customer and some security information.

13. Buying and selling foreign currency: - It is a means to ensure the stability of the dinar exchange rate by meeting the requirements of the Iraqi economy by providing foreign currency to cover private sector imports of goods and services in addition to the needs of employees for the purposes of travel and treatment.

14. Bani platform: - The platform contributes effectively to promoting the use of Arab currencies in the settlement of inter-regional transactions, which reduces resort to financial and global centers (corresponding banks) and contributes to reducing the time and cost imposed on commercial banks and money transfer companies.

15. Domestication of salaries: - It is the process of employees in the public and private sectors receiving their salaries from government and private banks by means of an electronic payment card through a special account opened for employees in the bank instead of receiving it manually from the department in which he works.

16. Home Bank: Mobile Banking is an application through which customers can inquire about the balance, request an account statement, and know all their accounts via the Internet from anywhere and at any time by subscribing to this service.

Activities related to empowering the community and supporting the core business of the bank

The Bank prioritizes the goals that must be achieved in relation to the Bank's core business and activities related to community empowerment, according to its business activities strategy as described below:

N	Types of activities related to community empowerment	sustainable development goal
1	Granting medium and small finances to people with limited income, which takes into account the principle of sustainability, clean energy, community health and environmental safety	Goal No. (1) of the Sustainable Development Goals is poverty eradication, Goal No. (3) is good health and well-being, and Sustainable Development Goal No. (7) is clean energy.
	Technical assistance for small and medium enterprises for women	Goal No. (5) of the Sustainable Development Goals is gender equality
2	Providing employment opportunities for both sexes and good training in entrepreneurship in all banking businesses, including environmentally friendly businesses	Goal No. (8) decent work and economic growth, and Goal No. (10) of the sustainable development goals is to reduce inequalities
3	Types of activities related to community empowerment	sustainable development goal

The bank will allocate a certain percentage of the amounts allocated to credit facilities to grant funds that take into account the principle of sustainability and achieve sustainable development goals related to community empowerment, in addition to providing job opportunities for both sexes and training them in accordance with international and regional standards in activities related to banking business.

the bank's environmental performance

The bank is keen on the effective use of energy (electricity and water), and it has been directed to replace traditional electrical appliances with low-capacity devices such as air conditioners and lamps with regard to the internal activities of the bank,

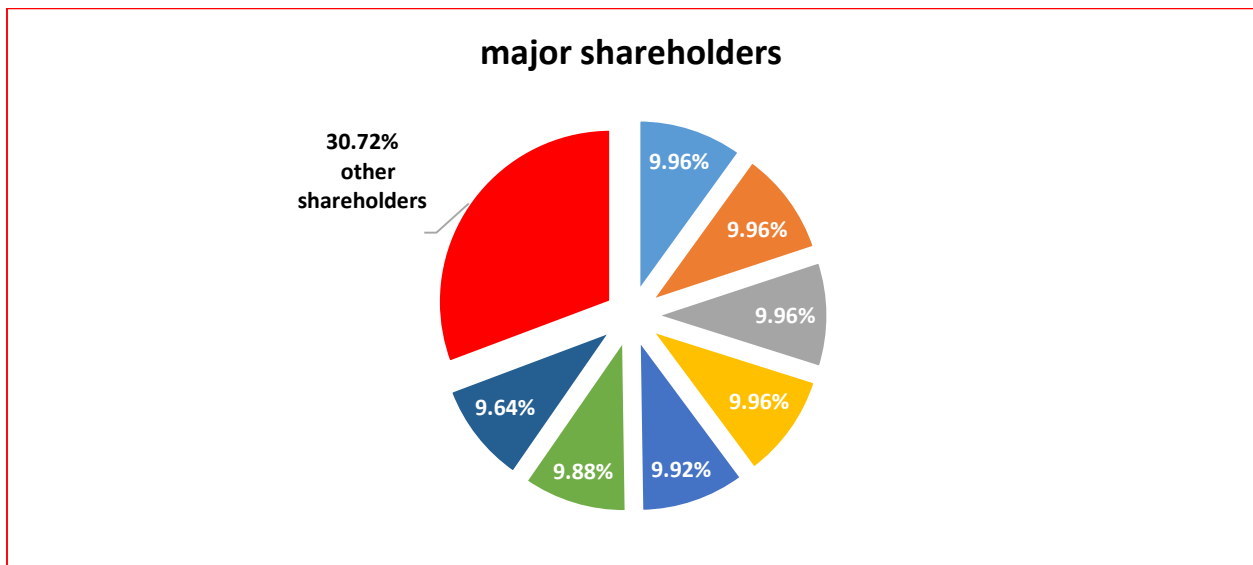
which supports the goals of sustainable development to save energy and save costs by a certain percentage.

With regard to the effective use of paper and plastic, the bank worked internally to provide electronic programs for electronic correspondence and electronic archiving programs that contributed effectively to reducing the use of paper and reducing waste, in addition to the bank's attempt to contract with recycling factories for paper and plastic to significantly reduce the accumulation of waste and provide a clean work environment in addition to To save a certain percentage of costs for the bank.

Contributors

The shareholders in our bank consist mainly of Iraqi citizens (individuals), and (100%) of the shares of our bank are owned by local individuals, and they are unencumbered shares.

Major shareholders own 69.28% of the total shares, and this percentage is distributed as follows: -



Shareholders / is the person or the bank who owns a share or several shares of the bank's capital, and the main shareholder means any shareholder who owns 10% of the bank's capital shares, whether directly or indirectly through groups and related parties, as the bank's major shareholders own a percentage of the balance as proxy:-

N	Name	balance	The ratio
1	Ahmed Ali Hassan Al-Dujaili	24,900,000,000	24,900,000,000 9.96%
2	Hussein Hadi Ahmed Al-Ahramy	24,900,000,000	24,900,000,000 9.96%
3	Ali Muhammad Ghulam Hussain	24,900,000,000	24,900,000,000 9.96%
4	Mustafa Yousef Ghulam Al-Ansari	24,900,000,000	24,900,000,000 9.96%
5	Raed Muhammad Ghulam Hussain	24,800,000,000	24,800,000,000 9.92%
6	Namark professional Khairy Abbas	24,700,000,000	24,700,000,000 9.88%
7	Zina Muhanni Khairy Al-Saadi	24,100,000,000	24,100,000,000 9.64%

Strong governance and work ethics

Building trust between Islamic Holding Bank and stakeholders is the basis for successful and long-term relationships, and we are committed to being a reliable partner that acts with integrity and responsibility towards our business, employees, and activities. These principles are considered core to the value of our bank and are fulfilled in accordance with applicable international and national laws, in addition to the Code Our bank's rules of conduct, and this code of conduct reflects our basic business principles and the overall culture of the bank and defines the right behaviors and way of working on a daily basis, and all employees, including managers, officers, permanent and temporary employees, are required to comply with this code, as it enhances corporate compliance and guides In the decision-making process, the Code of Conduct and its underlying policies are reviewed regularly to ensure that the content is comprehensive and up-to-date with the latest practices and regulations.

Anti-corruption principles

The principles of combating fraud and corruption are outlined in our bank's anti-fraud policy and procedures, and we are aware that any case of fraud may

cause financial harm, in addition to harming the reputation of our bank, and we are committed to zero tolerance for any kind of dishonesty, and we also believe that Al-Qabidah Islamic Finance Bank The investment has strong internal controls to prevent and monitor fraud and misconduct, and this policy was developed to provide procedural guidance to our employees and to ensure that everyone understands and adheres to its principles. The Risk Management Department has developed a regulatory bylaw and regulatory framework for all operational risks, including the assessment of risks related to corruption and the development of appropriate control procedures to limit the effects in the event of any accident, and in the year 2022, the Islamic Holding Bank for Finance and Investment did not record any cases of corruption.

governance structure

The Bank's Board is committed to implementing strong corporate governance practices that are in line with international guidelines and therefore reflect the Bank's core values. Therefore, our directors and employees are required to act with integrity and honesty. Structures are designed and continually improved to ensure that our values are incorporated into our business and operations.

The Board of Directors is accountable to the stakeholders for providing strategic direction and delivering long-term sustainable value to our Bank. It is ultimately the responsibility of the Board of Directors to ensure compliance with the Bank's legal and regulatory obligations as a pivotal actor in the framework of corporate governance. To this end, the Board receives assistance from various committees. Emanating from the Board of Directors, in addition to the executive directors and external and internal auditors.

The role of the Internal Shari'a Control and Audit Department with regard to sustainable financing for the year 2022

Sustainable financing activities and their definition:

Commercial activities (small and medium enterprises):

Small and medium-sized enterprises that use environmentally friendly packaging and products that implement programs to promote sustainable production and consumption and finance environmentally friendly crafts producing projects in the bioenergy sector, grids, energy storage, heating industry and renewable energy.

Among the categories of sustainable commercial activities: As part of the implementation of sustainable financing, the bank must adopt financing portfolios based on the category of sustainable commercial activities, which include (12) environmentally sound commercial activities, in order to fulfill one of the principles of sustainable financing, which is the principle of inclusiveness.

Among the sustainable financing projects in terms of mitigating environmental and social impacts and commercial operations are:

1- Al-Ghad Company:

Environmental impact of the project:

The project is environmentally clean as follows:

- 1- Solid waste: The use of solid waste and residues from iron smelting operations is handled by agricultural activity.
- 2- Liquid waste: none, noting that the used water is recycled after being cooled by cooling towers.
- 3- Gases and vapors: The vapors and gases resulting from the manufacturing process are filtered before being thrown into the air. In addition, the laboratory does not use any chemicals harmful to the internal and external environment.
- 4- Sounds, noise, and noise: These are the sounds resulting from cutting operations.
- 5- The impact on the nearby area's reserve of water and electricity and the road leading to it being congested: The factory will rely on its own capabilities for its

electrical energy needs, as it was equipped with a power plant, and the daily water quantity is small, and that depends on private wells.

6- Fuel: It is the fuel consumed in operating the generators and includes diesel and gas.

7- The impact on roads and traffic congestion: The daily production quantity during the first phase is (1,000) tons with iron ores supplied to the factory. The load is (20) car loads and the load of one car is (50) tons. It is simple because the factory is outside the borders of the city of Basra.

□ As an economic impact of the project, it has a positive impact, as the project provides (2,000) job opportunities for technical workers.

□ The project is one of the strategic projects that the Iraqi economy needs, as the plant works to fill a large part of the Iraqi market's requirements for types of reinforcing steel and a great value in terms of getting rid of iron waste that is present throughout the country by working on purchasing, recycling and manufacturing it. □

Among the sustainable financing projects in terms of women's economic empowerment during the year 2022:

Promoting women's economic empowerment through workplace culture and providing them with job opportunities.

N	Client Name	project name	financing formula	activity type	the amount	Grant date
1	Hamida Aliwi Eifan	A store that sells household and food items	Murabaha {Islamic banking}	commercial	50,000,000	8/29/2022
2	Ibtisam Jabr Abdullah	A store that sells household and food items	Murabaha {Islamic banking}	commercial	20,000,000	8/29/2022
3	Rabha Abboud Abdullah	Food store	Murabaha {Islamic banking}	commercial	15,000,000	9/18/2022

The methodology of establishing and promoting a culture of sustainability in the bank

The Islamic Holding Bank for Finance and Investment is keen to establish and enhance the culture of sustainability for the bank's employees and the internal and external environment, as it is one of the banks that enjoys a very important privacy and because of its strategic and economic value that has an impact on the country's economy as a whole, and one of the axes that contribute to achieving sustainable development and adopting innovation standards and adopting Sustainability initiatives In line with the vision of the Central Bank of Iraq for an environmentally friendly future and a green economy, the bank has worked to educate all employees about the importance of sustainability through the training plan for the bank's employees, which includes a course entitled (Environmental and Social Risks and Sustainability Governance), by (Director of the Risk Management Department in The bank), where this course dealt with the explanation of the vocabulary of the sustainability guide issued by the Central Bank of Iraq, and the definition of participants about the importance of sustainability, in addition to knowing the most important internal and external environmental and social risks, methods of confronting and addressing them, and knowledge of environmentally friendly projects.

Mahmoud Rashid Ibrahim Al-Fahd

Issue: 205/4/2023

Chartered accountant and auditor

Baghdad: 9/April/2023

Member of the Iraqi Association of Certified Public Accountants

To / Messrs. Shareholders of Al-Qabidh Al-Islami Bank for Finance and Investment (Private Joint-Stock Company).

S / auditor's report

The opinion

We have audited the accompanying consolidated financial statements of Al-Qadhaf Islamic Bank for Finance and Investment (private Joint Stock Company). which consists of the consolidated statement of financial position as of December 31, 2022, and the consolidated statements of income and other comprehensive income, cash flows and changes in equity for the year then ended, and notes to The consolidated financial statements, which include a summary of the most important accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position Consolidated as of December 31, 2022 and its consolidated financial performance and its consolidated cash flows for the year ending in that date In accordance with the International Financial Reporting Standards.

Basis of opinion

The audit was carried out in accordance with international auditing standards. Our responsibility under these standards is further detailed under Responsibilities of The auditors About the audit of the consolidated financial statements included in this report, we are independent from the Bank in accordance with the rules of the Bank

Ethical Conduct for Professional Accountants issued by the International Ethics Standards Board for Accountants, and we have met Our Other Ethical Responsibilities In accordance with the Code of Ethics for Professional Accountants, we believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements The consolidated financial statements for the year ending on December 31, 2022 have been studied within the scope of auditing the consolidated financial statements. as a whole, in order to express our opinion on these lists, and we do not express a separate opinion on each of them, with respect to each of these cases Below, details of how they were addressed in the audit are provided in that context.

We have fulfilled our responsibilities mentioned in the auditors' responsibilities for the audit of the consolidated financial statements contained in the section Our report this, in addition to all matters related to that. Accordingly, our audit includes the implementation of the procedures for which it was designed In response to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including: The procedures related to handling the cases referred to below, are the basis for our audit opinion on the accompanying consolidated financial statements.

First: Applying international accounting standards:

The Islamic Holding Bank has applied international accounting standards for the fifth year in a row and in this regard We explain the following:

1- With regard to Islamic financing instruments, the relevant controls have been applied, guided by the standards of the Accounting Organization And the review of the Islamic financial institutions contained in the book of the Central Bank of Iraq No. 289/3/9 in 1/8/2018, which came into effect from the date of its issuance.

2- International Financial Reporting Standard (9) IFRS

The Bank applied the Financial Reporting Standard No. (9) for the fourth year in a row, and the allocations were calculated Required to meet changes in expected credit losses (for Islamic finance and cash) as a guide Under the directives of the Central Bank of Iraq contained in writing No. 466/6/9 on 12/26/2018 (guiding instructions to prepare financial statements for banks) and the results of the application were consistent with the requirements of Financial Reporting Standard No. (9), where The balance of the allowance for credit losses for Islamic financing, balances with institutions and pledged credit (148,407,747) dinars, while in the previous year it was (420,925,947) dinars.

3- International Accounting Standard (36) "Impairment of Assets"

The bank for any real estate during the financial year subject to audit.

Second: Total Assets:

The total assets balance increased to (441,625,431,770) dinars compared to the previous year of (150,557,298,120) dinars, with an increase of (143,505,281,213) dinars, at a rate of (48%). An increase in the item of Islamic financing by an increase of (190,169,511,553) dinars, and a decrease in the item of cash by an amount (34,091,613,674) dinars.

Third: Money:

The cash balance as of December 31, 2022 was (80,151,750,498) dinars, while it was (036,378,246,130) dinars on December 31, 2021, and in this regard we have the following:

1. The cash balance in the bank's treasury amounted to (1,677,823,170) dinars on December 31, 2022, according to records, while it was (4,517,742,540) dinars on December 31, 2021, as the inventory was carried out under our supervision on 30 / December / 2022 and the result was identical to the records.
2. The cash balance at the Central Bank of Iraq on December 31, 2022 amounted to (78,473,927,328) dinars, while It was (109,725,621.632) dinars on December 31, 2021, and it is identical to the Central Bank statements Iraq, as follows:

a. The current accounts amounted to (74,939,559,668) dinars on December 31, 2022, while they were (106,711,773,692) dinars on December 31, 2021

B. Mandatory deposits amounted to (3,534,367,660) dinars on December 31, 2022, while .

3. The balance of current accounts in banks and local institutions amounted to (16,866,296) dinars on January 31, 2022, while it was (992,496) dinars on December 31, 2021, and the balance of current accounts reached Banks and foreign institutions A (10,856,121) debt December 31, 2022, while it was (16,114,307,733) dinars as of December 31, 2021.

Provision for expected credit losses for this account based on international standards amounting to (217,122) dinars, thus amounting to The net balance of balances and deposits with banks and other financial institutions amounting to (27,505,295) dinars.

4. The bank relied on Swift to match its current balances with the foreign banks mentioned in Paragraph (3).

5. The legal liquidity ratio on December 31, 2022 reached (2730%), and it is considered a good ratio that enables the bank to Fulfilling its obligations towards depositors in the short term, and the bank has a contingency plan to face any circumstances potential that the bank may encounter in the future.

Fourth: Islamic finance:

A- report

Islamic financing hand (190,628,757,688) Diyar as of December 31

1/2022, while its balance was (389,810,102) dinars for the previous year, an increase of (48802%) over the previous year.

The previous year, for granting a partnership that ended with ownership to Al-Ghad Integrated Company in the amount of (00 Dinars through a central bank loan.

B- The balance of the provision for expected credit losses calculated for Islamic financing as of January 31 First / 2022 (148,190,625) dinars, as it was calculated according to the instructions issued by the Central Bank

Al-Iraqi reported in his book 466/6/9 on 12/26/2018 and the results were consistent with the requirements of the Financial Reporting Standard

No. (9 IFRS), noting that the allowance calculated according to instructions No. (4) amounted to (25,500,951) dinars.

C- All the funds granted are through the Central Bank's initiative to support small and medium enterprises.

Except for the amount of (215,259,427) dinars granted by the bank.

Fifth: Investments:

1- The balance of net investments as of December 31, 2022 amounted to (00 167,141.1) dinars, which is the same as the balance

In the previous year, we have the following:

A- During the year 2021, the bank purchased shares in the Iraqi Middle East Bank for an amount of (64,325,000,000)

shares, at a total cost of (173,677,500,000) dinars, and the approval of the Central Bank of Iraq was obtained for

The purchase process according to his letter numbered 9/3/16110 dated 8/18/2021, and the Central Bank's letter included

Al-Iraqi not to receive any profits from loan revenues or any revenues from banking operations.

A usurious business achieved by the investee bank, but only the profits derived within the provisions of Islamic Sharia.

B- The market value of the investments purchased in the Middle East Bank at the end of the year amounted to

(9,005,500,000) dinars.

C- The bank calculated an allocation for investments amounting to (7,836,300,000) dinars on December 31, 2022.

The Central Bank of Iraq, in its letter No. 9/3/25060 dated 10/5/2022, gave the bank a period of

(10) years to create a provision for these investments and the bank not distributing any profits from the contribution

With these investments or from the bank's profits resulting from banking activities until the required provision is completed.

2- The ratio of investments to capital and sound reserves reached (68%) on December 31, 2022, as it exceeded

The bank is 20%.

Sixth: Customer Deposits and Savings Deposits:

The balance of customer deposits account amounted to (1,409,527,592) dinars as of December 31, 2022, while it was (859,668,712) dinars in the previous year, with an increase of (696,667,924) dinars over the previous year. We recommend The bank follows a policy of attracting customers and increasing their savings, as the subject of customer deposits is the main activity that On which banking operations are based.

Seventh: Other liabilities:

The balance of other liabilities as of December 31, 2022 amounted to (2,233,350,040) dinars, and most of this The balance is represented in the financial stamp fees, as its balance on December 31, 2022 amounted to (1,655,634,188) dinars, of which The bank is required to pay these obligations

Eighth: Long-term loans:

The balance of long-term loans on December 31, 2022 amounted to (190,775,000,000) dinars, while it was in The previous year (475,000,000) dinars, with an increase of (190,300,000,000) dinars due to the granting of expired participation Ownership through the initiative of the Central Bank to (Al-Ghad

Integrated Company for General Trade, Iron, Steel and Industries mineral - limited liability).

Ninth: Currency Window Revenues:

Dealing in the US dollar currency has been stopped for the bank, while it is permissible to deal in other currencies by the Central Bank

Al-Iraqi in his book No. 2/9/446 dated 11/6/2022

1. The bank's purchases from the window and the sale and purchase of foreign currencies until December 31, 2022 amounted to (1,825,570,000) Detailed dollars are as follows:

Details	Amount (dollars)
Remittance purchases	1,446,000,000
Credits purchases	372,670,000
Bank cash auction purchases	6,900,000
Total purchases (dollars)	1,825,570,000

2. The bank's profits achieved from the window for buying and selling foreign currencies, as of December 31, 2022, amounted to an amount (1,859,870,000) dinars detailed as follows:

Details	The Amount
Remittance revenue from 2021	41,100,000
Revenue from transfers for the year 2022	1,420,900,000
Revenue of documentary credits	384,070,000
Revenue from the dollar sale / cash auction of the bank	13,800,000
Total window revenues during the year	1,859,870,000

3. The revenue of the window for buying and selling foreign currencies amounting to (1,859,870,000) dinars constitutes (25%) of the total revenues achieved during the year 2022 amounting to (7,369,453,344) dinars.

Explanation of the foreign currency buying and selling window

Statement	amounts purchased			amounts sold			Net revenue in dinars
	Dollar amount of purchases	The purchase price is in dinars	The amount of purchases in dinars	Dollar amount of sales	The selling price is in dinars	Sales amount in dinars	
remittances	8,000,000	1460	11,680,000,000	8,000,000	1463	11,704,000,000	24,000,000
	1,438,000,000	1460	2,099,480,000,000	1,438,000,000	1461	2,100,918,000,000	1,438,000,000
credits	5,700,000	1460	8,322,000,000	5,700,000	1463	8,339,100,000	17,100,000
	366,970,000	1460	535,776,200,000	366,970,000	1461	536,143,170,000	366,970,000
Exchange companies	-	-	-	-	-	-	-
bank share	6,900,000	1460	10,074,000,000	6,900,000	1462	10,087,800,000	13,800,000
The Total	1,825,570,000	/	2,665,332,200,000	1,825,570,000	/	2,667,192,070,000	1,809,870,000

Tenth: Results of the Bank's Activity:

The results of the bank's activity during the year ending on December 31, 2022 amounted to a profit before income tax amounting to (400,941,482) dinars, compared to the previous year's profit amounting to (166,978,206) dinars. Below we show the following clarifications:-

1- The bank's total revenues amounted to (7,369,453,344) dinars during the year 2022, while it was (3,401,420,025) dinars in the previous year, with an increase of (116%).) dinars on December 31, 2022, which constitutes (57%) of the total revenues for the fiscal year 2022.

2- The total expenses during the year 2022 amounted to (6,968,511,862) dinars, compared to (235,441,819.3) dinars in the previous year, with a decrease of (115%) dinars.

Eleventh: Sharia Compliance Monitor:

A- The reports of the compliance controller for the year subject to audit were reviewed and were prepared in accordance with the instructions of the Central Bank of Iraq, and they included:

- The most important indicators of the financial position of the bank.
- Indicators on the calculated percentages, such as the capital adequacy ratio, the liquidity ratio, and the cash credit to deposit ratio, in addition to other financial ratios.
- Aspects related to the work of the bank's board of directors.
- Legal requirements.

B- The aforementioned department follows up the observations of the Central Bank of Iraq related to business control and the results of the bank's desk audit, and works to liquidate them.

C- The bank updates customer data through the KYC form in cooperation with the money laundering reporting department in the bank, in order to find out the extent

of the bank's compliance with Money Laundering Law No. 39 of 2015, as well as the application of due diligence.

Twelve: risk management

A- The risk department confirmed to us the lack of information that would lead to material misrepresentation that causes fraud and error. No cases of fraud were noted in the bank's departments and branches. Rather, cases of unintentional errors are recorded to complete operations and are dealt with immediately. The measures taken are evaluated and the root causes of limitation are determined. From those errors, no unfamiliar transactions or events occurred by following up the reporting forms for operational events that are prepared by the aforementioned department.

B- The Internal Audit Department, the Information Systems Department, and the Compliance Controller informed us that there were no cases of fraud and material errors in all departments and branches of the bank that would affect the financial reports of the bank.

Thirteen: AML/CFT:

1- The bank has taken adequate measures to prevent money laundering and terrorist financing, and these measures are being implemented in accordance with the provisions of the Money Laundering and Terrorist Financing Law No. 39 of 2015 and the regulations and instructions issued by the Central Bank of Iraq. We have reviewed the reports of the Money Laundering and Terrorist Financing Reporting Department sent to the Central Bank of Iraq And prepared in accordance with the law and instructions issued by the Central Bank of Iraq, and when inquiring from the Money Laundering and Terrorist Financing Reporting Department regarding the nature of the department according to our memorandum dated January 16/2023 only, the department answered it according to its memorandum No. 10000/7/80 dated 2023/ 1/25 and as follows:

- The bank owns an Anti-Money Laundering and Terrorist Financing (AML) system equipped by Capital Bank (Solutions).

- Orion banking system equipped by (Capital Bank Solutions).
- The electronic system has been linked to the bank's accounting system to monitor the banking system directly.
- The electronic system includes the minimum number of scenarios required by the Central Bank of Iraq, amounting to 25 scenarios.
- Blacklist data is updated periodically and automatically.
- The bank classifies customers according to the risks, classified into (very low, low, medium, high).

2 . A guide for the policies and procedures of the Money Laundering and Terrorist Financing Department has been prepared. It includes:

- Stages of the money laundering process.
- The importance of combating money laundering and terrorist financing.
- The responsibility of the Director of the Reporting Department on Money Laundering and Terrorist Financing.
- The responsibility that rests with the Bank's Money Laundering and Terrorist Financing Reporting Department.
- Penalties incurred by the bank.
- Know Your Customer (KYC) principle.
- Due diligence work procedures.

Fourteen: Legal Cases:

There are no legal claims filed by the bank against third parties, and there are no claims by third parties against the bank during the year subject to auditing, according to what the bank indicated in its letter numbered

01/11/10000 on 14/2/2023.

Fifteen: Capital Adequacy:

The capital adequacy ratio reached (244.7%) as of December 31, 2022, which is higher than the percentage specified by the Banking Law, which amounts to (12%).

Sixteen: Internal Sharia Control and Audit:

A The internal control system has included the necessary procedures commensurate with the size and nature of the bank's activity.

B- The reports of the Internal Sharia Control and Audit Department were reviewed, as they were comprehensive, detailed, and specific to the observations received during the course of the audit.

C- The activity of the Internal Shari'a Control and Audit Department included auditing all sections and branches of the bank.

D. We reviewed the annual plan of the Internal Shari'a Control and Audit Department and the reports prepared by the department submitted to us during the year subject of the audit, and we have the following:

- We believe that the plan and the implementation results were appropriate and covered all the bank's operations.
- The number of employees in the Internal Sharia Control and Audit Department is only three employees in the year 2022.
- The number of training courses for the staff of the Internal Sharia Control and Audit Department for the year 2022 (26) courses.

Seventeen: Corporate Governance:

A- The bank has contracted with KBMG for the purpose of developing a project scorecard for environmental, social and governance standards in the bank and preparing all policies and procedures for corporate governance.

B- The executive management and the board of directors are committed to implementing the corporate governance instructions through disclosing annual reports and governance reports.

C- The bank is committed to the qualitative requirements contained in Article 23 of the Governance Guide issued by the Central Bank of Iraq, as the annual reports included the disclosure of the results of operations and the financial position of the bank.

Eighteen: Continuity Hypothesis:

The going concern hypothesis was adopted by the bank's management when preparing the financial statements for the year under audit.

Nineteen: Subsequent Events

The exchange rate of the dollar against the dinar was changed from (1460) to (1310) dinars per dollar on February 8, 2022 according to the letter of the Central Bank of Iraq No. 9/2/95 dated 8/2/2023, which led to the bank losing an amount of (159,596,553 dinars as a result of this change.

Other information included in the annual report of the bank for the year 2022

The other information contained in the annual report of the Bank for the year 2022, other than the financial statements, for which the Board of Directors is responsible, and we obtained prior to the date of this report the data contained in the annual report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance in this regard.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained

in the audit, or appears to be materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit. contain false material information. And if we conclude, based on the work we have done on the other information that we obtained prior to the date of the audit report, that it contains material wrong information, then we must disclose that fact and we did not notice what should be disclosed in this regard.

The responsibilities of the board of directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for the system of internal control that the Board of Directors deems necessary to prepare consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Bank's ability to operate as a going concern and disclosing, as far as possible, matters related to going concern, including the use of the going concern basis of accounting when preparing the consolidated financial statements, unless the Board of Directors intends to liquidate the Bank. or stop its operations or have no other protective alternative but to do so.

The auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could have an impact

on the economic decisions of users of these consolidated financial statements. As part of the audit process in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout all stages of the audit, and we also do the following:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is greater than that resulting from error, as fraud may involve collusion, forgery, authorized omission, misrepresentation, or override of the internal control system.
- We have understood the internal control system related to the audit in order to design audit procedures that are appropriate in light of the existing circumstances, and not for the purpose of expressing an opinion on the effectiveness of the bank's internal control system.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Ensure the appropriateness of the Board of Directors' use of the going concern principle in accounting, and based on the audit evidence obtained, whether there is a material uncertainty associated with events or circumstances that may cast material doubts about the bank's ability to continue as a going concern. If we conclude that there is a material misstatement, we shall refer in the audit report to the relevant disclosures in the consolidated financial statements or modify our opinion if such disclosures are insufficient. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, the events Or future circumstances may lead to the bank not continuing its business as a going concern.
- Evaluating the overall presentation, structure and content of the consolidated financial statements, including disclosures thereon, and

whether the consolidated financial statements represent transactions and events that achieve fair presentation.

- Obtaining sufficient and appropriate audit evidence regarding the financial information of the company to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and performing the audit process of the Bank and we alone are responsible for our audit opinion.

We communicate with the Audit Committee on, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the audit committee with a statement that we have complied with ethical requirements regarding independence, and inform it of the relationships and other matters that may affect our independence, and how to maintain this independence.

Among those matters that were communicated with the audit committee, we determine the most important matters in the audit of the consolidated financial statements for the current year, which represent the main audit matters. We provide clarification on these matters in the audit report unless laws or regulations prevent disclosure of that matter, or in cases It is very rare and therefore this matter is not disclosed in our report, as the expected negative effects of disclosure may outweigh the public benefit resulting from it.

Mahmoud Rashid Ibrahim Al-Fahd

Chartered accountant and auditor

Member of the Iraqi Association of Certified Public Accountants

	Clarifications	2021 - IQ Dinar	2022 - IQ Dinar
the findings			
Cash and balances with the central bank	5	114,243,364,172	80,151,750,498
Balances and deposits with banks and other financial institutions	6	15,793,014,074	27,505,295
Financial investments at fair value / unlisted in the market	7	1,300,000,000	1,300,000,000
investment in associate companies	7	165,841,200,000	165,841,200,000
Investments / Posts	7	—	—
Total investments	7	167,141,200,000	167,141,200,000
Islamic financing	8	311,055,510	190,480,567,063
Property and equipment	9	139,837,942	163,165,902
advance payments		—	336,680,250
intangible assets	10	342,317,748	371,110,262
Other assets	11	149,361,111	2,953,452,500
Total assets		298,120,150,557	441,625,431,770
liabilities and Property rights			
customer deposits	12	712,859,668	1,409,527,592
Cash insurance	13	49,713,000,000	—
Various customizations	14	345,782,060	2,660,671,502
Income tax provision	15	758,564,654	363,934,132
Central Bank of Iraq loan	16	475,000,000	190,775,000,000
Other liabilities	17	1,130,978,675	2,233,350,040
total liabilities		53,136,185,057	197,442,483,266
Property rights			
Earned capital p	18	250,000,000,000	250,000,000,000
Mandatory reserve	19	216,159,185	218,009,553
other reserves	19	94,219,621	94,219,621
Retained earnings	19	2,267,219,485	1,441,679,926
Retained loss	19	(7,593,632,791)	(7,570,960,596)
net Property rights		244,983,965,500	244,182,948,504
Total liabilities and Property rights		298,120,150,557	441,625,431,770
In exchange for obligations in the custody of the bank (off-balance sheet accounts)	28	2,563,459,979	804,940,299,982

Anas Haitham Majid
accountant Membership
number / 28155

Raghad Khaled Kazem
Director of the Accounting
and Finance Department

Haider Kazem Ansari
Managing Director

Ameer Yasser Fadel
Chairman of Board of
Directors

Subject to our report No. 2023/April/9

Mahmoud Rashid Ibrahim Al-Fahd

Certified Public Accountant

Member of the Iraqi Association of Certified Public Accountants

Comprehensive income statement

statement (B-1)

For the year ending December 31, 2022

Statement	Clarifications	2021 - IQ Dinar	2022 - IQ Dinar
operating income			
Islamic banking revenue	20	31,655,694	4,234,985,217
Fee and commission income, net	21	297,753,191	232,753,058
Net revenues from foreign exchange differences,	A-22	13,116,887	13,685,554
Revenues from the foreign currency buying and selling window	B-22	2,973,518,000	1,874,102,000
Revenue from other banking operations	23	3,052,324	3,000,463
net operating income		3,314,096,096	5,893,020,176
Operating expenses			
Staff costs	24	(1,041,178,206)	(1,120,577,156)
General and administrative expenses	25	(1,925,505,407)	(2,119,834,260)
Banking operations expenses	26	(87,931,900)	(2,062,256,442)
Depreciation and amortization	27	(92,502,377)	(189,410,836)
Total operating expenses		(3,147,117,890)	(5,492,078,694)
profit for the year before tax		166,978,206	400,941,482
Income tax	2,15	(124,406,466)	(363,934,132)
Profit for the year after tax		42,571,740	37,007,350

Anas Haitham Majid
accountant Membership
number / 28155

Raghad Khaled Kazem
Director of the Accounting
and Finance Department

Haider Kazem Ansari
Managing Director

Statement of other comprehensive income for the fiscal year ending on 31 December 2022

Statement (B-2)

	31 December 2021	31 December 2022
net income for the year	42,571,740	37,007,350
Other comprehensive income that may be reclassified to the income statement in subsequent periods		
Net loss (write-off) of financial assets at fair value through other comprehensive income	—————	—————
The change in the fair value of financial assets at fair value through comprehensive income	—————	—————
Other comprehensive income for the year is included in Property rights	—————	—————
Total comprehensive income (loss) for the year	42,571,740	37,007,350

Statement of changes in Property rights

As on December 31, 2022

	paid Capital IQ Dinar	Mandatory precaution IQ Dinar	Other precautions IQ Dinar	Retained earnings IQ Dinar	Retained loss IQ Dinar	the total IQ Dinar
2022						
Balance as of January 1, 2022	250,000,000,000	216,159,185	94,219,621	2,267,219,485	(7,593,632,791)	244,983,965,500
Total comprehensive income for the year	—	1,850,368	—	35,156,982	—	37,007,350
settlements during the year	—	—	—	(838,024,346)	—	(838,024,346)
Rebate during the year	—	—	—	(22,672,195)	22,672,195	—
Balance as of December 31, 2022	250,000,000,000	218,009,553	94,219,621	1,441,679,926	(7,570,960,596)	244,182,948,504

* Settlements on account of accumulated surplus represent:

- An amount of (52,122,000) dinars for expenses of previous years (wages and invoices dating back to the years 2020 and 2021).
- The amount of (575,097,346 dinars) tax paid on behalf of Al-Mah Company from 2010 to 2021
- An amount of (210,805,000) dinars for direct withholding tax for the years 2020 and 2021.
- An amount of (22,672,195 dinars) deducted from the accumulated deficit according to the meeting of the General Assembly.

	paid Capital IQ Dinar	Mandatory precaution IQ Dinar	Other precautions IQ Dinar	Retained earnings IQ Dinar	Retained loss IQ Dinar	the total IQ Dinar
2021						
Balance as of January 1, 2021	250,000,000,000	214,030,598	94,219,621	4,091,109,781	(9,492,040,989)	244,907,319,011
Total comprehensive income for the year	—	2,128,587	—	40,443,153	—	42,571,740
settlements during the year	—	—	—	34,074,749	—	34,074,749
Rebate during the year	—	—	—	(1,898,408,198)	1,898,408,198	—
Balance as of December 31, 2021	250,000,000,000	216,159,185	94,219,621	2,267,219,485	7,593,632,791	244,983,965,500

Statement of cash flows

For the year ending December 31, 2022

Statement	Clarifications	2021 - IQ Dinar	2022 - IQ Dinar
Operational activities			
Profit for the year before tax	Statement , B	166,978,206	400,941,482
Adjustments for non-monetary items:			
Depreciation and amortization	27	92,502,377	189,410,836
Impairment provision for Islamic financing	2,8	—————	2,029,115,481
Various customizations	14	—————	—————
provision for contractual obligations	14	—————	—————
Provision for expected losses / external cash	7	—————	—————
Operational risk allowance	14	87,931,900	33,140,961
Cash flow used in operating activities before changes in operating assets and liabilities:		347,412,483	2,652,608,760
Change in assets and liabilities			
Islamic financing	8	8,130,939,610	(190,238,947,586)
Other assets	11	9,628,001	(2,804,091,389)
Customer deposits	12	(1,452,940,460)	696,667,924
Cash insurance	13	49,713,000,000	(49,713,000,000)
Other liabilities	17	186,811,383	1,102,371,365
Net cash flow from operating activities before tax		56,587,438,534	(240,956,999,686)
Paid tax		(145,706,564)	(758,564,654)
Net cash flow from operating activities		56,441,731,970	(241,715,564,340)
investment activities			
investments	7	(9,277,500,000)	—————
Purchase of property and equipment	9	(87,957,940)	(97,351,250)
Sale of property and equipment	9	—————	1,690,000
Projects under construction		—————	(336,680,250)

intangible assets	10	(294,949,260)	(145,870,060)
Net cash flow from the user in investing activities		(9,660,407,200)	(578,211,560)
financing activities			
change in reserves	Statement , C		(838,024,346)
Central Bank of Iraq loan	16	(200,000,000)	190,300,000,000
Net cash flow from financing activities		(200,000,000)	189,461,975,654
Increase in cash and cash equivalents		46,928,737,253	(50,179,191,486)
Cash and cash equivalents as at the beginning of the year		83,429,927,148	130,358,664,401

Notes to the financial statements

December 31, 2021

Legal status and main activities

1.1 Information about the bank

The Islamic Holding Bank for Finance and Investment K.S.C. was established after its transformation from Al-Mohaj Financial Transfer Company under the incorporation certificate No. M.S./66116-01 in (2/12/2008 issued by the Companies Registration Department. The company increased its capital in several stages to become (45) billion dinars. The necessary legal procedures were completed to amend the first article of the company's founding contract from Al-Mohaj Financial Transfer Company to the Islamic Holding Bank and increase the company's capital to (100) billion Iraqi dinars according to the Companies Registration Department letter No. (U / 5/18861) dated (17/10/2016) and the completion of the procedures for transferring the activity in accordance with the provisions of the amended Companies Law No. 21 of 1997, and the bank's capital was increased to (250) billion dinars on (15/5/2017) as in the letter of the Companies Registration Department

The bank has been allowed to practice banking business, taking into account the provisions of the Central Bank of Iraq and the effective banks' laws, the Islamic Banking Law No. (43) of 2015, and the Anti-Money Laundering and Terrorist Financing Law No. (39) of 2015, provided that it is subject to the supervision and control of the Central Bank of Iraq.

The Bank performs all Islamic banking activities practiced by contemporary Islamic banks, taking into account the application of the provisions of the tolerant Islamic Sharia in all banking fields (opening current accounts, investment and savings accounts) and granting Islamic financing such as Murabaha, Musharaka, speculation, Istisna', and meeting the requirements of customers such as opening documentary credits and external transfer operations through the window of buying and selling foreign currency in the Central Bank of Iraq

One of the main objectives of the bank is to expand Islamic financing operations by developing and improving banking services and products provided by the bank and expanding its customer base by opening branches in the governorates of Iraq that meet the needs of customers and under the supervision and control of the Central Bank of Iraq under the Iraqi Banking Law No.

2. definitions

The following terms are used in the financial statements and their definitions are defined as follows:

participation

It is a contract between the bank and the customer according to which they participate in a specific investment project, whether existing or new, or in the ownership of a specific asset, either on an ongoing basis or for a limited period during which the bank makes several arrangements with the customer to gradually sell him parts of his share in the project until it ends with the customer owning the share in full (Musharaka Diminishing). The profits are shared according to the contract concluded between the two parties, and they bear the loss in proportion to their shares in the capital of the partnership.

Murabaha

It is a contract whereby the bank sells to the customer an in-kind asset, a commodity, or a share owned by him and in his possession (actually or virtually) in exchange for a selling price consisting of the purchase cost and an agreed profit margin.

ordering to make

It is a contract between the bank (the manufacturer) and the customer (the manufacturer) whereby he sells an item that he manufactures for him, so that they agree on its exact specifications, the sale price, the deadline, and the date of delivery, and the necessary industry and materials are on the bank.

leasing

A contract whereby the bank (the lessor) leases to the customer (the lessee) an in-kind asset or a service (specified by itself) owned by the bank, leased, or described in the responsibility for a specified period and in return for specified rental installments.

Notes to the financial statements

December 1, 2022

2. Definitions (continued)

Good loan

A good loan is non-profit financing that aims to enable the borrower to use the money for a certain period, provided that he repays the same amount of the loan at the loan term without taking any profit or any consideration for that loan.

speculation

It is a contract between the bank and the customer whereby one of the two parties (the owner) (the money) provides a certain amount of money and the other party (the mudarib) invests it in a specific project or activity and distributes the profit between the two parties according to the shares agreed upon in the contract.

agency

It is a contract between the bank and the customer whereby one of the two parties (the principal - the agent) provides an amount of money to the other (the agent) and authorizes him to invest it according to specific conditions and terms.

instruments

Documents of equal value that represent common shares in the ownership of a specific asset (leased, or will be leased, whether it is existing or described in the future), or in the ownership of rights resulting from the sale of an existing asset after being acquired by the sukuk holders, or in the ownership of a commodity receivable, or in the ownership of projects managed on the basis of speculation or partnership.

3. Fundamentals of preparation and accounting policies

1,3 Basics of preparation

The financial statements of the Bank were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Standards Interpretations Committee emanating from the International Accounting Standards Board in accordance with the local laws in force and the instructions of the Central Bank of Iraq and the provisions and rules of Islamic Sharia as decided by the Fatwa and Sharia Supervisory Board of the Bank and the requirements of the laws of the Republic of Iraq. The financial statements were prepared according to the historical cost principle.

The financial statements have been prepared in Republic of Iraq Dinars (IQD), which is the main currency used by the Bank.

2.3 Changes in accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the financial statements for the year ending on the first of 2016, with the exception of the Bank, which applied the following amendments starting from January 1, 2017:

3.Principles of preparation and accounting policies (continued)

3.2 Changes in accounting policies (continued)

Amendments to International Accounting Standard No. (7) - Statement of Cash Flows - Disclosures The limited amendments include those related to adding some clarifications about the liabilities resulting from financing activities, which include cash and non-cash changes (such as foreign currency gains or losses). No effect resulted from applying these amendments to the branch's financial statements.

Amendments to International Accounting Standard No. (12) Income Tax: Recognition of Deferred Tax Assets Resulting from Unrecognized Losses

The limited amendments include what is related to the income tax law and if it restricts the sources of tax profit that can be used to reduce temporary time differences when they are reversed, in addition to some other limited amendments. The application of these amendments did not result in any effect on the financial statements of the bank.

International Financial Reporting Standard No. (15) Revenue from Contracts with Customers

Standard No. (15) shows the accounting treatment for all types of revenue arising from contracts with customers, and this standard applies to all establishments that enter into contracts for the supply of services and goods to customers, with the exception of contracts subject to other standards such as International Accounting Standard No. (17) Leases

This standard supersedes the following standards and interpretations:

- International Accounting Standard No. (11) Construction Contracts
- International Accounting Standard No. (18) Revenue
- Interpretation of the Reporting Standards Committee (13) Customer Loyalty Programs
- Interpretation of the Reporting Standards Committee (15) real estate construction agreements
- Interpretation of the Reporting Standards Committee (18) transfers of assets from clients
- Interpretation (31) Revenue - barter operations involving advertising services.

The standard must be applied for periods beginning on or after January 1, 2021, with early application permitted.

Notes to the financial statements

December 31, 2022

3 Principles of preparation and accounting policies (continued)

2.3 CHANGES IN ACCOUNTING POLICIES (continued)

Application of Financial Reporting Standard No. (9) "Financial Instruments"

The bank has applied the calculation of the required allocations in light of the application of Financial Reporting Standard No. 9, which was contained in the book of the Central Bank of Iraq 9/6/466 on 26/12/2018, and the result of the calculation was as follows:

The provision required to be calculated for Islamic financing (Murabaha)	The allowance required to be calculated for Islamic financing (participations)	The required provision for pledge credit / Dinar	The required allocation for balances with financial institutions / dinars	Total / Dinar
53,190,625	95,000,000	—————	217,122	148,407,747

The quantitative effect of applying the above-mentioned criterion was calculated as follows:

	Islamic financing Islamic cash financing (Murabaha) / dinars	Monetary Islamic financing (participation) / dinars	Pledge credit / Dinar	Balances with financial institutions / dinars
The provision to be calculated on 12/31/2022	53,190,625	53,190,625 78,754,592	000	217,122
Deducted: the allocation balance on 1/1/2022	78,754,592	—————	19,885,200	322,286,155
The quantitative impact of applying the standard 31/12/2022	(25,563,967)	95,000,000	19,885,200	(322,069,033)

Change in Islamic financing / Murabaha	(25,563,967)
Change in investments/ participation	95,000,000
Change in pledge credit	(19,885,200)
Change in balances with financial institutions	(322,069,033)
net change	(272,518,200)

And as it will be mentioned in notes No. (14) and (26) attached to the financial statements.

Notes to the financial statements

December 31, 2022

Interpretation No. (22) - International Financial Reporting Interpretations Committee - Foreign Currency Transactions and Advance Payments

This interpretation clarifies that in determining the prevailing exchange rate to be used on initial recognition of the related asset, expense or income (or a portion thereof) or on derecognition of a non-monetary asset or non-monetary liability relating to advance payments, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or liability that gave rise to those advances.

Entities can apply these amendments retrospectively or prospectively.

This interpretation is applied for periods beginning on or after January 1, 2021, with early application of this interpretation permitted and the need to disclose it.

Interpretation No. (23) - International Financial Reporting Interpretations Committee - Uncertainty About Income Tax Treatment This Interpretation clarifies the accounting treatment of income tax when there is a degree of uncertainty with respect to tax that affects the application of IAS (12) The interpretation does not apply to taxes and fees that are not included in the scope of IAS (12) and does not include special requirements for fees and penalties related to uncertain tax treatments.

This interpretation applies to annual periods beginning on or after January 1, 2022, with specific exemptions for application.

Notes to the financial statements

December 31, 2022

3 Basics of preparation and accounting policies (continued)

3.3 Use of estimates

Preparing financial statements and applying accounting policies requires the bank's management to make estimates and judgments that affect the amounts of financial assets and liabilities and disclose potential liabilities. These estimates and judgments affect revenues, expenses and provisions as well as other comprehensive income items. In particular, it requires the bank's management to issue important judgments and judgments to estimate future cash flow amounts and their timing. Changes resulting from the conditions and conditions of those estimates in the future,

The principle of continuity

The Bank's management conducted an assessment to determine the extent of its ability to continue, and expressed its satisfaction with having the resources to ensure that in the foreseeable future, in addition to that, the Bank does not believe that there are material uncertainties in a way that may result in doubts about the Bank's ability to continue, so the Bank has continued preparing the financial statements on the basis of the going concern principle.

Contingent liabilities

The nature of these obligations makes their solution dependent on the possibility of the occurrence or non-occurrence of one or more events in the future. Evaluating the possibility of achieving these obligations involves, to a large degree, an estimated judgment and expectations of the results of future events.

Classification and measurement of financial assets

The identification and measurement of financial assets depends on the management's method of managing its financial assets, in addition to the characteristics of the contracted cash flows for the financial asset being evaluated. The bank's investments in securities are appropriately measured and classified.

Useful life of property, equipment and intangible assets

The cost of property, equipment and intangible assets is depreciated over their estimated useful life, which depends on the expected use of the asset and physical depreciation or amortization, which depends on operational factors.

Low provision for Islamic financing

The debt provision is reviewed within the principles established by the Central Bank of Iraq and in accordance with international financial reporting standards.

Notes to the financial statements

December 31, 2022

4. significant accounting policies

The following are the significant accounting policies adopted in preparing the financial statements:

Revenue recognition and expense recognition

participation

Income from Musharaka is calculated on the basis of reducing the balance of Musharaka on a time basis that reflects the actual return on the asset.

Murabaha

Murabaha revenue is recognized over the contract period on a specific time basis and based on the remaining amount of the Murabaha cost,

Fee and commission income

Fee and commission income is recognized when the related services are performed.

Recognition of expenses

Expenses are recognized on an accrual basis.

Islamic finance

Financial assets include balances and deposits with banks and other Islamic financial institutions, Murabaha, Ijarah, Mudaraba and other Islamic financial financing with fixed or expected payments. These assets are not listed in an active market. Financial assets arise when the bank provides funds directly to a dealer with no intention to trade in the amounts owed.

Accounts and wakala deposits with banks and other financial institutions are stated at cost less any amounts written off or provisions, if any. Murabaha and Mudaraba with financial institutions are stated at amortized cost less provision for impairment, if any (excluding deferred income or expected profits).

Islamic finance consists of Medini, Mudarabah Murabaha, Istisna'a, Islamic covered cards on the basis of Murabaha) and other Islamic financing.

Other Islamic financing are carried at amortized cost (excluding deferred income less any provision for impairment,

The lease is restricted as a financing lease when the bank promises to sell the leased assets to the lessee through independent contracts transferring the ownership at the end of the lease

As a result, all the risks and benefits resulting from the ownership of these assets are transferred to that lessee. The leased assets represent financing lease contracts for assets for certain periods that are either close to or exceed a large period of the estimated useful life of these assets. The assets are listed

leased at an amount equal to the net investment outstanding in the rental included including recognized income less provisions for impairment,

a. Clearing of financial instruments

Financial assets and liabilities are offset and the net amount is included in the statement of financial position when there is an applicable legal and legitimate right that is consistent with the principles of Islamic Sharia applicable to offsetting the recognized amounts and there is an intention to settle on the basis of the net amount or to realize the assets and settle the liabilities at the same time.

B. Impairment of financial assets

Customer financing

The recoverable value of the financing provided to customers is calculated at the present value of the expected future cash flows, discounted at the original effective profit rate of the instrument, and short-term balances are not discounted. To be recovered on the date of the statement of financial position, and the change in the allowance for impairment in value is recognized in the income statement, and when it is found that the financing is not recoverable and all necessary legal procedures have been exhausted, the final loss is determined and the financing is deleted.

Notes to the financial statements

December 2022

4. Significant Accounting Policies (continued)

Islamic financing (continued)

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event that occurred after the impairment loss, the reduced amount or allowance is reversed through the income statement.

fair value measurement

Fair value is the consideration for the sale of assets or settlement of liabilities, through an organized process between market participants at the measurement date. Fair value measurement is based on the assumption that the sale of assets or settlement of liabilities is either:

A principal market for assets and liabilities

- Or, in the absence of the principal market, in a more favorable market for the assets and liabilities.

The bank must have access to the main market or the most favorable market.

The fair value of assets and liabilities is measured using the assumptions that participants would use when pricing assets and liabilities, assuming that market participants aim to achieve economic benefits.

The Bank uses valuation techniques that are appropriate in the circumstances and that provide sufficient information to measure fair value, by maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value and reported in the financial statements are categorized within a fair value hierarchy, as shown below:

The first level: using the trading prices of completely similar financial instruments in active financial markets.

The second level: using data other than trading prices, but that can be observed directly or indirectly.

The third level: using data that is not based on observable market data.

At the end of each financial period, the Bank determines whether there are transfers between levels in the hierarchy by re-evaluating the classification based on the lowest level input that has a significant impact on the fair value measurement as a whole for assets and liabilities that are recognized in the financial statements on a recurring basis.

For the purpose of disclosing the fair value, the Bank has identified segments of assets and liabilities according to the nature, characteristics, risks and level of fair value of these assets and liabilities.

Impairment in the value of financial assets

The bank reviews the values recorded in the records of the financial assets at the date of the statement of financial position to determine whether there are indications of impairment in their value individually or in the form of a group, and if there are such indications, the recoverable value in order to determine the impairment loss

The decrease amount is determined as follows:

Impairment of financial assets carried at amortized cost represents the difference between the book value and the present value of the expected cash flows discounted at the original price.

The decrease is recorded in the income statement, and any savings in the subsequent period as a result of the previous decrease in assets and financial debt instruments are recorded in the income statement.

Renegotiated Credits

Whenever possible, the bank seeks to restructure the financial facilities and not to take over the guarantees. This may include extending the payment agreements.

Notes to the financial statements December 1, 2022

4. Significant Accounting Policies (continued)

Renegotiated credits (continued)

And agreeing on new terms. When renegotiating new terms, any decline is measured using the original effective profit rate as calculated before the terms were modified and the financing facilities become not due. The management reviews the renegotiated facilities periodically with the aim of ensuring that future payments are expected to appear significantly. The financing facilities continue to be subject to individual or collective impairment assessments, which are calculated using the original effective profit rate for these financing facilities.

Collateral assessment

Whenever possible, the bank seeks to use guarantees in order to reduce risks on financial assets. The guarantees are in several forms such as cash, shares, letters of credit guarantee, real estate, receivables, inventory and other non-financial assets and credit improvements such as settlement agreements. Evaluating non-financial guarantees, such as real estate, based on market transactions, rental returns and audited financial statements.

Property and equipment

Property and equipment are stated at cost less provision for accumulated depreciation and any impairment in value. Land after revaluation is included in the financial statement.

Depreciation is calculated on a straight-line basis over the estimated useful lives of property and equipment, other than freehold lands that have indefinite lives. Depreciation rates over the useful lives of property and equipment are as follows:

Assets	productive age / years
Furniture and office equipment	5
Machinery and equipment	5
intangible assets	5

Any item of property and equipment and any substantial parts thereof shall be written off upon disposal or when there is no expected economic benefit from the use or disposal of the asset. Any profit or loss resulting from the write-off of the asset, which represents the difference between the proceeds from disposal and the net book value of the asset, is recorded in the income statement.

The residual values of the assets, useful lives and depreciation methods are reviewed in each fiscal year and are amended later if necessary.

intangible assets

Intangible assets acquired through merger are recorded at fair value on the date of acquisition, while intangible assets acquired through a method other than merger are recorded at cost.

Intangible assets are classified on the basis of estimating their life span for a specific period or for an indefinite period. Intangible assets that have a specific life span are amortized during this life and the amortization is recorded in the income statement. As for intangible assets that have a specified life span

Unspecified, so the decline in its value is reviewed on the date of the financial statements, and any decline in its value is recorded in the income statement. Intangible assets resulting from the bank's business are not capitalized and are recorded in the income statement in the same period. Any indications of impairment of intangible assets are reviewed at the date of the financial statements. The estimation of the life span of those assets is also reviewed and any adjustments are made to subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Provisions and contingent liabilities

Provisions are created when the bank has financial obligations (legal) or (judicial) resulting from previous events and there is a possibility to pay the obligation and the cost of paying it can be accurately measured.

deposits

Customer deposits and liabilities to banks and other financial institutions are stated at cost.

Disposing of financial assets and financial liabilities

financial assets

A financial asset (or, where appropriate, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the right to receive cash flows from the asset has expired; or
- the Bank reserves the right to receive the cash flows from the asset but in return assumes an obligation to pay the cash flows in full without material delay to a third party under a 'pass through' arrangement; or
- when (a) it has transferred substantially all the risks and rewards of the asset, or (b) it has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset,

When the bank transfers the rights to receive cash flows from the asset and does not transfer or retain all the significant risks and benefits of the asset or transfer control over the asset, the asset is recorded to the extent that the bank continues to control this asset.

financial liabilities

The financial obligation is excluded when the obligation related to the liabilities is exempted or canceled or its term expires when a financial obligation is replaced by another from the same financing entity and according to substantially different terms, or in the case of a substantial modification in the terms of the current commitment, this exchange or modification is dealt with as an exclusion of the original obligation and the realization of a new obligation.

Cash and its equivalent

For the purpose of preparing the statement of cash flows, cash and cash equivalents consist of cash and balances with the Central Bank and balances and deposits with banks and other financial institutions. Cash equivalents consist of short-term liquid investments that can be easily converted into cash amounts that mature within three months or less.

Recognition of financial assets

The purchase and sale of financial assets are recognized on the trading date (the date of the bank's commitment to sell or purchase the financial assets).

forbidden income

In accordance with the decisions of the Fatwa and Sharia Supervisory Board of the bank, the bank must not engage in any of the transactions and activities that are not acceptable by Sharia, and it must also determine the income generated from unacceptable sources according to the principles and provisions of Islamic Sharia and record these amounts in a separate account that is spent on charitable causes under the supervision of the Sharia Board (as a purification amount),

Notes to the financial statements

December 31, 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

multiplication

The bank deducts the income tax provision in accordance with International Accounting Standard No. (12) and according to the tax rates established in accordance with the laws, regulations, and instructions in force in Iraq.

International Accounting Standard No. (12) requires the recognition of temporary time differences as of the statement of financial position date as deferred taxes. As a result, the bank may have to record deferred tax assets or liabilities.

Due tax expenses are calculated on the basis of taxable profits, and taxable profits differ from the profits declared in the financial statements because the profits because the declared profits include non-taxable revenues or expenses that are not deductible in the fiscal year but in subsequent years or taxable accumulated losses or items that are not subject.

foreign currency

The bank's financial statements are presented in Iraqi dinars, which is the currency in which the bank deals. The Iraqi Dinar is the currency used by the Bank in its main places of business. Transactions in foreign currencies are recorded according to the prevailing exchange rates on the date of the transactions. Financial assets and liabilities recorded in foreign currencies on the date of the statement of financial position are translated according to the prevailing exchange rates at that date. Any gains or losses resulting from changes in exchange rates at a later time to the date of the transaction are recorded in the income statement. Amounts related to non-financial assets or liabilities that are listed at their historical price and purchased in foreign currencies are translated according to the prevailing exchange rates on the date of purchase. Amounts related to non-financial assets or liabilities that are

listed at their fair value are translated according to the prevailing exchange rate when determining the fair value.

Assets and liabilities related to foreign operations are converted into Iraqi dinars according to the prevailing exchange rate on the date of the statement of financial position, and transactions related to the income statement are converted according to the prevailing exchange rates on the date of the transactions. The differences resulting from the conversion process are included in the statement of comprehensive income when excluding any of the foreign operations.

clearing

Offsetting takes place between financial assets and financial liabilities, and the net amount is shown in the statement of financial position only when the binding legal conditions are met, as well as when they are settled on the basis of offsetting, or the realization of the assets and the settlement of the liabilities is at the same time.

Financial guarantees

The bank provides financial guarantees in the normal course of business. The financial guarantees consist of documentary credits, letters of guarantee and acceptance papers. The financial guarantees are included in the financial statements at fair value within other liabilities following the date of listing. They are included in the income statement within financing losses. Any credited financial guarantees are included in the income statement under "net fees and commissions when the guarantees are disposed of, canceled or expires."

SIGNIFICANT ACCOUNTING POLICIES (continued) Segment information

The business sector represents a group of assets and operations that jointly provide products or services that are subject to risks and returns different from those related to other business sectors.

- The geographical sector is related to the provision of products or services in a specific economic environment subject to risks and returns that differ from those related to sectors operating in other economic environments.

Notes to the financial statements

December 31, 2022

5. Cash and balances with the Central Bank

	2021 – IQ Dinar	2022 – IQ Dinar
Cash in the safe		
Cash in the box	4,154,459,500	585,119,750
Cash on hand in foreign currency	363,283,040	1,092,703,420
the total	4,517,742,540	1,677,823,170
Credits and certificates of creativity with the Central Bank:		
Current accounts *	106,711,773,692	74,939,559,668
mandatory deposit.	3,013,847,940	3,534,367,660
the total	109,725,621,632	78,473,927,328
total summation	114,243,364,172	80,151,750,498

* The cash in the fund and current accounts do not pay any returns according to Islamic law.

** The bank must maintain mandatory deposits with the Central Bank of Iraq These mandatory deposits are not available for use in the daily operations of the bank and can only be withdrawn with the approval of the Central Bank of Iraq.

6. Balances and deposits with banks and other financial institutions

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Current accounts - local banks and institutions	992,496	16,866,296
Current accounts - external banks and institutions	16,114,307,733	10,856,121
Less provision for expected credit losses	(322,286,155)	(217,122)
the total	15,793,014,074	27,505,295

*A provision for expected credit losses has been established according to banks, in accordance with International Standard No. (9).

Notes to the financial statements December 31, 2022

7 . Investments

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Long term financial assets		
investment in associate companies	173,677,500,000	173,677,500,000
Less: investment allocation / financial sector		
The balance is on January 1, 2022	_____	7,836,300,000
Additions during the year	7,836,300,000	_____
Rebate during the year	_____	_____
The balance on December 31, 2022	7,836,300,000	7,836,300,000
Net long-term financial assets	165,841,200,000	165,841,200,000
Financial assets at fair value / unlisted in the market:		
Iraqi Deposit Insurance Company	750,000,000	750,000,000
National Takaful Company	550,000,000	550,000,000
Total financial assets at fair value / unlisted in the market	1,300,000,000	1,300,000,000
the total	167,141,200,000	167,141,200,000

8.1 Islamic financing

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Murabahat		
Posts ending with ownership / companies *	_____	190,000,000,000
Murabaha / companies	_____	_____
Murabaha / individuals	225,264,033	413,498,261
Murabaha employees	164,546,069	215,259,427
Total Murabaha	389,810,102	190,628,757,688
Provision for impairment in Islamic financing *	(78,754,592)	(148,190,625)
Net Islamic financing	311,055,510	190,480,567,063

The impairment provision for Islamic financing was calculated according to International Financial Reporting Standard No. (9).

Notes to the financial statements December 31, 2022

8.2 Islamic financing - provision for impairment for Islamic financing

Below is the movement on the impairment provision for Islamic financing as follows:

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Balance as on January 1st	(512,003,531)	(78,754,592)
Descend: Adjustments during the year	433,248,939	2,007,920,585
additions during the year	—————	(2,077,356,618)
Balance as of December 31	(78,754,592)	(148,190,625)

1.9 Property and equipment

2022	Machinery and equipment / Iraqi dinars	Means of transportation and transfer / Iraqi dinar	Furniture and office equipment / Iraqi dinars	Total / Iraqi Dinar
the cost:				
Balance as on January 1, 2022	39,000,000	10,220,000	303,631,810	352,851,810
extras	—————	34,777,000	62,574,250	97,351,250
exclusions	—————	—————	(9,524,000)	(9,524,000)
The balance as of December 31, 2022	39,000,000	44,997,000	356,682,060	440,679,060
Accumulated consumption:				
Balance as on January 1, 2022	33,800,000	511,000	178,702,868	213,013,868
Rebate	—————	—————	(7,834,000)	(7,834,000)
year consumptions	5,199,998	8,387,700	58,745,592	72,333,290
Balance as of December 31, 2022	38,999,998	8,898,700	229,614,460	277,513,158
Net book value as of December 31, 2022	2	36,098,30	127,067,600	163,165,902

2.9 Property and equipment

2021	Machinery and equipment / Iraqi dinars	Means of transportation and transfer / Iraqi dinar	Furniture and office equipment / Iraqi dinars	Total / Iraqi Dinar
the cost:				
Balance as on January 1, 2021	39,000,000	—————	225,893,870	264,893,870
extras	—————	10,220,000	77,737,940	87,957,940
exclusions	—————	—————	—————	—————
Balance as of December 31, 2021	39,000,000	10,220,000	303,631,810	352,851,810
Accumulated consumption:				
Balance as on January 1, 2021	34,006,499	—————	151,491,253	185,497,752

Rebate	34,006,499	—————	(26,068,250)	34,074,749
year consumptions	7,800,000	—————	53,279,865	
Balance as of December 31, 2021	33,800,000	511,000	178,702,868	213,013,868
Net book value as of December 31, 2021	5,200,000	9,709,000	124,928,942	139,837,942

10. Intangible assets

statement	2021 – IQ Dinar	2022 – IQ Dinar
the cost		
Balance as on January 1st	195,080,000	490,029,260
additions during the year	294,949,260	145,870,060
Balance as of December 31	490,029,260	635,899,320
Accumulated amortization		
Balance as on January 1	116,800,000	147,711,512
amortization during the year	30,911,512	117,077,546
Balance as of December 31	147,711,512	264,789,058
Net book value	342,317,748	371,110,262

11. Other assets

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Insurance for others	58,400,000	131,400,000
Accrued Revenue Received*	—————	2,800,000,000
Prepaid expenses	70,751,111	—————
Cash differences	20,210,000	195,000
Advances for activity purposes	—————	21,857,500
the total	149,361,111	2,953,452,500

* Represents unreceived accrued revenues from registered commissions on the Ultimate Shareholding (Al-Ghad Integrated Company) and the amounts were received in the first month of the year 2023

12. customer deposits

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Current accounts - companies	517,432,190	1,240,311,140
Current accounts - individuals	153,392,138	125,557,341
savings accounts	42,035,340	38,634,761
Bills drawn on the bank	—————	5,024,350
the total	712,859,668	1,409,527,592

13. Cash insurance

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Insurance against credits	—————	49,713,000,000
the total	—————	49,713,000,000

14. Various customizations

A-

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Balance as on January 1st	472,795	91,733,354
additions during the year	8,269,548,939	2,911,371,237
rebate during the year	(8,178,288,380)	(609,737,556)
Balance as of December 31	91,733,354	2,393,367,035

B-

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Operational risk provision		
Balance as on January 1	146,231,606	234,163,506
Additions during the year	87,931,900	33,140,961
Balance as of December 31	234,163,506	267,304,467

C-

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Operational risk provision		
Balance as on January 1	000	19,885,200
Additions during the year	19,885,200	—————
Balance as of December 31	—————	(19,885,200)
Operational risk provision	19,885,200	—————
Balance as on January 1	345,782,060	2,660,671,502

15. 1 Income Tax Provision

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Balance as on January 1st	779,864,752	758,564,654
Income tax paid during the year	245,706,564	(758,564,654)
Income tax due for the year	124,406,466	363,934,132
Balance as of December 31	758,564,654	363,934,132

15.2 Provision for income tax

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Net profit (loss) under the income statement	400,941,482	
Add: Expenses that are not taxable:		
Compensations and fines		163,500,364
Allowance for cash credit impairment		2,029,115,481
Operational risk allowance		33,140,961
Total non-taxable expenses	2,225,756,806	
Descending: Items that are not accepted for taxation:		
Deduction of part of the accumulated deficit for previous years, provided that it does not exceed 50% of the profit for the current year	(200,470,741)	
The amount of taxable profit (tax profit)	2,426,227,547	
Tax rate (15%)		
The realized tax amount	363,934,132	

Notes:

* The tax amount was calculated according to the Iraqi tax law at the rate of (15%) of the tax profit. The amount was calculated according to the tax instructions.

* The tax due for the previous years and the year ending on January 31, 2022 will be paid during the year 2023.

16. Central Bank of Iraq loan

	2021 – IQ Dinar	2022 – IQ Dinar
Central Bank of Iraq loan*	450,000,000	190,775,000,000
	450,000,000	190,775,000,000

* This amount represents a Central Bank of Iraq loan to the bank for the purpose of lending it to citizens with the aim of supporting small projects.

17. Other liabilities

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Insurance received	11,910,000	10,088,754
Revenue received in advance	31,489,280	42,084,348
deserved payments	48,000,000	52,000,000
Fiscal stamp fees	566,295,188	1,655,634,188
fluctuations in the exchange rate of the dollar	470,668,757	470,668,757
Various payment receipts	630,000	—————
Balances and compensations for deceased clients	401,500	401,500
Deductions from affiliates for the account of others	1,583,950	1,451,150
Withdrawals of bank customers from third party machines	—————	1,021,343
the total	1,130,978,675	2,233,350,040

18. paid Capital

The paid-up capital of Al-Qadhafi Islamic Bank was increased in two phases:-

The first stage: The capital was increased and the company's founding contract was amended from Al-Mahj Company for Financial Transfer / a private shareholding to Al-Qadath Bank for Finance and Investment.

- The second stage: the capital was increased from 100 billion Iraqi dinars to 250 billion Iraqi dinars by issuing 150 billion shares in accordance with the provisions of Companies Law No. 21 of 1997, and this increase took place on 15/5/2017 as stated in the companies registration department letter

19. reserves

Mandatory reserve

According to the Iraqi Companies Law, a minimum percentage of the year's income after taxes shall be deducted as a mandatory reserve. The amounts accumulated for this account may not exceed 50% of the bank's capital. The mandatory reserve or any returns resulting from it may not be distributed among the shareholders. The deduction may continue with the approval of the bank's general assembly, provided that the mandatory reserve does not exceed 100% of the bank's capital.

other reserves

The other reserves item consists of the reserve for expansion of the bank's activities and the social responsibility reserve, which are determined by the bank's board of directors.

20. Islamic banking revenues

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Car Murabaha revenue	1,055,992	1,232,950
Merchandise and merchandise revenue	29,320,607	16,537,925
Murabaha income for employee advances	1,279,095	17,214,342
Diminishing participation revenue	————	4,200,000,000
the total	31,655,694	4,234,985,217

21. Fee and commission income, net

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Letters of guarantee commission	————	75,000
Bank print sales	1,816,886	6,119,236
Other banking commissions	153,885,472	145,180,616
Refundable communication expenses	1,043,900	3,994,400
Commission of issued credits	217,423,200	1,088,196,400
Commission for issuing bills	66,000	000
Total fee and currency revenue	374,235,458	1,243,565,652
Get down: debit commissions paid	(81,482,267)	(1,476,318,710)
the total	292,753,191	(232,753,058)

22.A Net foreign exchange earnings

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Revenue from buying and selling foreign currencies	19,958,549	13,800,012
Foreign exchange differences	(6,841,662)	(114,458)
the total	13,116,887	13,685,554

22.B Revenues from the foreign currency buying and selling window

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Commission for buying and selling foreign currency window	2,973,518,000	1,874,102,000
the total	2,973,518,000	1,874,102,000

Clarification of the foreign currency buying and selling window revenue:

Statement	amounts purchased			amounts purchased			amounts purchased
	Purchase amount in dollars	The purchase price is in dinars	The amount of purchases in dinars	Sales amount in dollars	The selling price is in dinars	The amount of Sales in dinars	
remittances	800,000,000	1460	11,680,000,000	800,000,000	1463	11,704,000,000	24,000,000
	1,438,000,000	1460	2,099,480,000,000	1,438,000,000	1461	2,100,918,000,000	1,438,000,000
credits	5,700,000	1460	8,322,000,000	5,700,000	1463	8,339,100,000	17,100,000
	366,970,000	1460	535,970,000	366,970,000	1461	536,143,170,000	366,970,000
Exchange companies	—————	—————	—————	—————	—————	—————	0
bank share	6,900,000	1460	10,074,000,000	6,900,000	1462	10,087,800,000	13,800,000
the total	1,825,570,000	/	2,665,332,200,000	1,825,570,000	/	2,667,192,070,000	1,859,870,000

23. Revenues from other banking operations

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Revenue from various services	111,900	1,341,100
ATM revenue	6,529	413,317
Revenue of the National Finance Fund	—	343,000
Revenue of third party customers (Central Bank of Iraq)	2000	142,800
Incidental revenue	2,931,895	400,246
capital revenue	—	360,000
the total	3,052,324	3,000,463

24. personnel costs

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Salaries and wages	661,237,666	740,224,300
rewards	27,700,000	30,075,000
Professional and technical allowances	302,226,514	295,621,756
social security share	50,014,026	54,656,100
the total	1,041,178,206	1,120,577,156

25. General and administrative expenses

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Fuel and oils	12,150,250	15,934,000
office expenses	12,677,850	16,354,850
Water and electricity	8,323,760	10,585,570
maintenance expenses	11,198,500	70,338,356
Research and consulting services	157,840,000	168,120,000
Advertising, publishing and hospitality	8,516,550	27,925,100
Conferences and seminars	—	20,847,000
transportation expenses	16,530,000	28,715,000
Travel and dispatch	7,774,540	9,975,160
Telecom expenses	123,978,892	82,826,850
rental expenses	71,024,000	70,751,112
Subscriptions	425,907,091	860,927,472
Training and qualification of workers	28,943,000	38,226,800
Audit/accountant fees	48,000,000	52,000,000
subsidies to others	222,000,000	325,497,200
Compensations and fines	211,876,270	163,500,364
Miscellaneous taxes and fees	28,359,000	36,420,000
Other operating expenses	84,327,538	120,889,426
expenses of previous years	446,078,166	—
the total	1,925,505,407	2,119,834,260

26. Banking operations expenses:

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Allowance for cash credit impairment	————	2,029,115,481
Various customizations	————	————
provision for contractual obligations	————	————
Operational risk allowance	87,931,900	33,140,961
Provision for expected cash/external losses	————	————
the total	87,931,900	2,062,256,442

27. Depreciations

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Loss of machinery and equipment	7,800,000	5199,998
Extinction of means of transportation and transmission	511,000	8,387,700
The disappearance of furniture and office equipment	53,279,865	58,745,592
Amortization of intangible assets	30,911,512	117,077,546
the total	92,502,377	189,410,836

28. Contractual obligations and their counterparts and the insurances received in respect of each of them

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Documentary Credits	49,713,000,000	————
Documentary credits insurance	(49,713,000,000)	————
Obligations for letters of guarantee	000	————
Descend: Insurance against letters of guarantee, dinars	————	————
Other in-kind deposits shall be added to the custody of the bank	————	————
Total commitments, net, transferred to the financial position		————
Documentary Credits	2,563,459,979	804,940,299,982
Documentary credits insurance	2,563,459,979	804,940,299,982

29 . Cash and its equivalent

Cash and cash equivalents in the statement of cash flows consist of the following:

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Cash and balances with the Central Bank	114,243,364,172	80,151,750,498
Balances with banks and other financial institutions	16,115,300,229	27,722,417
total	130,358,664,401	80,179,472,915

30 . Transactions with related parties

Balances with related parties included in the statement of financial position include the following

details	relationship	2021 – IQ Dinar	2022 – IQ Dinar
income statement items			
Other salaries and bonuses	Higher Management	151,728 ,000	157,300,000

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank uses the following arrangement of valuation methods and alternatives in order to determine and present the fair value of financial instruments

Level 1: Quoted market prices in active markets for the same assets and liabilities. Level 2: Other techniques for which all inputs which have a significant effect on the fair value are observable, directly or indirectly, from market data.

Level 3: other techniques which use inputs which have a significant effect on the fair value but which are not based on observable market data.

The following is the fair value of financial assets and financial liabilities not designated at fair value on an ongoing basis:

December 31, 2022	first level	second level	third level	Total fair value / Iraqi dinars	Total book value / Iraqi dinars
the findings					
Cash, balances and certificates of deposit with the Central Bank	-	80,151,750,498	-	80,151,750,498	80,151,750,498
Balances and deposits with banks and other financial institutions	-	27,505,295	-	27,505,295	27,505,295
Investments	-	167,141,200,000	-	167,141,200,000	167,141,200,000
Islamic financing	-	190,480,567,063	-	190,480,567,063	190,480,567,063
Other assets	-	2,935,452,500	-	2,935,452,500	2,935,452,500
total assets	-	440,736,475,356	-	440,736,475,356	440,736,475,356
Liabilities					
customer deposits	-	1,409,527,592	-	1,409,527,592	1,409,527,592
Cash insurance	-	000	-	000	000
Income tax provision	-	363,934,132	-	363,934,132	363,934,132
Central Bank of Iraq loan	-	190,775,000,000	-	190,775,000,000	190,775,000,000
Other liabilities	-	2,233,350,040	-	2,233,350,040	2,233,350,040
total liabilities	-	194,781,811,764	-	194,781,811,764	194,781,811,764

fair value of financial matters

December 31, 2021	first level	second level	third level	Total fair value / Iraqi dinars	Total book value / Iraqi dinars
the findings					
Cash, balances and certificates of deposit with the Central Bank	-	114,243,364,172	-	114,243,364,172	114,243,364,172
Balances and deposits with banks and other financial institutions	-	15,793,014,074	-	15,793,014,074	15,793,014,074
Investments	-	14,165,000,000	-	14,165,000,000	14,165,000,000
Islamic financing	-	311,055,510	-	311,055,510	311,055,510
Other assets	-	149,361,111	-	149,361,111	149,361,111
total assets	-	144,661,794,867	-	144,661,794,867	144,661,794,867
Liabilities					
customer deposits	-	712,859,668	-	712,859,668	712,859,668
Cash insurance	-	49,713,000,000	-	49,713,000,000	49,713,000,000
Income tax provision	-	758,564,654	-	758,564,654	758,564,654
Central Bank of Iraq loan	-	475,000,000	-	475,000,000	475,000,000
Other liabilities	-	1,130,978,675	-	1,130,978,675	1,130,978,675
total liabilities	-	52,790,402,997	-	52,790,402,997	52,790,402,997

33. Risk Management

1.32 Introduction

The principal activities of the branch are to manage risks and provide returns to shareholders in line with the accepted risk level. Risks are within the Bank's activities and are managed through a process of continuous definition, measurement and monitoring subject to risk limits and other monitoring in accordance with the laws and requirements of the Board. The Bank is exposed mainly to credit risk, liquidity risk, market risk and operational risk. Other risks such as reputational risk, legal risk and various risks identified by the Basel Convention are also monitored and managed.

1.1.32 Risk management structure

The Board of Directors (the "Board") has the overall responsibility for establishing and monitoring the risk management framework for the Bank, for approving the Bank's overall risk exposure, and for ensuring that work is done within this framework. The Board represents the supreme ratifying authority. During 2015, the Board approved the corporate governance framework and updated the charters of the various Board committees.

31.1.1 Risk management structure (continued)

Strategy Committee

The Board has appointed the Strategy Committee, which is responsible for directing the executive management of the branch in achieving the group's strategic objectives and implementing the bank's strategy, and conducting periodic reviews of the extent to which strategic objectives, business plans and direct corrective activities are achieved where required. In addition, this committee acts as a communication channel between the board and the senior management of business issues.

Risks and Investments Approval Committee

The Risk and Investment Approval Committee has been appointed by the Board and is responsible for approving the Bank's risk exposure, high value transactions and key items of capital expenditure. In addition, this committee is responsible for monitoring the quality and allocation of the credit portfolio.

The Audit Committee

The Audit Committee has been formed by the Board to assist it in fulfilling the oversight responsibilities of the Bank in respect of the following:

- * Ensure the integrity of the financial statements and the financial reporting process;
- * Reviewing financial statements, internal control systems, quality assurance and risk management structure;
- * Reviewing the performance of the internal audit functions;
- * Review of internal control over the preparation of financial statements and independent annual audit of the branch's financial statements;
- * Recommending to the Board the involvement of external auditors and evaluating their competencies, independence and performance; And
- * Ensure the Bank's compliance with legal and legislative requirements related to business activities.

The duties and responsibilities of the committees are managed by an approved formal charter.

33 . Risk Management

2.33. Credit risk and concentration of assets and liabilities

Credit risk is the risk that may result from the default or inability of the counterparty to the financial instrument to fulfill its obligations towards the bank, which leads to the occurrence of losses. The Bank works to manage credit risks by setting ceilings for the amounts of credit financing in accordance with the instructions of the Central Bank of Iraq. The bank also monitors credit risks and evaluates customers' credit status. In addition to the bank obtaining appropriate guarantees from customers.

The Bank determines the risks of concentration of assets and liabilities by distributing its activities to several sectors, but the Bank operates in one geographical area, which is Iraq.

1.2.33 Credit risk exposures (after deducting impairment loss and suspended profits and before guarantees and risk mitigants) are as follows:

Statement	2021 – IQ Dinar	2022 – IQ Dinar
Items within the statement of financial position		
Cash and balances with the Central Bank	114,243,364,172	80,151,750,498
Balances and deposits with banks and other financial institutions	15,793,014,074	27,505,295
Islamic financing	311,055,510	190,480,567,063
Other assets	149,361,111	2,935,452,500
total	130,496,794,867	273,613,275,356

The above table represents the maximum credit risk for the Bank as of December 31, 2022 and 2021, without taking guarantees or other credit risk mitigants into account. For assets within the statement of financial position, the above exposure is based on the balance as it appeared in the statement of financial position.

33 . Risk management (continued)

33.2 Credit risk and concentration of assets and liabilities (continued)

33.2.2 Credit exposures are distributed according to the degree of risk, according to the following table:

2022	individuals / Iraqi dinars	Major companies / Iraqi dinars	Banks and other banking institutions / Iraqi Dinar	Total / Iraqi Dinar
Low risk	628,757,688	190,000,000,000	80,179,472,915	270,808,230,603
Risks are acceptable	-	-	-	-
Up to 30 days	-	-	-	-
From 31 to 60 days	-	-	-	-
On probation	-	-	-	-
Not working:				
Substandard	-	-	-	-
doubtable	-	-	-	-
mortal	-	-	-	-
the total	628,757,688	190,000,000,000	80,179,472,915	270,808,230,603
Descend: Interest pending	-	-	-	-
The impairment allowance is reduced for Islamic finance	(53,190,625)	(95,000,000)	(217,122)	(148,407,747)
the total	(53,190,625)	(95,000,000)	(217,122)	(148,407,747)
net	575,567,063	189,905,000,000	80,179,255,793	270,659,822,856

2021	individuals / Iraqi dinars	Major companies / Iraqi dinars	Banks and other banking institutions / Iraqi Dinar	Total / Iraqi Dinar
Low risk	389,810,120	-	130,036,378,246	130,426,188,348
Risks are acceptable	-	-	-	-
Up to 30 days	-	-	-	-
From 31 to 60 days	-	-	-	-
On probation	-	-	-	-
Not working:				
Substandard	-	-	-	-
doubtable	-	-	-	-
mortal	-	-	-	-
the total	389,810,102	-	130,036,378,246	130,426,188,348
Descend: Interest pending	-	-	-	-
The impairment allowance is reduced for Islamic finance	(78,754,592)	-	(322,286,155)	(401,040,747)
the total	(78,754,592)	-	(322,286,155)	(401,040,747)
net	311,055,510	-	129,714,092,091	130,025,147,601

34 RISK MANAGEMENT (continued)

34.1

Credit risk and concentration of assets and liabilities (continued)

34.1.1 With regard to the distribution of the fair value of the guarantees provided against the risk-reducing financing), there is no proper database at the bank regarding the guarantees provided against the credit financing, noting that the bank did not record the value of these guarantees in its banking system and did not take the effect of these guarantees when calculating the credit provisions .

34.1.2 Concentration of credit exposures according to geographical distribution, according to the following table:

Geographical area	Inside Iraq / Iraqi Dinar	Outside Iraq / (Middle East) / Iraqi dinars	Europe / Iraqi Dinar	Total / Iraqi Dinar
clause				
Cash and balances with the central bank	80,151,750,498	-	-	80,151,750,498
Balances and deposits with banks and other financial institutions	16,866,296	10,856,121	-	27,722,417
Islamic financing	190,480,567,063	-	-	190,480,567,063
Other assets	2,953,452,500	-	-	2,953,452,500
Total for the year 2022	273,602,636,357	10,856,121	-	273,613,492,478
Total for the year 2021	114,704,773,289	16,114,307,733	-	130,819,081,022

Notes to the financial statements

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34 Risk Management (continued)

2.34. Credit risk and concentration of assets and liabilities (continued)

34. Market risk

Market risk arises from changes in profit rates, foreign exchange rates and stock prices. Market risk management limits potential losses on existing obligations that may result from unexpected changes in profit rates, currency exchange rates or stock prices. The bank is exposed to diversification of financial instruments including equities, foreign currencies and commodities.

The bank gives market risk a high priority. The Bank uses appropriate market models to assess its positions and receives regular market information to control market risk.

The market risk management mechanism includes the following factors:

- * Applying certain limits to ensure that risky obligations do not exceed the risk and concentration limits set by senior management; And

- * Independent market price valuations, matching liability balances and stop loss tracking for timely trading.

Procedures and trading limits have been put in place to ensure that the Bank applies a market risk policy in its day-to-day dealings. These procedures are reviewed regularly to ensure that they comply with the Bank's risk management policy. ALCO makes sure that the market risk management process is always staffed with capable personnel. The bank also complies with the requirements of the Central Bank.

1.3.34 Operational risks

Operational risk is the risk of financial, reputational or other harm arising from inadequate or failed internal systems, human error, systems and external events.

The Bank has developed a detailed guide to operational risks and is working to implement it, in accordance with Basel guidelines. The objective of the manual is to clarify the tasks and responsibilities of the persons / units and committees within the Bank who have a role in managing the various operational risk management elements. The operational risk management framework also aims to ensure that operational risks within the bank are identified, monitored and followed up. The main sections of the framework include risk reviews, self-assessment of risk and control, management of loss data and key risk indicators, testing of controls, management and reporting of issues and procedures followed. The framework also fully includes and integrates elements of fraud prevention and quality assurance.

The operating units of the Bank are responsible for managing operational risks within their respective functional areas. They work within the operational risk management framework of the Bank and ensure that risks are identified, monitored, reported and proactively managed within their scope of work. Day-to-day operational risks are also managed by adopting a comprehensive system of internal control, consisting of multiple layers of specialized defense systems and procedures to monitor transactions, positions and documentation processes, as well as maintaining master backup procedures and a contingency action plan which are regularly evaluated and tested.

2.3.34 Compliance risk review

In view of its commitment to best corporate governance practices, the bank has appointed a Compliance Manager to monitor sanctions and its overall compliance operations. It is too early to predict any possible impact on the bank. The Bank will share the results of its internal audit with the relevant regulator once it is completed.

3.3.34

currency risk

Foreign currency risk is the risk of changing the value of financial instruments as a result of the change in foreign currency rates. The Iraqi dinar is the base currency of the branch. The Board of Directors sets limits to indicate the financial position of each currency at the bank. The foreign currency position is monitored on a daily basis and hedging strategies are followed to ensure retention The foreign exchange center within the approved limits.

The investment policy of the branch stipulates that it is possible to take positions in the main foreign currencies against each other, not exceeding 5% of the shareholders' equity for each work, and so that the total position of all currencies does not exceed 15% of the shareholders' equity. Foreign currency positions are monitored on a daily basis, and tools can be used The developed market in order to hedge against exchange rate risks within parameters that prevent the bank from being exposed to any additional risks.

The following table shows the effect of a possible change in the exchange rate of the Iraqi dinar against foreign currencies on the statement of comprehensive income, with all other influencing variables remaining constant.

2022		Impact on profit and loss IQD
the currency	The change in the exchange rate	Iraqi dinar
American dollar	0%	-
European euro	0%	-

In the event that there is a negative change in the indicator, the effect will be equal to the above change, with the sign reversed. There is no significant risk resulting from the change in exchange rates of other currencies due to the small amount of transactions in those currencies.

34.1.3 Concentration of credit exposures by economic sector according to the following table:

economic sector	Financial	commerce	industrial	agricultural	services	Total
clause	Iraqi dinar	Iraqi dinar	Iraqi dinar	Iraqi dinar	Iraqi dinar	Iraqi dinar
Cash and balances with the central bank	80,151,750,498	-	-	-	-	80,151,750,498
Balances and deposits with banks and other financial institutions	27,722,417	-	-	-	-	27,722,417
Islamic financing	-	275,234,000	190,062,949,000	25,304,188	265,270,500	190,628,757,688
Other assets	2,953,452,500	-	-	-	-	2,953,452,500
Total for the year 2022	83,132,925,415	275,234,000	190,062,949,000	25,304,188	265,270,500	273,761,683,103
Total for the year 2021	130,819,081,022					130,819,081,022

34 profit re-pricing gap

The classification is based on profit pricing periods or maturity, whichever is close:

2022	less than a month	one month to 6	6 months to a year	More than a year	Non-profit items	total
the findings						
Cash and balances with the Central Bank	76,617,382,838	-	-	-	3,534,367,660	80,151,750,498
Balances and deposits with banks and other financial institutions	-	-	-	-	27,722,417	27,722,417
Islamic financing	-	-	-	190,480,567,063	-	190,480,567,063
Property and equipment	-	-	-	-	163,165,902	163,165,902
intangible assets	-	-	-	-	317,110,262	317,110,262
Other assets	-	-	-	-	2,953,452,500	2,953,452,500
total assets	76,617,382,838	-	-	190,480,567,063	7,049,818,741	274,147,768,642
liabilities:						
Customer deposits	-	-	-	38,634,761	1,370,892,831	1,409,527,592
cash deposits	-	-	-	-	0	0
Income tax provision	-	-	-	-	363,934,132	363,934,132
Bank loan Iraqi central	-	-	-	-	190,775,000,000	190,775,000,000
Other liabilities	-	-	-	-	2,233,350,040	2,233,350,040
total liabilities	-	-	-	-	194,743,177,003	194,781,811,764
profit repricing gap	76,617,382,838	-	-	190,441,932,302	(187,693,358,262)	79,365,956,878
2021						
total assets	111,229,516,232	-	-	311,055,510	19,760,664,970	131,301,236,712
total liabilities	-	-	-	42,035,340	52,748,367,657	52,790,402,997
Profit Repricing Gap	111,229,516,232	-	-	269,020,170	(32,987,702,687)	78,510,833,715

Notes to the financial statements December 31, 2022

5.3.34 Concentration of foreign currency risk

Clause - 2022	American dollar	Emirati dirham	Total
the findings			
Cash and balances with the central bank	1,509,225,769	-	1,509,225,769
Balances and deposits with banks and other financial institutions	16,325,224	10,856,121	27,181,345
Islamic financing	-	-	-
Other assets	131,400,000	-	131,400,000
Total assets	1,656,950,993	10,856,121	1,667,807,114
Liabilities			
Customer deposit	46,425,080	-	46,425,080
Cash insurance	000	-	000
Other liabilities	1,422,843	-	1,422,843
Total liabilities	47,847,923	-	47,847,923
Net concentration on the statement of financial position	1,609,103,070	10,856,121	1,619,959,191
Contingent liabilities outside the statement of financial position	-	-	-

❖ The exchange rate of (1460) dinars per dollar was calculated

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4.34 Liquidity risk

Liquidity risk is represented in the bank's inability to provide the necessary funding to perform its obligations on their maturity dates, and to prevent these risks, the management diversifies funding sources, manages assets and liabilities, adjusts their terms, and maintains an adequate balance of cash, cash equivalents, and negotiable securities. First: The table below summarizes the distribution of undiscounted liabilities based on the remaining contractual maturity period on the date of the financial statements:

2022	less than a month	one month to 3	3 months to 6	6 months to a year	One year to 5 years	without entitlement	total
Liabilities:							
customer deposits	1,370,892,831	-	-	38,634,761	-	-	1,409,527,592
Cash insurance	000	-	-	-	-	-	000
Central Bank of Iraq loan	0	-	-	-	-	190,775,000,000	190,775,000,000
Other liabilities	2,233,350,040	-	-	-	-	-	2,233,350,040
total liabilities	3,604,242,871	-	-	38,634,761	-	190,775,000,000	194,417,877,632
2021							
Liabilities:							
customer deposits	670,824,328	-	-	42,035,340	-	-	712,859,668
Cash insurance	49,713,000,000	-	-	-	-	-	49,713,000,000
Central Bank of Iraq loan	-	-	-	-	-	475,000,000	475,000,000
Other liabilities	1,130,978,675	-	-	-	-	-	1,130,978,675
total liabilities	1,130,978,675	-	-	42,035,340	-	475,000,000	52,031,838,343

35.1 Maturity analysis of assets and liabilities

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

2022	For a year	More than a year	total
the findings:			
Cash and balances with the central bank	76,617,382,838	3,534,367,660	80,151,750,498
Balances and deposits with banks and other financial institutions	27,722,417	-	27,722,417
Islamic financing	-	190,480,567,063	190,480,567,063
Property and equipment	-	163,165,902	163,165,902
intangible assets	-	371,110,262	371,110,262
Other assets	2,953,452,500	-	2,953,452,500
total assets	79,598,557,755	194,549,210,887	274,147,768,642
Liabilities:			
customer deposits	1,370,892,931	38,634,761	1,409,527,692
Cash insurance	-	-	-
Income tax provision	363,934,132	-	363,934,132
Central Bank of Iraq loan	-	190,775,000,000	190,775,000,000
Other liabilities	2,233,350,040	-	2,233,350,040
total liabilities	3,968,177,103	190,813,634,761	194,781,811,864
net	75,630,380,652	3,735,576,126	79,365,956,778

35.2 Maturity analysis of assets and liabilities

2022	For a year	More than a year	total
the findings:			
Cash and balances with the central bank	111,229,516,232	3,013,847,940	114,243,364,172
Balances and deposits with banks and other financial institutions	15,793,014,074	-	15,793,014,074
Islamic financing	-	311,055,510	311,055,510
Property and equipment	-	139,837,942	139,837,942
intangible assets	-	342,317,748	342,317,748
Other assets	149,361,111	-	149,361,111
total assets	127,171,891	3,807,059,140	130,978,950,557
Liabilities:			
customer deposits	670,824,328	42,035,340	2,165,800,128
Cash insurance	49,713,000,000	-	49,713,000,000
Income tax provision	758,564,654	-	758,564,654
Central Bank of Iraq loan	-	475,000,000	475,000,000
Other liabilities	1,130,978,675	-	1,130,978,675
total liabilities	52,273,367,657	517,035,340	54,243,343,457
net	74,898,523,760	3,290,023,800	76,735,607,100

36. Cases brought against the bank

There are no material cases filed against the Islamic Holding Bank for Finance and Investment as of December 31, 2022, and in the estimation of the bank's management and its legal advisor, the bank will not incur any obligations in exchange for these cases.