



Our vision

To be among the pioneers in providing innovative financial services and abide by providing what is distinct locally and internationally.

Our message

- Adherence to provide the highest standards of banking services according to the legislation and laws in Iraq, and to use the best and latest technologies in all transactions, including computer and communications technologies and information systems.
- Careful management of investments in order to achieve the best profits, not the most, for the common interest of the customers and the bank itself.
- Adherence to cooperation, coordination and integrity with other financial institutions and organizations, which in turn are committed to providing the best in all their dealings, in order to strengthen the base and foundations of the financial investment system.
- Adherence to developing societies in all economic fields through investing in the industrial, agricultural, commercial, real estate, service and other sectors, which in turn provides more job opportunities in society.
- Adherence to social responsibility and services in line with the nature of society.
- Contributing to the development of society, especially providing safety and security to the community, working to promote it, and spreading social justice.
- Encouraging the provision and saving of funds and the correct and accurate investment, in accordance with sound principles of investment, by investment and financial products, which are compatible with the requirements of dealers.
- Providing the required funds for investors with the aim of establishing economic projects, and finding substitute tools for financing activities to meet the needs of customers.

VISION
2021



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Ashur International Bank for Investment

An Iraqi private shareholding company established in 2005, with commercial registration No. CR 25812, the subscribed capital is 250 billion Iraqi dinars, as at the end of the year 2019.

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Board of Directors

Members of the Board of Directors



Dr. Safwan Qusay Abd Alhalm
Chairman of Board



Dr. Tarik Ali Jasim
Deputy Chairman of the Board



Mr. Ziad Abdelrazaq Fatayer
Managing Director



Mr. Noor Noori Ayyed
Alhandal
Member



Dr. Salowan Hafadh
Hamed
Member



Dr. Bakr Ibrahim
Mahmood
Member



Mr. Wadhah Majid
Abdulhaleem
Member

Word of the Chairman of Board of Directors

Dr. Safwan Qusay Abd Alhalm



"In the name of God, the Most Gracious, the Most Merciful"

**Honorable gentlemen,
Shareholders of Ashur International Bank for Investment**

I am pleased to welcome you on my own behalf and on behalf of the Board of Directors, and to place before you the fifteenth annual report of our banking institution, which includes the Board of Directors' report on the results of the bank's business, its most important activities and its final accounts for the year ending on December 31, 2021, in addition to the future for the year 2022.

The year 2021 witnessed a set of variables, exceptional circumstances and challenges, the most important of which was the Corona pandemic, which cast a shadow on the world, specifically on economic activity in the local region, the Arab region and the world at large, and the accompanying economic downturn, especially in the oil-exporting countries in light of the decline in global demand for oil and the decline in its prices and budgets were affected by this and the resort to internal and external borrowing to cover spending, and its unprecedented negative effects and repercussions as a result of precautionary measures, bans, closures, slow or halting business in some sectors.

It was a truly exceptional year, and we hope to overcome it and restore economic momentum and move the wheel of growth in the next stage with the help of the pivotal role of the banking sector, the soundness of its financial indicators, its ability to overcome interim risks, the procedure and measures taken by the Central Bank of Iraq in facing the effects of the pandemic, pumping liquidity, and putting forward initiatives lending, and reducing the mandatory cash reserve ratios and interest rates on loans financed by its initiatives.

In response to the effects of the pandemic, the bank took many measures during the year, giving priority to the safety of our employees and customers and the sustainability of work and providing assistance to the local community to mitigate the economic impacts on corporate and individual sectors through scheduling, postponement of installments and granting loans at reduced interest rates, especially the youth sector, small and medium enterprises and housing loans, providing support and donations, and purchasing medical supplies within the national efforts to reduce the pandemic.

Despite the unprecedented circumstances imposed by the Corona pandemic, the bank continued to maintain its strong financial position by achieving profits that exceeded last year, high liquidity ratios, strong solvency above the minimum regulatory requirements of the Central Bank of Iraq, the International Basel Committee, and a solid capital base, while maintaining the safety and quality of assets and managing risks effectively, by hedging additional provisions for the difficult stage and economic conditions resulting from the epidemic.

In the year 2021, the bank achieved a profit after tax of 7.6 billion Iraqi dinars, compared to 14.8 billion Iraqi dinars in the year 2020, and the return on average assets was 1.4%, and the return on average shareholders' equity amounted to 3%, while the liquidity coverage ratio reached 806%, and the capital adequacy ratio was 172%, and assets have grown by 29% to reach 613.5 billion Iraqi dinars, and shareholders' equity by 3% to reach 281.5 billion Iraqi dinars.

On the direct credit side, net credit after provisions grew by 234% to reach 83.8 billion Iraqi dinars, compared to 25.1 billion in 2020, and the coverage ratio of provisions for the non-performing debts reached 100% according to criterion 9, and the percentage of non-performing debts decreased to 3% of the balance of facilities direct credit.

The bank continued its efforts to provide the best banking services, products and solutions with high quality, as the credit card product was introduced for the first time in the bank to serve customers, meet their needs, simplify payment methods, and keep pace with banking developments, as well as the launch of the current debit product, and the completion of the card printing project for people with Social care and development of the website, adding electronic services to it, applying the electronic archiving

Word of the Chairman of Board of Directors

Dr. Safwan Qusay Abd Alhalm

system, establishing a telephone service center section, developing many electronic services that suit the needs and desires of customers and facilitating their work to save them time and effort, and increasing points of sale and automated teller machines spread in some Iraqi governorates and gathering and shopping places to reach 64 ATMs at the end of 2021, and in continuation of the policy of development and upgrading of work methods and procedures to keep pace with international best practices, in the year 2021, for the first time in its career, the bank obtained an international rating from Moody's for credit rating similar to the sovereign credit rating, which reflects the ability to meet its obligations to others, and was published on the most important specialized business platforms in the world.

The digital strategy was prepared in cooperation with the team of consultants from the International Finance Corporation / the arm of the World Bank to modernize and develop electronic and banking services, as well as the preparation and approval of the Good Governance Guide, and the Information Technology Governance Guide was prepared in implementation and approval of the requirements of the Central Bank of Iraq as well, and the International Financial Reporting Standard No. (9) was applied on the bank's financial statements as on 31/12/2021 in accordance with the approved methodology and the established business model and its issuance in accordance with the standard, and the preparation of a policy of acceptable limits of risks that reflect acceptable levels of risk, and the maximum risk that the bank is willing to bear to achieve the desired goals.

The automated fixed assets system was introduced to work and applied according to best practices and results, and to diversify the bank's revenues, the bank has tended to focus on the investment aspect in the next stage, and in this context, the investment department has been created in the bank, providing it with specialized staff and searching for investment options within the limits of risks. The Bank is looking forward to opening more to the international environment, especially the Kingdom of Saudi Arabia, through the practice of banking business there.

Dear valued shareholders

In conclusion, in this regard, I cannot but extend my sincere thanks to the Central Bank of Iraq for their continuous support, and to the honorable members of the Board of Directors for the efforts made in following up on the conditions of the Bank on an ongoing basis.

I also extend my thanks to our shareholders and valued customers for their great and precious confidence in our institution, and to the executive management and the bank's employees at all levels and positions for their performance, teamwork, dedication, and sincerity in achieving outstanding achievements and results, hoping that the year 2021 will bring with it more progress and prosperity for our bank and our dear Iraq.

"Peace, mercy and blessings of God"



Dr. Safwan Qusay Abd Alhalm

Chairman of Board

Managing Director's word

Mr. Ziad Fatayer



"In the name of God, the Most Gracious, the Most Merciful"

**Honorable ladies and gentlemen,
Shareholders of Ashur International Bank for Investment**

On my own behalf and on behalf of the management of the Ashur International Investment Bank, I am pleased to present to you the annual report of the Ashur International Bank for Investment for the year 2021, through which we will shed light on the most prominent economic developments, achievements, challenges, and successes witnessed by the bank in light of the volatile conditions witnessed by the country and the Arab region, Ashur International Bank for Investment was able to revolutionize the digital solutions and services it provides to its clients. We will also review with you our financial statements and future to achieve continuous growth and prosperity.

We are proud of our distinguished banking culture and always strive to make Ashur International Bank for Investment the leading bank in Iraq and the first and optimal choice for its customers through a package of services and facilities that meet all their needs to make our distinguished motto a reality, "life is easier with us".

Iraq is one of the largest markets in the Middle East and North Africa region and is characterized by a large and growing economy, and due to the noticeable increase in oil prices and the increase in the proportion of public and private investments, the growth in the country's GDP is expected to increase. Because the banking sector constitutes a large part of the financial sector operating in the country, we have developed a business strategy that includes two main phases.

Transformation stage 2020-2022:

1. Develop a roadmap with clear and deliberate steps for all initiatives and projects.
2. Preparing a strategy for the bank for the next five years supported by an action plan to create clear changes.
3. Relying on flexible staff who are ready for any change for the better for Ashur International Bank.
4. Change in policies and procedures, innovations, products, continuous training of employees and the preparation and promotion of work culture among our team.
5. Implementing the evaluation system for employees, by collecting reward points for all bank employees with clear and predetermined qualitative and quantitative objectives, reactivating the three-line defense framework, and ensuring employee awareness.

Growth Stage:

1. Working to accelerate the growth of the Ashur International Bank for Investment.
2. Apply the sales culture, outstanding performance and rewards and focus on them in investing in our team, by enhancing their skills and setting a clear and explicit career path.
3. Enhancing the "risk appetite" in the bank by offering many loans of various kinds, to serve the achievement of our goals.

We are confident of the change that our bold and ambitious plan of action will bring, which aims to take the banking business to a higher level and new standards, and our belief in it is the most important key to its success. We are committed to continuous investments in the overall customer experience, with the aim of innovating more and simplifying our financial products to suit the needs of the Iraqi market. In addition to our focus on increasing the value of shareholders, depositors, and assets by building a long-term relationship with our customers, our employees, and the local community.

I would also like to extend my thanks to the Board of Directors for their continuous support and to all the bank's employees for their tireless efforts in achieving the goals and aspirations of the Bank. I would like to conclude my speech by thanking all shareholders for their loyalty and support to the Bank and to all our customers in the various markets in which we work for their constant trust in us.

Mr. Ziad Fatayer
Managing Director

A group of people in business attire are gathered around a table, reviewing documents and charts. The scene is lit with warm, orange-toned light. Several hands are visible, some holding pens, pointing at various parts of the documents. The documents feature pie charts, bar graphs, and text. A coffee cup is visible in the background. A blue semi-transparent box is overlaid on the left side of the image, containing the title and subtitle.

Annual Report of the Board of Directors on the Bank's Activity

For the year ending on 31/12/2021

Annual Report of the Board of Directors on the Bank's Activity

For the year ending on 31/12/2021

Activities and Achievements for the year 2021

The bank continued to keep up with economic and political conditions in adopting a balanced policy that maintains the quality of assets and realizes major financial ratios within the requirements of regulatory authorities and achieves the best returns for investors with the lowest risks.

Regarding the administrative aspect, the bank has continued to develop its business and operations, whether at the level of operations or on the distribution and development of business, which resulted in preserving the bank's achievements and enhancing the bank's role in the Iraqi banking scene, and the bank has maintained a continuous renewal and development approach through implementation and provision of several projects and strategic products revolve around promoting the banking services provided to all segments of customers in the bank in a way that keep up with international developments in the banking sector.

The board presents its comprehensive report on the final audited accounts for the financial year ending on 31/12/2021, including statements and information on the bank's business and activities, in accordance with and complying with the provisions of the Companies Law, International Accounting And Financial Reporting Standards in addition to the provisions of the Banking Law and the instructions of the Securities Commission.

The Bank's Activities and Activities during the year 2021

The Bank has kept its constant approach to continuous development and renewal through the implementation of several strategic projects that focus on continuing to develop products and banking services and developing channels to provide these products and services, especially electronic channels, and the bank has worked to enhance its presence and spread to expand the customer base and to modernize and develop branches in regions of its presence and expanding the ATM network, developing and updating the infrastructure of communication networks between branches, increasing the readiness of ATMs, implementing customer data security standards, electronic distribution channels and channels and electronic payment systems, to provide integrated and secure services to customers and banking solutions based on innovative technology to upgrade the banking business in accordance with the international standards.

At the level of the capital base, it has been working within the bank's strategy since the founding period, toward reinforcing this base in line with the bank's intent to expand its business in addition to meeting the requirements of the Central Bank of Iraq.

Financial Results

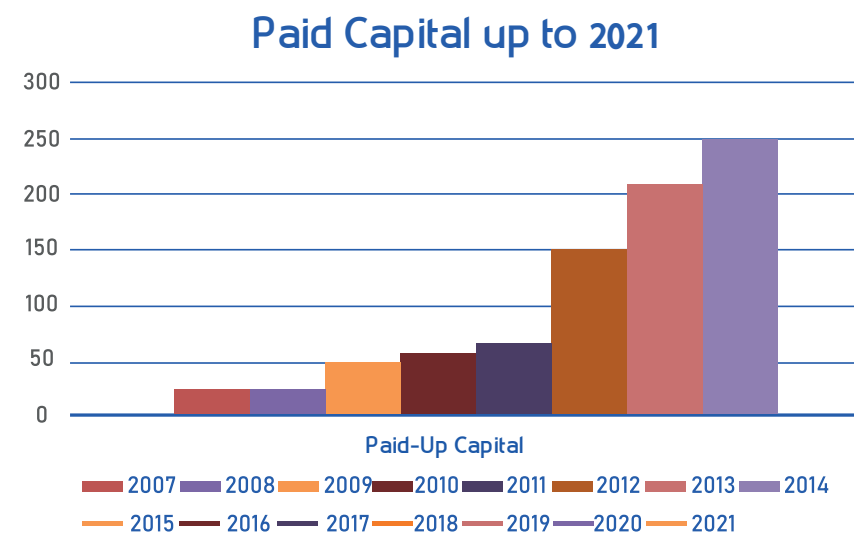
The financial results of Ashur International Bank for Investment come as a result of the bank's approach in following a balanced policy that reflects on the quality of its assets and reduces the risks so that returns and risks are reconciled, and the financial results were reflected in maintaining the main ratios within the requirements of the regulatory authorities, so the capital adequacy ratio reached 172%.

Bank Products and Services

The bank continued implementing its strategic plan by upgrading the level of services provided to customers during the year 2021, developing operations and unifying measures to improve efficiency and performance.

The Individual Banking Services Department continued to offer new products and services to meet the needs of customers and raise the quality of services provided.

Paid Capital for Ashur International Bank for Investment up to 2021															
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Paid Capital	25	25	50	57.5	66.7	150	210	250	250	250	250	250	250	250	250



Annual Report of the Board of Directors on the Bank's Activity

For the year ending on 31/12/2021

Individual Services Sector

The bank continued to launch the personal loan for the employees who localized their salaries with the bank with new benefits, including increasing the period of the loan to 5 years, along with increasing the loan amount to 25 million Iraqi dinars, starting from meeting the needs of the category of employees whose salaries transferred to the bank.

On the level of encouraging customers to save, the bank continued to provide the best interest rates to savers through savings accounts.

As for the electronic services, the bank has worked to launch prepaid cards in addition to completing the work of credit cards, and work to enhance the level of protection on cards issued by the bank in accordance with the DS3 mechanism, and the centralization of issuing procedures for printing the debit and prepaid card.

Branch Networks and Distribution Outlets

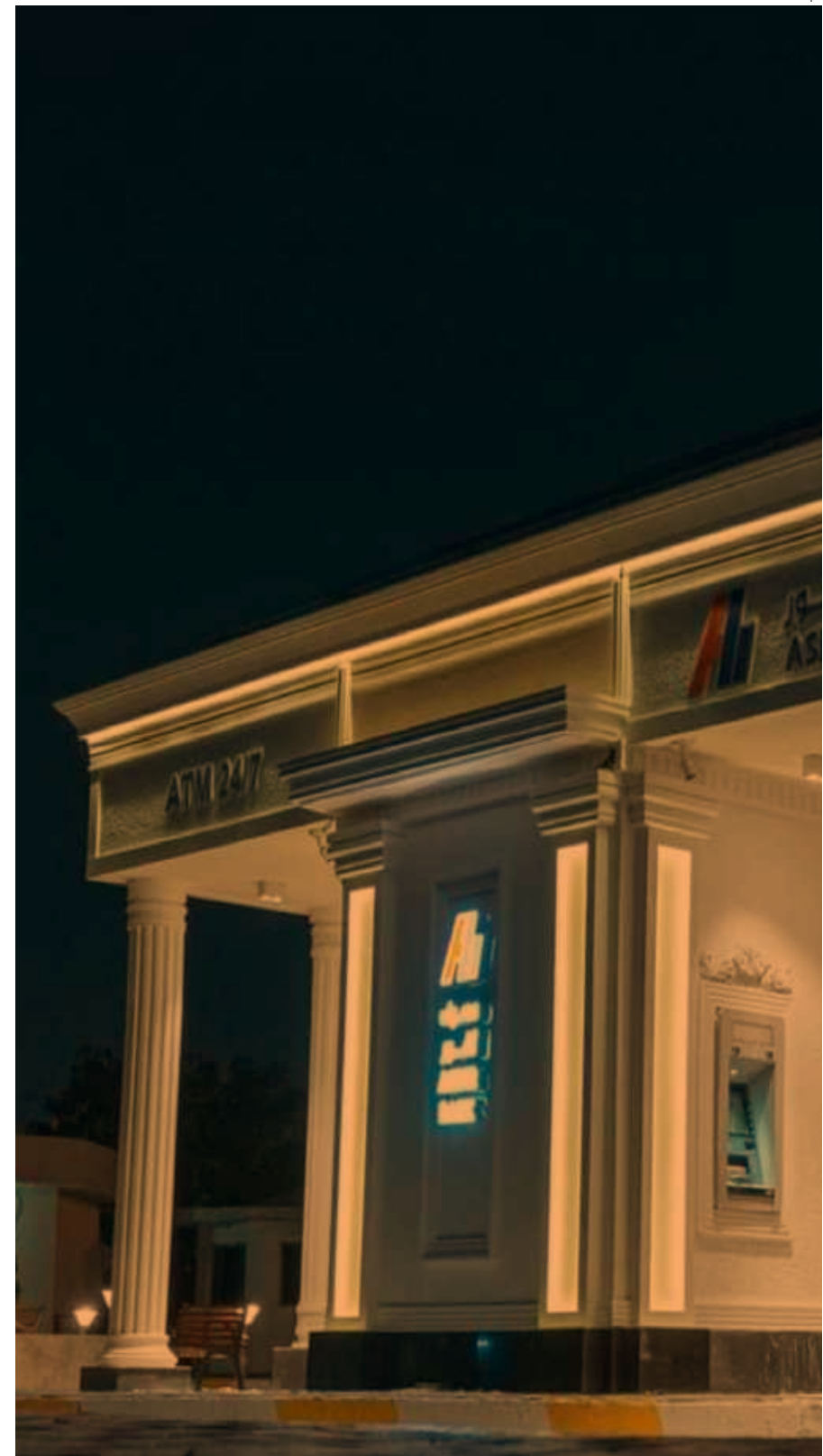
To develop the services provided by the Mobile Branch, the bank worked to activate the mobile ATM as a branch that accepts withdrawal and deposit operations.

Electronic Distribution Outlets

The bank continued to keep up with of the latest developments in the field of banking industry technology, and in this regard, it has continued to work on developing distribution outlets and electronic payment systems, so that customers can obtain services and conduct banking transactions easily and safely, and within the framework of the bank's care to provide best electronic services to its customers. As for the field of electronic distribution channels, work has been continued to update and develop payment services through the bank's website on the Internet, in a manner that facilitates and meets the aspirations of customers. On the level of the bank's electronic outlets, the bank was able to expand its electronic outlets to reach 64 ATMs.



Locations of ATMs for Ashur International Bank			
No. of ATMs	Address	Governorate	GPS
1	Bakhtiyari, two sides St., near Notary Public	Erbil	36.204962, 43.999653
1	Majidi Mall – Kasnazan Road	Erbil	36.196623, 44.065400
1	Erbil – 100 street	Erbil	36.1578038, 43.9818795
1	Erbil – Ainkawa Mall	Erbil	36.2416051, 43.987731
1	Erbil – near Royal Complex	Erbil	36.1959696, 43.9671097
1	Kirkuk – Madinati Residential Complex	Kirkuk	36.307898, 44.3320604
1	Karbala – Al-Shakrchi Street	Karbala	36.605785, 44.020466
1	Karbala – Hay Al-Hussein	Karbala	32.5972134, 44.0186861
1	Al-Sulaimaniya, Bakerjo, near Bakerjo Notary	Al-Sulaimaniya	35.554750, 45.364833
2	Al-Sulaimaniya, Kirkuk Road	Al-Sulaimaniya	35.6486143, 44.9999403
1	Main St./Salma Al-Taghubi/opposite Salahuldeen Nationality Directorate	Salahuldeen	34.6118244, 43.676754
2	Al-Zuhour Qtr., Hmilat Al-Jirar, near Hussein Al-Shaikh Rest.	Al-Mosul	36.370388, 43.180664
1	Al-Mosul – Hay Al-Dhubat	Al-Mosul	36.3406909, 43.1539292
1	Al-Mosul – Ba'awiza	Al-Mosul	36.4460766, 43.1474611
1	Al-Mosul – Al-Hay Al-Arabi – Al-Arshadiya Hospital Street	Al-Mosul	36.4037015, 43.1144995
1	Hay Al-Noor	Al-Mosul	36.3675469, 43.1870881
1	14th of July Street, near Al-Basra Tourist Hotel	Al-Basra	30.511167, 47.841128
1	Al-Basrah, Al-Khraitiya, Dinar Street	Al-Basra	30.5350083, 47.8150033
1	Shat Al-Arab/Dinar Street/near Al-Maaql Girls Secondary School	Al-Basra	30.558655, 47.792115
1	Al-Basra, Dinar Street	Al-Basra	30.530588, 47.813078
2	Al-Mansour – Al-Manoun Street- near Green Apple	Baghdad	33.302860, 44.349919
1	Zayouna, al-Rabea Street , opposite Rayhana Rest.	Baghdad	33.327826, 44.454489
2	Al-Karrada, Uqbah bin Nafea, Ashur International Bank Bldg.	Baghdad	33.301899, 44.437072





1	Al-Rasheed Street, Central Bank Bldg	Baghdad	33.337459, 44.393461
2	Al-Dora Highway, Al-Dora Refinery	Baghdad	33.280101, 44.441543
1	Al-Mansour, Babylon Mall	Baghdad	33.317873, 44.345839
1	Ministry's Headquarters, Palestine Street	Baghdad	33.373317, 44.398205
1	Ministry's Headquarters, Palestine Street	Baghdad	33.341375, 44.438404
1	Ministry's Headquarters, Yafa Street	Baghdad	33.322530, 44.402302
1	Palestine Street – Safiuldeen Al- Directorate's Headquarters	Baghdad	33.371141, 44.400211
3	Al-Dora Highway, Al-Dora Refinery	Baghdad	33.272741, 44.423724
1	Al-Jumhuriya St., Al-Wathba Sqr., Adjacent Al-Killani Mosque	Baghdad	33.3333663, 44.4032745
1	Al-Alawi Area. Adjacent Al-Zawraa Swimming Pool	Baghdad	33.3188705, 44.3823356
1	Sheikh Omar Street	Baghdad	44.4084, 33.3449
1	Al-Jadiriya, University Headquarters	Baghdad	33.279483, 44.378061
1	Al-Adhamiya, near Nadhim Al-Tabaqchali Sqr.	Baghdad	33.390713, 44.361866
1	Al-Dora, Al-Dora Refinery	Baghdad	33.262204!4d44.4261608
1	Airport St., near Federal Police Headquarters	Baghdad	33.2899204, 44.3285341
1	Al-Dora – Abu Tayara Street	Baghdad	33.2551459, 44.4088869
1	Al-Binouk – Sumer Street	Baghdad	33.3979746, 44.4005623
1	Hay Al-Adel – Al-Rabea Street	Baghdad	33.3321539, 44.3249778
1	Al-Amiriya – Al-Munadhama Street	Baghdad	33.2984842, 44.207910
1	Al-Jadiriya – near Al-Waha Mall	Baghdad	33.288555, 44.3474124
4	Baghdad – Palestine Street – near Neurosurgery Hospital	Baghdad	33.33233, 44.4212825
1	Al-Sulaimaniya – Sousse – Dokan Road	Al-Sulaimaniya	35.7666705, 45.1366225
1	Baghdad – AlMansour – AlAmeerat Street – at Iraqi Hunting Club	Baghdad	33.3091782, 44.3466112
1	Baghdad – Al-Baladiyat	Baghdad	33.3294859, 44.4814767
2	Baghdad – Hay Al-Adel – Al-Rabea Street	Baghdad	33.3454684, 44.3281646
1	Al-Mahmoodiya – Baghdad Street	Baghdad	33.0621413, 44.3644965
2	Salahuldeen – Tikrit – Sahat Al-Ihtifalat Street	Tikrit	34.6141663, 43.6699037
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Annual Report of the Board of Directors on the Bank's Activity

For the year ending on 31/12/2021

Organizational Methods and Technological Resources

The bank during the year 2019 continued to enhance its system of procedures and regulatory environment by completing its strategic plan to be the leading bank for the Iraqi banking sector in regulatory methods, technological rules, communication systems, and policies and regulating work procedures.

On the level of policy development, the work continued during the year 2019 with an international institution affiliated with the World Bank to provide consultations that started in the year 2018, in the field of developing risk management and good governance.

In the field of governance, the Board of Directors continued to give special significance to the application of institutional governance, as it worked to activate the committees of the board as mentioned in the governance rules and the issuance of the Charter of Governance to upgrade the bank and strengthen institutional work in it.

In the field of risk management, the bank has focused on this aspect as the tasks of the risk department have been developed in accordance with best practices in this and it is responsible for managing various types of risks in terms of:

- Preparation of policies and their approval by the Board of Directors.
- Analysis of all types of risks (credit, market, operational).
- Developing the methodology for measuring and controlling each type of risk.
- Providing the Board of Directors and the Higher Committee for Risks and Compliance with the necessary reports regarding the measurement of risks in the bank in quality and quantity along with the necessary recommendations in their regard.

The department measures the risks to which the bank is exposed as follows:

A - Credit Risk:

In this context, the bank is strengthening the institutional frameworks that govern the credit department through the following:

- 1- A group of specialized and independent departments to manage business requirements through the Companies Banking Service, which is concerned with managing company credit and small and medium projects credit, and the Individual Banking Service, which deals with individual credit portfolios.
- 2- The separation between the different banking services departments (individuals and companies) and the credit departments.
- 3- The existence of a set of approved policies and procedures that define the basis for identifying, measuring and managing this type of risk.
- 4- Determination of credit concentrations at the level of credit type, economic sector and geographical distribution, and the department of credit risk management within its jurisdiction shall monitor these concentrations.
- 5- The bank adopts a system of powers that includes the grant mechanism, its delegation, and control and relationship management for various credit activities.
- 6- Preparing to apply the accounting standard in IFRS 9 financial reports through the reports necessary to comply with the application of the standard in the year 2020.
- 7- The bank uses different methods to mitigate credit risks, as follows:
 - Providing the appropriate credit structure in accordance with its purpose and method of repayment.
 - Studying and evaluation of credit transactions by credit risk departments.
 - Ensuring completion of all regulatory aspects of credit exploitation and sources of repayment.
 - Fulfilling the appropriate guarantees as a precaution against any risks in this regard and proper documentation thereof.
 - Periodic evaluation of the guarantees according to the nature, quality and degree of

Annual Report of the Board of Directors on

For the year ending on 31/12/2021

guarantee risk to enhance it and ensure that it covers the credit granted, on a timely basis.

- The existence of specialized committees to approve credit.
- 8- Departments to implement credit including monitoring credit implementation according to credit approvals, in addition to a unit concerned with documenting credit, completing legal audit, and notifying implementation departments.
 - 9- The existence of a specialized department to monitor the collection of receivables and bad debts.
 - 10- Determining the tasks of the various credit departments in terms of the mechanism and periodicity of monitoring, extracted statements and the mechanism for submitting them to the higher committees.
 - 11- Analyzing economic fluctuations and changes in the structure and quality of the credit portfolio.
 - 12- The credit departments, each within its competence, monitors and evaluates all credit operations through a set of regulatory reports:

Daily reports related to credit breaches, accounts payable, etc.

- 13- Monitor the quality and distribution of the credit portfolio by classifying the credit risk, the economic sector, the type of credit, guarantees, credit concentrations, trends in the quality of the credit assets and monitoring the credit exposure total exposure at the customer level, geographical area, due date, type of guarantee, and reports are submitted monthly to the Higher Credit Committee and the Higher Risk and Compliance Committee.

The guarantees and credit risk mitigation against credit exposures consist of the following:

- Fulfilling the appropriate guarantees and properly documenting them in

order to guard against any risks in this regard, which are the cash and material guarantees such as mortgage bonds and the car mortgage in addition to personal guarantees that are binding for all parties and are legally enforceable in all courts of jurisdiction.

- Periodic evaluation of the guarantees according to the nature, quality and degree of the security risks enhancing them and ensuring that they cover the credit granted, on a timely basis.
- Legal checking of all contracts and documents that enhance the guarantees and their enforceability within the regulations, legislations and laws governing the bank's business.

B - Operational Risk:

They are the risks that arise from the inefficiency or failure of internal operations and employees or arise because of external events and include legal risks and risks of electronic banking operations.

The bank undertakes the operational risks within the following foundations:

- 1- Preparing the operations risk policy and approving it by the Board of Directors.
- 2- The Internal Audit Department assumes the assessment of the validity of the monthly self-assessment checks for the various departments of the bank, categorizes these departments within the classification criteria approved in this regard, and includes them within the internal audit report, and provides the Higher Committee for Audit with them on a timely basis.
- 3- Building a database of the operational errors and analyzing them, and submitting periodic reports about the concentration of these errors and their quality to the Higher Committee for Risks and Compliance.
- 4- Establishing a Risk Profile that includes all types of operational risks and control procedures and the periodicity of their checking to ensure their efficiency and continuity of work at the level of each of the bank's departments.

C - Compliance Risk:

They are the risks that arise from the possibility of the bank's compliance with the prevailing laws, legislations and instructions and professional and ethical banking laws and regulations issued by the domestic and international regulatory authorities including the

Annual Report of the Board of Directors on the Bank's Activity

For the year ending on 31/12/2021

bank's internal policies, and in this context the Compliance Department has been established and it is an independent department that manages this type of risk within the following principles:

- 1- Preparing the compliance policy and approving it by the Board of Directors, which includes the basis for defining, measuring and controlling these risks.
- 2- Evaluating and reviewing all work policies and procedures and make sure of their compliance with the laws and legislations governing the bank's business.
- 3- Preparing and adopting a policy dealing with Foreign Account Tax Compliance Act (FATCA)
- 4- Engaging with several companies to purchase an automated system to manage FATCA requirements.
- 5- Modify account-opening forms to meet the requirements of the FATCA.
- 6- Setting a mechanism and procedures to update customer data on continuous basis according to the KYC "Know Your Customer" form and according to the requirements of the Central Bank of Iraq.
- 7- Applying and circulating the guide of professional conduct charter to all bank employees.
- 8- Preparing and applying compliance matrices that include limiting violations of laws and regulations and confirming compliance with them.
- 9- Training and qualifying all bank employees at all levels.
- 10- Providing the Higher Committee for Risk and Compliance with periodic reports that include breaches and non-compliance at the level of each bank unit.

As for the fight against money laundering operations, an independent department has been established to combat money laundering and terrorist financing within the following principles:

- 1- Preparing and approving the Anti-Money Laundering and Terrorist Financing Policy by the Board of Directors in accordance with the

instructions and the Money Laundering Law No. (39) for the 2015 and enacting them into law.

- 2- Engaging with several companies to purchase an automated system that ensures verification of all daily transactions for customers, and classifies customers according to the risk degree.
- 3- Automatic and periodic verification of the bank's customers not being included in the prohibited lists.
- 4- Periodic verification of high-risk customers.
- 5- Continuous awareness and education for all the bank's employees, each within its competence, by engaging them in internal and external training courses.

D - Market Risk:

These are risks that show the financial position inside and outside the bank's consolidated financial statements to losses that arise as a result of fluctuations in the fair value or future cash flows of financial instruments, as a result of changes in market prices such as interest rates, currency rates, and stock prices, and market risks arise as a result of the existence of open positions in interest rates, currencies, and investment in shares, and these risks are monitored according to specific policies and procedures, and through specialized committees and work centers concerned. They include each of the following risks:

- 1- Interest Rate Risk.
- 2- Exchange Risk.
- 3- Securities Price Movements Risk.

Liquidity Risk can be added within the market risk item, which is the possibility of bank's inability to fulfill its obligations when they are because of its inability to provide the necessary financing, as well as the bank's inability to finance the increase in the assets side without having to liquidate the assets at unfair prices or resort to money sources with high cost.

Annual Report of the Board of Directors on

For the year ending on 31/12/2021

Market risks arise from:

- Changes that may occur in the political and economic conditions in the markets.
- Interest rate fluctuations.
- Price fluctuations of future financial instruments, both buying and selling.
- Foreign currency fluctuations.
- Gaps in maturity of assets and liabilities and re-pricing.
- Possession of uncovered centers.

1- Interest Rate Risk:

Interest rate risk result from the potential impact of changes in interest rates on the value of other financial assets, and the bank is exposed to interest rate risk as a result of inconsistency or a gap in the amounts of assets and liabilities according to multiple time periods or a review of interest rates in a specific period of time and the bank manages these risks through reviewing the interest rates on assets and liabilities through the risk management strategy undertaken by the Committee of Assets and Liabilities, the bank follows a policy of financial hedging for each of the financial assets and liabilities whenever needed, which is the hedge related to expected future risks.

The bank develops and analyzes scenarios to measure the sensitivity of interest rate risks in addition to providing a system for monitoring the difference on the date of re-pricing, to ensure control and reduction of risks, taking into account acceptable risks, balancing the maturities of assets with liabilities, as well as interest gaps and hedging their prices.

2- Exchange (FX) Risk:

These risks arise from changing the value of financial instruments because of fluctuating currency exchange rates, and the bank follows a well-informed policy in managing its positions in foreign currencies. The investment policy of the bank includes a set of controls that limit this

type of risk and the Market Risk Unit monitors it, among which:

- Exceeding the ceilings is strictly forbidden, and any part that exceeds the maximum limit for any currency is liquidated.
- Each customer must close the position immediately, once the loss in it reaches the maximum permitted level.
- The Treasury and Investment Department analyzes and monitors open positions daily and closes positions in case of any exceeding ceilings, loss limits, or high risks based on market movements.

3- Stock Price Movements Risk:

Stock price risk arises from changes in the fair value of stock investments, and the bank works to manage these risks by diversifying investments in several geographical regions and economic sectors.

4- Liquidity Risk:

These are the risks that arise from the possibility of the bank's inability to provide the necessary financing to fulfill its obligations on due dates or to finance its activities without incurring high costs or the occurrence of losses. Liquidity risk is divided into:

A- Funding Liquidity Risk:

These are the risks of the bank's inability to convert assets into cash or obtain financing to pay off liabilities.

B- Market Liquidity Risk:

These are the risks that the asset cannot be sold or sold in the market while incurring a large financial loss due to weak liquidity or demand in the market.

The bank manages liquidity risk within the following data:

- A system of policies and procedures approved by the Board of Directors that define the basis for defining, measuring, monitoring, following up and managing liquidity risks.
- Developing liquidity risk measurement, management and control tools by:

Annual Report of the Board of Directors on the Bank's Activity

For the year ending on 31/12/2021

- Liquidity risk report according to maturity scale.
- Monitoring the ceiling and quality of the investment portfolio.
- Identifying, classifying and analyzing the sources of funds according to their nature.
- Monitoring legal liquidity that is maintaining enough liquid assets (cash and cash equivalents) to meet obligations.
- Adaptation between the maturities of assets and liabilities and taking into consideration all cash inflows and outflows.
- Stress Testing.

As for internal auditing, work has been done to review the Higher Control Charter, in addition to the policies and procedures for internal auditing, and to develop and develop make forms for special work plans.

Social Responsibility:

Activities and initiatives of the Noor Ala Nour Humanitarian Organization / the humanitarian arm of Ashur International Bank

- 1- Hajj Nuri campaign in the city of Mosul for 150 orphans and to provide winter clothing and school supplies.
- 2- Hajj Nouri campaign 2 to support the psychological factor, the moral factor as well as the material factor for the Al-Rashad House for the Elderly.
- 3- Opening the door of livelihood for a case in Mosul and opening a sewing shop after it was restored and equipped with all the necessities.
- 4- Supporting plastic art and allocating a special wall in a restaurant to display paintings.
- 5- Supporting talents within the role of specific programs for scholarships for university students, and all expenses for a student in the College of Medicine have been covered.
- 6- A feasibility study workshop for the Iraqi Association of Short Stature in cooperation with GIZ.

- 7- Ramadan campaigns 2021 by providing food baskets that are sufficient for a month for more than 10,000 families throughout Iraq.
- 8- Campaigns to support families with food baskets in villages and rural areas and in the area of the village, Nahrwan and Jisr Diyala, as well as displaced persons in the area of Tal Afar and Anbar
- 9- Organizing a workshop to support women in all classes on the International Widows' Day.
- 10- Rehabilitation of five lobbies inside the Central Child Hospital with air-conditioning devices and the distribution of gifts to all children with cancer.
- 11- Accompanying a group of orphaned children to the water city on the blessed Eid al-Adha.
- 12- Providing clothes for 150 orphaned children on Eid Al-Adha.
- 13- On the blessed Eid Al-Adha, debts were paid, rent dues were paid to many families, and the treatments for many patients with cancer and Covid-19 were taken care of, air coolers were provided for needy families, and university installments were paid for outstanding orphan students.
- 14- Accompanying a group of orphans to perform a recreational, educational, and awareness-raising activity on the violations that occurred in animal rights.
- 15- On the International Children's Day, a group of orphans was taken to the Baghdadi Museum.
- 16- An awareness campaign for Hassan Shami camp in Kurdistan Region with a medical team for diabetics on World Diabetes Day.

Annual Report of the Board of Directors on

For the year ending on 31/12/2021

Correspondent Banks Network

As for the correspondent banks, the bank has enhanced this year a network of correspondent banks worldwide, where the number reached to 16 correspondent banks around the world to cover all external activities of the bank, especially in the areas of documentary letters of credit and transfers.

Bank Name	Country
Abu Dhabi Islamic Bank	United Arab Emirates
Capital Bank	Jordan
The Housing Bank for Trade and Finance	Jordan
Union Bank	Jordan
FRANSABANK	Lebanon
Bank of Beirut	Lebanon
Arab African Bank	United Arab Emirates
IS BANK	Turkey
Bank of Jordan	Jordan
Saf wa Bank	Jordan
Active Bank	Turkey
Al Baraka Islamic Bahrain	Bahrain
Banque Misr	Dubai
Global Mini Bank	Turkey

Annual Report of the Board of Directors on the Bank's Activity

For the year ending on 31/12/2021

Human Resources:

Ashur International Bank is constantly working on applying the best management practices in order to promote its human resources, since this affects the production efficiency of the human capital of the organization, and consequently achieving the objectives and being distinct from competitors is the basis for any real change and development process, and in 2019 the bank continued to apply its strategies aiming to pay attention to human capital through supplying it with banking expertise and competencies, maintaining existing competencies, developing and releasing the human capabilities of the bank's employees and developing their skills in order to enhance the bank's human resources and qualify them to be able to play their role in high efficiency through training procedures.

Classification and Number of Ashur Bank Employees according to the Job Grade			
Serial	Job Grade	Job Title	Number
1	Special Grade	Managing Director/Assistant Managing Director/Advisor	2
2	Executive	Branch Director	8
3	Administrative	Department/Unit/Division/Branch Director	20
4	Supervising	Supervisor	32
5	Technical and Advisory	Project Management and Maintenance/Lawyer/Engineer	23
6	Basic	Senior Clerk/Clerk	137
7	Non-classified	Security Personnel/Transport Personnel/Administrative Assistant/Follow up Personnel	31
Total			253

The image features a warm, orange-toned background with a grid pattern and faint line graphs. In the foreground, several stacks of coins are arranged on a dark wooden surface. A blue rectangular box is overlaid on the left side, containing the title text. The overall aesthetic is professional and financial.

Financial Position Analysis

& Business Results for the year 2021

Financial Position Analysis

& Business Results for the year 2021

Assets

The bank's assets reached to 613.5 billion dinars at the end of 2021 compared to 475.5 billion at the end of 2020, and upon analyzing the relative importance of the items of the assets, we find that the cash item of 333.3 billion dinars constituted 54% of the total assets, while credit facilities constituted a net amount of 14%, so its balance reached to 83.8 billion dinars, and as for the remaining 5%, it includes the portfolio of shares, property, equipment, projects under implementation and other assets, with a total amount of 30.8 billion dinars

Relative Importance of the Elements of the Bank's Financial Position for the year 2021 compared to the year 2020					
Statement	2021	Relative Importance %	2020	Relative Importance %	Growth %
Cash on Hand and at Banks	498,843,599	81 %	421,795,255	89 %	18 %
Financial Assets Portfolio	3,896,454	1 %	2,895,797	1 %	35 %
Direct Credit Facilities - Net	83,804,881	14 %	25,108,093	5 %	234 %
Property and Equipment - Net	20,273,508	3 %	20,509,992	4 %	-1 %
Other Assets	6,707,397	1 %	5,209,888	1 %	29 %
Total Assets	613,525,839	100 %	475,519,025	100.0 %	29 %

Financial Position Analysis

& Business Results for the year 2021

Financial Assets Portfolio

The size of the bank's investments amounted to 3,896 billion dinars at the end of 2021, in comparison with 2,895 billion dinars at the end of 2020, and the reason for the increase is (Positive Share Evaluation Difference)

Company's Name	Bank's Contribution Percentage	Share Cost	No. of Share
Iraqi Company for Banking Guarantees	6.50 %	0.642	705,313,302
Erbil Stock Exchange Company	2.50 %	0.561	102,418,100
Iraqi Company for Financing Small and Medium Projects	20.20 %	0.594	2,164,731,645
Al-Money Company for E-Banking Services	1.20 %	1	134,517,144
Iraqi Company for Deposit Insurance	1 %		789,473,680

Financial Position Analysis

& Business Results for the year 2021

Direct Credit Facilities - Net

1. Direct facilities

Total direct credit facilities increased at the end of the year 2021 with an amount of 83.8 billion dinars, in comparison with 25.1 billion dinars at the end of 2020, and with a growth rate of 234%,

Direct Credit Facilities - Net		
Statement	2020	2021
Granted loans	90,187,323	31,035,004
Debt Current Accounts	4,842,558	1,464,791
Deduct: Outstanding Benefits	(189,765)	(157,640)
Allocation of Expected Credit Loses	(11,035,235)	(7,234,062)
Net Direct Credit Facilities	83,804,881	25,108,093

B - Indirect Facilities (Contractual Credit)

The contractual credit balance (letters of credit and documentary credits) amounted to 19,549 billion dinars at the end of 2021, as opposed to 11,703 billion dinars at the end of 2020.

Liabilities and Equity

The equity rights of the bank's shareholders amounted to 281 billion dinars at the end of 2021, compared to 273 billion dinars at the end of 2020.

Financial Position Analysis

& Business Results for the year 2021

Capital Adequacy

The bank's capital adequacy ratio reached 172% at the end of 2021 in comparison with 222% at the end of 2020, and it exceeds the minimum requirements according to the international standards represented by the Basel Committee and the requirements of the Central Bank and Iraq that they shall not be less than 12% for each of them, respectively

Liabilities and Equity					
Statement	2021	Relative Importance %	2020	Relative Importance %	Growth %
Customers' Deposits	156,667,084	26 %	113,093,263	24 %	39 %
Cash Security	5,532,285	1 %	4,128,019	1 %	34 %
Long Term Loans	113,263,143	18 %	24,933,192	5 %	354 %
Miscellaneous Provisions	48,711,796	8 %	48,711,796	10 %	0 %
Income Tax Provision	1,863,264	0 %	2,995,370	1 %	-38 %
Other Liabilities	6,004,464	1 %	8,093,709	2 %	-26 %
Shareholders' Equity	281,483,803	46 %	273,563,676	58 %	3 %
Total Assets	613,525,839	100 %	475,519,025	100.0 %	29 %

Financial Position Analysis

& Business Results for the year 2021

Customers' Deposits

The balance of customers' deposits (current accounts, savings and time deposits) with the bank reached 156.6 billion dinars at the end of 2021, as opposed to 113.0 billion dinars at the end of 2020, and deposits can be detailed as follows in thousand dinars:

Current, Savings and Fixed Accounts					
	2021	Relative Importance %	2020	Relative Importance %	Growth %
Current and On-Demand Accounts	129,437,524	83 %	90,179,893	80 %	44 %
Savings Deposits	18,344,911	12 %	17,393,751	15 %	5 %
Time Deposits	8,884,649	6 %	5,519,619	5 %	61 %
Total Deposits	156,667,084	100 %	113,093,263	100 %	39 %

Financial Position Analysis

& Business Results for the year 2021

Balances of Allocations

The Bank continued to follow a clear policy to hedge any expected losses, and to monitor a allocation according to Standard No. 9, where the coverage ratio of credit risk allocations to the original non-performing facilities (stage III) after deducting the outstanding interests was 100%.

The following are the outstanding balances for the allocations at the end of the year :

Allocations		
Account name	2021	2020
Provision for Cash Credit Risk	11,035,235	7,234,062
Provision for Commitment Obligations	1,115,130	524,538
Allocation for Cash in Banks	2,275,882	3,481,423
Miscellaneous Provisions	48,711,796	48,711,796
Income Tax Provision	1,863,264	2,995,370
Total	65,001,307	62,947,189

Income List

The bank realized a net profit after tax for the year 2021 of 7,6 billion dinars, compared to 14,8billion dinars for the year 2020.

Financial Position Analysis

& Business Results for the year 2021

Gross Income

The gross income of the bank reached 22,5 billion dinars at the end of the year 2021 versus 79,5 billion dinars for the year 2020, with a decrease of (72%) as a result of the of the exceptional income that occurred in the year 2020 from the revaluation of the foreign currency due to the change in the exchange rate from 1190 to 1429, and the income from net interests and commissions constituted the main item of the total income, reaching 17 billion dinars, at a rate of 77%.

Revenues					
Statement	2021	Relative Importance %	2020	Relative Importance %	Growth %
Net Revenues of Interests and Commissions	17,431,921	77%	32,366,908	41%	-46%
Foreign Currency Profits	238,158	1%	48,745,268	61%	-100%
Capital Profits	145,757	1%	-2,271,913	-3%	94%
Losses of the Decrease of Real Estate Value	0	-	-2,010,973	-3%	100%
Other Income	4,719,806	21%	2,668,824	3%	77%
Total	22,535,642	100%	79,498,114	100%	-72%

Financial Position Analysis

& Business Results for the year 2021

Expenses

The expenses of the bank reached 11,4 billion dinars at the end of the year 2021 compared to 7,95 billion dinars for the year 2020 with an increase of (34%) in the year 2021, where the employee expense reached at the rate of 40%, other operating expenses by rate of 45% and consumption at the rate of 12%.

Expenses					
	2021	Relative Importance %	2020	Relative Importance %	Rate of change %
Employees' Expenses	4,597,218	40%	3,356,739	39%	37%
Other Operating Expenses	5,080,073	45%	4,540,574	53%	12%
Depreciation and Amortization	1,319,568	12%	637,440	7%	107%
Losses of cash differences	400,000		0	0%	0%
Total	11,396,859	96%	8,534,753	100%	34%

Credit Risk Provisions

Regarding the expenses of credit risk provisions in the year 2021, additional provisions for cash credit of 3 million dinars have been added and charged against the income statement, and set aside the contractual credit provision in the amount of 1 billion dinars

The Main Financial Indicators of the Bank's Activities for the years 2006 – 2021

Year	Capital	Total Assets	Customers' Deposits	Investment in Shares	Cash Credit	Shareholders' Equity	Net Profit after Tax	No. of Branches	
								Baghdad	Governorates
2006	25	30.881	4.718	0.4	2.596	25.859	1.011	1	0
2007	25	79.699	4.658	0.505	4.318	31.258	5.006	1	2
2008	50	161.114	94.927	113.505	1.978	59.561	7.888	1	3
2009	57.5	160.435	86.055	103.748	3.128	69.903	9.254	1	3
2010	66.7	139.371	55.265	56.879	16.372	76.561	6.896	1	3
2011	66.7	169.295	69.753	3.767	43.932	84.608	7.51	1	3
2012	150	267.893	71.553	112.608	50.698	170.524	15.792	2	3
2013	210	355.83	83.164	12.608	96.974	230.925	14.968	2	5
2014	250	385.529	101.505	3.189	61,283	229,860	2.71	2	5
2015	250	407.73	115.498	11.053	28.44	237.899	17.788	2	6
2016	250	382.771	94.83	2.566	17.683	252.64	14.742	3	7
2017	250	375,796	75,772	2.614	10,398	266.126	13.498	3	6
2018	250	467,480	177,355	2,661	5,624	268,409	4,735	3	6
2019	250	424,656	139,173	2,695	14,990	267,040	6,049	3	6
2020	250	475,519	113,093	2,895	25,108	273,563	14,827	3	6
2021	250	613,525	156,667	3,896	83,804	281,483	7,708	3	6

* The statements are presented from the year 2014 – 2021, and it was presented according to the international financial reporting and accounting standards based on the request of the Central Bank of Iraq to switch to international standards instead of the Unified Accounting Code, where the base year was the year 2014.

A hand holding a compass with digital overlays of charts and icons. The background is a dark blue gradient with various digital elements like lines, dots, and icons. The text is in a white sans-serif font on a blue rectangular background.

Objectives and directions for the action plan for the year 2022

Objectives and directions for the action plan for the year 2022

Objectives and directions for the action plan for the year 2022

1. Preparing a strategy for the bank for the next 5 years, supported by the Road Map Action Plan
2. Gradually activating the principal and main bank activity in credit without focusing on the initiatives of the Central Bank to avoid any violations and fines.
3. The actual start of achieving credit revenues to gradually reduce the revenues of the window to avoid any violations and fines.
4. Expanding the target segments so that the programs meet new segments in the public and private sectors, which leads to an increase in the customer base, such as accredited companies.
5. Reviewing organizational structures within best practices and then developing a plan to rehabilitate and train employees through intensive programs to establish a culture of knowledge, responsibility, digital goals, and others, in addition to placing qualified staff for some jobs according to the approved structure.
6. Establishing a culture of digital goals with the application of performance evaluation based on management by goals and performance indicators for a periodic review of the achieved achievements against the desired goals.
7. Activating the policy of punishment and reward to consolidate the culture of positive energy and increase the operational efficiency of ambitious and promising employees.
8. Start holding workshops to qualify employees to face the change and upcoming challenges to achieve the desired goals such as managing change, managing understanding numbers and goals, skills of excellence in service provision, technical skills for credit, financial analysis and bad debts, selling skills, absolute negotiation and after-sales service, preparation the local sales plan skills for the sector and branches, in addition to empowering all control departments...etc.
9. Rehabilitation of the branches to prepare the local sales plan for the branch to start the actual application with the periodic follow-up mechanism of the achievements against the goals.
10. Preparing financial and moral incentives programs for all employees, whether attracting or indicating allegiance, to consolidate and enhance the culture of sales and service among all employees to achieve the desired goals.
11. Concluding a strategic partnership with one of the consulting companies for digital transformation within a work plan and timetable and start building the infrastructure to start launching digital banking services via the mobile phone.

Objectives and directions for the action plan for the year 2022

12. Preparing a guide for the standards of corporate identity packages, which includes the parts of the internal and external promotion of the bank and contracting with a company specialized in advertising with the aim of strengthening and unifying the mental and institutional image of the bank.
13. Preparing a work plan for establishing a direct sales team and assigning cadres to all governorates according to the approved structure.
14. Launching the salary localization program and the renewable energy financing program, including a promotional campaign with incentives and rewards to attract a broad base which will help in increasing sales opportunities when launching innovative banking products and services.
15. Establishing a 24/7 telephone service center, which will be in 3 phases for execution and implementation. The first phase will be launched at the beginning of 2022, and the center will be in Erbil.
16. Preparing retail programs for all target segments supported by a matrix of powers and a smooth workflow to be launched in its new form gradually.
17. Develop a plan to expand the correspondence network and external financial institutions, while duly placing the cadre.
18. Completing the procedures for opening the Ashur Capital company in the United Arab Emirates – Abu Dhabi with preparing a work plan and submitting a proposed work mechanism to the Central Bank to open an investment arm for the bank outside Iraq.
19. The strategy of creating awareness of the name of the bank in the local market by naming the products with a name related to the name of Ashur, for example, Ashur Loan, Ashur Real Estate, Ashur My Card, Ashur My Car.
20. Transferring the main branch by replacement with the Banking Operations Department and designing it with the new institutional identity, in addition to designing the new branch in the Supreme Council of Judges, as well as a new branch in the districts of the targeted governorates such as Diyala or Wasit, and changing the internal and external signs of the main branch and the general administration with a timetable for all bank branches and ATMs in order to unify the institutional identity of the bank to speak one language.
21. Operations re-engineering project by preparing a comprehensive diagnostic report on work obstacles for the business sector and all supporting bodies to reach the implementation of solutions within an agreed timetable to keep pace with the change in the requirements of launching digital banking products and services and centralizing operations to reach a successful journey and experience and client exits with a distinctive experience recommending it to existing and potential customers from companies and individuals sectors.

Objectives and directions for the action plan for the year 2022

22. An effective partnership for distinguished pioneering projects with the preparation of criteria and matrix for financing creative and innovative ideas and in cooperation with the station, in addition to concluding youth initiatives with public and private universities.
23. Submit a study to the Central Bank to obtain a window or subsidiary company for financial leasing to prepare programs that meet the needs of the targeted segments in some governorates such as Mosul, Karbala, Tikrit, Anbar, and Kurdistan Region.
24. Preparing an action plan according to a timetable to complete the procedures that require review and amendment in line with the requirements.
25. Preparing a working mechanism for centralizing the daily portfolio for all branches to be centralized in Erbil.
26. Reviewing the collection mechanism and bad debts supported by an incentive program.
27. Diagnose the characteristics and functions of the current basic banking system and card system to determine the basic requirements to keep pace with the change and the required challenges in line with the strategy of the bank and the requirements of the Central Bank and the regulatory authorities for the next five years.
28. Strengthening the internal control environment staff by completing the functional staff according to the structures and qualifying them to meet the internal and external control authorities within the best practices.
29. Activating the role of the bank in cooperation with all the departments of Al-Handhal Group by holding periodic meetings for continuous cooperation and taking advantage of direct and indirect sales opportunities for the benefit of all parties professionally.



Chairman of Board

Dr. Safwan Qusay Abd Alhalm



Financial Statement Auditor's Report



شركة فiras اسديعيل قزبان علي وشركاه
للتدقيق ومراقبة الحسابات التحليلية
العضء الجمعية العراقية للمحاسبين القانونيين

شركة مصطفي فؤاد عباس وشركاه
للتدقيق ومراقبة الحسابات التحليلية
العضء الجمعية العراقية للمحاسبين القانونيين



شركة فiras اسديعيل قزبان علي وشركاه
للتدقيق ومراقبة الحسابات التحليلية
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شركة مصطفي فؤاد عباس وشركاه
للتدقيق ومراقبة الحسابات التحليلية
العضء الجمعية العراقية للمحاسبين القانونيين

Number: 32/1
Date: 22 August 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders Ashur International Bank for Investment –
Baghdad – Iraq

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ashur International Bank (“the Bank”), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Iraq, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.



هاتف: ٠٧٧٠٠٨٥١٣٩ - ٠٧٩٠١٥٥٨٩٠٦
فاكس: ٠٧٧٠٠٨٥١٣٩ / ٠٧٩٠١٥٥٨٩٠٦
شارع الاميرك، المنصور
صندوق بريد ٢٠١٤
بغداد، العراق



هاتف: ٠٧٧٠٠٨٥١٣٩ - ٠٧٩٠١٥٥٨٩٠٦
فاكس: ٠٧٧٠٠٨٥١٣٩ / ٠٧٩٠١٥٥٨٩٠٦
شارع الاميرك، المنصور
صندوق بريد ٢٠١٤
بغداد، العراق

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

1. Expected credit losses (ECL) for credit facilities Refer to note (5) to the financial statements	
Key audit matter:	How the key audit matter was addressed in the audit: Our audit procedures included the following:
<p>We considered ECL as a key audit matter as the Bank exercises significant judgement to determine when and how much to record ECL on credit facilities.</p> <p>There is a risk that inappropriate allowance for ECL is booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions. Due to the significance of the judgments used in classifying credit facilities into various stages stipulated in IFRS 9 and determining related allowance requirements, this audit area is considered a key audit risk.</p> <p>As at 31 December 2021, the Bank’s gross credit facilities amounted to IQD 83,804,881 thousand and the related allowance for ECL amounted to IQD 11,035,235 thousand. The allowance for ECL policy is presented in the accounting policies in note (2) to the separate financial statements.</p>	<ul style="list-style-type: none"> We gained an understanding of the Bank’s key credit processes comprising granting and recording, and tested the operating effectiveness of key controls over these processes. We read the Bank’s ECL provisioning policy and compared it with the requirements of IFRS 9 as well as relevant regulatory guidelines and pronouncements. We assessed the Bank’s expected credit loss model, in particular focusing on its alignment of the expected credit loss model and its underlying methodology with the requirements of IFRS 9. We examined a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following: <ul style="list-style-type: none"> Appropriateness of the Bank’s staging. Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations. Appropriateness of the Probability of Default (PD), Exposure at Default (EAD), Loss Given Default (LGD) and Effective Interest Rate (EIR) used for different exposures at different stages. Appropriateness of the internal rating and the objectivity, competence and independence of the experts involved in this exercise. Soundness and mathematical integrity of the ECL Model.

	<ul style="list-style-type: none"> - for exposures moved between stages we have checked the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality. - For exposures determined to be individually impaired we re-performed the ECL calculation we also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements.
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Other information included in the Bank's 2021 annual report.

Other matters are information included in 2021 annual report of the bank other than the financial statements and the auditor report issued based on it. Management is responsible for the other matters. We are expecting to receive 2021 annual report after our report issuance date. Our opinion about the financial statements does not cover the other matters and we do not give any assurance regarding it.

Regarding the audit of the financial statements, our responsibility is to review the other matters report when it becomes available to us, so we assess whether this other information significantly contradict with the financial statement or with our point of view that we formed during the field work or that these information explicitly contain material misstatements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- o Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- o Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- o Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- o Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Bank to cease to continue as a going concern.
- o Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



شركة فiras اسماعيل قزبان علي وشركاه

للمحاسبة والتدقيق القانوني

شركة مصطفیٰ فؤاد عباس وشركاه

للمحاسبة ومراجعة الحسابات التضامنية
اعضاء الجمعية العراقية للمحاسبين القانونيين

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report for legal requirements:

1. Through our test of the financial records and our review of the nature of the banking operations, we did not encounter any events that indicate operations related to money laundering or terrorism financing.
2. Capital adequacy was 172%.
3. The bank purchased USD 1,134,340,000 and sold USD 1,080,534,395 through foreign currencies exchange market for the period from 1 January 2021 to 31 December 2021 using an exchange rate of IQD 1,472 for each USD 1. We have received a confirmation from the Central Bank of Iraq in relation to the Foreign Currency Auction operations carried out by the Bank during the year 2021.
4. We have reviewed the Internal Audit Department reports, and no material matters were brought to our attention.
5. We have sent confirmation requests of the cash balances of Ashur International Bank at other banks as at 31 December 2021, directly to these banks; however, we did not receive a response from some of the Banks; therefore, we performed alternative procedures to obtain the required assurance.
6. The book-keeping records used by the bank adhere to the book-keeping policy, and it

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Baghdad - AL Karrada kharj - AL Warqaa Building

موبيل: ٠٧٧٠٠٨٥١٣٩ - ٠٧٩٠١٥٥٨٩٠٦
فيل: ٢٢ / محلة ٦٠٩ / زقاق ٣
شارع الاميرك، المنصور
صندوق بريد ٦٠٠٤
بغداد، العراق



شركة فiras اسماعيل قزبان علي وشركاه

للمحاسبة والتدقيق القانوني

شركة مصطفیٰ فؤاد عباس وشركاه

للمحاسبة ومراجعة الحسابات التضامنية
اعضاء الجمعية العراقية للمحاسبين القانونيين

included, as per our discretion, the records of all of the assets, liabilities, resources, and expenditures of the Bank for the financial year.

7. The cash count process was done by the management and with our proper supervision, on the cash count in the treasury and main branch; in addition, we were provided with the cash count records of other branches. The count of fixed assets was done by management and according to the statements submitted to us.

SINCERELY,

Firas Ismail Korban Ali
Public accountant and Auditor

Mustafa Fouad Abbas
Public accountant and Auditor



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شارع الاميرك، المنصور
صندوق بريد ٦٠٠٤
بغداد، العراق

Financial Statement

Balance Sheet

	Current	Previous
Assets		
Current Assets	5,867	2,944
Non-Current Assets	18,386	12,932
Total Assets	24,253	15,876
Liabilities		
Current Liabilities	3,860	2,876
Non-Current Liabilities	11,873	8,200
Total Liabilities	15,733	11,076
Shareholders' Equity		
Equity	8,520	4,800
Retained Earnings	15,733	11,076
Total Shareholders' Equity	24,253	15,876
Total Liabilities And Shareholders' Equity	24,253	15,876

Cash Flow Statement

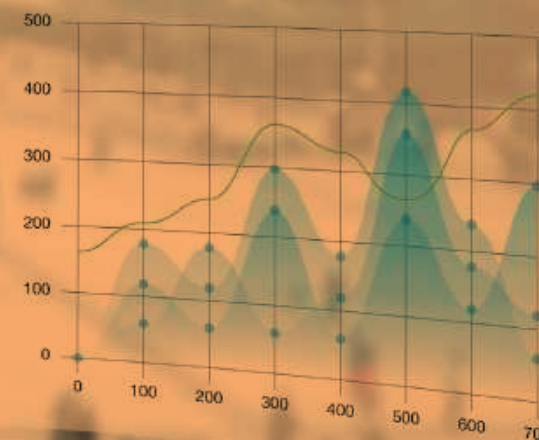
	Current	Previous
Operating Activities		
Net Income	1,241	212
Adjustments To Reconcile Net Income	1,450	365
Changes In Operating Assets And Liabilities	890	267
Total Operating Activities	3,581	844
Investing Activities		
Marketable securities	(270)	(42)
Property, plant and equipment	(891)	(151)
Total Investing Activities	(1,161)	(193)
Financing Activities		
Repayments Of Term Debt	(852)	(291)
Total Financing Activities	2,225	1,159

Statement Of Financial Position

AS AT 31 DECEMBER 2021

Income Statement

	Current	Previous
Net Sales	9,682	6,201
Cost of Sales	7,087	5,154
Gross Margin	2,595	1,047
Operating Expenses	1,099	700
Administrative Expenses	345	200
Total Operating Expenses	1,244	900
Operating Income	1,351	147
Income Tax		
Net Income	1,241	212




Statement Of Financial Position

As at 31 December 2021

Assets	Notes	2021	2020
		IQD (000)	IQD (000)
Cash and balances with Central Bank	3	333,317,924	114,355,248
Balances with banks and other financial institutions	4	165,525,675	307,440,007
Direct credit facilities, net	5	83,804,881	25,108,093
Financial assets at fair value through other comprehensive income	6	3,896,454	2,895,797
Property and equipment, net	7	17,903,729	19,872,136
Projects in progress	8	2,369,779	637,856
Other assets	9	6,707,397	5,209,888
Total assets		613,525,839	475,519,025
Liabilities and Shareholder's Equity			
Liabilities			
Customers' deposits	10	156,667,084	113,093,263
Cash margins	11	5,532,285	4,128,019
Borrowed money	12	113,263,143	24,933,192
Sundry provisions	13	48,711,796	48,711,796
Income tax provision	14	1,847,578	2,995,370
Other liabilities	15	6,109,035	8,093,709
Total liabilities		332,130,921	201,955,349
Shareholders' Equity			
Paid-in capital	16	250,000,000	250,000,000
Statutory reserve	17	8,626,566	8,245,563
Fair value reserve	6	221,697	10,513
Retained earnings		22,546,655	15,307,600
Total shareholders' equity		281,394,918	273,563,676
Total liabilities and shareholders' equity		613,525,839	475,519,025


Mr. Ziad Abdelrazaq Fatayer
 Managing Director
 Ashur International Investment Bank


Duha Abdullah
 Chief Financial Officer Deputy
 Ashur International Investment Bank


Dr. Safwan Qusay Abd Alhalm
 Chairman of Board
 Ashur International Investment Bank

Submission to Our Report No. 32 / 1 Dated 22/8/2022


Firas Ismail Korban Ali
 Public accountant and
 Auditor

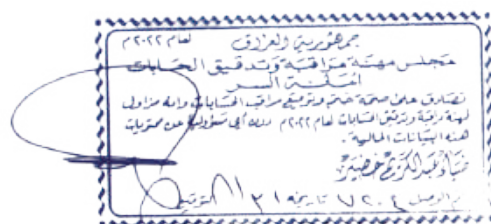



Mustafa Fouad Abbas
 Public accountant and
 Auditor

Statement Of Income

For The Year Ended 31 December 2021

	Notes	2021	2020
		IQD (000)	IQD (000)
Interest income	18	2,271,358	2,887,647
Less: Interest expense	19	1,042,292-	623,082-
Net interest income		1,229,066	2,264,565
Net commissions income	20	16,202,855	30,102,343
Net interest and commissions income		17,431,921	32,366,908
Net gains from foreign currency transfers		238,158	48,745,268
Gains (Losses) on sale of property and equipment		145,757	2,271,913-
Impairment Losses on property	7		2,010,973-
Other operating income	21	4,719,806	2,668,824
Gross income		22,535,642	79,498,114
Personnel expenses	22	4,597,218-	3,356,739-
Other operating expenses	23	5,080,073-	4,540,574-
Depreciation and amortization	7	1,319,568-	637,440-
Cash differences losses		400,000-	-
Total expenses		11,396,859-	8,534,753-
Operating profit before provision for expected credit losses		11,138,783	70,963,361
Recovered Provision		2,352,383	-
Provision for expected credit losses		3,186,224-	3,184,045-
sundry provisions	13	-	48,508,208-
Operating profit after provision for expected credit losses		10,304,942	19,271,108
Profit before tax		10,304,942	19,271,108
Less: Income tax expense	14	2,684,884-	4,443,316-
Profit for the year		7,620,058	14,827,792
		IQD/Fils	IQD/Fils
Basic and diluted earnings per share (IQD)	24	0/030	0/059



Ziad
Mr. Ziad Abdelrazaq Fatayer
 Managing Director
 Ashur International Investment Bank

Duha
Duha Abdullah
 Chief Financial Officer Deputy
 Ashur International Investment Bank

Safwan
Dr. Safwan Qusay Abd Alhalm
 Chairman of Board
 Ashur International Investment Bank

Statement Of Comprehensive Income

For The Year Ended 31 December 2021

Statement	2021	2020
	IQD (000)	IQD (000)
Profit for the year	7,620,058	14,827,792
Change in fair value of financial assets at fair value through other comprehensive income	211,184	200,508
Total comprehensive income for the year	7,831,242	15,028,300

Statement Of Changes In Shareholders' Equity

For The Year Ended 31 December 2021

2021	Paid-in Capital	Statutory reserve	Fair value reserves	Retained earnings	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at 1 January	250,000,000	8,245,563	10,513	15,307,600	273,563,676
Total comprehensive income for the year	-	-	211,184	7,620,058	7,831,242
Transfer to statutory reserve	-	381,003	-	381,003-	-
December 31 Balance as at	250,000,000	8,626,566	221,697	22,546,655	281,394,918
2020					
Balance as at 1 January	250,000,000	7,504,173	189,995-	1,367,198	258,681,376
Total comprehensive income for the year	-	-	200,508	14,827,792	15,028,300
Transfer to statutory reserve	-	741,390	-	741,390-	-
Dividends	-	-	-	146,000-	146,000-
December 31 Balance as at	250,000,000	8,245,563	10,513	15,307,600	273,563,676

Operating activities	2021	2020
	IQD (000)	IQD (000)
Profit before income tax	10,304,942	19,271,108
Adjustments for non-cash items:		
Depreciation and amortization	1,319,568	637,440
Provision for expected credit losses	3,186,224	3,184,045
Sundry provisions	-	48,508,208
Impairment losses on property	-	2,010,973
(Gains) Losses on sale of property and equipment	145,757-	2,271,913
Interest expense of finance leases	21,921	17,371
Cash flows from operating activities before changes in assets and liabilities	14,686,898	75,901,058
Changes in assets and liabilities:		
Net cash restricted at CBI-KRG	50,000-	294,552
Statutory cash reserve at CBI	7,086,852-	2,247,441
Reserves for margins against letter of guarantees at CBI	124,310	165,986
Direct credit facilities, net	62,497,961-	18,417,402-
Other assets	1,497,509-	1,261,035-
Customers' deposits	43,573,821	26,079,475-
Recovered provision during the year	-	85,563
Cash margins	1,404,266	1,387,578
Other liabilities	1,566,511-	2,629,570-
Net cash flows (used in) from operating activities before tax	12,909,538-	31,694,696
Paid income tax	3,832,676-	2,464,278-
Net cash flows (used in) from operating activities	16,742,214-	29,230,418
Investing activities:		
Purchase of financial assets at fair value through other comprehensive income	789,473-	-
Purchase of property and equipment	170,294-	395,808-
Proceeds from sale of property and equipment	1,736,670	1,424,612
Projects in progress	2,503,703-	1,294,317-
Net cash flows (used in) investing activities	1,726,800-	265,513-
Financing activities:		
Lease liabilities payments	57,000-	57,000-
Settlement of borrowed money	4,355,476-	409,471-
Increase in borrowed money	92,685,427	19,980,318
Dividends	973,676-	232,148-
Net cash flows from financing activities	87,299,275	19,281,699
Net increase in cash and cash equivalents	68,830,261	48,246,604
Cash and cash equivalents at 1 January	411,250,389	363,003,785
Cash and cash equivalents at 31 December	480,080,650	411,250,389

Notes To The Financial Statements

For The Year Ended 31 December 2021

1. Corporate Information

Ashur International Bank for Investment (the "Bank") is a private shareholding company registered and incorporated in Iraq in 2005 in accordance with the registration certificate number 25812, and its registered office is in Baghdad with paid in capital of IQD 250 billion.

The Bank provides its banking services through its main branch in Baghdad (Karrada), and its eight branches across Iraq, and provides brokerage and exchange services in Iraq.

The financial statements were authorized for issuance by the Bank's Board of Directors in their meeting held on 18 August 2022.

2. Basis of Preparation and Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), and the interpretations issued by the Interpretations Committee (IFRIC) arising from the International Accounting Standard Board (IASB).

The Bank abides by the existing local laws and regulations of Central Bank of Iraq.

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value at the date of the financial statements.

The financial statements are presented in Iraqi Dinar (IQD) which is the functional currency of the Bank, and all values are rounded to the nearest thousand Dinars except otherwise indicated.

2.2 Changes in Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2020, except for the adoption of the following new standards effective 1 January 2021:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Bank. The Bank will determine new reference prices and interest margins based on the Bank's expertise to avoid any substantial impact on the Bank and its customers.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease Modification.

Notes To The Financial Statements

For The Year Ended 31 December 2021

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Bank has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

2.3 New International Financial Reporting Standards and its explanations and issued amendments and not implemented yet

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for

insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Bank.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Bank is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Bank.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference

Notes To The Financial Statements

For The Year Ended 31 December 2021

to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Bank.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Bank.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Bank will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Bank.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018–2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments is not applicable to the Bank.

Notes To The Financial Statements

For The Year Ended 31 December 2021

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018–2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Bank will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Bank.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Bank is currently assessing the impact of the amendments to determine the impact they will have.

2.4 Summary of Significant Accounting Policies

Recognition of Interest Income

The Effective Interest Rate Method

According to IFRS (9), interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost or designated at FVTPL. Interest income on interest bearing financial assets is measured at FVOCI under IFRS 9. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the asset) is calculated by considering any

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discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortized through interest and similar income in the statement of comprehensive income.

Interest and Similar Incomes and Expenses

For all financial instruments measured at amortized cost, financial instruments designated at FVOCI and FVTPL, interest income or expense is recorded using the EIR.

The calculation considers all the contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

When the recorded value of a financial asset or a Bank of similar financial assets has been reduced by an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Expenses are recognized in the accrual basis.

Fees and commission income

Fees income can be divided into the following two categories:

1. Fees income earned from services that are provided over a certain period. Fees earned for the provision of services over a period are accrued over that period. Such fees include "commission income and asset management" fees.
2. Fee income forming an integral part of the corresponding financial instrument. Fees that the Bank considers to be an integral part of the corresponding financial instruments include loan origination fees, loan commitment fees for loans that are likely to be drawn down and other credit related fees.

Financial Instruments – Initial Recognition

Date of recognition

Financial assets and liabilities, except for loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank. Commissions are recorded as revenues when service is provided.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

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Day one of profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognizes the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in the statement of income when the inputs become observable, or when the instrument is derecognized.

Measurement categories of financial assets and liabilities

The Bank classifies its financial assets (Debt Instruments) based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost
- At Fair value through other comprehensive income
- At Fair value through statement of income

The Bank classifies and measures its derivative and trading portfolio at FVTPL. The Bank may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVTPL when they are held for trading and derivative instruments, or the fair value designation is applied.

Financial assets and liabilities

Due from banks, loans and advances to customers and financial investments at amortized cost

The Bank only measures due from banks, loans and advances to customers and other financial investments at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Business model assessment

The Bank determines its business model at the level that best reflects how it manages its financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solley Payment for Principal and Interest (SPPI) test

As a subsequent step of its classification process the Bank assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the

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consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Derivatives recorded at fair value through statement of income

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Bank enters into derivative transactions with various counterparties. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied.

Debt instruments at FVOCI

The Bank applies this category under IFRS 9 of debt instruments measured

at FVOCI when the following conditions are met:

- The instrument is held within a business model. The objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost.

Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to the income statement.

Equity instruments at FVOCI

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 9 presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to the income statement. Dividends are recognized in income statement as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such interest are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets and financial liabilities at fair value through statement of income

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss except for movements in fair value of liabilities designated at FVTPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments

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designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, considering any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Financial guarantees, letters of credit and unused facilities ceilings

The Bank issues financial guarantees, letters of credit and loan commitments. Financial guarantees are initially recognized in the financial statements (within other liabilities) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the statement of comprehensive income as expected credit loss.

The premium received is recognized in the statement of comprehensive income net of fees and commission income on a straight-line basis over the life of the guarantee.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position.

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions
The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has

not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification

A. Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Bank of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset, or
- it retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients.

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- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset, or
- the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Bank's continuing involvement, in which case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured

at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

B. Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in statement of income.

Impairment of financial assets

Overview of the ECL principles

The Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as "financial instruments". Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis,

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depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank classifies its financial assets into the categories Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When financial assets are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- Stage 3: Financial assets considered credit impaired. The Bank records an allowance for the LTECLs.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Credit cards and other revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities. The Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behavior, its likelihood of default and the Bank's future risk mitigation procedures,

which could include reducing or cancelling the facilities.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade.

The interest rate used to discount the ECLs for credit cards is based on the effective interest rate.

Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates
- International oil price indicators
- International market performance indicators

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/ guarantees, real estate, receivables, other non-financial assets and credit enhancements such as netting agreements.

Collateral, unless repossessed, is not recorded on the Bank's statement of financial position.

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However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed periodically. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be

written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, (rather than taking possession or to otherwise enforce collection of collateral.) The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. (Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department). Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. (Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms). It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

Rent Contracts:

The bank evaluates the contracts when they are effective, to determine whether the contract is a lease or contains a rent. That is, if the contract transfers the right to control the use of the definite asset for a period of time in exchange for payments.

The Bank applies a unified approach to recognize and measure all leases, except short-term leases and low-value asset leases. The Bank recognizes lease obligations for rental payments and right-of-use assets representing the right to use leased assets.

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Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

Property and equipment

Property and equipment are stated at historical cost, less accumulated depreciation and accumulated impairment in value, if any. The cost of property and equipment includes incurred costs to replace any components of property, equipment and the expenses to finance long-term construction projects if the conditions for recognition are met. All other expenses are recognized in the statement of comprehensive income when it is met. Depreciation (excluding land where land is not depreciated) is calculated using the straight-line method according to the expected useful life as follows:

	Useful life Years
Buildings	50
Equipment and machinery	5
Furniture and computers	5
Vehicles	5
Computer systems	5

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in the statement of comprehensive income in the year the asset is derecognized.

The residual values of assets, useful lives and depreciation methods are reviewed every year and subsequently adjusted if necessary.

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Projects in progress

This item represents the costs of constructions including direct material, design and supervision costs, improvements, and property and equipment that are not set for use. These costs are transferred to property and equipment once they are ready for intended use. When indicator about inability to recover the book value of these projects exist, impairment testing is performed to write down the book value to the recoverable amount.

Impairment in the value of financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Income Taxes

Income tax expenses represent current and deferred taxes.

Income tax expense is measured based on taxable income. Taxable income differs from income reported in the financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated based on the enacted tax rates according to the prevailing laws, regulations and instructions of countries where the Bank operates.

Offsetting

Financial assets and financial liabilities are off set, and the net amount is presented in the statement of financial position only when there is a legal right to off set the recognized amounts, and the bank intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in statement of financial position.

Seized Assets by the Bank Against Due Debts

Such assets are those that have been the subject of foreclosure by the Bank and are initially recognized among "other assets" at the foreclosure value or fair value whichever is least. At the date of the financial statements, seized assets are revalued individually (fair value less selling cost); any decline in fair value is recognized in the statement of income. Any subsequent increase in value is recognized only to the extent that it does not exceed the previously recognized impairment losses.

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The calculation of ECLs

The Bank calculates expected credit losses based on the weighted average of three scenarios to measure the expected cash deficit, after discounting an approximate rate of effective interest rates. The cash deficit is the difference between the bank's cash flows in accordance with the contract and the expected cash flows.

PD	EAD	LGD
The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers three scenarios (best scenario, base scenario and worse scenario). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will be remediated and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanism of the ECL method are summarized below:

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Stage 1	Stage 2	Stage 3
<p>The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above</p>	<p>When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.</p>	<p>For financial assets which are considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100% and with higher LGD than the first two stages.</p>

Loan commitments and letter of credit	Financial guarantee contracts
<p>When estimating LTECLs for undrawn loan commitments and letter of credits, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.</p>	<p>The Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the consolidated statement of income, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognized within other liabilities.</p>

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

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Foreign Currencies

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the date of the financial statements using the exchange rate prevailing at the date of the financial statement announced by the Central Bank of Iraq.

Non-monetary items measured at historical cost are translated according to the exchange at fair value rate prevailing at the transaction date, using the exchange rate prevailing at the date of evaluation.

Gains or losses resulting from foreign currency translation are recorded in the statement of income.

Differences resulting from the translation of non-monetary assets and liabilities at fair value denominated in foreign currency, such as equity shares, are recorded as part of the change in the fair value using the exchange rates prevailing at the date of evaluation.

Profits and losses resulting from foreign currency exchange differences for debt instruments (interest-bearing) are recorded in financial assets at fair value through comprehensive income in the income statement. Foreign currency exchange differences for equity instruments are recorded in the fair value reserve in the shareholders' equity in the statement of financial position.

Fair Value

The Bank measures financial instruments is at fair value at each financial statement date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either, in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Level 2	Level 3
Quoted (unadjusted) market prices in active markets for identical assets or liabilities.	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes To The Financial Statements

For The Year Ended 31 December 2021

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment is calculated through the difference between the book value of financial assets at amortized cost and the present value of expected future cash flows discounted using the original effective interest rate.

The book value of financial assets is reduced by the amortized cost by the impairment loss through the impairment reserve account. The change is recognized in the income statement

Cash and cash equivalents

Cash and cash equivalents, as mentioned in the statement of cash flows, comprise Cash on hand, Cash balances with the CBI, balances with banks and other financial institutions, less deposits in banks and financial institutions that due in three months from the initial date.

Segment information

Business segment represents distinguishable components of the Bank that are engaged in providing products or services that are subject to risks and returns that are different from those of other segments. The geographical segment provides services and products in a certain economic environment that is subject to risks and returns that differ from other segments that operate in other economical environments.

2.5 Use of estimates

Preparation of the financial statements and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as

well as changes in fair value that appear in the statement of comprehensive income and within shareholders' equity. In particular, the Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

Judgments, estimates, and assumptions are reviewed periodically. Moreover, the effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods.

Management believes that its estimates in the financial statements are reasonable. The details are as follows:

Impairment of possessed property

Impairment in value of properties possessed is recognized based on recent real estate valuations by qualified independent evaluators for calculating the asset impairment, which is reviewed periodically.

Productive lifespan of tangible assets and intangible assets

The Bank's management periodically recalculates the useful lives of tangible assets and intangible assets for calculating annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the statement of income for the year.

Income tax

The fiscal year is charged with the income tax expense in accordance with the accounting regulations, laws and standards. Moreover, deferred tax assets and liabilities and the required tax provision are recognized.

Litigations provision

A provision is made to meet any potential legal liabilities based on a legal study prepared by the Bank's legal counsel. This study identifies potential future risks and is reviewed periodically.

Assets and liabilities stated at cost

Management periodically reviews the assets and liabilities at cost for estimating any impairment in value, which is recognized in the statement of income for the year.

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Provision of expected credit losses

Expected credit loss is measured as a 12-months expected credit loss for assets classified as stage 1, or as a lifetime expected credit loss for stage 2 or stage 3 classified assets.

Evaluation of business model

The classification and measurement of financial assets depend on the results of the principal and interest payments test on the principal outstanding and the business model test. The Bank defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence, including how to assess the performance of the assets and measure their performance, the risks that affect the performance of assets and how they are managed, and how asset managers are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income and derecognized before maturity to understand the reason for derecognition and whether the reasons are consistent with the objective of the business held. In this respect, control is part of the Bank's continuous assessment of whether the business model under which the remaining financial assets are retained is appropriate, and whether it is inappropriate if there is a change in the business model, and therefore, a future change is made in the classification of those assets.

Significant increase in credit risk

The asset moves from stage one to the stage two or stage three in case there is a significant increase in credit risk since initial recognition based on CBJ instructions and IFRS (9). Credit risk is evaluated whether it increases significantly for any of the assets through current and future quantitative and qualitative information used by the Bank's management related to assessing whether the credit risk of any asset has increased significantly that result in a change in the classification within the three stages (1, 2 and 3), the expected credit loss is measured as a 12-months expected credit loss for stage 1 assets or lifetime credit losses over the life of the assets classified as stage 2 or 3 shown in detail in note (28).

Establish groups of assets with similar credit risk characteristics

When the expected credit losses are measured on a collective basis, the financial instruments are grouped based on common risk characteristics (e.g. instrument type, credit risk, collateral type, initial recognition date, remaining maturity period, industry, borrower's geographic location, etc.). The Bank monitors the appropriateness of credit risk characteristics on an ongoing basis to assess whether they are still similar. This is required to ensure that, in the event of a change in the credit risk characteristics, the asset is properly reallocated. This may result in the creation of new portfolios or the transfer of assets to an existing portfolio that better reflects the credit risk characteristics of that group of assets.

Models and Assumptions Used

The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss described in note (38). The judgment is applied when determining the best models for each type of asset as well as for the assumptions used in those models, which include assumptions regarding the main drivers of credit risk.

A. Classification and Measurement of Financial Assets and Liabilities

The Bank classifies financial instruments or components of financial assets at initial recognition either as a financial asset or a financial liability, or as an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. The reclassification of a financial instrument is subject to the substance of the financial statements and not to its legal form.

The Bank shall determine the classification at initial recognition and reassess such determination, if possible and appropriate, at each date of the statement of financial position.

When measuring financial assets and liabilities, certain assets and liabilities of the Bank are re-measured at fair value for financial reporting purposes. In assessing the fair value of any assets or liabilities, the Bank uses available observable market data. In the absence of Tier 1 inputs, the Bank conducts evaluations using professionally qualified independent evaluators. The Bank works closely with qualified external evaluators to develop appropriate valuation and data valuation techniques.

B. Fair Value Measurement

If the fair values of financial assets and financial liabilities included in the statement of financial position cannot be obtained from active markets, these fair values are determined using a range of valuation techniques involving the use of accounting models. If possible, the

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entered data for those models will be extracted from the market data. In the absence of such market data, fair values are determined by making judgments. These provisions include liquidity considerations and model data such as derivative volatility, longer-term discount rates, pre-payment ratios and default rates on asset-backed securities. Management believes that the valuation techniques used are appropriate to determine the fair value of financial instruments.

C. Derivative Financial Instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and, where appropriate, recognized pricing models. In the absence of prices, fair values are determined using valuation techniques that reflect observable market data. These techniques include comparison with similar instruments at observable market prices, discounted cash flow analysis, pricing option models and other valuation techniques commonly used by market participants. The main factors that Management takes into consideration when applying the model are:

- The expected timing and probability of future cash flows on the instrument where such cash flows are generally subject to the terms of the instrument, although Management's judgment may be required where the counterparty's ability to repay the instrument in accordance with contractual terms is in doubt; and
- An appropriate discount rate for the instrument. Management determines the instrument discount rate at a rate higher than the non-risk rate. In assessing the instrument by reference to comparative instruments, Management considers the maturity, structure, and degree of classification of the instrument based on the system in which the existing position is compared. When evaluating tools on a model basis using the fair value of the main components, Management also considers the need to adjust for a number of factors, such as bid differences, credit status, portfolio service costs, and uncertainty about the model.

Key Sources of Uncertainty Estimates

The principal estimates used by Management in applying the Bank's accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Determining the number and relative weight of scenarios, the outlook for each type of product / market, and the identification of future information relevant to each scenario.

When measuring the expected credit loss, the Bank uses reasonable and supported future information based on the assumptions of the future movement of the various economic drivers and the manner in which they affect each other.

Probability of Default

The potential for default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

Loss Given Default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financier expects to collect, considering cash flows from collateral and integrated credit adjustments.

Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Bank uses available observable market data. In the absence of level (1) inputs, the Bank conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

Risk management

In light of the importance of managing the various risks surrounding the Bank's business activities that it is exposed to or may be exposed to in the future, the Bank has continued its work by following a risk management strategy in line with the directives of the Board of Directors, executive management, legislation and laws issued by the Central Bank of Iraq, where best practices have been applied and the latest means and methods used in risk management.

The risk management process includes identifying, measuring, evaluating and monitoring

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financial and non-financial risks that can negatively affect the overall performance of the Bank, the Risk Department is responsible for managing risks (credit, operational, market, liquidity and information security) within the framework of the Bank's organizational structure and the risk department evaluates and controls risks and recommends mitigating them and submitting the necessary reports to executive management and Risk and Compliance Committee and independently of other Bank departments that perform other banking activities.

The Bank's risk management provides independent oversight and support that aims to establish and spread the concept of risk management as a whole on all levels of management and helps proactively in realizing potential losses and sets out the plan and procedures to take to confront these risks in the event of their occurrence.

The executive management is responsible for defining the main principles of risks and the level of risks that can be accepted, as well as an optimal distribution of them according to the various activities and segment of the bank where executive management exercises its role in ensuring that the Bank manages various risks and adopts policies and procedures governing risk management in the bank.

The Bank management also gives great importance to the requirements of Basel and best international practices for risk management, as it is considered as a framework to enhance the Bank's ability to improve the control environment and confront various types of risks.

Acceptable risks level (risk appetite)

The Bank's philosophy in determining the level of acceptable risks is the method by which the Bank has determined the levels of acceptable risks with, given that capital planning is the basis for determining the levels of acceptable risks.

The bottom-up approach methodology was used to determine acceptable levels of risk through the concerned departments within the Bank from the bottom of the organizational structure and then raise it to the top organizational structure for each of the risks (credit, concentrations, liquidity, interest rates, reputation, strategy, operation, market, governance

Institutionalism, compliance, capital structure).

The objectives of risk appetite

The Bank aims to determine the acceptable levels of risk to the following:

- 1- Knowing the acceptable level of risk for each type of risk to which the Bank is exposed.
- 2- Protecting the Bank from risks that it might face and negatively affect its business.
- 3- Achieving strategic goals.
- 4 -Ensuring that acceptable proportions of capital adequacy are maintained.
- 5- Control risks and work to reduce them.
- 6- Determining the capital needed to face all kinds of risks (economic capital).
- 7- Developing measures to monitor the acceptable level of risks in addition to the capital, asset quality, liquidity and fluctuation in profits.

Stress testing

In accordance with the instructions issued by the Central Bank related to stress testing, the Bank has prepared a methodology for applying these stress tests and adopting a policy and work procedures by the Risk Committee from the Board of Directors where stress tests are an integral and essential part of the institutional governance and risk management system of the Bank as it has an impact on decision-making at the appropriate administrative level, including strategic decisions of the Board of Directors and Executive Management. To ensure this, the Board of Directors and Executive Management must have a key role in these tests, including setting test goals, defining scenarios, evaluating results, and defining measures to take based on the results of these. The tests at various levels are considered

- A key tool to understand the Bank's risk matrix and its ability to withstand shocks and the high risks it may face.
- It is considered an important part of the capital planning process through the internal evaluation process of the capital adequacy (ICAPP) and improving the Bank's management of its capital.
- It helps the bank in estimating the size of future capital that must be available in the coming years, in accordance with its strategy.
 - An important part in the process of identifying, measuring, and controlling liquidity risk, in order to assess the Bank's liquidity and the adequacy of liquidity shock mitigators and improve the Bank's liquidity.

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The mechanism by which stress situations are chosen

Scenarios of stressful situations are chosen to cover all the risks which the Bank is exposed to in accordance with the instructions issued by the Central Bank of Iraq, and a different set of scenarios are applied that range from the least influential to the most influential but are possible to occur are selected and identified by the Bank according to the different risks which it is exposed to such as (size, type, repetition and importance) in coordination with the various departments where these tests aim to assess the Bank's financial position and adequacy, where necessary reports are prepared and applied to stress tests and present them to the Risk Committee from the Board of Directors, which in turn approves assumptions and scenarios used and discuss the results of the tests and approve the measures to be taken based on these results. The impact of stress testing on different financial assets is measured, whether at the level of the facilities or investment portfolio, as follows:

- Measuring the impact of stress testing on the Bank's credit portfolio in terms of the increase of non-performing loans as a result of several factors, including the concentration in credit granting, the decline of economic sectors as a result of financial crises, the quality of the credit portfolio, the decrease in the value of guarantees provided and other factors. The impact of these scenarios is assessed for these risks on the income statement and the capital adequacy.
- Measuring the impact of stress testing on the Bank's investments in terms of low liquidity of the markets invested in and a decrease in the value of investments due to financial and economic crises. The impact of scenarios for these risks is assessed on the income statement and the capital adequacy.
- Measuring the impact of stress testing on the Bank's assets and liabilities in the event of changing the Dinar exchange rates against foreign currencies.
- Measuring the impact of stress testing on the Bank's liquidity as a result of several factors, including the loss of our deposits with correspondent

banks, the concentration of Bank customer deposits and bank deposits with us, extensive withdrawals of deposits, change of the Dinar exchange rates against foreign currencies and other factors. The impact of the scenarios of these risks is assessed based on statutory and liquidity ratios and based on a maturity scale.

- Measuring the impact of stress testing on the operating risks of the Bank's operations. The impact of scenarios on these risks is assessed on the capital adequacy.

Governance of stress testing

– Stress tests are an integral and essential part of corporate governance with the Bank by enhancing the Bank's ability to identify and control its risks and its major role in providing both the Board and Executive Management with indicators on the amount of capital required to meet the resultant losses on shocks or changes that affect the Bank's financial position and solvency.

Board of Directors' responsibility:

- Ensuring that there is an effective framework for stress testing to assess the Bank's ability to withstand shocks and face high risks, as the Board has the ultimate responsibility for the stress testing program, and the adoption of work policies in this regard.
- Ensure that the Risk Department conducts stress tests on a regular basis, and that the Board has a key role in approving the assumptions and scenarios used, analyzing the results of the tests, and adopting the procedures to be taken based on these results.

Senior executive management responsibility:

- Implementing and monitoring the stress testing program, and in accordance with the methodology approved by the Board of Directors, which was originally based on the specific stress tests according to the instructions of the Central Bank of Iraq.
- Ensure that a qualified personal is available in the Risk Management Department to conduct stress tests and that the department has the appropriate tools and means for that.
- Ensuring that an appropriate number of possible scenarios related to the Bank's business are available, provided that these scenarios are understood and documented.

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- Use the results of stress testing in setting and determining the degree of risk tolerance of the Bank and in the process of planning for capital and liquidity.
- Setting the appropriate remedial procedures based on the results of the tests carried out by the Executive Management and submitting them to the Risk and Compliance Committee and presenting them to the Board of Directors.

Responsibility of the Internal Audit department:

- The Internal Audit Department is responsible for reviewing and evaluating the framework of stress testing, at least annually, and for evaluating and reviewing results to be submitted to the Board of Directors.

Risk Department responsibility:

1- Designing a program of stress testing and using models and methodologies to test its impact on the Bank, so that it covers the following aspects and is not limited to them:

- Stress testing includes scenarios that range from least to most severe.
- Covering all complex financial products, if any.
- It considers potential changes in market conditions that may negatively affect the Bank's exposure to concentration risk.
- Including stress tests to some scenarios related to reputational risks, by reflecting the results of risks that affect the Bank's reputation, which may be reflected on the Bank's liquidity and liquid assets through customers withdrawing their deposits.
- The tests used are consistent with the degree of risk tolerance that the Bank has set for itself, so that the chosen scenarios are commensurate with the size, nature and complexity of the Bank's business and the risks associated with it.
- The stress testing program includes quantitative and qualitative methods to improve the comprehensiveness of these tests and make them supportive and complementary to the models and methods of risk management used in the Bank.

- It includes different types of tests, such as the simple sensitivity analysis based on changes in one risk factor and between scenarios based on statistical methods that take into account the relationships between the causes of systemic risks in times of crisis, knowing that the part related to these scenarios is determined by the Central Bank of Iraq on an annual basis.

2- Organizing an appropriate line of communication between the various parties concerned to take their views on the shocks and potential stressful situations if they occur with the aim of identifying assumptions and scenarios that are appropriate to the internal and external risks that the Bank may be exposed to so that all the parties involved with the Bank participate in this line of communication when determining these tests annually.

3- Submitting the results of the tests to the Basel Committee, an internal evaluation of the capital adequacy, and then to the Risk and Compliance Committee from the Bank's Board of Directors annually.

The Bank's application for defaulting and the defaulting mechanism

The Bank follows and applies the instructions of the Central Bank of Iraq (the regulatory body) related to the International Financial Reporting Standard No. (9) to classify credit facilities in three stages.

1. The Bank's application to default:

The instructions of the Central Bank of Iraq regarding the classification of defaulting loans and the suspension of interest are applied according to the requirements of IFRS (9). As for provisioning, related to the International Financial Reporting Standard (9) are adopted. The most conservative and severe results are taken, except in special cases and with prior approval by the Central Bank of Iraq.

2. The defaulting mechanism:

The Bank follows up with a client before their default with the aim of not reaching the point of classifying the facilities granted to them. In case the classification is made, a provision is recorded against this loan in accordance to the adopted standards, among the mechanisms used to treat default by the Bank as following:

- Debt scheduling according to the scheduling principles as per the instructions of the Central Bank of Iraq.
- Taking legal measures to collect what is owed to the Bank.

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The internal credit rating system of the Bank and its mechanism:

The Bank measures the credit risk rating of large companies, small and medium-sized companies which would positively reflect on the quality of the credit portfolio and help in making appropriate credit decisions as the following is extracting through the system:

Obligor Risk Rating (ORR) is divided into measuring the activity standards (qualitative) and the financial standards (quantitative) by:

Specific criteria:

- Measuring the risks of the countries in which the client practices their activity
- Measuring the risks of the economic sectors that represent the client's activities
- Measuring the client's competitive position in detail

Quantity standards:

Measuring the client's financial risks by assessing cash flows, receivables, capital structure, and others.

Classification models include (modifier's) quality rates that enhance credit rating accuracy as follows:

- 1- The impact of the various activities of the client
- 2- The capital structure
- 3- Approved financing policy
- 4- Liquidity assessment
- 5- Management and governance

Clients are classified to ten levels, where the classification grades are distributed from (1) high quality clients (few risks) to (10) high risk customers.

As a result of assessing the client's credit rating through the system, the probability of default (PD) is determined.

The approved mechanism for calculating expected credit losses on financial instruments:

1- The basic components of calculating the credit loss of financial instruments:

- Clients' staging
- Probability of default ratio stage 1 (12-month projected credit losses) and stage 2 (expected credit losses over the life of the financial instrument).
- Loss given default (LGD).
- Exposure at default (EAD).

2- Criteria for classifying client according to the stages:

The criteria for classifying the stages is one of the important parameters used to determine the expected credit losses according to the International Financial Reporting Standard No. (9), where financial instruments were classified into three stages in addition to a statement of the credit limitations for the transfer of the financial instrument / exposures between the stages according to the instructions issued by the Central Bank of Iraq.

3- Probability of default – PD

Corporate portfolio

Based on the probability of default resulting from the analysis of all quantitative and qualitative data of the client through the credit rating system and based on historical data, a future probability of default is calculated and linking it to the macroeconomic indicators of Iraq.

Individual portfolio

Individual risk is measured at the level of each product separately (personal loans / housing loans / credit cards / car loans) through the evaluation of the product Roll Rate Approach, through customer behavior records and their commitment to pay on the historical agreed upon times to link them to all variables of macroeconomic factors to determine the future probability of default.

Debt portfolio and money market

The default probability of debt instruments classified under the amortized cost portfolio (AC) and other comprehensive income statement (OCI) is calculated on an individual basis based on the probability of default according to external classification.

Loss Given Default - LGD

The percentage of loss is measured on the assumption of default, based on the present

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value of the guarantees provided by the client based on historical ratios of financial recoveries and converting the guarantees into cash as a result of implementation of the guarantees due to default, taking into account the time dimension and credit dilution, which includes the part covered and not covered by the guarantees according to the requirements of the Central Bank of Iraq.

Exposure at Default – EAD

It is defined as the size of the indebtedness to which the Bank may be exposed to the possibility of non-payment if the customer defaults as follows:

- It is the current balance in relation to direct and indirect facilities.
- In the case of ceilings, the value of the amount exposed to default: it is the used balance in addition to a percentage of the unutilized ceiling (direct and indirect) based on a historical study of the extent of utilization of these ceilings.

Governance of implementing the requirements of IFRS 9:

The Bank is adherent to the instructions of institutional governance, including the instructions of the Central Bank of Iraq and the best international practices that were included in the Basel Committee in this regard in a manner that achieves the rule of implementation of the International Financial Reporting Standard. The following are the responsibilities of the Board of Directors, the Executive Management, the concerned committees and departments to ensure the appropriateness of applying the financial reporting standard:

Board Responsibilities:

- Approving the policies, assumptions and models used for the application of the standard.
- Approving the expected credit losses in the Bank's financial statements.
- Ensuring proper application of the standard by defining the roles of committees, departments and work units in the Bank and ensuring complementarity of work among them and providing the appropriate infrastructure.
- Overseeing, through the committees of the Board, the Executive

Management to develop the necessary systems to provide adequate information in an accurate and safe matter so that it provides the accurate capability of the Bank to record through the participation of all relevant business units in the Bank and under the supervision of the Bank's Board of Directors and its related committees.

- Approving of amendments that could affect the business model, the Bank's strategy, measurement and evaluation methodologies for the credit process, pricing and guarantees mechanism for credit products or assets that fall within the standard.
- Ensuring that the Bank manages its credit risk within the appropriate best practices, including effective control systems within the credit process that includes a clear determination of the amount of provisions required for all of its risks.
- Ensuring that the supervisory units in the Bank, specifically risk management, manage the internal audit of all necessary processes to verify the validity and integrity of the methodologies and systems used within the framework of the application of IFRS (9) and work to provide the necessary support for these control units.

Executive Management Responsibilities:

- Providing the appropriate infrastructure and providing recommendations regarding required changes or improvements that help to implement the standard in an accurate and comprehensive manner that includes qualified personnel and an adequate database in terms of accuracy and comprehensiveness.
- Reviewing the policies, work procedures, regulations and any other relevant standards and explaining their suitability for implementing the standard.
- Distributing tasks and responsibilities and ensuring the participation of all relevant business units in the proper application of the standard.
- Monitoring the periodic reports related to the results of calculating and applying the standard and determine the impact of the application of the standard on the financial position of the Bank.
- Applying corrective measures approved by the Board of Directors.
- Reflecting the impact of the application of the standard on the Bank's strategy and pricing policy.

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- It is responsible for any exceptions of the results of the system outputs, the specific procedures and the documented forms of the calculation process.
- Reviewing the staging rules process and make the necessary recommendations.
- View the calculation of expected credit losses and recommend their approval.
- Recommend any exception or amendment to the results of calculating the expected credit losses required and in accordance with clear and documented justifications.

Risks and Compliance Committee Responsibilities:

- Reviewing the framework and assumptions for calculating expected credit losses and recommend their approval.
- Supervising the efficiency and effectiveness of the process of calculating the expected credit losses.

Responsibilities of the Audit Committee:

- Ensuring that the methodologies and systems used in the application of IFRS (9) have been verified.
- Monitoring the compliance with the framework for calculating expected credit losses in accordance with IFRS (9) and ensuring that the internal audit fulfills its duty in this regard.
- Reviewing the financial statements after implementing the standard, in particular verifying the implementation of the instructions of the Central Bank of Iraq regarding the adequacy of provisions and expressing an opinion on the Bank's non-operating loans before submitting them to the Board of Directors.
- Reviewing the observations in the Central Bank's reports and the external auditor's reports and following up on the measures taken in their regard.
- Reviewing the accounting issues that have a material impact on the Bank's

financial statements and ensure the accuracy of the accounting and control procedures and its safety and adherence to them.

- Ensuring through the Internal Audit Department that all financial instruments/ credit exposures have been measured for expected credit losses.

Compliance Department Responsibilities:

Ensuring compliance with applicable laws and instructions related to preparing the financial statements and applying the required standard and disclosures.

Risk Department Responsibilities

- Calculating the expected credit losses.
- Reviewing the models and assumptions used for calculating the provision and recommending any required adjustments.
- Evaluating the credit rating systems, their parameters, and results.
- Preparing periodic, qualitative and detailed quantitative disclosures required by the Central Bank of Iraq for the purposes of complying with the requirements of the standard.
- Reviewing the transferring process between the different stages and comparing it with the policy of transferring requirements between stages and reviewing these limitations periodically.

Finance Department Responsibilities:

- Participating with departments in developing and building the business model, including the classification of the Bank's financial assets in accordance with the principles of IFRS (9).
- Make the necessary accounting adjustments and restrictions after approving the results and verifying that all financial instruments have been accounted for.
- Reviewing the necessary disclosures in cooperation with the relevant departments of the Bank in accordance with the requirements of the standard and the instructions of the Central Bank of Iraq.

Determinants of significant change in credit risk:

All credit exposures / financial instruments are subject to the measurement of expected credit losses to specific determinants as an indicator to be considered a significant increase in credit risk, so that the financial instrument / credit exposure is transferred between the three phases:

Notes To The Financial Statements

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Stage (1): Includes financial assets on initial recognition which have not been exposed to a significant increase in credit risk since the initial recognition or with low credit risks at the date of preparing the financial statements. For these assets, the expected credit losses for the 12-month period that result from potential irregularities within the next 12 months are recognized.

Stage (2): Includes financial assets that have experienced a significant increase in credit risk since the initial recognition but there is no objective evidence of a decrease in their value. For these assets, expected credit losses are recognized for the entire life of the debt, which is the expected credit losses that result from all potential irregularities over the expected life of the financial instrument.

Stage (3): Includes financial assets for which there is objective evidence of a decrease in value at the date of the financial statements in accordance with the indicators specified in the instructions of the Central Bank of Iraq. For these assets, expected credit losses for the entire life are recognized and treated with the calculated interest on them.

The following are the most prominent determinants used to measure the significant change in credit risk:

- There is a decrease or a decline in the actual internal credit rating of the borrower according to the internal evaluation system applied by the Bank compared to the degree of the internal rating of the borrower at the time of granting.
- The presence of unpaid dues on a client or borrower account exceeding a certain period.
- Knowing that the borrower faces difficulties affecting the cash flow
- Violating debt covenants or conditions in a manner that affects the obligation to repay.
- The market value of collaterals declines significantly.
- The possibility of a borrower entering bankruptcy procedures.

The main economic indicators that were used by the bank in calculating the expected credit losses

When measuring the probability of default for different segments, historical information and current conditions are taken into consideration in addition to expected future events in accordance with substantial information that can be relied upon by the Bank.

Economic factors and their expectations have been used in three scenarios for each of the ratios (GDP, unemployment, inflation, properties rates, interest rates and other indicators), by relying on data issued by the World Bank and International Money Fund and Central Bank of Iraq with regard to Iraq.

Extension and termination option in leases contracts

The extension and termination options are included in several leasing contracts, these options are used to increase the operational flexibility in terms of contracts management, most of the extension and termination option are exercisable by both the bank and the lessor.

In determining the lease term, management considers all facts and circumstance that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension option (or periods after termination option) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in case of occurrence of an important event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

Discounting of lease payment

The lease payments are discounted using the Bank's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

Notes To The Financial Statements

For The Year Ended 31 December 2021

3. Cash and Balances with Central Bank

Statement	2021	2020
	IQD (000)	IQD (000)
Cash on hand	10,377,405	28,342,177
Cash at ATM	4,672,460	3,290,023
Cash Balances with CBI:		
Current accounts	297,468,207	68,856,759
Statutory cash reserve at CBI*	20,545,397	13,458,545
Reserves for margins against letters of guarantee**	283,434	407,744
Cash at CBI-KRG	210,000	160,000
Less: Allowance for ECL	238,979-	160,000-
Total	333,317,924	114,355,248

* This balance represents the statutory cash reserve at the CBI, and it is not available for daily operations.

** According to the CBI instructions issued on 2 May 2017, reserves for margins against letter of guarantee must be held at the CBI for the purpose of meeting any shortage to cover the letters of guarantee that are claimed and unpaid. This reserve is not available for daily operations.

Notes To The Financial Statements

For The Year Ended 31 December 2021

4. Balances with Banks and Other Financial Institutions

Statement	2021	2020
	IQD (000)	IQD (000)
Local banks	19,691,282	2,531,899
Foreign banks	83,685,750	157,173,805
Fixed deposits at foreign banks	64,185,546	151,055,726
Less: Allowance for ECL*	2,036,903-	3,321,423-
Total	165,525,675	307,440,007

2021 December 31				
IQD (000)				
Statement	Stage 1	Stage 2	Stage 3	Total
High standard grade	-	-	-	-
Standard grade	166,435,187	-	-	166,435,187
Low, net of suspended interest	-	-	1,127,391	1,127,391
	166,435,187	-	1,127,391	167,562,578
Less: allowance for ECL*	909,512-	-	1,127,391-	2,036,903-
Total	165,525,675	-	-	165,525,675

Notes To The Financial Statements

For The Year Ended 31 December 2021

4. Balances with Banks and Other Financial Institutions (CONTINUED)

2020 December 31				
IQD (000)				
Statement	Stage 1	Stage 2	Stage 3	Total
High standard grade	-	-	-	-
Standard grade	308,184,882	1,109,975	-	309,294,857
Low, net of suspended interest	-	-	1,466,573	1,466,573
	308,184,882	1,109,975	1,466,573	310,761,430
Less: allowance for ECL*	2,152,501-	33,743-	1,135,179-	3,321,423-
Total	306,032,381	1,076,232	331,394	307,440,007

* The movement of the allowance for expected credit losses of Balances with banks is as follows:

2021 December 31				
IQD (000)				
Statement	Stage 1	Stage 2	Stage 3	Total
At 1 January	2,152,501	33,743	1,135,179	3,321,423
Transfer from stage 1	-	-	-	-
Transfer from stage 2	33,743	33,743-	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	1,276,732-	-	7,788-	1,284,520-
At Year end	909,512	-	1,127,391	2,036,903

Notes To The Financial Statements

For The Year Ended 31 December 2021

2020 December 31				
IQD (000)				
Statement	Stage 1	Stage 2	Stage 3	Total
At 1 January	1,568,980	79,389	1,068,356	2,716,725
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	583,521	45,646-	66,823	604,698
At Year end	2,152,501	33,743	1,135,179	3,321,423

5. Direct Credit Facilities, Net

Statement	2021	2020
	IQD (000)	IQD (000)
Granted loans, net*	90,187,323	31,035,004
Overdraft	4,842,558	1,464,791
	95,029,881	32,499,795
Less:		
Suspended interest (Note 5.A)	189,765-	157,640-
Allowance for ECL (Note 5.B)	11,035,235-	7,234,062-
Net Direct Credit Facilities	83,804,881	25,108,093

* Loans granted are presented in net after deducting interest received in advance amounting IQD 2,110,838 thousand as at 31 December 2021 (2020: IQD 1,177,589 thousand). Non-performing credit facilities amounted to IQD 2,507,229 thousand as at 31 December 2021, representing (3%) of the total balance of direct credit facilities.

Based on the meeting of the Board of Directors on 10 December 2020, it was agreed to include the defaulted debts that are fully covered by provisions as well as the interest in suspense to off-balance sheet accounts with the continuation of the procedures of follow-ups, collections, and legality against these debts. The total debt transferred to off-balance sheet account amounted to IQD 40,716,167 thousand and IQD 43,068,550 thousand as at 31 December 2021 and 31 December 2020, respectively. During 2021, part of the loans transferred to off-balance sheet account were recovered amounting IQD 2,352,383 thousand and was reported in the income statement for the year ended 31 December 2021.

Notes To The Financial Statements

For The Year Ended 31 December 2021

2021 December 31				
IQD (000)				
Statement	Stage 1	Stage 2	Stage 3	Total
High standard grade	-	-	-	-
Standard grade	84,744,910	7,779,923	-	92,524,833
Low, net of suspended interest	-	-	2,315,283	2,315,283
	84,744,910	7,779,923	2,315,283	94,840,116
Less: allowance for ECL*	7,385,681-	1,610,746-	2,038,808-	11,035,235-
Total	77,359,229	6,169,177	276,475	83,804,881

5. Direct Credit Facilities, Net (CONTINUED)

2020 December 31				
IQD (000)				
Statement	Stage 1	Stage 2	Stage 3	Total
High standard grade	-	-	-	-
Standard grade	21,257,958	6,651,656	-	27,909,614
Low, net of suspended interest	-	-	4,432,541	4,432,541
	21,257,958	6,651,656	4,432,541	32,342,155
Less: allowance for ECL*	1,270,816-	1,530,705-	4,432,541-	7,234,062-
Total	19,987,142	5,120,951	-	25,108,093

Notes To The Financial Statements

For The Year Ended 31 December 2021

A. Suspended interest

The movement of suspended interest on direct credit facilities is as follow:

2021	Retail	Corporate	SMEs	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance, beginning of year	157,640	-	-	157,640
Additions during the year	32,125	-	-	32,125
Recovered during the year	-	-	-	-
Balance, end of year	189,765	-	-	189,765

2020	Retail	Corporate	SMEs	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance, beginning of year	4,325,109	-	75,810	4,400,919
Additions during the year	633,040	-	-	633,040
Recovered during the year	544,180-	-	-	544,180-
Suspended interest transferred to off-balance sheet account	4,256,329-	-	75,810-	4,332,139-
Balance, end of year	157,640	-	-	157,640

Notes To The Financial Statements

For The Year Ended 31 December 2021

B. Allowance for ECL

The movement of the allowance for expected credit losses of direct credit facilities is as follows:

2021 December 31				
IQD (000)				
Statement	Stage 1	Stage 2	Stage 3	Total
At 1 January:	1,270,816-	1,530,705-	4,432,541-	7,234,062-
Transfer from stage 1	279,861	248,597-	31,264-	-
Transfer from stage 2	827,438-	917,500	90,062-	-
Transfer from stage 3	1,688,133-	18,897-	1,707,030	-
Net remeasurement of ECL	3,879,155-	730,047-	808,029	3,801,173-
At Year end	7,385,681-	1,610,746-	2,038,808-	11,035,235-

2020 December 31				
IQD (000)				
Statement	Stage 1	Stage 2	Stage 3	Total
At 1 January:	2,737,243-	144,006-	16,468,985-	19,350,234-
Transfer from stage 1	1,466,427	1,466,427-	-	-
Transfer from stage 2	-	79,728	79,728-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	-	-	2,587,012-	2,587,012-
transferred to off-balance sheet account	-	-	14,703,184	14,703,184
At Year end	1,270,816-	1,530,705-	4,432,541-	7,234,062-

Notes To The Financial Statements

For The Year Ended 31 December 2021

6. Financial assets at fair value through other comprehensive income

Statement	2021	2020
	IQD (000)	IQD (000)
Unquoted shares	2,895,797	3,896,454
Total	2,895,797	3,896,454

Statement	2021	2020
	IQD (000)	IQD (000)
Balance, beginning of year	2,895,797	2,695,289
Additions – Purchase of new shares	789,473	-
	3,685,270	2,695,289
Reserves for change in fair value	211,184	200,508
Balance, end of year	3,896,454	2,895,797

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

Statement	2021	2020
	IQD (000)	IQD (000)
Balance, beginning of year	10,513	189,995-
Change at fair value during the year	211,184	200,508
Balance, end of year	221,697	10,513

Notes To The Financial Statements

For The Year Ended 31 December 2021

7. Property and Equipment, Net

2021	Land	Buildings	Tools and Equipment	computers, Furniture & Fixtures	Vehicles	Systems	Rights of Use	Total
Cost	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance, beginning of year	10,171,087	6,632,730	2,666,231	3,638,113	1,009,917	1,122,267	344,865	25,585,210
Additions	-	-	25,807	85,352	59,135	-	-	170,294
Disposals	1,391,000-	169,820-	32,462-	352,763-	172,157-	5,915-	-	2,124,117-
Transfers from projects in progress	-	372,747	66,852	250,520	-	81,661	-	771,780
Balance, end of year	8,780,087	6,835,657	2,726,428	3,621,222	896,895	1,198,013	344,865	24,403,167
Accumulated depreciation:								
Balance, beginning of year	-	603,377	1,276,959	2,721,717	568,236	476,978	65,807	5,713,074
Charge for the year	-	132,599	334,430	462,914	152,914	191,408	45,303	1,319,568
Disposals	-	41,995-	32,072-	281,585-	172,157-	5,395-	-	533,204-
Balance, end of year	-	693,981	1,579,317	2,903,046	548,993	662,991	111,110	6,499,438
Net book value	8,780,087	6,141,676	1,147,111	718,176	347,902	535,022	233,755	17,903,729

Notes To The Financial Statements

For The Year Ended 31 December 2021

7. Property and Equipment, Net (CONTINUED)

2020	Land	Buildings	Tools and Equipment	computers, Furniture & Fixtures	Vehicles	Systems	Rights of Use	Total
Cost	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance, beginning of year	14,059,858	8,686,793	1,961,068	3,565,701	781,244	945,862	247,998	30,248,524
Additions	-	75,865	64,700	124,725	38,988	91,530	96,867	492,675
Disposals	1,877,798-	2,193,472-	78,085-	195,203-	-	-	-	4,344,558-
Transfers from projects in progress	-	63,544	718,548	142,890	189,685	84,875	-	1,199,542
Impairment loss	2,010,973-	-	-	-	-	-	-	2,010,973-
Balance, end of year	10,171,087	6,632,730	2,666,231	3,638,113	1,009,917	1,122,267	344,865	25,585,210
Accumulated depreciation:								
Balance, beginning of year	-	873,642	1,234,939	2,657,434	534,371	394,541	28,740	5,723,667
Charge for the year	-	105,540	120,105	258,426	33,865	82,437	37,067	637,440
Disposals	-	375,805-	78,085-	194,143-	-	-	-	648,033-
Balance, end of year	-	603,377	1,276,959	2,721,717	568,236	476,978	65,807	5,713,074
Net book value	10,171,087	6,029,353	1,389,272	916,396	441,681	645,289	279,058	19,872,136

Notes To The Financial Statements

For The Year Ended 31 December 2021

8. Projects in Progress

Statement	2021	2020
	IQD (000)	IQD (000)
Balance, beginning of year	637,856	543,081
Additions	2,503,703	1,294,317
Transfers to property and equipment	771,780-	1,199,542-
Balance, end of year	2,369,779	637,856

Projects in progress represent construction cost of installations, equipment and renovations work for the locations that will be used for new Bank branches, it also includes the equipment amounts paid to suppliers based on the completion reports.

9. Other Assets

Statement	2021	2020
	IQD (000)	IQD (000)
Prepayments of Bank's investments in financial assets*	3,599,588	-
Mastercard settlement with Amwal Co.	1,454,479	-
Accrued interest on loans	659,819	491,954
Prepayments	297,273	177,696
Mastercard Inventory	216,436	397,830
Margins with others	207,013	45,317
Money Gram accounts	144,489	3,182,926
Accrued interest on foreign deposits	11,791	15,261
Bank's share in the Iraqi Company for Deposits Guarantee	-	789,474
Others	116,509	109,430
Total	6,707,397	5,209,888

* During 2021, the Bank purchased the shares of Bank of Baghdad in both The Iraqi Company for Guarantees and The Iraqi Company for Financing SMEs totalling IQD 3,038,876 thousand and IQD 560,712 thousand respectively. These amounts have been classified under the Other Assets note as the subscription procedures have not completed yet. The shares will be transferred to Investments once all the legal procedures are finished.

Notes To The Financial Statements

For The Year Ended 31 December 2021

10. Customers' Deposits

The details of this accounts are as follows:

2021	Retail	Corporate	Total
	IQD (000)	IQD (000)	IQD (000)
Current and on demand deposits	53,709,441	75,728,083	129,437,524
Saving accounts	18,344,911	-	18,344,911
Time deposits	4,675,225	4,209,424	8,884,649
Total	76,729,577	79,937,507	156,667,084

2020	Retail	Corporate	Total
	IQD (000)	IQD (000)	IQD (000)
Current and on demand deposits	58,853,200	31,326,693	90,179,893
Saving accounts	17,393,751	-	17,393,751
Time deposits	3,128,563	2,391,056	5,519,619
Total	79,375,514	33,717,749	113,093,263

Non-interest-bearing deposits amounted IQD 129,437,524 thousand as at 31 December 2021 representing (82%) of total deposits. (2020: IQD 90,179,893 thousand representing (80%))

11. Cash Margins

Statement	2021	2020
	IQD (000)	IQD (000)
Cash Margins against LGs	4,938,323	4,040,250
Cash Margins against LCs	539,992	72,001
Cash Margins against credit cards	53,970	15,768
Total	5,532,285	4,128,019

Notes To The Financial Statements

For The Year Ended 31 December 2021

12. Borrowed money

Statement	2021	2020
	IQD (000)	IQD (000)
Central Bank of Iraq**	107,998,914	17,510,980
Iraqi Company for SMEs Financing*	4,412,822	6,654,005
Al Handhal International Group	832,200	730,000
Iraqi Company for Bank Guarantees	19,207	38,207
Total	113,263,143	24,933,192

* Based on the terms of the agreement signed between the Bank and the Iraqi Company for SMEs Financing on 5 June 2012, the Iraqi Company grants the Bank amounts to be agreed periodically, and the Bank then lends these amounts to small and medium enterprises under Tijara and Inma'a Project and the Program of Supporting the Disadvantaged Groups in Iraq according to the agreement terms, in return for an interest and administrative fees collected from these groups. The Bank pays administrative fees to the Iraqi Company on each one of the projects: 3% for Tijara and Inma'a Project, and 1.5% for the Program of Supporting the Disadvantaged Groups in Iraq, on quarterly basis, nevertheless, the rate of interest collected by the bank must not exceed 10%.

** The Bank obtained loans from the Central Bank of Iraq with the aim of re-lending them to companies and small and medium-sized enterprises at appropriate interest rates and on appropriate terms to provide them with the necessary financing and to enable them to meet their financing needs and conduct their operational work, and as an intention, the Central Bank contribute to the economic growth and provide job opportunities. In return, the Central Bank of Iraq deducts an interest of 0.5% from the loan principal upon granting, after which it is paid quarterly and is deducted directly from the bank's balance with the Central Bank of Iraq.

During 2021, the Bank received loans from the CBI. These loans were mainly related to Housing Loans Initiative which represent 82% of the total borrowings and amounted IQD 88,264,166 thousand for the year 2021 compared with and amount of IQD 13,620,096 as at 31 December 2020.

The following table represents the details of the loans which the CBI granted to the Bank:

Statement	2021	2020
	IQD (000)	IQD (000)
CBI loan 1	13,105	30,579
CBI loan 2	94,600	126,200
CBI loan 3	469,585	610,583
CBI loan 72-4	107,421,624	16,743,618
Total	107,998,914	17,510,980

Notes To The Financial Statements

For The Year Ended 31 December 2021

13. Sundry provisions

This account represents the balance of provisions recorded by the Bank's management according to CBI instructions dated 28 December 2020. These instructions state that the Bank shall record additional provisions against the gains resulted from the valuation of the Iraqi Dinar against the US Dollar based on the new official exchange rate which was modified at the end of 2020 from 1,190 IQD/1 U.S. \$ to 1,460 IQD/1 U.S. \$. As stated in the instructions, the purpose of these provisions is to cover the expected losses that might result from any decrease in the capital adequacy coverage, decrease in provisions against granted loans in US Dollars, decrease in provisions of defaulted foreign investments in US Dollars and to account for the expected credit losses that might result from the application of IFRS 9.

14. Income Tax Provision

A. Income tax provision

The movements on income tax provision is as follows:

Statement	2021	2020
	IQD (000)	IQD (000)
Balance, beginning of year	2,995,370	1,016,332
Tax related to previous years	837,306	1,447,946
Income tax for the year	1,847,578	2,995,370
Income tax paid during the year	3,832,676-	2,464,278-
Balance, end of year	1,847,578	2,995,370

B. Income tax

Summary for the reconciliation between the tax profit and the accounting profit:

Statement	2021	2020
	IQD (000)	IQD (000)
Accounting profit before income tax	10,304,942	19,271,108
Non-taxable income	3,636,903-	-
Non-deductible expenses	5,649,150	698,026
Taxable profit	12,317,189	19,969,134
Income tax payable to the General Commission of Taxes %15 *	1,847,578	2,995,370
Effective interest rate	%18	%16

The Bank paid income tax up to the end of 2020 and a receipt that supports the payment was obtained from the General Commission of Taxes for the year until the final settlement.

Notes To The Financial Statements

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15. Other Liabilities

Statement	2021	2020
	IQD (000)	IQD (000)
Certified cheques	1,213,437	1,174,855
ECL provision for indirect credit facilities*	1,115,130	524,538
Amounts received for company's registration	1,024,075	1,026,052
Accrued expenses	508,967	285,910
Dividend's payables	377,849	1,265,377
Balances and compensation of deceased clients	304,659	303,537
Lease liabilities	246,852	281,931
Sold external transfers	78,105	103,194
Received margins	77,853	126,205
Accrued interest	48,277	53,240
Social security deductions	33,555	68,103
Mastercard settlement with Amwal Co.	-	1,901,302
Other	1,080,276	979,465
Total	6,109,035	8,093,709

* The movement of ECL provision for indirect credit facilities is as follows:

Notes To The Financial Statements

For The Year Ended 31 December 2021

2021 December 31				
IQD (000)				
At 1 January:	Stage 1	Stage 2	Stage 3	Total
Transfer from stage 1	122,318	-	402,220	524,538
Transfer from stage 2	639-	639	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	-	-	-	-
At Year end	606,436	1,061	16,905-	590,592
Total	728,115	1,700	385,315	1,115,130

15. Other Liabilities

2020 December 31				
IQD (000)				
At 1 January:	Stage 1	Stage 2	Stage 3	Total
Transfer from stage 1	158,172	-	-	158,172
Transfer from stage 2	18,038-	-	18,038	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	-	-	-	-
At Year end	17,816-	-	384,182	366,366
Total	122,318	-	402,220	524,538

Notes To The Financial Statements

For The Year Ended 31 December 2021

16. Paid-In Capital

Paid-in capital comprises 250 billion shares (2020: 250 billion shares) at a par value of 1 Iraqi Dinar per share.

17. Statutory Reserves

According to the Iraqi Companies Law, 5% as a minimum of the annual profit after tax should be transferred to the statutory reserve. This reserve should not exceed 50% of the Bank's capital and it is not available for distribution to shareholders. The Bank may continue in making such transfer upon the approval of the General Assembly of the Bank until it approaches 100% of the Bank's Capital.

18. Interest Income

The details of this account are as follows:

Direct credit facilities:	2021	2020
	IQD (000)	IQD (000)
Retail	1,222,970	947,607
Corporate	308,805	206,336
SMEs	24,990	76,581
Interest on deposits	714,593	1,657,123
Total	2,271,358	2,887,647

19. Interest Expense

Statement	2021	2020
	IQD (000)	IQD (000)
Saving deposits	273,158	270,124
Time deposits	216,543	202,366
Internal borrowing / CBI Loans	530,670	133,221
Interest on lease contracts	21,921	17,371
Total	1,042,292	623,082

Notes To The Financial Statements

For The Year Ended 31 December 2021

20. Net Commission Income

Statement	2021	2020
	IQD (000)	IQD (000)
Commissions from Bank operation	14,323,096	29,635,125
Commissions from indirect credit facilities	677,950	366,506
Commissions from direct credit facilities	1,393,466	229,477
Less: Paid commission expense	191,657-	128,765-
Total	16,202,855	30,102,343

21. Other Operating Income

Statement	2021	2020
	IQD (000)	IQD (000)
Checks and credit notes issuance commission	916,644	618,103
Suspended interest recovered	575,784	544,180
Visa card revenue	750,637	325,590
Other banking commission	1,385,976	812,395
Recovered CBI fines	433,748	-
Other	657,017	368,556
Total	4,719,806	2,668,824

Notes To The Financial Statements

For The Year Ended 31 December 2021

22. Personnel Expenses

Statement	2021	2020
	IQD (000)	IQD (000)
Salaries and employees' benefits	4,173,620	3,024,251
Bank's contribution to social security	237,625	212,918
Travelling expenses	83,919	48,236
Insurance	63,415	42,138
Employees' training	34,017	13,610
Employees' transportations	4,622	5,586
Subsidies to employees	-	10,000
Total	4,597,218	3,356,739

Notes To The Financial Statements

For The Year Ended 31 December 2021

23. Other Operating Expenses

Statement	2021	2020
	IQD (000)	IQD (000)
CBI Penalties	725,294	561,276
Banking services	545,915	418,754
Donations	453,112	126,750
Maintenance	441,284	382,672
Security and guard	398,496	490,406
Communications and internet	291,667	284,961
Professional services	270,270	387,709
Advertising	256,140	145,484
Tax and fees	224,183	184,408
Allowances for BOD members	187,904	14,127
Subscriptions, licenses and fees	160,191	114,891
Fuel	145,477	108,365
Water and electricity	109,658	170,698
Service supplies	84,058	80,824
Audit fees	69,700	86,530
Legal services	53,538	225,698
Bonuses for non-employees	28,063	55,557
Stationery	21,758	13,152
Transportation	14,169	11,299
Hospitality	13,975	72,903
Other expenses	585,221	604,110
Total	5,080,073	4,540,574

Notes To The Financial Statements

For The Year Ended 31 December 2021

24. Earnings Per Share

Basic and diluted earnings per share was calculated by dividing the net income for the year by the weighted average number of shares:

Statement	2021	2020
	IQD (000)	IQD (000)
Profit for the year (IQD)	7,620,058	14,827,792
Weighted average number of shares during the year (shares)	250,000,000	250,000,000
	IQD/Fils	IQD/Fils
Basic and diluted earnings per share	0/030	0/059

25. Cash and Cash Equivalent

For the purpose of the statement of cash flows, cash and cash equivalent comprise:

Statement	2021	2020
	IQD (000)	IQD (000)
Cash and balances with Central Bank	328,884,443	111,225,225
Balances with banks and other financial institutions	167,562,578	310,761,430
Cash at ATM	4,672,460	3,290,023
Less:		
Statutory cash reserve	20,545,397-	13,458,545-
Reserves for margins against letters of guarantee	283,434-	407,744-
Balances with CBI-KRG	210,000-	160,000-
Total	480,080,650	411,250,389

Notes To The Financial Statements

For The Year Ended 31 December 2021

26. Related Party Transactions

The Bank enters into transactions within the normal course of the business. No credit facilities nor advances were granted to the related parties. During this period, the transactions with related parties comprised deposits, interest payable, interest receivable, other operating expenses, and salaries and compensations as follows:

2021	Bank deposits with related parties	Interest and commission income	Interest and commission expense	Other operating expenses	Salaries
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Shareholders	15,205,227	4,926	8	18,000	-
Key management:					
BOD members	727,475	-	-	-	501,016
subsidiaries	50,301,964	4,369	210,506	272,114	-
Sister companies:					
Iraqi Company for Bank Guarantees	43,386	-	101	-	-
Al-Amwal Co. for Exchange Services	3,215,222	9,809	17	439,922	-
Erbil Stock Exchange	554	-	5,903	-	-
Al-Sahab Co. for Oil Services	183,843	-	-	-	-
Iraqi Company for Financing SMEs	1,575,394	-	63	60,377	-

Notes To The Financial Statements

For The Year Ended 31 December 2021

2020	Bank deposits with related parties	Interest and commission income	Interest and commission expense	Other operating expenses	Salaries
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Shareholders	14,999,307	5,351	8	18,000	-
Key management:					
BOD members	703,235	-	-	-	205,323
subsidiaries	6,308,775	4,545	86,972	392,273	-
Sister companies:					
Iraqi Company for Bank Guarantees	2,815	-	22	-	-
Al-Amwal Co. for Exchange Services	1,498,339	3,953	84	271,297	-
Erbil Stock Exchange	571	-	17	-	-
Al-Sahab Co. for Oil Services	237,557	-	-	-	-
Iraqi Company for Financing SMEs	1,573,147	-	57	60,377	-

Notes To The Financial Statements

For The Year Ended 31 December 2021

27. Fair Value of Financial Instruments

The Bank uses the following methods and alternatives of valuating and presenting the fair value of financial instruments:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows information on how to determine the fair value of financial assets and liabilities at fair value of the Bank:

Identifying valuation techniques and input levels of fair value December 31						
Financial assets at fair value:	2021	2020	Fair value Level	Valuation techniques and used inputs	Intangible Key inputs	Relationship between key Inputs and fair value
	IQD (000)	IQD (000)				
Financial assets at fair value through other comprehensive income						
Unquoted shares:						
Iraqi Company for Deposits Guarantee	789,474	-	Third Level	Inputs have insignificant and unobservable effect	Not applicable	Not applicable
Erbil Stock Exchange	250,000	250,000	Third Level	Inputs have insignificant and unobservable effect	Not applicable	Not applicable
Iraqi Company for Guarantees	623,149	623,149	Third Level	Inputs have insignificant and unobservable effect	Not applicable	Not applicable
Al-Amwal Co. for Exchange Services	120,000	120,000	Third Level	Inputs have insignificant and unobservable effect	Not applicable	Not applicable
Iraqi Company for Financing SMEs	3,288,709	3,288,709	Third Level	Inputs have insignificant and unobservable effect	Not applicable	Not applicable

There have not been any transfers between the first level and the second level. Also, there have not been any transfers from/to the third level during the year ended 31 December 2020 and the year ended 31 December 2021.

The financial instruments comprise the financial assets and financial liabilities.

The financial assets comprise cash and balances with CBI, balances with banks and other financial institutions, direct credit facilities, and other assets. On the other hand, the financial liabilities comprise customers' deposits, cash margins, borrowings, and other liabilities.

Fair value of financial instruments do not materially differ from their book value.

Notes To The Financial Statements

For The Year Ended 31 December 2021

28. Risk Management

The Bank's board of directors is responsible for general policies of risk management and approval of risk management strategies.

The Bank manages its various banking risks in different ways, but there is no documented comprehensive strategy for risks and means of controlling and mitigating them.

Credit risk and concentration of assets and liabilities

Credit risks are the risks that the Bank will incur a loss because of its customers or counterparties fail discharge their contractual obligations. The Bank manages and controls credit risks by setting limits to the credit facilities amounts, in accordance with the Central Bank of Iraq's instructions. Also, the Bank obtains adequate collaterals from customers.

The Bank determines the risk of concentration of assets and liabilities through the distribution of its activities across several sectors.

1. Exposure to credit risk (after deducting impairment loss, suspended interest, and collateral and other risk mitigates) is as follows:

Financial Position Items:	2021	2020
	IQD (000)	IQD (000)
Cash at Central Bank		
Balances with banks and other financial institutions	318,268,059	82,723,048
Direct credit facilities, net:	165,525,675	307,440,007
Retail		
Corporates	73,449,389	18,764,732
Small and medium enterprises (SMEs)	6,241,157	3,886,702
Other assets	4,114,335	2,456,659
Total financial position items	6,193,688	4,634,362
	573,792,303	419,905,510
Off-Balance Sheet Items:		
Letters of guarantee	16,039,248	11,223,815
Letters of credits	3,509,998	480,007
Total off-balance sheet items	19,549,246	11,703,822
Total	593,341,549	431,609,332

The above table represents the maximum credit risk for the Bank as of 31 December 2021, 2020 without taking other credit risk mitigations into consideration. In regard of the assets that were included in the statement of financial position, the above exposure is based on the balance as stated in the statement of financial position.

Notes To The Financial Statements

For The Year Ended 31 December 2021

28. Risk Management (CONTINUED)

Credit risk and concentration of assets and liabilities (CONTINUED)

2. Credit quality by class of financial assets is as follows:

31 December 2021	Government – Public Sector	Banks and other financial institutions	Retail-Corporate	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
High standard grade	-	-	-	-
Standard grade	352,519,206	147,233,905	92,524,833	592,277,944
Low, net of suspended interest	-	1,127,391	2,315,283	3,442,674
Less: expected credit losses	268,919-	2,006,963-	11,035,235-	13,311,117-
At year end	352,250,287	146,354,333	83,804,881	582,409,501

31 December 2020	Government – Public Sector	Banks and other financial institutions	Retail-Corporate	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
High standard grade	-	-	-	-
Standard grade	116,397,147	307,252,959	27,909,614	451,559,720
Low, net of suspended interest	-	1,466,574	4,432,541	5,899,115
Less: expected credit losses	209,679-	3,111,746-	7,234,062-	10,555,487-
At year end	116,187,468	305,607,787	25,108,093	446,903,348

Notes To The Financial Statements

For The Year Ended 31 December 2021

28. Risk Management (CONTINUED)

Credit risk and concentration of assets and liabilities (CONTINUED)

3. Regarding the distribution of the fair value of collaterals provided against the facilities (Risk Mitigators), the bank does not have appropriate database in respect to the collaterals values provided against the credit facilities. Further, the bank did not record such collaterals values in its banking system and did not take the effect of these collaterals values when computing the credit loss provisions.

4. Concentration in credit exposures based on geographic area net of impairment allowance, suspended interest, collateral and other risk mitigators is as follows:

Geographic area	Inside Iraq	Outside Iraq (Middle East)	Total
	IQD (000)	IQD (000)	IQD (000)
Cash at Central Bank	318,268,059	-	318,268,059
Balances with banks and other financial institutions	19,171,342	146,354,333	165,525,675
Other assets	6,004,937	188,751	6,193,688
Direct credit facilities, net:			
Retails	73,449,389	-	73,449,389
Large corporations	6,241,157	-	6,241,157
SMEs	4,114,335	-	4,114,335
Total 31 December 2021	427,249,219	146,543,084	573,792,303
Total 31 December 2020	114,332,962	305,572,548	419,905,510

Notes To The Financial Statements

For The Year Ended 31 December 2021

28. Risk Management (CONTINUED)

Credit Risk and concentration on assets and liabilities (CONTINUED)

5. Concentration in credit exposures based on economic sectors net of impairment allowance, suspended interest, collateral and other risk mitigators is as follows:

Economic Sector	Financial	Commercial	Services	Retail	Provisions and Interest in suspense	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Cash at Central Banks	318,268,059	-	-	-	-	318,268,059
Balances with banks and other financial institutions	165,525,675	-	-	-	-	165,525,675
Direct credit facilities, net	-	2,555,557	10,555,688	81,918,636	11,225,000-	83,804,881
Other assets	6,193,688	-	-	-	-	6,193,688
Total as at 31 December 2021	489,987,422	2,555,557	10,555,688	81,918,636	11,225,000-	573,792,303
Total as at 31 December 2020	394,797,417	3,814,739	5,586,311	23,098,745	7,391,702-	419,905,510

Notes To The Financial Statements

For The Year Ended 31 December 2021

28. Risk Management (CONTINUED)

Market risks

Market risk is the risk of fluctuation and changes in the fair value or the cash flows from financial instrument due to changes in market prices, interest rates, currency rates, and equity prices. These risks are monitored based on specific policies and procedures carried out through specialized committees and concerned business units. Market risks comprise of interest rate risk, foreign currency risk, and change in stock price risk.

Sensitivity analysis is based on estimating the possible loss as a result of changes in the interest and foreign exchange rates. The fair value is calculated based on the present value of future cash flows adjusted for changes in interest rates.

1. Interest rate risk

The Bank seeks to obtain funds such as the long-term investments at fixed interest rates in order to meet any changes in interest rates of sources of funds. The Bank makes short-term investments to offset any changes that may occur.

The sensitivity of the statement comprehensive income is the effect of the assumed changes in interest rates on the Bank's profit for one year, and it is calculated on financial assets and liabilities with variable interest rates as at 31 December 2021.

2021	Change in interest rate	Sensitivity of net interest income
Currency	IQD (000)	IQD (000)
US Dollar	10	32,570
EUR	10	4,920
GBP	10	20
AED	10	173,000
LT	10	4,610

2020	Change in interest rate	Sensitivity of net interest income
Currency	IQD (000)	IQD (000)
US Dollar	10	1,714,053
EUR	10	85,076
GBP	10	106
AED	10	1,159,885
LT	10	1,639

In the event of a negative change in the indicator, the effect will remain constant but with an opposite sign. There are no significant risks arising from fluctuations in the interest rates of other currencies due to the small volume of transactions in these currencies.

Notes To The Financial Statements

For The Year Ended 31 December 2021

28. Risk Management (CONTINUED)

Market risks (CONTINUED)

2. Currency risk

Foreign currency risk is the risk of change in the value of financial instruments as a result of change in foreign currency rates. The Iraqi Dinar is the functional currency of the Bank. The Board sets position limits for each foreign currency in the Bank. These positions are monitored on daily basis, and hedging strategies are adopted to ensure that the foreign currency positions held are within the approved limits.

The Bank's investment policy allows it to hold positions in major foreign currencies as long as it does not exceed 5% of shareholders' equity in each currency, and the net currencies position of 15% of shareholders' equity. Foreign currency positions are monitored on daily basis. In addition, market instruments are used to hedge against fluctuations in currency exchange rates in order to protect the Bank from additional risk exposures.

The following table illustrates the possible effect on the statement of profit or loss as a result of fluctuations in exchange rates against the Iraqi Dinar assuming that all other variables remain constant:

2021	Change in currency exchange rate	Effect on profit and loss
Currency	%	IQD (000)
US Dollar	5%	162,850
EUR	5%	24,600
GBP	5%	100
AED	5%	865,000
LT	5%	23,050
Total		1,075,600

2020	Change in currency exchange rate	Effect on profit and loss
Currency	%	IQD (000)
US Dollar	5%	8,570,267
EUR	5%	425,382
GBP	5%	529
AED	5%	5,799,426
LT	5%	8,195
Total		14,803,799



Notes To The Financial Statements

For The Year Ended 31 December 2021

In the event of a negative change in the indicator, the effect will remain constant but with an opposite sign. There are no significant risks arising from fluctuations in the interest rates of other currencies due to the small volume of transactions in these currencies.

Within its approved investment policy, the Bank's Board of Directors sets up limits for the positions of all currencies at the Bank. These positions are monitored daily through the Treasury and Investment Department. The Bank also follows a hedging policy to reduce foreign exchange risk using derivatives.

28. Risk Management (CONTINUED)

Market Risk (CONTINUED)

3. Interest rate re-pricing gap

The classification is done based on the earlier of the re-pricing periods or maturity.

The Banks follows a policy to match the amounts of assets and liabilities and align the maturities and to decrease the gap through dividing the assets and liabilities to various periodic maturities or review the interest rates in order to decent the interest rates risk and study the gaps in the related interest rate or by using advanced hedging tools.

Classification is done according to interest re-pricing or maturity whichever is closer.

2021	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	Items not subject to interest	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Assets							
Cash and balances at Central Bank	-	-	-	-	-	333,317,924	333,317,924
Balances with banks and other financial institutions	-	64,004,411	-	-	-	101,521,264	165,525,675
Direct credit facilities, net	5,736	5,848,055	31,799	42,206,257	35,713,034	-	83,804,881
Financial assets at fair value through other comprehensive income	-	-	-	-	-	3,896,454	3,896,454
Property and equipment, net	-	-	-	-	-	17,903,729	17,903,729
Projects in progress	-	-	-	-	-	2,369,779	2,369,779
Other assets	-	-	-	-	-	6,707,397	6,707,397
Total assets	5,736	69,852,466	31,799	42,206,257	35,713,034	465,716,547	613,525,839
Liabilities							
Customers' deposits	7,723,238	1,641,266	-	-	2,000	147,300,580	156,667,084
Cash margins	-	-	-	-	-	5,532,285	5,532,285
Income tax provision	-	-	-	-	-	1,847,578	1,847,578
Sundry provisions	-	-	-	-	-	48,711,796	48,711,796
Long-term loans	-	-	-	-	113,263,143	-	113,263,143
Other liabilities	-	-	-	-	-	6,109,035	6,109,035
Total liabilities	7,723,238	1,641,266	-	-	113,265,143	209,501,274	332,130,921
Interest rate sensitivity gap	7,717,502-	68,211,200	31,799	42,206,257	77,552,109-	256,215,273	281,394,918
2020							
Total assets	150,465,962	758,105	1,137,157	2,274,314	20,559,465	300,324,022	475,519,025
Total liabilities	2,474,830	441,069	17,717,835	2,274,609	35,607	179,011,399	201,955,349
Interest rate sensitivity gap	147,991,132	317,036	16,580,678-	295-	20,523,858	121,312,623	273,563,676

Notes To The Financial Statements

For The Year Ended 31 December 2021

28. Risk Management (CONTINUED)

Market Risk (CONTINUED)

4. Concentration in currency risk

2021	USD	Euro	GBP	AED	TL
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Assets					
Cash and balances at Central Bank	25,815,000	283,000	-	-	-
Balances with banks and other financial institutions	47,644,000	594,000	2,000	17,370,000	461,000
Direct credit facilities, net	27,479,000	-	-	-	-
Property and equipment, net	-	-	-	-	-
Other assets	41,000	67,000	-	8,000	-
Total assets	100,979,000	944,000	2,000	17,378,000	461,000
Liabilities					
Customers' accounts	92,691,000	80,000	-	-	-
Margin accounts	3,930,000	372,000	-	-	-
Long-term loans	832,000	-	-	-	-
Other liabilities	269,000	-	-	78,000	-
Total liabilities	97,722,000	452,000	-	78,000	-
Concentration within balance sheet, net	3,257,000	492,000	2,000	17,300,000	461,000
Contingent liabilities off balance sheet	22,200	2,331	-	-	-
2020					
Total assets	240,317,232	8,809,267	10,581	115,988,515	163,903
Total liabilities	68,911,887	301,624	-	-	-
Concentration within balance sheet, net	171,405,345	8,507,643	10,581	115,988,515	163,903
Contingent liabilities off balance sheet	7,249,994	2,665,199	-	-	-

Notes To The Financial Statements

For The Year Ended 31 December 2021

28. Risk Management (CONTINUED)

Liquidity Risk

The risk of the Bank's inability to finance the increase in assets or to meet its obligations upon maturity without incurring unacceptable losses, which may occur due to the Bank's inability to liquidate and liquefy assets or obtain financing to meet liquidity needs.

The Bank's liquidity management policy aims to the following:

- Enhance the pourability of liquidity at the lowest costs possible. Through managing liquidity,
- The Bank seeks to maintain reliable and stable funding sources at a reasonable cost rate.

The Bank follows certain methods to measure liquidity risks that are in line with the instructions and regulations issued by the Central Bank and the Basel Committee through different financial ratios, legal liquidity ratio and liquidity coverage ratio in addition to maturities of assets and liabilities through the preparation of the maturity ladder and the preparation of stressful conditions tests.

The table below summarizes the undiscounted cash flows of the financial liabilities based on the remaining contractual maturity date of the financial statements:

2021	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Items without due date	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Customers' deposits	7,723,238	1,641,266	-	-	2,000	147,300,580	156,667,084
Cash margins	-	-	-	-	-	5,532,285	5,532,285
Long-term loans	-	-	-	-	113,263,143	-	113,263,143
Miscellaneous provisions	-	-	-	-	-	48,711,796	48,711,796
Income tax Provision	-	-	-	-	-	1,847,578	1,847,578
Other liabilities	-	-	-	-	-	6,109,035	6,109,035
Total liabilities	7,723,238	1,641,266	-	-	113,265,143	209,501,274	332,130,921
Total assets	5,736	69,852,466	31,799	42,206,257	35,713,034	465,716,547	613,525,839

Notes To The Financial Statements

For The Year Ended 31 December 2021

28. Risk Management (CONTINUED)

Liquidity Risk (CONTINUED)

2020	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Items without due date	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Customers' deposits	2,474,830	436,701	17,713,467	2,265,873	22,500	90,179,892	113,093,263
Cash margins	1,072,946	1,612,691	909,898	263,310	-	269,174	4,128,019
Long-term loans	75,000	75,000	75,000	75,000	24,633,192	-	24,933,192
Miscellaneous provisions	-	-	-	48,711,796	-	-	48,711,796
Income tax Provision	-	-	-	2,995,370	-	-	2,995,370
Other liabilities	224,537	1,797,195	1,026,052	1,265,377	2,215,676	1,564,872	8,093,709
Total liabilities	3,847,313	3,921,587	19,724,417	55,576,726	26,871,368	92,013,938	201,955,349
Total assets	150,465,962	758,105	1,137,157	2,274,314	20,559,465	300,324,022	475,519,025

Notes To The Financial Statements

For The Year Ended 31 December 2021

28. Risk Management (CONTINUED)

Segment information

A) Information about bank activities

For management purposes the Bank is organized into four major segments that are measured according to the reports used by the main decision maker at the Bank:

- **Retail:** Principally handling individual customers' deposits and providing consumer type loans and funds transfer facilities.
- **Corporate:** Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers.
- **Treasury:** Principally providing money market foreign currency exchange services to customers.
- **Other:** Principally other services provided by the Bank.

These segments are the basis on which the Bank reports its segment information:

Statement	Retail	Corporate	Treasury	Other	2021	2020
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Total income	2,445,664	1,011,745	14,323,096	4,755,137	22,535,642	79,498,114
Expected Credit loss	4,894,152-	502,387	1,205,541	2,352,383	833,841-	51,692,253-
Profit or loss	2,448,488-	1,514,132	15,528,637	7,107,520	21,701,801	27,805,861
Non-distributed expenses	5,347,979-	533,565-	725,294-	4,790,021-	11,396,859-	8,534,753-
Pre-tax income (loss)	7,796,467-	980,567	14,803,343	2,317,499	10,304,942	19,271,108
Tax expense	-	-	-	2,684,884-	2,684,884-	4,443,316-
Net income	7,796,467-	980,567	14,803,343	367,385-	7,620,058	14,827,792
Capital expenses	-	-	-	170,294-	170,294-	395,808-
Depreciation and amortization	-	-	-	1,319,568-	1,319,568-	637,440-
Total assets	73,449,389	14,251,946	498,843,599	26,980,905	613,525,839	475,519,025
Total liabilities	76,729,577	198,732,935	-	56,668,409	332,130,921	201,955,349

Notes To The Financial Statements

For The Year Ended 31 December 2021

28. Risk Management (CONTINUED)

B) Geographical Information

This segment represents the geographical distribution of the Bank's operations as follows:

	Inside Iraq		Outside Iraq		Total	
	2021	2020	2021	2020	2021	2020
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Total income	21,590,007	79,497,571	945,635	543	22,535,642	79,498,114
Total assets	467,159,715	170,610,917	146,366,124	304,908,108	613,525,839	475,519,025

29. Capital Management

The Bank maintains the capital structure, makes the necessary adjustments to meet its operational risk, and it regularly monitors its capital adequacy to comply with the Central Bank of Iraq's regulations. The Bank did not do any amendments to the objectives, policies and procedures relating to the capital structure during the current year and prior year.

The Bank manages its capital on a consistent basis to cover the risks related to its activities. This includes the measurement of capital adequacy according to the rates set by the CBI.

The main purpose of managing the bank's capital is to ensure compliance with capital adequacy regulations and, therefore, to protect the interests of shareholders in the bank's assets, and to support the operations of the bank's various sectors.

During 2021, the bank has not amended any of its policies and techniques used in capital management.

Notes To The Financial Statements

For The Year Ended 31 December 2021

Capital Adequacy:

Capital Adequacy	2021	2020
	IQD (000)	IQD (000)
Tier 1 capital:		
Paid in capital	250,000,000	250,000,000
Adequacy of declared reserves	8,626,566	8,245,563
Retained Earnings	22,546,655	15,307,600
Total Tier 1 Capital	281,173,221	273,553,163
Tier 2 Capital		
Sundry provisions	5,939,327	4,339,292
Fair value reserve	221,697	10,513
Total Tier 2 Capital	6,161,024	4,349,805
Total Tier 1 and 2 Capital	287,334,245	277,902,968
Total Risk Weighted Assets On-Balance Sheet	153,135,787	119,979,483
Total Risk Weighted Assets Off-Balance Sheet	14,016,961	5,205,779
Total	167,152,748	125,185,262
Capital adequacy %	172%	222%

Notes To The Financial Statements

For The Year Ended 31 December 2021

30. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

2021	Within 1 year	More than 1 year	Without due	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Assets:				
Cash and balances with Central Bank	20,799,852	-	312,518,072	333,317,924
Balances with banks and other financial institutions	62,148,643	-	103,377,032	165,525,675
Direct credit facilities, net	48,091,847	35,713,034	-	83,804,881
Financial assets at fair value through other comprehensive income	-	-	3,896,454	3,896,454
Property and equipment, net	-	-	17,903,729	17,903,729
Projects in progress	2,369,779	-	-	2,369,779
Other assets	-	-	6,707,397	6,707,397
Total assets	133,410,121	35,713,034	444,402,684	613,525,839
Liabilities:				
Customers' deposits	9,364,504	2,000	147,300,580	156,667,084
Cash Margins	-	-	5,532,285	5,532,285
Long-term loans	-	113,263,143	-	113,263,143
Miscellaneous provisions	-	-	48,711,796	48,711,796
Income tax provision	-	-	1,847,578	1,847,578
Other liabilities	-	246,852	5,862,183	6,109,035
Total liabilities	9,364,504	113,511,995	209,254,422	332,130,921
Net	124,045,617	77,798,961-	235,148,262	281,394,918

Notes To The Financial Statements

For The Year Ended 31 December 2021

30. Maturity analysis of assets and liabilities (CONTINUED)

2020	Within 1 year	More than 1 year	Without due	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Assets:				
Cash and balances with Central Bank	13,866,289	-	100,488,959	114,355,248
Balances with banks and other financial institutions	147,734,303	-	159,705,704	307,440,007
Direct credit facilities, net	4,548,628	20,559,465	-	25,108,093
Financial assets at fair value through other comprehensive income	-	-	2,895,797	2,895,797
Property and equipment, net	-	-	19,872,136	19,872,136
Projects in progress	637,856	-	-	637,856
Other assets	-	-	5,209,888	5,209,888
Total assets	166,787,076	20,559,465	288,172,484	475,519,025
Liabilities:				
Customers' deposits	22,890,871	22,500	90,179,892	113,093,263
Cash Margins	3,858,845	-	269,174	4,128,019
Long-term loans	300,000	24,633,192	-	24,933,192
Miscellaneous provisions	48,711,796	-	-	48,711,796
Income tax provision	2,995,370	-	-	2,995,370
Other liabilities	4,313,161	2,215,676	1,564,872	8,093,709
Total liabilities	83,070,043	26,871,368	92,013,938	201,955,349
Net	83,717,033	6,311,903-	196,158,546	273,563,676

Notes To The Financial Statements

For The Year Ended 31 December 2021

31. Contingent Liabilities and Commitments

Statement	2021	2020
	IQD (000)	IQD (000)
Letters of guarantee	16,039,248	11,223,815
Letters of credit	3,509,998	480,007
Total	19,549,246	11,703,822

32. Lawsuits

No material lawsuits raised against the Bank as at 31 December 2021.

33. Comparative figures:

Some of the comparative figures in the financial statements for the year 2020 have been reclassified to be consistent with the year 2021 presentation, with no effect on profit and equity for the year 2020.



The additional Statements for the Requirements of the Securities Commission for the year 2021

The additional Statements for the Requirements of the Securities Commission for the year 2021

1- The Main Activities of the Bank

Providing comprehensive banking and credit products and services, accepting deposits of all kinds, opening accounts, the current request, saving and time, for performing financing operations for individuals and companies, along with commercial financing and opening documentary incoming and outgoing letters of credit, issuing local and foreign letters of guarantee to all customers in various economic sectors, providing banking services including conducting external and internal transfers, issuing credit cards and automated teller machines, issuing bill of exchange and cheques, and providing online banking services.

2- Bank's Geographical Locations

Addresses of Branches of Ashur International Bank for Investment			
Ser.	Name of Branch	Address	Opening Year
1	Main Branch	Baghdad / Oqba Bin Nafea Square	2006
2	Al-Sulaimaniya Branch	Near Bikrh Jo Notary Public	2007
3	Erbil Branch	Erbil / Bakhtiyari Street	2007
4	Tikrit Branch	Tikrit / Opposite to Tikrit Sub-District	2008
5	Al-Rubaie Street Branch	Baghdad / Opposite to Al-Rubaie Street /Al-Rayhana Park	2012
6	Nineveh Branch	Nineveh / Hay Al-Zihour, Sayidati Al-Jameela	2013
7	Al-Basrah Branch	14th of July St. / near to Emirates Airlines and Al-Basra Tourist Hotel	2015
8	Karbala Branch	Hay Al-Naqeeb / Hameed Al-Shararchi Street	2016
9	Al-Mansour Branch	Al-Mansour / Hay Al-Mamoun / next to the Nationality Department	2016

Dr. Safwan Qusay Abd Alhalm

Chairman of the Board



Dr. Safwan Qusay Abd Alhalm Jasim
Birth Date: Baghdad / 1969

Scientific Certificates:

- PhD in Accounting Sciences / College of Administration and Economics – University of Baghdad

Practical Experiences:

- Financial Expert – Libyan Iron and Steel Company – LISCO, 1997– 2003
- University Professor – Baghdad College of Economic Sciences – Baghdad – 2003 – 2008
- Head of the Accounting Department – Baghdad University College of Economic Sciences – Baghdad – 2005 – 2008
- Dean of the College (Acting) – Baghdad College of Economic Sciences University – Baghdad–2007
- University professor – Baghdad University – College of Administration and Economics – Accounting Department – 2008–2018
- University Professor (Lecturer) – Al-Rafidain University College and City of Science College – Accounting Department – 2009–2016
- Director of the Department of Internal Audit and Control – College of Administration and Economics – University of Baghdad – 2011–2017
- Director of the Accounts Department – College of Administration and Economics – University of Baghdad – 2012
- Scientific Expert – Science and Knowledge Association – Training courses for employees in most of the Iraqi ministries inside and outside Iraq (transportation, justice, communications, oil, trade, electricity, higher education, Baghdad municipality, work and social affairs, electricity, municipalities and local councils) – 2009 – 2018
- Financial and Economic Expert – Al-Hurra Iraq, Al-Hurra Al-Alamiya, Al-Furat, Al-Faihaa, Al-Ittikah, Al-Iraqiya, Baghdadiya, Afaq, Fallujah, Al-Rashid, Al-Mada, Al-Taghyeer, Al-Sharqiya, Al-Rasid, AlAyyam
- Scientific Supervisor – Postgraduate Studies – University of Baghdad – College of Administration and Economics – 2012–2018
- Scientific discussion of university theses – University of Baghdad – College of Administration and Economics – 2009–2018
- Consultant – Baghdad University – College of Administration and Economics – 2012–2018
- Researcher – University of Baghdad – College of Administration and Economics – 2010–2018
- Chairman and member of scientific and administrative committees – University of Baghdad – College of Administration and Economics – 2008 – 2018.

Mr. Ziad Fatayer

Managing Director



Mr. Ziad Abdelrazaq Fatayer
Date of birth: Jordan / 1965

Academic Qualifications:

Year of Graduation	Academic Qualification	University
1989	Master (MBA)	University of Pune – College of Symbiosis – India
1988	Higher Diploma in Marketing and Advertising Management	New Delhi Institute of Postgraduate Studies – India
1987	Bachelor of Commerce – Majoring in Accounting and Auditing B. Com	University of Pune – College of Symbiosis – India

Previous Board Memberships:

- Member of the Board of Directors of Ashur International Bank for Investment (Baghdad – Iraq) since 8 \ 2021
- Vice-Chairman of the Board of Directors at the International Company for Communication Services (Crystal Call), representing the Jordan Commercial Bank.
- Vice Chairman of the Board of Directors of the International Company for Card Services, representing the Jordan Commercial Bank.
- President of the Student Council, and a member of the Advisory Committee at the College of Symbiosis, Pune – India (1987 – 1989)
- President of the Qabalan Association – registered by the Ministry of Social Development (2016 – 2018)

Professional Skills and Competencies

- Develop a vision and innovative strategic plans supported by work programs and a road map to keep pace with challenges and achieve the desired goals
- Providing strategic thinking with modern and advanced creativity towards digital banking services
- Cooperating with the Board of Directors and the supervisory committees and submitting the required reports in a verbatim manner
- Effective leadership and leadership skills to build an effective team work in a multicultural environment.
- Consolidating the culture of sales and service within a single work team to achieve the goals
- Engineering and re-engineering operations for business sectors and supporting stations to simulate the customer journey and service easily and smoothly and get out of it with a distinctive experience to achieve the desired goals effectively.
- Dealing with the language of goals and numbers and speaking the language of the team
- Judgmental leadership skills and effective management, full knowledge in motivating employees, the ability to create one team spirit and one goal, working under pressure, leadership by example, the ability to invent ideas and development, and the ability to accept responsibilities and challenges.

Mr. Ziad Fatayer

Managing Director

Summary of practical experiences:

Time period	Workplace
Mid 2019 to date	Consulting expert
January 2016 to mid-2019	:Egyptian Land Bank Assistant General Manager of individuals and Branch Banking Sector
May 2012 – until the end of 2015	:Jordan Commercial Bank Assistant General Manager of individuals and Branch Banking Sector
January 2011 – May 2012	:Libyan Qatari Bank Deputy General Manager Head of individuals Banking Sector
September 2009 – December 2010	Capital Bank: Assistant General Manager for Retail and Branch Banking Services
September-2008– March 2009	General Manager of Amlak Financial Company

July 2006 – August 2008	Jordan Bank Head of individuals Banking Sector
August 2003 – July 2006	Bank of Kuwait and the Middle East Kuwait Head of the Individual Services Sector and the Private Banking Operations Unit
December 2000 – August 2003	Arab Bank – United Arab Emirates Head of Personal Services Sector
May 1998–November 2000	ABN AMRO – United Arab Emirates Director of Sales and Services for Sharjah and Dubai Branches, Direct Sales and Telemarketing Depart
August 1997– May 1998	Citi bank –NA The United Arab Emirates marketing manager
March 1990– August 1997	Mashreq Bank The United Arab Emirates Product development and marketing manager

Mr. Ziad Fatayer

Managing Director

The most important tasks and responsibilities in the banking and finance industry

- Preparing the business sector strategy supported by an operational work plan and program in addition to an emergency plan if necessary.
- Preparing reports that diagnose work obstacles and developing solutions in accordance with the best banking practices, considering the bank's infrastructure.
- Active participation in several executive committees, including: strategic planning, ALCO, investment, information technology, facilities, centralization, risk, credit, debt rating, development and innovation of products and services, appointments, expansion and spread, business process engineering, business continuity plan and other committees Work requirements.
- Applying the local sales plan methodology to the business sector to achieve financial and non-financial digital targets
- Strategic transformation of digital banking services
- Assuming full management and responsibility for the banking services sector for individuals and branches, and full control over the p & L, distribution of balanced goals cards, and emphasizing the availability of management information systems (MIS) and adequate and correct reports.
- The ability to study the market to identify strategic opportunities to achieve an increase in market share and maximize profits.
- Preparing internal and external forms and requests to reduce time and to provide smooth customer service.
- Preparing organizational structures for the business sector and creating departments according to work requirements within the best banking practices.
- Managing the brand and contributing to enhancing the mental image and corporate identity of the bank in addition to contributing to strategic projects to re-design the corporate identity of the bank.
- Preparing the internal promotion package to simulate the customer's journey within the bank to come up with a tangible experience.
- Preparing and implementing comprehensive workshops and training programs to improve the capacity and efficiency of the work team to understand the ideology of service and sales, which helps in the culture of sales and service to reach the desired goals
- Develop and launch products and services to address all targeted segments to meet customer needs and expand the target base.
- Preparing a strategy to build the target companies base (TML) to attract the broad salary base according to the target segments.
- Preparing a credit policy guide and a matrix of powers and exceptions.
- Preparing field studies, cost and profitability for the process of expanding the branches or moving them to more strategic and vital places or working on establishing new branches commensurate with the policy of expansion and proliferation, in addition to working on choosing vital sites for the installation of external ATMs.
- Monitoring the facilities portfolio and building an effective collection system to maintain the quality of the facilities portfolio.
- Emphasis on the existence of distribution channels capable of providing a high level of service and customer satisfaction.
- Setting standards and foundations that contribute to excellence in service provision.
- Establishing a 24/7 telephone service center.

Dr. Anmar Salah Abdel Rahman

Deputy Managing Director



Dr. Anmar Salah Abdel Rahman
Date of birth:
Baghdad / 1987 Date of appointment: 2005

Scientific Certificates

- Bachelor of Law – Al-Mamoun University College 2010
- Master of Law – Lebanon 2014
- Ph.D in Public Law – Lebanon 2021

Practical experiences

- Deputy Managing Director of Ashur International Bank – 2020
- Lawyer and member of the Iraqi BAR Association 2010.
- Member of the Iraqi Jurists Union 2013.
- Member of the Arab Jurists Union 2014.
- A legal advisor to a group of national and foreign companies in Iraq.
- Companies registration agent at the Ministry of Commerce 2013.
- Director of Contracts and Commercial Relations, Ashur International Bank for Investment, 2015.
- Director of the Legal Department, Ashur International Bank for Investment 2016.
- Lecturer at Al-Mamoun University College, Department of Law for the academic year 2017-2018.
- Deputy Managing Director of Ashur International Bank for Investment 2020.
- Establishment of many national and foreign civil society organizations.

- Participation in the Summer School Program in Law and Armed Conflict 2012 of Amel International and Al-Hikma University (Lebanon).
- Participation in the "Teaching Methods for Academic Promotion" course held at the Continuing Education Center – Iraqia University.
- Participation in an accredited specialist program in combating money laundering, with 35 training hours, in cooperation with Iraqna for Economic Services and Training and the Association of Iraqi Private Banks.
- Participation in a training course "Basel Principles of Compliance", Iraqi private banks link 2017.
- Member of the Committee to Study Laws, Regulations and Instructions for the National Payments Council in the Central Bank of Iraq in 2018.
- Member of the Founders Committee formed by the Central Bank of Iraq for the establishment of (the Iraqi Company for Deposit Insurance) in 2019.
- Member of the Legal Committee formed by the Association of Iraqi Banks.
- Member of the Iraqi Laws Simplification Committee formed in the Ministry of Planning, representing the Association of Iraqi Private Banks.

Authorship: -

- Preparing a legal evaluation study with the National Center for Administrative Development and Information Technology (Iraq) in 2011, and the study is prepared for the United Nations ESCWA organization.
- Unpublished research bullying and the Arab Spring revolutions.
- A book entitled The International Commitment to Climate Protection, Al-Halabi Human Rights Publications, Lebanon, Beirut 2016.
- A book entitled The International Commitment to Protect Biodiversity, Zain Human Rights Publications, Lebanon Beirut 2022.
- Interested in the fields of human rights, civil society organizations, international environmental law, and attending many conferences and seminars.

Mr. Noor Noori Alhandal

Member



Mr. Noor Noori Ayyed Alhandal
Birth Date: 4/12/1987 Date of Appointment: 1/1/2012

Scientific Certificates

- Bachelor's Degree in Business Administration – European University 2010

Practical Experiences

- Chairman of Board of Directors – Ashur International Bank
- Deputy Managing Director – Ashur International Bank 1/19/2016.
- Acting Treasury and Investment Manager 9/9/8/2015.
- Assistant Manager of Transfers Department – Ashur International Bank 1/2013 – 2014
- Treasury and Investment Department Employee – Ashur International Bank 1/2012 – 12/2012
- General Manager – Al-Khadhraa Real Estate Development Company 1/2009 – 12/2011

Dr. Bakr Ibrahim

Member



Dr. Bakr Ibrahim Mahmood Majeed Al-Juhaishi
Birth Date: Baghdad / 1968

Scientific Certificates:

- Holder of Bachelor's Degree in Accounting from the Accounting Branch / College of Administration and Economics / University of Baghdad / in 1988–1989.
- Holder of the Certificate of Public Accounting from the Arab Institute of Certified Accountants, with distinction, and it is the highest professional certificate in the field of accounting in 1999–2000.
- Holder of PhD Degree in Accounting and with distinction from the Accounting Department / College of Administration and Economics / Al-Mustansiriya University / in 2006–2007.

Practical Experiences:

- Teaching various accounting subjects in the undergraduate stage, including the subject of accounting principles for the first stage, intermediate accounting for the second stage, cost accounting for the third stage, and accounting theory for the fourth stage.
- Teaching at the postgraduate level, Master's and PhD, where the subjects of accounting theory and auditing for the Master's degree, and international accounting for the PhD stage were taught.

- Supervising many public accounting researches, and Master's and PhD theses.
- Discussing many of the public accounting research and Master's and PhD theses in various universities of Iraq.
- Evaluating many scientific researches and Master's and PhD theses for various Iraqi universities and scientific journals inside and outside Iraq, beside the researches sent by the Research and Development Department at the Ministry of Higher Education and Scientific Research for evaluation, along with attending many discussions as a scientific analyst assigned by the supervisory and scientific evaluation board in the ministry.
- Publishing many scientific research papers in various local and international journals.
- Participation in many local and international conferences, symposiums, and workshops.
- Member of many committees inside the college, university, and various state ministries.
- Delivering lectures in various training courses held by state departments and scientific societies.
- Publishing many articles in the local newspapers in various economic and accounting fields.
- Organizing accounts and auditing of many private sector companies in Iraq.
- Preparing several economic feasibility studies for many projects.
- Providing consulting services to a number of government agencies and the private sector.
- Received several letters of thanks and appreciation, whether from the Minister of Higher Education and Scientific Research, or from other ministers, or those in the rank of minister, for example, from the Chief of the Federal Board of Supreme Audit and from the Assistant Secretary-General of the Council of Ministers, in addition to the letters of thanks and appreciation from the President of the University and the deans of different colleges.

Dr. Tarik Ali Jasim

Member



Dr. Tarik Ali Jasim
Birth Date: Baghdad / 1975

Scientific Certificates:

- PhD in Business Administration

Practical Experiences:

- University teacher at the College of Administration and Economics / Al-Mustansiriya University.
- University teacher at the College of Tourist Sciences / Al-Mustansiriya University.
- Member of the Sectorial Committee of the Colleges of Administration and Economics held at Anbar University in 2009.
- Semi-permanent member of the examination committee at the College of Administration and Economics / Al-Mustansiriya University.
- Semi-permanent member of the examination committee at the College of Business Economics / Al-Nahrain University.
- Member of the Scientific Committee in the Department of Investment Economics and Resource Management / College of Business Economics / Al-Nahrain University.
- Member of the Central Scientific Committee at the College of Business Economics / Al-Nahrain University.
- Member of many permanent and temporary committees inside and outside the college.

Dr. Salowan Hafadh Hamed

Member



Dr. Salowan Hafadh Hamed Kayed Al-Taee
Birth Date: Kut, 1969

Scientific Certificates:

- Bachelor's Degree in Accounting, College of Administration and Economics, Al-Mustansiriya University, 1991-1992
- Higher Diploma in Tax Accounting, College of Administration and Economics, University of Baghdad 1998-1999
- Master's Degree in Accounting, College of Administration and Economics, Al-Mustansiriya University, 2000-2002
- PhD in Accounting and Auditing
Department of Commerce & Business studies, faculty of Social Science, Jamia Millia Islami, NewDelhi, India, 2008

Practical Experiences:

- Director of the Relations Unit, College of Administration and Economics, Al-Mustansiriya University for the period 1992-1993
- Director of the Financial Department, College of Science, Al-Mustansiriya University, for the period 1994-2002
- Accountant of the Consulting Office of the College of Science, Al-Mustansiriya University, 1994-2002
- Teaching member at Al-Mustansiriya University, Department of Accounting and Computers, since 2002

- Lecturer at Al-Mansour Private College, Department of Administration and Commercial Sciences for the period 2002-2004
- Consultant in Al-Dhilal General Company for the years 2002-2004
- Director of the Cultural Relations Unit at Al-Mustansiriya University, 2002
- Preparing a social audit program for a number of Indian companies ONGC, CC I, TISCO, OIL
- Lecturer in a number of courses held by the Financial and Accounting Training Center in the field of control and internal auditing for the period 2008-2010 in Baghdad.
- Lecturer in a number of courses held by the Human Capacity Development Center in the Ministry of Electricity in the financial, regulatory and accounting fields for the period 2009-2010
- Evaluating and discussing a number of researches for the purposes of scientific promotion, academic journals and the researches of the Arab Institute of Accountants and Auditors.
- Evaluating a number of researches published in the Journal of the College of Administration and Economics, Al-Mustansiriya University
- Supervising a number of graduation researches for students of the Department of Accounting and Financial Sciences in the College of Administration and Economics, and supervising a number of postgraduate students
- Member of the Association of Accountants and Auditors
- Member of the Nordic-Arab Network of Research on Women's Empowerment, Gender and Politics WEP (group)
- Member of a number of administrative committees of the Department of Financial and Banking Sciences and the College of Administration and Economics
- Head of the Department of Financial and Banking Sciences - College of Administration and Economics - Al-Mustansiriya University from 3/8/2015 to 2018
- Delivering lectures and teaching the subject of auditing for postgraduate students (Masters), English language, and government accounting to PhD students.
- Member of the Academic Coordination Committee of the Iraqi Private Banking Association.

Mr. Wadhah Majid Altaha

Member



Mr. Wadhah Majid Altaha
Birthdate: Kut 1958

scientific certificates:

- Holds several specialized professional certificates, including in financial analysis, embezzlement and management, and long experience in training and designing training programs.

Practical Experiences:

- Member of the National Advisory Board of the British Institute of Securities and Investment CSI in the UAE
- Holds a master's degree in accounting and a master's degree in business administration – specializing in corporate governance
- Assistant Professor – College of Administration and Economics – University of Baghdad
- Financial advisor – at the Libyan Iron and Steel Company and lecturer at higher education institutions in Libya
- Financial Director at the University of Dubai and a lecturer there
- Head of Research and Business Development Department – National Bank of Abu Dhabi – Abu Dhabi National Financial Services Company
- Head of investments in a family group in the UAE
- Investment advisor, financial services, and training
- Financial and stock market advisor
- Member of the Canadian Economists Association
- Member of the European Corporate Governance Association
- Member of the International Association for Energy Economics
- Member of the American Academy of Financial Management

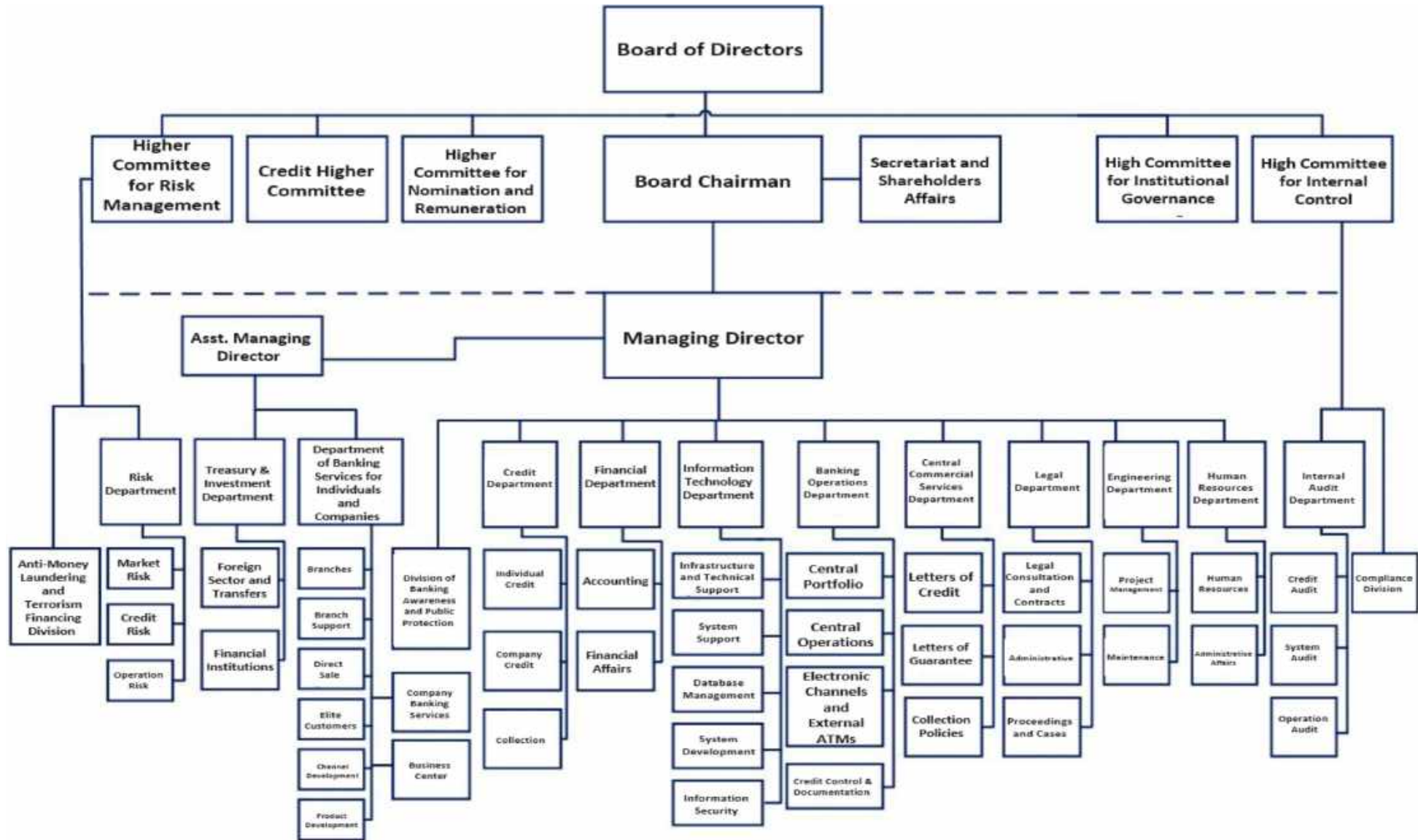
The additional Statements for the Requirements of the Securities Commission for the year 2021

3- Contribution of the Major Shareholders for the year 2021, as follows:

Name of shareholder	Nationality	.Shares No
Al-Rafidain Bank	Iraqi	33,207,908,335
Wadeea Noori Ayyed Alhandal	Iraqi	24,985,992,254
Sama Al-Huda for General Trading and Contracting	Iraqi	24,980,000,000
Hardan Noori Ayyed Alhandal	Iraqi	24,107,801,259
Noor Noori Ayyed Alhandal	Iraqi	22,551,168,882
Mohammed Noori Ayyed Alhandal	Iraqi	22,540,102,486
Wadood Noori Ayyed Alhandal	Iraqi	21,435,271,649
Omer wadee Nuri Alhandal	Iraqi	20,098,604,982
Aya Wadee Nuri Alhandal	Iraqi	19,768,604,982
Al-Rasheed Company for Media Services	Iraqi	8,611,587,226

The product (renewable energy) – solar energy, supported by the Central Bank of Iraq, was launched as part of the initiative to support small and medium-sized enterprises, as well as to guide citizens and urge them to use clean energy and dispense the generators, and this in itself contributes significantly to reducing air pollution by reducing emissions of gas Carbon dioxide from fuel-powered electric generators and replace them with the renewable energy at an appropriate cost and high specifications, as determined by the esteemed Central Bank.

The additional Statements for the Requirements of the Securities Commission for the year 2021



5- Number of the bank's employees and their qualification categories

A- Qualification		
Ser.	Qualification	No. of Employee
1	Ph.D. Degree	1
2	Master's Degree	5
3	Higher Diploma	-
4	Bachelor Degree	192
5	Diploma	14
6	Secondary Education	32
7	Pre-Secondary School	9
Total		253

B- Courses		
Statement	No. of Courses	Training Courses Beneficiaries
Internal Courses	58	246
External Courses	9	74
Total	67	320

C- Names of the Five Employees with the Highest Salaries and their Job Titles		
Ser.	Name	Position Degree
1	Ziad Abdelrazaq Saleem Fatayer	Managing Director
2	Dhamma Mohammed Abdulqader	Director of Banking Operations Department
3	Linda Matti Esho	Director of Treasury and Investment Department
4	Bassam Samoor Alsamhori	Director of Human and Administrative Resources Department
5	Anmar Salah Abdulrahman	Assistant Managing Director

The additional Statements for the Requirements of the Securities Commission for the year 2021

Details of the Courses

Ser.	Subject of the course	No. of the courses	Beneficiaries of the course	Place where the course is held
1	Microsoft Sqj Server	1	1	Central Bank of Iraq
2	Oracle Apex	1	2	Central Bank of Iraq
3	Due diligence procedures, financial indicators, laboratory analysis, and the principle of know (your customer (KYC	1	1	Ministry of Finance and Economy-Directorate General of Finance-Erbil
4	(Stress Testing and Scenarios Analyzing)level two	1	2	Central Bank of Iraq
5	Project Management PMP	1	1	Central Bank of Iraq
6	Cash Management and treasury and investment operations	1	2	Central Bank of Iraq
8	Principles of civil pleadings and their applied arts in winning civil and commercial lawsuits	1	3	Sharia Center/Hunting Club Conference Hall
9	Framework for corporate governance and management of critical information COBIT5	1	1	Central Bank of Iraq
12	Modern Methods in auditing , financial control, and internal review according to the international standards	1	1	Central Bank of Iraq
13	Assets and properties according to the international standards no. 16 and standard for impairment of fixed assets no. 36	1	1	Central Bank of Iraq
14	Electronic Compliance	1	1	Central Bank of Iraq

15	Cyber security	1	1	Private Banks League
16	The qualification program for the certification of a certified specialist in internal control CICS	1	1	Central Bank of Iraq
17	Comprehensive training program for telecom employees	1	1	Central Bank of Iraq
19	Credit Analyzing and Credit control	1	2	Private Banks League
20	(Interim financial reports in accordance with Standard No. (34	1	1	Central Bank of Iraq
21	Legal aspect in banking operations	1	1	Central Bank of Iraq
22	Obtaining CSM certificate	1	1	ISACA on line
23	Banks remittances	1	2	Central Bank of Iraq
25	Laws regulating banking	1	1	Central Bank of Iraq
26	Commercial correspondences in English language	1	1	Central Bank of Iraq
27	International standard for preparing financial reports	1	4	Central Bank of Iraq
28	(Annual conference for the year 2021 (for secure society and steady where law prevails	1	3	Al-Rashid Hotel/ Al-Zawra Hall
29	Networks security	1	3	Central Bank of Iraq
30	Most important developments in electronic services	1	1	Central Bank of Iraq
31	Importance of small and medium projects in enhancing the importance of dignity and prevent unemployment	1	1	Iraqi Private Banks League
32	Program of the Director of Anti-Money Laundering and finance Terrorism	1	1	Central Bank of Iraq
33	Scorecard for Environmental Standards and Governance	1	1	Ministry of Finance and Economy-Directorate General of Finance-Erbil

34	Applications in the Management of Banking operations	1	1	Iraqi Private Banks League
35	Evaluation and financing small and medium projects	1	2	Central Bank of Iraq
37	Compliance work in combating money laundering and monitoring requirements according to Compliance Regulations	1	1	Central Bank of Iraq/ Banking Studies Center
38	A qualification course for obtaining a certificate of a certified specialist in combating money laundering and financing	1	1	Central Bank of Iraq
40	Scorecard requirements for the corporate governance guide for banks	1	3	Central Bank of Iraq
41	Credit control and collection management	1	1	Central Bank of Iraq
42	Basel 111 criteria for risk assessment and selection of tolerance level 1	1	2	Central Bank of Iraq
43	Anti-Money Laundering and Financing Terrorism	1	1	Central Bank of Iraq
44	Anti-Money Laundering and Financing Terrorism	1	2	Directorate General of Finance/ Erbil
45	Anti-Money Laundering and Financing Terrorism	1	1	Central Bank of Iraq/Al-Mosul Branch
46	Estimated Balance Sheet preparation skills, its analysis and usage in control and evaluation	1	2	Iraqi Private Banks League in coordination with TBI
48	Seminar on Enabling women, the campaign of 16 days	1	2	Central Bank of Iraq
49	Workshop on Bad debt management under the corona pandemic	1	7	Central Bank of Iraq
51	Training workshop in cooperation with Department of Investment/ foreign relation division about the mechanism of participating with institution www.signaturenet.or	1	3	Central Bank of Iraq
52	Workshop on the Management of performance evaluation operations	1	2	Iraqi Private Banks League
53	Workshop on annual internal auditing based on risks	1	5	Iraqi Private Banks League
54	Workshop between insurance diwan and insurance companies and banks	1	1	Central Bank of Iraq

55	(Workshop on the common disclosure standard (CRS	1	6	Central Bank of Iraq
56	Workshop on Supervisory work guide/ regulations of risks management	1	2	Central Bank of Iraq
57	Workshop about the future of Human resources 2030	1	4	Iraqi Private Banks League
58	Workshop to discuss the obstacles that you face in using credit payment orders	1	1	Central Bank of Iraq
59	.Effects of Supervisory systems on banks work	1	29	Ashur International Bank
60	Due Diligence Procedures and Risk Classification	1	8	Ashur International Bank
61	Commercial instruments	1	20	Ashur International Bank
62	The comprehensive course for new employees	1	17	Ashur International Bank
63	Course on documentary credits and letters of credit	1	32	Ashur International Bank
64	Course on credit cards and pr-paid cards	1	15	Ashur International Bank
65	Maintenance of self-exchanges	1	5	Ashur International Bank
66	Workshop on local sales plan of a branch	1	9	Ashur International Bank
67	Concept of money laundering and financing terrorism with procedures to be followed to open accounts	1	9	Ashur International Bank
	Total	58	246	

The additional Statements for the Requirements of the Securities Commission for the year 2021

Below are the benefits summary

(salaries, bonuses and other benefits of the member of the Board of Directors and Senior Management):

	2021	2020
	Iraqi Dinar (In thousands)	Iraqi Dinar (In thousands)
Salaries and Bonuses	<u>501,016</u>	<u>205,323</u>

Statement of the number of securities issued by the bank

A - Number of Securities owned by Members of the Board of Directors and their Relatives:

Number of Securities owned by Members of the Board of Directors and their Relatives			
Name	Capacity	Nationality	Shares No.
Noor Noori Ayyed Alhandal	Board Member	Iraqi	22,551,168,882
Safwan Qusay Abd Alhalm	Board chairman	Iraqi	2,000
Bakr Ibrahim Mahmood	Board Member	Iraqi	2,000
Tarik Ali Jasim	Board Member	Iraqi	2,000
Salowan Hafadh Hamed	Board Member	Iraqi	2,000
Wadhah Abdulhaleem Altaha	Board Member	Iraqi	2,000
Ziad Abdelrazaq Fatayer	Managing Director	Iraqi	10,000
Nouri Ayyed Alhandal	Immediate family of Board Chairman	Iraqi	1,540,212,507
Wadeea Noori Ayyed Alhandal	Immediate family of Board Chairman	Iraqi	24,985,992,254

The additional Statements for the Requirements of the Securities Commission for the year 2021

Awatif Nadhum Awad	Immediate family of Board Chairman	Iraqi	6,648,451,319
Omar Wadea Noori Alhandal	Immediate family of Board Chairman	Iraqi	20,098,604,982
Aya Wadea Noori Alhandal	Immediate family of Board Chairman	Iraqi	19,768,604,982
Nahla Nuri Ayyed Alhandal	Immediate family of Board Chairman	Iraqi	18,726,501
Hardan Noori Ayyed Alhandal	Immediate family of Board Chairman	Iraqi	24,107,801,259
Wadood Noori Ayyed Alhandal	Immediate family of Board Chairman	Iraqi	21,435,271,649
Mohammed Waleed Nuri Alhandal	Immediate family of Board Chairman	Iraqi	818,157,796
Nuri Waleed Nuri Alhandal	Immediate family of Board Chairman	Iraqi	818,157,796
Wasan Waleed Nuri Alhandal	Immediate family of Board Chairman	Iraqi	409,078,898
Hadia Waleed Nuri Alhandal	Immediate family of Board Chairman	Iraqi	409,078,898
Sama Al Huda Company for General Trading and Contracting	A Company belonging to the Board Chairman	Iraqi	24,980,000,000

B - Number of Securities owned by the Senior Executive Management Employees and their Relatives:

Name	Capacity	Nationality	No. of shares
Ziad Abdelrazaq Fatayer	Managing Director	Jordanian	10,000

The additional Statements for the Requirements of the Securities Commission for the year 2021

15- Benefits and Bonuses enjoyed by Members of the Board of Directors and the Senior Executive Management:

Benefits and Bonuses enjoyed by Members of the Board of Directors and the Senior Executive Management during the year 2021:

Reward Members of the Board of Directors					
Name	Position	Annual Salaries*	*Cash Bonuses	*Material Bonuses	*Total Annual Benefits
Safwan Qusay Abd Alhalm	Board Chairman	-	11,000	-	11,000
Noor Noori Ayyed Alhandal	Board Member	-	10,000	-	10,000
Bakr Ibrahim Mahmood	Board Member	-	10,000	-	10,000
Tarik Ali Jasim	Board Member	-	10,000	-	10,000
Salowan Hafadh Majeed	Board Member	-	10,000	-	10,000
Alyaa Amer Majeed	Managing Director	94549	10,000	-	104,549
Wadhah Abdulhaleem Altaha	Board Member	-	10,000	-	10,000
Total		94,549	71,000	-	165,549

16- Expenses of donations, grants and contributions to community service, travel, hospitality and advertising:

A. Donations

Party	Amount
Donations for Social Initiatives, Activities	453,112
Total	453,112

B. Advertising and Publicity Expenses

Item of Expenses	Amount
Advertising and Publicity	256,140
Total	256,140

C. Travel and Delegation Expenses

Item of Expenses	Amount
Travel and Delegation	83,919
Total	83,919

17- Statement of the contracts, projects and commitments that the bank has entered into with its allied or affiliated companies, the chairman of the board of directors, members, the delegated director, or any of the bank's employees and their relatives:

Commercial Activity with Related Accounts				
Statement	Name	Relation	Branch	Amount in Iraqi Dinar
General Management Rental – Baghdad	Nouri Ayed Alhandal	Relatives of Major Shareholders	Administration and Main	-
Tikrit Branch Rental			Tikrit	18,000,000
Electronic Card Services Contract	Amwal Company for Electronic Banking Services	Subsidiary Companies or Shareholder	Administration	439,921,740
Loan Fees	Iraqi Company for Small and Medium Enterprises Financing	Subsidiary Companies or Shareholder	Administration	60,377,131
Advertisement Contract	Al-Yawm Broadcasting Company		Administration	-
Security Protection Contracts	Ishtar Company for Security Protection	Companies jointly held by a member of the board of directors	Administration and Main	207,060,000
			Al-Rubaie	13,818,000
			Al-Basrah	10,056,000
			Al-Sulaimaniya	
			Al-Mansour	9,450,000
			Tikrit	9,870,000
			Mosul	13,832,000
			Karbala	8,028,000
				790,412,871

The additional Statements for the Requirements of the Securities Commission for the year 2021

C. Audit Contract

Details	No. of Contracts	Contract Amounts Per Annum
Mustafa Fouad Abbas and his partner Co., and Firas Ismail Qurban Ali and his partner Co	1	53,600

18-Reserve Balances and Uses:

Details of the reserve balances and uses are included in the analysis of the financial position and the results of the bank's business.

C - Annual Financial Statements of the Bank

The bank's annual financial statements for the year 2021 audited by the bank's auditors, Mustafa Fouad Abbas and his partner Co., and Firas Ismail Qurban Ali and his partner Co. were stated in the second part of the report, acknowledging that Messers, Ernst & Young. Is the advisory for the foreign audit operations and they issue financial statements for the purposes of management and external banks.

D - Report of the Bank Auditors

The report of the bank's auditors, which indicates that the audit procedures were carried out in accordance with International Financial Reporting Standards and the requirements and provisions of the Companies Law and the Iraqi Banking Law contained, is stated in the introduction to the bank's financial statements.

The additional Statements for the Requirements of the Securities Commission for the year 2021

E - Cases and Lawsuits

1. Lawsuits filed by the bank against others/(49) cases.
2. The allowance for the law suit is 100%.

Ser.	Plaintiff	Defendant	Branch	Demanded value
1	Ashur International Bank for Investment	Ahmed Ismael Ahmed	Tikrit	20,464,000
2	Ashur International Bank for Investment	Riyadh Qasim Hasan	Tikrit	21,000,000
3	Ashur International Bank for Investment	Abbas Khudhair Abbas	Tikrit	38,766,000
4	Ashur International Bank for Investment	Nazar Mohammed Abdulhasan	Tikrit	31,500,000
5	Ashur International Bank for Investment	Inas Atta Abdulkhaleq	Tikrit	38,480,000
6	Ashur International Bank for Investment	Hiba Ali Hussein	Tikrit	9,176,000
7	Ashur International Bank for Investment	Israa Khaleel Fayyadh	Tikrit	18,130,000
8	Ashur International Bank for Investment	Aesha Kareem Fayyadh	Tikrit	22,991,000
9	Ashur International Bank for Investment	Muna Adnan Shihab	Tikrit	18,130,000
10	Ashur International Bank for Investment	Zainab Abbas Jadam	Tikrit	16,300,000
11	Ashur International Bank for Investment	Alwatheq Abdulkhaleq Aqeel	Tikrit	6,850,000
12	Ashur International Bank for Investment	Nadheer Sarhan Dheyab	Tikrit	38,968,000
13	Ashur International Bank for Investment	Saddam Adnan Mohammed	Tikrit	29,281,000
14	Ashur International Bank for Investment	Khudhair Abbas Mahmood	Tikrit	32,812,000

The additional Statements for the Requirements of the Securities Commission for the year 2021

15	Ashur International Bank for Investment	Sukar Sardar Ali	Al-Sulaimaniya	24,956,000
16	Ashur International Bank for Investment	Burhan Jalal Jawhar	Al-Sulaimaniya	22,440,000
17	Ashur International Bank for Investment	Ali Ibrahim Mohammed	Al-Sulaimaniya	15,086,000
18	Ashur International Bank for Investment	Shaho Abdullah Hamalaw	Al-Sulaimaniya	10,593,000
19	Ashur International Bank for Investment	Kadhim Hama Ridha Chafer	Al-Sulaimaniya	1,550,000
20	Ashur International Bank for Investment	Raibour Kareem Mohammed	Al-Sulaimaniya	10,400,000
21	Ashur International Bank for Investment	Awara Jalal Ismael	Al-Sulaimaniya	13,186,000
22	Ashur International Bank for Investment	Shaheen Abdulrahman Mahmood	Al-Sulaimaniya	3,000,000
23	Ashur International Bank for Investment	Mohammed Salih Ahmed and His guarantors	Al-Sulaimaniya	114,118,000
24	Ashur International Bank for Investment	Karwan Hussein Hamadi	Al-Sulaimaniya	17,322,000
25	Ashur International Bank for Investment	Idrees Hameed Salman	Tikrit	9,176,000
26	Ashur International Bank for Investment	Imad Saad Abdulhammed	Tikrit	10,200,000
27	Ashur International Bank for Investment	Saddam Abdullah Jasim	Tikrit	20,724,000
28	Ashur International Bank for Investment	Waleed Hammed Mukhlif	Tikrit	19,500,000
29	Ashur International Bank for Investment	Safaa Ammed Khamees	Tikrit	25,830,000
30	Ashur International Bank for Investment	Alwatheq Abdulkhaleq Aqeel	Tikrit	6,850,000
31	Ashur International Bank for Investment	Mazin Abdulmalik Abdulbaqi	Tikrit	28,150,000
32	Ashur International Bank for Investment	Azhar Hameed Abdulrazzaq	Tikrit	32,305,000

The additional Statements for the Requirements of the Securities Commission for the year 2021

33	Ashur International Bank for Investment	Ali Yahya Younus	Tikrit	28,000,000
34	Ashur International Bank for Investment	Salah Noori Abdullah	Tikrit	13,450,000
35	Ashur International Bank for Investment	Ahmed Abdulqader Shakir	Tikrit	34,464,000
36	Ashur International Bank for Investment	Mohammed Abbood Abbas	Tikrit	24,455,000
37	Ashur International Bank for Investment	Khalid Hamad Hazaa	Tikrit	16,454,000
38	Ashur International Bank for Investment	Almuhaiman Basheer Mahmood	Tikrit	22,616,000
39	Ashur International Bank for Investment	Adel Basheer Mahmood	Tikrit	32,418,000
40	Ashur International Bank for Investment	Ayat Muwafaq Ali	Tikrit	6,349,000
41	Ashur International Bank for Investment	Duarid Salah Majeed	Tikrit	29,433,000
42	Ashur International Bank for Investment	Jasim Zaid Abed Khudhair	Tikrit	23,364,000
43	Ashur International Bank for Investment	Haitham Baqer Abbas	Tikrit	38,766,000
44	Ashur International Bank for Investment	Ali Mohammed Lafta	Tikrit	38,766,000
45	Ashur International Bank for Investment	Ifitkhar Abas Mohammed	Tikrit	29,000,000
46	Ashur International Bank for Investment	Duraid Salahuldeen Abdulsahib	Tikrit	28,766,000
47	Ashur International Bank for Investment	Firas Saadi Mohammed	Tikrit	31,384,000
48	Ashur International Bank for Investment	Khaleel Ibrahim Hasan	Tikrit	31,155,000
49	Ashur International Bank for Investment	Abbas Khudhair Abbas	Tikrit	28,766,000

The additional Statements for the Requirements of the Securities Commission for the year 2021

F- Lands and Buildings

Statement of lands and buildings as on 31/12/2021					
Real estate no.	Location of real estate	Date of owning of the real estate	Book value	Purchase value	Copy of the approval of the bank
377/330	Bataween	4/12/2019	1,130,797,727.09	1,165,451,260.000	
	Bataween		216,374,410.93	276,216,493.684	
/	Erbil		215,100,164.77	245,413,891.000	
4/11527	Al-Rubaye Street	1/6/2008	2,579,490,182.82	2,767,040,479.000	9/3/4054
20/1894	Al-Sulaimaniya	25/2/2013	2,635,025,584.15	2,649,234,301.000	9/3/5409
124/35	Al-Basra	25/2/2013	2,701,760,321.50	2,768,643,661.000	9/3/2652
105/39	Kurkik	25/2/2013	580,000,000.00	580,000,000.000	9/3/3556
1/551	Duhok	8/5/2013	-	-	9/3/6208
1/592	Erbil	6/9/2012	4,804,826,343.03	5,163,743,170.902	9/3/2683
Total			14,863,374,734.29	15,615,743,256.586	

The additional Statements for the Requirements of the Securities Commission for the year 2021

19- Duties and Responsibilities of the Chairman of the Board

Prof. Dr. Safwan Qusay Abd Alhalm

- 1- Establishing a constructive relationship between the board, on the one hand, and the bank's executive management, and between the bank, shareholders, and other stakeholders, on the other.
- 2- Encouraging the expression of opinion on the issues that are discussed in general, and those around which there is a difference in viewpoints among the members, while encouraging discussion and voting on those issues.
- 3- Ensuring that members sign the minutes of the meetings
- 4- Determining and meeting the board members' needs regarding developing their expertise and continuous learning and allowing the new member to attend the Orientation Program to learn about the bank's activities.
- 5- Sending an invitation to the Central Bank to attend the meetings of the General Assembly, before a sufficient period of no less than 15 fifteen days, to be able to nominate a representative.
- 6- Ensure that the Central Bank is informed of any material information.

Duties and Responsibilities of the Vice Chairman

Prof. Dr. Tarik Ali Jasim

- 1- Assisting the Chairman of the Board of Directors in managing the tasks and work requirements at the bank level.
- 2- Follow up on all departments and sections of the bank with full supervision of the completion of the tasks of daily activities at the management level.
- 3- Membership of the committees emanating from the council and expressing an opinion that is consistent with those committees.
- 4- He deputizes in managing the tasks sometimes and according to the assignment, on the one hand, and the executive management of the bank, and between the bank, the shareholders, and the rest of the stakeholders, on the other hand.
- 5- Determining priorities, together with the Chairman of the Board, in defining courses, methods of development, continuous skills, and

updating the infrastructure of technology within the bank. And their continuous learning, and to allow the new member to attend the "Orientation Program" to get acquainted with the activities of the bank.

- 6- Ensure that the relevant authorities are informed of the level of the correspondence.

Member of the Board of Directors

Prof. Dr. Bakr Ibrahim Mahmood

Head of the Audit and Compliance Committee

The Chairman of the Committee is considered one of the financial experts and a chartered accountant well versed in the affairs of control and auditing:

The duties of the committee that he undertakes require that:

- 1- Paying attention to accounting issues of material impact and the bank's financial statements.
- 2- The internal control and control systems in the bank.
- 3- Ensuring compliance with international standards and combating money laundering in all bank operations activities.
- 4- Recommending to the board of directors to approve the bank's organizational structure and to create or cancel the bank's organizational formations and to define and amend the tasks and functions of these formations.
- 5- Paying attention to the results of the internal audit department, as well as following up on the external auditor and discussing his reports to ensure compliance with international standards for all the activities and operations of the bank.
- 6- Ensuring the existence of an anti-money laundering and terrorist financing office linked to the council that implements the know your customer KYC policies and the tasks and duties resulting from that, including the office preparing periodic reports on its activities, discussing these activities in the meetings that are held and deciding on them.
- 7- Studying and approving the internal audit plan.
- 8- Request reports from the Director of Internal Audit.

Member of the Board of Directors

Prof. Dr. Wadhah Majid Altaha

Chairman of the Nominations and Remunerations Committee:

- 1- Preparing the remuneration policy and submitting it to the Board of Directors for approval and supervision of its implementation, taking into consideration the following:
- 2- It should be in line with the principles and practices of sound governance and to ensure that the long-term interests of the bank dominate over immediate or short-term considerations.

The additional Statements for the Requirements of the Securities Commission for the year 2021

- 3- The extent to which the bank achieves its long-term goals in accordance with its approved strategic plan.
- 4- Ensuring that the policy of granting remunerations takes into account all types of risks to which the bank is exposed, so that the profits achieved are balanced with the degree of risks involved in banking activities and business.
- 5- Ensuring that the remuneration and salary policy includes all levels and categories of the bank's employees, conducting a periodic review of the policy for granting remunerations, salaries and incentives, or when the Board of Directors recommends this, making recommendations to the Board to amend or updating this policy, and conducting a periodic evaluation of the adequacy and effectiveness of the policy for granting remunerations and salaries and incentives to ensure the achievement of its stated objectives.

Member of the Board of Directors

Prof. Dr. Wadhah Majid Altaha
Head of the credit committee

- 1- Supervising and following up on the instructions issued by the Central Bank of Iraq regarding the basis for assessing the creditworthiness of customers and the formation of provisions.
- 2 - Follow-up credit discoveries.
- 3- Follow up the movement of loan repayments.
- 4- Cooperating with the legal department in following up the collection of non-performing loans.
- 5- Work to recover the written-off loans as much as possible.
- 6- Simplifying the procedures for granting loans.
- 7- Making decisions in credit transactions that are submitted through the secretariat and deciding on them.

Member of the Board of Directors

Prof. Dr. Salowan Hafadh Hamed
Head of the Risk Committee

- 1- Develop a risk management strategy, policies, and procedures appropriate to it, and update them continuously.

- Ensuring that the general strategy of the bank's business is in line with the limits of acceptable risk ratios approved by the Board of Directors and specified by the Credit Review Committee.
- 2 - Preparing reports on levels of exposure to various risks and submitting them to the Risk Management Committee.
- 3- Coordinating with other departments to provide the necessary data for risk management, continuous study of the risk conditions surrounding the activities, preparation of appropriate recommendations, and follow-up to avoid observations and negatives that have a high-risk rate according to the reports submitted about them, as well as coordination regarding laws and legislation that affect the work of these departments and risk management.
- 4- Building a cultural awareness of risks within the bank, including appropriate education and training.
- 5- Preparing the internal risk policy and structure for business units, implementing the risk management policy approved by the Board of Directors, and designing and reviewing risk management processes.

Member of the Board of Directors

Mr. Nour Noori Ayyed
Governance Committee

- 1- Reviewing the implementation of the corporate governance manual issued by the Central Bank of Iraq and supervising the preparation of the manual for the bank according to the size of the bank's operations, the multiplicity and diversity of its activities, updating it and monitoring its implementation.
- 2- Supervising and preparing the corporate governance report and including it in the bank's annual report.
- 3- Ensure that the bank applies the principles of good governance and practices.

20- Suggesting the Internal Audit Department with the approval of the Board of Directors and the document required for the scorecard

Code (Charter) of Banking Governance

An introduction to the topic of applying governance systems in the bank

For the purpose of keeping pace with international developments and strengthening the corporate governance system to implement the best practices in the banking sector, Ashur Bank was keen to establish and implement the principles of corporate governance through the introduction of structural, legislative and supervisory developments aimed at reducing the risks that the bank may be exposed to, as investors tend to deal with banks that enjoy With sound governance structures, where governance aims to determine the nature of the relationship between the bank's board of directors and the executive management for the purpose of protecting the funds of depositors, shareholders and stakeholders, and focusing on the policy of disclosure and transparency where the board of directors has policies and procedures to ensure balanced disclosure in a timely manner of all material financial and non-financial information, and according to the controls of banking work.

As the management of the bank's board clearly guarantees the extent to which it adheres to all laws, instructions and regulations issued by the Central Bank of Iraq, and from this point of view, the board of directors of Ashur International Bank acknowledges its responsibility to implement the policies and practices of the latest standards and principles of corporate governance and recognizes its responsibility for the governance of the bank, where the board of directors established a framework Good corporate governance work represented by the following.

- 1- Establishment of the Banking Governance Committee
- 2- Having a good corporate governance guide for the bank
- 3- Creating policies and procedures that support governance systems
- 4- Publish the above on the bank's official website

The Board of Directors also ensures compliance with international standards in all of the bank's activities in the field of compliance, combating terrorism, money laundering, modern financial standards and governance standards (Central Bank Guide – A guide issued by the Basel Committee – The guide of the Organization for Economic Cooperation and Development)

Code (Charter) of Banking Governance

Reviewed by: Ashur International Investment Bank's Government Committee
 Approved by: The Board of Directors of Ashur International Bank for Investment

The Audit Committee	means the Audit Committee of the Board of Directors
The bank	means Ashur International Investment Bank (AIB)
Board of Directors	It means the board of directors of Ashur International Bank for Investment
CBI	means the Central Bank of Iraq - the regulator of the banking sector
President	means the Chairman of the Board of Directors of Ashur International Bank for Investment
Code (covenant) Governance	means the Bank's Governance Code, Governance Charter, a set of comprehensive systems that define the relationships between the board of directors, the executive management of the bank, shareholders, and other stakeholders, as it deals with the system by which the board of directors directs the bank and monitors the activities of the bank.
Members	Means members of Ashur International Bank for Investment
ESG ENVIRONMENT" SOCIAL GOVERNANCE"	It means environmental, social and governance factors, and refers to the three main factors when measuring the sustainability and ethical impact of investing in a business or company.
Executive Management	Means high-ranking staff headed by the Managing Director

Code (Charter) of Banking Governance

Executive Member	Means a member who dedicates his activities on a full-time basis to management and who receives a monthly or annual salary from the bank,
Managing Director	means CEO
Chief Financial Officer	means the financial manager
Governance Committee	means the Corporate Governance Committee of the Board of Directors,
Independent Consultant	means any legal, accounting, business expert or other advisor who is appropriate to the business of the Bank and the functions of the Board of Directors,
Independent Member	means an independent board member as defined in the applicable legislation and Central Bank guidelines (Governance Guide), and provides best practices that are evaluated in accordance with the criteria that the Board deems appropriate or relevant.
Nominations Committee	means the nominations and Remuneration Committee of the Board of Directors,
Risk Committee	means the Board Risk Committee,
Non-executive member	means a member who does not devote his activities on a full-time basis to management. This member may not be independent, as they may have a share in the bank's shares or be an employee or shareholder in related companies,
The Stakeholders	means any person who has an interest in the Bank, including shareholders, employees, creditors, customers, suppliers, and potential investors.
Related Person	<ul style="list-style-type: none"> • The authorized manager or their assistant on top of their work and after leaving work for a period of two years. • The external auditor's during their service and two years after the end of their contract with the bank. • Any natural or legal person who has a contractual relationship with the Bank during the term of the contract.

Code (Charter) of Banking Governance

1- Purpose

1- The purpose of the Corporate Governance Code (the Governance Charter, the Code) is to improve and regulate the management systems, processes, and culture of Ashur International Investment Bank (hereinafter referred to as AIB or the Bank). This code clarifies the bank's commitment to good bank governance through developing and strengthening systems for:

- Enabling the effectiveness of oversight and governance bodies (considering stakeholders' perspectives) working for the benefit of Ashur International Bank for Investment and its shareholders including minority shareholders, employees, business partners and clients and creating an overall value for the community in which it is located.
- Responsible management and value-based accountability.
- Disclosure of appropriate information and transparency, as well as an effective system for risk management and internal control.

2- This code makes it easier for the bank's board of directors to perform its fiduciary duties, duties of care, loyalty and understanding their rights and responsibilities. In order to enhance the confidence of the bank's shareholders, employees, investors, local regulatory bodies and the general public, this Code (the Governance Charter) goes beyond the prevailing legal and regulatory framework in Iraq today 'where Ashur International Bank for Investment adopts environmental, social and governance principles and practices recognized at the local and international levels.

2-Scope

1- The governance framework of Ashur International Investment Bank is based on the following principles:

Accountability: Governance principles define the responsibility of the board of directors to all shareholders and guide the bank's board of directors in strategic direction and monitoring of the bank's management.

Fairness: The Bank is committed to protecting the rights of shareholders and ensuring fair treatment of all shareholders, including minority (or foreign) shareholders, if any.

Transparency: The bank ensures that all material matters relating to the bank are disclosed in a timely and accurate manner, including the bank's

financial position, performance, ownership and governance, in a manner that facilitates access to the concerned parties.

Responsibility: The Bank recognizes the rights of other stakeholders as stipulated in laws and regulations and encourages cooperation between the Bank and stakeholders in establishing sustainable and financially sound projects.

2- The bank's board of directors decided to adopt this code (the Governance Charter), which complies with the relevant regulatory requirements and considers the best international practices in the field of bank management. The Bank considers that the "Guidelines for Banking Governance in Iraq" published by the Central Bank in 2018, is the basis of this code, in addition to that it also looks forward to international guidelines for best environmental, social and governance practices such as "Principles of Governance for Banks".

"Published by the Basel Committee on Banking Supervision in 2015, "The International Finance Corporation's Performance Standards on Environmental and Social Sustainability" published by the International Finance Corporation in 2012, and "The International Finance Corporation's Corporate Governance Progress Matrix (ISG)" published by the Finance Corporation International Organization for Economic Cooperation and Development (OECD) Principles of Corporate Governance (2015)

3- This Code should be read in conjunction with other codes and policies of the Bank, including the Code of Conduct, Codes of Ethics (Code of Ethics), Conflicts of Interest Policy, Human Resources Management Directives, and the Law of Incorporation of Ashur International Investment Bank

4- This Code is reviewed at least every four years, depending on changes in the external regulatory environment, internal policy updates of Ashur International Investment Bank, or any other reason that the Board of Directors considers necessary to review and update the bank's governance charter, and where it is possible to review and update this Code even before the passage of four years.

5- The charter will be published internally and made available to Ashur International Investment Bank management and board members via the Internet, and to external stakeholders via the Ashur International Investment Bank's official web page on the Internet.

3- The vision and mission of Ashur International Bank for Investment

1- Our vision

We aspire to become pioneers in providing distinguished and innovative financial and banking services.

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2- Our mission

- Commitment to the highest standards in providing banking services in accordance with Iraqi legislation and laws,
- As well as to keep pace with the latest global technological developments to serve the interests of our customers
- Manage investments carefully to achieve better profits for the common interest of customers and the bank itself.
- Full cooperation and coordination with other financial institutions to provide the best to strengthen financial investment systems.
- Commitment to developing all economic aspects in our societies by providing bank financing to the industrial, agricultural, commercial, and real estate sectors in order to provide job opportunities.
- Commitment to social responsibility in accordance with religious teachings that fit the nature of society.
- Contribute to the prosperity of society by supporting the dissemination of safety, security and social justice.
- Encouraging the concept of saving by using the correct investment methods and standards, by providing financial and investment products that suit the needs of customers.
- Providing the necessary financing for investors to establish economic projects and the appropriate tools for financing activities to meet the needs of customers.

4 - Dimensions of the Governance Charter

- 1- Commitment to environmental, social and government principles.
- 2- The bank believes in and is committed to the good governance of banks, to provide impetus to its vision and interest, and to contribute to the successful development of the financial system in Iraq.
- 3- Adopt, follow up and regularly update the principles of this Governance Charter, along with Ashur International Investment bank's Code of Ethics and other policies referred to in this Charter that confirm the bank's desire to demonstrate its commitment to optimal adherence to Environmental, Social and Governance (ESG) standards and practices in the banking and financial sector in Iraq.
- 4- Adopting, following up and updating these governance principles on a regular basis, besides the aspects of the Ashur International Investment

bank's Code of Ethics and other policies referred to in this document and which confirm the bank's desire to demonstrate its commitment to optimal adherence to environmental, social and governance (ESG) standards and practices in the banking and financial sector in Iraq.

- 5- The bank's formation of a governance committee affiliated to the board of directors to direct the preparation, updating and implementation of the governance charter.

5- Effectiveness of the board of directors: structures, processes, and functions

- 1- Structure and composition of the board of directors

The board of directors of the Ashur International Bank for Investment is nominated, and then elected at the meeting of the general assembly of the bank as stipulated in the statute of the bank and in accordance with the directions provided within the guidelines of the corporate governance guide for banks issued by the Central Bank of Iraq.

- 2- The structure of the board of directors of Ashur International Bank should reflect its values, mission, and vision, so that the composition of the board of directors, among executive and independent members, provides an ideal blend of skills, competencies, diversity, and experience.

The composition of the board of directors will be in a way that makes the members of the board of directors gather strong experiences at the banking and financial levels, financial strategy, and risk management.

- 3- The size of the board of directors shall not be less than seven members, including the chairman of the board. Most of the board members are non-executive members, and the board must include at least four independent members, as the goal is to strengthen the independence of oversight and thinking in the board.
- 4- The Chairman of the Board of Directors will be elected by voting through the voting process to ensure the maximum level of independence when the Chairman performs his duties and responsibilities for the benefit of the Bank.
- 5- The bank follows the criteria for determining the "independence" of a member of the board of directors as indicated in the Corporate Governance Guide for Banks issued by the Central Bank of Iraq in 2018 (Section Two, Article 4 'See Annex'). Additionally, 'the Bank will take guidance in determining the independence of a director's board member based on the standards set in the latest UK Corporate Governance Codes 2018, which state:

"Circumstances that are likely to impair, or may appear to indirectly impair, the independence of a non-executive director includes, but are not limited to, whether a director is:

- An Employee of The Bank or Group During the Past Five Years.

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- Has Or Had – During the Past Three Years – A Material Business Relationship with The Bank, Whether It Was Direct or A Relationship as A Partner, Shareholder, Manager, Or Prominent Employee in A Body That Has Such a Relationship with The Bank.
- May Have Received or Receive Additional Remuneration from The Bank Other Than a Fee as A Board Member 'Participate in The Bank's Share-Purchase Options' Or Be a Participant in The Performance-Related Pay System or A Member of The Bank's Pension Scheme.
- Has Close Family Ties with Any of The Bank's Advisors, Board Members or Senior Employees.
- Has Membership in The Boards of Directors of Other Banks or Has Important Links with Other Board Members Through Participation in Other Companies or Bodies.
- A Representative of a Major Shareholder.
- Worked In the Board for More Than Nine Years from The Date of His First Appointment. In The Event of Any of These or Other Relevant Circumstances, However, The Board of Directors Considers That This Non-Executive member is independent, then a clear explanation must be provided.
- 6- The Vice-Chairman of the Board of Directors is elected through a ballot by the Board of Directors from among the current members. The vice chairman of the board of directors assumes the duties and responsibilities of the president in his absence or if unable to preside over a meeting of the Board of Directors.
- 7- At least two thirds of the members of the board of directors must have university degrees or experience related to banking and financial services to qualify for a seat on the board of directors.
- 8- A member of the board of directors of the Ashur International Bank for Investment should not be a member of the board of directors or an employee of another bank in Iraq. This requirement does not apply to a member who holds a seat on the board of directors or a job in a non-Iraqi bank or a bank outside Iraq.
- 9 - The duration of the electoral term for members of the Board of

Directors is four years, after which they are required to resubmit for re-election and to be appointed for one more term. No member may serve more than two terms. During this time the members must be aware of their supervisory role and be able to exercise sound and objective judgment on the affairs of the bank.

Board Committees

10 - To support the Council in the performance of its duties and responsibilities, committees emanating from the Council are formed with objectives, powers, responsibilities, and the duration of an official mandate. Board committees submit regular reports to the board, and recommend decisions to the entire board, based on deliberations of issues and issues that take place within each committee in accordance with its charter. These committees are as follows:

- Audit Committee
- Risk Committee
- Governance Committee
- Credit and Investment Committee

The Board can form other temporary committees composed of members of the Board and determine their powers according to what it deems appropriate. There are also executive committees emanating from the executive management and formed by it and their powers determined by the Board of Directors, to assist the higher management in carrying out its tasks and submitting reports to the competent Board of Directors committees in a manner Periodically to ensure the effectiveness of control and supervision. They include the following:

- Credit Committee
- Investment Committee
- Information and Communication Technology Committee
- Asset and Liability Management Committee

11- The roles, responsibilities, structures, and operations of each of the four board committees are detailed in their committee charters. However, the salient guidelines for these committees are as follows:

- Audit Committee: It must consist of at least three members of the Board of Directors, if they are independent members of the Board of Directors, and it is preferable that they all have experience in the field of finance, auditing and accounts reviewing. In the absence

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of independent members, the bank may appoint Experts / external consultants as members of the committee and obtaining the approval of the Central Bank of Iraq for their appointment in the audit committee. The Chairman of the Audit Committee shall be an independent member of the Board of Directors and shall not have membership in any other committee of the Board.

- Risk Committee: It must consist of at least three members of the Board of Directors, preferably all members are non-executive and must have experience in risk practices and related financial management areas. The Chairman of the Risk Committee must be an independent member of the Board of Directors.
- Nominations and Remunerations Committee: It must consist of at least three members of the Board of Directors if all of them are independent or non-executive members. The head of the committee must be an independent member.
- Governance Committee: The committee consists of three members, the majority of whom are independent and non-executive members, provided that the committee includes the chairman of the board.
- Credit and Investment Committee: It consists of at least three non-executive members, who must have experience in the field of credit and investment banking.

Powers and Responsibilities of the Board of Directors

- 12- The Board of Directors of the Ashur International Bank for Investment guarantees the interests of shareholders, depositors, creditors, employees, and other stakeholders, including the banking and supervisory bodies. The Board is also keen to ensure that the bank is managed wisely within the framework of the laws, regulations, and policies of the bank.
- 13- The Board of Directors supervises the implementation of the strategic objectives of the bank, the governance framework, and the culture of the bank, in addition to being responsible for providing administrative control over the operations and financial safety of the bank.
- 14- To ensure that the Bank maintains a high degree of integrity in its

operations, the Board of Directors has established official policies and guidelines regarding ethics, stock transactions and conflict of interest to ensure that all decisions taken are in the interest of the Bank. The Board of Directors shall develop, discuss, ratify, and approve policies and guidance documents relating to various issues related to Environmental, Social and Governance (ESG) factors and risks. Including but not limited to:

- Council charters and committees.
 - Powers of the Board of Directors, the delegated director, and the audit director.
 - Risk policy and risk management framework.
 - Environmental and social policy.
 - Profit distribution policy.
 - The relevant parties' transaction policy.
 - Credit policy and validity limits.
 - Policy for obtaining information.
 - Board members' policy.
 - Code of Conduct.
 - Board of Directors matrix and management authority.
 - Terms of reference of the Executive Management Committee.
- 15- The Board may seek the expertise and advice of senior experts in the field of financial services, governance and risk as needed, and involve an advisor with appropriate experience for the responsibilities determined by the Board of Directors, which may include attending Board, committee and/or strategic meetings.
 - 16- The authority of the Board of Directors and the group of responsibilities that fall upon it are derived from the "tasks and responsibilities" stipulated in the Corporate Governance Manual for Banks issued by the Central Bank of Iraq 2018. Notable duties and responsibilities include:
 - Demonstrate a comprehensive vision, mission, goals, and values for the bank.
 - Adopting the main performance indicators and evaluating the management's performance based on these indicators.
 - Ensuring the integrity of the bank's financial position and its solvency and adopting policies to supervise and maintain the adequacy of internal controls.
 - Approving business plans and providing strategic oversight for the management in its development process.
 - Strategic supervision of management, providing the necessary guidance, and holding it responsible for achieving and accomplishing the required strategic objectives in relation

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- to the strategic objectives of the bank.
- Sending a culture of high ethical standards of integrity and professional behavior to the employees of the bank and the administration, as well as to the board itself.
- Effective implementation of the requirements of the Central Bank of Iraq as well as other regulatory authorities, in addition to complying with the requirements set by other "external stakeholders".
- Ensuring efficiency in following up on the decisions taken by the General Assembly.
- Approving the annual, strategic, and budget plans.
- Ensure the preparation and submission of accurate and timely reports on financial results, through accounts, audited financial statements and annual reports based on International Financial Reporting Standards and following legal procedures to obtain acceptance and approval by the General Assembly.
- Procedures for appointing, rewarding, evaluating performance, and accepting the resignation of the managing director
- Procedures for appointing, rewarding, evaluating the performance, and accepting the resignation of the Director of Internal Audit.
- Recommending the selection of the external auditor to be put forward in the general assembly meeting to be approved.
- Provide oversight, supervision, and care to ensure that the Bank has a robust risk management strategy and control process.
- Ensuring the existence of a strong system based on environmental, social and governance values, and that there is an encouragement for a culture that promotes good governance practices and sustainability.
- Ensure that the bank has a reliable and sufficient management information system to cover all the bank's activities.
- Ensuring the existence of a clear authority matrix to help distinguish between the responsibilities of the board of directors and management.
- Providing supervision over the management structure and the performance of key personnel.
- Conducting an annual evaluation of the Board of Directors.
- Provide supervision over critical risk areas and implement appropriate risk mitigation processes such as anti-money laundering and anti-terrorism

- policies, as well as frameworks.
- Strict adherence to the anti-money laundering regulations and guidelines set by the Central Bank and keeping informed of changes that may occur to them from time to time, if any.
- Ensure that appropriate systems are in place to protect the interests of minority shareholders, including the introduction of methods such as the cumulative voting mechanism.
- Ensure that the bank provides the Central Bank with information about the members of the Board of Directors and its senior management team every six months and in case of any amendment thereto.

The role of the chairman of the board of directors

- 17- The role of the chairman of the board of directors of the Ashur International Bank is to establish a constructive relationship within the board of directors, as well as between the board of directors, as well as between the board of directors on the one hand, and between the bank and stakeholders (including specifically the shareholders) on the other hand.
- 18- The Chairman of the Board of Directors encourages open and frank discussion within the Board, and constructively manages any divergence of views among the members of the Board, so that in the absence of unanimous approval of a particular issue, the matter can be put to a vote as specified by the Chairman.
- 19- It is the responsibility of the Chairman of the Board of Directors to ensure that all Board members receive, through the Secretariat, the minutes of the previous Board of Directors meeting, duly signed by the Chairman and the members present.
- 20- In coordination with the Secretariat, the Chairman of the Board of Directors supervises the continuous training and development of the current members of the Board of Directors and the development of a strong program for the new members of the Board.
- 21- The President shall ensure that the Central Bank of Iraq is invited to the General Assembly meeting at least (15) days prior to this meeting for the Central Bank to have sufficient time to nominate a representative to attend the General Assembly of Ashur International Bank for Investment.
- 22- It is the responsibility of the Chairman of the Board of Directors to ensure that the Central Bank of Iraq is notified of any material information in a timely manner.

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Board Operations

- 23- Board meetings are held regularly, with a minimum of 6 times a year, and may be held more than that as required.
- 24- The board of directors' calendar is prepared and distributed among the members and approved at the first meeting of the year, which will determine the dates of the board of directors' meetings as well as the committee's meetings.
- 25- An annual work plan is distributed at each meeting, specifying the main items of the meeting's agenda that will be discussed in the subsequent meetings for the next twelve months. It is possible to add new items in the agenda, and this work plan will enable to provide a vision for the important items in each meeting, such as acceptance and approval of the estimated budget and the evaluation of the managing director, risk locations, and others.
- 26- Board members are encouraged to attend Board meetings in person. Persons who are unable to attend the Board of Directors meeting in person may attend the meeting via video or telephone, after the approval of the Chairman of the Board. This method can be used at most twice during the year by a member of the board of directors. (Provided that they do not have a vote in the event of voting, according to the Corporate Governance Guide for Banks, p.10, Article 5-6).
- 27- In the event of absence (3 or more times during the year), the chairman of the board of directors informs the general assembly of the bank, to act according to what they deem appropriate.
- 28- The quorum for the meeting of the Board of Directors is complete if 50% of the members or (4) or more members are present.
29. The same rules apply to committee meetings.
- 30- The attendance of individual board members in board meetings during the year is recorded and published in the annual report.
- 31- The agenda of the meeting of the Board of Directors should be submitted to the members of the Board at least 14 days before the meeting of the Board of Directors so that the members can review the papers and reach informed decisions.

The role of the secretariat

- 32- Ashur International Bank for Investment appreciates that the proper management of the bank's governance processes and the role of the secretariat is critical. Consequently, the Bank will ensure that a qualified full-time secretary is employed. To ensure the independence of the Secretary of the Board of Directors, the appointment and remuneration of the Secretary of the Board is a matter reserved for the Board as a whole.
- 33- The role of the secretary entails the following:
- Arranging and attending Board of Directors meetings.
 - Recording the minutes of the meetings, keeping all records of the shareholders' meetings, and the meetings of the Board of Directors, as well as the records of the meetings of the Board of Directors' committees.
 - Ensuring that the procedures of the Board of Directors are followed.
 - Ensure the transfer of information to shareholders.
 - Facilitating and ensuring communication between the members of the Board, and the members of the Board's committees, as well as between them and the administration.
 - Ensuring that the board receives advice on all matters of governance, so that individual members receive advice and support when needed.
 - Ensure that decisions are clear and unambiguous.
- 34- The Secretary of the Board shall keep a permanent written record of the Board of Directors' discussions, suggestions, reservations, opposition and voting by Board members, after being circulated to the Board of Directors for comment within 10 days of the Board meeting, and include any comments received and obtaining the results and approval of the Chairman of the Board. Signed minutes of the meetings will be submitted to the Central Bank of Iraq. A video and audio record of the Board of Directors meetings will also be kept by the Secretary of the Board, according to what is stipulated in the Corporate Governance Guide for Banks issued by the Central Bank of Iraq 2018.
- 35- Members have a primary responsibility to ensure that they are constantly informed of developments within the bank and in the banking sector, both local and international. However, the board secretary must provide any new member with brief information about the bank and its operations, and well-designed induction training. This will particularly cover any questions regarding the organizational requirements of the new member's role.
- 36- The Secretary of the Board is responsible for communicating with the bank's shareholders, organizing the annual general assembly meeting, and maintaining the

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shareholders' data.

37- The Secretary of the Board shall coordinate with the Board of Directors and its committees to prepare for the meeting of the General Assembly, send invitations to the shareholders and companies' registrar, and ensure the attendance of the members of the Board of Directors and representatives of external auditors, as well as the senior management of the Ashur International Investment Bank, the stock market, and representatives of the Central Bank, at least one month ahead.

Board evaluation

38- The Board of Directors, headed by the Chairman of the Board, supervises the annual self-evaluation process, which aims to evaluate the performance of the Board as a whole. An independent and reputable third party shall conduct an evaluation of the Board of Directors and the evaluation of the members individually at least once every three years, unless the Governance Committee recommends otherwise and the Board agrees to the recommendation.

Separation of roles and powers in the board of directors and management

39- Ashur International Bank for Investment has developed a Powers Matrix that clearly defines the duties and responsibilities of the Board, as well as highlighting those responsibilities that have been delegated to the Board's committees. The powers matrix emphasizes the role of the executive management versus the role of the board.

40. The powers matrix specifies that executive management is responsible for managing day-to-day operations and includes all types of routine business decisions assigned to management, except for decisions of a very material or exceptional nature (for example, projects that exceed a specified threshold or other major capital allocations). The Board of Directors is also responsible for providing strategic leadership, risk management, and exercising adequate oversight over senior management.

41. The powers matrix clearly describes the different types of business decisions and at what level they were taken (for example, a general

assembly meeting, board of directors, board committees or senior management), in order to avoid any ambiguity in roles and responsibilities and sharpen the decision-making process.

The framework and tasks of the executive management

42- Framework for Action:

- The executive management consists of high-level employees in the bank headed by the managing director.
- The executive management exercises its powers and performs its responsibilities in accordance with the delegation and decisions issued by the Board of Directors.
- The executive management is responsible to the board of directors for achieving the bank's objectives and operations.
- Board members are not entitled to interfere in the day-to-day operational work of the bank.

Mission:

- Preparing and implementing strategic and operational plans, after being approved by the Board of Directors, ensuring their effectiveness, and submitting proposals for their development or modification.
- Implementation of relevant laws, regulations, instructions, policies, and directives issued by the Board of Directors, with integrity, trust, and responsibility.
- Providing recommendations on making important decisions related to banking operations, including the management of deposits, loans, and investments, and the provision of local and international services in terms of requirements, method of implementation, and continuous upgrading of them.
- Review plans for expansion of new branches and offices and work on their implementation.
- Preparing and developing policies and procedures for all work details and approving them by the Board of Directors.
- Preparing an organizational structure for the bank that includes defining duties and responsibilities and distributing them to organizational formations and defining vertical and horizontal lines of communication. The organizational structure must be approved by the Board of Directors.
- Preparing the necessary annual budgets for the bank and having them approved by the Board of Directors.
- Commitment to the internal control systems to protect the bank's funds and assets, and to

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ensure the good and sound conduct and financial information, and work to implement them.

- Develop appropriate systems for managing risks of all kinds.
- Ensuring that the internal and external supervisory authorities are provided with the reports and information they request and that facilitate the completion of their supervisory and inspection tasks.
- Ensure compliance with international standards in all activities and operations of the bank.
- Submitting periodic reports to the Board of Directors on the progress of the bank's business.
- Maintain adequate and sound records and information systems for all activities and decisions and support them with the necessary documents.
- Discussing and following up the workflow in the bank and proposing solutions.
- Monitoring the financial position of the bank and its realization of appropriate profits, within the framework of the proper exchange between risk and return, and in application of its annual plan.

43- To maintain the independence of the Director of Internal Audit, it must not be part of the executive management. However, the executive management should participate in the relevant discussions as needed.

6- Management and control environment

Risk Management

- 1- The bank's board of directors, in cooperation with the executive management, is responsible for ensuring a strong risk culture in Ashur International Bank for Investment. Risk culture refers to the values, beliefs, knowledge and understanding of risks shared by the leadership and employees of the bank. Thus, there is a shared responsibility between the Board of Directors and the Executive Management to communicate and impose a culture of risk in a way that supports the risk management frameworks and processes in the Bank.
- 2- The Board of Directors will formally review the risk management framework policy and the bank's risk profile (all other risk policies) at least annually or as required by internal and external events. In this regard, the responsibilities of the Board of Directors include, but are not

limited to, the following:

- Developing and defining the bank's comprehensive business strategy.
 - Adopting the risk management strategy and the extent of risk appetite for the bank and reviewing it officially on an annual basis or more if necessary.
 - Approval of the risk appetite, and its translation into risk tolerance – setting acceptable limits for exposure to risk in the various sectors of activities after considering the quality of the bank's current tools and establishing management and control for each type of risk of important activity.
 - Establishing a risk governance structure as part of risk management policies and compliance with relevant legislation.
 - Ensure that risks are identified, measured, monitored, and reported in the bank. As well as reviewing the important risk issues raised by the Board of Directors' committees and setting the appropriate procedures to be taken when there are important risk management issues. As well as receiving and reviewing reports related to exposure to risks, related to the following:
 - a- The nature and level of exposure against the approved limits and the formation of risk profiles and their focus points.
 - b – Controls and procedures to mitigate exposure to risks.
 - c- Deviations, their causes and actions taken.
 - d- The result of identifying risk scenarios, stress tests – management responses to the result, and any other information requested by the Board from time to time.
 - Reviews and agrees to risk policies and procedures to ensure that they are appropriate and effective and that their activities are in line with relevant legislation and their implementation.
 - Reviewing and approving the design and implementation of the Bank's scenario analysis, stress testing and scorecard/performance methodologies.
 - Granting the competent authority to the Board Risk Committee to continuously review the effectiveness of risk management policies and procedures.
 - Ensuring the independence of risk management.
 - Reviewing and approving new products and services.
 - Submit a report to stakeholders on risk management as part of the annual report.
- 3- The details of the powers and responsibilities delegated by the Board of Directors to its Risk Committee are comprehensively described in the Charter of the Risk Committee. However, notable features of this mandate include having the Board Risk Committee responsible for:

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- Ensure the development and implementation of the bank's risk management infrastructure, framework, and policy.
- Dissemination of risk policies to the bank.
- Providing advice to the Board of Directors on the risk strategy and identifying proposals for the extent of risk appetite and the ability to take risks within the internal limits in accordance with the Central Bank of Iraq regulations.
- Monitoring and reporting to the Board of Directors on economic and financial developments and new regulations that affect risk management in the Bank.
- Advise the Council on future risk strategy in view of the current macroeconomic environment.
- Reviewing the effectiveness of risk management, following up on corrective actions, and reviewing important risk issues identified by the Risk Management Committee.
- Reviewing the risk profile of banks, according to the Board of Directors' approval of risks, risk limits and risk trends, at least every three months, through a set of reports prepared by the Risk Management.
- Review risk management policies at least annually and recommend changes, if necessary.
- Continuous supervision and control of the bank's current exposure to risks, risk profile and focus points, and important risk issues.
- Provide high level oversight, design criticism and implementation of bank scenario analysis, stress testing and scorecard/performance methodologies.
- Monitor compliance with the Bank's risk management policies, Central Bank of Iraq regulations and any other external risk management requirements, and the best practices of the Basel Convention.
- Defining and recommending business continuity plans to the Board of Directors.
- Approval of the charters of the Administrative Risk Committee.
- Approval of the appointment of the director of risk management and senior staff of risk management, as well as the regulatory charter for risk management. Also, make sure to assign enough employees, taking into consideration the size and nature of the bank.

- 4- The Board of Directors will also regularly review and approve data, analyzes and transactions related to the Bank's risk management activities.

Internal Audit and Control

- 5- The internal audit function in Ashur International Bank for Investment provides an independent guarantee to the Board of Directors and supports the Board of Directors and senior management in promoting the effective governance process and long-term strategies of the bank.
- 6- To ensure the independence of the audit function and internal control, the director of internal audit reports to the board of directors functionally through the audit committee and submits his reports only to the managing director of Ashur International Investment Bank.
- 7- The Board of Directors approves the annual internal audit plan and evaluates the internal audit performance based on these plans.
- 8- The Board of Directors shall be responsible for supervising the compliance risk management of Ashur International Investment Bank and approving the bank's approach and policies related to compliance.
- 9- The internal control structure of the bank shall be reviewed at least once a year by the internal and external auditors. A report on the compliance function is submitted to the Board of Directors through the Audit Committee.

External Audit

- 10- Regarding the external audit, the Board Audit Committee is responsible for recommending to the Board of Directors the appointment, re-appointment, and rotation of the audit firm and/or the chief official involved in the audits of the bank. The main reporting line for the external auditors is to the Audit Committee of the Board of Directors emanating from the Council. The external auditors meet with the Audit Committee periodically and without the presence of the current administration when presenting the financial results, which require the approval of the Committee. The external auditors also attend the meetings of the General Assembly of the Bank.
- 7- Disclosure and transparency
 - 1- Transparency and accurate disclosure of information in a timely manner are among the most important principles of the Governance Charter. The bank discloses and provides easy access to all data, including the financial position, performance, ownership, and governance structure of the bank through its annual report.

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- 2- In line with its commitment to environmental, social and governance principles, the Board focuses on integrating the disclosures of its environmental, social and governance principles with strategic and financial disclosures. This guidance is taken from the International Finance Corporation's Toolkit for Disclosure and Transparency (2018), in addition to the guidelines of the Corporate Governance Guide for Banks issued by the Central Bank of Iraq 2018. It recognizes that the ESG reports are meaningful and provide insight into the quality of Ashur International Investment Bank's management, including its ability to:
 - Understanding the main priorities of stakeholders.
 - Assessment of risks and opportunities on different time horizons.
 - Develop and implement strategies to achieve multiple goals, financial and non-financial.
 - Managing different interests and priorities from a variety of stakeholders.
- 3- The Board of Directors shall prepare and adopt a policy regarding access to information and making it publicly available on the bank's website, and this takes measures to protect confidential information as specified in its policy regarding information disclosure. It is not permissible to use any information obtained by the bank's employees and members of management bodies for their benefit.
- 4- Ashur International Bank for Investment prepares its financial statements in accordance with International Reporting Standards (IFRS) and in line with the directives of the Central Bank of Iraq as described in the guidelines of the Corporate Governance Guide for Banks 2018, Section VI, Article 22. Detailed notes are accompanied with the financial statements so that users of the data can correctly interpret the financial performance of the bank. As well as management discussion and analysis (MD&A), as well as the opinions of the external auditor complement all financial information.
- 5- The Board of Directors shall be responsible for preparing the sustainability statements and reporting on the environmental, social and governance (ESG) measures adopted by the Board of Directors as part of its overall strategy. These may include, but are not limited to, the directives stipulated by the Central Bank of Iraq, namely:
 - Economic empowerment and financial inclusion of women.

- Supporting human rights.
 - Commitment to reduce carbon emissions.
 - Providing financial inclusion for the socially disadvantaged sector.
 - Preserving the natural / local heritage.
 - Demonstrate best practices in environmental, social and governance management and help build capacity for others to do the same.
- 8- Shareholder and Stakeholder Relationships
 - 1- All shareholders have the right to participate in the governance and profits of the bank. These rights are regulated in the bank's articles of association.

General Assembly

- 2- The Board of Directors, through the Secretary of the Board of Directors, ensures that the preparation for the annual general assembly meeting is carried out in accordance with the requirements of the Central Bank of Iraq set out in the bank's articles of association.
- 3- Every shareholder who has shares has the right to participate and vote during the general assembly meeting, and to obtain at least one-month prior notice of the meeting and the agenda, in addition to accurate and objective information in a timely manner sufficient to make an informed decision regarding the issues to be decided in the general assembly meeting. Shareholders should also be provided with an opportunity to be able to add any items to the agenda of the general assembly meeting.
- 4- Ashur International Investment Bank takes all necessary steps to facilitate the participation of shareholders in the general assembly meeting and voting on the agenda items. It provides easy access to the place of the general assembly meeting for most of the shareholders. The registration procedure should also be convenient and allow quick and easy access to the meeting venue.
- 5- The bank ensures the attendance of all members of the board of directors and the external auditor during the general assembly meeting to answer questions. Each shareholder has the right to speak on the issues listed on the agenda, and issues related to the salary and remuneration of members of the Board of Directors and/or senior management including the managing director and related subsidiary proposals. The chairman of the general assembly meeting manages the meeting professionally, impartially, and promptly.
- 6- Voting is done by ballot. The procedures for counting the votes in the general assembly meeting shall be transparent and exclude the possibility of tampering with the results of the voting. The results of the voting and other related materials are distributed to

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the shareholders, either at the end of the meeting or very shortly after the meeting of the general assembly, as well as made available to the public by publishing them on the bank's website and publishing in the print media in a timely manner.

7- Ashur International Bank for Investment avoids related party transactions wherever possible. When this is not possible, the bank shall disclose all relevant information about the related parties, including information related to the affiliated parties and the affiliation of members of the board of directors and other administrative bodies, in accordance with its related party transactions policy.

Dividend Distribution Policy

Ashur International Bank for Investment follows a written dividend policy that has been formally set by it, which is also announced on its website. This policy:

- Establishes an understandable and predictable transparency mechanism to determine the payment procedure and the number of profits.
- Ensures that the dividend payment procedure is easy and efficient.
- Provide a full and timely payment of the declared dividends.

Appendix:

Conditions for the independence of a member of the Board of Directors as stated in the Corporate Governance Guide for Banks issued by the Central Bank of Iraq 2018 (Section Two, Article 4):

- 1- They shall not be a partner or employee of the bank's external auditor during the three years preceding the date of their election as a member of the Board, and they shall not be related to the partner responsible for the audit process.
- 2- They shall not be a lawyer or a legal advisor to the bank or an auditor for the bank's accounts.
- 3- That they or any company in which they are a member of its board,

owner or major shareholder in it shall not obtain a credit from the bank in excess of (5%) of the bank's capital and shall not be a guarantor of credit from the bank whose value exceeds the same percentage.

- 4- They shall not be a member of the boards of more than five joint stock or public companies in their personal capacity in some of them and as a representative of a legal person in others.
- 5- They shall not be an administrator or employee of another bank or an authorized manager of another bank.
- 6- They must not have been an employee of the bank or one of the parties connected to it during the previous three years.
- 7- They shall not be related to any of the members of the board or the senior management or any of the parties related to them up to the fourth degree.
- 8- They shall not be a major shareholder in the bank or its representative.
- 9- Not to own, directly or indirectly (including the ownership of shareholder family members or related parties) more than 5% of the shares of any company of any kind.

Audit committee report for the year 2021

Based on the provisions of Article (24) of the Banking Law No. (94) of 2004 and based on what is stated in the requirements of the bank's corporate governance, which works to improve the risk management and control system and protect the rights of shareholders and depositors with the bank, we are pleased to present to you our report on the audit results for the year 2021.

- 1- The Committee practiced its work alongside the auditor during the year 2021, and the implementation of all the observations and recommendations contained in his reports in addition to his previous report related to the data of the year 2021 and the reports of the Central Bank of Iraq on the results of the control and audit work that were conducted during the year 2021 was followed up.
- 2- The Committee reviewed the reports issued by the Internal Audit Department of the Ashur Bank, and the recommendations were approved for the comments received and the follow-up of their treatment, as well as the reports of the compliance observer in the bank.
- 3- The Committee emphasizes supporting the expansion of electronic payment operations in general and the settlement of salaries for public sector employees.
- 4- The committee supports the direction of the bank's management in continuing the process of administrative development and operations for the bank's business and the distribution of business in a way that increases the solidity of the internal control system.
- 5- The committee supports the development of written work procedure and the redistribution of powers.
- 6- The accounting procedures for the bank's activities were reviewed and the extent of the bank's commitment to the instructions of the Central Bank of Iraq in terms of providing the accounting data on the required dates and the extent of its commitment to the indicative regulations on credit and anti-money laundering controls in addition to credit and investment activities, so the committee supports all measures taken by accepted by the bank that complies with the instructions of the Central Bank of Iraq and recommends its approval.
- 7- The Committee is following up the activities of the legal department regarding the lawsuits filed by the bank to collect the overdue debts, as the Committee supports all the measures taken and recommends more efforts to collect those debts.
- 8- The annual report for the year 2021, as well as its financial reports and indicators of the bank's performance, were reviewed to ascertain the extent of the bank's commitment in accordance with the requirements of the provisions of the applicable Companies Law and the regulations and instructions issued thereunder and it was found that it effectively and comprehensively reflects the bank's activity during the year mentioned above and its commitment to the provisions of the law.
- 9- The committee worked to follow up on the bank's adoption of the disclosure of the quarterly data in accordance with Standard No. 34, as work was done to issue the quarterly data for the year 2021, audited by the auditors in accordance with international standards, and these data were approved.
- 10- The committee was briefed on the auditor's report, which indicated the bank's activity in detail in terms of the integrity of all its procedures. Therefore, we confirm the integrity of all the measures taken by the bank to protect the rights of its shareholders and that its performance during the year compared to the Iraqi banking sector was good and that the balances appearing in the final budget reflect the solidity of its financial position.



Dr. Bakr Ibrahim Mahmood
Member



Dr. Safwan Qusay Abd Alhalm
Chairman of Board



Dr. Salowan Hafadh Hamed
Member



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