



INVESTMENT BANK OF IRAQ

Privatejoint - Stock Company
Baghdad - Iraq

Annual Report

Final Balance Sheet

31st Dec. 2014

info@ibi-bankiraq.com



Investment Bank Of Iraq

Content

- **Summons to the shareholders**
- **Speech of the Board Of Directors**
- **Report of the Board Of Directors on the Bank's activities for 2014**
- **Report of Auditors for 2014.**
- **Report of Auditor on the financial statements for 2014**
- **Balance Sheet of the bank and the final accounts for 2014**
- **Analytical Statements**



**Investment Bank
Of Iraq**

**Independent Auditor's Report
& Financial
Statement December
31 - 2014**



Investment Bank Of Iraq

**Calling for the Meeting
of the General Body**





**Investment Bank of Iraq PSC
Summons to
The Plenary Session's Meeting
Attn. / Messrs. Shareholders of the Investment Bank of Iraq PSC, respectfully**

We extend our greetings,

According to the provisions of Articles 86/87/89/90 of the Companies Law No. 21 for 1997, as Amended, and pursuant to the decision of the Board Of Directors No. (5) in its meeting held on Saturday 5/9/2015, we would like to invite you to attend the annual meeting of the Plenary Session to be held on Saturday 12/9/2015, 10:00 am, in Baghdad Hotel -Al-Saadoon Street. In the event the quorum is not present, the meeting shall be adjourned until 12/8/2015 at the same time and place to consider the following agenda:

- 1- To hear the report of the Board Of Directors on the Bank's activity for the year ended on 31/12/2014 and discuss and take the necessary decisions in this respect.
- 2- To discuss the Auditor's report and take the necessary decisions in this respect, and to discuss and approve the balance sheet for the year ended on 31/12/2014.
- 3- To appoint an auditor for 2015 and fix its pay.
- 4- To discuss the distribution of dividends for 2015.
- 5- To discharge the chairman and members of the Board Of Directors and determine their remunerations for the year ended on 31/12/2014.
- 6- To discuss the report of the Auditor's committee according to the Banks Law of Iraq, and re-appoint it.

Kindly, attend in person or have other shareholders or empower others by notarized power of attorney to represent you presenting the original share certificate and file the representation letters and powers of attorney 3 days before the date of meeting according to Clause 1st/Article 91/Companies Law.

Thank you for your cooperation.

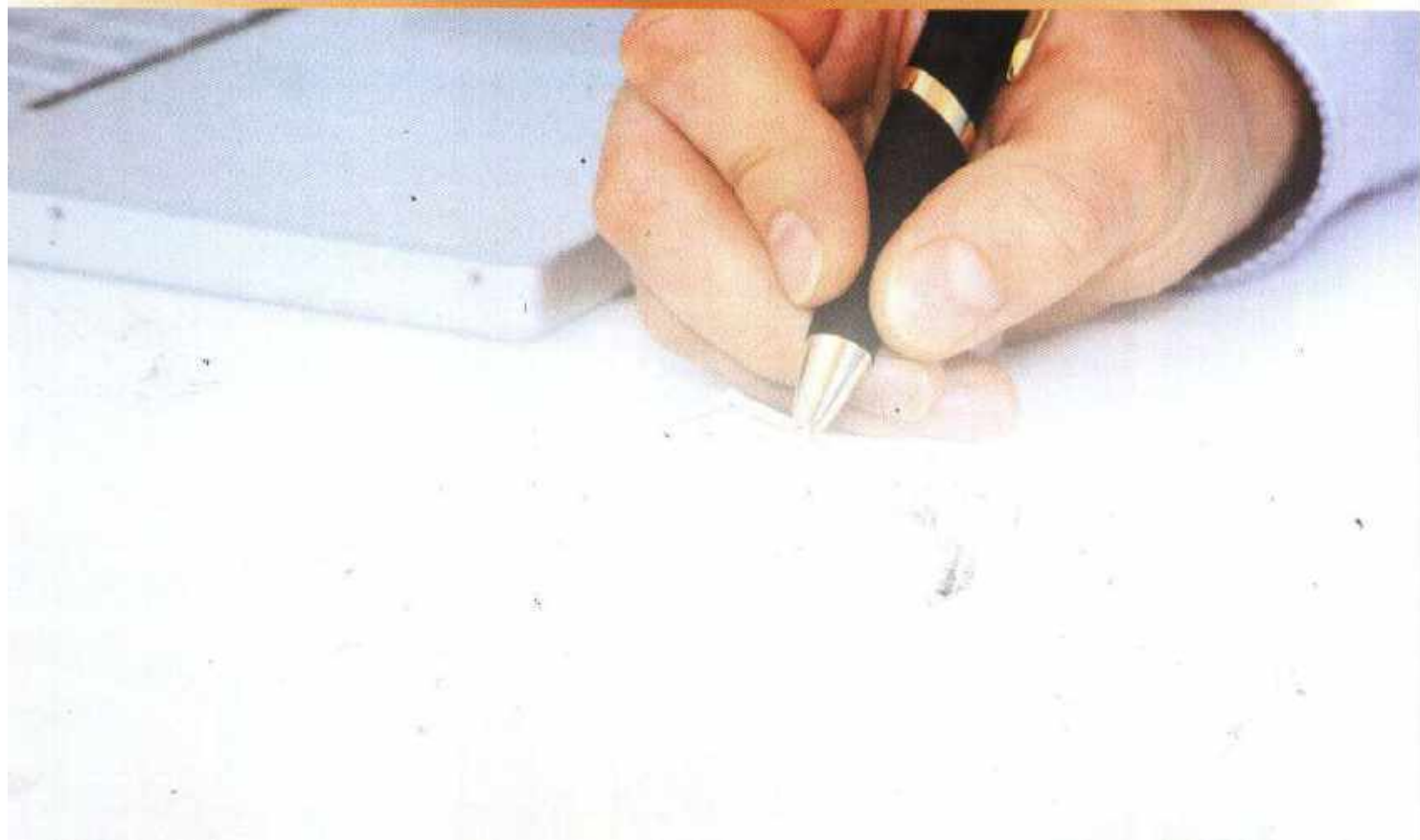
Best Regards.

**Hussain Saleh Shareef
Chairman of Board of Directors**



Investment Bank Of Iraq

Chairman,s Statementy





Dear

Messrs.', representatives of the Central Bank of Iraq

Messrs.', representatives of the Companies Registration Department

Messrs.', representatives of the Stock Exchange, Respectfully

Our Dear Guests,

It is my honor and with pride and on behalf of my colleague members of Board Of Directors and on my behalf, to greet the all, thanking your attending the meeting to discuss and approve the balance sheet for the year ended on December 31, 2014, the 22nd annual report of the Board Of Directors, the final statements and balance sheet and the Auditor's report, as well as discussing the report of the Auditor's committee for the same year. The said year was a difficult year witnessed in Iraq. However, the Bank was able to face the shocks and difficulties due to adopting restraint and caution policy that enabled the Bank to face the quick high volatility and realize good results, although below the ambition, and is wishing to realize the future plans and trends in the future. The Bank worked hard on consolidating the Bank's financial position, as shown in comparison with the previous year. This is resulted from the trust of clients and the efforts of employees. The Bank took into consideration the exceptional circumstances of investment of all types. Certainly, the obsession of all is stability in order to exercise products to support the national economy while maintaining the rights of shareholders and protecting the assets of depositors as the main principle, through high quality sureties for borrowers.

The Bank, continuously, endeavors at the development of human resources through having them enrolled into heavy courses and curricula, in and outside Iraq, to enable them technically and administrative to take leading positions and to establish banking knowledge. The Bank continued in expanding the network of correspondents due to the qualitative and quantitative increase in activities and activating relations therewith. The Bank is willing to open branches in the Gulf area and Turkey in response to the business requirements. This is to be done after taking out the proper approvals from the Central Bank of Iraq. The Bank is hoping to realize better results with the assistance of the Central Bank of Iraq and support from other parties. We appreciate their efforts and would like to express our thanks and gratitude to them all. We would not forget the efforts of the employees and their experience and cooperation with the senior administration.

Thank you again for your attendance, and Only God We Ask For Help.

Thank you for your cooperation.

Best Regards.

Hussain Saleh Shareef
Chairman of Board of Directors



Investment Bank Of Iraq

Names of Chairman and Members



Names of Chairman and Members of Board of Directors

A- Names of chairman and members of Board of Directors Original

- 1- Mr. Hussain Saleh Shareef (Chairman of Board of Directors)
- 2- Mr. Sardar Khalid Omar (Vice Chairman of Board of Directors)
- 3- Mr. Hamza Daood Halbon (Member of Board of Directors/ Managing Director)
- 4- Mr. Mohamad Abdullah Kafel Hussain (member of Board of Directors)
- 5- M. Diary Rafeeq Tawfeeq (Member of Board of Directors)
- 6- Mr. Bekhtiar Shafiq Ahmed (Member of Board of Directors)
- 7- Mr. Jamal Ahmed Abdullah (Member of Board of Directors)

B- Names of Members of Board of Directors Reserve

- 1- Mr. Ameer Raoof Faraj
- 2- Iraqi Reinsurance Company represents it Mr. Abdullah Al Mosawi
- 3- Mr. Abdul Hadi Abdul Ameer Al Attar
- 4- Mr. Abbas Ali Hasson Al Rubai
- 5- Mr. Dhiaa' Fakhri Hassan Abu Qlaam

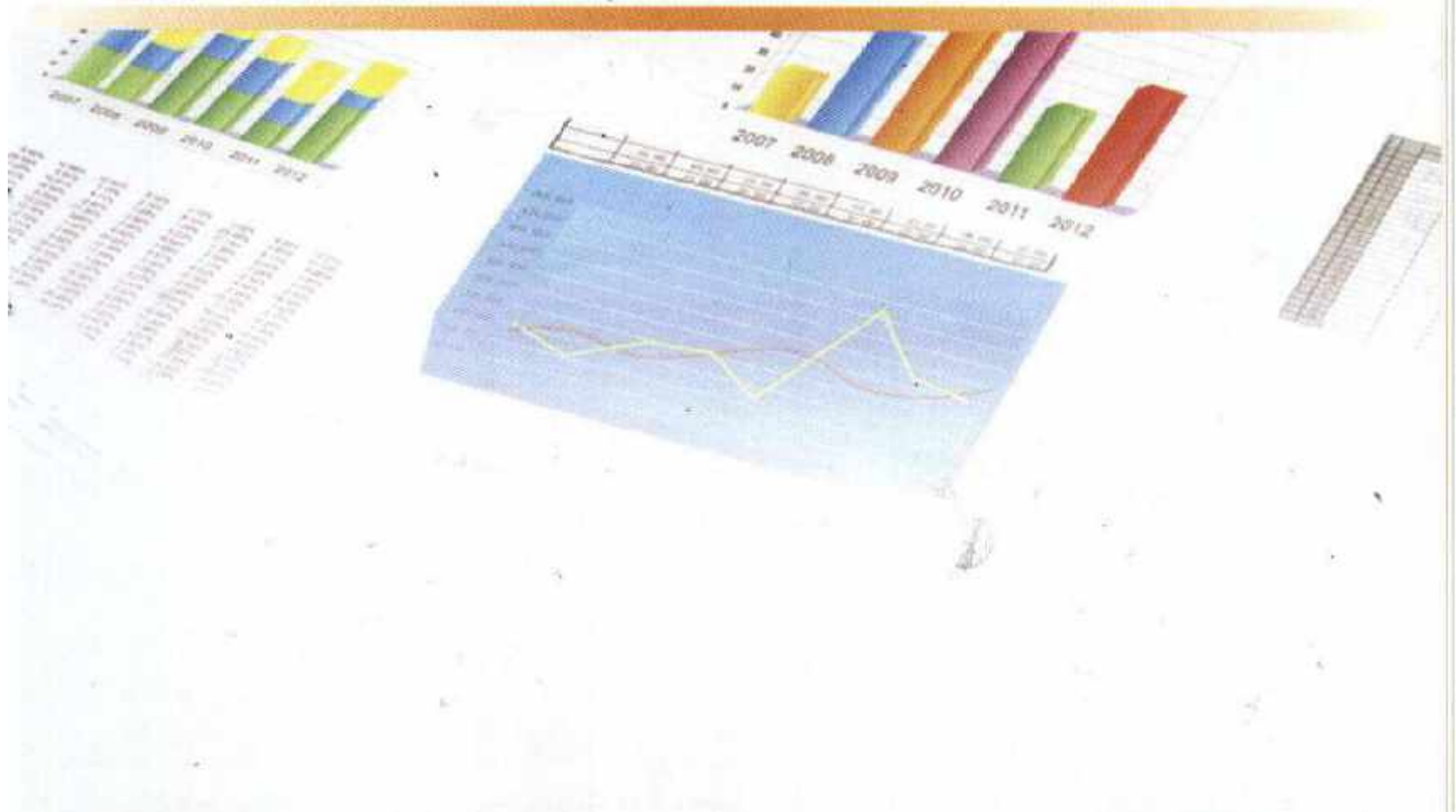
Classification of the shareholders according to the percentage of their participation as on 31/ December/ 2014:

| | No. of Shareholders | No. of Shares | Percentage |
|-----------------------------|----------------------------|------------------------|-------------------|
| Less than One Million | 5963 | 1,045,050,347 | 0.418 |
| 1,000,001 to 10 Million | 1470 | 4,769,988,753 | 1.908 |
| 10,000,001 to 100 Million | 396 | 11,469,903,878 | 4.588 |
| 100,000,001 to One Billion | 82 | 23,320,280,099 | 9.328 |
| 1,000,000,001 to 4 Billion | 14 | 27,776,304,816 | 11.110 |
| 4,000,000,001 to 10 Billion | 3 | 13,259,459,733 | 5.304 |
| 10,000,000,001 and above | 10 | 168,359,012,374 | 67.344 |
| Total | 7938 | 250,000,000,000 | 100 |



Investment Bank Of Iraq

The Board of Directors annual report





BOD and functions

According to Article 17/Banks Law, which specified the formation, duties and members of the Board Of Directors and the conditions to be fulfilled by the chairman and members of the Board Of Directors, where each shall have legal capacity and shall be of min. 30 years and suitable for work. The Board Of Directors attempts at:

- 1- Establishment of the general policy related to investment, risks and supervision.
- 2- Appointment of the executive manager from its members, who shall be responsible for the execution of the Board Of Directors decision according to Clause 4/Article 18 and shall be resident of Iraq.
- 3- To realize the interests of the Bank and act according to its views.
- 4- Among its duties is to appoint a chief internal auditor, who shall be qualified with experience in auditing according to Clause 2 of the above Article. The shareholders in the Plenary Session shall appoint the committee.
- 5- To appoint a compliance watch according to Clause 3/Article 18/Companies Law.

Board of Directors:-

- 1- The Board Of Directors shall be composed of seven original and seven substitute members. The number of substitute members is currently five as two of them have resigned.
- 2- The Board Of Directors held twelve regular meetings throughout the year.
- 3- There're no concentrated affiliations of any original or substitute member of the Board Of Directors or any of their family members.
- 4- There's no benefit or interest of the chairman and original and substitute members of Board Of Directors.



Developments occurred to the paid capital:

The bank attempted on increasing the capital since its incorporation, where it has become 250 billion, so that it has become able to exercise its business more extensively in response to the quantitative and qualitative development witnessed in many transactions, whether domestically or internationally, such as letter of credit, money drafts and letters of guarantee, and to establish large banking relations with the foreign banks, to meet the business requirements and the customer needs, in accordance with the table below:

| Year | Capital | Increment/ Capitalization and subscription | New Capital |
|------|-----------------|--|-----------------|
| 1993 | 100 Million | ----- | 100 Million |
| 1994 | 100 Million | 100 Million | 200 Million |
| 1995 | 200 Million | ----- | 200 Million |
| 1996 | 200 Million | ----- | 200 Million |
| 1997 | 200 Million | ----- | 200 Million |
| 1998 | 200 Million | 100 Million | 300 Million |
| 1999 | 300 Million | 100 Million | 400 Million |
| 2000 | 400 Million | 200 Million | 600 Million |
| 2001 | 600 Million | 400 Million | Billion |
| 2002 | Billion | 200 Million | 1,200 Billion |
| 2003 | 1,200 Billion | 720 Million | 1,920 Billion |
| 2004 | 1,920 Billion | 3,840 Billion | 5,760 Billion |
| 2005 | 5,760 Billion | 19,240 Billion | 25 Billion |
| 2006 | 25 Billion | 4,750 Billion | 29,750 Billion |
| 2007 | 29,750 Billion | 7,750 Billion | 37,500 Billion |
| 2008 | 37,500 Billion | 12,900 Billion | 50,400 Billion |
| 2009 | 50,400 Billion | 24,620 Billion | 75,020 Billion |
| 2010 | 75,020 Billion | 24,980 Billion | 100,000 Billion |
| 2011 | 100,000 Billion | 55,000 Billion | 155,000 Billion |
| 2013 | 155,000 Billion | 95,000 Billion | 250,000 Billion |
| 2014 | 250,000 Billion | Distribute Cash Profits | 250,000 Billion |



Bank's creation, development and later events

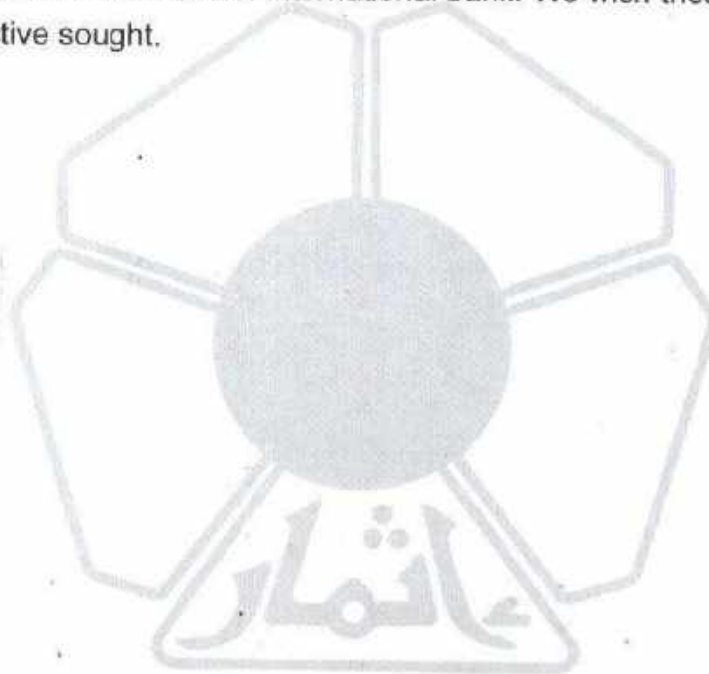
The Bank, just like other private banks, is incorporated in different and difficult circumstances. It was a leading bank when incorporated in 1993 with a capital of ID 100 million. The increase in capital continued until it has reached ID 250 billion through the profits realized and the increase paid by the shareholders. Just like other banks, it passed through tides where it could surpass many difficulties and shocks due to force circumstances. The Bank has always endeavored to keep pace with the events and developments it faced and it could surmount the same without default or high risks. It worked cautiously despite that it has passed critical periods when large debts accrued due to the security and political situation and the swift volatilities occurred, in spite of its compliance with the laws and regulations and the law of the Central Bank of Iraq and the Banks Law, in addition to other international regulations, instructions and standards and Basil's decisions. Through examining the balance sheet, the Bank has avoided risks. This can be noted for there are no new debts and for collecting old debts which ratio is high as compared to the size of debts, through the efforts exerted by the qualification and efforts of employees. The Bank wishes to achieve a high degree of evaluation through the policy plotted.

In this occasion, we do not forget the role and efforts of the internal control through its field in official following up. The Bank, at the instructions and with cooperation of the Central Bank of Iraq on the encouragement of opening letters of credit gradually and built relations with the foreign banks, continues to facilitate this function instead of the auction drafts. The Bank is continuing offering high speed, secure and skillful services without risk and without overinvestment. The senior administration recently exerted efforts through which it could establish the elementary principles of banking business and elevate the bank and its reputation which assisted in attracting and winning the trust of more customers and led to development and expansion in their dealings and thus reflected on increasing the financial position of the Bank which in turn worked in expansion in offering services by increasing the different services, quantitatively and qualitatively, such as the credits, letters of guarantee and traditional services. Also, it is obvious that the Bank through profit magnification policy, as demonstrated in the previous year and the current year, attempts at balancing between the risks and realizing profits without exacerbation through high quality guarantees in investment. The effort of employees in the application of the plan plotted by the senior administration had direct effect in elevating the Bank and imposing itself effectively to participate in the economical development with the other banks. The Bank continued applying modern advanced system through having the human resources enrolled in courses and curricula in and outside Iraq and qualifying them to serve the banking business by offering swift, accurate and secure service. The Bank could cooperate with several correspondent banks and expand the network and open several accounts with them to make use of the facilities given



to our Bank, particularly in the documentary credits.

The Bank, through its march, could activate and develop many of its activities with foreign banks, in accordance with the Bank's interest, particularly the well-reputed banks. The Bank issued and used central magnetic checks to protect the Bank and its clients from manipulation, fraud and cheating. The Anti-Money Laundering division takes all preventive actions and measures according to the "Know Your Customer" principle and applies the forms of the Central Bank of Iraq to open accounts and verify the soundness of transactions. Despite the extraordinary circumstances witnessed in the country, such negative cases were surmounted through laws, instructions and regulations and the cooperation of the control and auditing Board Of Directors, using state-of-the-art technology. All this was the fruit of the efforts of the general management and the employees and the cooperation, which was intended for raising the organization to the rank of international bank. We wish these efforts to continue to realize the objective sought.





| Type of Account | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Thousand Dinar | Thousand Dinar | Thousand Dinar | Thousand Dinar | Thousand Dinar |
| Current Assets | | | | | |
| Cash in safe/ Iraqi Dinar | 81,478,958 | 31,086,437 | 28,256,658 | 19,927,932 | 9,689,344 |
| Cash with bank/ U.S Dollar | 8,525,266 | 2,703,382 | 3,773,172 | 8,303,120 | 6,801,221 |
| Cash with local banks | 1,555,507 | 1,204,866 | 1,057,703 | 421,870 | 1,177,500 |
| Deposits with central bank | 189,473,185 | 138,280,856 | 94,861,670 | 103,609,299 | 54,285,189 |
| Legal cover with the central bank | 44,623,717 | 31,395,689 | 22,600,048 | 10,008,311 | 10,612,643 |
| Cash with foreign banks | 29,120,912 | 6,966,983 | 8,300,053 | 13,561,052 | 66,896,343 |
| Cash with local banks with foreign currencies | 673,834 | 19,831,917 | | | |
| * Total cash | 355,451,379 | 231,470,130 | 158,849,304 | 155,831,584 | 149,462,240 |
| Investments (after deducting the allocation) | 3,790,438 | 4,250,028 | 3,385,370 | 3,232,010 | 3,799,306 |
| Deducted and purchased commercial papers | 5,212,911 | 6,865,327 | 8,097,155 | 9,988,178 | 6,552,530 |
| Loans / Iraqi Dinar (after deducting the allocation) | 77,556,883 | 121,557,811 | 136,138,982 | 82,305,206 | 52,473,338 |
| Loans/ U.S Dollar | 9,332,265 | 6,363,118 | 7,211,004 | 13,952,689 | 9,712,349 |
| Overdraft debited | 1,680,924 | 3,303,479 | 14,434,486 | 5,214,140 | 5,352,775 |
| Debited current documentary | 23,154,170 | 82,869,694 | | | |
| Freight documents | 45,547,319 | 18,797,319 | 6,939,826 | 9643734 | 4248440 |
| Advanced payments against golden jewelry | 2,984,211 | 4,406,575 | 7,754,969 | 5034787 | 3987185 |
| * Total cash credit | 165,468,683 | 244,163,323 | 180,576,422 | 126138734 | 82326617 |
| Debtors (after deducting the allocation) | 16,593,025 | 25,609,914 | 19,846,493 | 28927860 | 2,320,440 |
| Total current assets | 541,303,525 | 505,493,395 | 362,657,589 | 314,130,188 | 237,908,603 |
| Fixed assets | | | | | |
| Fixed assets (book value) investing expenditure | 15,279,707 | 9,704,550 | 9,606,960 | 10,092,494 | 5,112,044 |
| Deferred revenue expenses | 687,367 | 773,696 | 1,181,790 | 1,406,963 | 1,736,775 |
| Projects under execution | 1,384,918 | 4,624,831 | 4,155,411 | 2,089,439 | 1,334,149 |
| Total fixed assets (Book Value) | 17,351,992 | 15,103,077 | 15,619,249 | 13,588,896 | 8,182,968 |
| Total | 558,655,517 | 520,596,472 | 378,276,838 | 327,719,084 | 246,091,571 |



| Type of Account | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|----------------|----------------|----------------|----------------|----------------|
| | Thousand Dinar | Thousand Dinar | Thousand Dinar | Thousand Dinar | Thousand Dinar |
| Financing sources | | | | | |
| Current liabilities | 57,477,954 | 70,545,171 | 41,225,263 | 51,803,385 | 40,677,511 |
| Credited current/ Dinar Currency | 23,109,961 | 14,462,798 | 12,430,174 | 9,757,807 | 9,339,308 |
| Credited current/ Dollar Currency | | * | | | |
| * Saving accounts | 98,119,932 | 122,045,522 | 78,921,586 | 70,457,021 | 59,456,305 |
| Saving accounts/ Dinar Currency | 32,673,823 | 29,334,625 | 18,980,934 | 12,952,883 | 7,712,577 |
| Saving accounts/ Dollar Currency | | | | | |
| | | | | | |
| * Accounts of deposits for deferred and on request | 21,108,341 | 26,708,172 | 23,329,271 | 16,696,317 | 7,286,076 |
| Fixed deposits/ Dinar Currency | 6,573,406 | 3,606,671 | 948,164 | 413,829 | 11,700 |
| Fixed deposits/ Dollar Currency | | | | | |
| | | | | | |
| * Accounts of current nature | 3,431,145 | 5,547,917 | 7,988,564 | 24,097,396 | 13,168,358 |
| Accounts of current nature/ Dinar Currency | 14,241,335 | 11,036,883 | 9,484,109 | 1,046,481 | 1,362,290 |
| Accounts of current nature/ Dollar Currency | | | | | |
| | 256,735,897 | 283,287,759 | 193,308,065 | 187,225,119 | 139,014,125 |
| Total deposits accounts | 12,206,193 | 46,214,377 | 62,616,767 | 23,386,291 | 18,622,250 |
| Creditors | 268,942,090 | 329,502,136 | 255,924,832 | 210,611,410 | 157,636,375 |
| Total current liabilities | 5,964,171 | 4,737,678 | 3,794,339 | | |
| Allocation of income tax | 250,000,000 | 155,000,000 | 100,000,000 | 100,000,000 | 75,020,000 |
| Paid up capital | 33,749,256 | 31,356,658 | 18,557,667 | 17,107,674 | 13,435,196 |
| Reserves | 558,655,517 | 520,596,472 | 378,276,838 | 327,719,084 | 246,091,571 |
| Total financing sources | | | | | |



Revenues and expenses for the last Five years

| Type of Account | 2014 | 2013 | 2012 | 2011 | 2010 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| | Thousand Dinar | Thousand Dinar | Thousand Dinar | Thousand Dinar | Thousand Dinar |
| Revenues Account/ Dinar | 47,039,508 | 40,764,155 | 19,170,337 | 20,848,239 | 19,765,276 |
| Revenues Account/ Dollar | 12,915,262 | 9,729,856 | 9,391,183 | 2,978,820 | 1,433,250 |
| Expenditures Account/ Dinar | 23,544,360 | 17,902,288 | 24,446,008 | 11,779,647 | 10,578,541 |
| Expenditures Account/ Dollar | 1,568,754 | 1,051,780 | 698,562 | 368,550 | 153,270 |
| Profits and Losses | 34,841,656 | 31,539,943 | 3,416,950 | 11,678,862 | 10,466,715 |

Current and Deposit Accounts

Deposit, of all types, are considered essential source to finance the banking transactions. During this year, the Bank's efforts focused on attracting the greatest number of customers and expanding the size of deposits which represented 46% of the total of financial position, as detailed below.

Deposits

| Index No. | Name of Account | 2014 Million Dinar | Contribution Percentagea | 2013 Million Dinar | Contribution Percentagea | Percentage of Change |
|-----------|--|--------------------|--------------------------|--------------------|--------------------------|----------------------|
| 251 | Credited current accounts | 81,439 | 31,7% | 85,561 | 30,2% | (4,8 %) |
| 252 | Saving accounts | 130,794 | 51% | 151,380 | 53,4% | (13,6 %) |
| 253 | Accounts of deposits for deferred period and on request | 27,681 | 10,8% | 30,315 | 10,7% | (8,7%) |
| 255 | Deposits received and receivables against banking operations | 17,672 | 6,4% | 15,372 | 5,4% | 8% |
| 256 | Internal transfers and cheques | 222 | 0,1% | 660 | 0,3% | (66%) |
| | Total | 257,808 | 100% | 283,288 | 100% | |



Cash Credit and Borrowing Policy

Due to the relatively difficult circumstances and fearing default by some borrowers, the Bank attempted at establishment of new policy in view to maintain the streamlined repayment in orderly manner, through prorating the amount of loan to the customer with the ability to comply with the obligation.

Cash Credit

| Index No. | Name of Account | 2014 Million Dinar | Contribution Percentagea | 2013 Million Dinar | Contribution Percentagea | Percentage of Change |
|--------------|---|-----------------------|-----------------------------|-----------------------|-----------------------------|-------------------------|
| 144 | Deducted commercial papers | 5,213 | 3,1% | 6,865 | 2,8% | (24,1%) |
| 142 | Granted loans short period (after allocated) | 86,889 | 52,6% | 127,921 | 52,7% | (32,1%) |
| 143 | Debited current accounts | 24,836 | 15% | 86,173 | 35% | (71,2%) |
| 145 | Freight documents | 45,547 | 27,5% | 18,797 | 7,6% | 142,3% |
| 148 | Advanced payments against mortgaging golden jewelry | 2,984 | 1,8% | 4,407 | 1,9% | (32,3%) |
| Total | | 165,469 | 100% | 244,163 | 100% | |

Sectored distribution for the granted credit by the Iraqi Dinar up to 31/12/2014 for the nearest million

| Ser. | Economical activities | Current account (overdraft) | Commercial papers discounted | loans and advance payment | Delayed debts | Total cash credit | Letters of guarantee | Credits | Total undertaking credit |
|------|--|-----------------------------|------------------------------|---------------------------|---------------|-------------------|----------------------|---------------|--------------------------|
| 1 | Agriculture, hunting and woods | | | 78 | | 78 | | | |
| 2 | Mine and extraction of coal | | | | | | | | |
| 3 | Transferring industries | 2 | 5 | 2,329 | | 2,336 | | 49,003 | 49,003 |
| 4 | Electricity and gas | | | | | | | | |
| 5 | Trading of whole sale and retail, restaurants and hotels | 24,823 | 3,640 | 135,617 | 2,164 | 166,244 | 96,560 | 18,567 | 115,127 |
| 6 | Transport, storage and transportations | | | 1,061 | 4 | 1,065 | 4,014 | | 4,014 |
| 7 | Financing, insurance and real estates | | | | | | 696 | | 696 |
| 8 | Complex services and social services | 10 | 1,556 | 6,051 | 1,476 | 9,093 | 1,047 | | 1,047 |
| 9 | Foreign world | | | | | | 148 | | 148 |
| 10 | Construction and building | | 12 | 15 | | 27 | 2,230 | | 2,230 |
| | Total | 24,835 | 5,213 | 145,151 | 3,644 | 178,843 | 104,695 | 67,570 | 172,265 |



Investments

Long and Short Term Investments

| Account | Year 2014 Million Dinar | Year 2013 Million Dinar | Percentage of Change | |
|---|----------------------------|----------------------------|----------------------|----------|
| | | | Increase | Decrease |
| Short term investments (before the allocation) | 3,148 | 2,934 | 7,3% | |
| Long term investments | 1,501 | 1,501 | — | — |
| Total | 4,649 | 4,435 | | |

Investment Folio

Contribution Statement in the companies listed in the Iraqi stock exchange as on 31/12/2014

| Ser. | Name of Company | No. of shares | Buying rate | Cost | Closing rate | Market value | Profit and loss |
|------|---|------------------|----------------|---------------|--------------------------|-----------------|--------------------|
| 1 | Al-Fallouja for constructional materials | 139,669,363 | 1.88 | 262,178,400 | 1,789 | 249,868,490 | (12,309,910) |
| 2 | Al-Kindi for veterinary vaccines | 57,854,159 | 1.51 | 87,189,965 | 1,28 | 74,053,324 | (13,136,641) |
| 3 | Iraqi company for dates industry | 10,000,000 | 1.000 | 10,000,000 | 1.27 | 12,700,000 | 2,700,000 |
| 4 | Al-Khaleej insurance company | 287,834,380 | 0.990 | 285,090,294 | 0.69 | 198,605,722 | (86,484,572) |
| 5 | Iraqi company for land transport | 1,562,239 | 1.000 | 1,562,239 | 1.52 | 2,374,603 | 812,364 |
| 6 | Trade bank of Iraq | 1,369,044,576 | 1.000 | 1,365,159,821 | 0.66 | 903,569,420 | (461,590,401) |
| 7 | Baghdad hotel company | 441,220 | 1.000 | 441,220 | 10.86 | 4,791,649 | 4,350,429 |
| 8 | National company for chemical industries | 50,000,000 | 1.130 | 56,708,660 | 0.85 | 42,500,000 | (14,208,660) |
| 9 | Modern company for animal and agricultural production | 100,000,000 | 1.113 | 112,659,774 | 0.72 | 72,000,000 | (40,659,774) |
| 10 | Al-Khaleej commercial bank | 748,796,531 | 0.970 | 726,967,539 | 0.9 | 673,916,878 | 53,050,661)) |
| 11 | Baghdad Al Salam company for foodstuff industries | 102,298,245 | 1.000 | 102,298,245 | Outside the market | | |
| 12 | Dar Al-Salam bank | 52,827,504 | 2.520 | 132,896,923 | 0.91 | 48,073,029 | (84,823,894) |
| 13 | Kerbala hotels company | 4,960,839 | 1.000 | 4,960,840 | 1.60 | 7,937,342 | 2,976,502 |
| | | | | 3,148,113,920 | | 2,290,390,457 | (755,425,218) |

* An amount of ID (859,100) thousand is with held as allowance for profit decline.

** Calculating the fair value and applying the international standard added capitalization profits.

*** The allowance for profit decline was also calculated for Baghdad Al-Salam Food Production Co. from the above amount 100%. In addition an amount of 1,376,537 was added to the above amounts as additional hedging.



Contribution in long-term companies

| Ser. | Name of company | Value of contribution Thousand Dinar | Capital of company Thousand Dinar | Property Percentage |
|------|---|---|--------------------------------------|---------------------|
| 1 | Al-Amwal company for electronic exchange services | 30,000 | 150,000 | 20% |
| 2 | Itihad of Iraqi banks company | 100,000 | 1,300,000 | 4.7% |
| 3 | Al-Athmar company for intermediary of selling and purchasing stock exchange | 250,000 | 250,000 | 100% |
| 4 | Iraqi company for banking guarantees | 1,121,424 | 7,877,141 | 14.24% |
| | Total | 1,501,424 | — | — |

* The Bank has recovered its shareholding with the funding company in 2015.

** Al-Athmar Co. is totally owned by the Bank.

Al-Athmar Stock Exchange Mediation LLC

It is incorporated according to the license No. (C.R. 6402702) on 13/05/2008) issued by the Companies Registration Department with a capital of ID 100 million. Its activity was increased and necessitated to increase its capital to ID 250 million, to be able to offer more services to customers who exercise stock selling and purchasing. It is noted throughout the year that there is a great decline in the transactions of the Iraqi Stock Exchange, due to the prevailing circumstances, which led to decrease of revenue due to the decline of the size of trading.

Trading size: ID (6,151,000) thousand

Total revenue: ID (39,078)



Promissory Credit

Despite the difficult and exceptional circumstances, the Bank continued dramatically to issue letters of credit of all types, whether to enter into a tender or as a performance bond or advance payment, while keeping on offering high quality guarantees and avoidance of risks. As well, the Credit Division has expanded dramatically through issuance of letters of credit, particularly for importation, in cooperation with correspondent banks from some the Bank could obtain large credits which assisted in the expansion of this type.

Documentary credits issued in Dollars (to nearest million)

| balance in the beginning of the period for the nearest million Dollar | No. | Granted through the period for the nearest million Dollar | No. | Paid during the period for the nearest million Dollar | No. | Balance for the end of the period for the nearest million Dollar | No. |
|---|-----|---|-----|---|-----|--|-----|
| 18 | 23 | 298,744 | 83 | 241,981 | 92 | 56,781 | 14 |

Foreign Letters of Guarantee

The letters of guarantee are considered one of the financial establishments activity practicing.

Foreign Letters of Guarantee in Dollar:-

| Balance in the beginning of the period for the nearest thousand Dollar | No. | Granted through the period for the nearest thousand Dollar | No. | Paid during the period for the nearest thousand Dollar | No. | Balance for the end of the period for the nearest million Dollar | No. |
|--|-----|--|-----|--|-----|--|-----|
| 733 | 3 | 368 | 1 | 1,013 | 3 | 88 | 1 |

Foreign Letters of Guarantee in Euro:-

| Balance in the beginning of the period for the nearest thousand Euro | No. | Granted through the period for the nearest thousand Euro | No. | Paid during the period for the nearest thousand Euro | No. | Balance for the end of the period for the nearest thousand Euro | No. |
|--|-------|--|-----|--|-------|---|-----|
| ----- | ----- | 30 | 1 | ----- | ----- | 30 | 1 |



Domestic Letters of Guarantee in Dinar:-

| Balance in the beginning of the period for the nearest thousand Dinar | No. | Granted through the period for the nearest thousand | No. | Paid during the period for the nearest thousand Dinar | No. | Balance for the end of the period for the nearest thousand Dinar | No. |
|---|-----|---|-----|---|-----|--|-----|
| 34,752,004 | 416 | 25,220,305 | 322 | 39,870,730 | 464 | 20,101,579 | 74 |

Domestic Letters of Guarantee in Dollar :-

| Balance in the beginning of the period for the nearest thousand Dollar | No. | Granted through the period for the nearest thousand Dollar | No. | Paid during the period for the nearest thousand Dollar | No. | Balance for the end of the period for the nearest thousand Dollar | No. |
|--|-----|--|-----|--|-----|---|-----|
| 38,040 | 162 | 47,053 | 133 | 14,130 | 156 | 70,963 | 39 |

Letters of guarantee according to the sections:-

| Type of activity | Nearest Million Dinar | Nearest Million Dollar |
|---------------------------------------|-----------------------|------------------------|
| Commercial | 3,872 | 10 |
| Servicing | 1,318 | 21 |
| Industrial | 1,884 | 27 |
| Agricultural | 4,055 | — |
| Construction and building | 861 | — |
| Transport, storing and communication | 128 | — |
| Financing, insurance and real estates | 7,984 | 13 |
| Total | 20,102 | 71 |



Liquidity

There was a lot of talk on the liquidity and the ability to plot a policy for investment that keep facing shocks on volatilities and changes which mean the capability of meeting the customer needs without default which mean not overinvestment or maintaining high balances without investing the same and deprivation from realized revenues, which mean loss of food ration of profit. The liquidity is, of course, distributed on several categories, the most important of which is the legal reserve with the Central Bank of Iraq and the free balances with the said Bank in ID and USD, as well as the balances with the correspondent banks and domestic banks and the Balances with the strong boxes of all branches. All these shall be considered with attempt at balancing precisely between the saving and the investment without overdoing the same that would affect the result on the overall profits; it is always said that the bankers are the best in professional investment.

Cash flow

| Index No. | Name of Account | Million Dinar 2014 | Contribution Percentage | Million Dinar 2014 | Contribution Percentage | Percentage of Change |
|-----------|--------------------------------------|--------------------|-------------------------|--------------------|-------------------------|----------------------|
| 181 | Cash in safe | 81,479 | 23% | 31,086 | 13,4% | 162,1% |
| 183 | Cash with domestic banks | 1,555 | 0,4% | 1,205 | 0,5% | 29% |
| 183 | Deposits with central bank | 189,473 | 53,3% | 138,281 | 59,7% | 37% |
| 184 | Legal cover with the central bank | 44,624 | 12,5% | 31,396 | 13,6% | 42% |
| 186 | Foreign cash notes | 8,525 | 2,4% | 2,703 | 1,2% | 4% |
| 187 | Cash with foreign banks | 29,121 | 8,2% | 6,967 | 3% | 318% |
| | Foreign cash with the domestic banks | 674 | 0,2% | 19,832 | 8,6% | (96,6%) |
| | Total | 355,451 | 100% | 231,470 | 100% | |

Sufficiency of capital

The sufficiency of capital percentage amounted to (93%) and it is a high percentage according to the international standards adopted with from it the Bazel decisions and the regulations of the Central Bank of Iraq and the law of banks.

Results of Investment bank of Iraq works during the years (2010-2014) to the nearest million Dinar

| Declaration | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|---------|---------|---------|---------|---------|
| Financial position | 558,655 | 520,596 | 380,094 | 327,719 | 246,091 |
| Deposits of clients | 256,736 | 283,288 | 193,308 | 187,225 | 139,014 |
| Loans and trusting facilities | 165,468 | 244,163 | 180,576 | 126,139 | 82,327 |
| Ownership equity | 283,749 | 186,357 | 118,558 | 117,108 | 88,455 |
| Total revenues | 59,954 | 50,494 | 28,562 | 23,827 | 21,198 |
| Profit before tax | 34,842 | 31,540 | 3,417 | 11,679 | 10,467 |
| Profit after tax | 28,878 | 26,802 | 1,383 | 9,919 | 8,902 |
| Profits applicable for distribution | 27,434 | 25,462 | 1,314 | 9,422 | 8,457 |
| Basic allocation for the share from the profit of the year (EPS) | 0,20 | 0,17 | 0.013 | 0.122 | 0.169 |
| Allocation of share from the distributed profits (Dinar) | 0,127 | 0.15 | 0.10 | 0.11 | 0.09 |
| Price of share in the end of the year (Dinar) | 1 | 0.970 | 1.01 | 0.95 | 1.22 |



Disclosure of the Branch's activity as of 31/12/2014:

Through examining the Branches disclosures, it is noted that the results were losses due to the reduction of some activities due to the difficult exceptional circumstances which was feared for default and inability of fulfillment. However, calculating virtual profit for such branches that may have realized because such branches are the essential source for investment, through their collecting the savings and having them invested by the general management for several activities.

| Ser. | Name of branch | Profit (to the nearest thousand) | Loss (to the nearest thousand) |
|------|------------------------------------|----------------------------------|--------------------------------|
| 1 | Main | 34,116,691 | |
| 2 | Al-Shareefain | | 258,212 |
| 3 | Al-Mansoor | | 688,060 |
| 4 | Al-Riyadh | | 64,332 |
| 5 | Al-Hariri | | 266,166 |
| 6 | Al-Karrada | | 226,744 |
| 7 | Jameela | 30,030 | 0 |
| 8 | Al-Bayaa | | 112,572 |
| 9 | Baghdad Al-Jadeeda | | 64,617 |
| 10 | Al-Mahmoodiya | | 83,916 |
| 11 | Al-Shaab | | 348,868 |
| 12 | Al-Najaf | | 13,295 |
| 13 | Al-Kamaliya | 6,904 | |
| 14 | Kerbala | 13,683 | |
| 15 | Al-Hilla | 509,984 | |
| 16 | Al-Kut | 46,162 | |
| 17 | Sulaimaniya | 3,465,212 | |
| 18 | Al-Basrah | 238,051 | |
| 19 | Erbil | 1,023,119 | |
| 20 | Al-Amara | — | 62,865 |
| 21 | Dohuk | | 25,182 |
| | Expenses of General Administration | | 4,605,965 |
| | Total | 39,449,836 | 4,608,180 |
| | Profit / | 34,841,656 | |



All types of accounts and the financial position

The banks, certainly, depend in financing the banking activities of all types on the savings through collecting the same and then exercising their investment. It is observed through comparison between the current year and the previous year that there is clear increase in the financial position of the Bank, noting that our Bank has no branches in the areas that have subject to terrorist actions.

Financial Position of the Bank

| Index No. | Name of Account | Million Dinar 2014 | Contribution Percentage | Million Dinar 2013 | Contribution Percentage | Percentage of Change |
|-----------|--|--------------------|-------------------------|--------------------|-------------------------|----------------------|
| | Assets | | | | | |
| 18 | Cash | 355,451 | 63,7% | 231,470 | 44,3% | 53,6% |
| 15 | Investment (after deducting the allowance) | 3,790 | 0,7% | 4,250 | 0,8% | (10,8%) |
| 14 | Credit (after deducting the allowance) | 165,469 | 29,5% | 244,163 | 47% | (32,4%) |
| 16 | Debtors (after deducting the allowance) | 16,593 | 3% | 25,610 | 4,9% | (35,2%) |
| 12-11 | Fixed assets (book value) and projects under execution | 17,352 | 3,1% | 15,103 | 3% | 14,9% |
| | Total | 558,655 | 100% | 520,596 | 100% | |
| | Liabilities | | | | | |
| | Current accounts and deposits | 256,736 | 45,9% | 283,288 | 54,4% | (9,4%) |
| | Creditors | 12,206 | 2,3% | 46,214 | 8,9% | (73,6%) |
| | Income tax allowance | 5,964 | 1,1% | 4,738 | 0,9% | 25,9% |
| | Shareholders' equity | 283,749 | 50,7% | 186,356 | 35,8% | 52,3% |
| | Total | 558,655 | 100% | 520,596 | 100% | |



Selling and purchasing of foreign currency

The Bank's activity depends on selling and purchasing dollars, whether to customers or to other citizens. This activity is considered relatively active. As part of the Bank's policy that require provision of currency to fulfill its obligations towards customers who maintain such accounts of all types (current, saving, deposits) or for the purpose of meeting the demand of customers to conduct foreign transactions such as credits and drafts. Dollars was evaluated according to the bidding of the last session for the year ended on 31/12/2014, declared by the Central Bank of Iraq, at ID 1190 per Dollar. Also, the assets and liabilities were translated as in the year stated in the records at the declared price.

Revenues of Banking Operations

| Index No. | Name of Account | Million Dinar 2014 | Contribution Percentage | Million Dinar 2013 | Contribution Percentage | Percentage of Change |
|-----------|---|--------------------|-------------------------|--------------------|-------------------------|----------------------|
| 441 | Revenue of selling and buying foreign cash | 914 | 1,5% | 1,262 | 2,6% | (27,6%) |
| 442 | Revenues of advances and internal loans | 13,322 | 21,2% | 19,403 | 39,3% | (31,3%) |
| 443 | Commission of transfers | 29,147 | 51,5% | 15,962 | 32,3% | 82,6% |
| 444 | Commission of interests of the issued credits | 12,321 | 19,6% | 8,762 | 17,7% | (40,6%) |
| 445 | Revenues of letters of guarantee | 2,636 | 4,2% | 3,188 | 6,4% | (17,3%) |
| 447 | Miscellaneous banking commissions | 810 | 1,3% | 330 | 0,7% | 145,4% |
| 448 | Restored expenses | 463 | 0,7% | 496 | 1% | (6,6%) |
| | Total | 59,613 | 100% | 49,403 | 100% | |

Allowances Credits and its uses:

The total of allowances credits amounted to (23,309) Million Dinar as on 31/12/2014, it is distributed as below.

| Index No. | Name of Account | Million Dinar 2014 | Contribution Percentage | Million Dinar 2013 | Contribution Percentage |
|-----------|--------------------------------------|--------------------|-------------------------|--------------------|-------------------------|
| 222 | Uncollectable debts | 16,486 | 70,7% | 12,271 | 71,4% |
| 224 | Income tax allowances | 5,964 | 25,6% | 4,738 | 27,5% |
| 2251 | Allowance of investments values drop | 859 | 3,7% | 185 | 1,1% |
| | Total | 23,309 | 100% | 17,194 | 100 % |



Financial and General Indications of the bank performance during the year 2014

| رقم الدليل | اسم الحساب | ٢٠١٤ | ٢٠١٣ |
|---------------------------------|---|-------|-------|
| Percentage of liquidity | Account of cash/ deposits | 99% | 63% |
| Policies of using the funds | A- Investments/ total deposits | 1,48% | 1.5% |
| | B- Cash credit/ total deposits | 64,4% | 87% |
| | C- Investment + Cash credit / total deposits | 65,9% | 88% |
| Percentage of financial raising | Total deposits/ capital +reserve of capital | 90,5% | 152% |
| Percentage of activity costs | A- Total banking revenues operations / total deposits | 23,3% | 18% |
| | B- Total expenses/ total revenues | 41,9% | 37.5% |
| Percentage of profitability | A- Total realized profits/ paid up capital | 13,9% | 20.3% |
| | B- Net profits prepared for distribution on the shareholders/ paid up capital | 11 % | 16.4% |
| | C- Net income/ shareholders equity | 10,2% | 14% |
| | D- Costs of the employment cadres/ total income | 13% | 15% |
| | E- Administrative expenses/ revenues of banking operations | 13,2% | |

Contract entered into by the Bank

- 1- Renewal of lease contracts of the branches in Kербala, Al-Karrada, Al-Riyadh and Al-Sulaimaniya.
- 2- Insurance contract for saving money in the strong box in some branches, as well as the insurance contract for the transportation on money to and from some branches as well, with Al-Khaleej Insurance Company.
- 3- Contract for the maintenance of the shareholders' system with Al-Qaswa' Computer Service Co.
- 4- Contract for cleaning the building of the main branch and the headquarters.
- 5- Contract for the transportation of money with the State Company for Banking Service (Sate Company).
- 6- Contract for IBN system with the Central Bank of Iraq.



Privileges and Benefits for Employees

Employees are considered a basic pillar for the execution of the policy decided by the senior administration. Therefore they should be protected, their living conditions should be considered and the regulations related to them should be revised from time to time, in consistency with the economical situation, by adding further privileges to assist in securing dignified life for their families and facing the economical problems and burdens that befall them due to the exceptional hard circumstances, through participation and financial assistance in many occasions.

Names and job titles of five of the bank's employees who were paid a higher income this year (other than the managing director)

| Ser. | Names | Job title |
|------|-------------------------------|---|
| 1- | Miss. May Mohammed Yass | Deputy managing director |
| 2- | Mr. Yusra Refaat Abdulwaab | Executive Director of computer department |
| 3- | Miss. Suhair Basheer Mohammed | Executive Director of the main branch affairs |
| 4- | Mr. Firas Abdulrazzaq Jawad | Foreign formalities manager |
| 5- | Mr. Firas Ibtisam Najim | Erbil branch manager |



Statements of the branches which the bank owns its real estate

| Branch Building. | Address of Branch | Governorate | Code no. | Date of Purchase | Cost Thousand Dinar |
|---------------------|--|-------------|----------|------------------|---------------------|
| Main | Baghdad-Al Elwiya Hay Al Wahda-Dist.902 St.2-Building.27-P.Box 3724 Al Elwiya | Baghdad | 901 | 3/7/2001 | 910,396 |
| Al-Shareefain | Baghdad-Al Kdhimiya-Al Zahraa Square- Dist. 425-St.17-Building.72 | Baghdad | 902 | 22/6/1999 | 29,960 |
| Al-Mansoor | Baghdad - Al-Mansour- Hay Al-Mutanabi Dist. 615 - St.19 -Building. 36 | Baghdad | 903 | 24/5/1995 | 40,374 |
| Al-Hariri | Al-Adhamiya-Near Al-Maghrib Square | Baghdad | 905 | 7/2/2011 | 685,740 |
| Jameela | Baghdad-Jameela-Hay Al-Qudus-Dist. 514 - St.10 - Building.6 | Baghdad | 907 | 8/12/2004 | 620,017 |
| Al-Mahmoodiya | Baghdad- Al -Sarai, Dist. Al-Qaemaqamiya Street | Baghdad | 908 | 7/2/2011 | 402,828 |
| Al-Bayaa' | Baghdad- Hay Al-Bayaa-Dist.817-St.12-Building.23 | Baghdad | 909 | 31/3/2001 | 83,899 |
| Baghdad Al-Jadeeda | Baghdad- Baghdad Al-Jadeeda Area-Hay Al-Khaleej Dist.725-St.25-Building.17 | Baghdad | 910 | 6/9/2001 | 77,072 |
| Al-Shaab | Baghdad- Hay Al-Shaab Dist.337-St.38-Building.15 | Baghdad | 672 | 2/12/2001 | 57,472 |
| Al-Hilla | Babel Governorate- Al-Hilla Province Al-Jameean Dist. No. 841-4 | Babel | 678 | 26/12/2004 | 151,609 |
| Al-Kut | Al Kut Governorate- Al-Arasa-Sarai-Al-Markaz District, Lot No.451/145 | Wassit | 679 | 30/10/2004 | 89,636 |
| Al-Basrah | Al-Basrah/ Kazara- Hay Al-Zehoor opposite Al-Basrah Chamber of Commerce | Al-Basrah | 911 | 31/12/2008 | 1,060,600 |
| Al-Hussainiya | Al-Hussainiya Dist.223-St.33-H.241 Hay Al-Rasheed Al-Hijri (stopped) | Baghdad | | 29/9/2001 | 137,722 |
| Al-Shorta Al-Rabea' | Baghdad-Hay Ajnadeen-Dist.863-St.39-H.100 (stopped) | Baghdad | | 1/8/2002 | 153,591 |
| Al-Amara | Al-Amara -Hay Al-Kafa'at - Al Hadi District opposite to Al-Rafidain Bank/ Al-Hadi Branch, real estate No.1810 serial: 18 Al-Hadi | Maisan | 912 | 27/12/2011 | 462,250 |
| Erbil | Erbil/ Hay Zanco - back of Akar Fuel Station | Erbil | 913 | 27/12/2011 | 2,281,800 |
| Dohuk | Dohuk- St. KRO Kurdistan Square adjacent to Asiaceil Company | Dohuk | 914 | 8 / 7 / 2012 | 2,834,648 |
| | | | | | 10,079,614 |

The Purchased Buildings

| | | | | | |
|-------------|---|-------------|-----|------------|-----------|
| Al-Diwaniya | Al-Diwaniya/ Um Al-Nakheel District 829/15 | Al-Diwaniya | — | 2011/6/22 | 624,367 |
| Al-Nasiriya | Al-Nasiriya/ Al-Zaitoon St. Al-Jazeera Dist.244/22 | Al-Nasiriya | — | 29/6/2011 | 750,210 |
| Al-Najaf | Al-Najaf/ Jazerat Al-Najaf Al-Jinobia Hay Al-Zahraa' 4954/3 | Al-Najaf | — | 22/9/2011 | 1,683,939 |
| *Erbil | Erbil / Hay Bakhtyar, near the Ministry of Justice/debts settlement | Erbil | | | 3,511,177 |
| AL-Karrada | Baghdad - Al-Karrada Al-Sharqiya, dist. 930, St.10 , Bldg. 44 | Baghdad | 906 | 28/12/2011 | 1,034,887 |
| | | | | | 7,604,580 |

*Erbil Building due to debts settlements



Statement of branches leased its real estate's from the others

| Ser. | Name of Leased Branch | Belonging to the real estate | Code No. | Annual Rent |
|------|-----------------------|--|----------|------------------|
| 1 | Al-Riyadh branch | Inherits of Mr. Nadhim Mohamad Al Taib | 904 | 18,000,000 Dinar |
| 2 | Al-Karrada branch | Mr. Mohamad Hussain ali | 906 | 70,000,000 Dinar |
| 3 | Kerbala branch | Insurance Company | 677 | 28,000,000 Dinar |
| 4 | Al-najaf branch | Al-Najaf Chamber of Commerce | 673 | 2,000,000 Dinar |
| 5 | Al-Sulaimaniya | Mr. Karoukh Hussain Saleh | 763 | 40,000 Dinar |

* Arasa lease contract ends on the year 2020.

Number of the bank employees according to the employment grades as on 31/12/2014

| Employment Grade | No. |
|---------------------------|------------|
| Managing director | 1 |
| Deputy managing director | 1 |
| Advisor | 2 |
| Executive manager | 2 |
| Representation observer | 1 |
| Director of department | 11 |
| Director of branch | 18 |
| Director | 13 |
| Assistant director | 12 |
| First supervisor computer | 6 |
| Supervisor of computer | 2 |
| First treasurer | 9 |
| First observer | 31 |
| Observer | 37 |
| Assistant observer | 51 |
| Treasurer | 4 |
| Assistant treasurer | 15 |
| Clerk | 24 |
| Other | 124 |
| Total | 364 |



Number of the bank employees according to the educational level as on 31/12/2014

| Educational Level | No. |
|-------------------|-----|
| PhD | 1 |
| Master | 2 |
| Bachelor Degree | 125 |
| Diploma | 50 |
| Secondary | 58 |
| And below | 128 |
| Total | 364 |

Wages, Salaries and other expenses

Wages, Salaries and other expenses amounted 7.2% of the revenues, with decline of 0.2% below the previous year. This occurred due to increasing the pays and remunerations and reduction of expenses on other services in several fields. The table below shows the same.

| Account | Year 2014 Million Dinar | Year 2013 Million Dinar | Percentage of Change | |
|--------------------|----------------------------|----------------------------|----------------------|----------|
| | | | Increase | Decrease |
| Salaries and Wages | 4,524 | 4,409 | 2,61% | |

The amounts spent for the objectives mentioned below

| Account | Details | Year 2014 Million Dinar | Year 2013 Million Dinar |
|---------|---------|----------------------------|----------------------------|
| 3331 | | 4 | 18 |
| 3333 | | 17 | 9 |
| 3343 | | 36 | 84 |



Correspondent banks abroad

Through increasing the Bank's capital and the trust of the correspondent banks, the Bank could obtain credit facilities from many foreign banks which enabled it to expand its transactions such as credits, external transfers and statements enclosed to the correspondent banks with which the Bank maintains accounts as well as the banks with which it has accounts.

| Ser. | Name of Correspondents | Swift No. | Type of Currency |
|------|---|-------------|------------------------------------|
| 1 | housing bank for trade and finance (Jordan) | HBHÖJOAXXX | American Dollar Jordanian Dinar |
| 2 | Invest Bank(Jordanian bank for investing and financing previously) (Amman – Jordan) | JIFBJOAMXXX | American Dollar |
| 3 | Fransabank Lebanese shareholding company (Beirut – Lebanon) | FSABLBBX | American Dollar Euro |
| 4 | IBL Bank, Lebanese shareholding company (Beirut – Lebanon) | INLELBBEX | American Dollar |
| 5 | Turkey iş bankası (Istanbul-Turkey) | ISBKTRIS | American Dollar |
| 6 | Commerz bank (Frankfurt-Germany) | COBADEFF | American Dollar Euro |
| 7 | National Bank of Kuwait K. S. Co. (Kuwait) | ABKKKWKW | American Dollar |
| 8 | UBAE Bank Arab – Italy | UBAIITRR | American Dollar Euro |
| 9 | Al-Ubaf Arab International Bank (Al-Manama / Al-Bahrain) | ALUBBHBM | American Dollar |
| 10 | AK Bank | AKBKTRIS | American Dollar |
| 11 | National Bank of Abu Dhabi (Jordan) | NBADJOAM | American Dollar Euro |
| 12 | Al-Itihad Bank (Amman – Jordan) | UBSIJOAXXXX | American Dollar |
| 13 | Capital Jordanian Bank (Amman – Jordan) | EFBKJOAMXXX | American Dollar |
| 14 | Lebanon and Gulf Bank (Amman – Jordan) | LGBALBBEXXX | American Dollar |
| 15 | BLOM Bank | BLOMJOAMXXX | American Dollar |
| 16 | Noor Islamic Bank | NISLAEADXX | UAE Dirham |
| 17 | Bank of Beirut | BABELBBEXX | American Dollar Euro |
| 18 | Credit Lebanon Bank | CLIBBHBBXX | American Dollar Euro |
| 19 | First National Bank | FINKLBBEXX | American Dollar |



List of the names of the corresponding banks which we do not have with them the accounts

| Ser. | Name of correspondent | Country | Swift |
|------|-------------------------------------|----------------------|---------------|
| 1 | Commerz bank (Dubai Branch) | (Dubai-Al Emirates) | COBAAEAD |
| 2 | Commerz bank | (Hamburg-Germany) | COBADEHH |
| 3 | Commerz bank | (London-Britain) | COBAGBXX |
| 4 | Commerz bank | (Milano-Italy) | COBAITMM |
| 5 | Tokyo Mitsubishi Bank | (Tokyo-Japan) | BOTKJPJT |
| 6 | Areas Bank | (Madrid-Spain) | AREBESMM |
| 7 | Dutch Bank | (Amsterdam-Holland) | DEUTNLXX |
| 8 | Jordan Ahli Bank | (Amman-Jordan) | JONBJOAXXX |
| 9 | Audi Saradar Bank | (Beirut-Lebanon) | BSARLBXX |
| 10 | National Bank of Egypt | (Cairo-Egypt) | NBEGEGCX |
| 11 | Mashreq Bank | (Dubai-Emirates) | BOMLAEAD |
| 12 | Bank of Beirut | (London-Britain) | BRBAGBXX |
| 13 | Dutch Bank | (Frankfurt-Germany) | DEUTDEFFXXXX |
| 14 | Uni Credit Bank | (Frankfurt-Germany) | HYVEDEMMXXXX |
| 15 | National Bank Abu Dhabi (Hong Kong) | (Hung Kong-China) | NBADHKHHXXXX |
| 16 | Demark Bank (Ukraine) | (Ukraine) | DEMKUAXXXX |
| 17 | Aktif Bank | (Istanbul-Turkey) | CAYTTRISXXX |
| 18 | Bank of Kunlun | (Beijing-China) | CKLBCNBJ |
| 19 | Hellenic Bank | (Nicosia-Cyprus) | HEBACYXX |
| 20 | Hellenic Bank | (Athens-Greece) | HEBAGRAA |
| 21 | Turkey is bankasi(Erbil Branch) | (Erbil-Iraq) | ISBKIQBA |
| 22 | National Bank of Abu Dhabi | United Arab Emirates | NBADAEEAAXXXX |
| 23 | Byblos Bank | Lebanon | BYBALBXXXX |



Human Resources

The Bank continued to consider the employees as the backbone and a basic pillar relied on in the development of the banking business and using the services method through which high quality services can be offered using the state-of-the-art technology, as well as having them enrolled in courses in and outside Iraq to qualify them for their application and submitting services that keep pace with the development in modern banking industry and enable them to hold leading offices in the future through their use of knowledge and information.

Research and Development

The great development in automation bound the Bank to possess and qualify the human resources to use it through continuing to having them enrolled in courses and attend seminars in and outside Iraq to enable them following up such development and informatics revolution and possess its systems and equipment despite their high cost which sometime is not proportional to the revenue. Because this component is always in development and change, the Bank used to not allocated an amount, rather to apply and use what is deemed necessary to be able to offer better service as to expedition, precision, security and continuous application of the modern and advanced systems in banking industry.

Compliance Watch

According to Clause 3/Article 18/Law of Banks, which required the Board Of Directors to appoint a compliance watch and required the watch to attend the Board Of Directors meetings and write reports on the Bank and follow up the actions of internal control and the procedures to be taken and follow up the overdue debts and the methods of their collection in conciliation or the claims and guarantees of such debts to maintain the rights of the Bank. Also, the watch is required to be aware of the obstacles and problems in the financial division and remarking the investment and credit rates and size of deposits, as well as following up the activities of documentary credits, the rate of securities and guarantees offered against them, external transfers and their execution and conformance to the instructions and to mention the work cons to be mentioned in the reports forwarded to the Central Bank of Iraq

Internal Control

The Internal Control and Inspection Division is an important division that has a role in office or field supervision and following up. The Bank could qualify some staffs, in addition to some components that participated with the said division, such as the administration, money laundering and financial and other divisions. Was continued following up the branches and verifying conducting work in compliance with the laws and regulations, specifically those related to the Central Bank of Iraq and other departments connected with banking business, and diagnosing the default, if any, and giving orders to secure sound progress of work and avoiding financial obligations due to lack of understanding of the regulations and instructions passed by the Central Bank of Iraq, the Banks Law and the Bank's instructions.



Duties and Functions of the Legal Division

The Legal Division, just like other divisions, has functions and duties connected to the legal work. An officer holding legal degree who shall represent the Bank before courts and other judiciary councils manages the division. Among the tasks of the legal division, is participation in the committees that require legal opinion, offering legal advice and signing contracts related to the legal affairs, in addition to the major participation by the division in following up the matters related the prevailing laws with the concerned departments.

Outstanding Lawsuits for 2014

First: Lawsuits instituted by the Bank

- 1- A property sold in public auction. The procedures were stopped due to instituting the lawsuit of discommend No. 1645/B/2013 with an amount of ID 186,297,000 with interests. Following up continues.
- 2- Instituting a lawsuit on an incoming draft. A 2-yr imprisonment sentence with indemnification to the Bank was passed and considered decisive. The procedures are taken to confiscate its assets (a property).
- 3- Instituting a lawsuit on a loan of ID one million, equals USD 812. Procedure with respect to the balance continues.
- 4- A lawsuit was instituted for an amount of ID 230 million as advance payment for purchasing a plot of land. It is not registered in the name of the Bank yet. The procedures continue because the plot of land, located in Karbala, is under dispute.
- 5- There are several lawsuits resulting from auto loans. Parts thereof were repaid, and the Bank is still following up the repayment.

Second: Lawsuits instituted against the Bank

A letter of guarantee of an amount of million 385, the decision was passed in favor of the beneficiary (State Company for Foodstuff Trading), where the amount is not paid by the Bank yet for instituting counter claim. The lawsuit is not settled yet.

Money Laundering

Money laundering is one of the major problems on international level. Therefore it is required to adopt methods to deal with it, particularly when it has become to represent one of the biggest concern in the world due to its adverse effects on the social, economical and political aspects of the countries. The dissemination of this phenomenon is attributed to several objective reasons, such as the shortage in legislation aspect or lack of cooperation and sometimes lack of the required care. And given the risk of this of this phenomenon; international, regional and domestic efforts were concerted through protocols and holding international and regional conferences and passing legislations. The purpose of the Law of Money Laundering is to secure the financial institutions and combat instability through criminalization of the acts of money laundering or financing crimes and terrorism and elimination of theft, fraud and financial crimes and searching for the sources of money and methods of transferring them illegally and the application of the Know Your Customer principle and investigation on suspected and unsound transaction and the application of the law of money laundering and other control laws that limit their effectiveness and eliminate them being illegal activity, through the Central Bank of Iraq being the Board Of Directors authorized to control the financial institutions. The Bank complied with the newest versions on realizing the objective of the Law of Money Laundering in addition to continuously issuing bimonthly reports.



Automation and electronic payment method

It is one of the basic pillars in offering new services of high technology. The Bank could introduce many of the methods and is serious in using MasterCard or Visa Card or other uses which target facilitation and expansion of business to customers with skill and trust, through qualifying the human resources and having them enrolled in courses in and outside Iraq. The Bank attempted at connecting all the branches and offering services to the customer without trouble from any of the branches for the withdrawing and depositing transactions via inter Branch.

Archiving

Electronic archiving, as an informatics application, is based on saving files through scanner and through the state-of-the-art technologies and saving them as a single unit interrelated according to the importance, content and retrieval method of the file. Electronic archiving attempts at saving such files in soft and flexible method. The system of electronic archiving has several characteristics, such as protection of documents from loss or damage which always occurs in traditional archiving, and the capability of searching for any file in more than one method, such as using the name, number, subject... etc., in addition to the capability of transferring the content of files to a database that can be referred to and used when needed.

Islamic Banking Window

We have stated in the report below that the Bank is in the process of making a detailed study on Islamic banking as one of the new products for the increasing number of sections seeking for this type of banking business because of its compatibility with the Islamic Sharia. Many of the developed countries exercised and expanded this method; as well there are several banks that work according to this system for all their processes, because it applies business rules and concepts other than profits (Koran Verse). Recently, a law was legislated (not put into force yet) for the Islamic banks, because the existing banks are not governed by such legislations and were incorporated and are doing business through the prevailing laws, regulations and legislations applied on the commercial banks. The Bank wished to consider, open windows in some branches and apply the same in the future.

Banking Transactions Pricelist

It is also considered among the important products, which should be reviewed continuously because the services offered to the customers provide using many of the advanced systems, and equipment, which are always of high cost that should be calculated precisely. Calculation of cost should be proportional to the type of service. The revenue of services is considered of the basic resources in the magnification of profits and change according to the economical circumstances from time to time. However, their prices should not be overestimated. The inflation, also, led to revising the banking transactions pricelist from time to time to suit the services and actual costs.

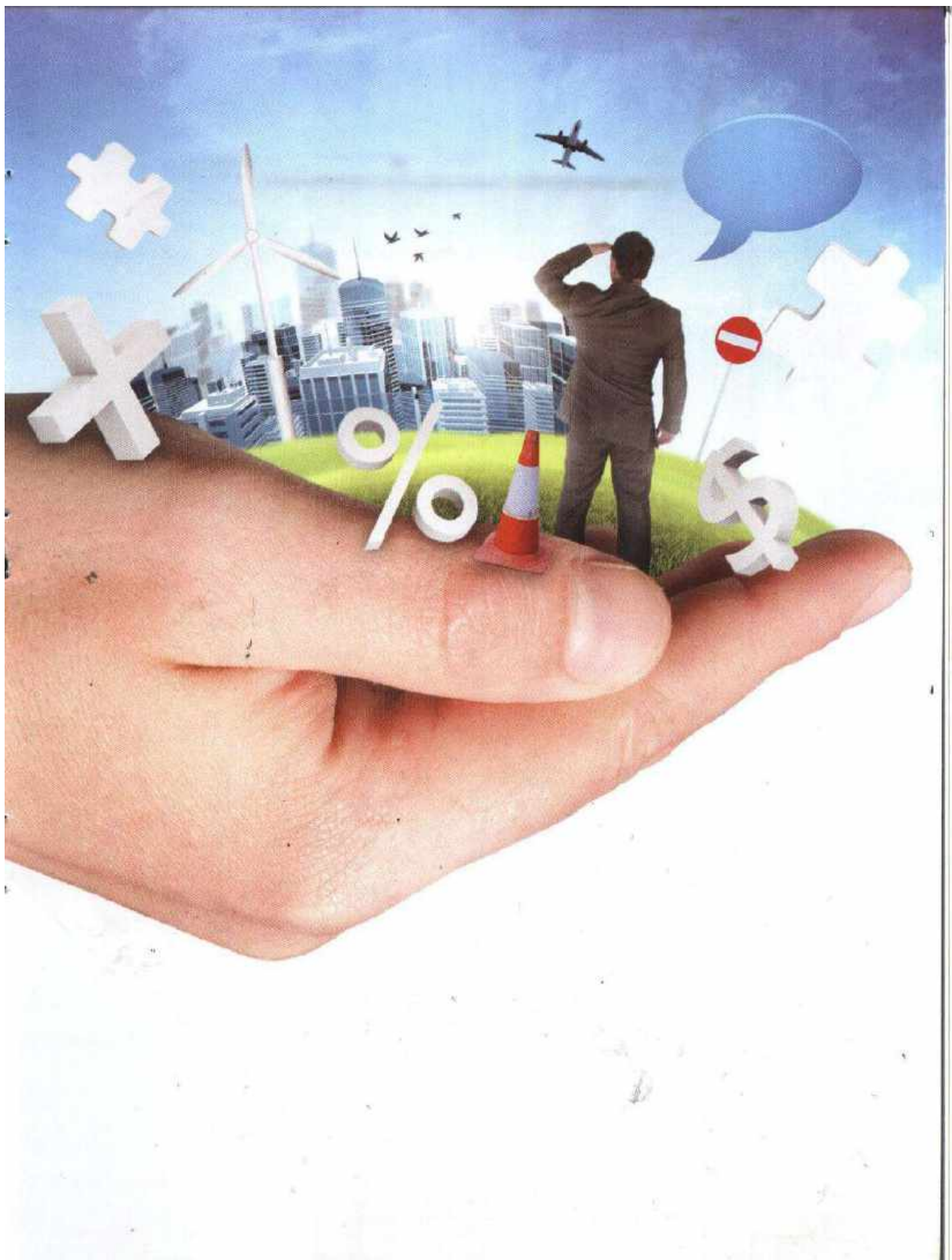


Accounting Policy

The Bank continued in setting up the balance sheet since its establishment according to the unified accounting system, despite the requirement for adopting other criteria according to which the accounts are set up. The Bank, since its incorporation, it adopted the principle of entitlement in addition to counting the allowances arising from the promissory and the cash credits to record the financial transactions and the cash base to acknowledge the payable interest and calculating depreciation in the same method for all years according to the regulations, as well as following the prevailing laws such as the Law of the Central Bank of Iraq, Banks Law and the Law of Companies Registration. Also the Bank works on fixing the stock prices at the cost or at the market price, whichever is lesser, with the calculation of the price decline allowance, according to the instructions of the Central Bank of Iraq and the Banks Law.

Hussain Saleh Shareef
Chairman of Board of Directors







Sub / Report of the Auditing Committee for the year ended on December 31, 2014

Messrs./ members of the Bank's Plenary Session, respectfully
Greeting,

According to Article 24/Banks Law No. 94 for 2004, on the formation of a committee of auditing the accounts of the Bank from the Board Of Directors members who were elected in the previous meeting, from the following persons

Mr. Sardar Khalid Omar Head

Mr. Bekhtiar Shafiq Ahmed Member

Mr. Jamal Ahmed Abdullah Member

The committee exercised the tasks entrusted to it and submitted reports to your august Plenary Session on the Bank's activities throughout the year and auditing the accounts and the report of the Board of Directors according to the applicable laws. We have considered the required information that we deemed important and necessary according to the Law of the Central Bank of Iraq and its instructions, the Banks Law and the Law of Companies Registration. We confirm auditing the accounting procedures that necessary and examination of the accounts pursuant to the provisions of Article 46/Banks Law, pursuant to which the auditor was appointed. We state the following:

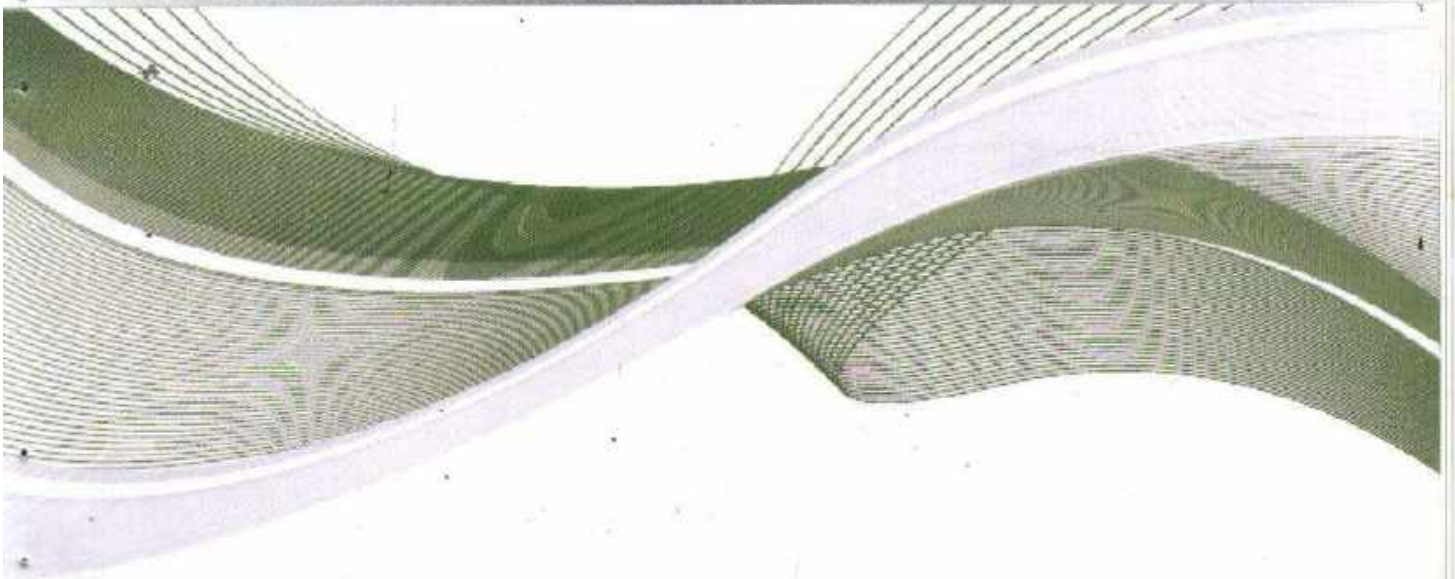
- 1- Accounts were audited and examined by a specialized auditor.
- 2- Board of Directors has informed us with the information and notes, and they were approved.
- 3- The reports submitted to the Central Bank of Iraq conform to the instructions and laws, clear and cover the activities.
- 4- The Bank applied the laws and regulations, specifically those related to the money laundering, terrorism, fraud and counterfeiting, and there's nothing refers to violation according to Article 47-d.
- 5- Accounts are set up according to the instructions applied, unified accounting system and other instructions and criteria.
- 6- There's nothing refers to risks in exercising the work according to clause I of the above Article. We confirm what is stated above on the Bank's activities.

Do accept our thanks and regards,

Jamal Ahmed Abdullah Committee Member
Committee Member Sardar Khalid Omar

Bekhtiar Shafiq Ahmed
Committee Head

Auditor,s Report





Dr. Haseeb K. Aljwaid
Certified Public Accountant

Mahmood R. I. Alfahad
Certified Public Accountant

REF No. 662 – 185
Date: May 20th 2015

To / Stockholders of Iraqi Investment Bank (P.S.C)

Auditors' Report

Greetings...

We audited the accompanying financial statements of Iraqi Investment Bank (P.S.C) comprise the Balance sheet as on 31 December 2014, statement of results (Profit & Loss), statement of changes in Stockholders Equity and statement of cash flows for the year ended at that date, and the statement that has number from (1) to (16) and the accompanying clarification notes attached with it, and the management annual report that prepared in the accordance with articles of amended companies law No. 21 for 1997 and the instructions and regulations that issued according to the mentioned law, and according to the Banks Law No. 94 for 2004 and according to the both known national and international Auditing Standards.

We have obtain the information and clarification that were in our opinion necessary to conduct our mission that we finished according to the implementing regulations, and according to the known audit procedures which contain needed tests for the company's activities within our specialty.

Management responsibility for the financial statements:

Management is responsible for the preparation and disclosure of these financial statements fairly in accordance with national accounting principles and standards, in addition the management responsible to prepare and execute an internal control system especially concerning the preparation and disclosure of financial data fairly and free from material misstatement resulted by mistakes and fraudulent. Also the management responsible to determine and application the relevant accounting policies and using the relevant accounting estimations.

Auditors' responsibility:

Our responsibility is to express an opinion of these financial statements based on our audit according to the national standards. Those standards required that we planning and complete the audit to obtain a reasonable confirmation whether the data were free from material misstatement. The audit includes an examining on a test basis for the confirming data and documents for the amount that reflected and disclosed in the balance sheet and accompanying statements of 2014. Also include revaluation of accounting principles that applied by the management, and we assume that our audit provides a reasonable basis for our opinion, and we have the following clarifications and notes:

First: Capital:

- (A) The capital increase during the year by (95) billion IQD for up to (250) billion IQD, according to the approval of the Registrar of Companies No. 5089, dated on February 19th, 2014.
- (B) The percentage of capital adequacy standard (93%) as of 31 December 2014 which is higher than the minimum provided for under the Banking Act No. 94 of 2004 of (12%).



Dr. Haseeb K. Aljwaid
Certified Public Accountant

Mahmood R. I. Alfahad
Certified Public Accountant

(C) evaluation of USD as on 31 December 2014 was on the basis of cost price in a price of 1190 IQD per USD, unlike the price of the previous year which was 1166 IQD, and commitment at a price of EURO specified by the Central Bank of Iraq at a price of 1446 IQD per EURO, according to the instructions that issued by Central Bank of Iraq under official letter No. 9 \ 3 \ 354 on Dec 28th 2014 that caused differences resulted from converting of assets and liabilities in USD to the local currency was recorded other accounts payable in amount of (3,150,540) thousand IQD, while resolving the issue of price assessment by the Central Bank of Iraq.

Second: Cash: The total cash balance as of December 31st, 2014 amount (355 451 379) thousand IQD detailed as follows:

(A) Cash in the vaults of the bank in IQD (81478958) thousand IQD, and USD that equal (8525267) thousand IQD, all of it were acquired on a cash inventory certificates, but Dohuk branch stopped practice its activity total amount (16 083) thousand IQD we do not get the certificate of cash inventory.

(B) cash with the Central Bank of Iraq, equivalent to the amount of (234 096 902) thousand IQD, included legal deposits amounting (44623717) thousand IQD, and balances for the purpose of entry of USD Auction amounting (90658516) thousand IQD, and the remaining are balances amounting (98814669) thousand IQD include the amount of (4,500,000) thousand IQD regarding deposits for capital increases of exchange companies in the Bank and amount of (30756613) thousand IQD at the Central Bank of Iraq / Sulaymaniyah branch, all balances in the Central Bank of Iraq has been approved according to statements supported with reconciliations of balances that disclosed in the records.

(C) Cash at local banks amount of (2229341) thousand IQD, included amount of (318.148) thousand IQD at Basra Ahli bank (under liquidation), we recommend re-classified it with accounts receivable balances.

(D) cash at foreign banks amount of (29120912) thousand IQD, all of it has been approved which represents current accounts with these foreign banks, as for the insurances at foreign banks it has been disclosed in insurances hold by third party.

(E) There are an old suspended amounts for Foreign banks balances have been classified as reciprocal accounts receivable, which have been addressed throughout the year to four foreign banks, only two banks was left at 31 December 2014 with total balances debit (4296860) thousand IQD, which have been fully liquidated as in Date of April 27, 2015.

Third: cash Credit:

(A) The balance of credit cash (175 199 302) thousand IQD, down comparing with the previous year by (76527485) thousand IQD as shown below:

1. credit activities declined for the purposes of documentary credits by (59715524) thousand IQD, while an increase in the activity of documentary credits for granting credit for shipping documents by (26750000) thousand IQD from the previous year.

2. Credit activities declined for other purposes (loans, bills discounted, overdraft) during the year by (43561961) thousand IQD, reaching balance of (106 497 813) thousand IQD as on Dec 31st 2014 compared with the previous year of (150 059 774) thousand IQD.

(B) The bank still stopped to practice an activity of granting credit cash (loans and bills of exchange) it is renewed some loans in maturity, while continue to grant credit on the shipping documents and remittances post-paid activities.



Dr. Haseeb K. Aljwaid
Certified Public Accountant

Mahmood R. I. Alfahad
Certified Public Accountant

(C) Are still some guarantees are inadequate, which represents (bills, Checks, bills of exchange) we recommend taking adequate guarantees.

(D) The bank expansion of promissory credit from the previous year to reach the amount of (172 118 726) thousand IQD, an increase in insurance for both promissory credits by (1228149) thousand IQD to reach the amount of (16599801) thousand IQD, which represents insurance proportion of the total commitments (9.6%) and a decrease from the previous year amounting to (11.3%).

(E) the Bank's management dedicated the risk of monetary and credit promissory and provision for doubtful debts to increase the amount of (4298757) thousand IQD, and based on our recommendation in what came in our report for the previous year and the Stock Exchange Committee in order to reach amount of (16485337) thousand IQD, and calculated in accordance with the regulations guiding as on Dec 31st 2014.

Fourth: Investments: The balance of Investments (4649538) thousand IQD with an increase from the previous year by (214510) thousand IQD represents free shares (capitalization) by (12539) thousand IQD and subscribe to the shares of a company by (30,000) thousand IQD, while a Company shares were sold in the amount of (53 704)

Thousand IQD, when examine the value of the investment portfolio at the balance sheet date indicate that the market value for the cost of acquisition decreased by (859100) thousand IQD, the bank management has allocated an increase of that amount.

Fifth: Debtors: The total balance of accounts receivable (25770759) thousand IQD, as follows:

(A) Mutual accounts receivable total amount (6093417) thousand IQD, including balances of foreign banks that were mentioned to be liquidated in (Second paragraph e) above the total amount of (4296860) thousand IQD, and the remaining amount (1796557) thousand IQD the bank continue to follow-up its liquidation.

(B) The balance of the insurance of (7232821) thousand IQD represents the amount of documentary credits with foreign banks, that balances has been supported by documents and we got the appropriate reconciliations.

(C) Within the amount of receivables (11962584) thousand IQD represents accrued interest not received.

Sixth: Internal Control: There is a need to improve the performance of the internal control department and providing it with the preparation of efficient staff programs to audit all bank department's activities, including foreign remittances, letters of credit, head quarter activities.

Seventh: The legal position: has been viewed on the legal position and found the following:

(A) Suits filed by others against the bank:

There are two suits still in process on the bank since 2012 and 2013, a decision has been taken by the court in the amount of (447454) USD in favour of the State Company for Petrochemicals and paid the amount to them, while the second suit was issued a decision in favour of the State Company for Foodstuff Trading, and another suit filed for the amount of (385) Million IQD regarding a letter of guarantee.

(B) Suits filed by the bank against others:

Total number of lawsuits filed by the bank on others (45) suits mostly belong to loans for cars with a total amount of (2,987,133) thousand IQD, Forty Two suits still in process, three suits issued a decision by the court in favour of the bank, one of them referred to execution, the most important suit is against one of the borrowers since 2013 amounting (1) Million USD for a maturity loan, paid an amount of (250000) USD and it's still in process.



Investment Bank Of Iraq

Balance Sheet





INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

FINANCIAL POSITION AS AT 31 DECEMBER 2014

STATEMENT (A)

| | Note | 2014 MILLIONS ID | 2013 MILLIONS ID |
|--|---------|---------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and balances with banks | 1 | 355,451 | 231,470 |
| Investments | 2 | 3,790 | 4,250 |
| Loans and advances | 3 | 165,469 | 244,163 |
| Debtors and debit balances | 4 | 16,593 | 25,610 |
| Total Current Assets | | 541,303 | 505,493 |
| Non-Current assets | | | |
| Property plant & equipment (book value) | 5 | 15,698 | 9,670 |
| Projects under construction | 5 | 1,654 | 5,434 |
| Total Current Assets | | 17,352 | 15,104 |
| Total Assets | | 558,655 | 520,597 |
| Liabilities and Equity | | | |
| liabilities | | | |
| Customers' deposits | 6 | 256,736 | 283,288 |
| Provisions | 7 | 5,964 | 4,738 |
| Creditors and credit balance | 8 | 12,206 | 46,214 |
| Total liabilities | | 274,906 | 334,240 |
| Owners Equity | | | |
| Paid in Capital (common stock) | St. (c) | 250,000 | 155,000 |
| Reserves | St. (c) | 33,749 | 31,357 |
| Total Owners Equity | | 283,749 | 186,357 |
| Total Liabilities and owners Equity | | 558,655 | 520,597 |
| | 10 | | |
| Off-Financial position LC & LG (net of fiduciary deposit) | | 155,667 | 121,044 |

Executive Accountant
May Mohammed Yass

Managing Director
Hamza Dawod Halbon

Chairman of the Board
Hussain Saleh Shareef

Ect to our reporet NO. dated may 2015

Mahmoud Ibrahim
Certified Public Accountant

D. Haseeb K. Jwaid
Certified Public Accountant



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

INCOM STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

STATEMENT (B)

| | | 2014 | 2013 |
|---|------|-------------|-------------|
| | Note | MILLIONS ID | MILLIONS ID |
| Current activity revenues | | | |
| Banking transactions revenues | 11 | 59,613 | 49,403 |
| Investment revenues | 12 | 44 | 708 |
| | | 59,657 | 50,111 |
| Deducted:Current activity expenses | | | |
| Banking operations expenses | 13 | 10,832 | 9,322 |
| Depreciations and amortizations | 5 | 1,243 | 1,436 |
| Administrative expenses | 14 | 7,879 | 7,391 |
| | | 19,954 | 18,149 |
| Income from ordinary operations | | 39,703 | 31,962 |
| Add (Deductions):Non operating revenues (expenses) | | | |
| Others income | 15 | 297 | 383 |
| Extraordinary expenses | 16 | (5,158) | (805) |
| Net Income before Income Tax | | 34,842 | 31,540 |
| Distributor net income: | | | |
| Income Tax | 7 | 5,964 | 4,738 |
| Statutory Reserve | 9 | 1,444 | 1,340 |
| Retain Earnings | 9 | 27,434 | 25,462 |
| | | 34,842 | 31,540 |



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company
STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

STATEMENT (C)

| Details | Paid-in Capital | General Reserve | Statutory Reserve | Additional Reserve | Capital Reserves | Retain Earnings | Total reserves | Total Shareholders' Equity |
|--|-----------------|-----------------|-------------------|--------------------|------------------|-----------------|----------------|----------------------------|
| | Millions ID | Millions ID | Millions ID | Millions ID | Millions ID | Millions ID | Millions ID | Millions ID |
| Opening balance | 155,000 | 4,340 | 46 | 194 | 26,776 | 31,356 | | 186,356 |
| Issued shares for increase capital | 93,687 | - | - | - | - | - | - | 93,687 |
| Dividends Shares | 1,313 | - | - | - | - | - | - | 1,313 |
| Additions during the year | - | - | - | 228 | (26,713) | 228 | (26,713) | 228 |
| Transfer from / to | - | - | - | - | - | - | - | (26,713) |
| Transfer to the Provisions | - | - | - | - | - | - | - | - |
| Profit for the year | - | 1,444 | 46 | 422 | 27,434 | 28,878 | 28,878 | 28,878 |
| Ending balance | 250,000 | 5,784 | 46 | 422 | 27,497 | 33,749 | 283,749 | 283,749 |
| The Year Ended 31 December 2013 | | | | | | | | |
| Opening balance | 100,000 | 3,000 | 4,022 | 797 | 10,739 | 18,558 | | 113,558 |
| Issued shares for increase capital | 44,000 | - | - | - | - | - | - | 44,000 |
| Dividends Shares | 11,000 | - | - | - | - | - | - | 11,000 |
| Additions during the year | - | - | - | - | - | - | - | - |
| Transfer from / to | - | - | (3,971) | (604) | (9,425) | (14,000) | (14,000) | (14,000) |
| Transfer to the Provisions | - | - | (5) | 1 | 25,462 | 26,802 | (4) | (4) |
| Profit for the year | - | 1,340 | 45 | 194 | 28,776 | 31,356 | 26,902 | 26,902 |
| Ending balance | 155,000 | 4,340 | 46 | 194 | 28,776 | 31,356 | 186,356 | 186,356 |



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

1- Cash and balances with banks

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|--|---------------------|---------------------|
| Cash in hand - local currency | 81,479 | 31,086 |
| Cash in hand - Foreign currency | 8,525 | 2,703 |
| Balances at local banks | - | 19,832 |
| Balances at local banks (including Central Bank) | 236,326 | 170,881 |
| Statutory reserve at the Central Bank of IRAQ | - | 0 |
| Balances at banks, abroad | 29,121 | 6,967 |
| | <u>355,451</u> | <u>231,470</u> |

* Foreign currency (U.S. dollars) on 31/12/2014 and 2013 was assessed at auction price of the Central Bank of Iraq's (1166) dinars per dollar.

**Statutory reserve at central bank are included with balances at local banks, which consists of both local and foreign currencies.

***Except for Statutory cash reserve, there are no restricted balances as of december 31, 2014 and 2013.

**** The retention ratio of balances at banks, abroad less than 20% from paid-in capital according to the instructions of Central Bank of Iraq.

2- Investments

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|---|---------------------|---------------------|
| Investments in Real Estate | | |
| Long-term financial investments: | | |
| Long-term financial investments / Financial sector | 0 | 0 |
| Long-term financial investments / private sector / Companies | 1,501 | 1,501 |
| | <u>1,501</u> | <u>1,501</u> |
| Short-term financial investments / private sector / Companies | | |
| mixed sector | 369 | 325 |
| private sector \ coporates | 2,779 | 2,608 |
| | <u>4,649</u> | <u>4,435</u> |
| Provision for decline in value of investment | (859) | (185) |
| | <u>3,790</u> | <u>4,250</u> |



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

3-Loans and advances

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|---|---------------------|---------------------|
| commercial bills | | |
| Discounted bills | 5,213 | 6,865 |
| Short term loans | | |
| corporate customers | 6,066 | 7,015 |
| Retail customers | 90,554 | 128,469 |
| | 96,620 | 135,484 |
| Overdraft current account | | |
| corporate customers | 259 | 113 |
| Retail customers | 1,423 | 3,190 |
| Overdraft current \ LC | 23,154 | 82,870 |
| | 24,836 | 86,173 |
| Facilities upon shipping documents | | |
| private sector / Retail | 45,547 | 18,797 |
| Miscellaneous loans | | |
| loans against mortgage jeweiry | 2,984 | 4,407 |
| | 175,200 | 251,726 |
| provision for credit cash | (9,731) | (7,563) |
| | 165,469 | 244,163 |



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

4- Debtors and debit balances

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|--------------------------------------|---------------------|---------------------|
| private retail Debtors | - | 465 |
| Deposits with others | 7,233 | 14,126 |
| Accrued income | 18,015 | 11,213 |
| #REF! | (5,175) | (6,067) |
| prepayments | 168 | 169 |
| Monetary differences | - | 1,119 |
| | 20,241 | 21,025 |
| Advances | | |
| Advances for ordinary activity | 1 | 128 |
| Advances for the employees | 217 | 110 |
| | 218 | 238 |
| Other debit accounts: | | |
| Other debtors balances | 2, 888 | 9,056 |
| | 23,347 | 30,319 |
| Provision for Doubtful debts | (3,644) | (2,890) |
| Provision for undertaken credit risk | (3,110) | (1,818) |
| | 16,593 | 25,610 |



INVESTMENT BANK OF IRAQ Private joint - Stock Company

Private joint Stock Notes to the financial statements December 31 st 2014

5- Land, Property, plant and equipment Buildings and Deferred Revenue Expenditure All amounts indicated are in Million Iraqi Dinars

| Details | Machinery and equipment | | | | | Deferred Revenue Expenditure | | Total |
|--|-------------------------|-----------|-----------|----------|-------------------------------|------------------------------|-------------|--------|
| | Land | Buildings | equipment | vehicles | Furniture & Office Appliances | Total | Expenditure | |
| Cost At January 1 st | 656 | 9,455 | 9,455 | 140 | 2,839 | 13,422 | 2,191 | 15,613 |
| Additions during the year | - | 7,263 | 7,263 | - | 232 | 7,573 | 120 | 7,693 |
| Amortization of deferred expenditure | | (408) | (408) | | (54) | (462) | - | (924) |
| At December 31 st | 656 | 16,310 | 16,310 | 140 | 3,017 | 20,533 | 2,311 | 22,382 |
| Depreciation percentage | - | 5% | 5% | 20% | 20% | | 20% | |
| Provision for Accumulated Depreciation | | | | | | | | |
| At January 1 st | - | 2,272 | 2,272 | 87 | 1,937 | 4,526 | 1,417 | 5,943 |
| Depreciation At January 1 st | - | 582 | 582 | 24 | 378 | 1,036 | 207 | 1,243 |
| Depreciation for the year | - | - | - | - | (40) | (40) | - | (40) |
| Deductions accumulative depreciation exclusion | - | 2,854 | 2,854 | 111 | 2,275 | | 1,624 | 7,146 |
| At December 31 st | 656 | 13,456 | 13,456 | 29 | 742 | 15,011 | 687 | 15,698 |
| Book value as at December 31 st 2014 | 1644 | 1644 | 1644 | 10 | 1654 | | | 1,654 |
| Capital expenditure project under construction | | | | | | | | |



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

6- Customers' deposits

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|---|---------------------|---------------------|
| Current accounts | | |
| Current accounts / private sector / Companies | 38,715 | 31,060 |
| Current accounts USD / Companies | 16,151 | 2,640 |
| Current accounts / private sector / Individuals | 18,763 | 39,485 |
| Current accounts USD / Individual | 6,959 | 11,823 |
| Current accounts / foreign | - | 0 |
| Certified Checks | 731 | 424 |
| Current accounts / Inactive | 120 | 129 |
| | <u>81,439</u> | <u>85,561</u> |
| Savings accounts | 130,793 | 151,380 |
| Deposits accounts | | |
| Fixed deposit | 27,682 | 30,315 |
| Temporary deposits | - | 0 |
| | <u>27,682</u> | <u>30,315</u> |
| Received advances for banking commitment | | |
| Deposits (Guarantees) against / LC | 10,547 | 7,961 |
| Deposits (Guarantees) against / LG | 6,053 | 7,411 |
| | <u>16,600</u> | <u>15,372</u> |
| Internal transfers & cheques | 222 | 660 |
| | <u>256,736</u> | <u>283,288</u> |



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

6- Customers' deposits

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|---|---------------------|---------------------|
| Current accounts | | |
| Current accounts / private sector / Companies | 38,715 | 31,060 |
| Current accounts USD / Companies | 16,151 | 2,640 |
| Current accounts / private sector / Individuals | 18,763 | 39,485 |
| Current accounts USD / Individual | 6,959 | 11,823 |
| Current accounts / foreign | - | 0 |
| Certified Checks | 731 | 424 |
| Current accounts / Inactive | 120 | 129 |
| | <u>81,439</u> | <u>85,561</u> |
| Savings accounts | 130,793 | 151,380 |
| Deposits accounts | | |
| Fixed deposit | 27,682 | 30,315 |
| Temporary deposits | - | 0 |
| | <u>27,682</u> | <u>30,315</u> |
| Received advances for banking commitment | | |
| Deposits (Guarantees) against / LC | 10,547 | 7,961 |
| Deposits (Guarantees) against / LG | 6,053 | 7,411 |
| | <u>16,600</u> | <u>15,372</u> |
| Internal transfers & cheques | 222 | 660 |
| | <u>256,736</u> | <u>283,288</u> |



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

7- Provision

| Details | Balance At January 1, | Additions during the year | Deductions & repayments during the year | Balance At December 31, |
|--|--------------------------|------------------------------|---|----------------------------|
| | IQD (000) | IQD (000) | IQD (000) | IQD (000) |
| provision of doubtful debts | 2,890 | 754 | - | 3644 |
| *Tax income | 4,738 | 5,964 | (4,738) | 5,964 |
| Miscellaneous provisions | | | | |
| Provision of decrease in value for financial investments | 185 | 674 | - | 859 |
| Provision of Impairment loss on contingent liabilities and commitments | 1,817 | 1,293 | - | 3,110 |
| Provision of Impairment loss on Loans | 7,564 | 2,167 | - | 9,731 |
| Balance at December 31 | 17,194 | 10,852 | (4,738) | 23,308 |



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

8- Creditors and credit balances

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|--|---------------------|---------------------|
| Trade creditors / Individual | | |
| Non trade creditors | 1 | 37 |
| Sundry Creditors accounts: | | |
| Received deposit | 1 | 1,370 |
| Advances Received | 330 | 1,129 |
| Accrued interest / fixed deposits | 870 | 1,121 |
| Accrued expenses / administrative | 443 | 60 |
| Salaries Return | | |
| Accrued financial stamps fees | 1 | 884 |
| Increase in cash | 2 | 1 |
| Amounts collected for companies registration | 4,665 | 7,667 |
| Amounts deposited by the public forsubscriptions in other private joint stock companies | 21 | 32,906 |
| Inspection committees fees payable | 1 | - |
| | 6,334 | 45,138 |
| Deductions from employees for the others | 21 | 26 |
| Dividends payable | 1,582 | 1 |
| Other accounts payable | 3,151 | - |
| Other accounts payable | | |
| Cancelled deposits (Guarantees) against / LG | 86 | 78 |
| Balances and compensation of deceased clients | 185 | 120 |
| Balances suspended by official entities request | 753 | 720 |
| Unclaimed amounts | 93 | 94 |
| | 1,117 | 1,012 |
| | 12,206 | 46,214 |



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

9- Profits distribution

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|--|---------------------|---------------------|
| Net Income before tax /See Income statement | 34,842 | 31,540 |
| Less: Income tax/see Note 8 | | |
| Net Income for calculating reserves | 34,842 | 31,540 |
| Statutory reserve (5% According to the law of Iraqi companies) | 1,444 | 1,340 |
| Retained earnings | 27,434 | 25,462 |
| | 28,878 | 26,802 |

10 Off-Financial position LC & LG (Net of Fiduciary Deposit)

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|---|---------------------|---------------------|
| Off-Financial position LG | | |
| Letters of Guarantee-local currency | 104,548 | 79,106 |
| Deduction: - Fiduciary deposit - LG | (6,053) | (7,410) |
| | 98,495 | 71,696 |
| Letters of Guarantee-Foreign currency USD | 148 | - |
| | 98,643 | 71,696 |
| Off-Financial position LC | | |
| Letter of Credit Foreign currency USD | 67,571 | 57,310 |
| Deduction:- Fiduciary deposit - LC | (10,547) | (7,962) |
| | 57,024 | 49,348 |
| | 155,667 | 121,044 |



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

11- Banking transactions revenues

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|---|---------------------|---------------------|
| Foreign Currency Revenues | | |
| Revenues from trading foreign currencies | 914 | 1,262 |
| Revenues From Loans and Advances | 13,322 | 19,403 |
| Transfers Commissions | | |
| Internal transfers | 104 | 251 |
| External transfers | 29,043 | 15,711 |
| | <u>29,147</u> | <u>15,962</u> |
| LC & LG Commissions | | |
| Commission of issued letters of credit | 12,321 | 8,762 |
| Commissions of issued letters of guarantees | 2,636 | 3,188 |
| | <u>14,957</u> | <u>11,950</u> |
| Sundry banking commissions | 810 | 330 |
| Refundable expenses | 463 | 496 |
| | <u>59,613</u> | <u>49,403</u> |

12- Investment revenues

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|--|---------------------|---------------------|
| Revenue from Real Estate investment | | |
| Financial investment revenues | 22 | 195 |
| Abroad | 22 | 513 |
| | <u>44</u> | <u>708</u> |



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

13- Banking operations expenses

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|---|---------------------|---------------------|
| Investment deposits profits | 9,662 | 8,598 |
| Internal banking commission | 496 | 539 |
| Foreign Currency revaluation | - | - |
| Expenses from provisions | | |
| Decline in market value of investment securities | 674 | 185 |
| Impairment loss on contingent liabilities and commitments | | |
| Impairment loss on Murabaha | | - |
| | <u>10,832</u> | <u>9,322</u> |



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

14- Administrative expenses

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|---|---------------------|---------------------|
| Staff compensation | | |
| Salaries | 2,841 | 2,618 |
| Overtime wages | 111 | 27 |
| Incentive bonuses | 619 | 773 |
| Professional and technical allowances | 6 | 50 |
| Compensatory allowances | 67 | 73 |
| Cost-of-living allowances | 602 | 606 |
| Other allowances | 126 | 126 |
| | 4,372 | 4,273 |
| Bank's share in the social security | 152 | 136 |
| Total Staff compensation | 4,524 | 4,409 |
| Goods and commodities | | |
| Oil and fuel | 115 | 98 |
| Miscellaneous | | |
| Supplies and equipment | 52 | 39 |
| Stationery | 24 | 52 |
| | 76 | 91 |
| Water and electricity expenses | 53 | 28 |
| Total Goods and commodities Expenses | 244 | 217 |
| Services | | |
| Repair and maintenance | 296 | 241 |
| Research and Consulting Services expenses | 1 | 13 |
| Advertisement & publication and hospitality expenses | | |
| Advertising | 4 | 18 |
| Publishing and printing | 72 | 43 |
| Hospitality | - | - |
| Celebrations | 17 | 9 |
| Conferences and seminars | 7 | 4 |
| | 100 | 74 |
| Transmission, and communications expenses | | |
| Staff transfer | - | - |
| Goods Transport | 1,047 | 366 |
| Travel for activity purposes | 36 | 84 |
| Telecommunications | 41 | 54 |
| | 1,124 | 504 |
| Rental of fixed assets | 296 | 118 |
| Sundry service expenses | | |
| Contributions and affiliations | 776 | 1,489 |
| Insurance premiums | 45 | 48 |
| Rewards for non-employees for rendered services | 7 | 37 |
| Legal Services | 130 | 64 |
| Banking Services | - | - |
| Training and qualification | - | 31 |
| Audit fees - CPA | 108 | 53 |
| Audit fees - central bank | | |
| Other service | 228 | 93 |
| | 1,294 | 1,815 |
| Total Services Expenses | 3,111 | 2,765 |
| Total Administrative Expenses | 7,879 | 7,391 |



INVESTMENT BANK OF IRAQ Privatejoint - Stock Company

15- Miscellaneous Incomes

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|---------------------------------|---------------------|---------------------|
| Service activity revenue | | |
| Sundry services | 244 | 383 |
| Rental assets | 244 | 383 |
| Other Revenue | | |
| Previous years | 37 | - |
| Accidental | 16 | - |
| Gains | - | - |
| | 53 | - |
| | 297 | 383 |

16- Extraordinary expenses

| | 2014 MILLIONS ID | 2013 MILLIONS ID |
|--------------------------------|---------------------|---------------------|
| Damages and fines | - | 0 |
| Doubtful and written off debts | 4,299 | 57 |
| Special services | | |
| Written off differences | | |
| Taxes and fees | 860 | 748 |
| Previous years expenses | | |
| | 5,159 | 805 |



INVESTMENT BANK OF IRAQ Private Joint - Stock Company

17 - *Calculation of profit tax:

| Details | 2014 |
|---|---------------|
| | MILLIONS ID |
| Net profit before tax/ See Income statement | 34,842 |
| Add: Unacceptable expenses for tax purposes | 5,186 |
| Less: Revenue from the tax-exempt | (267) |
| Taxable profit | 39,761 |
| profit tax 15% | 5,964 |