

## FIRST IRAQ ISLAMIC BANK

for Investment & Finance

Private Joint Stock Company

Financial Statements for the fiscal year ending on 31-12-2024

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# First Iraq Islamic Bank

Republic of Iraq  
Syndicates, Organizations and Unions  
Board of Monitoring and Auditing Profession  
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# First Iraq Islamic Bank

Respected Chairman of the Board of Directors Speech  
In the name of God, the most Gracious the most Merciful

Ladies and gentlemen, dear shareholders, distinguished guests.

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

First of all, I would like to thank you for accepting the invitation to attend the annual meeting of your company, and it is my pleasure to represent the Board of Directors members to present you the fifth annual report of the bank of 2024, including the financial statements, the most important achievements that have been achieved and future goals. The report has been in accordance with laws, regulations and instructions of the supervisory authorities, including the rules of corporate governance, standards of disclosure and transparency, and international financial reporting standards. I would like to thank the members of the Board of Directors, the executive management and the staff of our bank for the developments achieved during the year in the bank's date and to raise the efficiency of performance and improve business results despite the challenges and difficulties facing the country.

Dear ladies and gentlemen... Our bank has come this year with further development and growth in light of the laws, legislations and economic decisions that were issued, which aimed to modify the structure of investments between the various economic sectors, which further helped the banking sector to exercise its role to serve all sectors.

Through the developments and changes witnessed by the banking sector, especially in the field of compliance with banking laws and instructions within the frameworks of the applications of the rules of good governance for banks, the Board of Directors has taken, through its strategy, to sustain the work of the committees associated with the Board and the committees associated with the executive management in line with the developments that have occurred in the banking sector and to assist it in making important decisions, in accordance with the provisions of the governance manual issued by the Central Bank of Iraq.

Based on the Bank's overall strategic expectations and directives and in line with the Bank's strategic vision and mission and its competitive value and advantage, the Bank's strategic budget included the future aspirations of the Board of Directors to enhance its competitive position and increase its market share by providing best banking practices and services to our customers that comply with Islamic Sharia and work on key financial ratios within the requirements of the regulatory authorities and international standards.

Contributing to the achievement of economic development is an essential part of the work of the bank, which operates in accordance with the provisions of Islamic Sharia, and therefore our bank seeks to enhance the financial inclusion of the community through the package of services and products provided by our bank to customers.

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Since its establishment, the Bank has sought to raise the level of institutional maturity and rely on international standards, administrative frameworks and best practices in creating an organized effort, integrating the internal environment and continuous improvement for the required change by completing the application of corporate governance principles and implementing the processes of Information and Communication Technology (ICT) governance framework, in addition to the quality standards applied by the Bank, through which it seeks to raise efficiency, reduce costs and optimize the use of available resources in technology and organizational process.

In terms of financial performance, our bank has applied the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) and are regulated in accordance with the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

I am pleased to extend my pride and appreciation to all shareholders members of the General Assembly of the Bank, as well as to the work team of the First Islamic Bank of Iraq with its formations, departments and all its divisions for their high sense of responsibility and the spirit of belonging that employees feel towards the bank, and the core values were disclosed by a statement by us to the executive management.

In conclusion, I would like to extend my sincere thanks and appreciation on my behalf and on behalf of the members of the Board of Directors to all parties that contributed to supporting the bank's activity, foremost of which are the Central Bank of Iraq, the Companies Registration Department, the Securities Commission and the Iraq Stock Exchange, as well as my thanks to the auditors' company (Khalil Ibrahim Al-Abdullah Company) for their efforts.

wish you success and the best  
Peace, mercy and blessings of God be upon you.

Meriwan Bakr Ziad  
Chairman of the Board of Directors

# First Iraq Islamic Bank

## Board of Directors Report

Ladies and Gentlemen, Shareholders of Islamic First Iraqi Bank.

Peace, mercy and blessings of God.

The Board of Directors is pleased to submit the annual report on the final accounts and balance sheet in accordance with the International Financial Reporting Standards (IFRS) attached to the Bank for the financial year ended 31 December 2024 prepared in accordance with the provisions of paragraph (3) of Article (117) and Article (134) of the Companies Act No. (21) of 1997, as amended, including information about the Bank's activities, its most important achievements, strategies, financial results, the Board of Directors and its various committees, and other complementary information aimed at meeting the needs of the user of this report. The Board of Directors is responsible for the accuracy and adequacy of the Bank's financial statements and the adequacy of internal control systems.

The Iraqi dinar is the currency of the financial statements, which represents the main currency of the bank, at the date of the financial statements.

First: - summary on the bank, its objectives, activities, expectations, branches and developments:

### **1- Establishment of the Bank: -**

Islamic First Iraq Bank for Investment and Finance was established as Al-Harir Financial Transfer Company under the certificate of incorporation numbered MSH/01-65699 dated 09/10/2008 issued by the Companies Registration Department. With a capital of (45) billion dinars.

Both Al-Harir Company and Al-Amin Arab Company for Financial Transfer were merged according to the letter of the Registrar of Companies on 23/01/2019 after completing all the necessary legal procedures to change the company's activity from a financial transfer to an Islamic bank under the name (Islamic First Iraqi Bank - Private Shareholding) according to the letter of the Registrar of Companies No. U/H/7761 on 19/03/2019

The bank was granted a license to practice banking business according to the letter of the Central Bank of Iraq / Banking Control Department / Islamic Banks Control Section / Registration, Licensing and Technical Affairs Division No. 9/3/7947 dated 28/06/2020, and the bank code was granted according to the letter of the Central Bank of Iraq No. 9/3/15960 dated 04/11/2020.

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## **2- Developments in paid-up capital:**

- A- The capital was increased to (90) billion dinars on 23/01/2019, and then to (100) billion dinars after the completion of the legal procedures according to the letter of the Companies Registrar Department Numbered U / E / 7761 dated 19/03/2019.
- B- The capital was increased by (50) billion dinars according to the approval of the Central Bank of Iraq No. (9/3/18509) dated 14/09/2021 and the letter of the Companies Registration Department No. (30599) dated 25/10/2021 so that the paid-up capital of the bank becomes (150) billion dinars under the Islamic Banks Law No. 43 of 2015 referred to in Article 4/1, and the rest is paid in equal installments from the date of granting the license.
- C- The capital was increased by (100) billion dinars according to the approval of the Central Bank of Iraq No. 9/3/20088 dated 16/08/2022, and the letter of the Companies Registration Department No. U/H/29555 dated 24-08-2022, so that the paid-up capital of the bank becomes (250) billion dinars, as the bank's capital was completed under the Islamic Banks Law No. 43 of 2015 referred to in Article 4/1.
- D- The capital was increased by (100) billion dinars under the approval of the Central Bank of Iraq, and the Companies Registration Department wrote No. 7177 dated 17/03/2024, and No. 18963 dated 14/07/2024, bringing the bank's paid-up capital to (350) billion dinars during the year 2024.

## **3-Main Objectives of the Bank:**

- A- Our bank is one of the first digital banks in the Middle East in terms of development and provision of modern banking services and the latest technologies in the world using direct electronic payment and that our bank uses the latest customer identification and compliance systems electronically, and the bank has a special strategy to attract deposits from the public, projects, private companies and investments.
- B- Encouraging the provision and saving of funds and the correct investment for them in various investment fields under the principles of Islamic law.
- C- Maintaining the leading position of the bank among other private banks operating in Iraq in providing the best services to customers.
- D- Expanding the money market as a contribution to supporting the monetary policy of the Central Bank of Iraq in all governorates of Iraq and supporting the national economy.
- E- Participation, contribution and participation in medium and small enterprises for the purpose of promoting the economic and social reality in the country, to serve all economic sectors and in a manner consistent with the provisions of the Islamic Banks Law and the instructions of the Central Bank of Iraq as well as the Companies Law in force.
- F- Expanding the training and development of the bank's staff and paying attention to the development of branch departments in order to be a leading and sustainable financial institution with a qualified and highly qualified cadre.

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4- **The Bank's Branches:** - The number of branches and offices of the bank during the year 2024.

Governorate	Branch / Office	Address
Baghdad	Main	Baghdad / Karrada / Arsat Al-Hindiya
Baghdad	office	Baghdad / Cairo Quarter
Duhok	Duhok	Duhok – 11 September Street
Erbil	Erbil	Erbil - Ankawa
Sulaymaniyah	Sulaymaniyah	Sulaymaniyah - Shoresh

## **5- Banking Activities:** -

Islamic First Iraqi Bank carries out all banking operations in accordance with the provisions of the Banking Act No. 94 of 2004 and Companies Act No. 21 of 1997 as amended, Islamic Banks Law No. 43 of 2015 and Law Money laundering No. 39 of 2015 and the relevant laws in accordance with the provisions of the Bank's internal regulations as follows:

- The bank mainly carries out all banking and investment work, whether for its own account or for the account of others inside or outside Iraq, as it provides a full range of Islamic and electronic banking services for companies and individuals through branches.
- The service of opening an account (current, investment), (individual accounts, savings) and (company accounts) electronically (EKYC) through (digital accounts).
- The service of issuing and selling bank cards (ATM cards) through the digital application of both types (virtual card, physical and plastic card).
- Issuance of cheque books and savings books.
- Certified instrument service (certified instruments).
- Transfer an amount between customers within the application (digital accounts) for a free fee.
- Issuance of promissory notes service.
- Credit transfer (CT) through the Digital App as well as Real-time gross settlement system (RTGS) through the Bank's system.
- Foreign currency sale service through (electronic platform) of the Central Bank of Iraq at the official exchange rate.
- Automated Clearing House (ACH) service for Instrument.
- Provide remittances through the digital accounts application and through the bank's system.
- Foreign remittances service issued and received through our bank's correspondents in Turkey, China, the United Arab Emirates, Jordan and Europe.
- Account statement service through the digital application and through the bank's system.
- Currency exchange service (Iraqi Dinar, US Dollar, Euro, Chinese Yuan, UAE Dirham) through the digital application (digital accounts) and the banking system.
- Issuance of Letter of Guarantee.
- Issuance of credits.
- Studying the applications submitted to the bank (Islamic finance) in accordance with the regulations of the Central Bank of Iraq.

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- Implementation of salary localization processes.
- Providing credit operations to bank customers after obtaining the approval of the Credit Committee.
- Follow-up service for customer inquiries and complaints and work to resolve them as soon as possible.
- Granting small and medium-term loans for financing and housing purposes.
- VISA DIRECT via FIB Mobile service is to provide a transparent and convenient banking experience. It allows users to quickly open a free account, usually in just five minutes, from the comfort of their homes. The app features a user-friendly interface, making it easy to manage finances, including seamless transfer, receipt and payment of funds locally and internationally. Security is the top priority, ensuring that transactions are secure and reliable. The app also allows users to get real-time insights into their financial activities, enabling them to make informed decisions. FIB Mobile app aims to simplify and enhance the way individuals manage their money, and offers a modern and accessible banking solution.

## **6- Corporate Governance: -**

Islamic First Iraqi Bank believes that good governance in the bank helps to achieve the bank's strategic objectives and manage the bank's operations and business safely, and the corporate governance manual issued by the Central Bank of Iraq has been adopted and embodied in a set of policies, rules and procedures under which the bank is managed and supervised over the work of branches and departments, and developed in light of the developments that occur in the guide and in line with the instructions and laws in force.

The procedures for organizing and managing the bank to comply with the principles of governance depend on several things, the most important of which are:

- Ensure that the bank's comprehensive policies, plans and procedures for banking activities are provided and updated in accordance with the instructions of the Central Bank of Iraq
- Activating the role of the Board of Directors and the Sharia Supervisory Board, supervising the executive management, following up on its performance, and ensuring the soundness of financial conditions.
- Developing human resources through continuous courses and appointing new competencies.
- Accounting principles, disclosure and transparency are sound and integrated.
- Activating the role of the committees emanating from the Board of Directors.

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## **Second: Board of Directors:**

The Board of Directors of the Bank consists of the gentlemen whose names and the number of their shares as of 31/12/2024 as shown below.

1-The charter members of the Board of Directors and the amount of their shares to the capital as of 31/12/2024.

#	Member Name	Education	Membership Grade	Date of appointment	Committees Membership	Shareholding	Commitment to attend the meetings of the Council	Membership in the boards of other companies
1	Meriwan Ziad Bakr	Bachelor of Physical Education British Professional Diploma in Accounting Science	Chairman of the Board of Directors	13/05/2024	Chairperson/Committee on Environmental, Social Standards, Corporate Governance and Sustainability Member / ICT Governance Committee Member/Nomination and Remuneration Committee	58,450,000	21/12	No
2	Kardo Mohammed Ahmed	Bachelor of Accounting	Vice Chairman	13/05/2024	Chairperson/ICT Governance Committee Member/Environmental, Social Standards, Corporate Governance and Sustainability Committee Member/Risk Committee	2,967,969,670	21/12	No
3	Ali Mohammed Hasan	Bachelor of Accounting	charter member	23/08/2024	Member/ESG Committee Member/Audit Committee	56,702,333	21/6	No
4	Emad Rasoul Ismail	Bachelor of Law	charter member	13/05/2024	Chairman/Risk Committee Member/Audit Committee	58,450,000	21/12	No
5	Hareem Aziz Rasheed	Bachelor of Accounting	charter member	13/05/2024	Chairman/Audit Committee Member/Risk Committee	58,450,000	21/12	No
6	Dana Mohammed Qader	Bachelor of Business Administration	charter member	13/05/2024	Risk Member/Committee	58,450,000	21/12	No
7	Ahmed Kamal Khalid	Bachelor of Banking and Financial Sciences	charter member	13/05/2024	Chairman/Nomination and Remuneration Committee Member / Risk Committee	58,450,000	21/5	No
8	Mohammed Ragheb Hussein Othman	Master of Management Information Systems	charter member	23/08/2024	Chief Executive Officer of the Bank	2,333	21/6	No
9	Beida Hashem Hammoud	Bachelor of Management and Economics	charter member	28/06/2020	Member / ICT Governance Committee Member / Nomination and Remuneration Committee	2,333	21/21	No

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## **2 - The members of the reserve board of directors and the amount of their shares to the capital as of 31/12/2024.**

#	Member Name	Education	Membership Grade	Date of appointment	Committees Membership	Shareholding	Commitment to attend the meetings of the Council	Membership in the boards of other companies
1	Hunar Ziad Bakr	Bachelor of Science in Agricultural Engineering	Reserve Member	13/05/2024		58,573,667		No
2	Chia Aras Bakr	Bachelor of Science in Information Technology	Reserve Member	23/08/2024		58,450,000		No
3	Inas Abdulwahab Tawfiq	Bachelor of Arts	Reserve Member	28/06/2020		2,333	21/8	No
4	Karzan Sadiq	Bachelor of Law	Reserve Member	23/08/2024		2,333		No
5	Ghalib Nasser Abboud	Master of Accounting	Reserve Member	28/06/2020		2,333	21/8	No
6	Lamia Najmaddin Younis	Bachelor of Business Administration	Reserve Member	28/06/2020		2,333	21/8	No
7	Mustafa Ihsan Khazal	Bachelor of Business Administration	Reserve Member	28/06/2020		2,333	21/8	No
8	Esraa Abdulwahid Abed Al- Mahdi	Bachelor of Management and Economics	Reserve Member	28/06/2020		2,333	21/8	No

### **3 - Meetings of the Board of Directors: -**

- The number of meetings of the Board of Directors during the year subject of the report reached (21) meeting sessions.

#### **4 - Remuneration of the Board of Directors: -**

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No remuneration was paid to the members of the Board of Directors.

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- The names of the shareholders who own more than (9.9%) of the capital as shown below:

Shareholder Name	Number of shares	Shareholding percentage to capital
Sabah Melhem Mohi	34,650,000,000	9.9%
Balav Heshyar Saeed	34,650,000,000	9.9%
Kawa Abdullah Junaid	34,650,000,000	9.9%
Suz Kawa Abdullah	34,650,000,000	9.9%
Ali Kawa Abdullah	34,650,000,000	9.9%
Sirkat Abdullah Junaid	34,650,000,000	9.9%
Fadila Abdullah Junaid	34,650,000,000	9.9%
Vian Abdullah Junaid	34,650,000,000	9.9%
Veen Kawa Abdullah	34,650,000,000	9.9%
Azad Mustafa Rashid	34,650,000,000	9.9%

(6-a) The Board has formed a number of main committees from the members of the Board of Directors of the Bank, taking into account the transparency in their formation and in accordance with the Bank's Corporate Governance Manual:

1- Environmental, Social Standards, Corporate Governance and Sustainability Committee: This committee was formed by a decision of the Board of Directors and it consists of three members, including the Chairman of the Board of Directors, and its tasks are to monitor the application of the Corporate Governance Manual for Banks, and propose an update under the Central Bank of Iraq Law No. (56) of 2004, the Bank Law No. (94) of 2004, the Islamic Banks Law (43) of 2015, the Companies Law No. (21) of 1997, the Anti-Money Laundering and Terrorism Financing Law No. (39) of 2015 and the Electronic Signature and Electronic Transactions Law No. (78) for the year 2012.

It consists of the names of the gentlemen listed in the table below: -

Name	Post title	Attendance times
Meriwan Ziad Bakr	Chairman of the Committee	3/3
Kardo Mohammed Ahmed	Committee Member	3/3
Ali Mohammed Hasan	Committee Member	3/3
Abdulrahman Ali Hamid	Rapporteur of the Committee	3/3

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## 2- Audit Committee (Accounts Audit): -

The Audit Committee supports the Board of Directors in many areas and undertakes the tasks and duties entrusted to it, as well as regulatory supervision of financial reporting operations and compliance with effective laws and regulations. It consists of the names of the gentlemen listed in the table below: -

Name	Post title	Attendance times
Hareem Aziz Rasheed	Chairman of the Committee	3/3
Emad Rasoul Ismail	Committee Member	3/3
Ali Mohammed Hasan	Committee Member	3/3
Waleed Mahdi Ali	Committee Member	3/3
Abdulrahman Ali Hamid	Rapporteur of the Committee	3/3

## 3- Nomination and Remuneration Committee: -

This committee assists the Board of Directors to carry out the tasks mentioned therein, which are in accordance with the laws and provisions in force, and one of the main tasks of the committee is to prepare policies related to the bank's employees, and it consists of the names of the gentlemen listed in the table below: -

Name	Post title	Attendance times
Ahmed Kamal Khalid	Chairman of the Committee	1/1
Meriwan Ziad Bakr	Committee Member	1/1
Beida Hashem Hammoud	Committee Member	1/1
Abdulrahman Ali Humaid	Rapporteur of the Committee	1/1

## 4- Risk Management Committee: -

This committee reviews the risk management strategy and credit policy, as well as monitoring the credit risks incurred by the bank, monitoring the bank's ability to avoid risks under Basel (111) resolutions, communicating with the director of the risk department and reviewing his periodic reports. It consists of the names of the gentlemen listed in the table below:

Name	Post title	Attendance times
Emad Rasoul Ismail	Chairman of the Committee	3/3
Kardo Mohammed Ahmed	Committee Member	3/3
Dana Mohammed Qader	Committee Member	3/3
Ahmed Kamal Qadir	Committee Member	3/3
Hareem Aziz Rasheed	Committee Member	3/3
Abdulrahman Ali Hamid	Rapporteur of the Committee	3/3

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## (6-B) Committees emanating from the Executive Management:

The senior management committees are formed to help them carry out their tasks and submit reports to the competent board committees periodically to ensure the effectiveness of control and supervision, and the executive management committees are formed of at least three members, and the members of the board of directors can attend as an observer to help them, and the committees send the dates of their meetings to the board of directors before the meeting so that the members of the board can attend as an observer if it wishes.

### 1- Credit Committee: -

The committee consists of four members, including the credit manager, the committee proposes credit policy and submits it to the board, determines the criteria and foundations for assessing the creditworthiness of the borrower, in addition to determining credit ceilings according to the borrower, and one of the most important tasks of the credit committee.

- Monitor the development of policies and the limits and guidelines for their application within the framework of credit strategies (within the limits set by them) Board).
- It studies credit transactions that exceed the ceiling of the Credit Committee, and its tasks include studying and analyzing credit transactions and the adequacy of the conditions and controls submitted to the Committee and issuing its own decision to grant credit or not.

It consists of the names of the gentlemen listed in the table below: -

Name	Post title	Attendance times
Mohammed Ragheb Hussein Othman	Chairman of the Committee	4
Falah Hassan Kokash	Committee Member	4
Zainab Abdulamir Kazem	Committee Member	4
Shaima Zuhair Mahmoud	Rapporteur of the Committee	4

### 2- Investment Committee: -

This committee is concerned with the bank's investments, which necessitated its emergence to assume these tasks in addition to other financial affairs that are essential to the success of the bank, and it consists of the names of the gentlemen listed in the table below: -

Name	Post title	Attendance times
Mohammed Ragheb Hussein Othman	Chairman of the Committee	4
Zainab Abdulamir Kazem	Committee Member	4
Esraa Jassim Jawad	Committee Member	4
Anfal Salman Dawood	Rapporteur of the Committee	4

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## 3- Information Technology Governance Committee: -

The importance of information and communication technology and the risks associated with it and the governance instructions issued by the Central Bank of Iraq and avoiding the risks that result from the nature of the business and verifying the adequacy of the infrastructure, information and communication systems and electronic networks in the bank and consists of the names of the gentlemen listed in the table below:

Name	Post title	Attendance times
Mohammed Ragheb Hussein Othman	Chairman of the Committee	2
Ibrahim Shamal Muhammad Amin	Committee Member	2
Abdulrahman Taher Abdullah	Committee Member	2
Rafid Muhammad Abed Al-Ridha	Committee Member	2
Nisreen Sattar Barani	Committee Member	2
Anfal Salman Dawood	Committee Member	2
Barzi Badr Khan	Committee Member	2
Hassan Ali Jaafar	Rapporteur of the Committee	2

## (6-c) Sharia Supervisory Board:

Article Seventh of the Islamic Banks Law No. 43 of 2015 stipulated the establishment of the Sharia Board in Islamic banks, and based on Article (10) of the Corporate Governance Manual for Banks, which included the appointment of the Authority in Iraqi banks and branches of foreign banks operating in Iraq, and it is known that the identity of the bank and its Islamic personality is only distinguished from banks with other competencies, and Islamic banks must achieve this distinction to adhere to what is analyzed and what is deprived of transactions, in order to The noun matches the verb, and the supervision of the Shariah Board in Islamic banks has a major role in ensuring that the Islamic bank adheres to what is permissible or forbidden from transactions. It is an independent entity of specialists in Islamic jurisprudence and finance and experienced in banking, finance and legal business in general. It consists of the gentlemen listed in the table below:

Name	Post title	Attendance times
Abdulghafoor Aghlam Abdulghafoor	Chairman of the Shariah Board	17/17
Waleed Mahdi Ali	Committee Member	17/17
Ahmed Younis Ali	Committee Member	17/17
Haidar Majed Hussein	Committee Member	17/17
Omar Saad Nasser	Secretary of the board	17/17

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## Third: - Executive Management of the Bank: -

- The following are the names and titles of jobs for the executive management of the bank in 2024

Name	Job Title
Mohammed Ragheb Hussein Othman	Managing Director

## Fourth: - Human Resources Department: -

Any work done by a human being is part of the human resources department. And that human resources or is the main element of any bank as it focuses mainly on recruitment and management and the definition of "HR" is expressed in the common abbreviation of employees by the instructions of the bank in which they work.

The Human Resources Department aims to permanently attract employees with distinguished expertise and skills to achieve a high-performance system that enables the bank to achieve its goals effectively and efficiently, as well as constantly seeks to develop employees and exploit the available capacities by investing in the working capital of the banking sector.

- 1-1 The number of employees in the bank reached (254) affiliates, and the total salaries and wages paid during the fiscal year 2024 reached (**8,909,396,000**) dinars.
- 1-2 Classification of employees according to educational attainment as of 31/12/2024.

#	Education	Number of Employees
1	Master	5
2	Bachelor	205
3	Higher Diploma	2
4	Diploma	20
5	High school	8
	Intermediate	6
	Primary	8

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1-3 Distribution of Employees by Administrative and Technical Levels as of 31/12/2024: -

#	Administrative post	Number of Employees
1	Managing Director	1
2	Assistant Managing Director	1
3	Secretary of the Board of Directors	1
4	Department Manager	26
5	Branch Manager	4
6	Assistant Department Manager	8
7	Assistant Branch Manager	5
8	Section Officer	3
9	POS Hardware Specialist	4
10	Digital Marketing Specialist	1
11	Digital Customer Engagement Specialist	1
12	Settlement Specialist	1
13	Communication Specialist	1
14	Sales Manager	3
15	Consultant	1
16	Sales consultant	38
17	Reception	2
18	Secretary	1
19	Treasurer	14
20	Transfers	1
21	Customer Service	7
22	Chief Treasurer	5
23	Certified	2
24	Maintenance	3
25	Count and sort	14
26	Assist. Accountant	2
27	Managing Director	1
28	Assistant Managing	1
29	Secretary of the Board of Directors	1

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30	Accountant	3
31	Audit	3
32	Assistant Administrative	1
33	Customer Relations Assistant	1
34	Assistant Corporate Relations Officer	1
35	Legal Consultant	1
36	Business Marketing Officer	1
37	Business Application Officer	1
38	Payroll Officer	1
39	Hall Administrator	1
40	Sales Officer	1
41	Procurement Officer	1
42	Card Officer	17
43	Corporate Specialist	8
44	Liaison Officer of the Compliance and Money Laundering Department	3
45	Financial Inclusion Liaison Officer	4
46	Archivist	1
47	Data Analysis Officer	1
48	Observant	54
49	Driver	1



# First Iraq Islamic Bank

1-4 The Bank worked to develop and raise the efficiency of the human resources working in the Bank by involving them in training courses and seminars aimed at raising their skills and efficiency with the requirements of their current and future jobs and focused on several topics to cover the needs as shown in the table below:

#	Course Name	Course Date	Course Place
1	Administrative excellence in the management of the banking branch	21-25/01/2024	Bait Al-Hikma Company for Training and Consulting (zoom)
2	Trade-based anti-money laundering	28/1-1/2/2024	Bait Al-Hikma Company for Training and Consulting (zoom)
3	Governance of sanctions and due diligence procedures towards them	18-22/02/2024	Bait Al-Hikma Company for Training and Consulting (zoom)
4	General Guidelines for Banks and Non-Bank Financial Institutions on International and Local Sanctions	21-25/01/2024	Central Bank of Iraq / Center for Banking Studies
5	Digital Transformation and Electronic Payments	21-22/01/2024	Central Bank of Iraq / Center for Banking Studies
6	Investing in financial markets	21-25/01/2024	Central Bank of Iraq / Center for Banking Studies
7	Marketing and planning skills for the credit sector in banks	28-31/01/2024	Central Bank of Iraq / Center for Banking Studies
8	Integrated skills in legal affairs	28-30/01/2024	Central Bank of Iraq / Center for Banking Studies
9	Modern methods of human resource management	28-30/01/2024	Central Bank of Iraq / Center for Banking Studies
10	Raising the level of performance, developing the method of dealing with the public, supporting the reputation of the Iraqi banking sector and enhancing public confidence	14/02/2024	Central Bank of Iraq / Center for Banking Studies
11	Use of passport reader and identification documents	19/02/2024	Central Bank of Iraq / Center for Banking Studies
12	IFSB Capital Adequacy Standard	25-29/02/2024	Central Bank of Iraq / Center for Banking Studies
13	Letters of guarantee and the mechanism of work of the electronic platform for financial efficiency books and financing plans	13-14/02/2024	Central Bank of Iraq / Center for Banking Studies
14	The bank's work according to monetary policy variables	15/02/2024	Central Bank of Iraq / Center for Banking Studies
15	International Reporting Standard No. (13) Fair Value Measurement	3-7/03/2024	Central Bank of Iraq / Center for Banking Studies

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#	Course Name	Course Date	Course Place
16	Banking Law Course	04/07/03/2024	Central Bank of Iraq / Center for Banking Studies
17	E-Government	11-13/03/2024	Central Bank of Iraq / Center for Banking Studies
18	Identify the true beneficiary of customer transactions	12-14/03/2024	Central Bank of Iraq / Center for Banking Studies
19	International Internal Standards on Internal Auditing	17-20/03/2024	Central Bank of Iraq / Center for Banking Studies
20	Fraud in banks and non-bank financial institutions and risk	17-20/2024	Central Bank of Iraq / Center for Banking Studies
21	Preparing the strategic plan and implementing the action plan in banking institutions	25-27/03/2024	Central Bank of Iraq / Center for Banking Studies
22	Controls for dealing with insolvent debtors and procrastinating debtors	25-27/03/2024	Central Bank of Iraq / Center for Banking Studies
23	Customer risk assessment in AML	15/03/2024	House of Wisdom for Training and Administrative, Economic and Banking Consulting
24	Efficiency and effectiveness in IT governance	16/03/2024	House of Wisdom for Training and Administrative, Economic and Banking Consulting
25	Application of LCR&NSFR calculation controls	30/03/2024	Central Bank of Iraq / Center for Banking Studies
26	Sharia Standard No. (14) Documentary Credits	31/03-04/2024	Central Bank of Iraq / Center for Banking Studies
27	Accounting errors and methods of detecting and correcting them in accordance with international accounting standards	31/03-04/2024	Central Bank of Iraq / Center for Banking Studies
28	Financial Consumer Protection and Customer Complaints Management Requirements	15 - 16 /05/2024	Central Bank of Iraq / Center for Banking Studies
29	Financial analysis for credit granting purposes	05-09/05/2024	Central Bank of Iraq / Center for Banking Studies
30	Explanation of the Central Bank of Iraq Law	08-09/05/2024	Central Bank of Iraq / Center for Banking Studies
31	Internal audit and preparation of the internal auditor's report in accordance with modern international standards LAA	12-16/05/2024	Central Bank of Iraq / Center for Banking Studies
32	Money Laundering and Terrorist Financing Risk Self-Assessment Procedures	12 - 14 /05/2024	Central Bank of Iraq / Center for Banking Studies
33	The mechanism of concluding administrative contracts and the reasons leading to their annulment	19-24/05/2024	Central Bank of Iraq / Center for Banking Studies
34	Customer due diligence controls and due diligence instructions towards senior positions and risk holders	26-28/05/2024	Central Bank of Iraq / Center for Banking Studies

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35	International Accounting Standards	26-30/05/2024	Central Bank of Iraq / Center for Banking Studies
36	Total Quality Management Practices in the Banking Sector	16-18/04/2024	Central Bank of Iraq / Center for Banking Studies
37	Banking Laws	15-18/04/2024	Central Bank of Iraq / Center for Banking Studies
38	Stress tests and scenario analysis according to Central Bank controls	21-25/04/2024	Central Bank of Iraq / Center for Banking Studies
39	Servers' management The possibility of creating, following up and controlling all powers	21-25/04/2024	Central Bank of Iraq / Center for Banking Studies
40	Counterfeiting local and foreign currency and matching it with foreign currency	28-29/04/2024	Central Bank of Iraq / Center for Banking Studies
41	Evaluation of the economic feasibility study	28-30/2024	Center for Banking Studies
42	The first review of the regulatory controls for the classification of systemically important local banks	3/6/2024	Central Bank of Iraq / Center for Banking Studies
43	Clarification of the general framework of the macroprudential policy and the disclosure form (amended)	5/6/2024	Central Bank of Iraq / Center for Banking Studies
44	Names of the exploitation of modern payment methods in money laundering and terrorist financing	28-30/05/2024	Anti-Money Laundering and Terrorism Financing Office
45	Auditing Anti-Money Laundering and Combating the Financing of Terrorism Systems	02-06/06/2024	Central Bank of Iraq / Center for Banking Studies
46	Corporate IT Governance and Management	02 - 06 /06/2024	Central Bank of Iraq / Center for Banking Studies
47	Communication skills and dealing with customers	09-13/06/2024	Central Bank of Iraq / Center for Banking Studies
48	Letters of the new Soviet according to the specification ISO20022	23-27/06/2024	Central Bank of Iraq / Center for Banking Studies
49	Correspondent banks, currencies and currency risk	23-27/06/2024	Central Bank of Iraq / Center for Banking Studies
50	Letters of the new Soviet according to the specification ISO20022	23-27/06/2024	Central Bank of Iraq / Center for Banking Studies
51	Credit risk in banks	08-11/07/2024	Central Bank of Iraq / Center for Banking Studies
52	Change, Innovation and Value Chain Management	08-11/07/2024	Central Bank of Iraq / Center for Banking Studies
53	Quality of reporting of operations suspected of involving money laundering or terrorist financing	08-11/07/2024	Central Bank of Iraq / Center for Banking Studies
54	Know Your Customer and Know Your Customer Online Form Form	15-18/07/2024	Central Bank of Iraq / Center for Banking Studies
55	Managing banking risks under Basel decisions	21-25/07/2024	Central Bank of Iraq / Center for Banking Studies
56	Banking management methods of developing intellectual administrative skills and dealing with crises	28/7-01/8/2024	Central Bank of Iraq / Center for Banking Studies
57	Six-year analysis and evaluation course	28/7-01/8/2024	Central Bank of Iraq / Center for Banking Studies
58	SOC Security Operations Rooms Department	21-25/07/2024	Central Bank of Iraq / Center for Banking Studies
59	Complaint Management Platform	20/08/2024	Central Bank of Iraq / Center for Banking Studies



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60	Cyber Financial Crimes	11-15/08/2024	Central Bank of Iraq / Center for Banking Studies
61	Documentary Credits	18-22/08/2024	Central Bank of Iraq / Center for Banking Studies
62	Foreign letters of guarantee and public credits	25-29/08/2024	Central Bank of Iraq / Center for Banking Studies
63	Cyber Financial Crimes	11-15/08/2024	Central Bank of Iraq / Center for Banking Studies
64	The impact of the transition of monetary policy to the banking sector through the channel OpenSooq operations	5/9/2024	Central Bank of Iraq / Center for Banking Studies
65	Certified Specialist Course in Anti-Money Laundering and Combating the Financing of Terrorism (CAMS)	22/09/2024	Iraqna IBTS Company
66	Preventive measures to combat money laundering and terrorist financing	15/10/2024	Central Bank of Iraq / Center for Banking Studies
67	Developing institutional performance and increasing the business of banks and companies	6/10/2024	Central / Centre for Banking Studies
68	Certified Risk Management Professional	13-24/10/2024	Central / Center for Banking Studies
69	Professional customer service and improved customer journey and experience	20-21/10/2024	Central / Center for Banking Studies
70	A qualifying course to obtain a certificate of Islamic competence accredited in government and compliance	27-30/10/2024	Central / Center for Banking Studies
71	Workshop by KPMG on sustainability	12/12/2024	Central / Center for Banking Studies
72	Internal audit in accordance with modern international standards	24/11/2024	Central / Center for Banking Studies
73	Requirements for the implementation of national assessment treatments for money laundering and terrorist financing risks	11/12/2024	Central / Center for Banking Studies

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## Seminars and awareness participations held by our bank for the year 2024: -

#	Date of participation	Conference or exhibition name	Section	Services provided by the Bank
1	10-19/01/2024	Baghdad International Fair 47th Session	Baghdad - Baghdad International Fair	1- Open free bank accounts 2- Provide money through the puncture game within ten days
2	24/02/2024	Sixth Baghdad International Dialogue Conference		Open free bank accounts and give gifts
3	4/3/2024	Iraqi Digital Economy Forum	Baghdad - Babylon Hotel	Open free bank accounts
4	26/02/2024	Seminar with the U.S. Consul	Erbil - Erbil Hills Complex	Free accounts opened
5	1- From 11/03/2024 to 09/04/2024 - 30/04/2024	1- Participation in the Ramadan market 2- Active participation in Student Day	1- Duhok - Family Duhok 2- Duhok - Institute	Free accounts opened
6	From 27/04/2024 To 03/05/2024	Arab Day for Financial Inclusion Week	Baghdad	Open free bank accounts
7	From 28/04/2024 To 30/04/2024	Activities of the Arab Day for Financial Inclusion - Basra	Basra	Open free bank accounts
8	30/04/2024	Activities of the Arab Day for Financial Inclusion	Babylon	Open free bank accounts
9	10-11/04/2024 -12- 01/05/2024	1- The Eighth Sulaymaniyah Forum at the American University 2- The activities of the Arab Day for Financial Inclusion	Sulaymaniyah	Open free bank accounts
10	1- 17/05/2024 2- 28/05/2024 The 30/05/2024	1- SAGACON Conference in Erbil - Rotana Hotel 2- Arab Day of Financial Inclusion Week	Erbil	Open free bank accounts
11	23/09/2024	Youth Support Initiative - Turkey	Erbil	Support the team with a sum of money to achieve the special goal of raising the FIB flag
12	11/6/2024	MEPSS Middle East Summit for Secure Payment in the UAE - Dubai	Erbil	Open free bank accounts
13	03-06/09/2024	HITEX Exhibition - Erbil	Erbil	
				1- Open free bank accounts 2- An interactive game in which more than 4000 people participated
14	14-15/09/2024	International Payments and Banking Technologies Conference - Baghdad - Al-Rasheed Hotel	Baghdad	Open free bank accounts
15	23/09/2024	1- Launching ceremony of the Financial Sustainability Map and Environmental, Social and Governance Standards (ESG Code)	Baghdad	Open free bank accounts

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		project for the private sector - Al-Rasheed Hotel - Baghdad		
16	19/07/2024	Technology Exhibition	Duhok	Open free bank accounts
17	• 21/12/2024	• Job Fair	Erbil	Providing the electronic QR form service to provide job opportunities
18	• From 27/10/2024 to 29/10/2024 • 30/10/2024 • 15/10/2024	• GIZ Job Fair • Invitation at the American University • People of Determination Initiative	Baghdad	• Providing the electronic QR form service to provide job opportunities and open accounts • Developing programs and resources for students to ensure that they acquire international skills and competencies • Opening an account and providing a free card and a sum of money
19	• 10/10/2024 • 3/12/2024	• Introductory seminar at the hotel exhibition at Rixos Hotel • Seminar at the American University	Duhok	• The main objective is to display all our digital banking services within our bank's application to hotel owners • Specially for students and educate them regarding the bank's role in the country's economy and a detailed explanation of the services and products provided by our bank. What is the difference between traditional and digital banks, and the most important features that the student can possess to work in the field of banking.
20	10/11/2024	Awareness Seminar for Nebras University	Salahuddin Governorate	Awareness about the electronic payment culture of the bank for both the dean of the university and professors and opening an account for the dean of the university

## Fifth: Financial Analysis and Indicators for Financial Statements:

- 1- Assets: - The balance of total assets (statement of financial position) at the end of the fiscal year 2024 reached **(812,540)** million dinars compared to **(656,549)** million dinars at the end of the fiscal year 2023, and this constitutes an increase of **24%**.
- 2- Cash Liquidity: - The liquidity ratio for the year 2024 for the bank reached **(120%)**.
- 3- Customer deposits: - The balance of customer deposits reached (332,302) million dinars as of 31/12/2024 compared to (210,811) million dinars at the end of the fiscal year 2023, this is 58% higher than the previous year.
- 4- Other liabilities: - The balance of other liabilities reached (38,507) million dinars at the end of the fiscal year 2024 compared to (109,418) million dinars at the end of the fiscal year 2023.
- 5- Equity: - The balance of shareholders' equity reached (412,046) million dinars as of 31/12/2024 compared to (313,022) million dinars as of 31/12/2023.
- 6- Profit and Loss: - The revenues of the operating income amounted to (261,647) million dinars during the fiscal year 2024 compared to the operating expenses of (201,701) million dinars during the fiscal year 2024, and the result of the activity was a profit of (59,945) million dinars before tax.

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## Sixth: Banking systems used by the bank:

#	System Name	Details
1	BANKS	Banking system
2	SWIFT	Transfers System
3	SMART CLEAR	Payments System
4	HOPE	Money Laundering Lists
5	RISK	Risk Lists
6	PI	Reporting System
7	FATCA	Tax Compliance Law
8	CM	Electronic archiving system
9	IFRS 9	Standard 9 application system
10	RR	Central Bank of Iraq Reports
11	Acuant	Know your customer
12	Blacklist	Local blacklists
13	MEPS	Card Management Systems
14	Lab Cup	Protect operating systems
15	RTGS	Clearing System / Central Bank of Iraq
16	SHH!	Clearing System / Central Bank of Iraq
17	MANAGE ENGIN	Order Management System
18	GO AMAL	Anti-Money Laundering Office
19	HR SYSTEM	HR System
20	RISK RAITING	Customer Risk Assessment System
21	WORLD CHEAKE	Global Lists

## Seventh: Leases: - Contracts concluded by the bank during the year 2024.

Details	Contracted with	Contract amounts per year
Erbil branch building	Idris Younis Ali	87,600,000 IQD
Sulaymaniyah branch building	Adel Tayeb fattah	30,000 USD
Duhok branch building	Mohammed Effendi Abdul hakim Mohammed	30,000 USD
Cairo Mall	Asad Abdulredha Ali	54,000,000 IQD
Mansour building / Baghdad	Nasser Abdul hussain Saeed	1,079,400,000 IQD

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## Eighth: Capital Adequacy:

The bank's capital adequacy ratio at the end of the year 2024 was (174%) according to the weighted weight table for the degree of risk, and the limit required by the instructions of the Central Bank of Iraq was 12.5% for banks.

## Ninth: Achievements and tasks of the departments for the year 2024.

### - Department of Information Technology: -

In light of the tremendous development in computer and communication technologies that have achieved a rapid and comprehensive exchange of information within the policy and plans of the flow of data and the concept of information and with the increasing reliance on the computerization system in the management of activities, the concept of work at the First Islamic Bank of Iraq has evolved to keep pace with this development in terms of adopting the best systems and programs and supporting daily branches on these banking systems and auxiliary systems and conducting maintenance on all electronic devices.

One of the most important main systems of the bank is the digital system, where the bank contracted with a group of sober and leading companies in the field of banking systems, and the Jordanian company ICSFS, and the system (digital) has been completed, which is the first of its kind in Iraq and the Middle East, where the system can accommodate not more than (5) million subscribers and in terms of the development of modern banking services using the best and latest technologies in the world, where all supporting banking systems (SWIFT) have been linked, payment systems, money laundering).

The goal of our bank is to make a qualitative leap in the Iraqi banking sector in terms of contributing to the provision of all banking services to citizens electronically through our advanced and latest application at the global level. We also worked on transforming the BI system from the experimental environment to the live environment, in addition to activating the blacklist system and linking it with the banking system.

The purpose of the FIB Mobile app is to provide a transparent and convenient banking experience. It allows users to quickly open a free account, usually in just five minutes, from the comfort of their homes. The app features a user-friendly interface, making it easy to manage finances, including seamless transfer and receipt and payment of funds locally and internationally. Security is the top priority, ensuring that transactions are secure and reliable. The app also allows users to get real-time insights into their financial activities, allowing them to make decisions. Enlightened. The FIB Mobile application aims to simplify and enhance the way individuals manage their money, and offers a modern and accessible banking solution, and our bank also offers an unprecedented digital service, which is to pay for favorite items through an application on the phone using a QR code, and it also enables the purchase of favorite digital products where you can access a wide range of products at the best value such as internet cards, mobile cards and game cards.

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## - Islamic Finances:

The Bank has an active role in providing the necessary financing to support small, medium and large enterprises, due to their importance and impact on economic development, and their important role in accelerating the pace of economic diversification, by granting Islamic financing in the form of Murabaha for all sectors, which totaled (113,761) million dinars during the year 2024, the most important of which are the agricultural, industrial and service sectors, as these sectors contribute to the development of the country's internal economy, as they leave the Iraqi markets and provide job opportunities for local manpower, which reduces unemployment,

- International Accounting Standards Board IASB has issued the International Financial Reporting Standard IFRS No.9 in its final form in July 2014 and is effective for annual periods commencing on or after January 2018 with early application allowed. The standard specifies the requirements for deviation, measurement of financial assets, financial liabilities, some contracts, and the purchase or sale of non-financial assets. This standard replaces International Accounting Standard 39 (financial instruments, recognition and measurement), and the bank has applied the standard and calculated the quantitative impact during the year 2024.

## - Financial Department and Accounting Policies: -

The Financial Department is considered one of the most important main departments in the bank, where the final accounts were prepared by moving from local standards according to the unified accounting system to the application of international financial reporting standards for the first time in 2016 and the final accounts for the year 2024 were prepared in accordance with the standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOFI) and the International Financial Reporting Standards (IFRS).

During the year 2024, some amendments were made to the tasks of the department through the expansion of its activity in control matters in addition to the basic tasks of the department, through tracking all operations on the banking system and verification. The BSRS platform has been activated, through which banks are linked with the Central Bank of Iraq and work to ensure that all data is sent through them and send budgets and statistics in addition to receiving statements of matches for accounts opened with the Central Bank of Iraq.

Follow the accrual basis in calculating income and expenses and adopt the straight-line method in calculating extinctions on fixed assets. Continue to adopt the principle of historical cost of fixed assets and show them in the statement of financial position after the introduction of the provision for accumulated extinction.

The Financial Department aims to show the financial position of the bank fairly and provide the necessary information to take the appropriate decision, and the Financial

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Department applies the procedures for controlling current and capital expenditures and preparing internal and external reports to the supervisory authorities on time specified in the instructions.

IFRS No.16 was implemented on January 1, 2021, which replaced existing guidance on leases including IAS 17 Lease contracts and interpretation 4 Determination of whether an arrangement involves a lease and interpretation of previous Interpretations Committee No. 15 Operating leases (and interpretation of previous Interpretations Committee No. 27) Evaluation of the substance of transactions that take the legal form of the lease. The bank chose to use Simplified approach permitted under IFRS 16 When IFRS 16 was first applied to operating leases individually) for each lease separately, the right to use leased assets was generally measured in the amount of the lease obligation using the discount rate When first applied, right-of-use assets were measured in an amount equal to lease liabilities, after being adjusted by any prepaid or outstanding lease payments relating to a contract.

The department is entrusted with the task of managing the available financial resources and making optimal use of them based on the policies, instructions and regulations issued by the competent authorities, through accounting programs and advanced systems in the banking sector, and the department also provides various financial reports to decision-makers, and is responsible for the safety of transactions and procedures for financial affairs, and one of the most important tasks.

- Implementation of approved financial policies.
- Recording accounting operations and extracting various financial reports.
- Preparing estimated budgets for the department.
- Supervising the use of funds in (purchases, assets, investments ... etc).
- Supervising the movement of cash and bank accounts and ensuring the proper functioning of work in accordance with the specified procedures.

The financial department continued its performance in preparing financial and periodic statements according to the forms sent by the Central Bank of Iraq,

This section was able to provide all financial information and reports accurately and show the bank's accounts accurately and in cooperation with the Department of Information Technology in addition to managing the bank's relationship with the Central Bank of Iraq, external auditors, the General Tax Authority, the Social Security Department and other relevant authorities.

## Sharia Compliance and Compliance Controller: -

Compliance monitoring as defined by the Basel Committee (an independent function that identifies and evaluates the provision of advice and guidance, monitors and reports on the risks of non-compliance in the bank that result from non-compliance with laws and regulations, and the resulting financial losses or reputational risks that the bank may suffer

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as a result of failure to comply with applicable laws, regulations, codes of conduct, standards and peaceful practices).

In the interest of the bank's board of directors and in line with the requirements and instructions of the regulatory authorities and the legislation in force from the Central Bank of Iraq, the department performs its duties in accordance with what is recognized by the laws and regulatory instructions, and the compliance function is considered one of the independent functions according to the organizational structure, in terms of its association with the audit committee emanating from the Board of Directors, and its tasks depend on identifying and assessing the risks of non-compliance with laws, instructions and regulatory requirements, The compliance policy has been approved by the Board of Directors so that this function has the ability to carry out their responsibilities by reviewing documents, files and records in the bank to enable it to be able to perform its tasks in an impartial and independent manner, and the department also provides advice and guidance to all departments of the bank in order to promote a culture of compliance at the level of the bank as a whole.

It also adheres to the instructions of the Bank's Board of Directors to implement the requirements of the US Tax Compliance Act (FATCA ), where the bank has begun, since the inception of its work, to apply the Tax Compliance Act in accordance with the requirements of the US Department of the Treasury, and this law aims mainly to prevent tax smuggling operations by taxpayers in the United States of America, whether individuals or companies, through the use of their accounts with foreign financial institutions. In order to achieve this, a deliberate policy has been prepared for the requirements of the U.S. Tax Compliance Act, and business procedures for compliance with the application of the law and the requirements of the law are fully complied with.

Through this section, all laws and instructions in force from the Central Bank of Iraq are complied with to prevent cases of money laundering and terrorist financing and to avoid errors, and reports are sent periodically to the Central Bank of Iraq after auditing and reviewing all the bank's activities.

## - Money Laundering and Terrorist Financing Reporting Section: -

The Money Laundering and Terrorism Financing Reporting Section, with the support of the executive management, monitors the bank's activity in accordance with the laws and instructions issued by the Central Bank of Iraq to prevent money laundering operations, in application of the Anti-Money Laundering and Terrorism Financing Law No. (39) of (2015).

The department sends periodic reports to the Central Bank of Iraq and monitors deposits and withdrawals of customers, as well as all banking operations in accordance with the instructions, and all procedures followed in accordance with the principle of Know Your

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Customer (K.Y.C) and the (AML) system is introduced, which is considered one of the best systems available in banks. And the participation of employees in courses inside and outside the bank to develop their competence and banking information. Summary of the department's work.

- 1- The department searches, investigates and verifies all transactions in the bank, starting from opening the account for the customer (current individuals - savings - companies), preparing the mechanism for account opening requirements for all accounts, taking due diligence procedures to confirm and verify the identity of the natural or moral customer and the real beneficiary.
- 2- The department verifies the sources of funds deposited with the bank for amounts exceeding the threshold of (10,000) ten thousand dollars through the sources of funds form signed by the customer.
- 3- Work on developing an annual plan on combating money laundering and terrorist financing in accordance with the instructions of the Central Bank of Iraq and the Anti-Money Laundering and Terrorism Financing Law.
- 4- The department carries out due diligence procedures, where the page of the registrar of companies is relied upon to verify the names of the company's name, the authorized manager, the accountant and the shareholders, and thus the report is withdrawn from a page with the stamp and signed and in the event that the company is not present on this page, the validity of the issuance is sent to the Registrar of Companies as a whole, according to its location.
- 5- The department coordinates with senior management and executive management to develop a training plan for all employees regarding anti-money laundering and terrorist financing.
- 6- The department shall carry out general office and field supervision of the branch and the extent of commitment to the application of the provisions, controls and internal systems, and coordination between the branches and the reporting department shall be through the department's liaison officers.
- 7- The department prepares quarterly and annual reports and sends them to the Central Bank of Iraq and the Money Laundering and Terrorism Financing Reporting Office.
- 8- The department works to submit quarterly reports and submit them to the Board of Directors, as well as updating the policies and procedures of the department in line with the instructions of the Central Bank of Iraq and the Money Laundering and Terrorism Financing Reporting Section.
- 9- The department started working on the (AML) system and according to the scenarios approved by the Anti-Money Laundering and Terrorism Financing Office, based on

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the instructions of the Central Bank of Iraq and the subsequent instructions that obligated banks to acquire an effective banking system specialized in combating money laundering, where the system works to issue reports on the classification of customers and according to the risk ratio (high / medium / low) and the system works to update international ban lists of all kinds automatically and in a daily manner. The department also works on the same integrated system of prohibition lists. The local where it contains (113) list from the first model company for information technology and these lists occur automatically and daily and raised on the banking system (BANKS) and occur automatically on the system (AML) and this determines the risks of opening accounts in the bank in all its branches and ensure whether the customer is included in the local and international lists and Dow jones lists have been added.

10- One of the advantages of the banking systems supporting our basic system is the (Acuant) system, where this system is based on verifying the names of those installed in it according to the lists contained in the system, and this is the first verification process before starting the relationship with the customer.

## - Internal Sharia Control and Audit Section: -

The Internal Sharia Control and Audit Department is one of the most important supervisory joints that secure the movement of the bank from any banking risks that the bank may fall into and work on continuous follow-up, as the Internal Control Department has to determine the extent of the implementation of banking instructions issued by the Central Bank of Iraq through auditing the accounts of the General Administration and branches, as well as auditing the procedures for granting bank credit and participating in committees to correct banking errors, ensure the integrity of records and the powers of authorization to exchange and ensure the integrity of account opening procedures.

The Department's work activity includes all the bank's work centers, activities and operations in a manner that enables the Department to assess the adequacy and effectiveness of internal control systems, risk management processes, institutional control, and verify compliance with the bank's internal policies, international standards and relevant legislation in accordance with the annual risk-based audit plan approved by the Audit Committee and the Sharia Supervisory Board.

The Internal Audit Department is under the direct supervision of the Audit Committee and the Sharia Supervisory Board and submits its reports directly to the Chairman of the Audit Committee and quarterly reports to the Sharia Supervisory Board regarding the Sharia observations, and submits monthly, quarterly, semi-annual and annual reports on the results of the business to the Audit Committee , and the Internal Sharia Control and Audit Department follows up and reviews the work manuals and systems of Islamic banking

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procedures in terms of their suitability to the rules set and reviewed by the Supervisory Board.

The members of the department carry out their work according to a risk-based audit plan prepared in advance and approved by the Board of Directors and includes the department's work plan within the bank, and for the purposes of activating governance in the bank, a special section for internal Sharia audit has been established in accordance with international principles and standards, and the philosophy of internal Sharia audit is based on providing independent and objective organizational and advisory services to the bank with the aim of adding value or developing banking operations and helping the bank's management to achieve its stated objectives through a systematic approach to evaluation and improving the effectiveness of Risk management, control and governance processes.

## Risk Management Department: -

The First Iraqi Islamic Bank for Investment and Development continued its conservative approach by applying best practices in risk management, which eliminate the need to develop precautionary and conservative mechanisms to face the fundamental risks to which the bank may be exposed, in addition to setting the necessary provisions to face these risks.

It is concerned with studying the potential risks of various activities that the bank may be exposed to to maintain a good reputation and improve its classification and quality of service. The department relies on effective investigation methods to manage control systems and reduce risks and work to protect the strength of the center by controlling and controlling all types of risks in coordination with all other departments and sections.

Achieving the principle of transparency and disclosure by providing senior management, the Board of Directors and the Internal Control Department with periodic reports on all current and future risks with the necessary measures, the Bank has committed to a fixed and comprehensive risk management framework in order to identify the risks and returns resulting from the expansion and diversification of the Bank's operations and activities.

All of this is in accordance with its internal policy, the decisions of the Basel Committee and the instructions of the Central Bank of Iraq, and in order to avoid any harm that may be caused to society and in order to balance the interests of everyone and achieve returns for rights holders, cooperation is carried out between all regulatory authorities in the bank for the quality and legality of banking work, especially with the Risk Committee and the rest of the supervisory committees in order to spread the culture of risks within the bank.

## A- Credit Risk: -

The application of IFRS 9 and the Central Bank's instructions to each Islamic financing instrument periodically and systematically would give early warning in the event of a defect, and stress tests would give a clear picture of the participants' performance assessment according to the risk classification.

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## B- Market Risk: -

The instructions of the Central Bank of Iraq are clear in terms of monitoring changes in the exchange rates of currencies, bonds, goods and real estate and periodic revaluation of them that would reduce market risks and achieve returns for rights holders.

## C- Liquidity Risk: -

The bank relies on a control mechanism to manage accounts and acquire high-quality liquid assets for trading and concluding contracts with Islamic institutions without returns and are distributed according to the maturity scale of deposits in a balanced manner.

## D- Operational Risks:

Setting the necessary controls for the health and safety of employees and paying attention to physical assets would reduce damage and operational risks and build a dedicated operational risk that ensures the reduction of these risks, especially with the presence of control and effectiveness in compliance with Islamic law.

The natural challenges that affected during the previous years, especially the Corona pandemic, viruses, and the disruption of the country and the economy, had a significant impact on liquidity, reducing credit and employment, and the successive effects of this pandemic and the developments of the virus or others are affected by employment, and the wars in countries that affect economic growth help in delaying payment, so we protect our capital with a set of strategies to hedge and withstand shocks and market changes. The shift to Banking Digital is also accepted and popular among users among all segments of society and the delivery of various banking services in an innovative and low-cost way, especially after the customer's behavior has changed recently due to lockdown.

Therefore, we cooperated with the best international companies in order to update our systems, which took an important space, in order to keep pace with the developed countries and provide the best electronic service.

## Banking Awareness and Public Protection Section: -

In order to enhance trust between the bank and the public, educate the public about banking financial services, and improve the relationship between the customer and the banking sector for the purpose of achieving financial inclusion and economic stability, which are as follows.

- The department follows up customer inquiries and complaints and resolves them with the concerned departments in record time as much as possible.
- Periodic communication with
- Branches liaison staff of the department, training them, developing them and preparing them to receive customers, provide the best awareness services, answer all inquiries and complaints that are received, and provide the best service to the customer.
- Divisions of the Section (Financial Inclusion Division, Promotion Division, Enterprise Services Awareness Division, Sales Division).

# First Iraq Islamic Bank

- Implementing and implementing all the work assigned to the department and keeping abreast of all developments and changes that occur in the schedule of commissions and banking services provided to customers periodically, as well as paying attention to the internal administrative affairs of the department.
- The department develops the banking services provided and spreads awareness in a distinctive manner and method by printing and publishing awareness brochures and promotional campaigns according to the latest update to help customers to select the best banking services that may provide them with the maximum benefit.
- The means of reporting and receiving complaints from customers are determined through the following channels:
  - 1- By direct personal contact with the Banking Awareness and Public Protection Officer.
  - 2- By e-mail (Awareness@fib.iq).
  - 3- By phone of the Banking Awareness and Public Protection Section at the main branch and the rest of the bank's branches.
  - 4- Through the complaints box, where the liaison officer in each branch of the Banking Awareness and Public Protection Section opens it daily to ensure that there are complaints in it.
  - 5- QIB social media.
- Participation in all conferences, exhibitions, seminars and workshops of the Department of Banking Awareness and Public Protection held by the Central Bank of Iraq, where participation was made during this period in a number of invitations, conferences and exhibitions.
- The department opens a special register in which the following is included: (Name of the complainant, date of complaint, details of the subject of the complaint, measures taken in this regard... and other relevant information) while maintaining a special file containing all the priorities and documents related to those complaints, as directed by the Central Bank of Iraq.
- Placing explanatory and indicative boards in all branches of the bank explaining the progress of completing transactions and the requirements for transactions and providing adequate guidance means inside the bank's halls and branches and on the bank's website explaining to the customer all his rights regarding submitting a complaint and how to inquire about all aspects of the banking service provided to him.
- The presence of a (customer service window) to pay attention to the requirements of customers and the speed of their completion, with the need to pay attention to the cleanliness of the bank's building and organize the bank's façade well, as it has an impact on attracting the public and customers, and paying attention to the elegance and cleanliness of the bank's employees and their good appearance, while emphasizing the importance of dealing with decency and respect with customers and customers.
- Advertising and advertising about the banking service:

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- A- The bank promotes its services through its main channels (website, branches, audio and visual media channels), noting that the style of such advertising is consistent and clarifying the reality of the service and without exaggerating or exaggerating the features of the product or service provided. Our bank has promoted its banking services in a very modern and excellent way that allows the customer to enjoy all banking services with ease, as well as the customer can open the personal account from the same site through the FIB application. Where the customer can open a bank account with all the usual banking features in addition to the distinction in providing services that facilitate payment and dealing in various matters of life.
  - B- Note that the name of the bank is clearly shown when publishing the advertisement in order to achieve the objectives of the advertisement.
  - C- Ensure that the advertisement has been designed and displayed to meet the needs of the bank in delivering the product or service to the largest social segment, in a clear and understandable form.
  - D- QIB participates in conferences and exhibitions to achieve attendance and promote its products.
  - The department performs and submits a quarterly report to the Central Bank of Iraq
- A- (Banking Control / Banking Services Awareness and Control Section) includes, as a minimum, a consolidated statistic of the number of complaints submitted to the department and the measures taken in this regard, while working on analyzing the quality and nature of those complaints.
  - (Payments Department / Financial Inclusion Division) includes table B
- Financial inclusion data cumulatively for the number of active accounts during this quarter.
  - Preparing the cards (creditable, debit, prepaid) issued by the bank.
  - ATM locations according to geographical area.
  - Data of loans granted.
- B- (Payments Department / Financial Inclusion Division) includes:
  - C- (Banking Control Department / Credit Information Exchange and Public Protection Section / Banking Services Awareness and Control Section)
- D- Annual Plan for Dissemination of (Awareness and Banking Services)
  - E- Policies and procedures of the department (Banking Awareness and Public Protection Section).
  - F- A table of data for the week of financial inclusion events.

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G- According to the plan set by the department to visit the branches in the field and see their work and the extent of commitment to the application of the provisions of control controls and internal systems, where the field visit to all branches of the bank and quarterly, where there are four branches of our bank (the main branch, Erbil branch, Sulaymaniyah branch, Duhok branch) and the visit is continuous and divided into two chapters and the communication is permanent and coordination with the branches liaison staff at work and this procedure is within the responsibility of the Banking Awareness and Protection Department Public.

- Immediate answers to all books received from the Central Bank of Iraq and compliance with all controls and laws prepared by the bank.
- Periodic follow-up with the department's liaison staffs as well as social networking pages to abide by the controls and instructions of the Central Bank of Iraq.

According to the plan set by the department to visit the branches in the field and see their work and the extent of commitment to the application of the provisions of the regulatory controls and internal systems, where the field visit to all branches of the bank and in the form of at least one chapter, where there are five branches of our bank (the main branch, Erbil branch, Sulaymaniyah branch, Duhok branch) and the visit is continuous and divided into two chapters and communication is permanent and coordination with the branches liaison staff at work and this procedure is within Responsibility of the Banking Awareness and Public Protection Section.

## Tenth: Financial Inclusion:

Financial inclusion, a term given by many definitions, perhaps the most prominent of which are: the introduction or integration of groups that are called financially marginalized or those with low financial income who are not allowed to engage in the operations of the banking system, by dealing with the banking system through the digital work system using bank cards or mobile phone applications, meaning that all financial transactions are completed electronically. Financial inclusion is concerned with providing financial services using easy, simple and cost-effective methods, such as mobile payment. Studies show that 38% of adults around the world are outside banking systems, the majority of whom are located in South Asia and the MENA region.

It was found that 75% of low-income people do not deal with banks due to high costs, distances and cumbersome requirements to open a financial account. Around the world, 2.5 billion people do not have access to formal financial services. Only 25% of the world's adults who earn less than \$2 a day save their money in formal financial institutions.

Research shows that access to savings products, in which customers are not entitled to withdraw from their money until they reach a goal, they have set themselves, can have tangible benefits beyond simply increasing customer savings; it may also help empower women with economic strength, increase productive investments and consumption, raise productivity and incomes, and increase spending for preventive health purposes.

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Financial inclusion plays an important social role for the largest segment of low- and middle-income people, as well as women and small and medium enterprises by ensuring access to financial services for them, while displaying all bank products to different segments of society, and disseminating them within universities and institutes to include the largest possible segment.

- How can financial inclusion be applied in practice?
- The application of "financial inclusion" requires a general approach from the state to reach this goal, and this requires conducting studies on the financial services actually available and their suitability with the needs of different segments of society, as well as the services that must be applied in the future.
- Who is responsible for implementing "Financial Inclusion"?
- The central banks of countries are the main supporters of the application of the principle of "financial inclusion", by setting rules and legislation to facilitate banking procedures in all its forms, and approving the availability of simplified financial services such as the use of mobile phones in electronic payments.
- How can I attract target groups to banking transactions?
- Banks play an important role in achieving the principle of financial inclusion, by attracting groups that do not have banking transactions, by creating new financial products based on savings, insurance and payment methods, not only on lending and financing, and reducing unjustified fees and commissions imposed on customers and inappropriate financial services that are made in exchange for customers paying commissions, as well as taking into account the conditions of customers and not burdening them with loans.

"Financial Inclusion" contributes to the protection of customers with banks of all categories, by obtaining fair and transparent treatment and financial services and products with ease and at an appropriate cost, providing the customer with all the necessary information at all stages of his dealings with financial service providers, providing advisory services if the customer needs, and paying attention to customer complaints and dealing with them impartially, in a way that protects customers from exposure to fraud or exploitation by informal financial entities.

How can the target groups be made aware of the "financial inclusion" system?

A national strategy must be developed to raise the levels of education and financial education for the target groups, and to raise the financial awareness of the

Ma K and SMEs, taking into account the lack of experience of new consumers with regard to Using financial services, as well as launching programs to educate the financial consumer on how to make appropriate financial decisions

The expansion of the application of financial inclusion services requires the establishment of a network that includes branches of financial service providers and attention, the establishment of small offices to finance microenterprises, in addition to increasing the number of ATMs and the development of payment systems, as well as expanding the provision of digital financial services, through mobile payment, and the establishment of comprehensive databases that include historical credit data records for individuals and SMEs.

# First Iraq Islamic Bank

## Twelve: - Lawsuits filed by the bank and lawsuits filed against it.

There are no lawsuits filed by the bank against third parties and there are no lawsuits filed by third parties against the bank as of December 31, 2024.

Sincerely yours,

Mohammed Ragheb Hussein Othman  
Managing Director

Meriwan Ziad Bakr  
Chairman of the board of directors



# First Iraq Islamic Bank

## S/ Report of the Audit Committee

Honorable members of the General Assembly of Islamic First Iraqi Bank  
Respected shareholders

The Committee began its work and examined, audited and reviewed the Bank's financial statements for the fiscal year ending on 31/12/2024 and the annual report of the Board of Directors, and it was found that it was prepared in accordance with the requirements and provisions of the Companies Law No. (21) of 1997 as amended, the Banking Law (94) of 2004, the Islamic Banks Law No. (43) of 2015 and the instructions of the Central Bank of Iraq.

Based on the invitation addressed by the Chairman of the Audit and Audit Committee, Mr. (Hareem Aziz Rasheed) to the members of the Committee to meet at the headquarters of the bank's management located in Baghdad - Karrada - Arsat Al-Hindiya - Babylon District M/929 G / 33 Building 16 At the appointed time and place, all members of the Committee attended to present the reports of the departments received by the Committee and discuss the fourth quarterly report for the year 2024 shown below.

**First:** The Committee met with the auditors and stressed the need to express their opinion on the effectiveness of the control systems through their report, and the Committee also discussed procedures for auditing the bank's financial statements as of 31/12/2024.

**Second:** The Committee examined the content of the report on the results of the Committee's work for the fiscal year ending on 31-12-2024

- 1- The committee reviewed the interim accounts for each quarter of 2024 and discussed them with the auditors before sending them to the Central Bank of Iraq and other parties.
- 2- The committee followed up the number of profits and losses for the branches of the bank and the general administration and reviewed a table of revenues and expenses for each quarter, in addition to following up on the monthly reports through periodic meetings during the year.
- 3- The Audit Committee ensured that the accounting data, policies, procedures and international standards reflect the correct image of the corporate accounts.
- 4- The Committee reviewed and reviewed the financial statements and information provided by the Financial Section, including the trial balance before closing for the year 2024 and their reconciliation.
- 5- The Committee followed up on the periodic reports issued by the Money Laundering and Terrorism Financing Reporting Section and the Bank's Compliance Section.

**Third: Report of the Money Laundering and Terrorism Financing Reporting Section**

- Ensure the bank's compliance with the Anti-Money Laundering and Combating the Financing of Terrorism Law and the rules, controls and regulations issued in this regard.
- Apply strict due diligence and low diligence procedures.
- Examine and audit unusual and suspicious transactions and report suspects.

# First Iraq Islamic Bank

- Review and update policies and procedures.
- Awareness training and specialization for cadres, including money laundering and terrorist financing.
- Updating and developing the approved systems in the field of tracking and monitoring transactions and verification.
- The department verifies the sources of funds deposited with the bank for amounts exceeding the threshold of (10,000) ten thousand dollars through the sources of funds form signed by the customer, which is considered as a pledge on the validity and legitimacy of the funds, as well as other documents attached to the form if the deposit is above the prescribed limit, noting that the banking operations that take place daily are not of a huge size and are carried out by customers known to the bank and according to the Anti-Money Laundering and Combating the Financing of Terrorism Law No. (39) of 2015.

## Fourth: Report of the Sharia Control and Audit Department

- ❖ Reviewing the quarterly reports issued by the Internal Audit Department in Al-Samfar, including reports related to the department's efforts in auditing the work of the bank's branches and departments, and to identify high-risk observations and follow up on the executive management concerned with extinguishing and processing these observations during the appropriate time periods.
- ❖ The Committee looks forward to the monthly reports prepared by the department for banknotes during the year 2024.
- ❖ Review the internal control system in the bank in general and recommend developing it to suit the nature of the bank's branches and departments.

## Capital adequacy:

The capital adequacy ratio was (174%) as of 31/12/2024 according to the weighted weight table for the degree of risk, and that the ratio by the instructions of the Central Bank of Iraq is 12.5%, and the reason for the high percentage is due to the lack of banking activity, especially the off-balance sheet risk items. Discussions were held with the executive management and emphasis was placed on reducing them within acceptable limits, working

# First Iraq Islamic Bank

to employ liquidity in profitable areas, and the bank's adoption of a future plan to employ the bank's funds and determine the size of the risks associated with them.

## **Liquidity Coverage Ratios:**

- Cash liquidity ratio was 120%.
- Liquidity Coverage Ratio (LCR) 210% and Net Stable Funding Rate (NSFR) 247%.

With thanks and appreciation.

Abdulrahman Ali Hamid  
Rapporteur of the Committee

Hareem Aziz Rashid  
Chairman of the Audit Committee (Audit)

Emad Rasool Ismail  
Member

Ali Mohammed Hasan  
Member

Waleed Mahdi Ali  
Member



# First Iraq Islamic Bank

## Annual Report of the Sharia Supervisory Board For the fiscal year ending on 31/12/2024

In the name of God, the most Gracious, the most Merciful

Praise be to Allah, Lord of the Worlds, and prayers and peace be upon our master Mohammed, who is sent as a mercy to the worlds, and on his companions and peace In accordance with the decision of the General Assembly of Islamic First Iraqi Bank for Investment and Finance appointing the Sharia Supervisory Board of the bank and based on the bank's articles of association and the letter of assignment signed with us, the Sharia Supervisory Board submits to you its annual report for the fiscal year ending on 31/12/2024.

1- The Shariah Board has monitored the contracts related to transactions and agreements concluded by the Bank during the year 2024 and the principles used in its transactions in order to express an opinion on whether the Bank is committed to the provisions and principles of Islamic Sharia as well as the fatwa and guidelines issued by the Board.

2-The Board carried out the necessary monitoring by examining the documentation and procedures followed by the bank on the basis of selecting each type of operation carried out by the bank.

3-The Board clarified a number of new banking issues and clarified the Shariah ruling.

4-Many inquiries have been presented to the Board and answered by the Board.

5- The Board has monitored the extent of compliance by the bank with the provisions of Islamic Sharia and in accordance with the Islamic Banking Law No. (43) of 2015.

6-The work plan of the Board's Council for the year 2024 has been prepared.

7-The Board reviewed the Bank's general budget as of 31/12/2024.

8-The Board reviewed the income of the Bank for the period ending on 31/12/2024.

9-The responsibility of the Sharia Supervisory Board is to express an independent opinion and state the Sharia ruling in accordance with the links and provisions of Islamic Sharia, and the responsibility for implementation lies with the bank' s management.

10-The Supervisory Board met (17) meetings during 2024 and there are no members absent from those meetings. The security had an acceptable excuse.

11-The contracts and transactions carried out by the bank during the year 2024 and reviewed were in accordance with the controls and provisions of Sharia.

12-All revenues achieved were from sources that comply with Sharia controls and provisions.

We request God Almighty to achieve guidance for us in accordance with what is required by Islamic law.

Waleed Mahdi Ali  
Committee Member  
Ahmed Younis Ali  
Committee Member

Omar Saad Nasser  
Secretary of the Sharia Board

Abdulghafoor Aghlam Abdulghafoor  
Chairman of the Sharia Board  
Haidar Majid Hussein  
Committee Member

# First Iraq Islamic Bank

## S / Risk Management Committee Report for 2024

The tasks of this committee are to supervise the various units of the bank in order to identify and assess risks, provide solutions, ensure and quality risk management systems and policies and recommend to the Board of Directors.

One of its first tasks is to monitor:

Credit Risk

Market Risk

Liquidity Risk

Operational risk

To ensure and supervise the bank's obligations with the regulations and instructions of the executive management, visit department managers, give periodic reports and inform the executive management.

The committee consists of four members, in implementation of the request of the executive management of the corporate governance manual issued by the Central Bank of Iraq:

### **Committee Members:**

- 1- Emad Rasoul Ismail / Board Member / Chairman of the Committee.
- 2- Kardo Mohammed Ahmed / Board Member / Member.
- 3- Dana Mohammed Qader / Board Member / Member.
- 4- Ahmed Kamal Qader / Board Member / Member.
- 5- Hareem Aziz Rasheed / Board Member / Member.
- 6- Abdulrahman Ali Hamid / Secretary of the Board of Directors / Rapporteur of the Committee.

### **Committee meetings:**

- 1- During 2024, the Committee met several meetings in which it made some recommendations and was keen to ensure the Bank's compliance with the regulations and instructions related to the risk department by reviewing, amending and updating the strategies of the risk department.
- 2- Updating credit policies in terms of operational and market risks according to the updated instructions by the Basel Committee and the directives of the Central Bank of Iraq.
- 3- Updating the Liquidity policy to suit the current country situation and changes in the region and the world.
- 4- Preparing feasibility studies for some services to know the risks and the bank's ability to bear these services.

Ahmed Kamal Qadir      Dana Mohammed Qadir      Kardo Mohammed Ahmed      Emad Rasoul Ismail  
Member                      Member                      Member                      Chairman of the Committee

Hareem Aziz Rashid  
Member

Abdulrahman Ali Hameed  
Rapporteur of the Committee

# First Iraq Islamic Bank

No.: Kh/124

Date: 18-02-2025

Respected Shareholders of Islamic First Iraqi Bank for Investment and Finance  
S/Independent Auditor's Report on the Financial Statements

**for the Fiscal year ended on 31/12/2024**

## **Opinion: -**

We have audited the financial statements of Islamic First Iraqi Bank for Investment and Finance, which include: financial position statement as of 31 December 2024, profit and loss statement, other comprehensive income, changes in equity, cash flow statement for the year ended on the same date, and notes to financial statements, including a summary of significant accounting policies.

## **In our opinion: -**

Taking into account the audit results set out later in this report, the Bank's financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2024, its financial performance and cash flows for the year ended on the same date in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

## **The basis of the opinion: -**

The audit was carried out based on the Auditing Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the International Standards on Auditing issued by the International Federation of Accountants, and our responsibility under these standards has been explained later in the section Auditor's Responsibilities for Auditing the Financial Statements in this report.

We are independent of the Bank in accordance with the ethical requirements relating to the audit of the financial statements contained in the Code of Professional Conduct and have performed our responsibility under those requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# First Iraq Islamic Bank

## Important audit findings

The results of our audit showed the following clarifications and observations:

### **1- International Standards:**

- A- The financial statements for the years (2019-2024) have been prepared in accordance with the International Financial Reporting Standards (IFRS) and organized in accordance with the Accounting Standards for Islamic Financial Institutions (AAOIFI).
- B- The bank prepared the interim statements during the year 2024 according to what was stated in International Accounting Standard No. (34), International Auditing Standard No. (2410) and the instructions of the Central Bank of Iraq in accordance with Article (23) Disclosure and transparency in paragraph (4) thereof in accordance with the Corporate Governance Manual for Banks.
- C- The cash flow statement was prepared according to International Standard No. (7) issued by the International Accounting Standards Board, as the cash flow statement for the current year showed a surplus balance of (78) billion dinars, and the increase in net cash flow was concentrated in operating activities and the net change in assets, liabilities and financing activities (capital increase).
- D- The bank takes several measures to implement Standard No. (16) (lease contracts) issued by the International Accounting Standards Board in the acquisition of an electronic system for the standard, as the value of rented buildings has been calculated with (4) buildings, which exceed the lease period of (12) months for use by the bank's branches in the northern governorates and Baghdad and fixing its value within the account of the right to use the leased assets amounting to (11) billion dinars and calculating the obligations of long-term lease contracts amounting to (10) billion dinars as shown in Statement of financial position.
- E- Cash flow statement: We noticed that the balances at the end of the year did not take into account the application of the international standard regarding cash and the cash equivalent on the basis of confirmed cash payments within a period of (3) months for the cash balances of the Central Bank and local banks after downloading expected provisions for the Central Bank and bank deposits on it We recommend doing the necessary during the next fiscal year

The provision calculated for financial instruments according to (IFRS9) for financial reporting amounted to **(3,709,697,293)** Iraqi dinars as of 31/12/2024 as shown below:

Provision calculated for financial instruments according to Financial Reporting Standard (IFRS9)			
#	Account Name	Account Balance / IQD	allocation calculated according to the standard (IFRS9) in dinars
1	Cash	44,254,940,340	0
2	Balances with the Central Bank	284,694,812,865	6,468,401
3	Debit balances with local banks	9,232,870	84,135
4	Debit balances with foreign banks	92,033,782,484	318,799,740
5	Islamic Finance	117,131,525,958	3,370,915,534
6	Other assets	100,269,679,388	0
7	Contracting Financing	5,624,307,115	13,429,483
<b>Total</b>		<b>644,018,281,020</b>	<b>3,709,697,293</b>

# First Iraq Islamic Bank

## **2- Cash (Clarification / 5):**

A - The balance of cash in the Fund and with the Central Bank of Iraq amounted to (374) billion dinars as at 31/12/2024, which is more than the balance of the previous year by (104) billion dinars by (38%) due to the increase in net operating income in addition to the increase in customer deposits and capital.

B- The cash in the bank's vaults amounted to approximately (44) billion dinars as of 31/12/2024, which is approximately (99) billion dinars less than the balance of the previous year and constitutes a decrease rate of (69%), noting that the cash in the bank's safes constitutes an estimated percentage (12%) of the total cash in the bank's safes and the balances of the Central Bank.

C- The cash balance with the Central Bank of Iraq amounted to approximately (285) billion dinars as of 31/12/2024, which is (182) billion dinars higher than the balance of the previous year and an increase of (177).

D- The balance of cash on the way reached (46) billion dinars as of 31/12/2024, which is more than the balance of the previous year (21) billion dinars, with an increase of (84%) that this account represents transfers from the window of buying and selling foreign currency, noting that there are continuous matches for this account with balances with correspondent banks abroad.

C - The liquidity coverage ratio (CR) (210), the stable financing rate (NSFR (247), and the liquidity ratio (120%), which is more than the ratios specified by the Central Bank of Iraq and determined by (100%, 100, 30%) respectively, and that the surplus of this liquidity indicates the presence of financial resources available to the bank, which requires the search for operational lines to maximize resources, and we see that the above ratios indicate the bank's ability to meet its obligations towards depositors during the subsequent period.

The ratio of liquid assets to total assets decreased by (57%) during 2024 from (59%) in 2023. The ratio still indicates that the bank maintains liquid assets capable of meeting withdrawal requests on deposits.

The ratio of coverage of liquid assets to total deposits decreased by (140%) from (185%) due to the increase in total liquid assets for the current year compared to the previous year. This ratio still indicates the possibility of covering cash assets and is higher than the ideal ratio of (1.1).

# First Iraq Islamic Bank

## 3- Local and foreign banks (clarification / 6):

### ❖ Local Banks:

The balance of local banks (Al-Rafidain Bank) reached (9) million dinars as of 31/12/2024, which is less by (113) million dinars and a decrease of (92%) from the balance of the previous year

### ❖ Offshore Banks:

A- The balance of cash with foreign banks amounted to (92) billion dinars as of 31/12/2024, which is (25) billion dinars less than the balance of the previous year, and a decrease of (21).

B - The balance of the correspondent bank account (JPMORGAN) is approximately (73) billion dinars as at 31/12/2024, which is less than the balance of the previous year by (42) billion dinars, with a decrease of (36).

C- The balance of the bank account (JPMORGAN) constitutes approximately (79%) of the balances of foreign banks, and we see that this percentage represents a concentration of other correspondent banks.

D- The balances of foreign banks amounting to (92) billion dinars as of 31/12/2024 constitute an estimated percentage of (24%) of the bank's capital and sound reserves, noting that there is permission for this violation according to the approval of the Central / Refinery Control Department / Office Audit Department according to my letter No. (9/5/7314) dated 23/6/2024 and No. (9/5/9974) dated 21/8/2024, contrary to the instructions of the Central Bank of Iraq under circulars No. 53/2/9 dated 4/2/2018, which stipulated that this percentage should not exceed (20%).

E - The classifications with banks according to the statement submitted to us and shown below are as follows:

Bank Name	Nationality	Classification Grade	Balance as of 31/12/2024 IQD
Al-Rafidain	Iraq		9,233
Arab International African Bank	UAE	B+	5,939
Aktif Bank	Turkey	B+	4,798,539
Zhejiang chouzhou commere	China	B+	9,147
Jordan Ahli Bank	Jordan	B+	2,145,982
BEA BANK	France	B+	1,509,548
JPMorgan Chase BANK	United States of America	Yes	72,670,078
Emirates Bank	UAE	B+	16,050
Jordan Investment Bank	Jordan	B+	3,624,542
Safwa Islamic Bank		B+	7,253,958

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## **4- Cash matches:**

The bank's management contracted with a foreign company (Bookkeeper) not as a result of cash current account matches in both the Central Bank and local and foreign banks, and we found the following:

A- After reviewing and auditing, we noticed the existence of cash differences in the balances of accounts as at 31/12/2024 with the Central Bank.

Account Type	Account Name	Balance in Central Bank records / IQD	Balance in bank records / IQD	Differences
216	Auction Remittances	56,158,482	12,496,927	43,661,555
289	Bank accounts for external transfer purposes	521,644	312,545	209,099
296	Payable and unreceivable fines on banks	124,215	0	124,215

B- Upon examination and audit of cash current accounts as of 31/12/2024 for foreign bank balances (correspondence), we noticed the existence of differences between the balances fixed in the bank's records and the balances shown in the correspondent bank statements, noting that (Bookkeeper) continues to liquidate these differences shown below:

Differences Amount	Currency Type	Bank Name
10,741,860.59	Dollar	JP Morgan-VISA
544,518.99	Dollar	Invest bank
0.92	Euro	BIA Bank
0.92	Euro	BIA Bank
21.00	Dollar	Jordan Ahli Bank
15.000	Jordanian Dinar	Jordan Ahli Bank
20.00	Euro	Jordan Ahli Bank.
101,553,54	Euro	Aktif Bank
17,169.95	UAE Dirham	Aktif Bank
3,100.00	CN¥	Aktif Bank
2,100.00	Turkish Lira	Aktif Bank
2,360,912.00	Dollar	Aktif Bank
25,751,015.68	Hindi Rupees	Aktif Bank
0.01	Dollar	Arab African

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## **5- Islamic financing (cash credit) Clarification / 7:**

A-The balance of Islamic financing (Murabaha) amounted to (134) billion dinars as at 31/12/2024 before the provision for credit risk and suspended and deferred profits of approximately (20) billion dinars, which is more than (83) billion dinars from the balance of the previous year and by (163), noting that the number of Murabaha reached (36) Murabaha, and this is an indicator indicating a growth during the fiscal year 2024.

B- Cash payments amounted to (15751) million dinars during the fiscal year 2024, which constitutes (12) of the total amount of Murabaha with returns.

C-The total Murabaha with return to Alai Nowruz Telecom Company reached (62999) million dinars granted during the year 2024, which constitutes a percentage of (46) of the total amount of Murabaha, and this in our opinion constitutes a credit concentration, knowing that the guarantees provided were in the form of a mortgage of the company's shares (and the mortgage process is still in progress).

D- Then the customer (Al-Zagura Oil Services Company) granted (6) Murabaha with an amount of (31) billion dinars and a rate of return (10) during one month (November 2024), and that the guarantees provided for these Murabaha were dues of the Ministry of Oil credits, noting that the percentage of Murabaha granted to this company amounted to (27) and this constitutes a credit concentration.

E-The percentage of customers who are in arrears (Defaulting customers) during the year is less than (1) of the total Murabaha granted according to the statement provided by the bank's management.

F-The ratio of Islamic financing (Murabaha and Musharaka (to sound capital and reserves) reached (85%) and the standard ratio (600%), which requires the expansion of this activity as the backbone of banking operations.

G- We recommend diversifying Islamic financing (Murabahat and Musharaka and not limiting them to long-term financing in order to maintain continuous annual cash returns in accordance with the Central Bank of Iraq's letter No. (9/6/2019) on 23/9/2020, paragraphs (a,b,c).

H- When we checked the cash statement of customers, we noticed that there were (9) customers who were granted loans equivalent to (98) of the total financing.

## **6 - Credit Portfolio:**

We noticed that the sectoral financing ratios are distributed over (4) sectors only, as shown in our monitored internal report (A/6) on 24/12/2024, which requires restructuring the credit portfolio in order to distribute risks to all economic sectors, and it is clear from the table below that there is a concentration in each of the (commercial communications) sector:

#	Economic Sector	Amounts / IQD	Funding Percentage
1	Commercial	35,532,924	%30
2	industrialist	30.000.000	%26
3	Agricultural	None	None
4	Transportation & Communications	50.000.000	%43
5	Energy	None	None
6	Service	1,598,577	%1
7	Construction & Building	None	None
	Total	117,131,501	%100

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## **7 - Letters of guarantee- clarification / 30:**

A-The value of letters of guarantee amounted to (5624) million dinars as of 31/12/2024 before downloading the insurances, which we see is very small and constitutes less than (2%) of the capital, so we recommend the need to expand in this area, provided that solid guarantees are taken in return, noting that the permissible percentage of undertaking credit is (200%) of the capital.

B-The number of letters of guarantee issued reached (35) including two letters in dollars' worth (33) thousand dollars and guarantees amounting to (100%).

C-Cash insurances amounted to (4940) million dinars from issued letters of guarantee, which constitutes (88%) of the value of letters of guarantee.

D-We have noticed the granting of (6) letters of guarantee against guarantees of a bill of exchange, and we recommend avoiding these weak guarantees in the future.

C- We note from the table below that there is a concentration of credit in the commercial sector, so we recommend the need to distribute risks to all sectors: -

Sector	Amount / IQD	Concentration ratio
Commercial	4,228,702,995	% 75
Transportation & Communications	148,136,800	% 2
Construct and build	640,537,860	% 12
Service	606,929,500	% 11
<b>Total</b>	<b>5,624,307,155</b>	<b>% 100</b>

## **8 - Financial assets (investments) Clarification / 8:**

The balance of the above account amounted to approximately (120) billion dinars as of 31/12/2024, and includes the following:

A - A participation of (59) billion dinars was granted to the Tayeb Road Company for General Trading and the participation rate reached (80%) of the value of the project and we show the explanations for the project as follows:

- The matter of participation includes contributing to the project of importing and fattening live calves.
- The duration of the project completion shall be (eight years) as of the date of signing the contract on 30/10/2024.
- The participation contract is reduced starting from the third year by (10), the fourth year by (10%) and starting from the fifth year by (20%) each year until full payment.
- When we reviewed the economic feasibility study, it was found that the expected annual net profit is (7613) thousand dollars, and the bank's share is (4568) thousand dollars, at a rate of (60%) of the net profits achieved.
- We recommend the need to form a delegation from the bank's management to conduct field visits to verify the achievement rates for the purposes of control and follow-up.
- We recommend taking solid additional guarantees to cover the investment amount mentioned above.
- No risk provision was taken for this participation and the international standard No. (7) for re-evaluation was relied upon and is in (under implementation).

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B -We have noted the granting of short-term investments (Islamic certificates of deposit) with the Central Bank in the amount of (60) billion dinars.

C-The investment balances include an amount of (550) million dinars as of 31/12/2024, which represents the bank's investments in the National Takaful Company according to the letter of the Central Bank of Iraq No. (9/3/262) on 16/8/2021 that it is necessary to contribute to the above company

D- Cash Payments: We noticed the existence of cash repayments to liquidate the speculation account granted during the previous year in the amount of (56940) million dinars to **ALLAY NEWROZ TELECOM**, including the return of (3) billion dinars, and we have examined the documents that support the validity of the payment speculation capital and return

## **9- Fixed assets (Clarification / 9):**

The balance of fixed assets amounted to approximately (11) billion dinars with a total cost as at 31/12/2024, which increases approximately (4) billion dinars, with an increase of (57%) and most of the increase (additions during the year) was concentrated on the account of machinery and equipment, as it amounted to about (3) billion dinars.

The significant increase on the account of machinery and equipment amounting to (3) billion dinars was concentrated in the purchase of the equipment shown below after examining the costs of this purchase.

What is the account?	Amount/ dinars
Installing POS devices until 31/10/2024	2728950
Purchase of four devices erecting the device of Q system	75464
Buy three ATMs in 1983 Infotech	48240
Buy Money Counters	20800
About counting and sorting machines	119105
Purchase of miscellaneous equipment	15636
<b>Total</b>	<b>3,008,195</b>

## **10. Intangible assets (Clarification / (10):**

The net balance of intangible assets (electronic programs and systems) amounted to (2937) million dinars as of 31/12/2024, noting that an amount of approximately (1064) million dinars was added to this account during the current year.

## **11 - Other assets (clarification / (12):**

A-The balance of this account amounted to (85) billion dinars as at 31/12/2024, which is less than (68) billion dinars from the balance of the previous year and a decrease of (44%) and most of the reason for the decrease is due to the accounts shown below

Account Name	Balance on 31/12/2024 IQD	Balance on 31/12/2023 IQD	The amount of the decrease IQD
Non-current activity debtors	15,631,578	33,000,000	17,368,422
Third Party Insurance	53,574,553	112,841,351	59,266,798
<b>Total</b>	<b>69,206,131</b>	<b>145,841,351</b>	<b>76,635,220</b>

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B-This account includes an amount of (6706) million dinars displayed under the name of the uncollected settlements account. It represents an intermediate account between (ARIBA) and users of electronic payment cards, and the balance of this account has decreased to (3) billion dinars as of 31/1/2025.

C- This account also includes an advance balance for the purposes of activity amounting to (3) billion dinars, and we recommend that this account be liquidated as soon as possible.

D- This account also includes cash differences amounting to (213) million dinars, which represents differences between ATMs and cash balances, which requires the necessary action regarding these differences.

## **12 - Current Accounts and Deposits (Clarification / 14):**

A-The balance of the customer deposit account reached about (332) billion dinars as of 31/12/2024, which is increasing by (121) billion dinars from the balance of the previous year, and the increase rate was approximately (57%), noting that the percentage of basic deposits is very small, we recommend the need to attract basic deposits as they are more stable and reliable in investments and obtain returns.

B-Current accounts and deposits constitute (83) of the total liabilities except for equity, which exceeds the permissible and specified percentage (30%) according to the instructions of the Central Bank of Iraq according to their letter No. (9/3/80) on 20/02/2019

C-The balance of current accounts payable / companies amounted to (149) billion dinars and current accounts for individuals (183) billion dinars, and the reason for the increase in the balances of these two accounts from the previous year is due to the increase in electronic payment activity (Visa settlements) and represents (95%) of the total deposits, which requires attracting various deposits to avoid the risks of sudden withdrawal.

D-We recommend, first, hedging deposits of a current nature and diversity in terms of the geographical area of the branches, and secondly, requiring the bank's reliance on basic deposits such as savings accounts and fixed deposits, which amounted to (5%), and taking appropriate measures to attract customers and encourage them to save and increase competitiveness in accordance with the instructions of financial inclusion according to the letter of the Central Bank of Iraq No. (80/3/9) on 20/2/2019 to avoid the risks of non-essential deposits.

E- We noticed a growth and development in the deposit account (savings and term deposits) for the current year from the previous year as shown below.

Account Name	2024 IQD	2023 IQD
Savings Deposits	11,935,210	3,016,512
For term Deposits	3,834,500	0
<b>Total</b>	<b>15,769,710</b>	<b>3,016,512</b>

F-We also noted that the bank's deposits are concentrated in the province of Baghdad and Erbil, and in order to manage the risks, we see the need to distribute deposits to all branches of the bank in the governorates in the future.

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## **13 - Cash insurance (note (15):**

The balance of the above account reached (4940) million dinars as of 31/12/2024, which is (345%) more than the balance of the previous year, noting that this account represents letters of guarantee worth (5624) million dinars and the percentage of cash insurances is approximately (88).

## **14 - Miscellaneous allocations (Clarification / 16):**

The balance of miscellaneous provisions amounted to (5) billion dinars as of 31/12/2024, and most of this account represents both the current account reserve provision and operating risks.

## **15 - Other liabilities Clarification (18)**

A-The balance of this account amounted to (38507) million dinars as of 31/12/2024, which is less than the balance of the previous year by (70905) million dinars, with a decrease equivalent to (65%).

B-The percentage of other liabilities represents approximately (10%) of the total liabilities, and that most of this account is represented in the account of central transfers, the account of various creditors and the account of accrued expenses.

## **14 - Leased assets:**

The bank's management in the application of international standard No. (16) for leased assets (4) branches, which led to the emergence of a debit account in the financial position (the right to use the leased) amounting to (11) billion dinars and the emergence of a credit account (long-term lease obligations) amounting to (10) billion dinars, and the reason for the rise in these balances above is due to the rental of a building in Baghdad / Al-Mansour, the annual rent cost was one billion dinars and the lease period for a period of (10) years and was not informed of the approval of the Central Bank to rent this branch.

## **15 - Capital adequacy:**

The capital adequacy ratio reached (174%) as of 31/12/2024 and according to the weighted weights table for the degree of risk, noting that the percentage allowed by the Central Bank of Iraq, Islamic banks (12.5%), the Banking Law is (12%) and the Basel decisions are (8%) and the reason for this is due to the decrease in each of the weights of assets, letters of guarantee and documentary credits from the ceiling set by the Central Bank of Iraq of (800% of the capital).

## **16- Paid Capital:**

The capital balance reached (350) billion dinars as of 31/12/2024, which is more than (100) billion dinars from the balance at the beginning of the year, and the increase represents two payments, each amounting to (50) billion dinars, after the completion of all the necessary legal procedures to amend Article (Fourth) of the Memorandum of Association, according to the letters of the Companies Registration Department No. 7177) on 17/3/2024 and (18963) on 14/7/2024 respectively)

The bank will commit to raising its capital to the amount of (400) billion dinars in a maximum period of 31/3/2025, after the extension of the deadline by the Central Bank.

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## **17- Financial Position:**

The balance of the financial position (total assets) amounted to approximately (813) billion dinars as of 31/12/2024, an increase of (156) over the balance of the previous year and an increase of (24) and we show in the table below the components of the financial position, which indicates the existence of growth and development of the bank's activities, noting that cash and balances of local and foreign banks constitute a percentage of (57%) of the value of the bank's financial position, which indicates a large surplus in cash liquidity, which requires the bank's management to use this surplus in the main activities (investments). and funding) to maximize resources.

Account Name	2024/12/31 million dinars	Percentage %
Cash and balances at the Central Bank	374986	%46
Balances with banks and other financial institutions	91724	%11
Net Islamic Finance	113761	%14
Financial Assets (Investments)	119750	%15
Property & Equipment Net	9072	%1
Intangible assets net	2938	%0
Projects under implementation	4018	%0
Other assets	84993	%10
Right to use tenant assets	11298	%3
<b>Total</b>	<b>812539</b>	<b>%100</b>

## **18 - Result of the activity:**

A- The bank achieved a profit of (59946) million dinars for the fiscal year ending 31/12/2024, which is less than the balance of the previous year by (35) billion dinars, with a decrease of (37%) before calculating income tax and legal reserve.

B- We note from the table below the increase in both revenues and expenses for the current year from the previous year and in varying proportions, which led to a decrease in the profit account as shown in the income statement.

Account Name	Balance on 31/12/2024 Million dinars	Balance on 12/31/2023 Million IQD	Percentage of increase (decrease)
Net operating income	261647	199686	%31
Total expenses	201701	104500	%93
<b>Net profit before Tax</b>	<b>59946</b>	<b>95186</b>	<b>(%37-)</b>

C-It is clear from the above table that despite the increase in revenues for the current year from the previous year by (31%), profits instead of increasing for the current year from the previous year decreased by (37%) due to the fact that the large increase in expenses for the current year is not commensurate with the size of expenses for the previous year.

D- Upon our inquiry from the bank's management under our memorandum numbered (A/19) on 11/2/2025, it indicated to us that the reasons for the increase in expenses are due to the development of the bank's business, the increase in the number of customers, the use

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of foreign companies for auditing purposes, matching current accounts, and increasing the cost of electronic payment cards, as shown in Note No. 27.

## **19 - Total expenses:**

### **❖ Salaries and wages (clarification / 26):**

Salaries and wages amounted to (8,909,396) thousand dinars for the fiscal year ending 31/12/2024, which is (259) more than the salaries and wages of the previous year, and most of the reason for this is due to the appointment of new employees (Iraqis and of Jordanian nationalities, whose number reached (118) employees) in addition to increasing basic salaries, allocations, travel and dispatch expenses, noting that the total number of the bank's employees reached (254) employees as of 31/12/2024

### **❖ Operating expenses (note 27):**

Operating expenses amounted to approximately (182) billion dinars for the fiscal year ending on 31/12/2024, which is (88) more than the balance of the previous year, and we show in the table below the large increases in some expenses, for example, but not limited to.

Account Name	2024/12/31 Million dinars	2023/12/31 Million dinars	Increase Million dinars
Advertising	20540	13903	6637
Legal Services	413	110	303
Other Audit Fees	2205	18	2187
Purchase of products for the purpose of sale	29591	5753	23838
Electronic Services Expenses	95389	50296	45093
Miscellaneous taxes and fees	3341	249	3092
Maintenance of systems and software	18570	19818	1248
Services, Research & Consulting	4279	553	3726

## **20- Risk Allowance Clarification 29:**

The balance of this account amounted to (8888) million dinars within the income expenses account for the fiscal year ending 31/12/2024, which is an increase of (7202) million dinars from the balance of the previous year and an increase of (427%) for the purposes of prudential control and application of international standard No. (9)

## **21. Net operating income (note 25):**

A-The net operating income amounted to approximately (262) billion dinars for the fiscal year ending 31/12/2024, as shown in the table below:

Account Name	2024/12/31 Balances Million IQD	2023/12/31 Balances Million IQD	Percentage increase (decrease)
Net interest income	6149	650	% 846
Net commission income	50137	49300	% 1.7
Net profit from other operations and currency trading	205361	149736	% 37
<b>Total Net Operating Income</b>	<b>261647</b>	<b>199686</b>	<b>% 31</b>

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It is clear from the above table that the basic revenues (interests' revenues and commissions), amounting to (56) billion dinars, constitute (22%) of the total revenues and that the revenues of other operations and currency trading constitute (78) of operating income as shown in the statement of income and other comprehensive income.

B-The revenues of electronic payment cards and the digital system amounted to (261) billion dinars, which constitutes (92%) of the total revenues of (284) billion dinars before downloading commissions and debit interest. Below are some of the electronic payment revenues.

Account Name	2024 / thousand dinars
Visa Incentives	2,885,140,450
Service Center Sales	30,622,337,860
Commission for online payments	59,386,726,000
Card Request Commission	6,256,112,090
Visa and MasterCard revenue commission	1,735,878,197
Electronic Services Revenue	160,557,254,089
<b>Total</b>	<b>261,443,448,686</b>

C-It is clear from the above table that there is a large activity of electronic payment cards and the digital system, so that the number of active cards (388623 Total Active Cards) until 31/12/2024.

D- Other income includes a provision income for previous years of (7645) million, which represents the recovery of the speculation risk provision of (56) billion for **ALLAY NOWRUZ Telecom** after paying the full amount of speculation with the realized returns.

## **22 - Department of Quality Management:**

We noticed that the management of the bank, the Department of Total Quality Management, obtained certificates (22301/20000/27001 ISO) from the international BV company after passing the external audit and the certificates and the external report were sent to the Central Bank of Iraq and work is underway in accordance with the international standard 2015: 9001 150 as the qualification by the quality management department in the bank and not from an external company and many of the items of the specification were worked on and completed in a final manner and the work was according to the last book of uncles by the Central Bank of Iraq (Issue 9/4/491) dated 21/10/2024, which states:

A- confirmation of tasks to form the department and the names of the department's employees were sent with the director of the department.

B- Updating the database for each quality management department according to the form attached within the works and was sent by e-mail [Quality.management@cbi.iq](mailto:Quality.management@cbi.iq). and completing the required tasks as we confirm that:

1- Work is underway to follow up the strategic plan.

2- Applying the specifications of quality systems and issuing reports on them.

3- Conducting an internal audit of the specifications (ISO 20000/27001/22301) with an audit. ISO9001:2015 Specification

4- Updating the policies and procedures manual in coordination with the bank's departments, and the department continues to work not to complete all requirements.

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- 5- Work is underway on a structure to evaluate institutional performance and submit it to the Managing Director.
- 6- The level of employee satisfaction was evaluated and a report was issued, so work will be done according to the Central Bank of Iraq guide, i.e., a semi-annual evaluation rate for all departments and branches of the bank.
- 7- Waiting for the results of the assessment of the level of employee satisfaction from the Financial Inclusion Department to provide us with the results of the evaluation, and the department works according to the Central Bank of Iraq guide issued on 21/6/2022.

## **23 - Window for buying and selling foreign currencies:**

A reference to the letter of the Central Bank of Iraq (184 on 1/5/2019) and the letter of the Banking Control Department (9/23448 on 10/10/2019) Purchases in dollars from the window of buying and selling foreign currency amounted to approximately (180,000,000) million US dollars, and the bank achieved a revenue of (1,800,200,000) million dinars as shown in the table below.

Number of Transfers	Purchases/USD	Realized Revenue / IQD
846	180.000.000	1,800,200,000

B- We noticed that there are some cancelled transfers by the Central Bank of Iraq whose amounts have been returned to the bank

Number of Transfers	Purchases/USD
410	98,321,004

## C -Pending Remittances

Type	Number of transfers	Purchases/USD
Individuals	1	11,205,378

## **24 - Legal Cases:**

There are no legal lawsuits filed by the bank against third parties, as well as there are no lawsuits filed by third parties against the bank, according to the letter of the Middle East Legal Services Company No. 31/12/2024.

## **25 - Central Bank of Iraq correspondence and audit results:**

Through our review of the bank's answers to the correspondence of the Central Bank of Iraq related to monitoring the work and results of the data audit and the monthly, periodic, quarterly and annual reports prepared by the bank and sent to it, showing the commitment and interest of the bank to the observations related to monitoring the work of the audit results, answering them, implementing them and continuing to adhere to them and that all the data sent to the Central Bank of Iraq is identical to the bank's records, and we recommend the need to be accurate in sending quarterly reports to the Central Bank of Iraq, as well as we emphasize the need to avoid Observations contained in audit results reports.

## **26 - Letters of endorsements for debit and credit balances:**

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A-The bank's management sent letters of support to the largest (20) borrowers, whose balances are approximately (85) billion dinars, and letters of support were received from depositors, amounting to (17) depositors and the value of their balances amounted to (78) billion dinars, which constitutes 92% of the letters of support sent.

B-The bank's management sent letters of endorsement for financing balances with balances of approximately (101) billion dinars, and letters of support were received from borrowers with a percentage of support (100%) of the total books sent.

C-The bank's management also sent letters of support to the participation account of (59) billion dinars, and the answer was the above balance and by (100%).

D-The bank's management sent letters of endorsement for balances of the city's insurance amounting to (53) billion dinars, and the endorsements were received by (100%).

## **27 - Quarterly Reports:**

We noted the bank's commitment to sending quarterly reports to the Central Bank of Iraq, and when examining these reports, it was found that they are at the required level, which are as follows:

### **❖ Sharia Compliance and Compliance Monitoring Reports:**

A-It shall not provide organizational information about the Bank, a statement of the extent of the Board of Directors' commitment to adopting a Sharia audit charter, defining the powers of the executive management, adopting internal control and control systems, discussing and approving annual plans, adopting a clear compliance policy to ensure compliance with the regulatory framework, legislation, all instructions of the Central Bank in this regard, and the disclosures specified in the International Financial Reporting Standards, and that it provides a picture of the Bank's activity and the extent of compliance with policies, legislation, regulations and laws.

B- Take the necessary measures to develop the staff by intensifying training courses. We recommend the need to provide the compliance department with the necessary staff and holders of professional certificates that suit the requirements of the department's work.

### **❖ Risk Management Department Reports:**

A-In accordance with the instructions of the Central Bank, the following divisions have been established (Operational Risks, Financing and Investment Risks, Market Risks, Liquidity Risks).

## **B-Risks**

**C-Liquidity risk:** There is no liquidity risk as indicated in our report on the liquidity coverage ratio. They reached (210%), (247%) -(120%) respectively) ZERO LCR ( Why.

### **• Credit Risk:**

The cash credit portfolio of the Bank amounted to (117) billion Iraqi dinars, which constitutes (31%) the regulatory capital, and therefore the First Bank of Iraq enjoys a quality in credit activity, as there are no large entitlements or noticeable arrears in payments, knowing that a provision of (25%) was taken from the non-productive credit, which reached a maturity of 90-180 days, i.e., within the average, which is equivalent to (0.01%) of the total credit. b) We recommend the need to open new Islamic services to reduce the risk of credit concentration in Murabaha.

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- **Operational risks:**

The fines imposed on operational risks amounted to (759) million dinars during the year 2024, so we recommend the need to comply with the instructions of the Central Bank of Iraq.

- ❖ **Internal Control and Sharia Audit Department Reports:**

A-The number of employees of the internal audit department reached (6), including the director of the department, and he obtained the approval of the Central Bank of Iraq on 18/9/2024, knowing that he holds a CSAA certificate.

B- Ernst Young a foreign company was contracted with to train the employees of the Internal Control Department and participate in the work of control and internal audit under a contract costing (350) thousand dollars on 2/9/2024

C-All reports issued by the Control and Internal Audit Department, which were prepared with the participation of Ernst Young's employees, were examined and reviewed in detail and were at the required level.

D-The salary accounts amounting to (8) billion dinars for the year 2024 were not audited by the Control and Internal Audit Department during the year 2024 and a plan was developed to audit them during the 5th month of 2025 in coordination with human resources.

E- We recommend the preparation of audit reports in accordance with item (9-2-2) of the International Standard (ISO: 9001:2015), which refers to the adoption of a form that includes paragraphs (field, audit indicator, observations, type, corrective action and its date).

F-The need to develop a work implementation plan for the internal audit department, whether on audit tasks or regions or tasks carried out outside the work plan, including the following fields:

Internal Audit Plan 2025							
Areas	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Work Start Date	Final Report Date of Issuance of the	Duration Number of days

## **Anti-Money Laundering and Combating the Financing of Terrorism:**

Based on paragraph (3 g of Article (2) of the regulatory controls issued under the letter of the Central Bank of Iraq No. (306/4/1/9 on 19/9/2016), a report on the bank's activity in combating laundering is prepared.

Funds and terrorist financing, achievements and periodic work, and the nature of banking operations practiced by the bank during the year and the policies of the reporting department were reviewed and were in accordance with the requirements of the Central Bank of Iraq and in accordance with the requirements of the Anti-Money Laundering and Terrorism Financing Law No. 39 of 2015 and through the information provided to us by the aforementioned section, it was shown the following:

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A- Ernst Young Company (EY) has contracted with the First Iraq Islamic Bank to audit the activity of the Money Laundering and Terrorism Financing Reporting Section, and we have noticed the submission of the gap analysis report by (EY) on 6/4/2022, noting that (70) gaps were diagnosed by the above company and the bank's management took all necessary measures to avoid those gaps.

B-The Bank has the following anti-money laundering and combating the financing of terrorism programs:

- ❖ AML SYSTEM (follow-up customer accounts and linked to the accounting system of the bank / bank)
- ❖ FIL TIRNG SYSTEM (to check incoming and outgoing transfers).
- ❖ AML CHECHER to examine transactions and customers on lists)

C-The electronic system includes all the scenarios required by the Central Bank of Iraq, amounting to (32) scenarios.

D-We have noted that the fourth chapter report sent to the Central Bank includes a table of the total internal and external transfers issued inside and outside the window and in detail includes the fields below. Bank of the beneficiary (recipient) / number / currency / total / ratio to the total internal transfers issued.

E-We also noted that the fourth chapter report sent to the Central Bank includes in detail the assessment of the risks of products, geographical areas and service delivery channels, in addition to the assessment of customer risks.

F-The electronic payment system (RTGS) has been linked with the clearing system (ACH) and the SWIFT system (CSP) with the Central Bank of Iraq.

G-These reports include the data according to the following table, which has been taken by the Director of the Reporting Department:

#	Data	Number
1	Verification cases in suspected offshore traders	699
2	Verification cases of suspicious customers	11803
3	Due diligence cases / reports	10
4	Fraud Complaints	None
5	Discontinuation of cards as foreign transactions	13685

H- The fourth chapter report sent to the Central Bank includes the classification of customers on the (RBA) system according to the manual on combating money laundering and terrorist financing.

I-The existence of an undertaking signed by the Reporting Department to the Central Bank has been verified as a pledge of the validity of all information received in accordance with the Anti-Money Laundering and Combating the Financing of Terrorism Law No. (39) of 2015 and the regulations and controls issued by the Central Bank.

## **28 - Corporate Governance, Board Reports and Scorecard:**

A- (21) meetings of the Board of Directors were held during the year 2024, which is more than the number specified under Article 112 of the Companies Law No. 21 of 1997, as amended.

# First Iraq Islamic Bank

B- Due to the importance of corporate governance as one of the requirements of good governance in institutions, the bank believes in adopting corporate governance that helps achieve strategic objectives and manage the bank's operations.

C- On 22/9/2024, the Central Bank of Iraq issued a guide to environmental and social standards and corporate governance for banks (ESG) in order to keep pace with international developments and establish best practices in the banking sector and apply them by introducing structural, legislative and supervisory developments to achieve the maximum benefit from the opportunities produced by those standards to mitigate or reduce exposure to risks, especially those related to climate change issues.

D-Administrative Order No. 868 was issued according to the letter No. (3433) dated 5/11/2024 to form a committee consisting of (4) people to prepare the Environmental and Social Standards Manual.

E- To date, our report (18/2/2025) we have noticed the existence of a draft guide (guide to social and environmental standards) that has not been approved by the Board of Directors, so we recommend the need to fully prepare the guide after ratification and send it to the Central Bank of Iraq.

## **29- Internal Report:( Management Letter)**

An internal report was issued by us numbered (G/M/101) on 4/1/2024, and the observations contained therein were discussed with the bank's management.

## **30- Other matters:**

In reference to the directives of the Central Bank of Iraq, we recommend the need to expedite joining the Iraq Stock Exchange.

## **31- Statement of professional wages: -**

The professional fees paid to the auditor amounted to (134) million dinars for auditing the financial statements of the First Islamic Bank of Iraq for the year ending 2024.

## **Other information:**

Management is responsible for other information contained in its annual report, and our opinion on the financial statements does not cover this information and we do not give any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility to read other information as it becomes available to us, to take into account whether other information is not materially consistent with the financial statements or information obtained through our audit so that it appears to be significantly misrepresented.

## **Responsibilities of management and those responsible for governance for the financial statements:**

Management is responsible for the preparation of financial statements in accordance with the requirements of the law and International Financial Reporting Standards, and for the internal control that management deems necessary to enable the preparation of financial statements so that they are free from significant misstatements, whether due to manipulation and fraud or due to errors.

In preparing the financial statements, management is responsible for assessing the bank's ability to continue as a going concern, disclosing when necessary, going concern issues and

# First Iraq Islamic Bank

using the going concern basis in accounting unless management moves towards liquidation or termination of operations, or where there is no other realistic alternative to doing so. Those responsible for governance are also responsible for overseeing and following up on financial reporting.

## **Auditor's responsibility for auditing the financial statements:**

- ❖ Our objectives are to obtain reasonable certainty as to whether the financial statements are generally free of significant misstatements, whether due to manipulation, fraud or error, and to issue an audit report that includes our opinion. Reasonable certainty is a high level of certainty, but does not guarantee that an audit carried out by us under ISAs always results in the disclosure of significant misstatements when there is that misrepresentation may arise from manipulation, fraud or error and is considered significant if it is reasonably expected to affect, individually or collectively, the economic decisions of beneficiaries based on those financial statements.
- ❖ We communicate with the Audit Committee about, inter alia, the scope and depth of the audit and significant audit observations that include any significant deficiencies in the internal control system identified by us during the audit process, and we provide an audit committee with evidence of our commitment to ethical requirements related to independence and inform it of all relationships and other matters that affect our independence and secure that would maintain this independence.

## **Other clarifications:**

In addition to the above, we would like to make the following observations in fulfillment of the legal requirements adopted in Iraq:

- 1- The accounting system used by the bank (BANKS) has included, in our opinion, the recording of all assets, liabilities, expenses and revenues of the bank, and the internal control system has included the necessary procedures that ensure the accuracy of these data.
- 2- The inventory of fixed and cash assets was carried out properly, and the results of this inventory were identical to the records, and these assets were evaluated in accordance with the approved accounting principles and principles.
- 3- The annual report of the management and the financial and accounting information it contains reflects the point of view of the bank's management.
- 4- The financial statements have been organized in accordance with the International Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the International Standards issued by the International Federation of Accountants.
- 5- Our report was discussed with the financial statements for the fiscal year 2024 with the Board of Directors, the Executive Management and the Audit Committee.

Respects

Signed and sealed  
Khaleel Ibrahim Alabdalah/ Chartered Accountant and Auditor

# First Iraq Islamic Bank

## Statement of Financial Position as of 31-12-2024

Assets	Statement	31-12-2024	31-12-2023
Cash and balances with the Central Bank	5	374,985,734	271,044,857
Balances with banks and other financial institutions	6	91,724,131	117,407,338
Net Islamic Finance	7	113,760,585	49,012,012
Financial Assets	8	119,750,000	57,490,000
Property and equipment, net	9	9,072,702	6,097,843
Intangible assets, net	10	2,937,581	2,422,941
Projects under implementation	11	4,018,396	0
Other assets	12	84,992,686	152,834,808
Right of use of leased assets	13	11,298,165	239,247
<b>Total assets</b>		<b>812,539,980</b>	<b>656,549,046</b>

## Liabilities and shareholders' equity:

Customer Deposits	14	332,301,899	210,810,962
Cash Insurances	15	4,940,192	1,109,571
Miscellaneous allocations	16	5,334,860	7,739,897
Income tax allowance	17	8,991,841	14,277,959
Other liabilities	18	38,507,369	109,418,447
Long-term lease obligations	19	10,418,191	170,481
<b>Total liabilities</b>		<b>400,494,352</b>	<b>343,527,317</b>

# First Iraq Islamic Bank

## Shareholders' Rights:

Paid capital		350.000.000	250.000.000
Capital reserve		1.149	1.149
Mandatory reserve		6.721.991	4.174.303
Expansion reserve		462.765	462.765
Rounded profits or (losses)		6.453.646	18.479.499-
Profits or (losses) for the current year		48.406.078	76.863.012
Total Shareholders' Equity		412.045.629	313.021.730
<b>Total Liabilities and Shareholders' Equity</b>		<b>812.539.980</b>	<b>656.549.046</b>

Signed by Bassam Yousif Awn / Financial Manager

Signed and sealed by Mohamed Ragheb Hussein Othman / Managing Director

Signed and sealed by Meriwan Bakr Ziad /Chairman of the Board of Directors

Signed and sealed by Khaleel Ibrahim Mohammed Al-Abdalah & Partners Company for Auditing and Auditing – Solidarity

Subjected to our report no. 124 dated 18-02-2025

# First Iraq Islamic Bank

## List of income and comprehensive income for the fiscal year ended on 31-12-2024

Account Name	Statements	31-12-2024	31-12-2023
Murabaha operations Revenues	20	6,597,311	703,874
Deducted / Interest Expense	21	448,307	53,838
Net interest income		6,149,005	650,036
Commission Income	22	71,865,571	57,507,571
Deducted / Commission Expenses	23	21,728,691	8,207,381
Net Commission Income		50,136,880	49,300,190
Net interest and commission income		56,285,885	49,950,226
Net profit and loss on foreign exchange trading	24	1,732,475	1,140,560
Net profit from other operations	25	203,628,715	148,595,425
Net operating income		261,647,075	199,686,211
Salaries of employees and the like	26	8,909,396	2,476,066
Other operating expenses	27	182,230,130	97,024,999
Consumption	28	1,673,373	3,312,980
Risk Allowance	29	8,888,569	1,685,773
Total expenses		201,701,468	104,499,817
Profit or loss before tax		59,945,607	95,186,392
Deducted / Income tax 15%		8,991,841	14,277,959
Net profit or (loss) income for the year		50,953,766	80,908,433
Legal reserve 5%		2,547,688	4,045,422
Distributable surplus		48,406,078	76,863,012

Signed by Jamal Abbas Fadhel /Assistant Chief Financial Officer

Signed by Bassam Yousef Awn/ Chief Financial Officer

Signed by Mohammed Ragheb Hussein Othman/ Managing Director

Signed and sealed by Meriwan Ziad Bakr/ Chairman of the Board of Directors

## Statement of changes in shareholders' equity 2024/12/31

Details	Paid capital	Capital reserve	Mandatory reserve	Expansions Reserve	Accumulated deficit for previous years	Accumulated surplus for the previous year	Profit or loss for the current year	Total Shareholders' Equity
Balance as at 31 December 2023	250,000,000	1,149	4,174,303	462,765	18,479,499-	0	76,863,012	313,021,730
Profit / (Loss) Current Year							48,406,078	48,406,078
Increases during the year	50,000,000		2,547,688					52,547,688
Adjustments during the year	50,000,000				3,277,492	21,655,653	76,863,012-	1,929,867
Year-end balance as at 31.12.2024	350,000,000	1,149	6,721,991	462,765	15,202,007	21,655,653	48,406,078	412,045,629

## List of changes in shareholders' equity 2023/12/31

Details	Money capital	Capital reserve	Mandatory reserve	Reserve Expansions	Accumulated deficit for previous years	Accumulated surplus for the previous year	Profit or loss for the current year	Total Shareholders' Equity
Balance as of 31 December /2022	250,000,000	1,149	128,881	462,765	18,479,499-	0	0	232,113,296
Profit/Loss for the year							76,863,012	76,863,012
Increases during the year								4,045,422
Adjustments during the year								0
Year-end balance as of 31.12.2023	250,000,000	1,149	4,174,303	462,765	18,479,499-	0	76,863,012	313,021,730

# First Iraq Islamic Bank

## Cash flow statement as of 31-12-2023

Operational Activities	31-12-2024	31-12-2023
Profit(loss) before tax	59,945,607	95,186,393
Adjustments for non-cash items	0	0
Depreciations and amortization	1,673,373	3,312,980
Risk item	5,334,860	1,031,998
Income tax allowance	5,286,118-	0
<b>Cash flow from operating activities before change in assets and liabilities</b>	<b>61,667,722</b>	<b>99,531,371</b>
Change in assets and liabilities		
Change in other assets	67,842,122	147,049,505-
Change in Islamic Finance	64,748,573-	50,866,517-
Change of the right of use of leased assets	11,058,918-	29,287
Change in customer deposits	121,490,937	148,577,037
Change in insurance	3,830,621	267,064
Change in Other liabilities	70,911,078-	101,337,038
Change in long-term lease obligations	10,247,710	169,582-
Change in allocations	2,405,037-	2,199
<b>Net change in assets and liabilities</b>	<b>54,287,784</b>	<b>52,127,021</b>
Investment Activities		
Change in fixed assets/property and equipment	3,008,990-	3,029,260-
Change in fixed assets /Intangible assets	548,772-	2,395,679-
Change in fixed assets / Projects in progress	4,018,396-	34,621,392
Change in financial assets	62,260,000-	0
<b>Net cash flow in investment activities</b>	<b>69,836,158-</b>	<b>29,196,453</b>
Financing Activities		
Capital Increase	100.000.000	0
Change in mandatory reserve	2,547,688	0
Changes in rounded profits	6,453,646	0
Changes in profits	76,863,012-	0
Net cash flow (used) from financing activities	32,138,322	0
Net (loss) in cash and the like	78,257,671	180,854,845
Cash and the like at the beginning of the year	388,452,195	207,597,350
Cash and the like at the end of the year	466,709,865	388,452,195



# First Iraq Islamic Bank

## Notes to the financial statements for the year ended 31-12-2024

### **General information:**

- 1- First Iraq Islamic Bank for Investment and Finance was established as a financial transfer company with a capital of (45) billion dinars in the name of Al-Harir Financial Transfer Company under the certificate of incorporation numbered M.SH / 01 - 65699 dated 09-10-2008.
- 2- According to the letter of the Companies Registration Department No. (99503) on 25/10/2021, all legal procedures have been completed to amend Article (Fourth) of the Memorandum of Association of the First Iraq Islamic Bank Company, the bank's capital has been changed from (100) billion dinars to (150) billion dinars, in an increase of (50) billion dinars.
- 3- According to the letter of the Companies Registration Department No. 29555 on 24/8/2022, the legal procedures were completed to amend Article (Fourth) of the memorandum of association of First Iraq Islamic Bank for Investment and Financing Company, the capital was changed from (150) billion dinars to (250) billion dinars, in an increase of (100) billion dinars.
- 4- The bank was granted a license to practice banking activity in accordance with the letter of the Central Bank of Iraq / Banking Control Department / Islamic Banks Control Section / Registration, Licensing and Technical Affairs Division. No. 9/3/7947 dated 28/6/2020. The banking code was granted according to the letter of the Central Bank of Iraq No. 9/3/15960 dated 04/11/2020
- 5- The capital was increased by (100) billion dinars under the approval of the Central Bank of Iraq, and the Companies Registration Department wrote No. 7177 dated 17/03/2024, and No. 18963 dated 14/07/2024, so that the bank's paid-up capital became (350) billion dinars during the year 2024

### **1- Important accounting policies:**

#### **Principles of preparing financial statements:**

- A- The financial statements of the bank have been prepared in accordance with the International Financial Reporting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee of the International Accounting Standards Board and in accordance with the historical cost principle for the first time starting from 21 January 2015. In this regard, the requirements of Financial Reporting Standard No. (1) were complied with, in particular
- 1- Recognize all assets and liabilities required to be recognized under International Financial Reporting Standards (IFRS).
  - 2- Non-recognition of required items and liabilities if international financial reporting standards do not permit their recognition
  - 3- The reclassification of some items for the purposes of presenting the financial position was carried out differently than in the consolidated accounting system.
  - 4- There were no differences from what was previously applied.
- B- The Iraqi dinar is the currency of the consolidated financial statements, which represents the main currency of the bank, and all the amounts nearest one thousand Iraqi dinars have been rounded.

The attached financial statements are prepared for the bank for presentation to shareholders.

### **Changes in accounting policies:**

The accounting policies followed in the preparation of the financial statements are identical to those used for the preparation of the financial statements for the financial year ended 31-12-2024, and the International Financial Reporting Standards were applied for the first time in 2019.

### **Revenue Achievement and Expense Recognition:**

Commission revenues resulting from the purchase and sale of foreign currencies, internal and external transfers as well as credit card commissions are realized, and expenses are recognized on the basis of the accrual principle. Commissions are recorded as revenues when providing related services.

### **Use of estimates:**

The preparation of financial statements and the application of accounting policies requires the Accounts Section to make estimates and diligences that affect the amounts of assets and financial liabilities and the disclosure of contingent liabilities, as well as these estimates and judgments affect revenues, expenses and

# First Iraq Islamic Bank

provisions, as well as other comprehensive income items, and in particular requires the Accounts Section to issue important judgments and diligences to estimate the amounts and timings of future cash flows. The estimates mentioned are necessarily based on multiple hypotheses and factors that have varying degrees of estimation and uncertainty and that the actual results may differ from the estimates as a result of changes caused by the conditions and conditions of those estimates in the future. The Bank's management believes that its estimates in the consolidated financial statements are reasonable.

## **Cash and the like:**

It is the cash and cash balances held by the bank on the date of the financial statements, including balances with banks and banking institutions.

## **Properties and equipment:**

Property and equipment are shown at historical cost after deducting accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment includes the cost incurred to replace any of the components of the property and equipment and financing expenses for long-term construction projects if the conditions for recognition are met. All other expenses are recognized in the consolidated income statement when realized. Amortization is calculated (except for land, where land is not amortized) using the straight-line method in accordance with the depreciation and amortization instructions chartered in the Private Banking activity as follows:

Asset class	Estimated service life
lands	Not subject to extinction
Premises	50 years
Machinery & Equipment	5 Years
Transportation means	5 Years
Office Furniture & Appliances	5 Years

Write-off of any item of property and equipment and any substantial parts thereof upon disposal or when there is no expected economic benefit from the use or disposal of the asset. Any gain or loss resulting from the write-off of an asset, which represents the difference between the proceeds from disposal and the net book value of the asset, is recorded in the consolidated income statement. The residual values of assets, productive ages and depreciation methods in each fiscal year have been revised and adjusted later if necessary.

## **Foreign Currencies:**

- Foreign transactions are recorded during the year at the prevailing exchange rates as at the date of transactions.
- The balances of financial assets and financial liabilities are transferred at the average foreign currency rates as at the date of the financial statements at an exchange rate of (1310) dinars per dollar.
- Non-financial assets and liabilities are converted in foreign currencies and shown at fair value on the date of determining their fair value.
- Profit and loss from foreign currency conversion are recorded in the income statement.
- Conversion differences for asset and liability items are recorded in non-cash foreign currencies (e.g., equities as part of the change in fair value)

## **Allocations:**

Allocations are recognized when the bank has liabilities at the date of the statement of financial position arising from past events and the repayment of obligations is probable and their value can be reliably measured.

## **Income tax:**

Tax expense is calculated based on taxable profits and differs from the taxable profits declared in the financial statements. Taxable profits include taxable revenues or expenses that are not deductible in the fiscal year or in subsequent years, accumulated losses that are taxable, or items that are not subject to or

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deductible for tax purposes. Income tax is calculated according to the tax rates established by the laws, regulations, and instructions in force in Iraq.

## **1- Adoption of International Financial Reporting Standards:**

The financial statements for the financial year ending on 2024-12-31 prepared by the Bank in accordance with the International Financial Reporting Standards (IFRS) are considered the previous year and including the fiscal year as of 31-12-2023 with the preparation of the financial statements in accordance with the International Financial Reporting Standards.

## **2 - Method of Presentation of financial statements:**

The financial statements of the report include: The financial statements of First Iraq Islamic Bank for the fiscal year ended on 31-12-2024, and their comparison with the financial statements for the previous year as of 31-12-2023.

### **Notes to the Financial Statements as of 31-12-2024**

#### Statement No. (5)

Account Name	31-12-2024	31-12-2023
Cash in the treasury	90,297,390	168,217,767
Cash in the treasury / IQD	27,574,630	142,075,415
Cash in the treasury / USD	16,172,170	885,507
Cash at ATM	508,140	0
Cash on the way / Transfers	46,042,450	25,256,845
Balances with the Central Bank of Iraq	284,688,344	102,827,090
Free current account with the Central Bank of Iraq	227,768,666	71,798,006
Central Bank Legal Cover*	56,926,147	31,029,084
Deducted / allocation for expected losses as per international standard /9	6,468	0
<b>Total</b>	<b>374,985,734</b>	<b>271,044,857</b>

### **Balances with banks and other financial institutions**

#### Statement No. (6)

Account Name	31-12-2024	31-12-2023
Local banks and banking institutions	9,149	122,755
Current Accounts / Local Banks	9,233	122,755
Deducted / allocation for expected losses as per international standard/ 9	84	0
Offshore banks and institutions	91,714,983	117,284,583
Current Accounts / Offshore Banks	92,033,782	117,284,583
Deducted/Allocation for expected losses as per international standard /9	318,800	0
<b>Total</b>	<b>91,724,131</b>	<b>117,407,338</b>

### **Notes to the Financial Statements as of 31-12-2024**

#### Statement No. (7)

Account Name	31-12-2024	31-12-2023
Islamic Murabaha Finance / Companies	33,773,719	50,775,303
Islamic Murabaha / Individuals	100,504,272	91,213
Good loan	17,500	3,633
Unreceived due installments – Murabaha- Individuals	305	271
Due to non-performing Murabaha - individuals	1,189	0
Non-Performing Murabaha - Individuals	1,579	0
Non-Performing Murabaha - Companies	0	182,392
Due good loan	0	1,715
<b>Total</b>	<b>134,298,563</b>	<b>51,054,527</b>

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## Deduct the accounts below:

Allocation for expected credit losses for cash credit	3,370,916	1,031,997
Outstanding profits- individuals	26	0
Deferred earnings - companies	14,635,476	1,005,889
Deferred Revenue - Individuals	2,531,560	4,629
<b>Total</b>	<b>20,537,978</b>	<b>2,042,515</b>
<b>Islamic Finance Net Total</b>	<b>113,760,585</b>	<b>49,012,012</b>

## Financial Assets

### Statement No. (8)

Account Name	31-12-2024	31-12-2023
Shareholding in National Solidarity Company	550,000	550,000
Participation Finance - Companies	59,200,000	56,940,000
Short-term investments in the government sector	60,000,000	0
<b>Total</b>	<b>119,750,000</b>	<b>57,490,000</b>

Contribution to the capital of the National Solidarity Company according to the letter of the Central Bank of Iraq No. 262/3/9 on 2021-08-16

## Notes to the Financial Statements as of 31-12-2024

### Net Property & Equipment

### Statement No. (9)

Account Name Movement during the year	Premises IQD	Machinery & Equipment IQD	Transportation means IQD	Office Furniture & Appliances IQD	Decorations, fixtures and partitions IQD	Total IQD
Balance as of 31-12-2023	4,394,524	260,046	212,534	1,768,091	451,009	7,086,204
Additions during the current year		3,008,196		580,059	322,278	3,910,533
Exclusions						0
Balance as of 31-12-2024	4,394,524	3,268,242	212,534	2,348,150	773,287	10,996,737

### Consumption

Balance as of 31-12-2023	92,456	109,090	77,749	612,881	96,185	988,361
Add-ons / Loader for the current year	92,499	152,526	42,624	454,788	193,237	935,674
Exclusions	0	0	0	0	0	0
Balance as of 31-12-2024	184,955	261,616	120,373	1,067,669	289,422	1,924,035
Net book value as of 31-12- 2024	4,209,569	3,006,626	92,161	1,280,481	483,865	9,072,702
Net book value as of 31-12- 2023	4,302,068	150,956	134,785	1,155,210	354,824	6,097,843

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## Notes to the Financial Statements as of 31-12-204 Intangible assets, net

### Statement No. (10)

Account Name	31-12-2024	31-12-2023
<b>Cost</b>		
Balance as of 31-12-2023	2,783,313	2,777,156
Current Year Addenda	1,063,641	34,627,550
Digital system exclusions	0	34,621,393
<b>Balance as of 31-12-2024</b>	<b>3,846,954</b>	<b>2,783,313</b>
<b>Accumulated Amortization</b>		
Balance as of 31-12-2023	360,372	121,708
Add-ons / Load for the current year	549,001	2,628,186
Exclusions	0	2,389,522
<b>Balance as of 31-12-2024</b>	<b>909,373</b>	<b>360,372</b>
<b>Net book value</b>	<b>2,937,581</b>	<b>2,422,941</b>

### Projects in progress

### Statement No. (11)

Account Name	31-12-2024	31-12-2023
Projects in progress	4,018,396	0
<b>Total</b>	<b>4,018,396</b>	<b>0</b>

### Other assets

### Statement No. (12)

Account Name	31-12-2024	31-12-2023
Third Party Insurance	53,574,554	112,841,351
Prepaid expenses	3,168,218	229,943
Stock	1,263,346	4,180,369
Advances for the purposes of activity	3,242,917	1,520,552
Mudaraba income due unreceivable / Companies	0	1,062,593
Receivables of non-current activity	15,631,579	33.000.000
Cash Spreads	213,310	0
Calculation of uncollected adjustments	6,706,086	0
Staff advances	28,459	0
Associate advances	11,000	0
Different debts	1,149,954	0
Bank Customers & ATMs	3,050	0
Mutual Account Spreads	213	0
<b>Total</b>	<b>84,992,686</b>	<b>152.834.808</b>



# First Iraq Islamic Bank

## Notes to the Financial Statements as of 31-12-2024 Right to use leased assets

Statement No. (13)

Account Name	31-12-2024	31-12-2023
Right to use leased item	12,068,294	606,145
Amortization of the right to use the leased item	770,129	366,898
<b>Total</b>	<b>11,298,165</b>	<b>239,247</b>

## Customers' Deposits

Statement No. (14)

Account Name	31-12-2024	31-12-2023
Large Companies	149,101,172	90,507,934
Current Accounts	146,463,157	88,809,184
Savings Deposits	0	0
For term Deposits	1,500,000	0
of an ongoing nature	1,138,015	1,698,750
Individuals (Retail)	183,200,728	120,303,028
Current Accounts	168,013,034	117,237,666
Savings Deposits	11,935,210	3,016,512
For term Deposits	2,334,500	0
of an ongoing nature	917,984	48,850
<b>Total</b>	<b>332,301,899</b>	<b>210,810,962</b>

## Notes to the Financial Statements as of 31-12-2024 Cash Insurances

Statement No. (15)

Account Name	31-12-2024	31-12-2023
Insurances against letters of guarantee	4,940,192	1,109,571
<b>Total</b>	<b>4,940,192</b>	<b>1,109,571</b>

## Miscellaneous allocations

Statement No. (16)

Account Name	31-12-2024	31-12-2023
Allocation for exchange rate fluctuations	0	92,706
Allocation for Financial/Speculative Investment Risk	0	7,644,992
Allocation for the risks of contractual obligations	13,429	2,199
Current account reserve allocation	1,000,000	0
Operational Risk Allowance	4,081,007	0
Earmarked donations to cleanse illegal profits	240,424	0
<b>Total</b>	<b>5,334,860</b>	<b>7,739,897</b>

## Income tax allocations

Statement No. (17)

Account Name	31-12-2024	31-12-2023
Balance of 31-12-2023	14,277,959	0
Income tax payable during the year	8,991,841	14,277,959
Deducted/Income Tax Adjustments	14,277,959	0
<b>Total</b>	<b>8,991,841</b>	<b>14,277,959</b>

# First Iraq Islamic Bank

## Notes to the Financial Statements as of 31-12-2024

### Other liabilities

Statement No. (18)

Account Name	31-12-2024	31-12-2023
Checks withdrawn on the bank	0	6,550
lodger of Unreceived Mudaraba Profits - Companies	0	1,062,594
Credit Profit Equivalent allocation	17,208	0
Calculation of outward central remittances	7,215,858	4,810,567
Calculation of inward central remittances	97	0
Financial Reservations - Pending	0	4,050,000
Master Card External POS	0	13,634
Private Sector Creditors / Companies & Associations	1,140,228	20
Creditors / Private Sector / Individuals	88	0
Broker Creditors Cards	258,849	29,190,371
Creditors Telecom & Services Cards	261,899	0
A group of tax trusts for contractors	4,401,566	0
Different creditors	8,403,130	0
Accrued liabilities in 2024	2,524,924	0
Revenue received in advance	7,693	0
Accrued expenses	13,120,183	51,958,212
Increase or decrease in the fund	31,105	0
Deductions from affiliates	361	0
Charity Fund	1,673	0
Accounts payable Companies / External Transfer Trusts	936,625	18,302,928
Unclaimed / General Amounts	48,612	23,570
Unclaimed Amounts / promissory notes	6,160	0
Unclaimed Amounts / Management Card	128,936	0
Manual outgoing transfers	2,174	0
<b>Total</b>	<b>38,507,369</b>	<b>109,418,447</b>

### Obligations of long-term lease contracts

Statement No. (19)

Account Name	31-12-2024	31-12-2023
Commitment to lease contracts	10,418,191	170,481
<b>Total</b>	<b>10,418,191</b>	<b>170,481</b>

### Murabaha Revenues

Statement No. (20)

Account Name	31-12-2024	31-12-2023
Murabaha Operations / Companies	2,373,373	8,707
Murabaha Operations / Individuals	1,223,938	695,167
Mudaraba Profits - Companies	3,000,000	0
<b>Total</b>	<b>6,597,311</b>	<b>703,874</b>

### Interests' Expenses

Statement No. (21)

Account Name	31-12-2024	31-12-2023
Paid Returns/Time Deposits	104,216	0
Paid Returns / Savings Deposits	143,002	34,855
Benefits of Commitment to Tenancy Contracts	169,434	18,983
Dividend/Contributions Distribution	31,655	0
<b>Total</b>	<b>448,307</b>	<b>53,838</b>

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## Bank commission revenues

Statement No. (22)

Account Name	31-12-2024	31-12-2023
Outward Remittance Commission	2,143,440	2,688,505
Incoming Remittances Commission	20,544	11,324
Other Commissions / Export Credits	90	0
Swift Commission	67,829	31,454
POS Payments Commission	40,590	131,317
Commission for internal letters of guarantee	115,269	35,063
Miscellaneous banking commissions	354,210	43,467
Other banking commissions	1,106,873	512,563
Commission for online payments	59,386,726	49,063,168
Card Request Commission	6,256,112	4,637,276
Commissions on cheque books	2,611	75
Visa and MasterCard revenue commission	1,735,878	0
Commissions for the creation of clearing instruments	0	200
Commission for replenishing bank and branch accounts	75	0
Commission for issuing bills and approving a deed	220	36
Mediation commission for the sale of shares and bonds	0	400
Commission for Issued Credits	41,318	22,993
Cash deposit commission	593,787	325,428
Transfer commission from one account to another	0	4,302
<b>Total</b>	<b>71,865,571</b>	<b>57,507,571</b>

## Notes to the Financial Statements as of 31-12-2024 Commission expenses

Statement No. (23)

Account Name	31-12-2024	31-12-2023
Paid bank commissions / local banks	795,177	832,373
Paid banking commissions / offshore banks	1,823,927	797,963
Commission for Visa and MasterCard expenses	19,109,587	6,577,045
<b>Total</b>	<b>21,728,691</b>	<b>8,207,381</b>

## Net Profit of Foreign Exchange Trading

Statement No. (24)

Account Name	31-12-2024	31-12-2023
Revenues from buying and selling foreign currencies	1,800,222	1,140,560
Foreign Currency Valuation Spreads	67,747-	0
<b>Total</b>	<b>1,732,475</b>	<b>1,140,560</b>

## Net Profit from Other Operations

Statement No. (25)

Account Name	31-12-2024	31-12-2023
Correspondent Bank Revenue	0	3,037,749
E-Services Revenues	160,557,254	140,666,206
Sales of banking publications	155,638	66,350
Revenues of previous years	134,263	4,000
Capital income	0	768,130
Income from internal financial investments	1,485,385	54,808
Foreign financial investment income	48,958	0

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Visa Incentives	2,885,140	0
Revenue broken deposit	985	0
Telecom Refunds	250	25
Correspondent Banks Revenue Group	87	0
Correspondent Expenses / Incoming Remittances	0	1,618
Service Center Sales	30,622,338	1,618
Restricted non-distributable profits / fluctuations	92,706	0
Revenue Provision for previous years	7,644,992	0
Vacation refundable expenses	510	0
Donations received	210	0
<b>Total</b>	<b>203,628,715</b>	<b>148,595,425</b>

## Notes to the Financial Statements as of 31-12-2054

### Statement No. (23)

#### Commission Expenses

Account Name	31-12-2024	31-12-2023
Paid bank commissions / local banks	795,177	832,373
Paid banking commissions / offshore banks	1,823,927	797,963
Commission for Visa and MasterCard expenses	19,109,587	6,577,045
<b>Total</b>	<b>21,728,691</b>	<b>8,207,381</b>

#### Net Foreign Exchange Trading Profit

### Statement No. (24)

Account Name	31-12-2024	31-12-2023
Revenues from buying and selling foreign currencies	1,800,222	1,140,560
Foreign Currency Valuation Spreads	67,747-	0
<b>Total</b>	<b>1,732,475</b>	<b>1,140,560</b>

#### Net Profit from Other Operations

### Statement No. (25)

Account Name	31-12-2024	31-12-2023
Correspondent Bank Revenue	0	3,037,749
E-Services Revenues	160,557,254	140,666,206
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Capital income	0	768,130
Income from internal financial investments	1,485,385	54,808
Foreign financial investment income	48,958	0
Visa Incentives	2,885,140	0
Revenue broken deposit	985	0
Telecom Refunds	250	25
Correspondent Banks Revenue Group	87	0
Correspondent Expenses / Incoming Remittances	0	1,618
Service Center Sales	30,622,338	3,996,539
Restricted non-distributable profits / fluctuations	92,706	0
Revenue allocation for previous years	7,644,992	0
Leaves refundable expenses	510	0
Received donations	210	0
<b>Total</b>	<b>203,628,715</b>	<b>148,595,425</b>

# First Iraq Islamic Bank

## Notes to the Financial Statements as of 31-12-2024 Salaries of employees and the like

Statement No. (26)

Account Name	31-12-2024	31-12-2023
Salaries, benefits and bonuses of employees	3,498,006	912,924
Various allocations	4,114,358	929,354
Transportation fees for employees	66,205	37,261
Bank's subscription in social security	191,533	75,679
Personnel equipment	2,584	29,481
Training and study fees	138,384	94,518
Travelling and delegation for Training and study fees	898,327	396,849
<b>Total</b>	<b>8,909,396</b>	<b>2,476,066</b>

## Notes to the Financial Statements as of 31-12-2024

Statement No. (27)

Account Name	31-12-2024	31-12-2023
maintenance	18,786,654	20,007,782
Fuel and oils for the generator	51,190	86,262
Office expenses	258,308	269,996
Water & Electricity	17,671	13,724
Research & Consulting Services	4,279,058	553,650
Advertising	20,539,369	13,903,018
Printing & Publishing	214,126	11,434
Hospitality	72,967	45,064
Conferences & Seminars	453,526	551,189
Transportation of goods and merchandise	692,125	163,848
General Communications	184,686	81,084
Rental of buildings and facilities	151,042	104,440
Rental of transportation means	7,250	23,690
Subscriptions and affiliations	34,045	0
Remuneration for non-employees for services performed	469,053	292,498
Legal Services	413,123	110,404
Banking Services	172,360	168,012
Auditor Wages / 2024	134,000	115,185
Fees for organizing accounts	20,100	17,278
Audit fees of foreign companies during the year 2024	2,394,447	0
Other audit fees	13,500	18,980
Cleaning fees	333,616	66,524
Guard fees	666,145	315,471
Donations to others	225,135	72,437
Compensation and fines	758,957	3,155,078
Purchase of products for the purpose of sale	29,591,172	5,752,534
Special Services Expenses	95,388,711	50,295,585
Miscellaneous taxes and fees	3,340,938	249,540
Real estate taxes	164,159	0
Debit equivalent reserve	17,208	
Individual profit settlement expense	16,540-	0
Corporate profit settlement expense	7,291-	0
Fire extinguishing expense	5,700	
Stamp fees	5,676-	
Expenses of previous years - banking operations	18,000	
Other Service Expenses	2,391,296	480,312
<b>Total</b>	<b>182,230,130</b>	<b>97,024,999</b>

# First Iraq Islamic Bank

## Statement of the Financial Statements as of 31-12-2024

Statement No. (28)

### Consumption & Amortization

Account Name	31-12-2024	31-12-2023
Amortization of buildings and facilities	92,499	36,922
Amortization of machinery and equipment	152,526	44,304
Amortization of Clearing safes	140,490	74,087
Amortization of decorations and partitions	193,236	89,042
Amortization of fire extinguishers	3,895	1,640
Amortization of transportation means / passengers	42,623	37,484
Amortization of furniture and office equipment	88,350	81,941
Amortization of air conditioning and refrigeration devices	13,800	12,673
Amortization of electronic computers	67,790	57,126
Amortization of calculators, typewriters and cloning	93,229	57,628
Amortization of office tools and equipment	43,728	31,398
Amortization of curtains and furnishings	3,506	1,825
Amortization systems and software	291,085	2,628,186
Depreciation expenses for the right to use the leased item	446,615	158,724
<b>Total</b>	<b>1,673,373</b>	<b>3,312,980</b>

### Risk Allowance

Statement No. (29)

Account Name	31-12-2024	31-12-2023
Low value of the property	0	651,576
Current Account Risk	24,178	0
Reserve risk expense	1,000,000	0
Expenses for clearing illegal profits	3,037,749	0
Operational risk expense	4,081,007	0
Central Bank Balance Risk / As per Standard 9	6,468	0
Risk of local bank balances / as per standard 9	84	0
Risks of external bank balances / according to criterion 9	318,800	0
Risk of cash liabilities / as per standard 9	406,853	1,031,998
Risks of contractual obligations / as per standard 9	13,429	2,199
<b>Total</b>	<b>8,888,569</b>	<b>1,685,773</b>

### Items outside the financial position

Statement No. (30)

Account Name	31-12-2024	31-12-2023
Letters of Guarantee	5,624,307	1,219,501
Deducted / Cash Insurance	4,940,192	1,109,571
<b>Total</b>	<b>684,115</b>	<b>109,930</b>

The statements from 1 to 30 attached to the financial statements are considered as part of this report and should be read with it.

