



(Translation from Arabic to English)

Ahmed Al-Juboori & Partners Company  
Accounts Control and Auditing / Cooperative  
Members of the Iraqi Society of Certified Public Accountants Accounts

All our Translations are attached  
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and white embossed seal

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The Translation is accurate  
The Translator is competent,  
Legal & Licensed to translate

## Al-Taif Islamic Bank for Investment and Finance (JSC) – Baghdad

### Financial Statements for Financial Year Ending on 31/ December/ 2024

*Wathiq Hindo*

TRANSLATED BY: Wathiq Hindo  
Date: 12 OCT 2025  
**WATHIQ A. HINDO**

Sworn Translator  
License Number: 192 Since 1979  
**NADIR Bureau for Translation**  
Masbah Road, Baghdad, Iraq, Tel. 07901450493

وائق هندو  
مترجم قانوني مجاز  
رقم الهوية ٨١/ خ / ٨١ من وزارة العدل  
عضو جمعية المترجمين العراقيين  
رقم الهوية ١٩٢ في ١٩٧٩/١/٢٩  
العنوان: مكتب نادر للترجمة - المسيج  
بغداد هاتف ٠٧٩٠١٤٥٠٤٩٣



I, the above signed, authorized translator, hereby certify that the above is an accurate translation of the attached photocopied Document, and that I am competent in both Arabic and English to render such translation.  
NADIR BUREAU FOR CERTIFIED LEGAL TRANSLATION  
Masbah Road –Hay Al-Karrada Sec.903/ St.34 /Building 25/ Baghdad/Iraq  
/Tel.: 07901450493 –07709880952- / E-mail: [naderbureau@gmail.com](mailto:naderbureau@gmail.com)

اني الموقع اعلاه مترجم مخول ، اشهد بهذا بان المذكور اعلاه هي ترجمة صحيحة للوثيقة المترجمة المصورة و المرفقة طياً واني متمكن في كلا اللغتين العربية و الانكليزية لتقديم مثل هذه الترجمة .  
مكتب نادر للترجمة القانونية المصدقة  
طريق المسيج - حي الكرادة محلة ٩٠٣ / زقاق ٣٤ / مبنى ٢٥ / بغداد - العراق  
naderbureau@gmail.com هاتف ٠٧٩٠١٤٥٠٤٩٣ - ٠٧٧٠٩٨٨٠٩٥٢ / البريد الالكتروني

For the contents of the annexed document this bureau assumes no responsibility

NADIR BUREAU

بإستثناء صحة الترجمة فان  
المكتب غير مسؤول عن محتويات  
هذه الوثيقة

مكتب نادر

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with RED WAXON tape  
and while embossed seal

Handwritten signature

Handwritten notes in Arabic script, including a date: ٢٠٠٧/١٠/١٥

TRANSLATED BY: WATHIQ A. HINDO  
Date: 15 OCT 2007

Sworn Translator  
License Number: 102 Since 1976  
NADIR Bureau for Translation  
Washin Road, Baghdad, Iraq Tel: 0780148000



**Al-Taif Islamic Bank for Investment and Finance (JSC) – Baghdad**  
**Report of the the Auditor and the financial Statements and their Clarifications**  
**For year ended 31/December/2024**

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**Consolidated Financial Statements**

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No.: 159/2025  
Date: 29/6/2025

Ahmed Al-Juboori & Partners Company  
RSM International Correspondent  
Al-Harhiya – Al-Kindy Street  
P.O. Box 55024 / Baghdad – Iraq  
Mob: +9647901857094  
[acc.firm@aljuboori.net](mailto:acc.firm@aljuboori.net)  
[www.aljuboori.net](http://www.aljuboori.net)

**To the Esteemed Shareholders of  
Al-Taif Islamic Bank for Investment and Finance (JSC) - Baghdad**

**Sub. / Report of the Independent Auditor of the financial Statement Auditing**

**Opinion**

We have audited the financial statements of Al-Taif Islamic Bank for Investment and Finance (JSC) – Baghdad, which comprise the statement of financial position as on 31/December/ 2024, and the statements of income, other comprehensive income, changes in shareholders' equity, and cash flows for the year ended on that date, as well as the attached clarifications to the financial statements, including a summary of significant accounting policies.

In our opinion, the attached financial statements fairly present, in all material respects, the financial position of the Bank as on 31December/ 2024, and its financial performance and cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards adopted by the Central Bank of Iraq and the local standards applicable in Iraq.

**Basis for Opinion**

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are further described in the section "Auditor's Responsibilities for the Audit of the Financial Statements" in our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, including the International Independence Standards (the Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters. The audit procedures related to each of the matters referred to below have been described accordingly.



We have performed the tasks outlined in the section "Auditor's Responsibilities for the Audit of the Financial Statements," along with all related matters. Accordingly, our audit includes the implementation of procedures designed to respond to our assessment of the risks of material misstatement in the financial statements. The results of our audit procedures, including those related to the matters addressed below, provide a basis for our opinion on the attached financial statements.

### **Expected Credit Losses in Accordance with IFRS 9**

This matter is considered significant in the audit process, as its calculation requires assumptions and management estimates to determine the extent and timing of recognizing expected credit losses for Islamic financing. The allocation for expected credit losses is determined in accordance with the Bank's allocations and impairment policy, which aligns with the requirements of IFRS 9. Due to the importance of the judgments used in classifying Islamic financing into different stages under IFRS 9, the audit procedures related to this matter were considered key audit matters.

The total balance of the Bank's Islamic financing amounted to IQD 475,691,892 thousand, and the allocation for expected credit losses was IQD 11,861,048 thousand as on 31/December/ 2024, as disclosed in clarification (6) to the financial statements.

The policy for expected credit loss allocation is presented in the accounting policies used in preparing these financial statements under clarification (3) – Financial Instruments.

### **Audit Scope to Address the Key Audit Matter**

The audit procedures included the following:

- Understanding the nature of the Bank's Islamic financing portfolio, along with reviewing the internal control system used in the granting and recording process, and evaluating the effectiveness of key procedures in the granting and recording process.
- Studying and understanding the Bank's policy for calculating provisions, comparing it with the requirements of IFRS 9 and relevant regulatory guidelines.
- Evaluating the Bank's expected credit loss model, with particular focus on its alignment with the expected credit loss methodology and the core requirements of IFRS 9.
- Reviewing a sample of individual financing transactions and performing the following procedures to assess the following:



*Ahmed Al-Juboori & Partners Company  
RSM International Correspondent  
Al-Harhiya – Al-Kindy Street  
P.O. Box 55024 / Baghdad – Iraq  
Mob: +9647901857094  
[acc.firm@aljuboori.net](mailto:acc.firm@aljuboori.net)  
[www.aljuboori.net](http://www.aljuboori.net)*

- The adequacy of the classification stages.
  - The adequacy of the probability of default, credit exposure at the time of default and the percentage of loss by default borrowing for the different stages.
  - The adequacy of the credit exposure determination process in case of default, including consideration of cash flows resulting from repayment and the resulting calculations.
  - The accuracy and accuracy of the outputs of the system used in the process of calculating expected credit losses.
  - Assess the adequacy of the Bank's assessment of an increase in the level of credit risk and the basis for the transfer of credit exposure between levels and exposures that have moved between levels, in addition to evaluating the process in terms of the appropriate timing to determine the material increase in credit risk for credit exposures.
  - With respect to the future assumptions used by the Bank for calculating expected credit losses, we have discussed these assumptions with management and compared these assumptions with the available information.
- We have evaluated the disclosures in the financial statements to ensure their compliance with IFRS 7.
- We evaluated accounting policies, estimates and disclosure of Islamic finances.

#### **Other information contained in the Bank's Annual Report for the year 2024**

Other information consists of information contained in the Bank's Annual Report for 2024 other than the Consolidated Financial Statements and the Auditor's Report, the management is responsible for other information, it is expected that we will be provided with the Bank's Annual Report for the year 2024 later than the date of our report on the financial statements, if our opinion does not include other information and we do not make any confirmation about other information.

It is our responsibility to read other information when it is obtained, whether other information materially conflicts with the financial statements or from our knowledge during the process of auditing the financial statements.

#### **Management and Governance Responsibilities for Financial Statements**

The management is responsible for the preparation and a fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) and for determining the necessary internal control system to prepare financial statements free from material errors, whether resulting from fraud or error.

The management is also responsible for assessing the Bank's ability to continue as a continuing entity and disclosing matters related to the Continuity Principle, including the use of the principle of continuity in accounting when preparing the financial statements, unless the management intends to liquidate the Bank or cease operations or there is no other realistic alternative other than to do so.



### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objective is to obtain reasonable assurance that 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. The reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if it is reasonably expected that they, individually or collectively, could influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks, and we also obtain sufficient and appropriate audit evidence 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, misrepresentation, or override of internal control.
- Examine the internal control systems relevant to the audit, including the accounting systems and internal monitoring procedures, to determine appropriate audit procedures for the circumstances. Based on supporting documentation, including the policies and procedures in place at the Bank, we verified that the internal control procedures and accounting systems applied by the Bank are adequate and that the Bank is committed to implementing them. This process was carried out without expressing an opinion on the effectiveness of these controls.
- Evaluate the adequacy of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine 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.
- 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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for directing, supervising, and performing the audit of the Bank and remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding several matters, including the planned scope and timing of the audit and significant audit findings, including any material deficiencies in internal control systems identified during the audit process.

We also provide those charged with governance with a statement confirming our compliance with relevant ethical requirements regarding independence, and we inform them of all relationships and other matters that may reasonably be thought to affect our independence, and other matters that we reasonably believe are likely to affect our independence, in addition to the measures taken to mitigate threats or relevant procedures applied when appropriate.

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

#### **Report on Other Legal and Regulatory Requirements**

##### **➤ Shareholders' Equity**

The balance of shareholders' equity amounted to IQD 268,217,287 thousand as of 31/December/ 2024, compared to IQD 265,829,696 thousand in the previous year, reflecting an increase of IQD 2,387,591 thousand that is 0.9%.

##### **➤ Cash**

- The balance of cash and deposits with the Central Bank of Iraq amounted to IQD 182,192,789 thousand at the end of 2024, compared to IQD 146,928,593 thousand in the previous year, representing an increase of IQD 35,264,196 thousand that is 24%, as disclosed in clarification (4) to the financial statements.
- The balance of cash held with foreign banks amounted to IQD 4,072,874 thousand, and an allocation for expected credit losses of IQD 71,305 thousand was established in accordance with the adopted accounting policies, as disclosed in clarification (5) to the financial statements.

##### **➤ Reliance on SWIFT for Reconciliation Purposes**

Due to the absence of confirmation letters for the balances of certain foreign bank accounts, the Bank was compelled to rely on SWIFT statements issued by those banks for reconciliation purposes as of December 31, 2024.

##### **➤ Impact on Reconciliation Procedures**

The lack of confirmation letters affected the reconciliation procedures, which may require additional actions in the future to ensure the accuracy of the data and formally confirm the balances.



➤ **Prudential Indicators (Liquidity and Solvency)**

We have reviewed and verified the accuracy of the ratio calculation mechanisms as on 31/December/2024, in accordance with the instructions of the Central Bank of Iraq. The results were as follows:

- The capital adequacy ratio is based on our examination of the accounting records and review of the nature of banking operations conducted by the Bank during the year, as well as the statements prepared for the purpose of calculating capital adequacy, the capital adequacy ratio reached 70%, which is significantly higher than the minimum requirement set by the Central Bank of Iraq of 12.5%.
- The legal liquidity ratio reached 31%, exceeding the minimum required by the Central Bank of Iraq of 30%.
- Net Stable Funding Ratio (NSFR)

The NSFR reached 119%, surpassing the minimum requirement of 100% set by the Central Bank of Iraq. This indicates that the Bank enjoys a stable financial position and demonstrates strong funding management capabilities.

➤ Liquidity Coverage Ratio (LCR)

The LCR reached 122%, exceeding the minimum requirement of 100% set by the Central Bank of Iraq. This reflects the Bank's ability to effectively meet its short-term financial obligations.

➤ Islamic Financing Concentration

The total Islamic financing granted to the top 20 clients (individuals and companies) amounted to IQD 309,250,746 thousand, representing approximately 56% of the total Islamic financing of IQD 555,041,607 thousand during the fiscal year 2024.

- As a result of applying International Financial Reporting Standard (IFRS) 9 to determine the expected credit loss, the calculated credit loss amounted to IQD 11,861,048 thousand, while the required provision according to the regulatory guideline was IQD 19,329,819 thousand, resulting in a shortfall in the provision of IQD 7,467,771 thousand.

➤ Assessment of the Bank's Capacity Toward Depositors

○ **Commitment to Obligations**

The Bank demonstrated a strong commitment to fulfilling all withdrawal requests from depositors without delay or hesitation. This reflects the Bank's effective liquidity management and its ability to meet depositor needs in a timely manner.

○ **Confidence Building**

By fully meeting its obligations, the Bank reinforces trust between itself and its depositors, contributing to the stability of their relationship and reflecting the Bank's adherence to applicable financial standards.



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[www.aljuboori.net](http://www.aljuboori.net)

- The ratio of investments to capital and sound reserves remains above the maximum limit set by the Central Bank of Iraq, which is 20%.  
We recommend taking the necessary measures to regulate this ratio and ensure it does not exceed the maximum allowed by the Central Bank of Iraq, which is 20%.
- The cash-to-deposit ratio remains higher than the 75% limit set by the Central Bank of Iraq. We recommend taking the necessary measures to control the cash-to-deposit ratio and ensure it does not exceed the limit permitted by the Central Bank of Iraq.
- Other assets constitute 8.5% of total current assets, as explained in clarification 12 of the financial statements.
- Revenues for the financial year 2024 amounted to IQD 78,201,640 thousand, compared to IQD 43,885,128 thousand in the financial year 2023, an increase of IQD 34,316,512 thousand.
- The bank's dealings with related parties, including (Dar Uruk General Trading Company), exceeded the limits set by the Central Bank of Iraq. We recommend reviewing and amending the bank's dealings with related parties to ensure compliance with the Central Bank of Iraq's instructions.
- The credit files of the 20 largest financing facilities granted, the guarantees provided, and their suitability with the credit policy approved by the bank's Board of Directors were reviewed.
- The correspondences of the Central Bank of Iraq in regard with business monitoring, the results of the office audit, and the results of the audit of the bank's interim financial statements at the end of each quarter were reviewed. It was noted that there were no significant issues, as the bank is committed to following up on the implementation of the Central Bank of Iraq's procedures and any other executive procedures.
- **Internal Sharia Supervisory and Audit Department**
  - The department's reports and annual audit plan were reviewed, and recommendations were followed up on. Quarterly reports were also reviewed to ensure the effectiveness of internal control and performance quality, and recommendations were made to improve work procedures and protect the bank's assets.
  - The minutes of the Sharia Supervisory Board meetings, recommendations, and reports were reviewed, and the bank's compliance with the recommendations and fatwas was monitored. The Board expressed its opinion on the bank's compliance with the provisions and principles of Islamic Sharia.
- **Sharia Compliance and Compliance Monitoring Department**
  - Regulatory and Supervisory Compliance  
The Sharia Compliance and Compliance Monitoring Department at the bank works to ensure that all employees comply with regulatory and regulatory requirements, in addition to compliance with internal, external, and Sharia requirements. The bank adheres to the fatwas and directives of the Sharia Supervisory Board, while ensuring the implementation of the governing policies that regulate all financial activities.



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○ **Periodic Reports and Compliance with Approved Forms**

The department prepares periodic reports regularly and submits them on time, according to the forms approved by the Central Bank of Iraq. This procedure ensures transparency and compliance with applicable regulatory standards.

○ **Compliance with Sharia Policies**

The bank adheres to the Sharia policies issued by the Sharia Supervisory Board, ensuring that all goods and services activities comply with approved Sharia guidelines. It is prohibited to deal with any prohibited goods or services, in accordance with the Sharia guidelines in force at the bank.

➤ **Anti-Money Laundering (Financial Crimes) Systems**

The bank has taken adequate measures to prevent money laundering and terrorism financing. These measures are implemented in accordance with the regulations and directives issued by the Central Bank of Iraq. The bank adopts the following procedures for combating money laundering and financing terrorism. At the organizational level, there is a dedicated anti-money laundering and terrorism financing department, the Money Laundering and Financing Terrorism Reporting Department, within the bank's organizational structure. The department is approved by the Board of Directors and enjoys complete independence, reporting directly to the Board of Directors through the Audit Committee emanated from the Board of Directors. The department's staffing is commensurate with the daily workload of the department (monitoring, reviewing daily operations, and reporting) through policies and procedures approved by the Board of Directors (which are reviewed annually and updated as necessary). Additionally, a comprehensive training program is implemented to train the bank's defense personnel. The review process also addressed the following:

- The bank implements an efficient and effective Know Your Customer (KYC) program through a digital system that ensures the availability of information to stakeholders to ensure compliance with local and international sanctions and anti-money laundering and counter financing terrorism (AML/CFT) processes.
- Approved Digital System: An approved digital system is in place to monitor operations and transactions through activated scenarios that meet national requirements for the applicable scenarios circulated by the Anti-Money Laundering and Counter Financing Terrorism of Office.
- Digital System for Compliance with International Sanctions: This system includes periodic (daily) updates of international sanctions lists, including global and local lists, the US Office of Foreign Assets Control (OFAC) lists, the United Nations lists, the European Union lists, and the Iraqi Terrorist Funds Freezing Committee lists.
- Digital System for Risk Classification of Customers: The system used classifies customers based on risk using the bank's approved customer risk matrix, ensuring the identification of high-risk customers at various levels (high, medium, low), as well as identifying and characterizing high-risk customers (political figures and those in similar positions).
- The bank relies on the digital system to monitor operations and transactions and the compliance of the bank's customers primarily in its efforts to monitor operations.



The bank has taken adequate measures to prevent money laundering and financing terrorism and implements these measures in accordance with the regulations and directives issued by the Central Bank of Iraq, in compliance with Law No. 39 for the year 2015, which enhances confidence in its anti-money laundering and counter-terrorism financing procedures.

➤ **Risk Management Department**

➤ Compliance with supervisory Instructions:

The bank's Risk Management Department strictly implements the instructions of the Central Bank of Iraq, including the risk management controls for Islamic banks issued by the Islamic Financial Services Board. The department also adheres to the requirements of the Basel Committee to ensure the integrity of financial procedures.

➤ Stress Testing and Risk Analysis

The department conducts stress tests periodically to assess the bank's ability to meet potential financial challenges. This measure is part of maintaining the bank's stability and ensuring the integrity of financial operations.

➤ Compliance with International and Local Standards

The department is committed to implementing international and local risk management standards, which enhances the bank's ability to effectively address potential risks. This commitment is part of the ongoing efforts to achieve financial stability and ensure business continuity.

➤ Legal Department

We reviewed the department's reports, organizational structure, policies, procedures, and job titles, and participated in responding to inquiries and requests from the bank's departments and divisions regarding legislation and legal texts, as well as the cases carried forward for 2024 and the lawsuits filed during the year:

- Lawsuits filed by the bank against third parties.
- Lawsuits filed by third parties against the bank.
- Resolved lawsuits.

In light of the supporting indications provided to us by the department, it is unlikely that the bank will incur any financial obligations in connection with the above cases.

➤ The bookkeeping system used by the bank and its accounting records were recorded using an electronic accounting program and included, in our opinion, the recording of all assets, liabilities, resources, and uses of the bank. The financial statements were consistent with the accounting records and instructions of the Central Bank of Iraq. The bank maintains its accounting records and entries in secure locations.



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- The internal control system includes the necessary procedures to ensure the accuracy and validity of this data to a degree commensurate with the scale of banking activity.
- The inventory process of the fixed and cash assets was properly conducted by the bank's management under our supervision, and the results of this inventory were consistent with the records. These assets were evaluated in accordance with the approved accounting principles and practices of the previous year.
- There are no material subsequent events up to the date of issuance of the financial statements, except for the establishment of Al-Taif Electronic Payment Limited Liability Company - Baghdad on 10/February/ 2025, a subsidiary company of the bank, which is an event that does not modify the financial statements.
- The annual report and its financial and accounting information contains comprehensively reflect the bank's progress during the audited year and do not contain anything that violates the provisions of applicable laws and regulations.
- The financial statements have been prepared in accordance with the applicable accounting rules and regulations, as evidenced by the records. They are also prepared in accordance with the Companies Law, the regulations and instructions issued pursuant thereto, and the directives of the Central Bank of Iraq regarding the preparation of annual financial statements in accordance with the Financial Accounting Standards for Islamic Financial Institutions and International Financial Reporting Standards, and in implementation of
  - Central Bank of Iraq Law No. 56 for the year 2004, amended.
  - Banking Law No. 94 for the year 2004.
  - Islamic Banking Law No. 43 for the year 2015.

With appreciation.

**-Sgd.- & stamp**  
**Ahmed Mahdi Al-Juboori**  
**Ahmed Mahdi Al-Juboori & Partners Company**  
**Accounts Control and Auditing / Cooperative**  
**Baghdad 29 June 2025**



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**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Statement of Financial Position as on 31/12/2024**

	Clarifications	31/12/2024 One thousand Iraqi dinars	31/12/2023 One thousand Iraqi dinars
<b><u>Assets</u></b>			
Cash & Balances with the Central Bank	4	182,192,789	146,928,593
Balances and Deposits with Banks & Other Financial Institutions	5	4,728,778	4,639,382
Net Islamic Financing	6	463,830,844	315,468,123
Financial assets at the fair value through consolidated Income	7	85,991,929	74,339,379
Investment in subsidiary Companies	8	7,010,000	7,010,000
Net Properties, Equipment, and Buildings	9	37,846,182	31,813,325
Intangible Assets	10	10,730,278	3,290,954
Projects in Progress	11	10,031,755	9,096,514
Net Other Assets	12	55,757,458	24,745,344
<b>Total Assets</b>		<b>858,120,013</b>	<b>617,331,614</b>
<b><u>Liabilities and Shareholders' Equity</u></b>			
<b><u>Liabilities</u></b>			
Received Loan/ Central Bank of Iraq	13	37,422,246	53,483,974
Current and Deposit Accounts	14	506,510,911	273,680,160
Cash deposits	15	8,870,412	9,847,608
Income Tax Allocation	16	1,462,413	2,698,215
Allocations	17	170,352	162,721
Other Liabilities	18	35,466,392	11,629,240
<b>Total Liabilities</b>		<b>589,902,726</b>	<b>351,501,918</b>
<b><u>Shareholders' Equity</u></b>			
Nominal and subscribed Capital	19	250,000,000	250,000,000
Legal Reserve	20	1,045,638	935,258
Expansions Reserve	20	11,000,000	1,000,000
Exchange Prices fluctuation Allocations	20	89,762	89,762
Accumulated Surplus/ Carried Forward Profits	20	6,072,887	13,804,676
<b>Total Shareholders' Equity</b>		<b>268,217,287</b>	<b>265,829,696</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>858,120,013</b>	<b>617,331,614</b>
Off-Budget Items		49,495,693	28,025,173

Kindly review our report no. 159/2025 on 29/6/2025

-Sgd.-

**Financial Manager**

**Abdullah Thaer Noori**

License No. / 26050

-Sgd.-

**Managing Director**

**Ridha Hamzah Abdulridha**

-Sgd.-

**Chairman of the Board of Directors**

**Ammar Mudhafar Salih**

-Sgd.- & seal

**Ahmed Mahdi Al-Juboori**

**Ahmed Mahdi Al-Juboori & Partners Company**

**Accounts Control and Auditing / Cooperative**

**(Seal of the Bank)**

Seal: Republic of Iraq/ the Union of Accountants and Auditors  
We certify the correctness of the membership of the accountant  
Name: Suhaib Mohmoud 2/7/2025/-sgd.-



The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.

**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Statement of the Income for Financial Year Ending on 31/12/2024**

Revenues	Clarifications	31/12/2024	31/12/2023
		One thousand Iraqi dinars	One thousand Iraqi dinars
Net Islamic Banking Revenues (Cash Credit)	21	44,858,584	14,137,814
Islamic Investment Revenue	22	6,167,921	3,691,727
Islamic Revenue and Deposits Investment/ Refunded (breaking the deposit)	23	2,100,144	(16,743,747)
Banking Operations Revenues	24	24,868,726	42,735,553
Other Operations Revenues	25	206,265	63,781
Total Revenues		<u>78,201,640</u>	<u>43,885,128</u>
<b><u>Deduct: Expenses</u></b>			
Employees' Salaries, Wages and the like	26	8,497,389	9,905,706
Islamic Banking Expenses	27	22,393,146	-----
Banking Operations Expenses	28	9,542,485	-----
Operating Expenses and Others	29	18,817,427	14,834,814
Consumables and Amortizations	9,10	3,185,022	1,986,714
Depreciation of Leased Assets		2,617,456	-----
Impairment Losses in Real Estates Value Credit Risks		750,000	678,899
Impairment Risks in Cash with Banks		8,548,711	1,578,012
Impairment Risks in Financial Assets		-----	63,406
Total Expenses		<u>(74,351,636)</u>	<u>(29,906,133)</u>
Net Income before Tax		<u>3,850,004</u>	<u>13,978,995</u>
Deduct: Income Tax	16	<u>(1,462,413)</u>	<u>(2,698,215)</u>
Net Income after Tax		<u>2,387,591</u>	<u>11,280,780</u>
To be distributed as follows:			
Legal Reserves 5%		119,380	564,039
Accumulated Surplus		2,268,211	10,716,741
Total		<u>2,387,591</u>	<u>11,280,780</u>
Earnings Per Share		<u>0,009</u>	<u>0,045</u>

**-Sgd.-**  
**Financial Manager**  
**Abdullah Thaeer Noori**  
License No. / 26050

**-Sgd.-**  
**Managing Director**  
**Ridha Hamzah Abdulridha**

Seal: Republic of Iraq / Council of the Profession of Accounts Monitoring and Auditing of / the Secretariat  
We certify the correctness of the signature of the auditor and he practices Accounting and Auditing Profession for the year / 2025 in accordance with article (6-A-first) of the Profession Practicing System No. 2 for the year 1999 amended, without any responsibility for the contents of these financial statements.

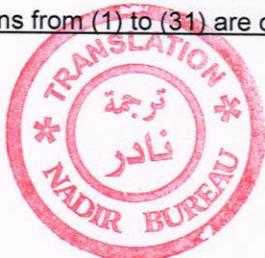
Receipt No.: 9749

Its Date: 17/9

Signature: -Sgd.-

Owf Abdulrahman

The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.



**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Statement of the Other Comprehensive Income for Financial Year Ending on 31/12/2024**

<b>Statement</b>	<b>Clarifications</b>	<b>31/12/2024 One thousand Iraqi dinars</b>	<b>31/12/2023 One thousand Iraqi dinars</b>
Net Income		2,387,591	11,280,780
Other Comprehensive Income			
<b><u>Items that may be reclassified later to profit or loss:</u></b>			
Other comprehensive income / Net gains or (losses) / Revaluation of investments at fair value through other comprehensive income.		-----	-----
Total other comprehensive income		-----	-----
Total comprehensive income		2,387,591	11,280,780



The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.

Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

**Statement of Changes in Shareholders' Equity as on 31/12/2024**

Type of reserve movement during the year	Subscribed Capital IQD Thousand	Legal Reserve IQD Thousand	Expansion Reserve IQD Thousand	Exchange Rate Fluctuation Reserve IQD Thousand	Accumulated surplus IQD Thousand	Total reserves, IQD Thousand	Total Shareholders' Equity IQD Thousand
Balance as on 1/1/2024	250,000,000	935,258	1,000,000	89,762	13,804,676	15,829,696	265,829,696
Comprehensive Income for the Year	-----	119,380	-----	-----	2,268,211	2,387,591	2,387,591
Transfer Between Reserves	-----	-----	10,000,000	-----	(10,000,000)	-----	-----
Balance on 31/12/2024	250,000,000	1,054,638	11,000,000	89,762	6,072,887	18,217,287	268,217,287

- Expansion Reserve / Additions representing (10,000,000) thousand dinars for the amount transferred according to the General Body meeting dated 12/11/2024.
- Accumulated Surplus / carried forward Earnings / Transfer between Reserves / Deductions / Represents the amount of (10,000,000) thousand dinars, the amount transferred to the expansion reserve allocated to establish a new subsidiary / electronic payment company.



The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.

Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

**Statement of Changes in Shareholders' Equity as on 31/12/2023**

Type of reserve movement during the year	Subscribed Capital IQD Thousand	Legal Reserve IQD Thousand	Expansion Reserve IQD Thousand	Exchange Rate Fluctuation Reserve IQD Thousand	Accumulated surplus IQD Thousand	Total reserves, IQD Thousand	Total Shareholders' Equity IQD Thousand
Balance as on 1/1/2023	250,000,000	371,219	1,000,000	89,762	3,087,935	4,548,916	254,548,916
Comprehensive Income for the Year	-----	564,039	-----	-----	10,716,741	11,280,780	11,280,780
Balance on 31/12/2023	250,000,000	935,258	1,000,000	89,762	13,804,676	15,829,696	265,829,696



The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.

**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Statement of Cash Flow for the Financial Year Ending on 31/12/2024**

Statement	31/12/2024 One thousand Iraqi dinars	31/12/2023 One thousand Iraqi dinars
<b><u>Cash Flows from Operating Activities</u></b>		
Net Profit before tax	3,850,004	13,978,995
<b><u>Amendments of Non-Cash Items</u></b>		
Consumption and Amortization	3,185,022	1,986,714
Credit Risks	7,084,989	1,578,012
Credit Impairment Risks	1,409,711	858,579
Financial Assets Impairment Risks	750,000	678,899
Impairment in Real Estate Value		
<b><u>Change in Assets and Liabilities</u></b>		
Change in Islamic Financing	(153,637,298)	(91,718,719)
Change in Other Assets	(32,822,526)	12,510,879
Change in Current and Deposit Accounts	232,830,751	53,454,954
Change in Insurance	(977,196)	(15,199,229)
Change in Allocations	7,631	(187,654)
Change in Other Liabilities	23,837,152	(1,094,494)
Paid Income Tax	(2,698,215)	(791,660)
<b>Net Cash Flow (Used in) from Operating Activities</b>	<b>82,820,025</b>	<b>(23,944,724)</b>
<b><u>Cash Flows from Investing Activities:</u></b>		
Change in Financial Assets through Fair Value	(13,062,261)	2,780,730
Change in Property, Equipment, and Buildings	(8,841,423)	(23,085,949)
Change in Intangible Assets	(8,565,780)	-----
Change in Projects in Progress	(935,241)	-----
<b>Net Cash Flow (Used in) from Investing Activities</b>	<b>31,404,705</b>	<b>(20,305,219)</b>
<b><u>Cash Flows from Financing Activities:</u></b>		
Financing Received / Central Bank of Iraq	(16,061,728)	(289,958)
Change in Reserves	-----	-----
<b>Net Cash Flow (Used in) from Financing Activities</b>	<b>(16,061,728)</b>	<b>(289,958)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	35,353,592	44,539,876
Cash and Cash Equivalents on January 1	151,567,975	196,107,876
Cash and Cash Equivalents on December 31	186,921,567	151,567,975



The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.

## **Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

### **Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024**

#### **1. General Information**

- Al-Taif Islamic Investment and Finance Company is an Iraqi private joint stock company, incorporated and operating under the Companies Registration Law letter No. 5487 dated 19/2/2018. All necessary legal procedures for changing the company's activity from a money transfer to an Islamic bank named (Al-Taif Islamic Bank for Investment and Finance), whose head office is in Baghdad, and its nominal capital is 250 billion Iraqi Dinars. The bank was granted a license to practice banking business by the letter of the Central Bank of Iraq / Islamic Banking Monitoring Department, No. 9/3/30217 dated 31/12/2018. The bank practices all Islamic banking business in accordance, providing all banking services related to its activity through its main office in Baghdad / Al-Karrada Dakhil, near Kahramana Square, and through (24) branches located inside and outside Iraq.

#### **2. Financial Statements**

The company's financial statements are issued based on consolidating each item of assets, liabilities, and operating results, the financial statements are issued for tax accounting purposes and the Central Bank of Iraq.

#### **3. Significant Accounting Policies**

##### **3.1 Basis of Financial Statements Preparation (Compliance Basis)**

The bank's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) issued by the International Accounting Standards Board (IASB), in compliance with the requirements of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and in line with the instructions of the Central Bank of Iraq, using the historical cost basis except for financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss, which are shown at fair value in the financial statements.

The Iraqi Dinar is the functional currency and the presentation currency of the financial statements. All amounts are rounded to the nearest thousand Iraqi Dinars, unless otherwise indicated.

##### **3.2 Issued Standards Not Yet Effective**

The following are the material new and amended standards and interpretations that have been issued but are not yet effective up to the date of issuance of the financial statements. The Bank intends to adopt these new and amended standards and interpretations when they become effective.

###### **Amendments to IFRS 16: Rental liability in sale and leaseback**

The amendments to IFRS 16 specify the requirements that a seller-lessee uses to measure the liability arising from a sale and leaseback transaction, to ensure that the seller-lessee does not recognize any amount of gain or loss related to the right of use it retains.

These amendments did not have a material impact on the company's financial statements.

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

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. These amendments clarify:

- The definition of a right to defer settlement.
- The right to defer settlement must exist at the end of the reporting period.
- The classification is not affected by the likelihood of the entity exercising its right to defer.
- If the derivatives embedded in the convertible liability are themselves an equity instrument, then the terms of the liability do not affect their classification.



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024

#### 3. Significant Accounting Policies (Continued)

##### 3.2 Issued Standards Not Yet Effective (Continued)

###### Amendments to IAS 1: Classification of Liabilities as Current or Non-current (Continued)

In addition, a mandatory disclosure requirement was introduced when a liability arising from a financing agreement is classified as non-current and the bank's right to defer settlement is conditional on compliance with future covenants within twelve months.

These amendments did not have a material impact on the bank's financial statements.

###### Supplier Financing Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments.

These amendments set out the characteristics of supplier financing arrangements and the additional disclosures required for these arrangements. The purpose of the disclosure requirements contained in these amendments is to help users of financial statements understand the effects of supplier financing arrangements on an entity's liabilities, cash flows, and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide disclosures in the interim periods of the first year of application of the amendments.

These amendments did not have a material impact on the bank's financial statements.

###### International Financial Reporting Standards, New Interpretations, and Amendments Issued but Not Yet Effective

The new international financial standards, interpretations, and amendments issued but not yet effective up to the date of the financial statements are set out below. The Bank will apply these amendments from the mandatory application date:

###### Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The amendments include the following:

- Clarification that a financial liability is derecognized at the reporting date and the introduction of an accounting policy option (if certain conditions are met) to derecognize financial liabilities marketed using an electronic payment system before the settlement date.
- Additional guidance on how to assess the contractual cash flows of financial assets that contain environmental, social, corporate governance and similar features.
- Clarifications on what constitutes "irreversible features" and the characteristics of contractually linked instruments.
- Providing disclosures for financial instruments with potential features and additional disclosure requirements for equity instruments designated at fair value through other comprehensive income.

The amendments are effective for annual periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only for amendments related to the classification of financial assets and related disclosures.

The bank is working to determine the full effects of the amendments on the main financial statements and related notes.



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024

#### 3. Significant Accounting Information (Continued)

##### 3.2 Standards Issued but Not Yet Effective (Continued)

###### **Contracts Referring to Nature-Based Electricity - Amendments to IFRS 9 and IFRS 7**

In December 2024, the International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7, Contracts Referring to Nature-Based Electricity, to address the accounting and disclosure requirements for contracts that refer to nature-based electricity, such as wind, solar, and hydropower. These amendments aim to provide clearer guidance on the classification, measurement, and recognition of these contracts, which are characterized by natural variability due to their dependence on natural conditions. The amendments seek to improve the consistency and comparability of financial statements by clarifying whether these contracts should be treated as financial instruments or executory contracts and how they should be measured. In addition, the amendments enhance disclosure requirements to provide greater transparency about the risks and financial impacts associated with these contracts, providing users with more relevant and reliable information.

This initiative supports the global transition to renewable energy by addressing the unique accounting challenges posed by nature-based electricity contracts.

The amendments are effective for annual periods beginning on or after January 1, 2026. Early application is permitted, subject to disclosure. The amendments are expected to have a material impact on the bank's financial statements.

###### **Currency Non-Convertibility - Amendments to IAS 21**

In August 2023, the International Accounting Standards Board (IASB) issued amendments to IFRS 21, The Effects of Changes in Foreign Exchange Rates, to specify how an entity assesses whether a currency is convertible and how to determine the spot exchange rate when convertibility is non-convertible. The amendments also require disclosure of information that enables users of financial statements to understand how the non-convertibility of a currency into another currency might affect, or be expected to affect, the financial performance, financial position, and cash flows of an entity.

The amendments will be effective for annual periods beginning on or after January 1, 2025. Early application is permitted, subject to disclosure. When the amendments are implemented, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the bank's financial statements.

###### **IFRS (18) Presentation and Disclosure in Financial Statements**

The International Accounting Standards Board issued IFRS (18) in April 2024, replacing IFRS (1) Presentation of Financial Statements. IFRS (18) introduces new presentation requirements within the income statement, including totals and subtotals. Furthermore, it requires an entity to classify all revenue and expenses within the income statement into one of five classifications: operating, investing, financing, income taxes, and discontinued operations, the first three of which are new classifications.

It also requires disclosure of performance measures determined by management and subtotals of revenue and expenses, and includes new requirements for aggregating and disaggregating financial information based on the specific roles of the primary financial statements and notes.

In addition, narrow-based amendments have been made to International Financial Reporting Standard No. (7) Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method from "profit or loss" to "operating profit or loss" and eliminating the freedom of choice regarding the classification of cash flows from earnings. Accordingly, there are amendments to many other standards.



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024

#### 3. Significant Accounting Policies (Continued)

##### 3.2 Issued Standards Not Yet Effective (Continued)

###### International Financial Reporting Standard 18 Presentation and Disclosure in Financial Statements (continued)

IFRS 18 and amendments to other standards are effective for financial reporting periods beginning on or after January 1, 2027. Early application is permitted, subject to disclosure, and the standard is applied retrospectively. This standard will result in a restatement of the income statement with certain new required aggregates and the disclosure of performance measures determined by management.

International Financial Reporting Standard (IFRS) 19 - Subsidiaries without Public Responsibility / Disclosures  
In May 2024, the International Accounting Standards Board (IASB) issued IFRS (19), which allows eligible entities to test the application of reduced disclosure requirements while continuing to apply the recognition, measurement, and presentation requirements of other IFRSs. To be eligible, an entity must be a subsidiary at the end of the reporting period, as defined in IFRS (10), cannot have public responsibility, and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use that comply with IFRSs.

IFRS (19) is applicable for reporting periods beginning on or after January 1, 2027, with early adoption permitted. This standard did not have a material impact on the bank's financial statements.

##### 3.3 Summary of Significant Accounting Policies

###### Investments in a Subsidiary

A subsidiary is an entity controlled by the Bank. The financial statements are presented during the year with the Bank controlling the subsidiary when the Bank has rights to variable returns from its involvement with the subsidiary and the ability to affect those returns through its power over the subsidiary.

An investor controls an investee when the investor is exposed to variable returns from its involvement with the investee, has rights over the investee, and has the current ability to affect those returns through its power over the investee. The concept of control is evident when the investor has power over the investee, is exposed to variable returns from its involvement with the investee, or has rights in the investee, and has the ability to use that power to affect the amount of the investor's returns.

Any gain or loss resulting from an acquisition is recognized directly in the statement of profit or loss. Acquisition costs incurred are also recognized in the statement of profit or loss, unless they also relate to debt or equity securities. Contingent liabilities are measured at fair value at the acquisition date if they are classified as equity. Any transactions are treated as equity, and subsequent recognition is otherwise recognized at the fair value of the contingent liabilities in the statement of profit or loss. Non-controlling interests are measured at the acquisition date at their proportionate share of net assets.

Any gain or loss resulting from the loss of control is recognized in the statement of profit or loss.



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024

#### 3. Significant Accounting Policies (Continued)

##### 3.3 Summary of Significant Accounting Policies (Continued)

###### Foreign Currencies

Transactions in foreign currencies during the period are recorded at the exchange rate prevailing on the transaction date. Monetary items are translated into the foreign currencies prevailing on the financial statement date as declared by the Central Bank of Iraq. Monetary items are translated at fair value. Gains or losses resulting from foreign currency translation are recorded in the statement of profit or loss.

###### Revenue Recognition

The following specific recognition criteria must be met before revenue is recognized:

- Finance income represents revenue from Murabaha and Istisna'a sales, leased assets, agency advisory, and investment in checks. Finance income is determined using the amortized installment method for a financial asset and an efficiency allocation. The installment method is the method of calculating efficiency over the relevant period.
- Fee and commission income is recognized when the bank satisfies a performance obligation by providing the required services to customers. At the inception of the contract, the bank determines whether it has satisfied the fee obligation at a specific point in time. Fee income earned from services provided over a specific period is recorded over the period of service provision. Fees and commissions earned from providing transaction services over a specific period are recorded upon completion of the related transaction.
- Rental income from investment properties is recognized on an accrual basis.
- Dividend income is recognized when the right to receive payment of the dividends is established.
- Operating lease income is recognized on a straight-line basis in accordance with the lease agreement.
- Gains from the sale of investment properties are recognized when significant risks and rewards are transferred to the buyer, including fulfillment of all terms of the contract.

#### Financial Instruments

##### Recognition Date

Financial assets and liabilities are initially recognized on the date the Bank becomes a party to the contractual provisions of the instrument. This includes trade purchases or sales of financial assets in a manner that requires delivery of the assets within a specified time frame, generally in accordance with conventions in the market place.

##### Classification at Initial Recognition of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model used to manage the instruments. Financial instruments are initially measured at their fair value, except for financial assets and financial liabilities recorded at fair value through profit or loss, where transaction costs are added to or deducted from this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for a gain or loss on the first day of acquisition, as described below.



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024

#### 3.3 Summary of Significant Accounting Policies (Continued)

##### Financial Instruments (Continued)

###### Financial Assets and Liabilities Measurement Categories

The Bank classifies all financial assets based on the business model used to manage the assets and the contractual terms of the assets into the following categories:

- Financial assets at amortized cost.
- Financial assets at fair value through other comprehensive income.
- Financial assets at fair value through profit or loss.

Financial liabilities, other than financing commitments and financial guarantees, are measured at amortized cost or at fair value through profit or loss when they are held for trading, are derivatives, or when the fair value classification applies.

###### Business Model Assessment

The bank determines its business model at the level that best reflects how financial assets are managed to achieve their business objectives. This refers to whether the bank's objective is limited to collecting contractual cash flows from the assets or to collecting both contractual cash flows and cash flows from the sale of the assets. If neither objective is achievable (such as the financial assets are held for trading purposes), the financial assets are classified as part of the "sales" business model and are measured at fair value through profit or loss. The bank's business model is not assessed on an instrument-by-instrument basis, but rather at a higher level than the consolidated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within the business model are evaluated and reported to the joint senior management.
- The risks to the performance of the business model and the financial assets held within the business model, particularly how those risks are managed.
- How business managers are compensated, for example, based on the fair value of the assets managed or the contractual cash flows collected.
- The frequency and timing of expected sales are important factors in the bank's assessment.

The business model assessment is based on reasonably expected scenarios without considering the worst-case or stress scenario. If cash flows are recorded after initial recognition in a manner that differs from the bank's original expectations, the bank will not change the classification of the remaining financial assets held within the business model, but will include this information when assessing newly created or newly acquired financial assets.

Assessing whether the contractual cash flows represent solely payments of principal and interest (SPPI realization test).

When the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the bank assesses whether the cash flows of the financial instrument represent solely payments of principal and interest (SPPI realization test).



**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024**

**3. Significant Accounting Policies (Continued)**

**3.3 Summary of Significant Accounting Policies (Continued)**

**Financial Instruments (Continued)**

For the purposes of this test) principal amount) is defined as the fair value of a financial asset at initial recognition and may change over the course of the financial asset, for example, if it represents only payments of principal or amortization of a discount.

The most significant elements of profitability in a basic financing arrangement typically consider the time value of money and credit risk. To test the SPPI test, the bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated and the period in which the profit rate is recognized on that asset.

In contrast, contractual terms that permit exposure to more than one risk or volatility in contractual cash flows that are not associated with a basic financing arrangement do not permit contractual cash flows that are solely payments of principal and interest on the outstanding amount. In such cases, the financial asset should be measured at fair value through profit or loss.

The bank only reclassifies when the business model for managing those assets changes, and the reclassification takes effect from the beginning of the first reporting period following the change. Such changes are expected to occur rarely during the year. The Bank classifies its financial assets upon initial recognition into the following categories:

- Debt instruments at amortized cost.
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses reclassified to the consolidated income statement upon derecognition.
- Equity instruments at fair value through other comprehensive income, with gains or losses not reclassified to the consolidated income statement upon derecognition.
- Financial assets at fair value through profit or loss.

**Debt instruments at fair value through other comprehensive income.**

A debt financial instrument is measured at fair value through other comprehensive income if both of the following conditions are met:

- The instrument is held within a business model whose objective is to collect both contractual cash flows and sell financial assets.
- The contractual terms of the financial asset meet the solely payments of principal and interest test.

Debt instruments carried at fair value through other comprehensive income are subsequently measured at fair value, with gains and losses arising from changes in fair value included in other comprehensive income. Gains, foreign exchange losses and expected credit losses are recorded in the consolidated income statement. Changes in fair value that are not part of an effective hedging relationship are recorded within the asset classification. When the asset is derecognized, the cumulative gain or loss previously recorded in other comprehensive income is reclassified from equity to the consolidated income statement.



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024

#### 3. Significant Accounting Policies (Continued)

##### 3.3 Summary of Significant Accounting Policies (Continued)

##### Financial Instruments (Continued)

##### Business Model Assessment (Continued)

Expected credit losses on debt instruments measured at fair value through other comprehensive income (FVOCI) do not reduce the carrying amount in the consolidated statement of financial position, which remains measured at fair value. Instead, an amount equal to the allowance that would have arisen if the assets were measured at amortized cost is recorded in other comprehensive income as an accumulated impairment loss, with a corresponding allowance included in the cumulative gain or loss recorded in other comprehensive income. The allowance is reclassified to profit or loss when the assets are derecognized.

##### ▪ Cash and Cash Equivalents

Cash and cash equivalents comprise cash and balances with central banks, due from banks and financial institutions, cash in transit, and deposits maturing within three months of the contract date. Cash and cash equivalents are stated at amortized cost using the effective profit rate.

##### ▪ Finance Receivables

These are non-derivative financial assets with fixed or determinable payments in an active market, primarily consisting of non-Murabaha receivables. Finance receivables are stated at amortized cost using the effective profit rate.

Murabaha is an agreement to sell a commodity at cost plus an agreed-upon profit margin. The seller notifies the buyer of the price at which the transaction will be concluded and the amount of profit to be realized. Murabaha is a financial asset created by the bank.

##### ▪ Investments

The bank's financial investments consist of investments in equities and funds. Equity investments are carried at fair value through profit or loss or fair value through other comprehensive income, depending on the business model under which these securities are managed. Fund investments are carried at fair value through profit or loss.

##### ▪ Financial Liabilities

The bank has determined the classification and measurement of its financial liabilities as follows:

##### ▪ Trade Payables

Trade payables primarily relate to the bank's non-banking subsidiaries. Liabilities are recorded for amounts to be paid in the future for goods, whether or not billed to the bank.

##### ▪ Accrued Expenses

Liabilities are recorded for amounts to be paid in the future for services received, whether or not billed to the bank.

##### ▪ Financial Guarantees

In the normal course of business, the Bank grants financial guarantees consisting of letters of credit, guarantees, and acceptances. Financial guarantees are initially recognized as a liability at fair value and subsequently adjusted for transaction costs directly attributable to the issuance of the guarantee.

The Bank's liability under each guarantee is measured at the higher of the initial amount recognized less the accumulated amortization in the consolidated income statement or the required provisions whichever is higher.



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024

#### **3. Significant Accounting Policies (Continued)**

##### **3.3 Summary of Significant Accounting Policies (Continued)**

##### **Financial Instruments (Continued)**

##### **Financial Liabilities (Continued)**

Undrawn financing commitments and letters of credit are obligations for which the bank is required to provide financing to a customer on pre-specified terms over the term of the contract, similar to financial guarantee contracts. A provision is measured if there is a single contract subject to risk, in compliance with the instructions of the Central Bank of Iraq.

##### **Derecognition of Financial Assets and Financial Liabilities**

A financial asset, or a part of a financial asset, or part of a group of similar financial assets, is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The bank has transferred the rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either the bank has transferred substantially all the risks and rewards of the asset, or it has neither transferred nor retained substantially all the risks and rewards of the asset, but has lost control of this asset.

When the Bank transfers the rights to receive cash flows from an asset or enters into a pass-through arrangement, it assesses to what extent it has retained the risks and rewards of ownership. If it neither transfers nor retains significant risks and rewards of the asset nor loses control of the asset, the Bank continues to recognize the transferred asset to the extent of its continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured based on 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 or the maximum amount of consideration that the Bank could be required to repay. A financial liability is derecognized when the obligation associated with the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same financier on substantially different terms, or the terms of an existing financial 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 in the respective carrying amounts is recognized in the consolidated statement of income.

##### **Derecognition as a result of a significant modification or due to the terms and conditions**

The bank derecognizes a financial asset, such as a financing receivable, when the terms and conditions are renegotiated to the extent that these receivables are substantially transformed into new financing, with the difference recognized as a gain or loss to the extent that an impairment loss has not been recorded. When assessing the possibility of derecognition or realization of financing receivables, the bank considers, among other factors, the following:

- Change in the financing currency.
- Applicability of an equity feature.
- Change in the counterparty.
- If such a modification occurs, the instrument no longer meets the SPPI test.



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024

#### 3. Significant Accounting Policies (Continued)

##### 3.3 Summary of Significant Accounting Policies (Continued)

###### Financial Instruments (Continued)

###### **Derecognition as a result of a significant modification or due to the terms and conditions (continued)**

If the modification does not result in significantly different cash flows, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate, the bank records a modification gain or loss to the extent that an impairment loss has not been recorded.

###### **Offsetting**

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position only when legally enforceable rights exist and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

###### **Impairment of Financial Assets**

The Bank records expected credit losses for financing receivables, balances with banks, non-cash credit facilities in the form of bank guarantees, letters of guarantee, letters of credit, accepted bank drafts, irrevocable and revocable cash and non-cash credit facilities (collectively referred to as financing facilities), and investments in checks measured at fair value through other comprehensive income and amortized cost. Balances with the Central Bank of Iraq are considered low-risk and fully recoverable, and therefore, expected credit losses are not measured for them. Equity investments are not subject to expected credit losses. Impairment of financing facilities is recorded against expected credit losses in accordance with International Financial Reporting Standard No. 9, in compliance with the guidelines of the Central Bank of Iraq.

Impairment of financial assets refers to a decline in the recoverable value of these assets, necessitating the recognition of impairment losses in the financial statements. Impairment is assessed in accordance with Islamic accounting standards, such as those of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) or International Financial Reporting Standard No. 9, taking into account specific Shari'a provisions.

###### **Evaluation Methods:**

Islamic financing: Impairment is assessed based on discounted future cash flows in accordance with Shari'a contracts.

checks and investments: Fair value is evaluated against the carrying cost, taking into account changes in market conditions.

Recognizing Impairment Losses: Impairment provisions are recorded in the income statement, with the financial impact presented in the statement of financial position.

In Islamic financing, the accounting treatment is verified to be inconsistent with Shari'a provisions, such as avoiding interest in the accounts.

Disclosure: The impairment calculation methodology, the assumptions used, and the impact of changes in estimates on the financial statements are disclosed.

###### **Expected Credit Losses**

The Bank has established a policy that enables it to assess at the end of each financial statement year whether credit risk has increased significantly since initial recognition by monitoring the change in default risk that occurs over the expected life of the financial instrument. To calculate expected credit losses, the bank assesses the risk of default on a financial instrument over its expected life. Expected credit losses are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset. This is the difference between the contractual cash flows due to the bank under the contract and the cash flows the bank expects to receive, discounted at the effective profit rate.



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024

#### 3. Significant Accounting Policies (Continued)

##### 3.3 Summary of Significant Accounting Policies (Continued)

##### Expected Credit Losses (continued)

The bank applies a three-stage approach to measuring expected credit losses based on the impairment methodology applied, as shown below:

##### **Stage 1 / Twelve-month expected credit losses**

The bank measures loss allowances at an amount equal to the twelve-month expected credit losses for financial assets that have not experienced a significant increase in credit risk since initial recognition or are identified as low-credit risk exposures at the reporting date.

##### **Stage 2: Lifetime Credit Losses without Credit Impairment**

The bank measures loss allowances at an amount equivalent to the lifetime expected credit losses for financial assets that have not experienced a significant increase in credit risk since initial recognition but are not credit impaired.

##### **Stage 3: Lifetime Credit Losses with Credit Impairment**

The bank measures loss allowances at an amount equivalent to 100% of the net exposure, i.e., after deducting the amount of collateral exposure specified in accordance with the Central Bank of Iraq's instructions.

With the exception of consumer and installment financing, credit facilities move from Stage 2 to Stage 1 after 12 months from the end of all the circumstances that led to the financial assets being classified as Stage 2. Transferring financial assets from Stage 3 to Stage 2 or Stage 1 for financial assets for which the bank has no reasonable expectation of recovery of the outstanding amount, in whole or in part, reduces the carrying amount of the financial asset and is considered a (partial) derecognition of the asset. If the amount written off exceeds the accumulated loss allowance, the difference is initially treated as an addition to the allowance, which is applied against the carrying amount. Any subsequent recoveries are taken to credit loss expenses.

When estimating expected credit losses for undrawn financing commitments, the bank estimates the expected portion of the financing commitment that will be drawn down over its expected life. The expected credit losses are then based on the present value of the expected shortfall in cash flows if the financing is drawn down. The bank measures the expected credit losses for collateral based on the present value of the payments expected to be made to the instrument holder for the credit losses incurred. The cash shortfall is discounted at a risk-adjusted profit rate associated with the exposure.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Twelve-month expected credit losses are the portion of the lifetime expected credit losses that result from possible default events within the twelve-month period after the reporting date. Both lifetime expected credit losses and twelve-month expected credit losses are recognized individually or collectively, depending on the nature of the underlying portfolio of financial instruments.

##### **Determining the Stages of Impairment**

The Bank continuously monitors all assets exposed to impairment losses. To determine whether an instrument or portfolio of instruments will be subject to impairment losses for a 12-month period or over the life of the instrument, the Bank assesses the presence of a significant increase in credit risk since initial recognition and indicators of deterioration. It conducts an analysis based on the Bank's historical experience and the assessment of credit losses, including forward-looking information. The Bank considers an increase in exposure to credit risk when there is a significant deterioration in the customer's rating compared to the rating



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024

#### 3. Significant Accounting Policies (Continued)

##### 3.3 Summary of Significant Accounting Policies (Continued)

##### Expected Credit Losses (continued)

##### Determining the Stages of Impairment (continued)

when a transaction is initiated, restructuring occurs as a result of customer financial difficulties, and other circumstances described below.

The Bank also applies a secondary qualitative approach to measure a significant increase in credit risk for financial assets, such as moving a customer or facility to the watch list or suspending the balance. The Bank may also consider the events described below, but not limited to, as indicators of a significant increase in credit risk other than a default.

- Classify all financial assets under Stage 2 if the facility's credit rating is downgraded by two notches for investment grade and one notch for non-investment grade.
- Classify all rescheduled financial assets under Stage 2 unless they qualify for inclusion in Stage 3.
- Internal rating of the client indicating default or potential default in the near future.
- A customer's request for urgent financing from the bank.
- The customer has overdue obligations to general creditors or employees.
- A downgrade in the customer's credit rating.
- A material declines in the value of the underlying collateral expected to be recovered through sale.
- A material declines in the customer's recovery rate, loss of key customers, or deterioration in the customer's financial position.
- A breach of the agreement without the bank waiving it.
- The obligor (or any legal entity affiliated with the obligor's bank) files for bankruptcy, protection, or liquidation.
- The suspension of the obligor's shares or debt securities on the primary market due to rumors or facts regarding the customer's financial difficulties.
- Legal measures taken against the customer by other creditors.
- Clear evidence of the customer's inability to repay financing receivables on the due date exists.

The qualitative criteria used to determine a significant increase in credit risk at the bank are based on relevant absolute controls. All financial assets that are past due by 30 days are considered to have a significant increase in credit risk since initial recognition and are moved to Stage 2, even if other criteria do not indicate a significant increase in credit risk. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired upon initial recognition and are moved to Stage 3.

Objective evidence of impairment for financial assets includes delinquency of any principal or interest payments for more than 90 days, known difficulties in cash flows, including the sustainability of the counterparty's business plan, a downgrade in the credit rating, a breach of the original terms of the contract, the counterparty's ability to improve performance when financial difficulties arise, or a decline in the value of collateral, etc.

The bank assesses whether objective evidence of impairment exists for all individually significant financial assets, or collectively for items that are not individually significant.



**Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024**

**3. Significant Accounting Policies (Continued)**

**3.3 Summary of Significant Accounting Policies (Continued)**

**Expected Credit Losses (continued)**

**Measuring Expected Credit Losses**

Expected credit losses are probability-weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the financial instrument's effective interest rate. The cash shortfall represents the difference between the cash flows due to the bank under the contract and the cash flows the bank expects to receive. The key elements of measuring expected credit losses include the probability of default, losses resulting from default, and exposure in the event of default.

- The probability of default (PD) is an estimate of the likelihood of default occurring within a specific timeframe. Default may only occur at a specific point during the estimated period if the financial asset has not been previously excluded and remains included in the portfolio. The bank uses the time-cycle probability of default (PD TTC) method to determine each rating for the purpose of calculating expected credit losses. The minimum PD is 1% for high-risk (non-investment) financing facilities, and 0.75% for low-risk investment-grade financing facilities granted to the government and banks classified as investment-grade by credit rating agencies (excluding external cards and financing transactions related to consumer and residential credit).
- The risk of default is an estimate of the potential risk of a future default, taking into account the expected changes in risk after the date of the consolidated financial statements, including the repayment of principal and interest, whether on the dates stipulated by the contract or otherwise, and the expected decline in the facilities to which the bank is committed. In accordance with the requirements of the Central Bank of Iraq, the bank applies a credit conversion factor of 100 to utilized non-cash facilities. For unutilized facilities, a credit conversion factor is applied to the financial leverage ratio.
- Losses resulting from default are an estimate of the losses resulting in the event of a default at a specific time. They are calculated based on the difference between the contractual cash flows due and those that the financier expects to receive, including upon realization of any collateral. These losses are usually presented as a percentage of the risk in the event of default. The Central Bank of Iraq has identified a list of eligible collateral and the minimum reduction applicable to the risk of LGD.

**Using Forward-Looking Information**

The bank uses forward-looking information in its assessment if the credit risk of the instruments has increased significantly since the initial recognition and measurement of their expected credit losses. The bank has conducted a historical analysis and identified the key economic variables that affect credit risk and expected credit losses. Macroeconomic adjustments are made to determine the extent of variation compared to economic scenarios.



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024

#### 3. Significant Accounting Policies (Continued)

##### 3.3 Summary of Significant Accounting Policies (Continued)

##### Expected Credit Losses (continued)

##### Using Forward-Looking Information (continued)

These adjustments reflect acceptable and supportable expectations of future macroeconomic conditions, which may not be reached during the basic expected credit loss calculations. Macroeconomic factors include, but are not limited to, GDP, unemployment rates, rates issued by Iraqi official institutions, the commodity price index, and the stock price index. They require an assessment of both the current and expected direction of the macroeconomic cycle. Using forward-looking information increases the degree of judgment required regarding the extent to which expected credit losses are affected by changes in these macroeconomic factors. The methodologies and assumptions that comprise any forecasts of future economic conditions are regularly reviewed.

##### Renegotiated Financing Receivables

In cases of default, the bank seeks to restructure financing provided to customers, other than by acquiring collateral. This may include extending repayment arrangements and agreeing on new financing terms. In the event that financing granted to customers is renegotiated or modified, but not derecognized, any impairment is measured using the original effective yield method as calculated before the financing terms were modified. Management continually reviews renegotiated financing receivables, if any, to ensure compliance with all criteria and the likelihood of future payments. Derecognition decisions are made on a case-by-case basis.

##### Presentation of the expected credit loss allowance in the statement of financial position

Provisions for expected credit losses are presented as a deduction from the total carrying amount of financial assets, including (cash and balances with the central bank, balances with banks and other financial institutions, Islamic financing, and certain other asset items). The bank records the expense for the expected credit loss allowance in the income statement.

##### Property, equipment, and buildings

Property, equipment, and buildings are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property, equipment, and buildings includes the cost incurred to replace any component of the property, equipment, and buildings and financing costs for long-term construction projects if the recognition criteria are met. All other expenses are recognized in the income statement when incurred. Depreciation (except for land, which is not depreciated) is calculated using the straight-line method over the expected useful life as follows:

<u>Name of Asset</u>	<u>Useful Life (Years)</u>
Buildings	50
Machinery and Equipment	5
Transportation Equipment	5
Office Furniture and Equipment	5
Leasehold Improvements	5
Systems	5



**Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024**

**3. Significant Accounting Policies (Continued)**

**3.3 Summary of Significant Accounting Policies (Continued)**

**Property, Equipment, and Buildings (continued)**

An item of property, equipment, and buildings, and any significant parts thereof, is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss resulting from the derecognition of the asset, which is the difference between the disposal proceeds and the net carrying amount of the asset, is recognized in the income statement.

The assets' residual values, useful lives, and depreciation methods are reviewed at **each period or financial year** and adjusted subsequently if necessary.

**Leases**

The Bank determines at the inception of a lease whether the contract is, or contains, a lease, i.e., whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**The Bank as a Lessee**

The Bank has applied a single recognition and measurement method for all leases except for short-term leases and leases of low-value assets. The Bank records lease liabilities to record lease payments and right-of-use assets representing the right to use the related assets.

▪ **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, adjusted for any remeasurement of lease liabilities. They are included within the (Property and Equipment) category in the consolidated statement of financial position. The cost of right-of-use assets includes the amount of lease liabilities recorded, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset, up to 25 years. If ownership of the leased asset is transferred to the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also subject to impairment in accordance with the Bank's non-financial assets impairment policy.

▪ **Lease Liabilities**

At the inception date of the lease, the Bank recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments (including payments that are fixed in nature) less any accrued incentives, and variable lease payments that depend on an index or rate, as well as amounts expected to be paid under estimated value guarantees. Lease payments also include the exercise price of a purchase option that is reasonably certain to be exercised by the Bank, and penalties for terminating the lease if the lease term reflects the Bank exercising the option to terminate the lease. Variable lease payments that do not depend on an index or rate are recorded as expenses (unless they are incurred to produce inventory in the period in which the event or circumstance that triggers the payments occurs). When calculating the present value of lease payments, the Bank uses the incremental rate of return at the inception date of the lease if the rate of return implied in the lease is not readily determinable. Immediately after the commencement date of the lease, the amount of the lease liability is increased to reflect the increase in profit, while it is decreased against the lease payments made. In addition, the carrying amount of the lease liability is remeasured if there is a modification or change in the lease term, a change in the nature of the fixed lease payments, or a change in the assessment made to determine whether to purchase the relevant asset.



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024

#### **3. Significant Accounting Policies (Continued)**

##### **3.3 Summary of Significant Accounting Policies (Continued)**

###### **Leases (continued)**

###### ▪ **Short-term leases and leases of low-value assets**

The Bank applies the short-term lease recognition exemption to its short-term leases and the low-value asset recognition exemption to leases of assets considered to be of low value. Lease payments for short-term leases and low-value assets are recognized as expenses on a straight-line basis over the lease term.

###### **The Bank as a Lessor**

###### ▪ **Leased Assets**

This item represents the net investment in leased assets for periods approximating or covering a substantial part of the economic life of those assets. Leases give lessees an option to purchase the leased assets at a price equal to, or expected to be equal to or lower than the fair value of the assets at the time the option is exercised. Leased assets are carried at amounts equal to the net investment outstanding in the leases.

###### ▪ **Operating Leases**

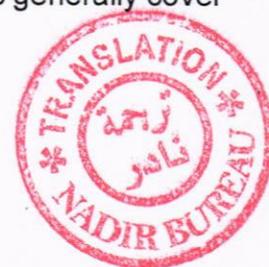
Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases, and lease revenue is included in "Other Income" in the income statement.

###### **Intangible Assets**

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the future economic benefits associated with the asset will flow to the Bank. Intangible assets acquired separately upon initial recognition are measured at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. After initial recognition, intangible assets are stated at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized, except for capitalized development costs. Expenses are reflected in the consolidated income statement in the year in which the expenses are incurred.

###### **Impairment of Non-Financial Assets**

The Bank assesses at each consolidated financial statements date whether there is any indication of impairment. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. This amount is determined for an individual asset, unless the asset generates cash inflows that are largely independent of those from other assets or groups of assets. In that case, the recoverable amount is assessed as part of the CGU to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU 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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, an appropriate valuation model is used. These accounting processes are supported by valuation multiples, quoted share prices of publicly traded companies, or other available fair value indicators. The Bank bases the impairment calculation on detailed budgets. And forecast accounts prepared separately for each of the bank's cash-generating units to which the individual assets are allocated. These budgets and forecast accounts generally cover a period of five years, and for longer periods



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024

#### **3. Significant Accounting Policies (Continued)**

##### **3.3 Summary of Significant Accounting Policies (Continued)**

##### **Impairment of Non-Financial Assets (continued)**

A long-term growth rate is calculated and applied to forecast future cash flows after the fifth year for assets excluding goodwill. An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Bank estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited so that the asset's carrying amount does not exceed its recoverable amount or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated income statement. Goodwill is tested annually and whenever circumstances indicate that the carrying amount may be impaired. Goodwill impairment is determined by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognized. Any impairment losses related to goodwill are not reversed in future periods.

##### **Provisions**

Provisions are recognized when the bank has obligations at the date of the consolidated financial statements arising from past events, and the settlement of the obligations is probable and its value can be reliably measured. Based on Central Bank of Iraq Instructions No. 4/2010 and its Circular Appendix No. 9/3/9 dated January 7, 2018, the hedge is recognized upon implementation of International Accounting Standard No. 9 by recording the surplus from the recalculation of the fair value provision, if any, in a miscellaneous provisions account and not reversing it to profit.

##### **Income Tax**

Tax expenses represent the amounts of taxes due and deferred taxes. Tax expenses are calculated based on taxable income. Taxable income differs from income reported in the financial statements because reported income includes non-taxable revenues, expenses that are not deductible in the financial statements but are reported in subsequent years, accumulated losses that are taxable, or items that are neither subject to nor deductible for tax purposes.

Taxes are calculated at the tax rates prescribed by the applicable Income Tax Law. The effective tax rate for the bank is 15% according to the latest enacted tax law. Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the value of assets and liabilities in the financial statements and the value based on which the taxable income is calculated. Deferred taxes are calculated using the liability method in the statement of financial position. Deferred taxes are calculated according to the tax rates expected to be applied when the tax liability is settled or the deferred tax assets are realized. The balance of deferred tax assets is reviewed at the date of the financial statements and reduced if it is expected that the tax assets will not be fully or partially utilized.

##### **Fair Value**

The closing prices (sale of assets, sale of liabilities) at the date of the financial statements in active financial markets represent the fair value of financial instruments and derivatives with quoted market prices. If no quoted prices are available or there is no active trading for that financial instrument, their fair value is estimated using one of the following methods:



**Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024**

**3. Significant Accounting Policies (Continued)**

**3.3 Summary of Significant Accounting Policies (Continued)**

**Fair Value (continued)**

- Comparing it to the current market value of a substantially similar financial instrument.
- Analyzing future cash flows and discounting the expected cash flows at a rate used for a similar financial instrument.
- Option Pricing Models.

Valuation methods aim to arrive at a fair value that reflects market expectations and takes into account market factors and any expected risks or rewards when estimating the value of financial instruments. If the fair value of financial instruments cannot be reliably measured, they are stated at cost less any impairment. Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value measurement is based on an estimate of the price at which an orderly transaction would take place to sell the asset or transfer the liability between market participants at the measurement date under one of the following conditions: in the principal market for the asset or liability; or in the most advantageous market for the asset or liability.

This occurs when there are no primary markets. Assets and liabilities may be measured at fair value in the following two cases:

- When the assets or liabilities are self-contained.
- When there is a group of assets, a group of liabilities, or a group of assets and liabilities, such as a cash-generating unit or a business. A number of the bank's accounting policies and disclosures require measuring the fair value of both financial and non-financial assets and liabilities.

With regard to fair value measurement, this includes a valuation team with overall responsibility for overseeing all significant fair value measurements and direct reporting to the Chief Financial Officer. The valuation team reviews significant non-observable inputs and assesses adjustments if third-party information is used to measure fair value, such as pricing instruments or services. The valuation team evaluates evidence obtained from third parties to support its conclusions that such valuations meet the requirements of International Financial Reporting Standards, including the fair value hierarchy by which such valuations should be classified. Significant valuation issues are reported to the Audit Committee. When measuring the fair value of assets and liabilities, the Bank uses observable market data to the extent possible. The Bank determines fair value using valuation techniques and the following levels, which reflect the significance of the inputs used in determining fair value:

- Level 1: Quoted prices (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Valuation techniques based on inputs other than those included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (as prices).
- Level 3: Valuation techniques for assets or liabilities using significant inputs that are not based on available market data or non-observable inputs.

The inputs used to measure the fair value of assets or liabilities may be categorized into different levels of the fair value hierarchy. Therefore, the fair value measurement as a whole is categorized into the same level of the fair value hierarchy as the lowest level input that is significant to the measurement. The bank recognizes transfers between levels of the fair value hierarchy at the end of the reporting period.



**Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024**

**3. Significant Accounting Policies (Continued)**

**3.3 Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition and Expense Recognition**

Revenue is recognized upon granting Murabaha and installment sales. Interest income is recognized using the effective interest method, with the exception of non-performing credit facility interest and commissions, which are not recognized as revenue and are recorded in the interest and commissions in suspense account. Expenses are recognized on the accrual basis. Commissions are recorded as revenue when the related services are provided. Dividends on company shares are recognized upon realization (approved by the General Assembly of Shareholders).

**Date of Recognition of Financial Assets**

The purchase and sale of financial assets is recognized on the trade date/date the bank commits to sell or purchase the financial assets.

**Cash and Cash Equivalents**

Cash and cash balances maturing within three months from the date of acquisition, including: Cash and balances with the Central Bank of Iraq and balances with banks and financial institutions, less bank and financial institution deposits maturing within three months and restricted balances.

**Estimates and Judgments**

The preparation of consolidated financial statements in accordance with the revised Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. In preparing the financial statements, the significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements (previous year) for the year ended December 31, 2020.

**Estimation Uncertainty**

The following are the key assumptions concerning the future and other key sources of uncertainty at the date of the consolidated financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- Impairment of goodwill and intangible assets with indefinite useful lives

The Bank identifies, at least annually, whether goodwill and intangible assets with indefinite useful lives are impaired. This requires an assessment of the value in use of the cash-generating unit. Estimating the value in use requires the Bank to estimate the expected future cash flows from the cash-generating unit and choose an appropriate discount rate to calculate the present value of those cash flows.

- Impairment of investments in associates and joint ventures

The Bank calculates the amount of impairment as the difference between the recoverable amount and the carrying amount if there is any objective evidence that the investment in associates or subsidiaries is impaired. Estimating the recoverable amount requires the Bank to make an estimate of the expected future cash flows and select appropriate inputs for the valuation.

- Impairment of Investment and Trading Properties

The bank reviews the carrying value of investment and trading properties to determine whether there is any indication that these assets have suffered an impairment loss if their fair value is less than their carrying value



**Clarifications to the Annual Financial Statements for the Year Ending on 31 December 2024**

**3. Significant Accounting Policies (Continued)**

**3.3 Summary of Significant Accounting Policies (Continued)**

The bank's management determines the appropriate methods and inputs required to measure fair value using observable market data. When appropriate, the bank engages reputable valuers to conduct the valuation.

▪ **Impairment of Financial Instruments**

Measuring impairment losses for all categories of financial instruments requires judgment, particularly regarding the estimation of the amount and timing of future cash flows and the value of collateral when determining impairment losses and assessing significant increases in credit losses. These estimates are derived from several factors, any changes to which could result in different levels of provisions. The bank's expected credit losses calculations involve complex model inputs that include several underlying assumptions about the selection of variable inputs and the relationships between them. Elements of the expected credit loss models include the following, which are considered accounting judgments and estimates:

- The bank's internal credit rating model, which assigns default probabilities to individual rating grades.
- The bank's criteria for assessing significant increases in credit risk, whereby provisions for financial assets should be measured based on lifetime expected credit losses.
- The classification of financial assets when assessing standardized expected credit losses. Developing expected credit loss models, including various formulas and input selection.
- Determining the relationships between macroeconomic scenarios and economic inputs and their impact on the probability of default, calculating the loss given default ratio (LGD) and exposure to default.
- Determining future macroeconomic scenarios and weighting probabilities to arrive at the economic inputs required for expected credit loss models.

The bank's policy is to regularly review its models in light of actual loss experience and adjust them as necessary.

**Operating Segments**

The bank has several operating segments, which represent the bank's strategic sectors. These strategic segments offer various products and services and are managed based on the bank's management structure. For each of these strategic segments, the bank reviews management reports on a monthly basis.

The following illustrates the operations within the bank's operating segments:

**Corporate Banking**

Corporate banking includes services provided to institutional investors, companies, other banks, and investment entities such as mutual funds or pension funds.

**Retail Banking**

Retail banking includes services provided to customers/individuals through the bank's local branches, including current/savings accounts, credit cards, personal lines of credit, and mortgages.

**Banking Units**

Treasury, Investment, Finance, and other central functions.



### **3. Significant Accounting Policies (Continued)**

#### **3.3 Summary of Significant Accounting Policies (Continued)**

##### **Local Subsidiaries**

Includes the Bank's local subsidiaries that are consolidated in the Bank's financial statements.

Performance is measured based on segment profit before tax, as included in internal management reports reviewed by the Bank. Segment profit is used to measure performance, as management believes that this information is accurate and relevant to assessing the results of certain segments, comparable to other banks operating in the same industries.

##### **Direct Credit Facilities**

Direct credit facilities are financial assets with fixed or determinable payments originally provided by the Bank or acquired and not quoted in active markets. An impairment provision is established for direct credit facilities if it becomes apparent that the amounts due to the Bank cannot be collected and when there is objective evidence that an event has adversely affected the future cash flows of direct credit facilities. When this impairment can be estimated, the amount of the provision is recorded in the statement of profit or loss, in accordance with the instructions of the Central Bank of Iraq.

Credit facilities for which provisions have been made are written off if the measures taken to collect them are ineffective, deducting them from the provision. Any excess in the total provision, if any, is transferred to the miscellaneous provisions account.

##### **Impairment of Financial Assets**

The bank reviews the recorded values of financial assets at the statement of financial position date to determine whether there are indicators of impairment, individually or collectively. If such indicators exist, the recoverable amount is estimated to determine the impairment loss. The impairment loss is recorded in the separate statement of profit or loss, and any subsequent gain resulting from a previous impairment loss on financial assets is recorded in the separate statement of profit or loss.

##### **Financial assets at fair value through other comprehensive income**

These assets represent investments in equity instruments intended to be held for the long term. These assets are recognized upon purchase at fair value plus acquisition costs and are subsequently revalued at fair value. Changes in fair value are reflected in the statement of other comprehensive income and within shareholders' equity, including changes in fair value resulting from translation differences of non-monetary assets denominated in foreign currencies.



**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications to Annual Financial Statements for Financial Year Ending on 31/12/2024**

**1. Cash and Balances at the Central Bank**

The details of this item are as follows:	31/12/2024 One thousand Iraqi dinars	31/12/2023 One thousand Iraqi dinars
<u>Gold Bars</u>	6,813,362	3,194,774
<u>Cash in Vault</u>		
Local Currency	62,657,408	37,959,490
Foreign Cash Instruments	1,786,471	2,618,032
Total Cash in the Vault	64,443,879	40,577,522
Cash in ATM	32,447,760	8,382,880
<u>Balances with Central Bank of Iraq</u>		
Current Accounts	25,821,479	60,568,737
Legal Reserve	52,504,257	33,164,418
Reserve of Letters of Guarantee	178,432	179,502
Clearance Room	-----	860,760
<b>Total Balances at Central Bank of Iraq</b>	78,504,168	94,773,417
<b>Total before calculating the quantitative effect</b>	182,209,169	146,928,593
Deduct: Expected credit losses	(16,380)	-----
<b>Total after calculating the quantitative effect</b>	182,192,789	146,928,593

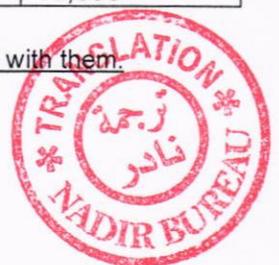
- Below is a clarification of cash and balances at the Central Bank:

Details	Stage 1	Stage2	Stage 3	Total
High Rating	-----	-----	-----	-----
Ordinary Rating	182,209,169	-----	-----	182,209,169
Lower Rating	-----	-----	-----	-----
<b>Total</b>	182,209,169	-----	-----	182,209,169
Deduct: Allocations for Expected Credit Losses	16,380	-----	-----	16,380
<b>Total</b>	182,192,789	-----	-----	182,192,789

- Disclosure of movement in the allowance for expected credit losses

Details	Stage 1	Stage2	Stage 3	Total
Balance as of 1/1/ 2024	-----	-----	-----	-----
Transfer from Stage 1	16,380	-----	-----	16,380
Transfer from Stage 2	-----	-----	-----	-----
Transfer from Stage 3	-----	-----	-----	-----
Transfer from general allocation	-----	-----	-----	-----
Net remeasurement of expected credit losses	-----	-----	-----	-----
<b>Balance on 31/12/2024</b>	16,380	-----	-----	16,380

The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.



**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

**5. Balances and Deposits at Banks and other Financial Institutions**

Statement	31/12/2024 One thousand Iraqi dinars	31/12/2023 One thousand Iraqi dinars
Local Banks and financial Institutions	749,313	749,366
Foreign Banks and Financial Institutions	4,072,874	3,953,425
<b>Total before Calculating Quantitative Effect</b>	<b>4,822,187</b>	<b>4,702,791</b>
Deduct: Expected Credit Losses	(93,409)	(63,409)
<b>Total after Calculating Quantitative Effect</b>	<b>4,728,778</b>	<b>4,639,382</b>

- Below is a clarification of balances and deposits at banks and other financial institutions:

Details	Stage 1	Stage2	Stage 3	Total
High Rating	-----	-----	-----	-----
Ordinary Rating	4,822,187	-----	-----	4,822,187
Lower Rating	-----	-----	-----	-----
<b>Total</b>	<b>4,822,187</b>	-----	-----	<b>4,822,187</b>
Deduct: Allocation for Expected Credit Losses	(93,409)	-----	-----	(93,409)
<b>Total</b>	<b>4,728,778</b>	-----	-----	<b>4,728,778</b>

- Clarification of movement in the allowance for expected credit losses

Details	Stage 1	Stage2	Stage 3	Total
Balance as on 1/1/ 2024	63,409	-----	-----	63,409
Transfer from Stage 1	30,000	-----	-----	30,000
Transfer from Stage 2	-----	-----	-----	-----
Transfer from Stage 3	-----	-----	-----	-----
Transfer from general allocation	-----	-----	-----	-----
Net remeasurement of expected credit losses	-----	-----	-----	-----
<b>Balance on 31/12/2024</b>	<b>93,409</b>	-----	-----	<b>93,409</b>



The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.

## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024

#### 6. Direct credit Facilities, Net

Statement	31/12/2024 One thousand Iraqi dinars	31/12/2023 One thousand Iraqi dinars
Cash Credit	203,364,277	269,638,047
Profitability (Murabahat)	218,126,050	14,165,006
Manufacturing (Istisna)	44,433,381	23,058,209
Net Rental ended with owning	513,234	1,036,848
Easy Loans	38,384,574	45,401,511
Credit facilities of Central Bank Initiative		
Soft Loans		
Non-Productive Debits	50,220,091	4,964,159
<b>Total</b>	555,041,607	358,263,780
Deduct: Prepaid Revenues	(79,349,715)	(26,209,186)
<b>Islamic financing after discount</b>	475,691,892	322,054,594
Deduct: Cash credit Risks Allocation	(11,861,048)	(6,586,471)
<b>Net Islamic Financing</b>	463,830,844	315,468,123

- Net Rental ending with owning represents:

Balance	50,885,006
Accumulated depreciation	(6,451,625)
Net	44,433,381

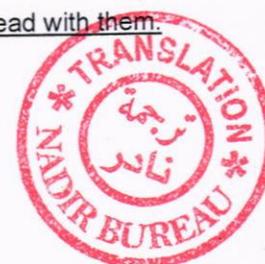
- Credit facilities initiated by the Central Bank of Iraq: (individual Murabaha, corporate Murabaha, soft loans, and ending with ownership).
- Below is a clarification of Islamic financing:

Details	Stage 1	Stage 2	Stage 3	Total
High Rating	----	----	----	----
Ordinary Rating	475,691,892	----	----	475,691,892
Lower Rating	----	----	----	----
<b>Total</b>	475,691,892	----	----	475,691,892
Deduct: Allocation for Expected Credit Losses	(11,861,048)	----	----	(11,861,048)
<b>Total</b>	463,830,844	----	----	463,830,844

- Clarification of movement in the allowance for expected credit losses

Details	Stage 1	Stage 2	Stage 3	Total
Balance as on 1/1/ 2024	12,326,431	----	----	12,326,431
Transfer from Stage 1	(465,383)	----	----	(465,383)
Transfer from Stage 2	----	----	----	----
Transfer from Stage 3	----	----	----	----
Transfer from general allocation	----	----	----	----
Net remeasurement of expected credit losses	----	----	----	----
<b>Balance on 31/12/2024</b>	11,861,048	----	----	11,861,048

The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.



## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024

#### 7. Financial Assets with fair value from Consolidated Income

Statement	31/12/2024 One thousand Iraqi dinars	31/12/2023 One thousand Iraqi dinars
<u>Investments in Shares and Contributions</u>		
<u>Companies owned by the bank</u>		
Altakafel National Company	550,000	550,000
Iraqi Company for Deposit Insurance	750,000	750,000
Gables in Al-Zafaraniya area in Baghdad	3,167,276	3,167,276
Calf Farm Project in Al-Mahmoodiya	41,974,609	36,030,439
<b>Total Investments</b>	<b>46,441,885</b>	<b>40,497,715</b>
<u>Real Estate Investment in Progress</u>		
Residential Complexes for Sale	5,564,740	2,346,880
Mall in the center of Karbala City	33,104,865	29,692,578
Abu Ghraib Poultry Project	1,393,019	1,179,518
Investment Land in Al-Basrah	1,755,710	1,481,267
<b>Total Real Estate in Progress Investment</b>	<b>41,818,334</b>	<b>34,700,243</b>
<b>Total before calculating the quantitative effect</b>	<b>88,260,219</b>	<b>75,197,958</b>
Deduct: Expected credit losses	(2,268,290)	(858,579)
<b>Total after calculating the quantitative effect</b>	<b>85,991,929</b>	<b>74,339,379</b>

▪ Clarification of Financial Assets with fair value from Consolidated Income

Details	Stage 1	Stage2	Stage 3	Total
High Rating	-----	-----	-----	-----
Ordinary Rating	88,260,219	-----	-----	88,260,219
Lower Rating	-----	-----	-----	-----
<b>Total</b>	<b>88,260,219</b>	<b>-----</b>	<b>-----</b>	<b>88,260,219</b>
Deduct: Allocation for Expected Credit Losses	2,268,290	-----	-----	2,268,290
<b>Total</b>	<b>85,991,929</b>	<b>-----</b>	<b>-----</b>	<b>85,991,929</b>

▪ Clarificatio of movement in the expected credit losses allocation

Details	Stage 1	Stage2	Stage 3	Total
Balance as of 1/1/ 2024	858,579	-----	-----	858,579
Transfer from Stage 1	1,409,711	-----	-----	1,409,711
Transfer from Stage 2	-----	-----	-----	-----
Transfer from Stage 3	-----	-----	-----	-----
Transfer from general allocation	-----	-----	-----	-----
Net remeasurement of expected credit losses	-----	-----	-----	-----
<b>Balance on 31/12/2024</b>	<b>2,268,290</b>	<b>-----</b>	<b>-----</b>	<b>2,268,290</b>

The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.



**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

8. Investment of subsidiary companies

Statement	31/12/2024 One thousand Iraqi dinars	31/12/2023 One thousand Iraqi dinars
Bait Al Akhdher Real Estate Investment Company (Limited Liability)	5,000,000	5,000,000
Alkookh Al Dhahabi General Trading Company (Limited Liability)	2,000,000	2,000,000
Al-Taif Translation Company (Limited Liability)	10,000	10,000
<b>Total</b>	<b>7,010,000</b>	<b>7,010,000</b>

- Shares of companies not listed on financial markets are recorded by number of shares due to the lack of a parallel market with reliable information on the fair value of these investments.



The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.

**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

**9. A. Properties and Equipment, Net**

Fixed Assets Activity during the year	Lands	Buildings	Machinery and Equipment	Transport Means & Movements	Tools and Molds	Furniture 7 Office Appliances	Building Improvements	Total
	thousand Dinar	thousand Dinar	thousand Dinar	thousand Dinar	thousand Dinar	thousand Dinar	thousand Dinar	thousand Dinar
Cost on 1/1/2024	15,607,475	11,912,751	436,862	1,013,299	222,348	7,251,962	3,190,045	39,634,742
Additions during the year	---	---	111,824	153,425	61,915	4,718,624	4,772,648	9,818,436
Exclusions during the year	---	---	(46,375)	(110,822)	(75,111)	(1,525,550)	(597,092)	(2,372,950)
Cost on 31/12/2024	15,607,475	11,912,751	484,311	1,055,902	209,152	10,445,063	7,365,601	47,080,228
Depreciation percentage		%2			%2			
Balance on 1/1/2024	---	1,414,280	217,163	611,408	132,419	2,986,921	---	5,362,191
Add: Consumption during the year	---	237,990	59,637	113,818	18,625	1,350,891	477,050	2,258,011
Exclusions during the year	---	---	(57,733)	(84,235)	(57,914)	(719,005)	(477,050)	(1,395,937)
Allocation Balance on 31/12/2024	---	1,652,270	219,067	640,991	93,130	3,618,807	---	6,224,265
Book Value on 31/12/2024	15,607,475	10,260,481	265,244	414,911	116,022	6,826,229	7,365,601	40,855,963
Deduct: Losses real estate impairment	(225,764)	(2,784,017)	---	---	---	---	---	(3,009,781)
Net book value	15,381,711	7,476,464	265,244	414,911	116,022	6,826,229	7,365,601	37,846,182

▪ Certain sub-items have been restructured and combined into one item for regulatory purposes for financial year 2024, and accordingly, financial year 2023 has been restated for comparative purposes only.



The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.

**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

**The item below is shown for comparison purposes only as on 31/12/2023**

Fixed Assets Activity during the year	Lands	Buildings	Machinery and Equipment	Transport Means & Movements	Tools and Molds	Furniture 7 Office Appliances	Building Improvements	Total
	thousand Dinar	thousand Dinar	thousand Dinar	thousand Dinar	thousand Dinar	thousand Dinar	thousand Dinar	thousand Dinar
Cost on 1/1/2023	1,729,012	11,912,751	373,745	1,013,299	244,328	5,654,310	1,458,186	22,385,631
Additions during the year	13,878,463	-	63,117	-	-	1,597,652	2,192,954	17,732,186
Exclusions during the year	-	-	-	-	(21,980)	-	(461,095)	(483,075)
<b>Cost on 31/12/2023</b>	<b>15,607,475</b>	<b>11,912,751</b>	<b>436,862</b>	<b>1,013,299</b>	<b>222,348</b>	<b>7,251,962</b>	<b>3,190,045</b>	<b>39,634,742</b>
Depreciation percentage	-	%2	-	-	%20	-	-	-
Balance on 1/1/2023	-	1,156,833	165,542	719,914	222,989	1,684,432	-	3,949,710
Add: Consumption during the year	-	162,070	49,083	91,360	10,380	716,093	461,095	1,490,081
Exclusions	-	95,377	2,538	(199,866)	(100,950)	586,396	(461,095)	(77,600)
Allocation Balance on 31/12/2023	-	1,414,280	217,163	611,408	132,419	2,986,921	-	5,362,191
Book Value on 31/12/2023	15,607,475	10,498,471	219,699	401,891	89,929	4,265,041	3,190,045	34,272,551
Deduct: Losses real estate impairment	(225,764)	(2,034,017)	-	-	-	-	-	(2,259,781)
Advance Payments Projects in Progress	-	700,000	-	-	-	787,572	860,098	2,347,670
Net book value	15,381,711	9,164,454	219,699	401,891	89,929	5,052,613	10,599,542	40,909,839

The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.



**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

**10. Intangible Assets**

<b>Intangible Assets Activity During the Period</b>	<b>Software and Systems Thousand Dinars</b>
Balance on 1/1/2024	4,281,668
Additions during the Period	8,565,780
Exclusions during the Period	-
Balance on 31/12/2024	12,847,448
Amortization Percentage	%20
Accumulated Amortization Balance on 1/1/2024	1,190,159
Add: Amortization during the Period	927,011
Deduct: Exclusion during the Period	-
Total Amortization on 31/12/2024	2,117,170
Book Value on 31/12/2024	10,730,278

**11. Projects in Progress**

<b>Projects in Progress Movement during the year</b>	<b>Buildings thousand Dinar</b>	<b>Furniture &amp; Office Appliances IQ thousand</b>	<b>Rented Building improvement Thousand Dinar</b>	<b>Advance Payments Thousand Dinar</b>	<b>Total Thousand Dinar</b>
<b>Cost on 1/1/2024</b>	----	----	6,549,399	2,547,115	9,096,514
Additions during the year	7,029,674	203,093	----	----	7,232,767
Transferred to Assets	----	----	(5,073,293)	(1,224,233)	(6,297,526)
<b>Balance on 31/12/2024</b>	7,029,674	203,093	1,476,106	1,322,882	10,031,755



The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.

## Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

### Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024

#### 12. Other assets

Statement	31/12/2024 thousand dinars	31/12/2023 thousand dinars
Inventory	994,800	-
Balance of Electronic Payment with Others	1,922,250	52,396
External World Debtors	39,079,393	7,591,941
Deposits with Others/Miscellaneous	2,008,833	10,010,549
Pre-paid expenses	3,039,257	2,977,830
Revenues Due	2,679,603	3,544,267
Loans for Activity Purposes	136,394	561,540
Cash differences	896	4,590
Other Debtor Accounts	7,706,444	2,231
<b>Total before calculating the quantitative effect</b>	<b>57,567,870</b>	<b>24,745,344</b>
Deduct: Expected credit losses	(1,810,412)	----
<b>Total after calculating the quantitative effect</b>	<b>55,757,458</b>	<b>24,745,344</b>

- Below the Clarification of Other Assets:

Details	Stage 1	Stage2	Stage 3	Total
High Rating	----	----	----	-
Ordinary Rating	57,567,870	----	----	57,567,870
Lower Rating	----	----	----	-
<b>Total</b>	<b>57,567,870</b>	<b>----</b>	<b>----</b>	<b>57,567,870</b>
Deduct: Allocation for Expected Credit Losses	(1,810,412)	----	----	(1,810,412)
<b>Total</b>	<b>55,757,458</b>	<b>----</b>	<b>----</b>	<b>55,757,458</b>

- Clarification of movement in the expected credit losses allocation

Details	Stage 1	Stage2	Stage 3	Total
Balance as of 1/1/ 2024	----	----	----	----
Transfer from Stage 1	1,810,412	----	----	1,810,412
Transfer from Stage 2	----	----	----	----
Transfer from Stage 3	----	----	----	----
Transfer from general allocation	----	----	----	----
Net remeasurement of expected credit losses	----	----	----	----
<b>Balance on 31/12/2024</b>	<b>1,810,412</b>	<b>----</b>	<b>----</b>	<b>1,810,412</b>

The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.



**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

**13. Received Loan of the Central Bank of Iraq:**

Statement	31/12/2024 thousand dinars	31/12/2023 thousand dinars
Received long-term financing operations/ supporting loans	37,422,246	53,483,974
<b>Total</b>	<b>37,422,246</b>	<b>53,483,974</b>

- The above long-term financing operations account represents the amounts granted by the Central Bank of Iraq for the purpose of financing projects.

**14. Current and Deposits accounts:**

Statement	31/12/2024 thousand dinars	31/12/2023 thousand dinars
Current Accounts/ Private Sector -Companies	67,618,196	30,009,440
Current Accounts/ Private Sector -Individuals	66,072,691	50,007,087
Savings Accounts	90,196,266	79,018,286
Investment Deposits	282,623,758	114,645,347
<b>Total</b>	<b>506,510,911</b>	<b>273,680,160</b>

**15. Cash Deposits**

Statement	31/12/2024 thousand dinars	31/12/2023 thousand dinars
Received Deposits	1,286,829	1,111,105
Deposits contra Letters of Guarantee	6,273,583	7,426,503
Deposits Documentary Credits	1,310,000	1,310,000
<b>Total</b>	<b>8,870,412</b>	<b>9,847,608</b>

The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.



**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

**16. Income Tax Allocation**

<b>Statement</b>	<b>31/12/2024 thousand dinars</b>	<b>31/12/2023 thousand dinars</b>
Balance at the beginning of the year	2,698,215	791,660
Additions	1,462,413	2,698,215
discounts	(2,698,215)	(791,600)
Balance at the end of the year	<u>1,462,413</u>	<u>2,698,215</u>

- The additions represent a summary of the reconciliation of accounting profit to taxable profit, as shown below:

<b>Statement</b>	<b>31/12/2024 Thousand Dinar</b>
Net Income	
Add: Non-taxable Expenses	
Cash impairment expense at the Central Bank and banks	46,380
Increase in allocation for cash and contractual credit risk	1,850,183
Increase in financial assets risk /investments	1,409,711
Increase in other assets	1,810,412
Non-employee bonuses	385,056
Donations to others	46,000
Compensation and fines	379,556
Direct withholding tax	141,771
Capital losses	119,613
<b>Total Non-taxable Expenses</b>	<b>6,206,682</b>
<b>Total</b>	<b>10,056,686</b>
Deduct: Tax-exempt revenues	
Capital revenues	96,931
Profits of subsidiary companies	210,336
<b>Total tax-exempt revenues</b>	<b>307,267</b>
<b>Taxable profit amount</b>	<b>9,749,419</b>
Income tax 15%	<u>1,462,413</u>

The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.



**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

**17. Allocations**

Statements	31/12/2024 thousand dinars	31/12/2023 thousand dinars
Contractual credit risks allocation	170,352	162,721
<b>Total</b>	<b>170,352</b>	<b>162,721</b>

**18. Other Liabilities**

Statements	31/12/2024 thousand dinars	31/12/2023 thousand dinars
Amounts Received for Companies Subscriptions	2,017,000	2,575,000
Cahier Cheques Withdrawn on the Bank	225,857	217,956
Endorsed instruments	10,766	120,384
Profits of investment accounts pending distribution	9,313,465	5,940,542
Various Creditors	7,167,291	1,404,003
Expenses Due	723,592	210,241
Increase in Cash	46,988	198,736
Vault – stamp Fee	118,654	154,697
Pension and Social Security	268,259	131,994
Deductions from Employees for Other Account/ Tax	46,284	19,432
Charity Fund	12,299	145,522
Pending Financial Confiscation	---	6,970
Incoming Remittances	7,832,937	398,314
Others	7,683,000	105,449
<b>Total</b>	<b>35,466,392</b>	<b>11,629,240</b>

**19. Nominal and Subscribed capital**

Statements	31/12/2024 thousand dinars	31/12/2023 thousand dinars
Nominal and Subscribed capital	250,000,000	250,000,000
<b>Total</b>	<b>250,000,000</b>	<b>250,000,000</b>

- The nominal, subscribed and fully paid capital consists of 250 billion shares, each valued at 1 Iraqi dinar.

The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.



**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

**20. Reserves**

Statement	31/12/2024 thousand dinars	31/12/2023 thousand dinars
<b><u>Legal Reserve/Mandatory</u></b>		
Balance at beginning of the period	935,258	371,219
Additions	119,380	564,039
Discounts	----	----
<b>Balance at the end of the year</b>	<b>1,054,638</b>	<b>935,258</b>
<b><u>Expansion Reserve</u></b>		
Balance at beginning of the period	1,000,000	1,000,000
Additions	10,000,000	----
Discounts	----	----
<b>Balance at the end of the year</b>	<b>11,000,000</b>	<b>1,000,000</b>
<b><u>Exchange value fluctuation reserve</u></b>		
Balance at beginning of the period	89,762	89,762
Additions	----	----
Discounts	----	----
<b>Balance at the end of the year</b>	<b>89,762</b>	<b>89,762</b>
<b>Accumulated Surplus/ Carried forward</b>		
Balance at beginning of the period	13,804,676	3,087,935
Additions	2,268,211	10,716,741
Discounts	(10,000,000)	----
<b>Balance at the end of the year</b>	<b>6,072,887</b>	<b>13,804,676</b>
<b>Total</b>	<b>18,217,287</b>	<b>15,829,696</b>

The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.



**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

**21. Islamic Banking Revenue (Contractual Credit)**

Statement	31/12/2024 thousand dinars	31/12/2023 thousand dinars
Murabaha Revenue	26,557,954	11,142,826
Financing Lease Revenue	6,654,381	1,806,130
Istisna Operation Revenue	11,646,249	431,211
Financing Operation implementation Revenue	-----	757,647
<b>Total</b>	<b>44,858,584</b>	<b>14,137,814</b>

**22. Islamic Investments Revenue**

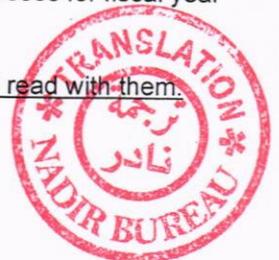
Statement	31/12/2024 thousand dinars	31/12/2023 thousand dinars
Subsidiary Company Profits	210,336	808,462
Operating Leasing Revenue	179,200	243,200
Calf Breeding Revenue	4,907,231	1,056,411
Islamic Certificates of Deposit Revenue from the Central Bank of Iraq	871,154	1,583,654
<b>Total</b>	<b>6,167,921</b>	<b>3,691,727</b>

**23. Islamic Deposit Revenue / Refundable (Deposit Break)**

Statement	31/12/2024 thousand dinars	31/12/2023 thousand dinars
Savings Account Return Distributions	----	6,328,644
Fixed Deposit Return Distributions	----	12,087,524
Deposit Break Income	2,100,144	(1,672,421)
<b>Total</b>	<b>2,100,144</b>	<b>16,743,747</b>

- Certain sub-items have been restructured and combined into one item for organizational purposes for fiscal year 2024.

The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.



**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

**24. Banking Operations Revenues**

Statement	31/12/2024 thousand dinars	31/12/2023 thousand dinars
Foreign currency purchase and sale revenue	8,726,082	4,912,437
Auction window revenue	----	1,914,293
Currency valuation differences	113,773	(2,149,667)
Internal remittance commissions	12,145,368	1,870,646
Foreign remittance commissions	749,088	23,670,263
Credit card commissions	1,414,043	1,041,462
Documentary credit commissions	463	19,350
Internal letter of guarantee commissions	38,276	88,982
Issuance of bills of exchange commissions	9,912	----
Miscellaneous banking commissions	49,584	----
Banking services revenues	1,622,137	13,255,601
Paid banking services	----	(1,887,814)
<b>Total</b>	<b>24,868,726</b>	<b>42,735,553</b>

**25. Net Other Operational Revenues**

The details of this account are as follows:

	31/12/2024 thousand dinars	31/12/2023 thousand dinars
<b><u>Revenues</u></b>		
Capital Revenues	96,931	20,643
Accidental Revenues	109,334	48,967
Total Revenues	206,265	69,610
<b><u>Expenses</u></b>		
Capital Losses	----	5,819
Accidental Expenses	----	10
Total Expenses	----	(5,829)
<b>Net Other Operational Revenues</b>	<b>206,265</b>	<b>63,781</b>

- Some sub-items have been restructured and combined into one item for organizational purposes for financial year 2024.



The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.

**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

**26. Employees' Salaries and Wages and the Like**

<b>Statement</b>	<b>31/12/2024</b> thousand dinars	<b>31/12/2023</b> thousand dinars
Employees' Cash Wages	3,537,381	3,915,237
Additional Workers' Wages	91,776	747,924
Incentive bounces	222,507	420,488
Food and Accommodation Allocation	463,612	---
Employees' Transportation Allocation	677,519	714,283
Other Allocations	2,892,329	3,675,420
Accumulated Leaves Balance	206,396	---
Employees' Supply	495	22,934
Training and Rehabilitation	34,807	33,566
Bank's Contribution to Social Security	370,567	375,854
<b>Total</b>	<b>8,497,389</b>	<b>9,905,706</b>

**27. Islamic Banking Expenses**

<b>Statement</b>	<b>31/12/2024</b> thousand dinars	<b>31/12/2023</b> thousand dinars
Savings Expenses	4,969,093	---
Fixed Deposits Returns	17,424,053	---
<b>Total</b>	<b>22,393,146</b>	<b>---</b>

- Certain sub-items have been restructured and combined into a single item for regulatory purposes for financial year 2024.
- Fixed Deposit Returns / This account represents:
  - Paid Returns / Time Deposits
  - Broken Deposit Returns



The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.

**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

<b>Statement</b>	<b>31/12/2024 thousand dinars</b>	<b>31/12/2023 thousand dinars</b>
Bank commissions paid	526,875	----
Outgoing and incoming remittance commissions	4,325,718	----
Losses from buying and selling foreign currencies	3,581,799	----
Printing and processing credit cards	1,108,093	----
<b>Total</b>	<b>9,542,485</b>	<b>----</b>

**28. Banking Operation Expenses**

- Some sub-items have been restructured and combined into one item for regulatory purposes for financial year 2024.



The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.

**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

**29. Operating Expenses and Others**

<b>Statement</b>	<b>31/12/2024 thousand dinars</b>	<b>31/12/2023 thousand dinars</b>
Fuel and Oil	197,377	196,600
Supplies and Necessities	258,374	333,292
Stationery	68,678	116,360
Water and Electricity	313,078	261,901
Maintenance Services	284,594	716,301
Systems and Software Services	2,556,231	2,404,680
Research and Consulting Services	141,033	172,925
Advertising and Publicity	3,671,596	2,635,535
Publishing and Printing	96,054	133,382
Hospitality	93,188	130,240
Transportation of Goods and Merchandise	211,726	106,576
Travel and Delegation	273,366	225,716
General Communications	704,387	649,349
Automated Teller Machines (ATM) Rental	471,532	----
Building Rental	3,183,414	2,528,289
Transportation and Movement Means Rental	5,800	----
Subscriptions and Affiliations	75,270	43,000
Insurance Premiums	719,908	935,976
Rewards for Non-Employees for Services Performed	385,056	892,804
Legal Services	164,470	167,444
Banking Services	807,281	----
Accounts Preparation Fees	16,230	13,300
Accounts Audit Fees / Auditor Fees	108,200	82,000
Audit Fees / International Audit Firms	868,990	----
Other Service Expenses	330,995	341,156
Donations to Others	46,000	6,000
Compensation and Fines	397,556	396,572
Special Service Expenses	961,637	----
Miscellaneous Taxes and Fees	1,285,793	1,245,416
Capital Losses	119,613	----
<b>Total</b>	<b>18,817,427</b>	<b>14,834,814</b>

The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.



**Al-Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Clarifications about Annual Financial Statements for Financial Year Ending on 31/12/2024**

**30. Earnings per share**

Statement	31/12/2024 thousand dinars	31/12/2023 thousand dinars
Net Income	2,387,591	11,280,780
Weighted Average Number of Shares Outstanding	250,000,000	250,000,000
Basic earnings per share from the annual profit	0,009	0,045

- Basic and diluted earnings per share were calculated by dividing the bank's net profit/shareholders' return by the weighted average number of ordinary shares outstanding during the year.
- The share price of Al-Taif Islamic Bank was 1 dinar, according to the trading bulletin on the regular market of the Iraqi Stock Exchange.

**31. Off-balance sheet items:**

Statement	31/12/2024 thousand dinars	31/12/2023 thousand dinars
<u>Outgoing letter of guarantee liabilities:</u>		
Deduct: Letters of guarantee	6,324,583	7,617,298
Deduct: Letters of guarantee insurance	(6,273,583)	(7,426,503)
<b>Net liabilities against letters of guarantee</b>	<b>51,000</b>	<b>190,795</b>
 <u>Documentary Credit Liabilities</u>		
Documentary credits	6,500,000	6,440,000
Less: Letters of credit Deposits	(1,310,000)	(1,310,000)
<b>Net liabilities against documentary credits</b>	<b>5,240,000</b>	<b>5,130,000</b>
Lease contract liabilities / Executed lease contracts	44,204,687	22,704,362
Important documents in the bank's possession (5,547)	6	16
<b>Total</b>	<b>49,495,693</b>	<b>28,025,173</b>

The attached clarifications from (1) to (31) are considered part of these financial statements and read with them.



**Al- Taif Islamic Bank  
For Investment & Finance**



**The Report of the Board of Directors  
For Financial Year Ending on  
31 December 2024**



[www.taifib.iq](http://www.taifib.iq)



[taif@taifib.iq](mailto:taif@taifib.iq)



07704447250

Iraq - Baghdad - Karada - Dakhil.Discteict 901 St 3 Al Taif Bulic



shareholders,  
May God's peace, mercy, and blessings be upon you:

We present to you the report of the Board of Directors regarding the final financial accounts for the financial year ending on 31/ December/ 2024, including data and information about the bank's business and the results of implementing the annual plan, which was prepared in accordance with the provisions of Articles (117) and (134) of the Companies Law No. (21) of 1997, amended year 2004, Accounting Rule No. (10) issued by the Accounting and Regulatory Standards Board in the Republic of Iraq, the provisions of the Banking Law No. (94) of 2004, the Islamic Banks Law No. (43) of 2015 and the instructions and controls contained in the Environmental, Social, and Corporate Governance Standards Guide for Banks for the year 2024, issued by the Central Bank of Iraq.

### Summary about the Bank

- a. To begin with: Al-Taif Money Transfer Company (a private shareholding company) with a capital of (100) million dinars was established in the name of ( Bait Al-Mal Money Transfer Co. Ltd.), according to the certificate of incorporation issued by the Department of Companies Registration/ National Companies, No. CR/2392 dated 8/1/2006.
- b. According to the letter of the Department of Companies Registration/ National Companies No. 10461 dated 19/7/2006, the capital was increased to (500) million dinars.
- c. The company began its work on 19/9/2007 after it was granted a license to practice financial transfer business issued by the Central Bank of Iraq / General Directorate of Banking and Credit Control, No. 96/3/2637 dated 19/9/2007.
- d. According to the decision of the Department of Companies Registration/ National Companies dated 2/8/2007, the company's name and type were changed to become (Al-Taif Financial Transfer Company / Private Joint Stock Company).
- e. The company's capital was increased several times, so that the company's capital in mid-2013 became (25) billion dinars, according to the letter of the Department of Companies Registration/ National Companies No. 18918 dated 23/7/2013.
- f. According to the letter of the Department of Companies Registration/ National Companies No. 3328 dated 5/2/2014, all necessary legal procedures were completed to increase the company's capital to become (38) billion dinars.
- g. According to the letter of the Department of Companies Registration/ National Companies No. 3883 dated 11/2/2015, all necessary legal procedures were completed to increase the company's capital to become (45) billion dinars.
- h. According to the letter of the Department of Companies Registration/ National Companies No. 5487 dated 19/2/2018, all necessary legal procedures were completed to change the company's activity from money transfer to become and Islamic Bank by the name (Al-Taif Islamic Bank for Investment and Finance) and to increase capital to become (100) billion dinars.
- i. The bank was granted a license to practice banking business according to the letter of the Central Bank of Iraq / Islamic Banking Control Department No. 9/3/30217, dated 31/12/2018.
- j. According to the letter of the Department of Companies Registration/ National Companies No. 23517 dated 7/12/2020, all necessary legal procedures were completed to increase the Bank's capital to become (153) billion dinars.
- k. According to the letter of the Companies Registration Department No. 24036 on 18/8/2021, all the necessary legal requirements to increase the bank's capital to become (203) billion dinars.
- l. According to the letter of the Companies Registration Department No. 11186 on 24/3/2022, all necessary legal procedures were completed to increase the bank's capital to become (250) billion dinars.



**Al- Taif Islamic Bank  
For Investment & Finance**



The shareholders who own 5% of the bank's capital and more

seq	Name	Share volume
1)	Farhan Saddam Rahma Al-Mousawi	90,600,318,654
2)	Shaata Al-Arab company for Insurance	19,782,340,806
3)	Mohammed Farhan Saddam	14,839,044,327
4)	Hayder Farhan Saddam	14,753,736,635
	Total	139,975,440,422

The shareholders who owns 1% of bank's capital until 4.9%:

Name	Shareholding volume
Al Ahliya company for Insurance	8,733,244,043
Mr. Ammar Mudhafar Salih	8,535,103,500
Mr. Ahmed Suker Rahmah	7,179,790,000
Al-Taif Holding Company Limited	6,967,384,373
Tawsil Albarib Alsarie Company	6,954,250,000
Taif Lid company for general trade L.L.C.	6,230,974,077
Mr. Luay Farman Talib d. Aldieini	6,091,003,500
Mr. Uday Khaleel Ibrahim	5,957.4 50,000
Altkafil Company for Insurance Mediation L.L.C.	4,999,516,667
Al-Taif company for Shipment, customs Clearance and Marine Time Services Ltd.	4,210,000,000
Al-Taif Company for Technical Solutions (Ltd.)	4,000,000,000
Mr. Ziyad Abdulqader Qasim	3,582,152,000
Dar Uruk company for Trade	1,990,000,000
Mohammed Oraibi Shahaf Allami	1,450,000,000
Al-Taif Electronic Shopping Company	90,834,660,468
Al-Maalij General Services Company	8,733,244,043
Total	8,535,103,500

Following the statistics of shares distribution on the shareholders as on 31/12/2024

seq	Segment	No. of shareholders	No. of shares	Percentage importance
1)	From 1 To 1,000,000	162	43,867,144	0.02%
2)	From 1,000,001 To 10,000,000	46	173,897,812	0.07%
3)	From 1,000,001 To 1000,000,000	154	18,972,134,154	7.59%
4)	more than 1,000,000,000	20	230,810,100,890	92.33%
	Total	382	43,867,144	



# Al- Taif Islamic Bank For Investment & Finance



## Subsidiary companies of the bank

The bank has 100% contributions to the capital of the:  
Al-Bait Al-Akhdar Real Estate Investment and General Contracts Company.  
Al-Kookh Al-Dhahabi General Trading Company  
Al-Taif Company for Translation.

## The Bank's Plan for 2025

1. Continue developing, improving, and diversifying the Bank's revenues.
2. Continue strengthening the Bank's infrastructure.
3. Achieve a wide presence throughout Iraq and continue the plan to open branches inside and outside Baghdad.
4. Strengthen cooperation with local and foreign banks.
5. Financing economically viable projects that benefit our country.
6. Continue promoting credit cards.
7. Expand training for the Bank's staff and focus on developing branch management to become a leading and sustainable financial institution with highly qualified and efficient staff and advanced and effective financial and administrative systems capable of attracting diverse funding sources.
8. Continue constructing buildings and using them as headquarters for our branches in Baghdad and the governorates.
9. The bank has based its approach on the Corporate Governance Manual for Banks issued by the Central Bank of Iraq. Accordingly, the bank is committed to reviewing and enhancing its adopted governance policy to align with global standards and optimal performance. Protecting shareholders' rights and increasing the added value of their ownership in the bank will remain among the top priorities of Al-Taif Islamic Bank for Investment and Finance (J.S.C), through highly professional banking practices. Therefore, the bank will continuously work to achieve the best return on the rights of stakeholders, including shareholders, customers, employees, and the community in general.
10. Attracting deposits to strengthen the bank's depositor base.
11. Increasing the volume of cash financing across all economic sectors without concentrating on specific sectors to avoid credit risks that may affect one economic sector more than another.
12. Expanding the scope of opening letters of credit.
13. Focusing on establishing and developing investment projects and expanding the bank's activities in Iraqi governorates.

## Board of Directors

According to the General Body meeting held on 25/7/ 2023, the following Board of Directors was elected for the bank:

Original Board Members and the number of shares they own as of 31/December/ 2024.

Name	No. of shares
Ammar Mudhafar Salih Aboud Mubaraka	8,535,103,50
Qahtan Mohammed Merzah Hajim Al-Gburi	10,000
Ridha Hamzah Abdulridha Abbood Al-Khayyat	677,450,000
Hussein Hadi Saleh Mahdi Al-Rubaye	50,000
Hayder MUSAAB Abdullah Taha Al-Mnaseer	185,580,500
Mehasin Abdulhussein Saeed Al-Naddaf	14,500
Qahtan Ahmed Ayoob Mohammed	14,500





Reserve members of the Board of Directors and the number of shares they own as on 31/12/2024:

Name	No. of shares
Kadhim Dakheel Jubair Muaidi Alburebeh	50,000
Najed Hammoodi Majeed Ahmed Al-Najjar	50,000
Hasan Ahmed Farhan Ghrairi	14,500
Salih Rasheed Hameed Al-Rikabi	14,500
Mohammed Shakir Ridha Al-Naqqash.	14,500
Khulood Faeq Abdulrahman Qasim	14,500
Lubna Zaki Mohammed Aldadah	14,500

Information regarding the (original and reserve members) of the Board of Directors for the financial year ending on 31/12/2023.

**1. Ammar Mudhafar Salih Abbood Mubaraka**

- Bachelor's degree in Fine Education (1997-1998).
- Financial experience for more than (10) years in Al-Taif Money Transfer Company (Al-Taif Islamic Bank) currently.
- More than (4) years of experience in the insurance field at Shatt Al-Arab Company for the period from (2005 - 2009).
- Member of the Board of Directors of Al-Ahlia Insurance Company from 4/10/2021 and continuing until now.
- Original Member (Independent) and Chairman of the Board of Directors of Al-Taif Islamic Bank for its second term, pursuant to the decision of the General Body of the Bank taken at its meeting held on 25/7/ 2023, and the approval of the Central Bank of Iraq in their letter No.9/3/ 29466 dated 17/10/2023. Attended all 26 Board of Directors meetings held for the year ending 31/12/ 2024. He did not receive any remuneration of any kind for the financial year ending 31/12/ 2024. The number of shares is (8,535,103,500) billion shares.
- Chairman of the Environmental, Social, Corporate Governance and Sustainability Committee of the Board.
- Member of the Information and Communications Technology Governance Committee of the Board.
- Member of the Nomination and Remuneration Committee emanated from the Board.

**2. Qahtan Mohammed Marzah Hajim Al-Gburi**

- Bachelor Degree in Law (1974 - 1975).
- Legal experience spanning more than (47) years.
- Manager at Al-Wissam Legal Services Office.
- Legal consultant for all types of (financial, legal, and contracting) companies and a licensed registration attorney from the Ministry of Commerce.
- Legal expert in real estate values and alimony estimation at the Baghdad Court of Appeal.
- Administrative experience, having served as Managing Director of Shatt Al-Arab Insurance Company (P.S.C.) from 11/9/ 2007 to 1/4/ 2009, and from 6/12/ 2014 to 9/6/ 2015.
- Member (original) and Vice Chairman of the Board of Directors of Al-Taif Islamic Bank in the first board session, from 31/12/ 2018 to 24/7/ 2023.
- Original Member (Independent) and Vice Chairman of the Board of Directors of Al-Taif Islamic Bank for its second term, according to the decision of the Bank's General Body taken at its meeting held on 25/7/ 2023, and the approval of the Central Bank of Iraq in their letter No. 9/3/29466 dated 17/10/ 2023.
- Attended all 26 Board of Directors meetings held for the year ending 31/12/ 2024.
- He did not receive any remuneration for the financial year ending on 31/12/2024.
- The number of shares is (10,000) thousand shares.
- Member of the Board's Environmental, Social, Governance, and Sustainability Standards Committee emanated from the Board.
- Chairman of the Board's Risk Committee emanated from the Board.
- Member of the Board's Nomination and Remuneration Committee emanated from the Board.





**3. Ridha Hamzah Abdulridha Abbood Al-Khayyat**

- Bachelor Degree in English Literature (1993-1994).
- Financial experience in the field of buying and selling foreign currencies from 2001 to 2009.
- Managing Director of Al-Taif Company for mediation in buying and selling foreign currencies for the period from 2004 to 2009.
- Practical experience in managing financial and banking operations for more than 24 years.
- Experience in the field of electronic payments.
- Member of the Board of Directors of Al-Taif Money Transfer Company (formerly) and Al-Taif Islamic Bank (currently) for three terms from 2009 until 22/9/2018.
- Member (original) of the Board of Directors of Al-Taif Islamic Bank in its first session for the period from 31/12/2018 until 16/10/2023.
- Original Member Board of Directors of Al-Taif Islamic Bank for its second term, according to the decision of the Bank's General Body taken at its meeting held on 25/7/ 2023, and the approval of the Central Bank of Iraq in their letter No. 9/3/29466 dated 17/10/ 2023.
- Managing Director of the Al-Taif Islamic Bank for Investment and Finance, according to the letter of the Central Bank of Iraq No. 9/3/30216 on 31/12/2018 and is still continuing.
- Attended all 26 Board of Directors meetings held for the year ending 31/12/ 2024.
- He did not receive any remuneration for the financial year ending on 31/12/2024.
- The number of shares is (677,450,000) million shares
- Chairman of the bank's executive committees (Investment Committee, Credit Committee, Information and Communications Technology Committee, Information and Communications Technology Steering Committee).

**4. Hayder Musaab Abdullah Taha Al-Mnaseer**

- Diploma in Accounting (1993-1994).
- Employee at Al-Taif Company for mediation in buying and selling foreign currencies, Jamila Branch, with the job title of (Financial Operations Organizer), from 1/11/ 2009 to 24/1/ 2010. Then, as an auditor at Al-Taif Company for mediation in buying and selling foreign currencies, Jamila Branch, from 25/1/ 2010 to 10/9/ 2012.
- Cashier at Al-Taif for mediation in buying and selling foreign currencies, Jamila Branch, from 11/9/ 2012 to 14/8/ 2014.
- Main Branch Manager at Al-Taif Company for mediation in buying and selling foreign currencies for the period from 15/8/ 2014 to 22/9/ 2018.
- Original member of the Board of Directors of Al-Taif Islamic Bank for the first term of the Board for the period from 31/12/ 2018 to 24/7/ 2023.
- Original member of the Board of Directors of Al-Taif Islamic Bank for its second term, according to the decision of the General Body of the Bank taken at its meeting held on 25/7/ 2023, and the approval of the Central Bank of Iraq in their letter No.9/3/ 29466dated 17/10/ 2023.
- Attended all 26 Board of Directors meetings held for the year ending 31/12/ 2024.
- He did not receive any remuneration of any kind for the financial year ending 31/12/ 2024.
- Number of Shares (185,580,500) million shares.
- Member of the Board's Environmental, Social, Governance, and Sustainability Committee. Emanated from the Board.
- Member of the Risk Committee emanated from the Board.
- Chairman of the Information and Communications Technology Governance Committee emanated from the Board.
- Member of the Audit Committee emanated from the Board.

**5. Hussein Hadi Saleh Mahdi Al-Rubaye**

- Bachelor of Political Science (1976-1977).
- Banking experience for more than 38 years in the Real Estate Bank, including (Director of the Financial Department, Director of the Credit Department, Director of the Banking Department, Director of the Statistics Department, and Deputy Director General of the Real Estate Bank.)
- Member of the Board of Directors of the Real Estate Bank for the period from 2010 to 2015.



**Al- Taif Islamic Bank  
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- Original Member (Independent) of the Board of Directors of Al-Taif Islamic Bank for its first session, for the period from 31/12/2018 until 24/7/2024.
- Original Member (independent) member of the Board of Directors of Al-Taif Islamic Bank for its second term, according to the decision of the Bank's General Body taken at its meeting held on 25/7/ 2023, and the approval of the Central Bank of Iraq in their letter No. 9/3/29466 dated 17/10/ 2023.
- Attended all 26 Board meetings held for the year ending on 31/12/ 2024.
- He did not receive any remuneration for the financial year ending on 31/12/ 2024.
- Number of shares is (50,000) thousand shares.
- Chairman of the Audit Committee emanated from the Board.
- Member of the Risk Committee emanated from the Board.

**6. Mehasin Abdulhussein Saeed Al-Naddaf**

- Bachelor's degree in Management and Economics (1980-1981).
- Banking experience extending for more than 37 years in the Real Estate Bank, including Assistant Director of Administrative Development, Assistant Director of the Statistics Department, Director of the Credit and Collection Department, Compliance Officer, Director of the Banking Credit Department, Director of the Financial Department, Assistant Director General of the Real Estate Bank).
- Original member (independent) of the Board of Directors of Al-Taif Islamic Bank for its second term, according to the decision of the Bank's General Body at its meeting held on 25/7/ 2023, and the approval of the Central Bank of Iraq in letter No. 9/3/29466dated 17/10/ 2023.
- Attended all 26 Board of Directors meetings held for the year ending on 31/12/ 2024.
- Did not receive any remuneration for the financial year ending on 31/12/ 2024.
- Number of shares is (14,500) shares.
- Member of the Information and Communications Technology Governance Committee emanated from the Board.
- Member of the Risk Management Committee emanated from the Board..

**7. Qahtan Ahmed Ayoob Mohammed Al-Ayoobi**

- Master's degree in Urban and Regional Planning (1987-1988).
- Banking experience for more than 40 years in the Real Estate Bank, including (Director of Accounts, Director of the Financial Department).
- Member of the Board of Directors of the Real Estate Bank from 2002 until 2009.
- Original member (independent) of the Board of Directors of Al-Taif Islamic Bank for its second term, according to the decision of the Bank's General Body taken at its meeting held on 25/7/ 2023, and the approval of the Central Bank of Iraq in their letter No. 9/3/29466dated 17/10/ 2023.
- Attended all 26 Board meetings held for the year ending 31/12/ 2024.
- He did not receive any remuneration for the financial year ending 31/12/ 2024.
- The number of shares is (14,500) thousand shares.
- Chairman of the Nomination and Remuneration Committee emanated from the Board.
- Member of the audit committee emanated from the Board of Directors.
- Member of the Risk Committee emanated from the Board of Directors.

**8. Kadhim Dakheel Jubair Muaidi Alburebeh**

- Bachelor Degree in Accounting Sciences (1973-1974).
- Banking service for more than 43 years in Al-Rafidain and Al-Rashid Banks.
- He served as branch manager of Rafidain and Al-Rashid Banks , during which he held several administrative titles in Rafidain and Al-Rasheed Banks.
- He served as the Director of the Rashid Bank branch in Diwaniyah Governorate 16 - Ghammas and Afak Al-Furat 515.
- Experience in foreign exchange operations, documentary credits (export and import), and foreign currency transfers.
- Member of several committees appointed by the Ministry of Finance.
- Reserve member (independent) of the Board of Directors of Al-Taif Islamic Bank during the first Board session, from 31/12/ 2018 to 24/7/ 2023.



**Al- Taif Islamic Bank  
For Investment & Finance**



- He did not receive any bonuses of any kind for the financial year ending 31/12/ 2024.
- The number of the shares is (50,000) thousand shares.
- Reserve member (independent) of the Board of Directors of Al-Taif Islamic Bank for its second term, according to the decision of the Bank's General Body taken at its meeting held on 25/7/ 2023, and the approval of the Central Bank of Iraq in their letter No. 9/3/29466dated 17/10/ 2023.

**9. Najed Hammoodi Majeed Ahmed Al-Najjar**

- Bachelor Degree in Administration and Economics (1979-1980).
- Budget Matters Advisor - Leading the Budget Team.
- Budget advisor at Chemonex International Organization.
- Senior budget matters specialist.
- Senior financial policy advisor.
- Senior National Advisor for Financial Policy in the Third Local Governance Program.
- Senior Regional Financial Advisor for the Central and Southern Region - Local Governance Program II (LGP3) for the International Development Agency (RTI) and the International Research Triangle Organization in Iraq for the period from May 2005 - February 2009.
- He has written books, studies, and contributions in many financial, legal, administrative, and supervisory fields.
- Reserve Member (Independent) of the Board of Directors of Al-Taif Islamic Bank for the first term of the Board, from 31/12/2018 to 24/10/2023.
- Reserve Member (Independent) of the Board of Directors of Al-Taif Islamic Bank for its second term, according to the decision of the Bank's General Body taken at its meeting held on 25/7/2023 and the approval of the Central Bank of Iraq in their letter numbered 9/3/29466 dated 17/10/2023.
- He did not receive any remuneration for the financial year ending 31/12/2024.
- The Number of the shares is (50,000) thousand shares.

**10. Hasan Ahmed Farhan Al-Ghrai**

- Higher Diploma in Banking Management - University of Baghdad (1998-1999)
- Banking experience for more than 20 years in the Ministry of Finance/ the Agricultural Cooperative Bank (a general company), in which he held several job titles and positions, the last of which was director of the financial department in the bank.
- Reserve Member (Independent) of the Board of Directors of Al-Taif Islamic Bank for its second term, according to the decision of the General Body of the bank taken at its meeting held on 25/7/ 2023, and the approval of the Central Bank of Iraq in their letter No. 9/3/29466dated 17/10/ 2023.
- He did not receive any remuneration for the financial year ending on 31/12/ 2024.
- The Number of shares is (14,500) thousand shares.

**11. Saleh Rashid Hamid Ali Al-Rikabi**

- Bachelor's Degree in Management and Economics (1978-1979).
- More than 40 years of service at Rafidain Bank, during which he held several job titles and positions, the last of which was the Director of the Rafidain Bank branch in Sana'a, Yemen.
- Experience in the fields of savings, deposits, current accounts, banking facilities, and accounting.
- Reserve member (independent) of the Board of Directors of Al-Taif Islamic Bank for its second term, according to the decision of the Bank's General Body taken at its meeting held on 25/7/ 2023, and the approval of the Central Bank of Iraq in their letter No. 9/3/29466dated 17/10/ 2023.
- He did not receive any remuneration of any kind for the financial year ending on 31/12/ 2024.
- The number of shares is (14,500) thousand shares.

**12. Mohammed Shakir Ridha Al-Naqqash.**

Bachelor Degree in Management and Economics - Department of Economics (1975-1976).  
Banking service for more than 37 years in the industrial and real estate banks.





➤ **Industrial Bank**

- He held several positions there, including Director of the Credit Information Department, Director of the Credit Department, Director of Statistics and Banking Operations Research, Director of the Industrial Bank's Al-Zafaraniya Branch, and a member of the Board of Directors of the Ready-Made Garments Production Company. He was also a member of the Board of Directors of the Industrial Bank until his transfer to the Real Estate Bank on 9/10/ 2008.

➤ **Real Estate Bank**

- He held several positions ( Director of the Investment Department, Director of the Commercial Banking Department, and Director of the Planning and Research Department).
- Reserve Member (Independent) of the Board of Directors of Al-Taif Islamic Bank for Investment and Finance for its second term, according to the decision of the Bank's General Body at its meeting held on 25/10/ 2023, and the approval letter of the Central Bank of Iraq No. 9/3/29466 dated 17/10/ 2023.
- He did not receive any remuneration of any kind for the financial year ending 31/12/ 2024.
- The number of the shares is (14,500) thousand shares.

**13 .Kholoud Faiq Abdul Rahman Qasim Agha**

- Bachelor's degree in Management and Economics – Business Administration (1983-1984)
- 36 years of service at Rafidain Bank, during which she held several positions, including Assistant Manager of the Current Department at Rafidain Bank, Deputy Manager of Rafidain Bank, Baqouba Branch 14, Senior Manager at Rafidain Bank, Diyala Branch 311, and Senior Manager of the Bills Exchange Division.
- Reserve Member (Independent) of the Board of Directors of Al-Taif Islamic Bank for its second term, according to the decision of the Bank's General Body taken at its meeting held on 25/7/ 2023, and the approval of the Central Bank of Iraq in their letter No. 9/3/29466 dated 17/10/ 2023.
- He did not receive any remuneration for the financial year ending on 31/12/ 2024.
- The number of shares is (14,500) thousand shares.

**14. Lubna Zaki Mohammed Aldadah**

- Diploma in Accounting - College of Administration and Economics - Al-Mustansiriya University (1977 - 1978).
- Bachelor of Business Economics - Al-Nahrain University (2012 - 2013).
- 29 years of service at the National Center for Engineering Consultations, represented as (Director of Control at the Al-Idrissi Center for Engineering Consultations, Senior Accounts Manager in the Internal Control Department, Director of the Control Department, Financial Expert, Consultant Expert).
- Reserve Member (Independent) of the Board of Directors of Al-Taif Islamic Bank for its second term, according to the decision of the Bank's General Body taken at its meeting held on 25/7/ 2023, and the approval of the Central Bank of Iraq in their letter No. 9/3/29466 dated 17/10/ 2023.
- He did not receive any remuneration for the financial year ending on 31/12/ 2024.
- The number of shares is (14,500) thousand shares

**During the year 2024, the Board of Directors held (26) meetings in which all original members attended, to discuss various matters.; issues of concern to the bank's policy and directives.**

**Committees emanating from the bank's board of directors**

The Board includes five committees emanating from it, which were formed in accordance with the Bank's Board of Directors' Resolution No. 50/11, 27/7/2023. They work in accordance with the directives of the Central Bank of Iraq contained in Article (12) of the Corporate Governance Guide for Banks, and work in accordance with the work charters and tasks of these committees after appointing them. Their chairmen and members, and these committees played an important role in supporting the Board of Directors during the decision-making process, through their reports, results, and hat issue of recommendations through its periodic meetings.





• **Environmental, Social, and Corporate Governance (ESCGS) Committee:**

The committee consists of three independent non-executive members, chaired by the Chairman of the Board, Mr. *Ammar Mudhafar Salih*, with members Mr. *Haider Musab Abdullah* and Mr. *Qahtan Mohammed Merzah*. It performs the following duties:

1. Oversee and supervise the adherence with environmental, social, and corporate governance standards, including climate-related matters. The committee may delegate a subcommittee to monitor climate-related affairs in the bank.
2. Ensure the implementation and regular updating of the Environmental, Social and Institutional Governance Standards (ESCGS) manual and climate-related documents.
3. Prepare the ESCGS and sustainability report to be included in the annual report, and recommend it to the Board of Directors for approval. In this regard, the committee coordinates with the Audit Committee regarding the reporting process. The external auditor shall provide limited assurance on the ESCGS report during the first three years, and thereafter provide reasonable assurance.
4. Periodically review effective ESCGS structures, including the establishment or dissolution of additional board committees, and propose any changes for approval by the Board of Directors.
5. Ensure that the bank, the members of the Board of Directors, and the executive management apply the ESCGS manual, policies, and procedures of the bank.
6. Ensure compliance with the requirements of board member independence and disclosure of interests.
7. Regularly review and strengthen the requirements of the Code of Conduct and the bank's policy on conflict-of-interest management.
8. Ensure that the bank's reports and performance scorecard requirements for ESCGS issued by the bank are prepared and complied with, including all documents ensuring adherence by the bank.
9. Ensure the bank's compliance with applicable laws, regulations, and controls related to ESCGS standards.
10. Review the annual training and development plans for the executive management and staff of the bank regarding ESCGS, sustainability, and climate, and provide recommendations to executive management and human resources concerning these training plans.

• **Audit Committee (accounts review committee):**

The committee consists of three independent non-executive or advisory members along with experts in the financial and auditing fields. They were appointed by the bank's General Assembly in its meeting held on 25 July 2023 with the approval of the Central Bank of Iraq. The committee is chaired by Mr. *Hussein Hadi Saleh* and includes members Mr. *Qahtan Ahmed Ayoub* and Mr. *Haider Musab Abdullah*. It performs the following duties:

1. Assist the Board of Directors in matters related to the bank and its subsidiaries regarding the preparation of external financial information reports, the internal control framework, internal audit function, external audit function, and compliance with applicable laws and regulations.
2. Coordinate as necessary with other board committees — namely the Risk Committee, IT and Communications Governance Committee, and ESCGS and Sustainability Committee — on matters of common interest.
3. Oversee the integrity of the financial statements prepared in accordance with professional accounting requirements and financial reporting standards applicable to the bank and its subsidiaries.
4. Supervise the bank's compliance with applicable laws, regulations, and reporting requirements, and ensure the implementation of professional accounting standards.
5. Ensure that the internal audit and compliance functions include in their work plans an assessment of adherence to environmental and social risk policies, and continuously evaluate the soundness of these policies.





• **Internal Auditor**

The Audit Committee shall perform the following functions:

1. Supervise the performance of the internal audit function and ensure the independence of the internal auditor's activities, as well as approve and monitor the effectiveness of the bank's internal controls.
2. Provide annual recommendations to the Board of Directors regarding the scope of internal audit, including the assessment of environmental and social risks, and ensure that adequate resources are allocated to maintain the effectiveness of the internal audit function. Any changes to the annual internal audit plan must be approved by the Audit Committee. The committee shall also meet regularly with the internal auditor to discuss and receive information regarding the bank's operations and integrity, and must discuss significant findings of the internal auditor with executive management.
3. Meet regularly with executive management and internal audit to discuss the findings included in the external auditor's report, any significant matters and judgments related to financial reporting, major changes in accounting policies, semiannual and annual financial statements, and non-financial disclosures (including sustainability and climate-related disclosures) contained in the annual report.
4. Recommend to the Board of Directors the appointment, dismissal, promotion, or transfer of the internal auditor, and review annually and directly the internal auditor's objectives, performance, and annual compensation.
5. Ensure the independence of the internal audit function from executive management and that it is not subject to the direction of any member of the executive team.
6. Review and discuss the processes by which management ensures the accuracy of information contained in public documents and reports, including the annual report and ESG performance scorecards submitted to the Central Bank of Iraq and published on the bank's website, covering profitability, sustainability, and the impact of ESG risks on the bank.
7. Ensure that audit-related issues raised by the Board's Risk Committee are properly addressed and corrected in coordination with the Audit Committee.
8. Ensure compliance with international standards and the bank's policies and procedures for combating money laundering and terrorism financing across all banking activities and operations.
9. Conduct investigations, reviews, and audits of any processes, procedures, or controls that may affect the strength and soundness of the bank.
10. Provide recommendations to the Board of Directors regarding the bank's organizational structure — including establishment, cancellation, or merger of units — and define, assign, or amend their respective duties and authorities.
11. Review the annual training and development plans for employees in the financial management and internal audit departments, as well as other relevant staff, and provide recommendations to executive management and human resources regarding training and development programs.
12. Prepare a quarterly report on the committee's activities and submit it to the Board of Directors.
13. Approve accounting policies, any changes to those policies and accounting procedures, and the annual internal audit plan, ensuring the proper application of accounting standards.
14. Ensure the bank's compliance with disclosure requirements as defined by the International Financial Reporting Standards (IFRS).
15. Ensure compliance with the key parameters for preparing ESG performance scorecard reports issued by the bank, as well as other relevant instructions and regulations, and confirm that executive management is informed of updates to IFRS and related standards.
16. Include in the bank's annual report a statement on the adequacy of internal control and supervisory systems related to the preparation of financial and sustainability reports. This statement must include, at a minimum:





1/16: A statement clarifying the responsibility of the internal auditor, in cooperation with executive management, for establishing and maintaining internal control and supervisory systems related to the preparation of the bank's financial reports.

2/16: A statement outlining the methods used by the internal auditor to test the effectiveness of internal control and supervisory systems.

3/16: A statement confirming the existence of a Board-approved office responsible for Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF), which carries out the "Know Your Customer (KYC)" duties and policies. This office must submit regular reports on its activities to the AML Committee and the Board.

4/16: Identification and assurance of compliance with the U.S. Foreign Account Tax Compliance Act (FATCA).

5/16: Disclosure of material weaknesses in internal control and supervisory systems, along with the corrective actions taken to address those weaknesses.

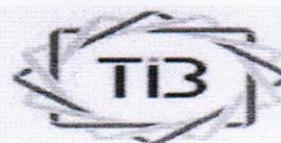
6/16: The external auditor's report must include an opinion on the adequacy of internal control and supervisory systems.

- **External Auditor**

In its relationship with the external auditor, the Audit Committee shall:

1. Propose to the Board of Directors the appointment of a qualified individual or firm to serve as external auditor, subject to shareholder approval. The committee shall also provide recommendations to the Board and shareholders regarding the dismissal or replacement of the external auditor.
2. Oversee the engagement with the external auditor, including assessing their qualifications, performance, independence, and the remuneration paid for their services.
3. Meet regularly with the external auditor to receive and discuss reports and any relevant issues arising from the audit and the auditor's report.
4. Conduct meetings with the external auditor to discuss audit work and related matters, including the review of semiannual and annual financial statements, and non-financial disclosures (such as sustainability and climate-related disclosures).
5. Supervise the independence and competency of the external auditor.
6. Exercise overall oversight of the external audit engagement.
7. Regularly review the external audit plan to ensure coverage of all material risks, including environmental and social risks and financial reporting requirements.
8. Discuss audit-related aspects with the external auditor, including any difficulties encountered during the audit, limitations on scope or access to required information, and any significant disagreements with executive management (if any), as well as the adequacy of management's responses.
9. Review the policy for approving tax-related audit services and non-audit services to be provided to the bank, oversee and receive periodic reports on all non-audit services to ensure that such services do not compromise the external auditor's independence.
10. Oversee the process of information sharing with the external auditor, review their performance, and evaluate the quality control procedures they apply, as well as the competence and capabilities of key personnel involved in the audit process.
11. Discuss with the external auditor — in the absence of executive management — the internal controls applied in preparing financial information, reports, and disclosures, and assess the soundness and accuracy of the bank's financial data.
12. Discuss the results of the audit report with executive management and ensure that the bank's management takes the necessary corrective actions in a timely manner to address the issues identified by the external auditor.





• **Compliance**

1. Identify and ensure compliance with the bank's requirements and international standards across all its activities and operations, including adherence to environmental and social policies, particularly those related to sustainable investment offerings.
2. Obtain regular reports from executive management and the external auditor to ensure the bank's compliance with applicable legal and regulatory requirements, especially regarding financial information, reporting, and disclosure.
3. Provide the Board of Directors with information regarding the bank's compliance policies and procedures, as well as applicable laws and regulations related to financial information, reporting, and disclosure.
4. Approve, based on the recommendation of the Managing Director, the appointment or dismissal of the Compliance Officer. The Audit Committee shall define the objectives for the Compliance Officer and review their performance annually.
5. Review reports submitted by management and the external auditor regarding material weaknesses and reportable conditions within the internal control environment, including any significant deficiencies in the design or implementation of internal controls that may adversely affect the bank's ability to record, process, summarize, and report financial data.
6. Monitor compliance with Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) regulations and applicable controls, review related reports, and submit them to the Central Bank of Iraq.
7. Review reports submitted by the bank to the Central Bank, disclosing the bank's activities and operations.
8. Have the authority to obtain any information from executive management and the right to summon any manager to attend and participate in its meetings.
9. Hold at least four meetings per year with the external auditor, internal auditor, Compliance Officer, and AML/CTF Officer, without the presence of any executive management members.
10. Review and approve the Whistleblowing Policy, which governs the confidential receipt of information from employees or other parties concerning accounting, internal controls, compliance, auditing, or other matters of concern. The committee shall also, in cooperation with the Risk Committee, monitor employees' awareness of these policies and procedures.
11. Maintain objectivity, conduct independent investigations, and protect whistleblowers when appropriate, ensuring that the issue is resolved. These reports, including their number and any ongoing investigations, shall be summarized in the Audit Committee's annual report within the bank's annual report.
12. Supervise the implementation of crisis and disaster recovery programs in coordination with the Information and Communication Technology (ICT) Committee at the executive management level and other relevant board committees, particularly the Board ICT Governance Committee.

• **Risk Management Committee**

The committee consists of five non-executive members of the Board of Directors with expertise in risk management and related practices and issues. The committee is chaired by Mr. Qahtan Mohammed 'Merzah, with Mr. Hussein Hadi Saleh, Mr. Haider Musab Abdullah, Mr. Qahtan Ahmed Ayoub, and Ms. Mahasen Abdul Hussein Said serving as members.

The committee undertakes the following responsibilities:

1. Oversee the governance of risks affecting the bank and its subsidiaries, and submit regular reports to the Board of Directors on its activities. The Risk Committee shall include in its oversight the consideration of information technology risks and sustainability risks—particularly the financial risks arising from climate change—and the management of environmental and social standards-related risks. The committee must coordinate and communicate closely with other board committees responsible for environmental, social, and governance (ESG) risks and information technology risks. The Risk Committee is responsible for supervising risk-related activities other than those that fall under the direct responsibility of the Board itself or have been specifically delegated to another Board committee.





2. Design and implement the bank's risk management framework in accordance with the Three Lines of Defense model and the bank-wide Enterprise Risk Management (ERM) approach, integrating the Environmental and Social (E&S) Risk Management system.
3. The Risk Committee must ensure that the risk management function is appropriate for the size and complexity of the bank and that it is adequately resourced. The committee must also ensure that management incorporates E&S risks into existing risk documentation and processes related to specific risk areas (e.g., the credit risk management system).
4. Define and determine the bank's risk appetite and review it annually, including E&S risks, and monitor the acceptable and tolerable risk levels across the bank, including physical risk types.

**Regarding risk culture and behavior, the Risk Committee shall:**

1. Review the overall risk management framework and any related reports to ensure its continued effectiveness within the board-approved risk appetite, and recommend to the board any policies or major changes related to risk management and the risk management framework.
2. Ensure that environmental and social risk management responsibilities are clearly defined and documented. E&S risk management should form part of the bank's overall risk management system and be set out in a separate document focusing solely on E&S risk management, including both physical and transitional climate-related risks.
3. Provide the Board of Directors with clear guidance for evaluating E&S risks across the bank's operations, products, services, transactions, and overall business environment.
4. Monitor the current and emerging risk profile, report it to the Board, and recommend a risk strategy for board approval.
5. Monitor emerging risk sources, controls, and mitigation procedures, and report them to the Board.
6. Supervise the structure, design, and implementation of management's approach to risk handling, recommend any required changes to the Board, and advise on exiting activities that create risks the bank cannot tolerate.
7. Oversee the implementation and operation of systems, policies, and processes supporting sound risk management, including significant changes to policies, limits, or assumptions related to measuring physical risk types, as well as operational or governance changes to ensure continued effective risk management.
8. Review the credit policy and credit risk profile, recommend any changes for Board approval, and monitor implementation. The committee shall oversee credit risk management, including the impacts of E&S and climate-related risks.
9. Supervise the bank's systems and processes to ensure the management of operational, liquidity, and market risks, including monitoring and testing the impacts of E&S and climate-related risks.
10. Determine credit limits within the authority of the Managing Director.
11. Monitor the bank's capacity to manage risks in accordance with the Basel Committee on Banking Supervision (Basel III) standards, including compliance with capital adequacy requirements.
12. Ensure the bank's compliance with applicable risk management instructions, controls, and policies.
13. Hold at least four (4) meetings annually. Executive management may be invited to attend when the committee deems it necessary to clarify issues, but invited executives are not entitled to vote in Risk Committee meetings.
14. Approve, based on the recommendation of the Managing Director, the appointment or dismissal of the Head of Risk Management, and ensure the appropriateness of their remuneration.
15. Define the objectives of the Head of Risk Management, review their performance annually, and monitor the continued effectiveness and independence of both the Head and the Risk Management function.





16. Maintain ongoing communication with the Head of Risk Management and receive regular reports from them regarding risk-related aspects of the bank and its risk culture. The Head of Risk Management must also provide recommendations to the Risk Committee concerning changes in delegated limits and thresholds.
17. Review regular reports on breaches of the bank's risk-related policies and any reports from management regarding financial crimes or violations thereof, including bribery, corruption, money laundering, and terrorism financing, along with subsequent actions taken by management.
18. Supervise and monitor capital, cash flow, and all related risk management strategies to ensure alignment with the bank's approved risk framework.
19. Oversee the adequacy and robustness of the bank's capital and liquidity. The Risk Committee must ensure that processes are in place to assess and test capital and liquidity adequacy, and that environmental, social, and climate-related risks are incorporated into these assessments and tests.
20. Receive and review periodic reports from executive management committees, including the Credit Committee, Investment Committee, and Information and Communications Technology (ICT) Committee.
21. Review and monitor the investment policy, provide recommendations to the Board of Directors for approving investment-related changes, and supervise the implementation of the board-approved investment policy.
22. Evaluate the performance of the bank's internal and external investment portfolios and continuously review developments and indicators in local and foreign capital markets.
23. Conduct an annual self-assessment of its performance and fulfillment of responsibilities as outlined in this document. The Risk Committee shall also review its charter annually and recommend any amendments to the Board of Directors.
24. Submit an annual report specifying its membership, the bank's risk framework, risk appetite, and activities during the year, with an explanation of material and anticipated risks.

• **IT and Communications Governance Committee**

The IT and Communications Governance Committee shall consist of three independent non-executive board members, including the Chairman of the Board as a member. However, the Chairman of the IT and Communications Governance Committee shall not be the Chairman of the Board. The committee is chaired by Mr. Haider Musab Abdullah, with Mr. Ammar Mudhafar Salih and Ms. Mahasin Abdul Hussein Saeed as members. The committee performs the following duties:

1. Comply with the provisions of the IT Governance Manual issued by the Central Bank of Iraq in 2019.
2. Monitor and supervise all IT and communications initiatives within the bank, including reviewing and approving the bank's technology planning strategy, and coordinate with the Risk Committee overseeing technological risks.
3. Oversee and monitor the work of the Executive IT and Communications Committee and receive monthly reports from it regarding technical aspects.
4. Monitor and assess current and emerging technological trends that may impact the bank's strategic plans.
5. Ensure the bank has an appropriate IT governance structure, which includes:
  - 5/1 A strategic IT plan aligned with the bank's business model and overall strategy.
  - 5/2 An organizational structure for IT with clearly defined roles and responsibilities for each IT function executed by the executive-level IT and Communications Committee.
  - 5/3 IT policies, procedures, and standards that enable the bank to manage and monitor IT information, banking information, risk data, and reporting requirements.
  - 5/4 IT processes that support decision-making, goal-setting, achievement, and performance monitoring in IT.
  - 5/5 IT organization that effectively delivers IT services to business units.
  - 5/6 Frameworks for managing and executing IT projects.





- 5/7 Review and evaluate business cases that include significant IT components and provide recommendation to the Board of Directors for approval.
- 5/8 Monitor the implementation of approved IT projects to ensure proper administrative oversight and quality results with respect to timing, budget, scope, and business value.
- 5/9 Investigate, when necessary, any IT- or communications-related matters deemed appropriate by the Board.
- 5/10 Receive reports from executive management regarding the bank's IT operations, including software development and performance, information security, cybersecurity, IT infrastructure, technical operations, and technology investments. The committee may utilize the bank's resources and request any information necessary for its activities.
- 5/11 Submit regular reports to the Board of Directors on the activities of the IT and Communications Committee and on the overall IT and communications status within the bank, and immediately inform the Board of any areas of concern.
- 5/12 Provide the Board of Directors with sufficient information on IT performance, the status of major IT projects, and other key IT and communications matters to enable the Board to make well-informed decisions regarding the bank's operations

• **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee consists of three independent non-executive members. The committee is chaired by Mr. Qahtan Ahmed Ayoub, with Mr. Ammar Mudhafar Salih and Mr. Qahtan Mohammed 'Merzah as members. The committee carries out the following duties:

1. Develop a policy to oversee a formal, rigorous, and transparent process for the selection, nomination, appointment, and reappointment of board members based on merit, with the aim of ensuring a qualified and competent Board capable of achieving the bank's long-term strategy and sustainability.
2. Support and advise the Board of Directors to ensure it is composed of individuals who meet all legal and regulatory requirements and are capable of fulfilling their duties and responsibilities as board members.
3. Establish a Board nomination policy and review the nomination process for the Board and its committees for approval by the Board. The Nomination and Remuneration Committee shall identify, evaluate, and nominate suitable board members for consideration by the Board.
4. Recommend to the Board candidates for board membership to be presented to shareholders for approval. The committee shall only consider candidates of competence, credibility, and integrity, possessing the skills and experience required to exercise objective judgment in advancing the bank's goals and performance in its business areas.
5. Consider board membership candidates proposed by shareholders, including majority shareholders.
6. Oversee an ongoing and proactive process for succession planning and candidate evaluation to ensure structured succession for board members, board committees, executive management positions, and other appointments within the bank.
7. Conduct an annual review of the mix of skills and expertise possessed by executive, independent, and non-executive board members and disclose such information in the annual report.
8. Review and manage the annual performance evaluation of the Board, board committees, and executive management.
9. Define the criteria for individuals joining the Board or executive management, except for the appointment of the internal auditor and Head of Risk Management, which fall under the Audit and Risk Committees respectively.
10. Review and approve executive management appointments, including temporary ones, based on the Managing Director's recommendation.
11. Review and approve formal and transparent processes for policies related to board and executive remuneration, to be recommended to the Board of Directors, ensuring that no board member participates in determining their own remuneration.
12. Review the bank's remuneration policy, recommend it to the Board, and oversee its implementation, ensuring the following:
- 12/1 Compliance with the bank's governance practices and policies to ensure alignment with both short-, medium-, and long-term objectives of the bank.





- 12/2 Ensure the bank achieves its long-term objectives in accordance with its approved strategic plan.
- 12/3 Balance all types of the bank's risk exposures against profits realized from banking activities and operations.
- 12/4 Review remuneration policies and employee compensation at all levels and categories, and provide recommendations accordingly.
- 12/5 Conduct regular reviews of the salary policy and adjust it as necessary. Ensure that the remuneration policy is sufficient and effective to attract and retain talent.
- 12/6 Provide recommendations to the Board regarding membership of Board committees.
- 12/7 Ensure continuous training and development plans are in place for board members to keep up with the latest developments in commercial, banking, and Islamic finance services.
- 12/8 Develop the bank's diversity and inclusion policy, recommend its approval by the Board, and review and monitor progress in achieving the policy objectives annually.
- 12/9 Oversee the annual evaluation process of the Board of Directors, its committees, and members, and supervise the implementation and progress of resulting actions.
- 12/10 Supervise the performance of the Human Resources Management within the bank, particularly the executive management, review HR reports, and provide recommendations to the Board regarding HR developments.

#### • **Board Declarations**

The Board of Directors acknowledges and affirms its responsibility for the integrity of all bank procedures, financial conditions, and reputation, as well as the implementation of the requirements of the Central Bank of Iraq and other regulatory authorities, taking into account the interests of stakeholders including shareholders, depositors, investors, and employees, in accordance with legal frameworks and internal bank policies.

The Board acknowledges the effectiveness of bank risk management, including environmental and social risk management and internal control systems.

#### • **Sharia Board**

The Sharia Board of the bank consists of the following respected members:

1. Dr. Mohammed Zidan Nayef – Chairman of the Sharia Board, PhD in Usul al-Din (Islamic Jurisprudence Principles)
2. Rajaa Hashim Mohammed – Secretary of the Sharia Board, Bachelor's in Business Administration
3. Dr. Inas Nouri Taha – Member, PhD in Sharia Philosophy
4. Dr. Sajida Alawi Dawood – Member, PhD in Sharia Philosophy
5. Haider Mousa Mohammed – Member, Bachelor's in Law

#### • **Internal Audit Department**

The Internal Audit Department operates a structured supervisory program covering all areas of banking operations. It conducts field inspections and branch visits, prepares reports highlighting observations and deficiencies, documents necessary recommendations, and monitors their implementation through reports sent to branches and elevated to the Board of Directors.

As part of the bank's development plan, the department is being strengthened with specialized banking personnel to enhance supervisory performance.

The Internal Audit Department also follows up on resolving issues raised by regulatory audit committees of the Central Bank of Iraq that inspect the bank's branches. It has successfully conducted multiple field visits to all branches according to scheduled timelines to audit branch operations inside and outside Baghdad.



# Al- Taif Islamic Bank For Investment & Finance



## • The Bank's branches and locations

The bank currently has 24 branches including the main branch. Five of them are in Baghdad and 19 branches in the governorates. The table below lists the names and addresses of bank's branches.

seq	Name of branch	Ownership of the utilized building	Address
1	Main	Full ownership	Baghdad / Al-Karrada Dakhel / Near Kahramana Square
2	Al-Harithiya / Baghdad Mall	Rented	Baghdad / Al-Harithiya / Baghdad Mall / Ground floor
3	Al-Mansour Branch	Rented	Baghdad / Al-Mansour / 14 Ramadhan St.
4	Palestine St. Branch	Rented	Baghdad / Palestine St. / Near Al-Nakhla crossroads
5	Al-Hilla Branch	Rented	Al-Jamaiya / Building No. 7/17/K
6	Holy Karbala Branch	Rented	Hay Ramadhan / Khadami St. / Building 5
7	Al-Nasiriya Branch	Rented	Al-Nasiriya / Al-Shamiya / Near Al-Shebani Statue
8	Al-Najaf Branch	Rented	Al-Muthana St. / Near Al-Najaf Municipality Workshop
9	Al-Diwaniya Branch	Rented	Al-Diwaniya / Al-Mawakib St.
10	Al-Basra Branch / Al-Jazaer	Rented	Al-Jazaer / Near Abu Shair crossroads opposite to Al-Khalij Bank
11	Erbil Branch / Family Mall	Rented	Family Mall / first floor / near Carrefour
12	Al-Kut Branch	Rented	Al-Kut / Al-Haura opposite to Tiba Health Center
13	Al-Sulaimaniya Branch	Rented	Majdi Mall / ground floor
14	Maisan Branch	Rented	Al-Amara / Neama Main St.
15	Times Square Branch	Rented	Al-Basra / Jubaila / Times Square
16	Al-Mosul Branch	Rented	Al-Zuhoor / Golden Mall Building / ground floor
17	Al-Jadiriya Branch	Rented	Baghdad / Al-Jadiriya / Al-Jadiriya mall
18	Erbil Bekhtiari Branch	Rented	Erbil / Bekhtiari / due side / opposite to compaies registerar
19	Kirkuk Branch	Rented	Kirkuk / Mall Kirkuk
20	Al-Adhamiya Branch	Rented	Baghdad / Al-Adhamiya / Omar Bin Abdulazeez St.
21	Diyala Branch	Rented	Baqouba / Al-Tabu St.
22	Duhok Branch	Rented	Family Mall/first floor/ mall's back entrance
23	Al-Samawa Branch	Rented	Al-Samawa/Al-Barka Mall/ ground floor
24	Tikrit	Rented	Tikrit/ Al-Zuhoor Street

## • The Bank's correspondent banks abroad

The bank maintains Arab and international banking relations to support its operations in opening letters of credit, issuing foreign letters of guarantee, processing international transfers and issuing credit cards. It has also obtained facilities from correspondent banks in the areas of documentary credits and issuing letters of guarantee. The banks that our bank deals with are as follows.

Ser.	Bank Name	Country
1	Ahli United Bank	Cairo -Egypt
2	CSC Lebanese Bank	Beirut- Lebanon
3	Active Bank	Istanbul – Turkey
4	Arabic-African International Bank	Dubai – UAE
5	Cairo Bank	Cairo- Egypt
6	El Nilein Bank	Dubai – United Arab Emirates
7	NUROL BANK	Istanbul – Republic of Turkey
8	Housing Bank	Amman – Jordan
9	Abu Dhabi Islamic Bank	UAE
10	Zhejiang Chouzhou Commercial Bank	China
11	ARAB MONETARY (BUNA)	UAE
12	Capital Bank	Amman – Jordan



# Al- Taif Islamic Bank For Investment & Finance



## Detailed and analytical data

### 1. Bank's activity result

- The bank's activity surplus for 2024, before calculating income tax, amounted to 3,850,004 thousand IQD.
- The income tax accrued on the bank's profits amounted to IQD 1,462,413 thousand.
- The profit available for distribution after income tax amounted to IQD 2,387,591 thousand.
- An amount of IQD 119,380 thousand, representing 5% of the profit after tax, has been retained as a statutory reserve in accordance with the Companies Law. The remaining IQD 2,268,211 thousand represents the share of shareholders in the profits, and the General Assembly may make the appropriate decision regarding its distribution.

### 2. Reserves Balances and Their Uses:

The total reserves of the bank as of the end of 2024 amounted to IQD 18,217,287 thousand, as detailed in the table below.

Account Name	31/12/2024 One thousand dinars	31/12/2023 One thousand dinars
Mandatory reserve (legal)	1,054,638	935,258
Expansions reserve	11,000,000	1,000,000
Exchange price fluctuation allocation	89,762	89,762
Accumulated surplus	6,072,887	13,804,676
Total	18,317,287	15,829,696



### 3. Shareholders rights

The total paid-up capital and reserves amount to IQD 268,217,287 thousand, which consists of a paid-up capital of IQD 250,000,000 thousand and total reserves of IQD 18,217,287 thousand.

#### • Properties owned by the Bank

The bank owns seven properties, which total to IQD 30,032,726 thousand as follows.

Ser.	Real Estate	Cost Thousand dinars	Area	Location	Type of usage
1	326/376 Bataween	6,167,362	399,62 m <sup>2</sup>	Baghdad / Kahramana Square	General administration of the bank
2	146/328 Al-Fursi	4,631,014	223 m <sup>2</sup>	Al-Basra / Al-Jazaer	Al-Jazair Branch building
3	118/72 Al-Sufiya	348,000	300 m <sup>2</sup>	Al-Ramadi	Al-Ramadi Branch building
4	688/6 Bataween	1,114,375	160,75 m <sup>2</sup>	Al-Karrada / Garaj Alamana	Archive building
5	326/404 Karrada	1,291,012	240,23 m <sup>2</sup>	Al-Karrada / Al- Bataween	New building for the bank
6	30/1/10 Al- Manaseer	1,012,500	30 Dunam	Baghdad / Abu Ghraib	Agricultural land owned by the government
7	15/1081 Al- Diwaniya	707,764	400 m <sup>2</sup>	Al-Diwaniya / Um Al- Nakhil	Al-Diwaniya Branch building
8	377/109 Bataween	13,170,699	1315,50 m <sup>2</sup>	Al-Karrada / Al-Arasat	New headquarters of Bank's administration
9	80/4/1 Abu Khasib	1,500,000	30400 m <sup>2</sup>	Al-Basra / Abu Al-Khasib	Orchard owned by the government

#### • Financial Indicators of the Bank's Performance:

- The legal liquidity ratio reached 31%, reflecting the bank's adequacy to provide sufficient liquidity for unexpected withdrawals.
- The capital adequacy ratio stood at 70%, noting that the acceptable minimum set by the Central Bank of Iraq is 12%.
- The foreign currency positions ratio was 5% in a debit position, which is within the procedures permitted by the Central Bank of Iraq for holding foreign currencies.



- Liquidity Coverage Ratio (LCR) reached 122%, which is a subtle level reflecting the bank's robust financial position, represented by its high-quality liquid assets compared to net cash outflows. On the other hand, the Net Stable Funding Ratio (NSFR) for the same period was 119%, which is considered a good indicator for the financial year, reflecting the analysis of available stable funding against required stable funding.

- **Our Core Values**

Core values serve as guiding principles that define how the institution interacts with its clients, employees, and society at large. While the titles of these values may resemble those of other institutions, their specifics vary depending on the institution's strategies and corporate culture. The repetition of headings does not imply similarity; each bank has distinct values. Our core values incorporate ethical and Sharia-compliant principles derived from Islamic law.

- **Sharia Compliance**

We strive to adhere to quality standards in accordance with Sharia principles to provide compliant services and protect clients' rights while implementing the highest level of corporate governance issued by the Central Bank of Iraq. An independent Sharia supervisory board oversees the bank's activities, ensuring avoidance of prohibited transactions such as usury and uncertainty.

- **Partnership and Development**

We adopt participatory models such as mudharaba (profit-sharing), musharakah (joint ventures), and murabaha (profitability) to achieve sustainable development.

- **Integrity and Transparency**

We aim to operate as a bank distinguished by complete transparency, which is a fundamental factor for success and adherence to Sharia rules.

- **Sustainable Development**

We seek sustainable growth by relying on scientifically-based programs and plans to keep pace with technological developments, achieving objectives and programs in accordance with the guidance of the Central Bank of Iraq.

- **Disclosure and Transparency**

We provide stakeholders with updated information in a timely manner, including financial positions, risks, strategic decisions, and material transactions. High transparency aims to enhance trust, improve financial market efficiency, and enable regulatory authorities to perform their oversight role effectively to mitigate risks.

- **Banking Confidentiality**

We maintain strict confidentiality of operations and safeguard clients' information and data in accordance with applicable laws and regulations.

- **Environmental and Social Activities**

We aim to contribute to societal development by promoting Islamic banking awareness and supporting environmental, social, and governance (ESG) activities to enhance financial inclusion and sustainability.

- **Justice and Equality**

We uphold justice and equality in dealings and decision-making, ensuring impartiality regardless of social background, class, religious beliefs, sect, or other personal characteristics.





- **Participation and Integration**

Working jointly in a spirit of teamwork, fostering cooperation between employees on one hand, and between management and service recipients on the other, to achieve the common good.

- **Accountability and liability**

We aspire to leadership and the implementation of best modern practices to safeguard the funds and rights of stakeholders (shareholders, investors, clients, and employees) alike, while ensuring there is no overlap of responsibilities and authorities between the Board of Directors and Executive Management.

- **Independence**

By clearly segregating the responsibilities of the Board of Directors and Executive Management, delegating powers appropriately, and limiting the influence of related parties and stakeholders.

- **Sustainability**

Considering comprehensive development and sustainability as key objectives pursued by the Board of Directors and Executive Management within their social duties and responsibilities.

- **Commitment**

We strive to comply with the principles and guidelines of corporate governance issued by the Central Bank of Iraq.

- **Protection of Rights**

We work to protect the rights of shareholders, depositors, and stakeholders in a way that ensures optimal results and sustains Al-Taif Islamic Bank's position as one of the most successful and expanding banks in Iraq.

- **Technological Development**

We diligently keep pace with technological advancements in providing electronic payment services, contributing to the shift toward a cashless society and effectively promoting the principle of financial inclusion.

- **Professionalism**

Delivering banking solutions and services with high standards of quality, efficiency, and speed, ensuring professional and reliable performance.

- **Innovation and Modernization**

The Bank adopts cutting-edge technologies and systems, continually seeking advanced banking solutions characterized by speed and customer convenience. The Bank also takes the lead in developing and offering innovative products that align with environmental, social, and governance (ESG) standards and sustainability principles.

- **Social Responsibility**

Supporting community and environmental development, and promoting sustainable financing and financial inclusion initiatives that enhance economic and social welfare.

- **Climate-Related Governance**

This report reflects Al-Taif Islamic Bank's commitment to enhancing transparency and managing climate-related risks, in accordance with the general sustainability and climate disclosure standards (ISSB S1 and ISSB S2) issued by the International Sustainability Standards Board (ISSB) under the IFRS Foundation.

## 1. Governance

- The Board of Directors oversees the management of climate-related matters.
- The Sharia Supervisory Board monitors the compliance of financial and climate-related activities with Islamic Sharia principles.





## 2. Strategy

The Bank bases its approach on climate scenario analysis to assess potential impacts on:

- Financing portfolio: including *Murabaha*, *Ijara*, *Mudaraba*, and *Musharaka* contracts.
- Financed sectors: such as agriculture, energy, real estate, and others.

The strategy aims to:

- Finance environmentally friendly ("green") projects that are compliant with Sharia principles.
- Gradual withdrawal from financing for sectors with high carbon footprints.

## Risk Management

Climate risks have been integrated into the Bank's overall risk management framework and are evaluated within the context of Environmental, Social, and Governance (ESG) practices, which represent the set of environmental, social, and governance considerations that institutions must take into account when managing their operations, and that investors must consider when making investment decisions. These considerations involve risks, impacts, and opportunities, including but not limited to:

- **Environmental Issues:**  
Changes in the natural or physical environment, whether potential or actual (such as pollution prevention and control, impacts on biodiversity, carbon emissions, mitigation and adaptation to climate change, and protection and use of natural resources, including water and marine resources).
- **Social Issues:**  
Impacts on local communities and individuals working within institutions (including, but not limited to, labor relations, health and safety issues, human rights considerations, customer and community interactions, and diversity and financial inclusion practices).

## The Importance of ESG Practices

### A. Better Returns:

Studies have shown that strong ESG scores and practices are associated with higher profitability and return on assets (ROA).

### B. Risk Reduction:

ESG practices help identify both short-term and long-term risks depending on the sector and business model involved.

### C. Opportunities:

Market and non-market shifts may reveal unmet needs for new goods and services, potential consumer behaviors, and strategic opportunities to address ESG-related challenges.

### D. Bank Reputation:

Effective ESG practices can strengthen the institution's "license to operate," facilitate business goal achievement, improve crisis response with stakeholders and key shareholders, and increase investor interest.

### E. Culture and Core Value:

The maturity of ESG practices serves as an indicator of the institution's commitment to building a high-performing, purpose-driven workforce



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Activate Type according to the sector			
	Sector	2024	Percentage/2024
1	Financial activity other than banking	165,974,819,134	0%
2	Commercial activity	195,929,430,196	30%
3	Industrial activity	62,303,809,578	35%
4	Agricultural activity	44,764,826,870	11%
5	Construction and development activity	78,192,566,077	8%
6	Transportation and communications activity	14,327,780,792	0%
7	Energy activity	561,493,232,646	0%
8	Service activity	165,974,819,134	14%
9	Assistance to individuals	195,929,430,196	3%
Total		62,303,809,578	100%



3. Financial Statements for the Year 2024

4. Conclusions and Recommendations

- ⌘ The Bank is committed to strengthening its resilience in the face of climate change.
- ⌘ It is recommended to continue developing emission measurement capabilities and improving environmental efficiency.
- ⌘ The integration of climate considerations into investment and financing decisions is essential.
- ⌘ It is further recommended to redirect part of the financing portfolio toward green projects such as solar and wind energy, climate-smart agriculture, and green real estate financing for energy-efficient buildings, among others.

Human Resources

1. As of the end of 2024, the total number of employees reached 679, and the total salaries and wages paid to them — including bonuses, allowances, equivalent payments, and social security contributions — amounted to IQD 8,497,389 thousand.
2. The following are the names and job titles of the Bank's senior management for the year 2024.

Seq.	Name	Job title
1	Ridha Hamzah Abdulridha	Managing Director
2	Atheer Yahya Hadi	Deputy Managing Director
3	Abdullah Thaer Noori	Financial Manager
4	Mustafa Abbas Abd Ali	Shaira compliance Manager and Compliance Controller
5	Ahmed Naser Abbas	Banking Operations Manager

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3. The following are the names and addresses five members of the bank who earn the highest income during year 2024

Name	Job title
Ridha Hamzah Abdulridha	Managing Director
Atheer Yahya Hadi	Deputy Managing Director
Mustafa Abbas Abd Ali	Compliance Manager
Ali Sabih Saleh	Branch Manager

4. The bank's efforts continued to attract good banking employees, focusing on those holding university degrees and those who have competence in banking work. The following table shows the cadre according to their level of academic achievement.

seq	Study qualification	Number
1	Master degree	5
2	High Diploma degree	1
3	Bachelor degree	549
4	Diploma degree	31
5	Secondary school and below	93
	Total	679

5. The Central Bank of Iraq commended the bank for its outstanding efforts in engaging its employees in training courses during 2023. During 2024, the bank also engaged 149 employees in training courses held by the Training Department of the Central Bank of Iraq and the Iraqi Banks Association. The following table illustrates this:

• **Courses held outside the bank in which bank employees participated.**

seq	Subject of course/ workshop	No. of participants	Organizing body
1	Corporate IT Governance and Management 19 Cobit	1	 Central Bank of Iraq
2	Letters of Guarantee and the Mechanism of the Electronic Platform for Financial Efficiency Books and Financing Plans	2	
3	Training Course: Preparing Leaders in the Banking Sector	1	
4	Hexagonal Analysis and Evaluation Course	1	
5	Certified Internal Auditor (CIA) Qualification Course	1	
6	Certified Information Systems Auditor (CISA) Qualification Course	1	
7	Training Course: Banking Laws, Anti-Money Laundering and Counter-Terrorism Financing Law, Islamic Banking Law	3	
8	Training Course: Stress Testing and Scenario Analysis According to the Controls of the Central Bank of Iraq	1	
9	Training Course: Fundamentals of Islamic Finance	3	
10	Training Course: Compliance and Anti-Money Laundering Mechanisms According to Federal Decisions	1	
11	Training Course: Accounting Errors and Methods for Detecting and Correcting Them According to International Accounting Standards	7	
12	Training Course: International Customs in Documentary Credits - International Best Practices	1	
13	Training Course: Advanced Financial Analysis for the Purposes of Granting Credit	1	
14	Training Course: Digital Transformation and Electronic Payments	2	
15	Training Course: Identifying the Beneficiary of Customer Transactions	1	
16	Training Course: Self-Assessments of Money Laundering and Counter-Terrorism Financing Risks, Especially When Issuing New Products and Services	2	
17	Training Course: E-Governance	1	

# Al- Taif Islamic Bank For Investment & Finance



18	Training course: Legal basis for banking transactions	1
19	Training course: Due diligence regarding foreign transfers	6
21	Training course: Internal audit and preparing the internal auditor's report according to modern international standards (LAA)	2
22	Training course: Basic standards for detecting currency counterfeiting	11
23	Training course: International standards for internal auditing	2
24	Training course: International Financial Reporting Standards No. 9 and No. 39 (Accounting)	1
25	Training course: Most important practices for combating money laundering and terrorist financing	1
26	Training course: Total quality management and its relationship to improving banking operations	1
27	Training course: Banking risk management according to Basel II and Basel III	2
28	Training course: Fundamentals of credit risk management and merit assessment	2
29	Training course: Scorecard for environmental, social, and governance standards	1
30	Training course: Operational risk assessment	1
32	Training course: Quality reporting of operations suspected of involving money laundering and terrorist financing	8
33	Training course: Banking governance and ways to keep pace with developments and modernization in the management of Iraqi financial institutions and banks	1
34	Training course: Certified risk management expert certificate	2
35	Training course: Murabaha, Musharaka, Mudaraba, and Ijara contracts according to international Sharia standards	4
36	Training course Capital Adequacy for Islamic Banks According to the Revised IFSB Standard 10	2
37	Training Course: Requirements for Implementing National Money Laundering and Terrorist Financing Risk Assessment Processes	1
38	Training Course: The Risks of Modern Technology in Money Laundering and Terrorist Financing Operations and Means of Combating Them	7
39	Training Course: Banking Liquidity Risks	1
40	Training Course: Certified CBM Egypt Branch Manager	4
41	A training course on a sample Know Your Customer (KYC) and Know Your Customer (EKYC) form.	4
42	Electronic KYC and EKYC.	1
43	A training course on preparing a strategic plan and implementing a business plan in banking institutions.	1
44	A training course on fraud in banks and non-banking financial institutions and its relationship to money laundering and terrorist financing.	1
45	A training course on general guidelines for banks and non-banking financial institutions regarding international and domestic sanctions.	1
46	A training course on preventive measures to combat money laundering, terrorist financing, and proliferation.	1
47	A training course on explaining the Central Bank of Iraq law.	2
48	A supplementary course to complete the explanation to clarify some of the problems faced by employees of institutions involved in preparing the required reports.	2



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49	Certified Islamic Specialist Certificate in Governance and Compliance	1	
50	Certified Credit Analyst Certificate	1	
51	Specialized Lecture: Self-Assessment Guide for Money Laundering and Terrorist Financing Risks	2	
52	Lecture: Combating Fraud and Corruption in Banks	2	
53	Training Workshop: The Impact of Monetary Policy Transition to the Banking Sector via the Open Market Operations Channel	3	
54	Training Workshop: Payment Card Fraud	7	
55	Workshop: Instructions and Standards for Banknote Circulation and Replacement	2	
56	Workshop: The Impact of Monetary Policy Transition to the Banking Sector via the Open Market Operations Channel	2	
57	Liquidity Management Form (BSRS) Workshop	3	
58	First Review of Regulatory Controls for the Classification of Systemically Important Local Banks Workshop	3	
59	Real Estate Sale and Purchase Mechanism Workshop	1	
60	Environmental, Social, and Governance Standards Guide Workshop	2	
61	Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) Workshop	2	
62	Credit Inquiry System Workshop	3	
63	Workshop: Workshop for Awareness Managers and Their Assistants	2	Anti-Money Laundering and Counter Terrorism Financing
64	Electronic Notification System Workshop	1	
Total		146	



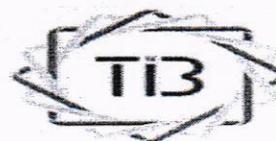
- The courses and workshops held by the bank and number of the participants:

seq	Course/ workshop	No. of the participants
1	Training course: Fundamentals of Account Opening and Customer Acceptance Procedures	29
2	Training course: Reviewing the Procedures and Duties of Liaison Officers	26
3	Training course: Compliance, Anti-Money Laundering, Combating the Financing of Terrorism, Fraud, and Banking Risks and Their Classifications	47
4	Training workshop: Explaining the Banking Services Contract with a Focus on the Shari'a Aspect of Investment/Investment Deposits	34
5	Workshop: Murabaha No. 8 of the AAOIFI Proposed International Shari'a Standards	23
6	Workshop: Explaining the Banking Services Contract - Investment Deposits, Third Session	21
Total		180

- Services contracts that the bank concluded in year 2024

Seq.	Contract	Entity	Amount
1	Security and protection services for money transfers to all Iraqi governorates	Abna Dijla Security and Protection Services Company Ltd.	19,200,000 dinars
2	Banking network services	Central Bank of Iraq	72,000,000 dinars
3	Fire, cash, and car insurance	Shatt Al-Arab Insurance Company	297,567 dinars
4	Guards	Al-Masarat Law Firm	252,000,000 dinars
5	Legal services and consultations	FINTEC	266,500 dollars
6	Automated teller machine (ATM) equipment	Al-Shibak General Advertising Company	284,580 dollars

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- **The volume of imports and exports during 2024**

No goods or services were imported or exported for the benefit of the bank during the year 2024.

- **Amounts spent on advertising, hospitality, and travel:**

The following is the amount spent on this item during 2024 compared to the previous year

Account Name	2024 thousand dinars	2023 thousand dinars
Advertising and Publication	3,671,596	2,635,535
Hospitality	93,188	130,240
Travel and delegation	273,366	225,716

- **The accounting policy applied by the bank**

The bank relies on local and international accounting principles and standards and in accordance with the basics of the unified accounting system for banks and insurance companies in maintaining accounts and classifying and preparing financial statements, and in accordance with the provisions of the effective Companies Law No. (21) for the year 1997 amended, the Banking Law No. (94) of 2004, and the Islamic Banking Law No. (43) For the year 2015, and the instructions of the Central Bank and following the accrual principle in calculating revenues and expenses, the accounting policy also recorded the application of international accounting standards IFRS in preparing Financial statements.

-Sgd.-	-sgd.- Ridha Hamzah Abdulridha Managing Director	-sgd.- Ammar Mudhafar Salih Chairman of BOD
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Seal of the Bank  
-Sgd.- & seal  
Adel Ismail Hassan Al-Shaybi  
Public Accountant & Auditor  
Member of the Iraqi Society of Certified Public Accountants



**Al- Taif Islamic Bank  
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**Annual Report Prepared by the Audit Committee (Audit Committee)  
For the Financial Year Ending December 31, 2024**

The Audit Committee, emanating from the Bank's Board of Directors, met with all its members in the Bank's building located in Baghdad/Karrada Dakhil, Sec 901, St. 3, Bldg. 3, near Kahramana Square, at 10:00 a.m. on February 2, 2025, and the following was decided:

Honored Members of the General Body:

Based on the provisions of Article 24 of Banking Law No. 94 for the year 2004, the Charter of the Audit Committee, and the tasks and duties assigned to it, in accordance with the Corporate Governance Regulation issued by the Central Bank of Iraq, the Audit Committee reviewed, examined, and audited the Bank's financial statements for the year ending December 31, 2024, and reviewed the Board of Directors' report, which was prepared in accordance with the requirements of applicable laws and the instructions of the Central Bank of Iraq, as shown below:

1. The financial statements were prepared in accordance with accounting controls and international standards, and they are consistent with the records and are organized in accordance with the applicable regulations and instructions clearly reflect the bank's financial position, activity, and cash flows, and are consistent with the bookkeeping system and the recording of all assets, liabilities, and resources for the fiscal year ending December 31, 2024.
2. The settlement and processing procedures, the determination of necessary reserves and allocations, and the methodology for calculating the distribution of returns (profits) to investors and shareholders were in accordance with Sharia provisions and principles.
3. A review of the bank's diverse and varied activities confirms its compliance with the laws and regulations related to money laundering, in accordance with the Anti-Money Laundering and Terrorism Financing Law No. 39 for the year 2015, as amended, international accounting standards, the regulations and instructions of the Central Bank of Iraq, and related legislation and instructions.
4. The committee verified the adequacy of internal control and oversight systems with regard to financial reporting, and the internal auditor's participation with executive departments in developing and maintaining internal control and oversight systems. It noted that the framework used for the control systems implemented by the internal auditor was effective.
5. The committee reviewed the work and procedures of the Anti-Money Laundering and Terrorist Financing Reporting Department, which is responsible for implementing the Know Your Customer (KYC) process. It also reviewed its periodic activity reports.
6. The committee reviewed the procedures and policies for monitoring compliance with the US Foreign Account Tax Compliance Act (FATCA). It also reviewed the files and forms issued by the US Internal Revenue Service (IRS), ensuring compliance with updated information and procedures.
7. The committee reviewed all reports by the external auditor, the reports of the Central Bank of Iraq and its inspection committees, and the bank's responses.
8. They were accurate and reflected the reality of the bank's activity. 8- Business continuity and disaster recovery procedures and programs were followed up in coordination with the Information Technology and Communications Committee.
9. The Committee reviewed the guidance on money laundering and terrorist financing risks issued by the Central Bank of Iraq No. 318/4/9 dated July 8, 2024, and the procedures of the Money Laundering and Terrorist Financing Reporting Department, and found them to be consistent with the procedures and directives in this regard.
10. The Committee reviewed the decision to establish the Electronic Payment Company pursuant to the initial approval of the General Authority and the allocation of a balance of (10) billion dinars from the accumulated financial surplus account to the expansion reserve account as a balance for this company.

In conclusion, may God Almighty grant everyone success in serving this bank, its shareholders, and our country.

-Sgd.-  
Member  
Qahtan Ahmed Ayoob

-Sgd.-  
Member  
Hayder Musaab Abdullah

-Sgd.-  
Member  
Hussein Hadi Saleh



**Al- Taif Islamic Bank  
For Investment & Finance**



**Sharia Board Report**

**In the Name of God, the Most Gracious, the Most Merciful**

**Praise be to God, Lord of the Worlds, and may blessings and peace be upon our Master Mohammed, his family, and his companions.**

**Honored Shareholders of Al-Taif Islamic Bank**

**Peace, mercy, and blessings of God be upon you.**

Based on the letter of assignment from the General Body appointing the Sharia Supervisory Board for Al-Taif Islamic Bank, and pursuant to the provisions of Chapter Five of the Islamic Banking Law No. 43 for the year 2015, the Sharia Board has supervised the bank's activities, transactions, and contracts during the year 2024. It has reviewed the bank's records and documents and obtained the data, information, and clarifications provided to it by the bank's management, which we deemed necessary to perform the task of Sharia supervision and audit, and which are sufficient to express our opinion and provide reasonable assurance as to whether the bank has complied with the provisions and principles of Islamic Sharia, as well as the fatwas issued by Islamic jurists and specific guiding decisions issued by us. In our opinion:

1. The contracts approved by the Sharia Board during its periodic meetings and concluded by the bank, related to the operations of Al-Taif Islamic Bank for the financial year ending December 31, 2024, were concluded in accordance with the provisions and principles of Islamic Sharia.
2. The bank's policy for calculating and distributing profits among investors in the above-mentioned investment accounts is consistent with the provisions and principles of Sharia and the general principles of Islamic investment.
3. The Sharia Supervisory Board held (17) meetings during 2024, during which it issued (3) fatwas.
4. Based on paragraph (2-3) of Article (10) of the 2024 Environmental, Social, and Governance Standards Guide for Banks, the Sharia Supervisory Board met quarterly with the Board of Directors, the Sharia Internal Audit Department, and the external auditor to discuss matters of mutual interest.
5. We reviewed the bank's financial position, balance sheet, and revenue and expenditure statements for the fiscal year under consideration.

We ask God Almighty to grant us guidance and success.

Peace, mercy, and blessings of God be upon you.

-Sgd.-  
Member  
Dr. Sajida Allawi Dawood

-Sgd.-  
Member  
Dr. Inas Noori Taha

-Sgd.-  
Member  
Hayder Mousa Mohammed

-Sgd.-  
Member/ Secretary  
Raja Hashem Mohammed

-Sgd.-  
Board Chainman  
Dr. Mohammed Zidan Nayef





**Report of the Environmental, Social, Governance, and Sustainability Standards Committee (ESGSC)  
(Formerly the Corporate Governance Committee)**

In implementation of the 2024 Environmental, Social, and Governance Standards Guide for Banks, issued by the Banking Supervision Department/Licensing, Controls, and Instructions Section No. 441/4/9 on September 22, 2024, which replaced the Corporate Governance Guide issued in 2018, the bank has complied with the provisions of this new guide and reconstituted the former Governance Committee into the Environmental Standards Committee (ESGSC) in accordance with the terms set forth in the new guide. One of the first tasks of this committee, chaired by the Chairman of the Board of Directors, Mr. Ammar Mudhafar Salih, was to issue a specific guide for the bank, which represents the bank's governance framework. One of its most important objectives is to monitor and oversee the maintenance of environmental, social, and governance standards, including climate-related matters. The committee also sought to ensure the implementation of environmental standards at the bank.

The practices and tasks, according to the new guide issued by the Central Bank, are the foundation for developing the bank's operations. These practices create new and innovative opportunities and solutions by developing and automating the bank's products to attract customers, enhancing financial inclusion and expanding its reach across all Iraqi governorates. The Board of Directors has prioritized addressing the new challenges that have emerged for the bank and the banking industry in Iraq, as well as the major problems they face. This is to ensure business continuity and develop staff to perform according to established plans. This committee also developed its work charter to achieve the best results through effective coordination with other Board of Directors committees and executive management. The committee:

1. Periodically reviewing the structure of effective environmental, social, and corporate governance standards.
2. Ensuring that the bank, the Board of Directors, and the executive management are implementing the ESGSC Guide and procedures.
3. Monitoring compliance with the requirements for board member independence and disclosure of interests.
4. Reviewing and strengthening the requirements of the Code of Conduct and the bank's policy on conflict-of-interest management.
5. Reviewing the preparation of the bank's reports and compliance with the requirements of the scorecard for environmental, social, and corporate governance standards issued by the Central Bank.
6. Ensuring the bank's compliance with applicable laws, regulations, and controls related to environmental, social, and corporate governance standards.
7. Reviewing the annual training and development plans for executive management and employees.
8. Monitoring the strict application of Sharia standards in accordance with the regulations issued by the Central Bank and the standards of the Accounting and Auditing Organization for Financial Institutions (AAOIFI) across all products, in coordination with the bank's Sharia Supervisory Board.
9. The Board of Directors acknowledges its responsibility for implementing the bank's governance policies and practices by applying the standards, controls, and instructions issued by relevant authorities.

**Environmental, Social, Governance, and Sustainability Standards Committee  
(ESGSC)**

**-Sgd.-**

**Committee Chairman**

**Ammar Mudhafar Salih**





• Risk Management Department Report

**The Concept of Risk Management:**

An independent administrative activity reporting directly to the Board of Directors/Risk Committee, aimed at identifying, monitoring, measuring, reducing, and understanding the types of risks that the bank may face or has faced. It also aims to evaluate these risks and determine the extent of the risks the bank's management is willing to bear. It also aims to ensure that the bank has implemented the necessary measures and controls to control their negative effects and reduce them to acceptable levels, thus providing reasonable assurance regarding the achievement of the bank's objectives. Risk management represents an integrated system of administrative techniques and skills, represented by a set of procedures, processes, and precautionary controls aimed at addressing current risks, predicting the sources of future risks, and limiting and containing their negative effects to a minimum, ensuring they do not worsen or recur in the future.

**Risk Management Structure:**

The Board of Directors is supported by the Board's Risk Management Committee and the Risk Management Department, as outlined below:

- The Board of Directors: Approves risk management policies and strategies, oversees the bank's performance, reviews periodic reports from the Risk Management Committee, and ensures that the Risk Management Department conducts regular stress tests to measure the bank's ability to withstand shocks and high risks. It also approves the bank's acceptable risk levels, which must be consistent with the risk levels commensurate with the bank's capital and financial position. It also monitors and reviews the ongoing steps for identifying, measuring, managing, and controlling risks on a regular basis, and adjusts these steps as necessary, in light of market developments and the environment in which the bank operates.
- The Risk Management Committee: Ensures that the risk management function is appropriate to the size and complexity of the bank and ensures that sufficient resources are provided for it. It reviews the bank's risk appetite annually, including environmental and social (E&S) risks, and monitors the acceptable and tolerable risk levels at the bank level, including physical risks.
- Risk Management Department: The Risk Management Department is responsible for implementing and following risk management procedures to ensure that risks remain within acceptable limits. This is achieved through reports submitted to the Board of Directors through the Risk Management Committee, and a copy is also submitted to the Executive Management. The department also provides recommendations to the Risk Management Committee regarding the bank's risk exposures and develops methodologies for identifying, measuring, monitoring, and controlling each type of risk.

The Risk Management Department consists of:

1. Financing and Investment Risk Division.
2. Market Risk Division.
3. Operational Risk Division.
4. Liquidity Risk Division.

**Risk Management Process:**

The risk management process consists of several steps and procedures that must be followed:

1. Risk Identification:
2. Risk Measurement and Assessment:
3. Risk Management: This is done through the following means and methods:

- Risk Avoidance: This means that the bank avoids risks by avoiding banking activities that lead to these risks.
- Risk Reduction and Mitigation: This aims to reduce the magnitude and impact of banking risks and mitigate the effects of potential losses to certain reasonable limits.
- Risk Retention
- Risk Transfer
- Risk Sharing



## **Al- Taif Islamic Bank For Investment & Finance**



4. Monitoring and Review
5. Risk Control and Mitigation

### **Risk Reporting Methods:**

The most important reporting methods:

1. **Electronic Risk Reporting Systems:** Electronic systems are considered one of the best ways to submit risk reports. The systems used are (FATCA, AML, RISK, CHECK WORLD, KYC020, SWIFT FIRCO).
2. **Paper Forms:** Paper forms (questionnaires) have been provided to all departments to monitor weaknesses in the internal control system, identify the most significant risks they face, and report them.
3. **Email:** Risks can be reported via email addressed to the Risk Management Department or relevant officials to ensure confidentiality and rapid response.
4. **Hotlines (mobile phones):** Telephone lines are available for employees to report risks immediately and confidentially, enabling them to report issues that require a rapid response.
5. **Periodic Meetings:** Employees are encouraged to discuss potential risks during periodic meetings with work teams or managers, so that issues are raised, discussed, and documented.
6. **Complaint and Suggestion Boxes:** Secure boxes are used at the bank's headquarters where employees can submit their reports confidentially. Regularly uploaded by the relevant department or the risk management department.
7. **Mobile applications:** Custom risk reporting applications can be created and developed, allowing employees to easily and confidentially report via their mobile phones.
8. **Direct reporting:** Employees can report risks in person to the risk management or compliance department, especially in cases requiring in-person attendance or when discussing complex risks.

-Sgd.-  
Risk Management Department Director  
Noora Adil Jumaa





**• Money Laundering and Terrorist Financing Reporting Department Report for 2024**

The following are the tasks accomplished in 2024, which will serve as a framework for the department's work for the coming year:

- The Money Laundering and Terrorist Financing Reporting Department performs a number of recurring and ongoing tasks, most notably: Responding to letters received from supervisory authorities on a regular basis.
- The department also prepares and submits its semi-annual report to the Central Bank of Iraq/Banking Supervision Department, providing a copy to the Anti-Money Laundering and Terrorist Financing Office. The first and second half reports were submitted within the specified deadlines.
- Four quarterly reports were sent to the Board of Directors for presentation to the Audit Committee of the Board of Directors for approval. These reports include recommendations, observations, and actions taken to improve and evaluate performance.
- The department's policies and procedures were updated, and the Board of Directors approved the policies and procedures for the Money Laundering and Terrorist Financing Reporting Department, as these policies are consistent with the operations and products of Islamic banks.
- All customer names are checked on the blacklist before dealing with them, and before hiring any employee. Ensure the name is not on the blacklist. If any dealings with a customer on the blacklist are detected, the Anti-Money Laundering Office will be notified. The names of funds seized from the Central Bank/Legal Division/Authentications Department are also verified, and the entity requesting the seizure is notified if dealings involve a name on the blacklist.
- Daily access to the Anti-Money Laundering and Terrorism Financing Office website is required, and decisions regarding the freezing of terrorist assets and updates to the lists are monitored.
- All banking transactions are monitored, analyzed, and due diligence measures are implemented. The department receives unusual transactions (suspicious cases) from branches or through alerts, analyzes and follows up on these transactions, and makes a decision regarding whether to escalate the transaction to be referred to the Anti-Money Laundering and Counter-Terrorism Financing Office, or to keep the transaction closed and resolve it as non-eligible, or continue monitoring.
- Account opening procedures are monitored, ensuring that all documents and paperwork are obtained. A request is made to verify the authenticity of any document if there is any doubt about it.
- Accounts managed by proxy are monitored and the validity of the proxy is verified by verifying the authenticity of the issuing authority or by relying on barcodes, obtaining the supporting document of the authorized representative, checking the name on the ban lists, reviewing the account opening form, and reviewing the assessment declared upon opening the account.
- All due diligence measures are taken regarding companies and charitable organizations.
- Alerts are processed in the Anti-Money Laundering and Counter-Terrorism Financing System.
- Monitoring the work of liaison staff and auditing their monthly reports.
- Follow up on customers covered by FATCA.
- Ensuring that customer data is updated annually and upon any change in customer data, by coordinating with branches.
- Follow up on company establishment procedures or capital increases with the Funds Sources Verification Committee, which is composed of oversight departments, and prepare a report on them.
- Follow up on electronic services and take due diligence measures.
- Follow up on financial transactions made using cards in coordination with the electronic payment company providing the service.
- Verifying the integrity of financial transactions, determining the relationship and purpose of the transfer, obtaining full information, and ensuring that there is no doubt or suspicion regarding the financial transaction.
- Contacting front-office employees (the first line of defense) to educate them about fraudulent methods and money laundering practices, to identify these and prevent such transactions.
- Due diligence is conducted, identifying the ultimate beneficiary of the financial transaction, and checking the name against the block lists.



**Al- Taif Islamic Bank  
For Investment & Finance**



- Issuing instructions and monitoring compliance with them in accordance with regulations.
- Monitoring transfers on a daily basis and exercising due diligence.
- Analyzing the supporting documents and information provided by customers and ensuring the integrity of the sources of funds provided.
- Monitoring transfers suspected of having one of the parties listed on the ban lists and making the decision to accept or reject them after verification and validation.
- Implementing due diligence and verification procedures.

**Committees in which the department participates:**

- ✓ Financial Reporting Committee for Companies and the US Tax Compliance Committee (FATCA).
- ✓ Money Laundering and Terrorist Financing Risk Assessment Committee.
- ✓ Procedures Review Committee for Verifying the Sources of Funds Deposited for the Purpose of Establishing or Increasing Capital.
- ✓ Committee for Monitoring the Implementation of Due Diligence Measures.

-Sgd.-

Director of the Money Laundering and Terrorist Financing Reporting Department  
Israa Qassem Mohsin





**Compliance Officer Activity Report**

Best greetings,

Based on the controls for combating money laundering, the financing of terrorism, and the prevention of proliferation, below is a summary of the Compliance Officer's activity for 2024:

1. Reviewing the procedures followed by the various departments (divisions, sections, and units) at the bank and ensuring their consistency with relevant laws and regulations, assessing the adequacy of internal procedures and directives, monitoring deviations, and submitting proposals for addressing and improving them.
2. Distributing compliance-related information to those responsible for implementation, which helps review procedures when changes are required, identifying procedures related to new products, assisting in resolving problems, and following up on corrective actions.
3. Submitting periodic monthly reports to senior management on identified deviations, including suggestions and necessary corrective actions to avoid recurrence, and keeping a copy of these reports in files subject to review by the Central Bank of Iraq.
4. Work with auditors and inspectors to help develop control and follow-up mechanisms to avoid future problems by providing them with copies of reports from regulatory authorities, risk management, and the Anti-Money Laundering and Terrorist Financing Reporting Department.
5. Familiarizing with all laws, regulations, and instructions related to banking activity. This must include requirements that may not appear directly related to banking activity and operations. The bank's legal team provides significant assistance in developing this task.
6. Prepare a list of banking products, services, and areas of work, which helps identify all areas of work that have not been previously covered, in cooperation with various departments within the bank.
7. Propose the necessary policies and procedures for new banking operations or update previous policies and procedures for banking operations based on the requirements of developing banking activity and the bank's relationships, and approve them by the bank's Board of Directors.
8. Propose training courses on the substantive policies and procedures that must be followed and emphasize the need to adhere to them by employees in general, and new employees in particular.
9. Preparing quarterly reports to senior management and the Banking Supervision Department at the Central Bank of Iraq on detected deviations, including suggestions and corrective actions to avoid future recurrence. A copy of the reports is kept in his files, subject to review by the Central Bank upon request.
10. The Compliance Officer monitors all internal and external conferences, particularly those related to banking operations, and is informed of new banking services that he can suggest to the bank's higher authorities for clarification. If unclear, the reports should be forwarded to the bank for clarification.



**Al- Taif Islamic Bank  
For Investment & Finance**



**Other Tasks**

- Ensuring the bank's compliance with local and international sanctions.
- Monitoring the bank's compliance with the Foreign Account Tax Compliance Act (FATCA).
- Identifying and assessing the bank's compliance risks and establishing controls in cooperation with the Risk Management and Control Department.
- Contributing to the development of internal policies and procedures related to compliance, anti-money laundering and terrorist financing, sanctions, anti-fraud and corruption, and other related topics.
- Providing specialized training for bank staff in the areas of compliance, anti-money laundering and terrorist financing, sanctions, anti-fraud and corruption, and other related topics.
- Overseeing the governance standards scorecard.

-Sgd.-

Director of Sharia Compliance and Compliance Monitoring Department  
Mustafa Abbas Abd Ali



**Consolidated Financial Statements  
For Financial Year Ending on  
31/December/2024**



To: Honorable Shareholders of  
Al Taif Islamic Bank for Investment and Finance (Private Joint Stock Company) - Baghdad

Report on the Audit of the Consolidated Financial Statements for the Year Ended 31/December/ 2024

Greetings,

We have audited the consolidated financial statements of Al Taif Islamic Bank for Investment and Finance (Private Joint Stock Company) – Baghdad for the year ending 31/ December/ 2024. These statements include:

- The financial statements of Al Taif Islamic Bank for Investment and Finance as the holding company.
- The financial statements of the subsidiary companies in which Al Taif Islamic Bank for Investment and Finance owns 100% of the shares, namely:
  - The financial statements of Al-Bait Al-Akhdar Real Estate Investments and General Contracting Company Limited Liability Company - Baghdad, certified on 10/3/ 2025 by the Board of Auditing and Compliance.
  - The financial statements of Al-Kukh Al-Dhahabi General Trading Company Limited Liability Company - Baghdad, certified on 31/5/ 2025 by the Board of Auditing and Compliance.
  - Financial statements of Al Taif Company for mediation in selling and buying foreign currency Limited Liability - Baghdad based on the trial balance sent to us by management.
- Notes on consolidation processes:
  - The cash balance deposited with Al Taif Islamic Bank for Investment and Finance for each of the subsidiaries has been excluded from current accounts and deposits, amounting to (285,076) thousand dinars.
  - The investments of Al Taif Islamic Bank for Investment and Finance, amounting to 100% and totaling to (7,010,000) thousand dinars, in the following companies have been excluded:
    - Al-Bait Al-Akhdar Real Estate Investments and General Contracting Company Limited Liability - Baghdad...
    - Al-Kukh Al-Dhahabi General Trading Company Limited Liability Company - Baghdad.
    - Al Taif for mediation in selling and buying foreign currency Limited Liability - Baghdad

-Sgd.-  
Ahmed Mahdi Al-Jubouri,  
Ahmed Mahdi Al-Jubouri and Partners Company,  
Control and Auditing / Cooperative  
Baghdad 9 Jude 2025



**Al Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Statement of Consolidated Financial Position as on 31/12/2024**

	31/12/2024 One thousand Iraqi dinars	31/12/2023 One thousand Iraqi dinars
<b><u>Assets</u></b>		
Cash & Balances with the Central Bank	182,637,840	147,211,447
Balances and Deposits with Banks & Other Financial Institutions	4,728,778	4,639,382
Net Islamic Financing	463,830,844	315,495,208
Financial assets at the fair value through consolidated Income	90,191,929	78,539,379
Net Properties, Equipment, and Intangible Assets	38,028,921	29,434,731
Projects in Progress	10,834,260	3,290,954
Net Other Assets	12,052,500	11,829,579
<b>Total Assets</b>	<b>859,600,613</b>	<b>618,706,973</b>
<b><u>Liabilities and Shareholders' Equity</u></b>		
<b><u>Liabilities</u></b>		
Received Loan	37,422,246	53,483,974
Current and Deposit Accounts	506,225,835	273,137,772
Cash deposits	8,870,412	9,847,608
Income Tax Allocation	1,419,487	2,735,403
Allocations	170,352	162,721
Other Liabilities	35,713,947	12,185,710
<b>Total Liabilities</b>	<b>589,894,279</b>	<b>351,553,188</b>
<b><u>Shareholders' Equity</u></b>	<b>250,000,000</b>	<b>250,000,000</b>
Nominal and subscribed Capital	1,140,958	1,013,331
Legal Reserve	11,000,000	1,000,000
Expansions Reserve	89,762	89,762
Exchange Prices fluctuation	7,475,820	15,051,104
Accumulated Surplus/ Carried Forward	(206)	(412)
Accumulated Deficit		
<b>Total Shareholders' Equity</b>	<b>269,706,334</b>	<b>267,153,785</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>859,600,613</b>	<b>618,706,973</b>
Off-Budget Items	49,495,693	28,025,173

-Sgd.-  
Financial Manager  
Abdullah Thaeer Noori  
License No. / 26050

-Sgd.-  
Managing Director  
Ridha Hamzah Abdulridha

-Sgd.-  
Chairman of the Board of Directors  
Ammar Mudhafar Salih

-Sgd.- & seal  
Ahmed Mahdi Al-Juboori  
Ahmed Mahdi Al-Juboori & Partners Company  
Accounts Control and Auditing / Cooperative

(Seal of the Bank)



**Al Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Statement of the Consolidated Income for Financial Year Ending on 31/12/2024**

Statement	31/12/2024 One thousand Iraqi dinars	31/12/2023 One thousand Iraqi dinars
<b>Revenues</b>		
Islamic Banking Revenues (Cash Credit)	44,858,584	14,137,814
Islamic Investment Revenue	6,167,921	3,701,727
Islamic Deposits Revenue/ refunded (breaking the deposit)	2,100,144	(16,743,747)
Banking Operations Revenues	24,868,726	42,735,553
Other Operations Revenues	818,501	800,047
<b>Total Revenues</b>	<b>78,813,876</b>	<b>44,631,394</b>
<b>Deduct: Expenses</b>		
Employees' Salaries, Wages and the like	8,620,071	10,065,425
Islamic Banking Expenses	22,393,146	----
Banking Operations Expenses	9,542,485	----
Operating Expenses and Others	19,031,882	15,09,151
Consumables and Amortizations	3,266,090	2,067,789
Depreciation of Leased Assets	2,618,456	----
Impairment Losses in Real Estates Value	750,000	678,899
Credit Risks	8,548,117	1,578,012
Impairment Risks in Cash with Banks	----	63,409
Impairment Risks in Financial Assets	----	858,579
<b>Total Expenses</b>	<b>(74,769,841)</b>	<b>30,404,264</b>
<b>Net Income before Tax</b>	<b>4,044,035</b>	<b>14,227,130</b>
Deduct: Income Tax	(1,491,486)	(2,735,403)
<b>Net Income after Tax</b>	<b>2,552,549</b>	<b>11,491,727</b>
 To be distributed as follows:		
Legal Reserves 5%	127,627	574,586
Accumulated Surplus	2,424,716	10,916,935
Amortization of previous years loss	206	206
<b>Total</b>	<b>2,552,549</b>	<b>11,491,727</b>
<b>Earnings Per Share</b>	<b>0,010</b>	<b>0,045</b>

-Sgd.-  
**Financial Manager**  
**Abdullah Thaeer Noori**  
 License No. / 26050

-Sgd.-  
**Managing Director**  
**Ridha Hamzah Abdulridha**



**Al Taif Islamic Bank for Investment and Finance (PSC) – Baghdad**

**Statement of the Consolidated Other Comprehensive Income for Financial Year Ending on 31/12/2024**

Statement	31/12/2024	31/12/2023
	One thousand Iraqi dinars	One thousand Iraqi dinars
Net Income	2,552,549	11,491,727

Other Comprehensive Income

**Items that may be reclassified later to profit or loss:**

Other comprehensive income / Net gains or (losses) / Revaluation of investments at fair value through other comprehensive income.	---	---
Total other comprehensive income	---	---
Total comprehensive income	2,552,549	11,491,727



Statement of Consolidated Changes in Shareholders' Equity as on 31/12/2024

Type of reserve movement during the year	Subscribed Capital IQD Thousand	Legal Reserve IQD Thousand	Expansion Reserve IQD Thousand	Exchange Rate Fluctuation Reserve IQD Thousand	Accumulated surplus IQD Thousand	Accumulated Deficit IQD Thousand	Total Shareholders' Equity IQD Thousand
Balance as on 1/1/2024	250,000,000	1,013,331	1,000,000	89,762	15,051,104	(412)	267,153,785
Comprehensive Income for the Year	-----	127,627	-----	-----	2,424,716	206	2,552,549
Transfer Between Reserves	-----	-----	10,000,000	-----	(10,000,000)	-----	-----
Balance on 31/12/2024	250,000,000	1,140,958	11,000,000	89,762	7,475,820	(206)	269,706,334



Al Taif Islamic Bank for Investment and Finance (PSC) – Baghdad

**Statement of Consolidated Changes in Shareholders' Equity as on 31/12/2023**

Type of reserve movement during the year	Subscribed Capital IQD Thousand	Legal Reserve IQD Thousand	Expansion Reserve IQD Thousand	Exchange Rate Fluctuation Reserve IQD Thousand	Accumulated surplus IQD Thousand	Accumulated Deficit IQD Thousand	Total Shareholders' Equity IQD Thousand
Balance as on 1/1/2023	250,000,000	497,049	1,000,000	89,762	4,891,146	(618)	256,477,339
Comprehensive Income for the Year	----	574,586	----	----	10,916,935	206	11,491,727
Deduct: Right of Masarat Oil Company	----	(58,304)	----	----	(756,977)	----	(815,281)
Balance on 31/12/2023	250,000,000	1,013,331	1,000,000	89,762	15,051,104	(412)	267,153,785



**Statement of Consolidated Cash Flow for the Financial Year Ending on 31/12/2024**

Statement	31/12/2024 One thousand Iraqi dinars	31/12/2023 One thousand Iraqi dinars
<b><u>Cash Flows from Operating Activities</u></b>		
Net Income before tax	4,044,035	14,227,130
<b><u>Amendments of Non-Cash Items</u></b>		
Credit Risks	7,084,989	1,578,012
Financial Assets Impairment Risks	1,409,711	858,579
Consumptions and Amortizations	3,266,090	2,067,789
Impairment in Real Estate Value	750,000	678,899
<b><u>Change in Assets and Liabilities</u></b>		
Change in Islamic Financing	(153,637,298)	(86,896,735)
Change in Other Assets	(33,545,639)	12,271,053
Change in Current and Deposit Accounts	233,088,063	53,577,212
Change in Cash Insurance	(977,196)	(15,199,229)
Change in Allocations	7,631	(178,654)
Change in Other Liabilities	23,528,237	(6,411,479)
Paid Income Tax	(2,735,403)	(953,095)
<b><u>Net Cash Flow from Operating Activities</u></b>	<b>82,283,220</b>	<b>(24,389,518)</b>
<b><u>Cash Flows from Investing Activities:</u></b>		
Change in Financial Assets through Fair Value	(13,062,261)	1,980,730
Change in Property, Equipment, and Buildings	(8,854,741)	(22,320,363)
Change in Intangible Assets	(8,565,780)	----
Change in Projects in Progress	(222,921)	----
<b><u>Net Cash Flow Used in from Investing Activities</u></b>	<b>(30,705,703)</b>	<b>(20,339,633)</b>
<b><u>Cash Flows from Financing Activities:</u></b>		
Financing Received / Central Bank of Iraq	(16,061,728)	(289,958)
Exclusion of Almasarat Oil Services Company	----	(815,281)
<b><u>Net Cash Flow Used in from Financing Activities</u></b>	<b>(16,061,728)</b>	<b>(1,105,239)</b>
<b><u>Net Increase (Decrease) in Cash and the Like</u></b>	<b>35,515,789</b>	<b>(45,834,408)</b>
Cash and the like on January 1	151,850,829	197,685,237
Cash and the Like on December 31	178,366,618	151,850,829



Republic of Iraq  
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