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Ur Islamic Bank for Investment and Finance

(Private Shareholding Company)

Annual Report and Amended Financial Statements for the
Financial Year Ending on 31/ December /2020

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و اثنى هندو
مترجم قانوني مجاز
رقم الهوية ٨١/خ/٤ من وزارة العدل
عضو جمعية المترجمين العراقيين
رقم الهوية ١٩٢ في ١٩٧٩/١/٢٩
التنوع: مكتب نادر للترجمة - المسيح
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All our Translations are attached
with RED MARCOON Paper Tape
and white embossed seal

Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad
Report of the Board of Directors, Report of Reviewing Committee, Report of Auditor and
Amended Financial Statements for the Financial Year Ending on 31/ December /2020 amended

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Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

Report of Board of Directors

of Bank's Activity during amended Financial Year Ending on 31/December/ 2020

Dear Shareholders,
Greetings

We present to you the report of your Bank's Board of Directors (Ur Islamic Bank for Investment) regarding the audited final accounts for the financial year ending on 31/December/2020 amended, stipulating the statements and information of the bank's business and the results of implementing the annual plan, which was prepared according to provisions of articles 117 and 134 of companies law No. 21 for the year 1997 and the instructions of the unified accounting system for banks and insurance companies, and the accounting rule No. (10) issued by the Accounting and Auditing Standards Board in the Republic of Iraq and the provisions of Banks Law No. (94) for the year 2004 and Islamic Banks Law No. (43) for the year 2015 and the instructions of the Central Bank of Iraq.

First. Summary about the Bank

- A. At the beginning the Transcontinental Company for Money Transfer (Private Shareholding) was established with a capital of (500) million dinars according to the incorporation certificate no. R.C./1/71782 on 9/7/2009.
- B. The company commenced its work on 19/5/2010 after it was granted a license to practice foreign exchange work issued by the Central Bank of Iraq/ Directorate General for Foreign Exchange and Credit Monitoring No. 9/3/2659 dated 19/5/2010.
- C. The money transfer activity has been restarted according to the letter of Central Bank of Iraq/ Directorate general for Foreign Exchange and Credit Monitoring No. 9/3/249 on 7/9/2014.
- D. According to the letter of Companies Registration Department/ Shareholding No. 12557 on 5/5/2015, the capital increased to (15) billion dinars.
- E. According to the letter of the Department of Companies Registration Department/ Shareholding No. 23820 on 4/11/2015 once again the capital was increased to become (55) billion dinars.
- F. According to the letter of the Department of Companies Registration Department/ Shareholding No. 14046 on 8/8/2016 all the legal procedures were completed to increase the capital to become (56 350 110 000) dinars.



- G. According to the letter of the Central bank of Iraq/ Department of Foreign Exchange and Credit/ Islamic Foreign Exchange Division No. 9/8/16176 on 14/11/2016, the approval obtained on merging Dhifaf Dijla and Furat Company for Financial Convertible (Money Transfer) / Private Shareholding with Transcontinental Company for Money Transfer (Private Shareholding).
- H. On 28/11/2016 the department of Companies Registration approved the merger of the companies, to keep the name (Transcontinental Company for Money Transfer (Private Shareholding).
- I. The amended establishment contract after the merge was published by the Department of Companies Registration No. (2246) on 15/1/2017, thus, the merge is considered valid after the date of publishing according to the letter of the Department of Companies Registration No. S / C /10503 on 3/8/2018.
- J. According to the letter of Companies Registration Department/Shareholding No. S / C /2371 on 21/1/2018 all legal procedures required to transfer (Transcontinental Company for Money Transfer (Private Shareholding), to an Islamic bank under the name (Ur Islamic Bank for Investment- private shareholding) and the increase of the capital to (101 350 110 000).
- K. The bank was granted a license of practicing banking work according to the letter of the Central Bank of Iraq/ Islamic Banks Monitoring Division No. 9/3/28404 on 9/12/2018.
- L. According to the decision of the Central Bank of Iraq No. (121) for the year 2020 adopted in its session No. (596) held on 12/8/2020 communicated by letter of Foreign Exchange Department No. 9/3/212 on 17/8/2020, it was decided to withdraw the license of the bank and put it under custody.
- M. According to the letter of the Central Bank of Iraq No. 9/3/2004 on 31/1/2021, it was decided to approve on returning the license of the bank, based on the content of item first of the minutes of the meeting of the general body held on 18/2/2021 and the letter of the central bank of Iraq No. 9/3/93 on 22/3/2021, it was decided to remove the custodian and return all the banking activities of the bank.

Second: Board of Directors:

1. According to the meeting of the General Body held on 11/1/2019, the Board of Directors was elected of the following named persons:
- A. The original members of the Board of Directors and number of the shares they own as on 11/1/2019:

Name	Position
1. Arif Abdulkareem Ali	Chairman of BOD
2. Mohammed Abulkareem Ali	Vice-Chairman of BOD
3. Jalal Raof Ismael	Managing Director / Member
4. Azeez Obaid Jebur	Member
5. Farooq Salih Nsaif	Member



B. The reserve members of Board of Directors as follows:

Names
1- Ali Shihab Ahmed
2- Abbas Allawi Abbas
3- Saleh Abdulkareem Taher

C. The Board of Directors held one meeting during the year 2020.

D. Members of the Board of Directors did not apply for loans, nor were they granted any reward, loan or advance from the company and they do not have any benefit or interest and for their families to the extent of the fourth kinship.

Third: Shares Distribution on the shareholders as on 31/12/2020

Ser.	Section	No. of shareholders	No. of shares Thousand shares	Percentage importance
1	From 1 to 1000000	35	9009	0.01%
2	From 1000001 to 10000000	9	750000	0.74%
3	From 10000001 to 10000000000	8	45690	0.05%
4	More than 10000000000	17	100508917	99.20%
	Total	69	101350110	100%

Fourth: shareholders who have 5% of the capital of the bank and more:

Name	Contribution size / Thousand Shares
1. Hayder Talib Abd Ali	9875001
2. Mohammed Abulkareem Ali	9490985
3. Duaa Abdulameer Baqer	9288800
4. Hasan Ammer Kadhim	8920992
5. Ataa Abdulridha Abdulateef	8554000
6. Manaf Talib Abdulkareem	8491238
7. Suhair Sami Abbas Abdullah	8000000
8. Arif Abdulkareem Ali	7507262
9. Salam Mahmood Karam	7074508

Fifth: Bank's Plan for year 2021:

- Continue the development, improvement and diversification of the revenues of the bank.
- Continue reinforcement of infrastructure of the bank and complete modernizing banking system.
- Enhancing cooperation with local and foreign banks.



- D. Financing an economic feasibility project that will benefit our country.
- E. Expanding the training of the bank's staff and paying attention to the development of branch managements to be a leading and sustainable financial institution with highly qualified staff with high efficiency and advanced and effective financial and administrative systems capable of attracting various investment sources.
- F. Continue to promote credit cards.
- G. The bank relied on the corporate governance guide for banks issued by the Central Bank of Iraq. Therefore, the bank seeks to review the corporate governance policy adopted by it for its development in order to conform to the international levels and optimal performance. Because protecting the rights of shareholders and providing an additional value to their ownership in the bank will remain a priority for Ur Islamic Bank for Investment (Private Shareholding), through highly professional banking practices. Therefore, the bank will work permanently to achieve the best return on the rights of related parties, which include shareholders, customers, employees and society in general.

Sixth: Detailed Data and Analysis

1. Balances of the Reserves and their Usage:

The total of the bank's reserves balances as on 31/12/2020 reached (4 631 885 thousand) dinars, as it is shown in the below schedule:

Name of the Account	31/12/2020 Thousand dinar	31/12/2019 Thousand dinar
Reserve Expansion	13809	13809
Compulsory Reserve	18365	18365
Allocation of exchange rate fluctuation	3621	117033
Accumulated Surplus	317722	317722
Accumulated deficit	(5098814)	(3441386)
Total	(4631885)	(3087867)

2. Shareholders' Equity

The total paid up capital and its reserve reaches (96 718 225 thousand) dinars which represents the paid up capital (101 350 110) thousand dinars and total reserves (4 631 885) thousand dinars negative.

Seventh: Administrative Activity

1. The following are names and addresses of the positions of the senior management of the bank for the year 2020



Ser.	Name	Position title
1	Jalal Raof Ismael	Managing Director
2	Ahmed Abdulridha Sari	Deputy Managing Director
3	Nooruldeen Mohammed Sadeq	Director of Management of Accounts and Finance Division
4	Raghad Abbas Baqer	Manger of Credit Department
5	Ezat Khaleel Ibrahim	Compliance Officer

2. The following are the names and job titles of Higher Administration of the Bank up to 26/11/2020:

Ser.	Name	Position title
1	Jalal Raof Ismael	Managing Director
2	Ahmed Abdulridha Sari	Deputy Managing Director
3	Nooruldeen Mohammed Sadeq	Director of Management of Accounts and Finance Division
4	Ali Ismael Mohammed	Deputy Manager of main Branch
5	Ezat Khaleel Ibrahim	Compliance Officer
6	Hussein Alwan Salman	Director of Internal Control Division
7	Mohammed Fazaa Farhan	Manager of Risks Division
8	Khalida Ali Shawai	Director of Anti –Money Laundry and Counter- Terrorism Financing Unit
9	Hanaa Hussein Abdullah	Banking Awareness and Public Protection Department Director

Eighth: Sharia Supervisory of the bank

The approval of the Central Bank of Iraq /Islamic Banks Monitoring Department obtained by clause (5) of its letter no. 9/3/28404 on 9/12/2018 on appointing the following persons to be the members of the legitimate Committee of the bank.

Name
1. Dr. Abbas Mohammed Rashid
2. Saif Ali Rasool
3. Duraid Ibrahim Khaleel
4. Ammer Fadhil Hussein
5. Hayder Abdulameer Sajet



Ninth: Size of Imports and Exports during the year 2020

No goods or services were imported or exported for the benefit of the bank during the year 2020.

Tenth: Substantial Major Events after 31/12/2020

1. No fundamental events occurred on the bank or its assets, which had an impact on the financial position of the bank, during the period from the date of the balance sheet until it was presented to the general body.
2. At the beginning of 2020, the presence of the (Covid 19) virus was confirmed in Iraq, which caused the disruption of many companies and economic activities. The bank's management considers that the effect of this event cannot be determined in the financial statements subject of the report, and it is possible to estimate its quantitative impact on the future financial statements of the bank.

Eleventh: Bank procedures to avoid the reservations that led to the issuance of a negative opinion of the auditor:

1. The bank addressed the cash shortfall between what the records showed as on 31/12/ 2020 and what it showed, amounting to (12653482) thousand dinars, by registering it in the cash registers account until the situation is cleared, knowing that there is a lawsuit filed in its regard.
2. The Islamic finances and bad debts amounting to (503952980000) dinars were treated and transferred outside the budget, and reduce what is equivalent amount of the credit current accounts of the new owners.
3. The trial balance issued on 19/12/2021 included the amounts of all the letters of guarantee issued as on 19/12/ 2021 and the guarantees received, and depositing a 7% percent of the amounts of the letters of guarantee with the Central Bank of Iraq.
4. The beneficiary authorities were contacted and letters of no more needed for letters of guarantee were obtained, in the amount of (304943) thousand dinars.
5. Currently the bank uses the (Banks) Unified Banking Accounting Rule.
6. At the present the bank deals with (Money Gram) Company for Foreign Exchange.

The above procedures were accompanied with the approval of the bank's board of directors in its meeting held in 29/11/2021, thus exceeding most of the reservations that led to giving a negative opinion on the financial statements for the year ending in 31/12/2020.



Twelfth: Accounts Policy adopted by the bank

The bank relies on the local and international accounting principles and standards and in accordance with the basics of the unified accounting system of the banks and insurance companies in the bookkeeping, classifying, and preparing financial statements, and in accordance with the provisions of the valid Companies Law No. (21) for the year 1997 amended, and Banks Law No. (94) for the year 2004 and instructions of the Central Bank. And following the accrual principle in calculating the revenues and expenses. The international accounting standards IFRS have also been applied in preparing the financial statements.

Thirteenth: The following events to correct the course of the bank's business:

1. Adoption of a new business structure for the bank.
2. Activating and implementing the banking system and qualifying and training the functional cadres working on the system.
3. Activating SWIFT system.
4. Settlement of receivables with MoneyGram International Company INC for Foreign Exchange and activity its system.
5. Signing a contract with Al Arab Company for Electronic Payment in order to issue electronic payment cards MasterCard and VISA Card.
6. Buying AML system and activate anti-money laundering scenarios.

-Sgd.-
Mohammed Talib Abdulkareem
Chairman of Board of Directors

-Sgd.-
Alyia Amer Majid
Managing Director

Seal & signature
Khaleel Ibrahim Mohammed Al-Abdullah/
for Khaleel Ibrahim Mohammed Al-Abdullah & partners Company
For control and Auditing Accounts/ Cooperative 18
Public Accountant & Auditor (285)

Seal of the bank



((The report of the Compliance Supervisor))

The Bank's compliance with the Central Bank of Iraq's instructions and the Law of Anti-Money Laundering and Counter Financing of Terrorism No. (39) for the year 2015, the Iraqi Banking Law no. (94) for the year (2004), and the Law of the Islamic Banks no. (43) for the year (2015), and it is our duty to point out and diagnose errors and violations to avoid risks in cooperation with the various departments of the bank. Hereunder are our most important activities for the financial year ending on 31/12/2020:

1. We reviewed the reports of the control committees of the Central Bank of Iraq, studied their observations and recommendations, and followed up on the approaches and measures taken by the Bank in this regard.
2. We confirm that there is written financial and administrative authorities for the managing director.
3. We reviewed the fortnightly reports of the Office of Anti-Money Laundering before dispatching them to the Central bank in conformity with the law of Anti-Money Laundering and Counter Financing of Terrorism No. (39) for the year 2015.
4. The Balance Sheet of the bank for the above financial year and the planning budget were reviewed.
5. It was noted that there is an urgent need for the employees to participate in courses at the Central Bank and the Iraqi League of Private Banks to raise the efficiency of performance in all banking fields in order to provide the best banking services at no additional cost. Indeed, some of the employees have already been involved in these courses. After reviewing all the various activities of the bank, it was noted that the bank complied with the laws, regulations and instructions.

God is the provider of success.

-Sgd.-
Compliance Supervisor
Shatha Sabih Ali

Seal of the bank



Accounts Reviewing Committee Report

Messer: Shareholders of the Ur Islamic Bank for Investment

Greetings,

According to the provisions of Article (24) of Banks Law No.: (94) for the year 2004, and the approval of the general body in its meeting held on 18/6/2011 on forming an Account Reviewing committee. The Committee commenced its works and examined, audited and reviewed the financial statements of the bank for the year ending on 31/12/2020 and the annual report of Board of Directors and it appeared that it was prepared according to the requirements and provisions of Companies Law no. (21) for the year 1997 amended and Banks Law No. (94) for the year 2004 and the Islamic Banks Law No. (43) for the year 2015 and the instructions of the Central Bank of Iraq and the Committee found the following:

- 1- The financial statements and the report of the board of directors and what they contain of data, clarifications, and financial and accounting information are in conformity with the reality of the bank's work for the financial period ending on 31/12/2020.
- 2- The Bank's various activities have been reviewed and we support the Bank's compliance with laws and regulations related to anti-money laundering and Counter Terrorism Financing Law no. (39) for the year 2015 and all the organizational regulations in that regard.
- 3- All the bases and regulations adopted by the bank in preparing its financial statements are in accordance with the origins, norms and accounting principles and fairly reflect the course of the bank's activity, and it was prepared according to the Law of the Central Bank of Iraq No. 56 for the year 2004 and Companies Law No. 21 for the year 1997 amended, and the international accounting standards and the prevailing regulations and instructions.
- 4- The risk management process is carried out in accordance with sound and objective regulations based on the principles that they comply with the prevailing laws and instructions.
- 5- All the reports that were submitted to the Central bank of Iraq for its accounts during the year 2020 were correct and reflects the actual activity of the bank.
- 6- We support the bank's compliance with the implementation of the guidelines issued by the Central Bank of Iraq.
- 7- Getting acquaintance with the notes of the control committees of the Central Bank of Iraq and follow-up the procedures adopted remarks clearance and we confirm the bank's clearance of all notes.
- 8- The committee got acquainted with all the contracts concluded with the bank and related parties and we confirm that there is no personal interest in concluding these contracts.
- 9- The Committee confirms not notifying it of any credit case by the bank to the close entities (related persons) according to clause (4) of article (31) of Banks Law.

-Sgd.-

Ali Adnan Abdullah
Head of Accounts Reviewing Committee



((Report of the Sharia Supervisory Commission))

Messer: the shareholders of Ur Islamic Bank for Investment Company Esq.

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

According to the letter of assignment from the General Body to appoint the Sharia Supervisory Commission of Ur Islamic Bank for Investment, and based on the provisions of Chapter Five of the Islamic Banking Law No. (43) for the year 2015, the Sharia Supervisory Commission got acquainted with the content of the auditor's report for the financial year ending on 31/12/2020, which was sufficient to express our opinion and give reasonable confirmation on the bank's work for the above period, since it did not concluded any contract, and no transaction was made except for the disbursement of the operational expenses necessary for the continuation of the bank's work.

We got acquainted with the financial position, the balance sheet, the account of revenues and expenses for the financial year subject of the case, and it was clear that they were prepared according to regulatory and legal procedures for the preparation of the final account of the bank, and no objection was recorded by the Sharia Supervisory Commission on what the above mentioned.

We ask Almighty God to grant us guidance and wisdom.

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

-Sgd.-

Dr. Abbas Mohammed Rashid
Head of Sharia Supervisory



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No.: 1515/108/31/2022
Date: 10/2/2022

To / Messer: the Shareholders of the Ur Islamic Bank for Investment Esq.
Subject / Independent Auditor's Report on the Ur Islamic Bank Amended Financial Statements

The opinion:

We have audited the financial statements of the Ur Islamic Bank, which include:

Financial position statement as on 31/12/2020, profit and loss statement and other comprehensive income, statement of changes in shareholders' equity, cash flow statement for the period ending on the that date, and explanations for the financial statements, including a summary of important accounting policies.

And our opinion:

Taking into account the results of the audit shown later in this report, the amended financial statements of the bank shows truly and fairly, in all the essential respects, the financial position of the bank as on 31/12/2020, its financial performance and its cash flows for the period ending on that date in accordance with the financial accounting standards issued by the Accounting and Auditing Organization of the Islamic Financial Institutions, and the international financial reporting standards issued by the International Accounting Standards Board.

The basis of the opinion:

The audit work was carried out based on the auditing standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and the international auditing standards issued by the International Federation of Accountants, and our responsibility under these standards has been explained later in the Auditor's responsibilities item for auditing the financial statements in this report.

We are independent of the bank in accordance with the ethical requirements related to auditing the financial statements stated in the Code of the Professional Conduct. We fulfilled our responsibilities under those requirements.

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

Important audit Results:

The results of our audit revealed the following notes and explanations:



1. **International standards:**

A. The Balance sheet and final accounts for the years 2018 until 2020 were prepared and organized in accordance with the International Financial Reporting Standards (IFRS) and organized according to the Islamic Financial Accounting Standards (AAOIFI).

B. **Standard No. (9)**

Ur Islamic Bank for Investment did not apply International Accounting Standard No. (9) for calculating the expected credit loss during the year 2020, and the administration showed that it abide to the obligation of applying this standard and there are (2) offers presented by (Iesfs) Company and Ernest and Young Company.

2. **Reasons for amending the financial statements:**

The report of the (independent) account auditors was issued under the No. 1441/31/390 0 on 1/9/2021 in which showed - a negative opinion - on the financial statements of the bank as on 31/12/2020. In view of the existence of a fundamental change in both the board of directors and the executive management, which compelled them to take legal, administrative and accounting measures to amend the financial position of the bank in making a number of amendment accounting entries.

Accordingly, the executive management prepared and organized the revised financial statements as on 31/12/2020 in order to rotate balances of the financial year 2021.

although it granted Islamic financing during the year 2019, noting that the Central Bank of Iraq, according to its letter No. (3/6/466) on 26/12/2018, obligated all the Iraqi banks to apply this standard.

A. **Standard No. (34)**

The bank did not comply with the preparation of the interim financial statements for the years 2019 and 2020.

3. **Cash:**

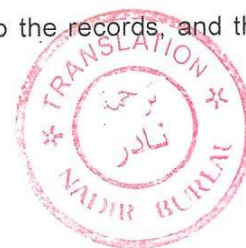
A. The cash balance and balances with Central Bank after the amended (93294) million dinars as on 31/12/ 2020, and the reason for the difference in the balance before the amendment is due to the reclassification of an amount of (12653) million dinars at the expense of cash differences until the situation regarding this money is clarified. Noting that there is a lawsuit filed by the new administration of the bank against the previous administration as a result of not handing over the keys to the vault of the main branch for a long time, therefore we have a reservation regarding the account balance of (12653) million dinars as shown below:

Statement	31/12/2020 Amount/ thousand dinars	31/12/2019 Amount/ thousand dinars
Cash in the Bank	1116283	17604455
Balances at Central Bank	92178100	1638967
Total	93294383	19243422

B. We noticed that there are deposits amounting to (90) billion dinars and shown in the current account statement of UR Bank with the account of Central Bank and represents the new investors deposits (new administration).

C. The management carried out the cash inventory of the banks vaults (excluding the vault of the main branch) as on 31/12/2020 and the inventory was carried out with our supervision , the results of the inventory are (1116282) thousand dinars and it matches the records and trial balance.

D. The accounts were matched with the Central Bank and were identical to the records, and their balance amounted to (92) billion dinars, distributed as follows:



Account	Amount/ thousand dinars	Dollar rated in dinars Amount/ thousand dinars	Total
Current Account	91127246	446275	91573521
Legal Reserve	329214	275365	604579
Deposits of letters of Guarantee	0	0	0
Total	91456460	721640	92178100

4. Balances at local banks:

The balances at local banks reached (5029) million dinars in the records of the bank as on 31/12/2020 and we have verified the validity of the conformity with the statements of local banks.

5. Islamic financing

The balance of this account reached (25495) million dinars as on 31/12/2020, and in view of the failure to pay the value of the installments and returns for the finances at a rate of (100%) for a long time. Accordingly, the new administration made settlement entries after reducing the current activity credits account for the new shareholders and transferring it to off-balance sheet accounts in accordance with the indicative instructions for this standard after approaching the Central Bank in this regard according to the bank's letter no. (2741) on 18/11/2021, this procedure was checked and audited by us, and accordingly, the balance of Islamic finance became (zero) after the amendment.

6. Contractual Credit:

- A. The balance of the contractual credit (letter of guarantees) amounted to (25417) million dinars as on 31/12/2020, which is less than the balance of the previous year by (598) million dinars and constitutes a decrease of (2%) from the balance of the previous year.
- B. The balance of the contractual credit provision amounted to (453883) thousand dinars, at a rate of (2%) of the net value of the letters of guarantee after deducting the deposits received, which amounted to (2723) million dinars.
- C. The value of the letters of guarantee amounting to (25417) million dinars as on 31/12/2020.

We have the following notes regarding it:

- 1) The percentage of the deposits received ranged from (8% - 15%)
- 2) The number and value of the letters of guarantee issued are shown as follows:

Statement	No.	Value of letter(Million dinars)
Letters of guarantee in dinars	313	20482
Letters of guarantee in dollars	23	4935
Total	336	25417



- 3) There are (83) letters of guarantee out of (336) issued, the amount of which has not been fixed or the guarantees collected for it.
- 4) Most of the guarantees offered in return for issuing letters of guarantee are checks, which are not solid (weak).
- 5) There are (202) letters of guarantee that expired before 31/12/2020 and still remain in the records, and the beneficiary has not been contacted in order to resolve it by no more is needed.
- 6) The percentage of completed deposits for four letters issued in favor of foreign companies (from 2% - 8% instead of 100% of the amount of the letter of guarantee) or the submission of a letter of guarantee issued by a foreign bank.
- 7) The percentage of 7% of the amounts of the letters of guarantee was not deposited as a reserve for letters of guarantee according to the instructions of the Central Bank of Iraq No. 9/2/510 on 30/12/2019, and no allocation was placed to cover the reserve subject of the audit.
- 8) The administration issued letters of guarantee during the years 2019 and 2020 without registering it in the bank's records, and this is a legal violation. the deputy managing director indicated to us that these letters were counted and recorded in the records during the financial year 2021,

7. Fixed Assets

- A. The cost of fixed assets amounted to (221) million dinars as on December 31, 2020, after the amendment it became (6) billion dinars of net value as a result of making record entry settlements and liquidating a portion of the projects in progress.
- B. The guardianship administration made an inventory of the fixed assets as on 31/12/2020, noting that the inventory statements submitted to us include the details of the names and types of fixed assets without showing their costs and depreciation, which led to the inability to match the inventory results with the records. Thus, the financial records were relied upon for the purpose of preparing final accounts.
- C. The intangible assets reached (7738) million dinars as on 31/12/2020 after conducting entry settlements to close some of the accounts of projects in progress and reclassify the account of the intangible assets according to the international standards.



8. Projects in progress/ advance payments:

The advance payments of the balance of projects in progress after the amendment reached (15) billion dinars as on 31/12/2020, that is after conducting entry settlements on this account as it is shown below:

Account name	Balance/Dinar	Balance/Dinar	Reservations
Purchasing real estate for the bank	10000	10000	It has not been confirmed to us that opening the formality was carried out at the Real Estate Registration Department to transfer the ownership of the real estate till its date.
Building maintenance	5042	5042	For the maintenance of the above real estate since 2017, supporting documents of the bank were not presented to us.
Purchasing furniture and office equipment	5909	-	The administration conducted entry settlements after limiting and taking inventory of the equipment and furniture of the offices according to the detailed statements which the administration prepared.
Purchasing banking accounting system (Temenose)	4322	-	The new administration conduct entry settlements to close this account and reclassify the account of the intangible assets according to the international standards.
Purchasing Dada Center system	3417	-	The new administration conduct entry settlements to close this account and reclassify the account of the intangible assets according to the international standards.
Total	28690	15042	

9. Paid up Deposits:

We did not obtain confirmation of the paid deposits since October 2017, amounting to (2520) million dinars to the provider of international money transfer services (MoneyGram) Company and the bank did not disclose the volume of the remittances made with the mentioned company since 2017 until its date.

10. Current Accounts of the Shareholders:

- A. The balance of this account amounted to (29) billion dinars as on 31/12/2020, and it has been retained since the previous year, noting that the banking instructions do not allow shareholders to withdraw such amounts, and the bank did not indicate the names of the shareholders and the amounts they owed and the new administration conduct entry settlements to most of the accounts after deducting the account of the debtors.



of the new shareholders current activity and transfer it to the off- balance sheet accounts for legal follow-up to recover these amounts from the previous administration.

- B. According to the Central Bank's letter No. (9/3/21313) on 16/9/2019, which states that Ur Islamic Bank, within (5) days, will do the following:
- Paying the deficit amount of (55) billion dinars, which at the time represented the shareholders' current account, and withdrawing such an amount represents a legal violation.
 - In accordance with the Islamic Banking Law, to deposit an amount of (50) billion dinars to complete the capital, noting that the reasons for this decision were for the merger process (with the International Islamic Bank), which did not take place, which led to the failure of Ur Bank to implement the above decision.

11. Foreign currency pricing:

According to the circulars of the Central Bank of Iraq No. (9/2/382) on 21/12/2020, then pricing assets and liabilities in foreign currency as on the date of the balance sheet at a price of (1460) dinars for each US dollar.

12. Currency sale and purchase window:

During the financial year 2020, the bank did not participate in the currency sale and purchase window at the Central Bank of Iraq according to the bank's memorandum dated 20/6/2021.

13. Quarterly Reports and Performance Card :

Contrary to the instructions of the Central Bank of Iraq, the bank management during the year 2020 did not prepare and organize the quarterly reports shown below and send them to the Central Bank of Iraq. In addition to paying special attention to the performance card indicators.

14. Capital adequacy ratio:

The capital adequacy ratio reached (103%) as on 31/12/2020, while the percentage specified by the Central Bank of Iraq is (12%), knowing that the reason for the high percentage is due to the decrease in dangerous assets outside the balance sheet.

15. Legal lawsuits:

lawsuits filed by the bank and brought against it:

- 1) There are three legal lawsuits filed by the bank against third parties, with an amount of (1,913,516,000) dinars, which have not been resolved until its date.
- 2) Previously, three lawsuits were filed against the bank by third parties in the amount of (3,704,901,200) dinars, it was returned in favor of the bank and was not challenged
- 3) Noting that the above paragraphs have been referred to since 2019 without any change.

16. The custodian of the bank:

- a. The bank was placed under custody according to the letter of the Central Bank / Islamic Banks Control Section No. (9/3/212) on 17/8/2020 in accordance with the decision of the Board of Directors



of the Central Bank No. (50) for the year 2020, which stipulated the approval to withdraw of the license of Ur Islamic Bank also appointed Mrs. (Rajaa Jabbar Mohammed) as the custodian of the bank.

- b. In accordance with the letter of the Central Bank No. (9/3/2004) on 31/1/2021, it was decided to approve the re-licensing of Ur Bank with the custody remains until the custodian calls for a meeting of the general body to hand the bank over to the new administration.
- c. According to decision of the BOD of the Central Bank of Iraq No. (44) for the year 2021 adopted in its session No. (1604) held on 15/3/2021 communicated by the letter of the Foreign exchange Department No. (9/3/93) on 22/3/2021. It was decided to approve on lifting the custody and return all the banking activities to the bank.
- d. The bank clarified in its letter No. (1830) dated 7/9/2021, that the Central Bank of Iraq / the Department of Foreign Exchange Control has authorized Mr. Mueen Abdul Aziz Al-Malak, the authorized deputy managing director, to sign the financial statements for the year 2020 instead of the custodian , Mr. Hazem Aziz Obaid.

17. Profits and losses:

- a. The result of the current activity for the year ending on 31/12/2020 reached (1735) million dinars compared to a loss of (2501) million dinars for the previous financial year.
- b. The reason for the losses is due to low revenues on one hand, and on the other hand, we have noticed the existence of expenses that are not feasible so that they are supportive of the bank's activity as shown below:

Ser.	Account name	Amount/ million dinars
1	Research and consultancy services	206
2	Rewards for non-workers	33
3	Legal services	52
4	Donations for others	250
5	Compensations and fines	90
	Total	631

- c. The Islamic finance department was not at the required level and proper planning for managing finances. This became clear to us through the lack of payments for installments and returns during the years 2019 and 2020, which negatively affected the result of the activity.

18. Allocation of exchange rate fluctuations:

The balance of the exchange rate fluctuation allocations account, which is approximately (113) thousand dinars, was calculated when evaluating the foreign currency from 1190 dinars per dollar to 1460 per dollar, according to the circulars of the Central Bank of Iraq No.(6/1/2440) on 20/12/2020, where the realized profit in the above amount was added to the exchange rate fluctuation allocation account instead of showing it in the income statement according to the instructions of the Central Bank of Iraq / Banks Inspection and Audit Division by letter no. (9/2/ 401) on 28/12/2020.



19. Central Bank Correspondence:

According to the letter of the Central Bank of Iraq/ Islamic Banking Control Department no. (9/3/3112) on 11/2/2021, the bank's response to the audit results was reviewed, examined, and the answer was signed by the custodian on 11/3/2021, knowing that the answer was only for the fourth chapter for the Financial Department because the other three quarterly reports were sent to the Central Bank which we mentioned previously in clause no.(14).

20. Other matters:

- 1) The Board of Directors held one meeting during the year 2020, in violation of the Companies Law No. (21) of 1997 amended, and it contradicts with the governance guide established by the Central Bank.
- 2) The absence of a governance guide of the bank.
- 3) The lack of electronic systems to implement governance controls and institutional management of information and communication technology in the banking sector, whose electronic outputs achieve the goals of institutional governance.
- 4) There is no effective system for evaluating the annual business results of the Board of Directors, according to content of the performance card.
- 5) There is no strategic plan for the bank during the next coming three years, contrary to the instructions of the Central Bank of Iraq.

21. Subsequent events after 31/12/2020:

- a) According to the minutes of the general body meeting held on 18/2/2021 and the letter of the Companies Registration Department No. (C.R./6683) on 24/2/2021, the necessary legal procedures were completed to amend the Fifth Article of the Establishment Contract by increasing the number of members of the Board of Directors to (seven) and the like the members of the reserves, and a new board was elected to manage the bank.
- b) According to the letter of the Ministry of Trade / Companies Registration Department No. (13020) on 19/4/2021, which indicated the completion of all necessary legal procedures to amend the establishment contract by increasing the company's capital from (101,350,110,000) one hundred and one billion, three hundred fifty million and one hundred and ten thousand dinars to (151,350,110,000) one hundred and fifty one billion, three hundred and fifty million and one hundred and ten thousand dinars in accordance with the provisions of the Companies Law No. (21) for the year 1997 amended.
- c) The Corona pandemic (Coved-19) spread in early 2020 worldwide, including the Republic of Iraq, which caused the disruption of many activities and economic systems, and negatively affected the activities of banks, The management of the bank sees that this pandemic is an emergency event that was not hedged due to the fact that the situation is changing and rapidly evolving, and the management believes that it is not possible to determine a quantitative estimate of the potential impact of this pandemic on the bank's future financial statements.



Responsibilities of the management and those responsible for the financial statements:

The management is responsible for preparing the financial statements in accordance with the requirements of the law and international financial reporting standards, and for the internal control that the management deems necessary to enable the preparation of the financial statements so that they are free from significant alterations, whether they occurred due to manipulation, fraud or errors.

In preparing the financial statements, the management is responsible for evaluating the bank's ability to continue as a ongoing establishment, and disclosing, when necessary, issues related to continuation and using the continuation basis of accounting unless the management tends to liquidate the bank or terminate its operations, or where there is no other actual alternative to do so. Also, those responsible for supervising and following up on financial reporting processes.

The auditor's responsibility for auditing the financial statements:

Our objectives are to obtain reasonable certainty whether the financial statements in general are free from significant alterations, whether resulting from manipulation, fraud or error, and to issue an audit report that includes our opinion. Reasonable persistence is a high level of certainty, but it does not guarantee that an audit performed by us in accordance with the international auditing standards will always lead to the detection of important alterations when they exist. An alterations may arise from manipulation, fraud or error and it is considered a significant if it could reasonably be expected, individually or collectively, to affect the economic decisions of beneficiaries taken on the basis of those financial statements.

Other information:

The management is responsible for the other information included in its annual report, and our opinion on the financial statements does not cover this information, and we do not give any form of confirmation or conclusion about it.

With regard to our audit of the financial statements, our responsibility is to read the other information when it will became available to us, to take into account whether the other information is inconsistent with a significant degree with the financial statements or the information obtained through our audit so that it appears distorted to a significant degree.



Other requirements:

In addition to the above mentioned, we would like to make the following notes to fulfill the legal requirements adopted in Iraq:

1. The accounting system used (the unified accounting system) by the bank was in agreement with the bookkeeping system and included, at our discretion, the recording of all assets, liabilities and uses and the bank's resources (excluding the guarantees and commissions of letters of guarantee issued and not recorded in the bank's records).
2. The bookkeeping group used by the bank and the manual records are consistent with the requirements of the bookkeeping system and it included the assets, requirements, the bank's resources and the uses of these resources.
3. The process of the inventory taking of fixed and cash assets was carried out by the custodianship management (with our reservations according to the content of the second clause of cash and the sixth clause of fixed assets).
4. The management's annual report and the financial and accounting information included in it reflect its point of view.
5. The financial statements were organized in accordance with the financial accounting standards, international financial reporting standards, and prevailing laws and legislation, and they are fully consistent with what the records show.

Seal & signature

Khaleel Ibrahim Mohammed Al-Abdullah/
for Khaleel Ibrahim Mohammed Al-Abdullah & partners Company
For control and Auditing Accounts/ Cooperative 18
Public Accountant & Auditor (285)

Seal & signature

Hilal Bashr Dawood Hammo
Adel I.H. Al-Shaybi & his Partners Co. /
For control and Auditing Accounts
Public Accountant & Auditor



Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

Clarifications about the Financial Statements for the Financial Year Ending on 31/December/2020

Amended Balance Sheet (Statement of Financial Position) as on 31/December/ 2020

	Clarification	31/12/2020 Thousand IQ Dinar	31/12/2019 Thousand IQ Dinar
Assets			
Cash and Balances with the Central Banks	5	9329483	19243422
Balances with Banks and Other Financial Institutions	6	5029	4756
Direct credit facilities – net	7	0	25494602
Net Properties and Equipment	8	6010053	57412
Intangible Assets	9	7738429	
Projects in Progress (Advance Payments)	10	15042180	28686351
Other assets	11	19887615	31545646
Total assets		141977689	105032219
Liabilities and shareholder's equity			
Liabilities			
Deposits and Current Accounts	12	41961646	3041576
Cash Deposits	13	2723387	3046272
Income Tax Allocations	14	4511	4511
Other allocations	15	453883	531128
Other Liabilities	16	116037	146491
Total liabilities		45259464	6769978
Shareholder's Equity:			
Capital	17	101350110	101350110
Expansion Reserve	18	13809	13809
Compulsory Reserve	19	18365	18365
Allocation of Exchange Rate Fluctuation	20	117033	3621
Retained Profits	21	317722	317722
Accumulated deficit	22	(5098814)	(3441386)
Total Shareholder's Equity		69718225	98262241
Total liabilities and shareholder's equity		141977689	105032219
Contra Accounts	28	73089466	26556380

-Sgd.-

Nooruldin M. S. Abdulhussein
Financial Manager
E/ 27257

-Sgd.-

Aliya Amer Majid
For/ Manager Director

-Sgd.-

Mohammed Talib Abdulkareem
Chairman of the Board of Directors

Subject to our report No.: 1515/108/31/2022 dated 10/2/2022

Seal & signature
Khaleel Ibrahim Mohammed Al-Abdullah/
for Khaleel Ibrahim Mohammed Al-Abdullah & partners Company
For control and Auditing Accounts/ Cooperative 18
Public Accountant & Auditor (285)

Seal & signature
Hilal Bashir Dawood Hammo
Adel I.H. Al-Shaybi & his Partners Co. /
For control and Auditing Accounts
Public Accountant & Auditor



Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad
Clarifications about the Financial Statements for the Financial Year Ending on 31/December/2020

Amended Unified Income Statement for the year ending on 31/December/2020

	Clarification	2020	2019
		Thousand IQ Dinar	Thousand IQ Dinar
Revenue of Cash Credit	-	000	17000
Net Commissions Revenues	24	85289	1618588
Revenues of Other Operations (recovered expenses)	-	000	9193
Net Operational Revenues		85289	1644781
Employees' Salaries and the like	25	620142	633151
Other Operational Expenses	26	1178200	2450156
Credit Risks	27	(77245)	1051426
Depreciations and Amortization	8	21620	10802
Total expenses		(1742717)	(4145535)
Net Deficit		(1657428)	(2500754)

Statement of Comprehensive Income
for a period year on 31/12/2020

	2020	2019
	Thousand IQ Dinar	Thousand IQ Dinar
Net deficit for the year (the period)	(1657428)	(2500754)
Total Comprehensive Income deficit for the year (the period)	(1657428)	(2500754)

-Sgd.-
Nooruldin M. S. Abdulhussein
Financial Manager
 E/ 27257

-Sgd.-
Aliya Amer Majid
Manager Director

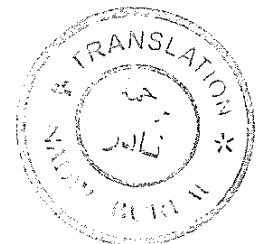
Seal: for the year 2022

Republic of Iraq / Council of Accounting and Auditing Profession Control / the Secretariat
 We certify the correctness of the signature of the auditor and he practices Accounting and Auditing Profession for the year / 2022 G, without any responsibility for the contents of these financial statements.

Name: Hadi Hamed Salih
 Receipt No.: 1461

Signature: -Sgd.-
 Its Date: 15/3

The clarifications from no. (1) to No. (28) are part of the financial statements and to be read with them



Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

Statement of the Changes of Ownership's Equity for Amended Financial Year Ending on 31/December/2020

Statement	Capital	Expansion Reserve	Compulsory Reserve	Allocation of Exchange Rate Fluctuation	Carried Forward Profits	Accumulated Deficit	Total Shareholders' Equity
	Thousand IQ Dinars	Thousand IQ Dinars	Thousand IQ Dinars	Thousand IQ Dinars	Thousand IQ Dinars	Thousand IQ Dinars	Thousand IQ Dinars
Balance as on 1/1/2020	101350110	13809	18365	3621	317722	-3441386	98262241
Comprehensive income for the year 2020	0	0	0	113412	0	-1657428	-1544016
Balance as on 31/12/2020	101350110	13809	18365	117033	317722	-5098814	96718225

Statement of the Changes of Ownership's Equity for Period Ending as on 31/December/2019

Statement	Capital	Expansion Reserve	Compulsory Reserve	Allocation of Exchange Rate Fluctuation	Carried Forward Profits	Accumulated Deficit	Total Shareholders' Equity
	Thousand IQ Dinars	Thousand IQ Dinars	Thousand IQ Dinars	Thousand IQ Dinars	Thousand IQ Dinars	Thousand IQ Dinars	Thousand IQ Dinars
Balance as on 1/1/2019	101350110	13809	18365	3621	317722	-940632	100762995
Comprehensive income for the period 2019	0	0	0	0	0	-2500754	-2500754
Balance as on 31/12/2019	101350110	13809	18365	3621	317722	-3441386	98262241

The clarifications from no. (1) to No. (28) are part of the financial statements and to be read with them



Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

Clarifications about the Amended Financial Statements for the Financial Year Ending on
31/December/2020

Statement of Cash Flow for Amended Financial Year Ending on 31/December/2020

	2020 Thousand IQ Dinar	2019 Thousand IQ Dinar
<u>Cash Flow from Operational Activity</u>		
Deficit of the year/ the period	(1657428)	(2500754)
<u>Adjustments for non-cash items:</u>		
Credit risks	(77245)	1051426
Depreciation	21620	10802
Cash flows of operating activities	<u>(1713053)</u>	<u>(1438526)</u>
<u>Change in assets and liabilities</u>		
(in use) cash credit	25494602	(26014900)
(in use) Resource of other assets	11658031	25995854
Deposits and current accounts resource	38920070	3041576
(in use) Cash guarantees resource received	(322885)	3046272
(in use) resource of other liabilities	<u>(30463)</u>	<u>111271</u>
Net Change in Assets and Liabilities	75719355	6180073
Net cash flow used in operational activities	<u>74006302</u>	<u>4741547</u>
<u>Cash Flow of Investment Activities</u>		
Capital Additions	<u>(68510)</u>	<u>(80617)</u>
Increase in the allocation of Exchange Rate Fluctuation	113412	000
<u>Net Increase (Deficit) cash flow of investment activities</u>	44902	<u>(80617)</u>
Net (decrease) increase in cash and the like	74051204	4660930
Cash and the like at the beginning of the year	19248208	14587278
Cash and the like at the end of the year	<u>93299412</u>	<u>19248208</u>

The clarifications from no. (1) to No. (28) are part of the financial statements and to be read with them



Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

Clarifications about the Amended Financial Statements for the Financial Year Ending on 31/December/2020

1. General Information

- A. Ur Islamic Bank for Investment was incorporated as foreign Exchange company with a capital of (500) million dinars under the name of (Transcontinental Company for Money Transfer /Private Shareholding) according to Incorporation Certificate No. C.R./1/71782 on 9/7/2009.
- B. All legal procedures were completed to transfer the company to an Islamic bank under the name (Ur Islamic Bank for Investment/ Private Shareholding Company in addition to increasing the capital to (101,350,110,000) dinars according to the letter of the Department of Companies Registration / Shareholding No. S.C. / 2371 on 21/1/2018.
- C. The bank has obtained a license to practice Islamic banking from the sector (Central Bank of Iraq /Banking Supervision Department / Islamic Banking Supervision Department) according to letter No. 9 /3/ 28404 on 9/12/ 2018.
- D. According to the decision of the Central Bank of Iraq No. (121) for the year 2020 adopted in its session No. (596) held on 12/8/2020 communicated by letter of Foreign Exchange Department No. 9/3/212 n 17/8/2020, it was decided to withdraw the license of the bank and put it under custody.
- E. According to the letter of the Central Bank of Iraq No. 9/3/2004 on 31/1/2021, it was decided to approve on returning the license of the bank, based on the content of item first of the minutes of the meeting of the general body held on 18/2/2021 and the letter of the central bank of Iraq No. 9/3/93 on 22/3/2021, it was decided to remove the custodian and return all the banking activities of the bank.

2. Important accounting policies

Bases of the preparation of financial statements

- A. The bank's financial statements were prepared in accordance with the International Accounting Standards and the interpretations issued by the International Financial Reporting Interpretations Committee emerged from the International Accounting Standards Board in accordance with the principle of historical cost for the first time starting from 21/January/2015. In this regard, the requirements contained in Financial Reporting Standard No. (1) have been complied with, in particular:
 - Recognition of all assets and liabilities required to be recognized under the International Financial Reporting Standards.
 - Not recognizing the items or obligations if IFRS do not permit them to be recognized.
 - The reclassification of some items for the purposes of showing the financial position was conducted differently than in the Unified Accounting System.
 - No differences appeared from what was previously applied.
- B. The Iraqi dinar is the currency of showing unified financial statements, which represents the main currency of the company, and all amounts have been rounded to the nearest thousand Iraqi dinars. The financial statements of the bank attached are prepared for presentation to the shareholders.

Changes in accounting policies

The accounting policies followed in the preparation of the financial statements matches those which are used in preparing the annual financial statements for the financial year ending on 31/December/2019, and IFRS have been applied for the first time since 2018.

The clarifications from no. (1) to No. (28) are part of the financial statements and to be read with them





Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

Clarifications about the Amended Financial Statements for the Financial Year Ending on 31/December/2020

Revenue Realization and expense recognition

Commission revenue is realized as a result of buying and selling foreign currencies, internal and external remittances, in addition to credit card commissions, and expenses are recognized on the basis of accrual principle. Commissions are recorded as revenues when services related to them are provided.

Using estimates

The preparation of financial statements and the application of accounting policies requires the accounting department to make estimates and efforts that affects the amounts of assets and financial liabilities and disclose potential obligations. These estimates and efforts also affect revenues, expenses and allocations as well as other comprehensive income items, and in particular require from the Accounting Department to make important judgments and efforts to estimate the future cash flow amounts and times. The estimates mentioned are necessarily based on multiple hypotheses and factors with varying degrees of assessment and uncertainty and that the actual results may differ from estimates as a result of the changes resulting from the future conditions and circumstances of those estimates. The bank's management believes that its estimates in the unified financial statements are reasonable.

Cash and the like

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

Properties and equipment

The properties and equipment appear at its historical cost after the deduction of the accumulated depreciation and accumulated depreciation losses if any. The cost of properties and equipment includes the cost incurred to replace any components of properties and equipment and the financing expenses for long-term construction projects if the terms of recognition are met. All other expenses are proven in the unified income statement when they are achieved. Depreciation (excluding land as the land cannot be consumed) is calculated by using the fixed premium method in accordance with the depreciation and consumption instructions adopted in the private banking activity as follows:

	<u>Productive life</u>
Buildings	50 years
Equipment, Machines, Furniture	5 years
Transport means	5 years
Electronic systems	5 years

Any item of the properties and equipment and any substantial parts of it is written-off when disposed of or when there is no expected economic benefit from the use or disposal of the asset. Any profit or loss resulting from the write-off of the asset, which represents the difference between the return from disposal and the net book value of the asset, is recorded in the consolidated income list.

The remaining values of the assets, production lives and methods of depreciation are reviewed in each financial year and adjusted later if necessary.

Foreign currencies

- Transactions are recorded in foreign currencies during the year at prevailing exchange rates, as at the date of the transactions. The balances of financial assets and liabilities are transferred at the prices of the middle foreign currencies as well as on the date of the financial statements at an exchange rate (1460) dinars per dollar.

The clarifications from no. (1) to No. (28) are part of the financial statements and to be read with them

Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

Clarifications about the Amended Financial Statements for the Financial Year Ending on 31/December/2020

- Non-financial assets and liabilities are converted into foreign currencies and are visible at fair value on the date of determining their fair value.
- Profits and losses resulting from the foreign exchange conversion are recorded in the income statement.
- Transfer differences for asset and liability items are recorded in non-cash foreign currencies (e.g. shares) as part of the change in fair value.

Allocations

Allocations shall be recognized when the bank has obligations in the history of the financial position statement arising from previous events, although payment of obligations is possible and their value can be measured reliably.

Income tax

Payable tax expenses are calculated on the basis of taxable profits, and taxable profits differ from those declared in financial statements because the declared profits include non-taxable revenues or non-deductible expenses in the financial year but in subsequent years, or tax-accepted accumulated losses or items not subject to or acceptable deduction for tax purposes. Income tax is calculated according to the tax rates specified under the prevailing laws, regulations and instructions in Iraq.

3. Adopting international financial reporting standards for the first time

The financial statements for the year ending on 31/December/2018, which is the year where the bank prepared it in accordance with the international standards for preparing financial reports.

The bank will prepare the financial position statement as on 31/December/2021 according to the IFRS International Accounting standards.

4. Financial statements presentation method:

The financial statements subject of the report include: the financial statements of the Ur Islamic Bank for Investment for the year ending on 31/December/2020 with the financial statements for the ending year 31/December/ 2019.



The clarifications from no. (1) to No. (26) are part of the financial statements and to be read with them

Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

Clarifications about the Financial Statements for the Financial Year Ending on 31/December/2020

	Clarification	31/12/2020 Before Amendment	Auditing restrictions	31/12/2020 After auditing
<u>Assets</u>		Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar
Cash and Balances with the Central Banks	5	105947865	(12653482)	93294383
Balances with Banks and Other Financial Institutions	6	5029	000	5029
Direct credit facilities, Net	7	25494602	(25494602)	0
Properties and Equipment, Net	8	100451	5909602	6010053
Intangible Assets	9	000	7738429	7738429
Projects in Progress/Advance Payments	10	28690211	(13648031)	15042180
Other assets	11	31614522	(24380398)	19887615
Total assets		191852680	(49874991)	141977689
Liabilities and shareholder's equity				
Liabilities				
Deposits and current accounts	12	91836646	(49875000)	41961464
Cash Deposits	13	2723387	000	2723387
Income Tax Allocations	14	4511	000	4511
Other allocations	15	453883	000	453883
Other Liabilities	16	116028	9	116037
Total liabilities		95134455	(49874991)	45259464
Shareholder's Equity:				
Capital	17	101350110	000	101350110
Expansion Reserve	18	13809	000	13809
Compulsory Reserve	19	18365	000	18365
Allocation of Exchange Rate Fluctuation	20	117033	000	117033
Retained Profits	21	317722	000	317722
Accumulated Deficit	22	(5098814)	000	(5098814)
Total Shareholder's Equity		96718225	000	96718225
Total liabilities and shareholder's equity		191852680	191852680	141977689
Contra Accounts	23	22694168	22694168	73089466

The clarifications from no. (1) to No. (28) are part of the financial statements and to be read with them



Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

Clarifications about the Amended Financial Statements for the Financial Year Ending on 31/December/2020

	Clarification	31/12/2019 Before Amendedment Thousand IQ Dinar	Auditing restrictions Thousand IQ Dinar	31/12/2019 After auditing Thousand IQ Dinar
<u>Assets</u>				
Cash and Balances with the Central Banks	5	19243422	000	19243422
Balances with Banks and Other Financial Institutions	6	4786	000	4786
Direct credit facilities – net	7	25494602	000	25494602
Net Properties and Equipment *	8	28743763	(28686351)	57412
Projects in Progress / advance payments	9	000	28686351	28686351
Other assets	10	31545646	000	31545646
Total assets		105032219	000	105032219
<u>Liabilities and shareholder's equity</u>				
<u>Liabilities</u>				
Deposits and current accounts	11	3041576	000	3041576
Cash Deposits	12	3046272	000	3046272
Income Tax Allocations	13	4511	000	4511
Other allocations	14	531128	000	531128
Other Liabilities	15	146491	000	146491
Total liabilities		6769978	000	6769978
<u>Shareholder's Equity:</u>				
Capital	15	101350110	000	101350110
Expansion Reserve	16	13809	000	13809
Compulsory Reserve	17	18365	000	18365
Allocation of Exchange Rate Fluctuation	18	3621	000	3621
Retained Profits	19	317722	000	317722
Accumulated deficit	20	(3441386)	000	(3441386)
Total Shareholder's Equity		98262241	000	98262241
Total liabilities and shareholder's equity		105032219	000	105032219
Contra Accounts	21	26556380	000	26556380

- The record settlement resulted from the separation of advance payments for property and equipment

The clarifications from no. (1) to No. (28) are part of the financial statements and to be read with them



Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

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5. Cash and Balances with the Central Bank

The details of this item are as follows:

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
<u>Cash in the Vault</u>		
Local Currency	564485	15763866
Foreign Cash Instruments (377.944) Dollars	551798	1840589
	1116283	17604455
<u>Balances with the Iraqi Central Bank</u>		
Current Accounts	91573521	1189596
Legal Reserve	604579	449371
	92178100	1638967
Total Cash and Balances at the Central Bank	93294383	19243422

6. Balances with Banks and other Financial Institutions

The details of this item are as follows:

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
<u>Current and on-Demand Accounts</u>		
Local Banks and Banking Institutions	5029	4786
Foreign Banks and Banking Institutions	000	000
Total	5029	4786

7. Direct credit facilities – net

The details of this item are as follows:

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
Long-term granted Joint loans	0	25039900
Short-term granted profitability loans/Persons	0	975000
Total Credit Facilities	0	26014900
Deduct: allocation for impairment of credit facilities	0	(520298)
	0	25494602

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Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

Clarifications about the Amended Financial Statements for the Financial Year Ending on 31/December/2020

8. A. Net, Properties and Equipment
For period from 1/1 until 31/12/2020

Details	Buildings		Machinery and Equipment		Transport means		Furniture		Systems		Decors & fittings		Improvements		Total	
	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar
Balance on 21/1/2020	000	16684	625	135971	000	3983	000	000	000	000	000	000	000	000	157263	
Additions	000	20323	000	44336	000	000	000	000	000	000	000	000	000	000	64659	
Settlement during the year	000	000	000	5909602	000	(996)	000	000	000	000	000	000	000	000	(996)	
Balance on 31/12/2020	000	37007	625	6089909	000	2987	000	000	000	000	000	000	000	000	6130528	
Accumulated Depreciation																
Depreciation Percentage	2%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Balance on 21/1/2020	000	15953	375	83523	000	000	000	000	000	000	000	000	000	000	99851	
Deffered of the year	000	337	125	20162	000	996	000	000	000	000	000	000	000	000	21620	
Settlement during the year	000	000	000	000	000	(996)	000	000	000	000	000	000	000	000	(996)	
Balance on 31/1/2020	000	16290	500	103685	000	000	000	000	000	000	000	000	000	000	120475	
Net Book Value	000	20717	125	5986224	000	2987	000	000	000	000	000	000	000	000	100451	

The clarifications from no. (1) to No. (28) are part of the financial statements and to be read with them



Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

Clarifications about the Amended Financial Statements for the Financial Year Ending on 31/December/2020

8. B. Net, Properties and Equipment (continued)
For period from 1/1 until 31/12/2019

Details	Buildings		Machinery and Equipment		Transport means		Furniture		Systems		Decors & fittings		Improvements		Total
	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	Thousand IQ Dinar	
Cost															
Balance on 21/1/2019	000	16444	625	93913	000	9425	000	000	000	000	000	000	000	120407	
Additions	000	000	000	42058	000	000	000	000	000	000	000	000	000	42058	
Settlement during the year	000	240	000	000	000	(5442)	000	000	000	000	000	000	000	(5202)	
Balance on 31/12/2019	000	16684	625	135971	000	3983	000	000	000	000	000	000	000	157263	
Accumulated Depreciation															
Depreciation Percentage	2%		20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	
Balance on 21/1/2019	000	15664	250	74130	250	4446	000	000	000	000	000	000	000	94490	
Deffered of the year	000	289	125	9393	000	996	000	000	000	000	000	000	000	10803	
Settlement during the year	000	000	000	000	000	(5442)	000	000	000	000	000	000	000	(5442)	
Balance on 31/12/2019	000	15953	375	83523	375	000	000	000	000	000	000	000	000	99851	
Net Book Value	000	731	250	52448	250	3983	000	000	000	000	000	000	000	57412	



The clarifications from no. (1) to No. (28) are part of the financial statements and to be read with them

Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

**Clarifications about the Amended Financial Statements for the Financial Year Ending on
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9. Intangible Assets

The details of this item are as follows:

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
Buying Systems	7738429	0
Total	7738429	0

10. Projects in Progress / Advance payments

details of this item are as follows:

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
Advance payment to buy building for the bank	10000000	10000000
Advance payment to maintain the above building	5042180	5000000
Advance payment to buy furniture and office equipment	0	5947922
Advance payment to buy accounting system (Temenos)	0	4321800
Advance payment to buy Dada center system	0	3416629
Total	15042180	28686351

11. Other Assets

The details of this item are as follows:

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
Deposits with others (MoneyGram)	2520000	2520000
Shareholders Current Accounts*	4619602	29000000
Advances for activity purpose	71135	000
Advances for Employees*	22400	23200
Expenses Paid in Advance	780	2446
Unpaid due revenues	207	000
Cash differences	12653491	
Total	19887615	31545646



- The amount shown in the shareholders' current account is (4619602) thousand dinars represents the remaining amounts that were withdrawn by the shareholders during the month of February 2018 and are still unpaid until 31/12/2020 noting that it has not been any disclosure of the analysis of the debtors shareholders names.
- The amount shown in the account of cash differences, in the vault of the bank in Bab Al-Sharqi Building which we couldn't take the inventory as on 31/12/2020.
- Within the account of the employees loans the amount of (20 million) dinars is in the liability of the previous managing director Mazen Kamal Elias retained since year 2018.

12. Deposits and Current Accounts

The details of this item are as follows:

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
Current accounts private sector / companies	810736	1920856
Current accounts private sector / persons		1120720
Total		3041576

The clarifications from no. (1) to No. (28) are part of the financial statements and to be read with them

Islamic Bank for Investment (Private Shareholding Company) – Baghdad

Clarifications about the Amended Financial Statements for the Financial Year Ending on 31/December/2020

13. Cash Deposits

The details of this item are as follows:

	31/12/2020 Thousand IQ Dinar	31/12/2019 Thousand IQ Dinar
Insurance against letters of guarantee	2723387	3046272
Total	2723387	3046272

14. Income Tax Allocation

The details of this item are as follows:

	31/12/2020 Thousand IQ Dinar	31/12/2019 Thousand IQ Dinar
Balance at the beginning of the year	4511	4511
Achieved at the present year	000	000
Balance at the end of the year	4511	4511

15. Other allocations/allocation of contractual credit and Cash

The details of this item are as follows:

	31/12/2020 Thousand IQ Dinar	31/12/2019 Thousand IQ Dinar
Balance at the beginning of the year	531128	000
Settlement during the year	(77245)	531128
Balance at the end of the year	453883	531128

16. Other Liabilities

	31/12/2020 Thousand IQ Dinar	31/12/2019 Thousand IQ Dinar
General Treasury/ Stamp fees	91406	91406
Creditors Current Account	292	238
Excess on hand	9	000
Unpaid Due Auditing Fees	24330	54847
Balance at the end of year	116037	146491

17. The Capital

A. the company was incorporated in the year (2006) as a foreign exchange company and practiced its activity in the same year. At the beginning of year 2018 it was transferred to a bank and the following table shows the improvements occurred on the capital at the last five years:

Year	Capital/million dinars
2014	500
2015	55000
2016	56350
2017	101350
2018	101350



The clarifications from no. (1) to No. (28) are part of the financial statements and to be read with them

Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

Clarifications about the Amended Financial Statements for the Financial Year Ending on
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B. Share of the year's deficit: The basic deficit share was calculated by dividing the net deficit for the year by the weighted average for the outstanding number of shares, and as follows:

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
Net deficit of the year	(1657428)	(2500745)
Overbalanced average for number of shares (in thousands)	101350110	101350110
Basic share of the year's deficit	(00163)	(00247)

18. Reserve Expansions

The details of this account are as follows:

This reserve is used in banks expansions when opening new branches and any other expansion works.

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
Balance at the beginning of the period	13809	13809
Additions	000	000
Balance at the end of the year	13809	13809

19. Compulsory Reserve:

The details of this account are as follows:

According to Companies Law No. 21 for the year 1997 amended, a 5% percentage (as a minimum) of the income for the year shall be deducted after taxes as a mandatory reserve. The accumulated amounts for this account may not exceed 50% of the bank's capital, It is also not permissible to distribute the mandatory reserve or any returns resulting from it to the shareholders, and the deduction may continue with the approval of the General Body of the bank, provided that it does not exceed 100% of the capital, and its balance has reached (18,365 thousand) dinars as on 31/December/2020 and as follows:

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
Balance at the beginning of the period	18365	18365
Additions	000	000
Balance at the end of the period	18365	18365

20. Allocation of exchange rate fluctuation:

The details of this account are as follows:

According to the instructions of the Central bank of Iraq in its letter No. 9/3/2654 on 19/5/2011, the allocation of exchange rate fluctuation shall be calculate with percentage, and the allocation reached (3,621) thousand dinars, as on 31/December 2019 and as follows:

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
Balance at the beginning of the year	3621	3621
Additions	113412	000
Balance at the end of the year	117033	3621

The clarifications from no. (1) to No. (28) are part of the financial statements and to be read with them



Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

**Clarifications about the Amended Financial Statements for the Financial Year Ending on
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21. Retained profits:

The details of this account are as follows

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
Balance at the beginning of the year	317722	317722
Additions	000	000
Balance at the end of the year	317722	317722

22. Accumulated deficit:

The details of this account are as follows

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
Balance at the beginning of the year	3441386	940632
Additions	1657428	2500754
Balance at the end of the year	5098814	3441386

23. Contra Accounts

The details of this account are as follows

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
letters of guarantee	25417555	29602652
Deduct: received deposits of letters of guarantee	(2723387)	(3046272)
Balance at the end of the year	22694168	26556380

24. Net commission revenues:

The details of this account are as follows

	31/12/2020	31/12/2019
	Thousand IQ Dinar	Thousand IQ Dinar
Revenue of selling and buying currency	000	3960
Deduct: difference of currency valuation	000	(2548)
Net currency trading revenue	000	1412
<u>Commission revenue</u>		
Commission of internal letters of guarantee	249957	1585430
Commission of issued cahiers check	000	998
Other banking commission	5614	33577
printings	1619	000
	257190	1620005
<u>Total commission revenue</u>	257190	1621417
Deduct: paid banking commissions	(171901)	(2829)
Net commission revenue	85289	1618588

The clarifications from no. (1) to No. (28) are part of the financial statements and to be read with them



Ur Islamic Bank for Investment (Private Shareholding Company) – Baghdad

**Clarifications about the Amended Financial Statements for the Financial Year Ending on
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25. Salaries of the employees and the alike:

The details of this account are as follows

	31/12/2020 Thousand IQ Dinar	31/12/2019 Thousand IQ Dinar
Salaries	296760	582834
Additional workers' wages	000	125
Incentive rewards	112195	43575
Compensation allocations	117972	3387
Workers' transport	965	919
Workers supplies	000	151
Workers training	92250	2160
Total salaries of employees and the like	620142	633151



26. Operational expenses

	31/12/2020 Thousand IQ Dinar	31/12/2019 Thousand IQ Dinar
Commodity Requirements		
Fuel and Lubrications	9605	30629
Spare parts	000	227
Supplies and necessities	8221	19218
Stationary	1380	11282
Water and Electricity	000	6678
Total commodity requirements	19206	68034
Service Requirements		
Maintenance services	5059	24331
Research and Consultancy Services	206122	51090
Publication, printing and advertisement	5260	17532
Conscriptions and Affiliations	3000	33202
Hospitality	6599	4550
General communications and internet	19727	45861
Travel and delegation	150	10003
Rental of Building and establishments	160600	000
Rewards for non-workers for services performed	32625	11195
Legal services	51700	5200
Accounts auditing fees	24330	25627
Other services expenses	302407	139310
Total services expenses	817579	367901
Other operational expenses		
Taxes and fees	1374	14374
Donations to Others	250000	000
Compensations and fines	90041	1992822
Write-off differences	000	25
Expenses of previous years	000	7000
	341415	2014221
Total of other operational services expenses	1178200	2450156

مصرف اور الإسلامي للاستثمار والتمويل (شركة مساهمة خاصة)

التقرير السنوي والبيانات المالية المعدلة

للسنة المالية المنتهية في 31/ كانون الأول / 2020



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