

**Mahmoud Rashid Ibrahim Al-Fahd**

**Chartered accountant & Auditor**

**Member of the Iraqi certified accountant Association**

**No:112/28/2025**

**Date:15/April/2025**

**To Messrs : Shareholders of Al-Ansari Islamic Bank for Investment and Finance (P.S.C)**

**Auditor's report**

**Opinion...**

We have audited the attached financial statements of Al Ansari Islamic Bank for Investment and Finance (a private joint stock company), which consist of the statement of financial position as of December 31, 2024, and the statements of income and other comprehensive income, cash flows, and changes in equity for the year ending on that date, and the clarifications. About the financial statements, including a summary of the most important accounting policies.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position as of December 31, 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Basis of Opinion**

The audit process was conducted in accordance with international auditing standards. Our responsibility under these standards is more detailed in the auditors' responsibilities regarding auditing the financial statements contained in this report. We are independent from the bank in accordance with the Code of Ethics for Professional Accountants issued by the International Ethical Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key audit matters**

The key audit matters are those matters that, according to our professional judgment, were the most material during the audit of the financial statements for the year ending December 31, 2024. They were studied within the scope of the audit of the financial statements as a whole, in order to express our opinion on these statements, and we do not express a separate opinion on them. For each of these situations described below, details have been provided of how they were addressed in the audit process in that context.

We have fulfilled our responsibilities mentioned in the auditors' responsibilities section regarding auditing the financial statements contained in our report, in addition to all matters related thereto. Accordingly, our audit includes performing 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 to address the cases referred to below, provide the basis for our audit opinion on the accompanying financial statements.

### **We have the following clarifications and observations:**

#### **First: Applying international accounting standards**

Al Ansari Islamic Bank has implemented international accounting standards for the eighth year in a row.

1. As for Islamic financing instruments, the relevant controls have been applied, guided by the standards of the Accounting and Auditing Organization for Islamic Financial Institutions contained in the book of the Central Bank of Iraq 9/3/289 dated 1/8/2018.
2. The bank did not apply the International Accounting Standard IAS 36 (Impairment of Assets) during the year subject to the audit.

#### **3. International Financial Reporting Standard IFRS 9:**

The bank applied International Financial Reporting Standard No. 9 IFRS, and the required allocations were calculated to meet the changes occurring in expected credit losses (for Islamic cash financing, investments, and pledged credit), guided by the directives of the Central Bank of Iraq contained in its letter 9/6/466 on 26/12/2018, and the results of the application were Compliant with the requirements of the aforementioned standard, and the result of the calculation was as shown in Note No. (4), Paragraph (A) of the notes attached to the financial statements.

**Second: cash:**

The cash balance amounted to (2,745,515,056) dinars as of December 31, 2024, while it was (67,572,954,371) dinars as of December 31, 2023, and we have the following on that:

1-The cash balance in the bank's treasury amounted to (1,286,455,347) dinars on December 31, 2024 according to the records, while it was (30,248,728,384) dinars on December 31, 2023, which is identical to the inventory results.

2- The cash balance at the Central Bank of Iraq on December 31, 2024 amounted to (1,286,455,347) dinars, while it was (35,372,282,199) dinars on December 31, 2023, which is identical to the statements of the Central Bank of Iraq.

3- The cash balance in local banks reached (830,701,210) dinars on December 31, 2024, while it was (1,946,277,450) dinars on December 31, 2023, An allowance for expected credit losses was taken for this account based on international standards in the amount of (91,490) dinars, and thus the final balance as of December 31, 2024 becomes (830,609,720) dinars.

4- The balance of current accounts in banks and foreign institutions did not change, as it amounted to (5,781,978) dinars on December 31, 2024, which is the same balance as the previous year. A provision for expected credit losses was taken for this account based on international standards in the amount of (115,640) dinars, and thus the balance appearing in the financial statements becomes (5,666,338) dinars.

5- The ratio of cash in foreign banks to capital and reserves reached (0.0024%) as of December 31, 2024.

6- The bank relied on SWIFT to match its current balances with the foreign banks mentioned in paragraph (4).

7- The legal liquidity ratio as of December 31, 2024 reached (21%), noting that the bank did prepare a contingency plan to confront any possible circumstance that the bank may face in the future.

### **Third: Investments:**

The balance of investments as of 31/12/2024 amounted to (1,300,000,000) dinars compared to the previous year, which amounted to (174,977,500,209) dinars, a decrease of (173,677,500,209). We have the following on this: -

1. During the year 2021, the bank purchased shares in the Iraqi Middle East Bank in the amount of (64,325,000,000) shares at a total cost of (173,677,500,000) dinars, representing (25.73%) of the capital of the Iraqi Middle East Investment Bank. The approval of the Central Bank of Iraq was obtained for the purchase process pursuant to its letter No. 3/9/16110 dated 18/8/2023, The letter of the Central Bank of Iraq included not receiving any profits achieved from loan revenues or any revenues resulting from usurious commercial banking operations achieved by the bank invested in, but only profits resulting within the provisions of Islamic Sharia. During the year 2024, the bank sold the shares of the Middle East Bank amounting to (64,325,000,000) shares at a price of (2.700) dinars per share, for a total amount of (173,677,500,000) dinars.
2. The amount of (550,000,000) dinars represents a long-term investment in the capital of the National Takaful Company, and the amount of (750,000,000) dinars represents a long-term investment in the capital of the Iraqi Deposit Insurance Company.

### **Fourth: Islamic financing:**

1. The balance of Islamic financing as of December 31, 2024 amounted to (441,375,702,876) dinars compared to (190,817,203,372) dinars as of December 31, 2023, an increase of (250,558,499,504) dinars and an increase rate of (131%). The reason for this increase is the sale of shares of Middle East Bank and investing the amounts resulting from the sale of shares by granting them Islamic financing.
2. The balance of Islamic financing amounting to (441,375,702,876) dinars represents an amount of (250,947,229,487) dinars of Islamic financing granted by the bank and an amount of (190,428,473,389) dinars of Islamic financing granted through the Central Bank of Iraq initiative.
3. The total Islamic financing/Murabaha granted to the largest (20) borrowers amounted to (215,288,897,288) dinars, representing 51% of the volume of Islamic financing/Murabaha granted on the date of the financial statements, noting that the guarantees obtained for these aforementioned financings are a bond and a bill of exchange, and the highest financing/Murabaha granted amounted to (25,768,715,610) dinars.
4. The balance of the Islamic financing provision as of December 31, 2024 amounted to (7,374,666,592) dinars, while in the previous year it was (89,141,105) dinars. We believe that the provision is insufficient because the obtained guarantees are a bond and a bill of exchange, which are considered weak guarantees.

5. Pursuant to Finance Department Memorandum No. 8000/22 dated February 4, 2025, we were informed that the bank would not grant Islamic financing to persons related to the bank until December 31, 2024.

6. The balance of Islamic financing amounting to (441,375,702,876) dinars is separated into the following:

- An amount of (190,000,000,000) dinars for long-term corporate participation.
- An amount of (25,974,173,746) dinars in Murabaha financing for companies.
- An amount of (225,401,529,130) dinars in Murabaha financing for individuals.

**Fifth: Pledged credit:**

1- The pledged credit balance as of December 31, 2024 amounted to (2,651,996,160) dinars, while in the previous year it was (2,701,996,160) dinars, and we have the following on that:

- The balance of letters of guarantee as of December 31, 2024 amounted to (2,651,996,160) dinars, and the cash deposits obtained on it amounted to (1,988,997,120) dinars, at a rate of 75%.

2- The balance of the pledged credit provision on December 31, 2024 amounted to (13,259,981) dinars, calculated in accordance with the International Financial Reporting Standard IFRS 9.

3- We recommend the need for the bank to expand and work in the field of letters of guarantee to ensure that the bank's products are diverse and that its work is not concentrated in limited products, since it has a major role in increasing the results of the bank's activity.

**Sixth: Other assets (debtors):**

The balance of other assets on December 31, 2024 amounted to (622,519,278) dinars, compared to (823,799,009) dinars on December 31, 2023, a decrease of (201,279,731) dinars. The percentage of other assets for the year 2024 amounted to (0.13%) of the total assets.

**Seventh: Long-term loans:**

The balance of long-term loans on December 31, 2024 amounted to (191,061,091,223) dinars, compared to (191,595,321,667) dinars at the end of the previous year. It represents the balance of the Central Bank of Iraq loan / for the purpose of financing and supporting small, medium and large projects, with a decrease of (534,230,444) dinars.

**Eighth: Depositors' accounts:**

The balance of depositors' accounts as of December 31, 2024 amounted to (254,889,351) dinars, while in the previous year it was (153,326,078) dinars, an increase of (101,563,273) dinars. We recommend that the bank continue to find ways and plans to attract deposits, which are considered the main source of the bank's operations.

**Ninth: Currency Auction Window:**

The Central Bank of Iraq issued, in its letter No. 9/2/446 dated 6/11/2022, a decision to stop the bank's dealings in US dollars and to stop the bank's purchases from the foreign currency auction window.

**Tenth: Results of the bank's activity:**

During the year, the bank incurred a loss of (2,880,464,192) dinars as of December 31, 2024. Below is a comparative table of the bank's activity results:

The details	2024 dinars	2023 dinars	The change/dinars	rate the change
Fee and commission income (net)	207,914,976	30,837,199	177,077,777	85%
Income from foreign exchange differences	-	-	-	-
Income and commissions from banking operations (net)	831,059,498	853,003,687	(21,944,189)	%3
Revenue from buying and selling currencies (currency auction window)	-	-	-	-
<b>Total revenue</b>	<b>1,038,974,474</b>	<b>883,840,886</b>	<b>155,133,588</b>	<b>%0.03</b>
Salaries, wages and benefits for employees	1,020,617,832	1,106,978,041	(86,360,209)	%0.007
General and administrative expenses	1,238,978,037	2,274,335,478	(1,035,357,441)	%45
Depreciation and amortization	194,982,043	187,699,229	7,282,814	%4
<b>Total operating expenses</b>	<b>2,454,577,912</b>	<b>3,569,012,748</b>	<b>(1,114,434,836)</b>	<b>%31</b>
<b>Net income from operating activities</b>	<b>(1,415,603,438)</b>	<b>(2,685,171,862)</b>	<b>1,269,568,424</b>	<b>%47</b>
Add: other revenues	58,853,996	45,333,744	13,520,252	%23
Reduced: Transfer and other expenses	1,523,714,750	242,911,750	1,280,803,000	%84
<b>profit (Loss) for the year before tax</b>	<b>(2,880,464,192)</b>	<b>(2,882,749,868)</b>	<b>2,285,676</b>	<b>%0.0007</b>
Income tax	-	-	-	-
<b>Net income after tax</b>	<b>(2,880,464,192)</b>	<b>(2,882,749,868)</b>	<b>2,285,676</b>	<b>%0.0007</b>

### **Eleventh: Sharia Compliance and Compliance Monitoring Department**

A. The Compliance Monitor's reports for the year subject to the audit were reviewed and were prepared in accordance with the instructions of the Central Bank of Iraq. They included:

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

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

C. The department continuously monitors on a daily basis to determine the extent to which all departments and branches of the bank comply with the laws and instructions issued by the regulatory authorities and the Central Bank of Iraq.

D. The bank updates customers' data via the KYC form in cooperation with the bank's Money Laundering Reporting Department in order to determine the extent of the bank's compliance with Money Laundering Law No. 39 of 2015, as well as applying due diligence, as the bank's policy was adopted for the Compliance Department's approval of the KYC current account opening form.

E. There were no material events or misstatements that occurred during the year.

### **Twelve: Money Laundering and Terrorist Financing Reporting Section:**

1- The bank has taken adequate measures to prevent money laundering and terrorist financing, and these measures are being implemented in accordance with the provisions of the Money Laundering and Terrorist Financing Law No. 39 of 2015 and the regulations and instructions issued by the Central Bank of Iraq. We have reviewed the reports of the Money Laundering and Terrorist Financing Reporting Department sent to the Central Bank of Iraq. It was prepared in accordance with the law and instructions issued by the Central Bank of Iraq. When inquired from the Money Laundering Department regarding the nature of the section in accordance with our memorandum, the department responded to it in accordance with its memorandum No. 1102/17, dated 4/2/2025, as follows:

A. The bank has electronic systems specialized in money laundering and terrorist financing, which are:

- The Anti-Money Laundering and Terrorist Financing (AML) system is equipped by Capital Bank Solutions, which has been activated and implemented in the final actual version since 20/12/2018.
- The World Check system, provided by Refinitiv, contains a set of international urban lists, including the PEPs list.

- The bank's system (Orion), which was provided by Capital Bank Solutions and has been activated since the beginning of the bank's work, contains a set of international lists (ofac, ce, hm, un), local lists, and funds freezing lists.

- The core banking system from Capital Bank Solutions has been linked directly with the anti-money laundering (AML) system, as customer information is imported from within the banking system.

B. The bank relied on the scenarios prepared in accordance with the mechanism established by the Anti-Money Laundering and Combating the Financing of Terrorism Office in accordance with Letter No. 2/1/T H/ Generalization/No. 2 dated 17/6/2019, and they were fully activated, and work is underway to complete the implementation of the scenarios sent by the Central Bank of Iraq by the company that provided the system in coordination with the Information Systems Department.

C. The black lists are updated automatically every (12) hours, in addition to the local lists and the lists of the Terrorist Freezing Committee, which are manually included by the Money Laundering and Terrorist Financing Department according to the official letters received by the bank.

D. The Anti-Money Laundering (AML) system classifies customers according to risks, as customer information is imported from the banking system as follow:

- Individual/corporate customer: (nature of customer/company, activity, nature of residence, source of funds, type of service, area of activity) and exporting it to the anti-money laundering system, then analyzing this data and determining the degree of risk (low/medium/high/very high). It is effective from the date of activating the system at our bank, as well as issuing alerts on banking operations of customers that take place within the banking system.

E. The department also stated that there was no suspicious activity in the bank.

2- A guide was prepared for the policies and procedures of the Money Laundering and Terrorist Financing Section, which included:

- Stages of the money laundering process.
- The importance of combating money laundering and terrorist financing.
- The responsibility of the Director of the Money Laundering and Terrorist Financing Reporting Department.
- The responsibility that falls on the money laundering and terrorist financing reporting department in the bank.
- Penalties incurred by the bank.
- Know your customer (KYC) principle.
- Due diligence work procedures.

### **Thirteen: Corporate Governance:**

Based on the corporate governance guide issued by the Central Bank for the year 2018, the bank implements corporate governance to the fullest extent, through the committees formed by the bank, which number (22), divided between the committees emanating from the Board of Directors and the committees emanating from the executive management.

A - The bank prepared a governance guide in accordance with the instructions of the Central Bank of Iraq, and the principles of governance were adhered to and the tasks of the Board of Directors were separated from the tasks of executive management.

B - The bank contracted with KPMG to help the bank prepare policies, plans and strategies that are fully consistent with the scorecard for environmental, social and governance standards.

C - The executive management and the Board of Directors are committed to implementing corporate governance instructions through disclosure of annual reports and governance reports.

D - The bank is committed to the qualitative requirements contained within Article 23 of the Governance Manual issued by the Central Bank of Iraq, as the annual reports include disclosure of the results of operations and the financial position of the bank.

E- Based on the Anti-Money Laundering and Terrorism Financing Law No. (39) of 2015, Customer Due Diligence Instructions for Financial Institutions No. (1) of 2017, and the Financial Supervision Instructions of the Central Bank of Iraq No. 9/1/306 dated 19/6/2016, the bank follows up with both the Sharia Compliance and Compliance Monitoring Department and the Terrorism Laundering and Financing Reporting Department to ensure the periodic updating of all customer data, especially the account opening form and the .Know Your Customer (KYC) form

### **Fourteen: Legal cases**

The bank confirmed to us in its letter No. 5000/36 dated 20/2/2025 that there are (2) legal lawsuits filed by the bank against third parties in the amount of (2,668,177) dinars, settled in favor of the bank, while there are no lawsuits filed by third parties against the bank.

### **fifteen: Capital adequacy:**

The capital adequacy ratio reached (112.2%) as of December 31, 2024, which is higher than the ratio specified by the Banking Law, which amounts to 12.5%.

**sixteen: Internal Sharia Control and Audit Department:**

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

B- The reports of the Internal Control Department were reviewed, as the department divides the year into four quarters, each quarter being (3) months, and a report is prepared for each quarter specifying the result of the department's work during the quarter, the volume of operations covered, their degree of risk, and the corrective measures for these risks.

C- The activity of the Internal Control Department included auditing the work of the following departments:

- Risk department.
- Financial operations.
- Credit department.
- Banking Awareness Department.
- Payment department.
- Department of Information Technology.
- Bank branch operations.

D- Support the above-mentioned section with your letter No. 9000/7 dated 3/2/2025 on the following paragraphs:

- There is no risk of material misstatement due to fraud or error.
- The number of employees in the Internal Audit Department reached only two in 2024.
- The number of training courses reached 2 during the year 2024 for the Internal Audit Department staff.

E - We reviewed the annual plan of the Internal Sharia Control and Audit Department and the reports prepared by the department submitted to us during the year subject to the audit: -

- The department updated the annual plan according to the Central Bank's regulations regarding proper procedures to prevent fraud and embezzlement.
- Preparing a manual for internal audit policies and procedures.
- Preparing internal audit programs for major operations.
- Preparing a methodology for work to identify, classify, and evaluate risks, the effects of these risks, and the likelihood of these risks occurring, then preparing a summary of these risks, their degree of severity, and a description of them.

F-The number of employees in the department is (2), represented by the department manager and the assistant manager, as this number is small and insufficient to cover all the audit requirements of the bank.

G - The educational qualifications of the department's employees are:

- The department manager is a graduate of the Faculty of Engineering, Department of Control and Systems, University of Technology.

- Assistant Department Director, a graduate of the University of Technology, Department of Applied Sciences.

Taking into account some training courses on banking systems, computers, etc.

**Seventeen: Department of Information Systems**

The Information Systems Department confirmed to us in letter No. 10000/12 dated 4/2/2025 that there are no changes to the banking system for the year 2024.

**Eighteen: Risk Management Department:**

A. The Risk Department confirmed to us in its letter No. 1103/9 dated 3/2/2025 that there is no information likely to help identify the risks of material misstatement that causes fraud and error.

B. There are currently weak operational and regulatory risks, but they do not affect the bank's workflow or financial reporting.

C. No unexpected transactions or events occurred within the bank during 2024. The only external event in Iraq was the instability of the Iraqi dinar against the US dollar, which impacted market and banking transactions, caused external and market risks for Iraqi banks as a whole, and led to customers' reluctance to make cash deposits in banks.

**Nineteen: Continuity Hypothesis:**

From paragraph ten (result of the bank's activity) there is a deficit in revenues and the bank's activity has stopped dealing in the US dollar and there is no diversity in banking activity and the bank's activity in the field of customer deposits, this may lead to the bank's inability to continue in the foreseeable future and accordingly we recommend taking the necessary measures to solve these problems.

**According to what is recorded in the bank's records and the explanations given to us:**

1- That the computerized system used by the bank was consistent with the requirements of the bookkeeping system and included, at our discretion, the recording of all the bank's assets, liabilities, expenses and revenues, and that the internal control system included procedures that ensure the validity and accuracy of this data to a degree commensurate with the size of the bank's activity.

2- The process of inventorying fixed and cash assets was carried out by the bank's management and under our supervision, as stated in the second clarification (Cash), and it was identical to the auxiliary records and the evaluation was carried out in accordance with the approved foundations, and principles, as the historical cost was adopted.

3- The financial statements have been organized in accordance with international accounting standards and in accordance with the special controls contained in the book of the Central Bank of Iraq 9/3/289 dated 1/8/2018 (Standards of the Accounting and Auditing Organization for Islamic Institutions) with regard to Islamic financing and in accordance with applicable legislation, and they are consistent with what The records show that it is organized in accordance with the Companies Law No. 21 of 1997 as amended, the Banking

Law No. 94 of 2014, the Islamic Banking Law No. 43 of 2015, and the applicable regulations and instructions.

4- The annual report of the bank's management is prepared in accordance with the provisions of Companies Law No. (21) of 1997 as amended and does not include anything that contravenes the provisions of applicable laws and legislation.

**Other information contained in the bank's annual report for the year 2024:**

The other information contained in the bank's annual report for the year 2024, other than the financial statements, is the responsibility of the Board of Directors, and we obtained the data contained in the annual report before the date of this report.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or appears to be inconsistent with the financial statements or our knowledge obtained in the audit. Incorrect material information. If, based on the work we have performed on other information we obtained prior to the date of the audit report, we conclude that it contains material misstatement, we are required to disclose that fact. We did not notice anything that should be disclosed in this regard.

**Board of Directors' responsibilities regarding the financial statements**

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

When preparing the financial statements, the Board of Directors is responsible for evaluating the bank's ability to operate as a going concern, and disclosing, where possible, matters related to the going concern principle, including the use of the accounting continuity principle when preparing the financial statements, unless the Board of Directors intends to liquidate the bank. Or stop its operations or there is no other protective alternative but to do so.

### **Auditors' responsibilities regarding auditing 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 audit report that includes our opinion. Reasonable assurance is a high-level assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect material misstatement when it exists.

Misstatements can occur as a result of fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users of these financial statements.

As part of the audit process in accordance with International Auditing Standards, we exercise professional diligence and maintain professional skepticism at all stages of the audit, and we also do the following:

- 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 greater than that resulting from error, as fraud may involve collusion, forgery, authorized omission, misrepresentation, or the override of internal control.
- We obtained an understanding of the internal control system 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 system.
- Evaluate the appropriateness of accounting policies followed and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Ensure the appropriateness of the Board of Directors' use of the continuity principle in accounting, and based on the audit evidence obtained, whether there is a fundamental uncertainty related to events or circumstances that may cast fundamental doubts about the bank's ability to continue as a going concern. If we reach a conclusion that there is a material matter, we must refer in the audit report to the relevant disclosures in the financial statements or modify our opinion if these disclosures are insufficient. Our conclusions are based on the audit evidence we obtained up to the date of the audit report. However, future events or circumstances may lead to the Bank not continuing to operate as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures therein and whether the financial statements represent transactions and events that achieve fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information about the company to express an opinion on the financial statements. We are responsible for the direction, supervision and completion of the audit of the bank and we alone are responsible for our audit opinion.

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

We also provide the Audit Committee with evidence of our commitment to ethical requirements related to independence, and we inform it of all relationships and other matters that affect our independence and what would preserve this independence.

From those matters communicated with the Audit Committee, we determine the most important matters in the audit of the financial statements for the current year, which represent the main audit matters. We provide clarification regarding these matters in the audit report unless laws or regulations prohibit disclosure of that matter, or in very rare cases in which it is not disclosed in our report as the expected negative effects of disclosure may outweigh the public benefit resulting from it.

  
**Mahmoud Rashid Ibrahim Al-Fahd**

**Chartered accountant & Auditor**

**Member of the Iraqi certified accountant Association**



**Al-Ansari Islamic Bank for Investment and Finance (P.S.C)**

**Statement of financial position**

**As on 31 December 2024**

	2024 IQ dinar	2023 IQ dinar
<b>Assets</b>		
Cash and balances with the Central Bank of Iraq	1,909,238,998	65,621,010,583
Balances with banks and other financial institutions	836,276,058	1,951,943,788
Islamic financing / Murabaha net	434,001,036,284	190,728,062,267
Long-term financial investments	-	165,713,368,443
Financial investments at fair value/not listed on the market	1,300,000,000	1,300,000,000
<b>Total investments</b>	<b>1,300,000,000</b>	<b>167,013,368,443</b>
Property and equipment (net)	8,897,939,570	9,131,704,613
Projects under implementation	137,907,320	137,907,320
Other assets	622,519,278	823,799,009
<b>Total assets</b>	<b>447,704,917,508</b>	<b>435,407,796,023</b>
<b>Liabilities and Shareholders' Equity</b>		
Depositors accounts	254,889,351	153,326,078
cash insurance	1,988,997,120	405,299,424
Income tax provision	-	-
Various customization	1,563,933,578	852,968,241
Central bank of Iraq loan	191,061,091,223	191,595,321,667
Other Liabilities	13,833,164,097	459,579,316
<b>Total Liabilities</b>	<b>208,702,075,369</b>	<b>193,466,494,726</b>
<b>Shareholders' Equity</b>		
paid Capital	250,000,000,000	250,000,000,000
mandatory reserve	51,536,137	51,536,137
other reserves	640,976,461	640,976,461
Retained earnings	-	11,058,236
Accumulated deficit	(11,689,670,459)	(8,762,269,537)
<b>Total Shareholders' Equity</b>	<b>239,002,842,139</b>	<b>241,941,301,297</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>447,704,917,508</b>	<b>435,407,796,023</b>
Off-balance sheet accounts	662,999,040	2,296,696,736



Suhad Hassan sulaiman

Janan Muhammad Baqir  
Muhammad Ali  
A/25601

Kulood sadam gueiaad

Ahmed jar allah abd alkarim

Chief financial officer

Accountant

Deputy Managing Director

Chairman of Board of Directors

In compliance with our report no 112/28/2025 dated at 15/April/2025

Mahmoud Rashid Ibrahim Al-Fahd  
Chartered accountant & Auditor  
Member of the Iraqi certified accountant Association



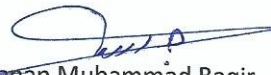
**Al-Ansari Islamic Bank for Investment and Finance (P.S.C)**

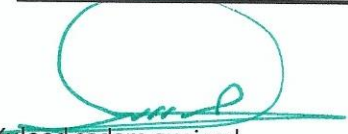
**Income Statement**

**As on 31 December 2023**

	2024 IQ dinar	2023 IQ dinar
<b><u>operating income</u></b>		
Revenue and commission income (net)	207,914,976	30,837,199
Revenue from foreign exchange differences	-	-
Revenues and commissions of banking operations(net)	831,059,498	853,003,687
Revenue from buying and selling currencies (currency window)	-	-
<b>Total revenue from ongoing operations</b>	<b>1,038,974,474</b>	<b>883,840,886</b>
<b><u>operating Expenses</u></b>		
Employees salaries	1,020,617,832	1,106,978,041
General and administrative expenses	1,238,978,037	2,274,335,478
depreciations	194,982,043	187,699,229
<b>Total operating Expenses</b>	<b>2,454,577,912</b>	<b>3,569,012,748</b>
<b>Net income from operating activities</b>	<b>(1,415,603,438)</b>	<b>(2,685,171,862)</b>
Other Revenue	58,853,996	45,333,744
<b>deducted :Transfer expenses and other expenses</b>	<b>1,523,714,750</b>	<b>242,911,750</b>
<b>(loss) Profit for the year before tax</b>	<b>(2,880,464,192)</b>	<b>(2,882,749,868)</b>
Income tax	-	-
net income after tax	(2,880,464,192)	(2,882,749,868)
other comprehensive income items for the year	-	-
<b>Total other comprehensive income for the year</b>	<b>(2,880,464,192)</b>	<b>(2,882,749,868)</b>

  
Suhad Hassan sulaiman  
Chief financial officer

  
Janan Muhammad Baqir  
Muhammad Ali  
A/25601  
Accountant

  
Kulood sadam gueiaad  
Deputy Managing Director



**Al-Ansari Islamic Bank for Investment and Finance (P.S.C)**

**Other comprehensive income statement**

**As on 31 December 2024**

	2024 IQ dinar	2023 IQ dinar
net profit (loss) for the year	(2,880,464,192)	(2,882,749,868)
Other comprehensive income that may be approved in the income statement in subsequent periods	-	-
<b>Net loss of financial assets at fair value through other comprehensive income</b>	-	-
<b>Total other comprehensive income items</b>	-	-
The total profit (loss) of other comprehensive income for the year	<u>(2,880,464,192)</u>	<u>(2,882,749,868)</u>

**Al-Ansari Islamic Bank for Investment and Finance (P.S.C)**

**Statement of shareholders equity for the year ended**

**As on 31 December 2024**

**2024**

	paid Capital IQ dinar	Legal reserve IQ dinar	other reserves IQ dinar	retained earnings IQ dinar	accumulated deficit IQ dinar	Total Shareholders' Equity IQ dinar
Balance as on January 1, 2024	250,000,000,000	51,536,137	640,976,461	11,058,236	(8,762,269,537)	241,941,301,297
Total comprehensive income for the year	-	-	-	-	(2,880,464,192)	(2,880,464,192)
deduction during the year	-	-	-	(11,058,236)	-	(11,058,236)
<b>adjustment during the year</b>	-	-	-	-	(46,936,730)	(46,936,730)
Balance as on 31 December , 2024	250,000,000,000	51,536,137	640,976,461	-	(11,689,670,459)	239,002,842,139

• The deductions represent an amount of (11,058,236) dinars allocated for investments/financial sector, which were transferred from the retained earnings account.

• The settlement amount represents (46,936,730) dinars of direct withholding tax for previous years.

**Al-Ansari Islamic Bank for Investment and Finance (P.S.C)**

**Statement of shareholders equity for the year ended**

**As on 31 December 2024**

**2023**

	paid Capital IQ dinar	Legal reserve IQ dinar	other reserves IQ dinar	retained earnings IQ dinar	accumulated deficit IQ dinar	Total Shareholders' Equity IQ dinar
Balance as on January 1, 2023	250,000,000,000	51,536,137	640,976,461	978,452,087	(6,821,001,835)	244,849,962,850
Total comprehensive income for the year	-	-	-	-	(2,882,749,868)	(2,882,749,868)
deduction during the year	-	-	-	(941,482,166)	941,482,166	-
<b>adjustment during the year</b>	-	-	-	(25,911,685)	-	(25,911,000)
Balance as on 31 December , 2023	250,000,000,000	51,536,137	640,976,461	11,058,236	(8,762,269,537)	241,941,301,297

**Al-Ansari Islamic Bank for Investment and Finance (P.S.C)****Statement of Cash Flows****As on 31 December 2024**

	2024 IQ dinar	2023 IQ dinar
<b>operational activities</b>		
(loss) Profit for the year before tax	(2,880,464,192)	(2,882,749,868)
<b><u>Items adjustments for non-monetary</u></b>		
Depreciation and amortization	194,982,043	187,699,229
Provision for impairment of Islamic financing	-	-
Various provisions	710,965,337	721,579,174
Provision for undertaking obligations	-	-
Risk of expected credit losses	-	-
Associate Service Compensation Allowance	-	125,620,071
<b>Cash flow used in operating activities before changes in assets and liabilities</b>	<b>(1,974,516,812)</b>	<b>(1,847,851,394)</b>
<b><u>Change in assets and liabilities</u></b>		
Islamic financing, net	(243,272,974,017)	(267,743,490)
other assets	201,279,731	2,994,012,631
Customer deposit	101,563,273	(779,881,026)
cash insurance	1,583,697,696	397,799,424
Other liabilities	13,373,584,781	(197,291,234)
<b>Net cash flow from operating activities before tax</b>	<b>(228,012,848,536)</b>	<b>299,044,911</b>
tax paid	-	(80,135,000)
<b>Net cash flow from operating activities</b>	<b>(228,012,848,536)</b>	<b>218,909,911</b>
<b><u>investment activities</u></b>		
property and equipment	38,783,000	(240,951,000)
Projects under construction	-	(41,983,300)
net investment	165,713,368,443	-
Adjustments to reserves	(57,994,966)	-
<b>Net cash flow from investment activities</b>	<b>165,694,156,477</b>	<b>(282,934,300)</b>
<b><u>Cash flow from financing activities</u></b>		
Central Bank of Iraq loan	(534,230,444)	(735,135,333)
<b>net cash flow from financing activities</b>	<b>165,159,926,033</b>	<b>(735,135,333)</b>
<b>The net increase (decrease) in cash and its equivalent</b>	<b>(64,827,439,315)</b>	<b>(799,159,722)</b>
Cash and its equivalent at the beginning of the year	67,572,954,371	68,372,229,733
<b>Cash and its equivalent at the end of the year</b>	<b>2,745,515,056</b>	<b>67,573,070,011</b>

# Auditor Report

**Mahmoud Rashid Ibrahim Al-Fahd**  
**Chartered accountant & Auditor**  
**Member of the Iraqi certified accountant Association**