



مصرف الجنوب الاسلامي
للاستثمار والتمويل

ALJANOUB ISLAMIC BANK

ANNUAL REPORT

2019



**مصرف الجنوب الاسلامي
للاستثمار والتمويل**
ALJANOOB ISLAMIC BANK



كلمة السيد
رئيس مجلس الادارة



Message from Chairman

In the Name of Allah the Merciful

Ladies and Gentlemen

Respected shareholders of Al Janoob Islamic Bank

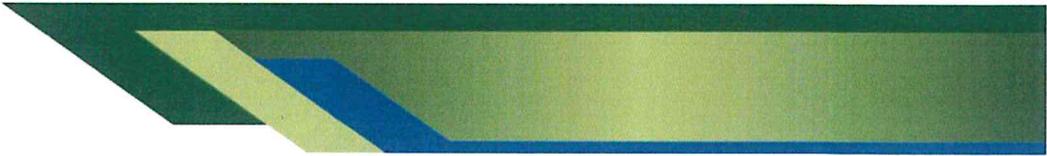
Dear all,

Peace, mercy and blessings of God.

On behalf of myself and on behalf of the members of the Board of Directors of Al Janoob Islamic Bank, I am pleased to welcome all of you to the annual meeting of your general body

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and to put in your hands the annual report and its financial statements ending on December 31, 2019, which sheds light on the performance of your bank and its main activities and to inform all performance indicators and reports Independent committees and bodies

Your bank continued the march of success despite the great challenges in the business sector in general and the banking sector in particular and the successive events that passed during the year 2019 within the framework of a firm vision that stems from continuous and diligent work to achieve our goals to be within the elite refineries in the banking business without prejudice to our social responsibility towards the most needy segments or our national responsibility towards Our dear country.

ladies and gentlemen

Despite the slowdown in growth indicators and the entry of the Iraqi economy into the recession tunnel, your bank was going against the trend through the growth of total assets by more than (17%) over the previous year, as this growth was associated with a clear increase in the ability to attract deposits that reflected the public's confidence in the bank, which It allowed us to progress confidently towards achieving our goals of financial inclusion and expansion by opening bank accounts, especially Emiratization accounts. The bank also witnessed a major shift in the use of the discreet international correspondent banking network, as it implemented documentary credits approximately (4) times more than the previous year and building international relations that are distinguished by reliability and stability. Also, your bank was among the very limited banks in Iraq that were able to enter the world of international ratings through Capital Intelligence, the global credit rating company in the category (B) with a stable outlook.

Amidst the expansion of the credit and investment portfolio, your bank approached a policy of diversification in financing real economic sectors through financing development projects in the industrial, agricultural and educational sectors, and direct investment in the technological and industrial sectors without prejudice to hedging indicators and a rational policy in banking risk management. The indicators of liquidity and capital adequacy have continued. Higher than the legal ratios set by the Central Bank of Iraq, in addition to following policies that guarantee the rights of all stakeholders and the achievement of their goals.

I would also like to point out that Al-Janoob Islamic Bank approved the Institutional Governance Manual and adapted its organizational structure and policies to ensure good governance based on a complete belief in the separation of powers and activating the supervisory and supervisory role of the Board of Directors and the committees associated with it in harmony and coordination with the executive management towards achieving the goals set for the bank.

In the entirety of our review of the achievements and progress towards our ambitious goals, we must recall the development in information technology systems and the steady steps towards the transition to digital banking through the adoption of advanced systems linked to



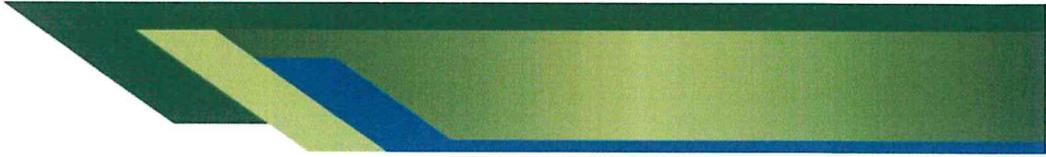
the comprehensive banking system, as well as the expansion of the use of bank cards and the deployment of automated teller machines and banking applications on the mobile phone. By providing electronic banking services to keep pace with the global development in this industry, and we are pursuing a clear vision of developing human capital and creating local banking competencies capable of keeping pace with the rapid developments in the banking industry.

In conclusion, I would like to thank my brothers in the board of directors and executive management for the efforts made during the previous period, through which they were able to install solid foundations for our dear bank and hand them over to the new council, wishing them success in leading this edifice towards horizons we all wish, and I also extend my thanks to the Central Bank of Iraq, who It was and still is the biggest supporter in laying the foundations of a solid banking sector that meets all of our ambitions. I also extend my thanks to the Department of the Registrar of Companies and the Securities Commission for their support and assignment of service for the public good, and may God grant us all to serve our dear country and our honorable people.

Peace, mercy and blessings of God.

Regards,

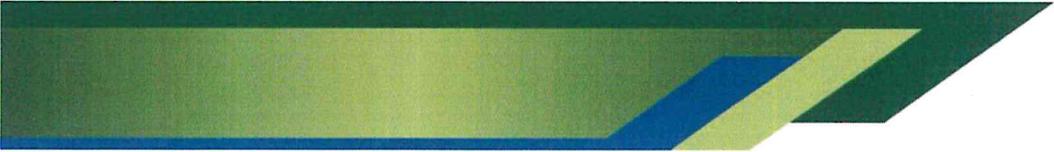
Chairman of the Board of Directors
Ali Falih Kadhim Al-Zaidy



تقرير
مجلس الإدارة

Report of the Board of Directors of Al Janoob Islamic Bank
for Investment and Finance

(Private Joint Stock Company) Baghdad
On the bank's activities for the fiscal year ending on 31 / December / 2019



Ladies and gentlemen, the respected shareholders of Al Janoob Islamic Bank. Peace, mercy and blessings of God....

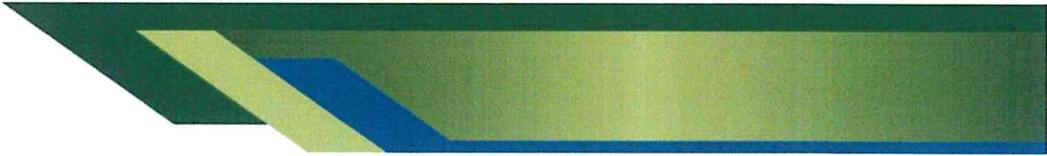
The Board of Directors of Al Janoob Islamic Bank for Investment and Finance is pleased to present to the shareholders the comprehensive annual report on the bank's performance attached to the consolidated financial statements for the fiscal year ending on December 31, 2019 and in accordance with the provisions of Articles (134, 117) of the Companies Law No. 21 of 1997 (Amendment) and instructions The unified accounting system for banks and insurance companies, the accounting rule No. (10) issued by the Accounting and Supervisory Standards Board in the Republic of Iraq and the international accounting standards and provisions of the Banking Law No. 94 of 2004 and the Islamic Banking Law No. (43) of 2015 and the instructions of the Central Bank of Iraq

The prospects for economic growth in Iraq are still contingent on the government's ability to stimulate economic activity and continue reconstruction efforts. In this regard, the importance of financial policies supporting growth is highlighted, which necessitates further efforts towards controlling public finances and providing more resources for investment spending, as the general budget recently witnessed a significant increase in current expenditures at the expense of investment expenditures, which is reflected in the performance of the non-oil sector. In the event of the persistence of the structural challenges facing the state budget, the crowding out of current spending for capital spending is expected to have an unfavorable impact on economic activity.

The most prominent priorities in this regard are setting ceilings for current spending in the general budget starting from 2020, with reforms directed towards strengthening the capacity of the fiscal framework to support growth-enhancing capital spending, and adapting to fluctuations in oil prices, by containing the increase

Large public sector wages, directing more spending to improve services to support activity in the non-oil sector, and improving public money management.

The government's current strategic priorities include giving priority to diversifying the economy, and enhancing the role of the private sector in achieving inclusive economic growth, which creates more job opportunities. In



this context, the government has given priority to improving the business and investment environment.

The matter depends on the success of the government's efforts to confront the negative effects of the Corona pandemic and then return to the path of economic recovery.

In light of the foregoing, our bank sought to maintain its leading position within the Iraqi Islamic banks, and then, improve performance in general, in order to achieve the goals set until 2023.

First: General information: -

1- A brief summary of the bank: -

A- Establishing the bank:

The bank was established after its transformation from a financial transfer company in the name of (Al-Janoob Financial Transfer Company) a private shareholding company that was established according to the incorporation certificate issued by the Companies Registration Department with No.(68848-1) according to the company registrar's book number (807) on 1/13/2016 related to the completion of the procedures and increasing its capital from (45) billion dinars to (100) billion dinars, and then to a paid-up capital of (250) billion Iraqi dinars. According to the letter of the Central Bank of Iraq, the General Directorate of Banking and Credit Monitoring issued in Number (3/9/1791) on 2/2/2016 regarding the final approval for practicing banking business, the bank began its actual activity on 7/3/2016.

B- Main objectives of the bank: -

- Exercising Islamic, banking and investment activities in accordance with the tolerant Islamic Sharia and under the supervision and control of the Central Bank of Iraq and under the Central Bank Law No. (56) for the year 2004 and the Iraqi Banks Law No. (96) for the year 2004 and the Companies Law No. (21) for the year 1997 as amended and the Islamic Banking Law No. (43) Of 2015.



- The continuous and serious pursuit of developing banking services through the acquisition of modern systems and increasing banking awareness among the public by making them aware of the use of modern electronic services to keep pace with the development taking place in other countries of the world.

- Developing the quality of banking and Islamic products in line with the nature of society and its various segments.

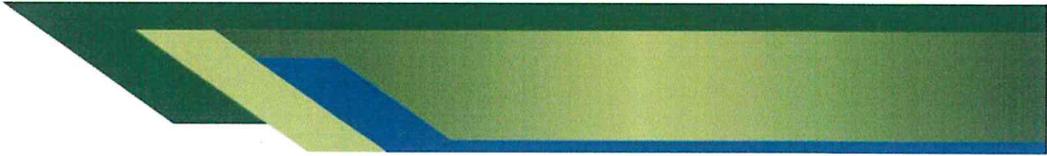
-Maintaining the bank's distinguished position and position among its peers from other Islamic banks.

-Contributing to support the monetary policy set by the Central Bank and the development and economic projects of the country.

C- Nature of activities carried out by the bank: -

Our bank continued to work with its strategic plan of establishing a solid banking entity built on solid foundations to be able to face any challenges or emergency circumstances. Our bank continued practicing all advanced banking business in accordance with Islamic Sharia, such as : -

- To open current and savings accounts and accept deposits of all kinds for individuals and companies in the main currencies (dinars and dollars).
- Issuing Certificates of Deposit (Al Janoob Deposit Certificate) is the first issuance of Al Janoob Islamic Bank for Investment and Finance, and it is a product that provides an opportunity for depositors to obtain valuable prizes through two draws (a small draw every 6 months and an annual major draw) with a high ability to re-liquidate the certificate.
- Granting credit facilities in accordance with Islamic finance formulas such as (mudaraba , murabahah, musharakah, leasing and istisna) in addition to trade finance services , mainly issuance of letters of guarantee and documentary credits.
- Employing funds in various short and long-term investment activities in accordance with the latest technology techniques in this field to promote economic development and to achieve the bank's goals.

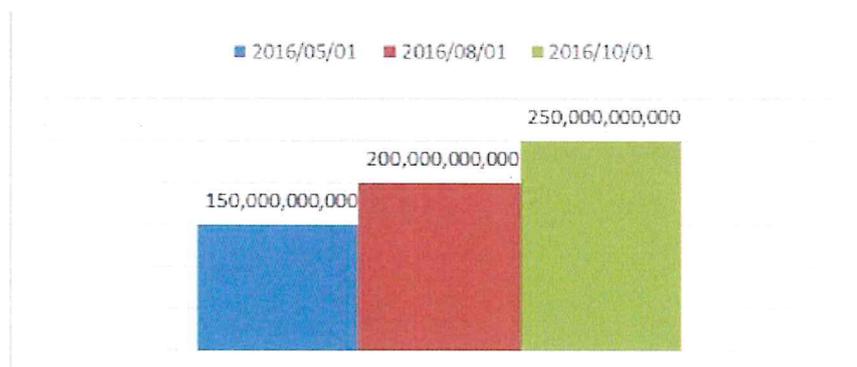
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- Providing advanced electronic channels specialized in providing electronic services to the customer, such as the use of electronic cards MASTER CARD and the ATM services deployed in Baghdad and the governorate branches and Internet banking services, in addition to providing a call center to answer customer inquiries and provide immediate solutions to them.
 - Money transfer services through the Western Union system, which is considered a fast, secure, and safe way to transfer and receive money.
 - Contributing by financing SME's enterprises in a way that serves the economic development of the country and limits the phenomenon of unemployment and actively contributes to creating job opportunities for various segments of society.
 - Domiciliation of employees' salaries working in the public sector for each of the ministries and governmental and non-governmental institutions according to an action plan focused on covering the largest geographical area to provide banking services for this important segment of society.

2- Developments in the bank's paid-in capital: -

The bank's capital is (250) billion Iraqi dinars, representing (250) billion shares, and it was fully paid during the year 2016 according to the requirements of the Central Bank of Iraq and the relevant laws and regulations. The following are the developments in the capital increase: -

- During the month of 5/2016 the capital was increased from 100 billion Iraqi Dinars to 150 billion Iraqi Dinars.
- During the month of 8/2016 the capital was increased from 150 billion Iraqi Dinars to 200 billion Iraqi Dinars.

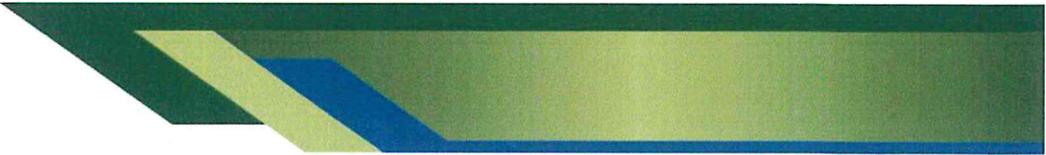
- During the month of 10/2016 the capital was increased from 200 billion Iraqi Dinars to 250 billion Iraqi Dinars.



Capital Increase

3- The bank's plan for the year 2019 was based on: -

1. Continuation of the bank's policy, which includes expanding the customer base and attracting the largest number of deposits of various kinds.
2. Continuing to diversify and develop banking products and introduce new products for the purpose of diversifying sources of revenue and maintaining stability and growth of profits by taking advantage of available market opportunities.
3. Continuing the bank's plan to open branches and the procedures for geographical expansion in the rest of the governorates, and to prepare qualified human cadres to manage those branches.
4. Continuing to strengthen cooperation with local banks and open new horizons with foreign banks by establishing cooperative relations to serve this trend.
5. Participation in investment projects and major feasible financing operations in a manner that serves economic development and contributes to the socio-economic development of the country.
6. Continuing the plan to develop and train the banking cadres by intensifying training courses inside and outside the country, in addition to workshops that are prepared inside the bank.
7. Providing Islamic financing to individual and corporate clients based on their cash flows in addition to the bank guarantees they provide and by studying all types of risks.
8. Dedicating a work methodology committed to controlling risks to reduce the risks that the bank may be exposed to of various kinds, such as



(market risks, liquidity, funds granted, exchange rate changes, and operational risks) and develop appropriate recommendations and procedures to deal with them first.

9. Development of procedures for the long-term plan of the Foreign Ministry.

Second: Board of Directors: -

A- Duties and Responsibilities:

The Board of Directors works to build a large and sobriety institution that is based on strong and solid foundations and is based on a sound banking base. The Iraqi Central Bank in order to build a sound economic entity and to face all the challenges and economic and security conditions and avoid risks in order to upgrade the bank to the level of Arab and regional banks with good reputation and bear the following responsibilities and tasks: -

- Drawing up the bank's strategic goals and following up on their implementation accurately and smoothly by the executive management.
- Periodic review of all procedures and policies in place to ensure the extent of their effectiveness and the extent of executive management's commitment to implementing them.
- Access to the periodic reports of the supervisory departments through the committees formed and linked to the Board of Directors, in accordance with the stipulations of the principles of banking governance.
- Review and approve the planning budgets submitted to it by the executive management.
- Ensuring the extent of the bank's compliance with financial disclosures in accordance with IFRS and relevant legislation.
- Reviewing the quarterly financial statements and final accounts of the bank and ensuring that they fulfill all the financial conditions and explanations and submitting them to the general assembly at its annual meeting for approval.

- Access to the administrative reports of the functional cadres and the preparation of workers and determine their wages and remuneration according to the experiences and competencies they enjoy.
- The Board adopts the guiding standards and basic rules for banking governance due to its conviction of their importance in enhancing the bank's performance, upgrading the risk system, activating all the committees emanating from it, and taking all necessary decisions to implement them.

B- Board of directors Structure:

The Board of Directors consists of five original and reserve members who have banking, financial and commercial experience, as they were elected by the General Assembly

The following is a table with the names and members of the board of directors and the number of shares they own: -

No	Names	Shares	Positions
1	Ali Falih Kadhim	24,750,000,000	Chairman of Board of Directors
2	Ra'ed Hassan Abbas	24,750,000,000	Deputy Chairman of the Board
3	Ali Abbas Hassan	5,000,000	Member
4	Ali Nader Mohammed	250,000	Member
5	Ahmed Zeki Younis	1,500,000	Member

C - The Chairman of the Board of Directors and members of the Board did not receive any remuneration during the year 2019 except for what was approved by the General Assembly at its annual meeting.

D - The number of meetings held by the Board of Directors during the year 2019 reached (8) sessions to discuss various issues of concern to the bank's policy and directions.

E - Below is the number of shareholders who own more than (5%) of the bank's capital

No.	Name	Number of Shares
1	Ali Falih Kadhim	24,750,000,000
2	Ra'ed Hassan Abbas	24,750,000,000
3	Hassan Falih Kadhim	24,750,000,000
4	Rasha Ali Hasson	24,180,000,000
5	Huda Shghati Kadhim	23,400,000,000
6	Sundus Shghati Kadhim	23,400,000,000
7	Yousif Hassan Falih	15,425,000,000

F- Committees of the Board of Directors:

First - Social Responsibility Committee

Ali Falih Kadhim	Chairman of Board of Directors	Chairman of the Committee
Ra'ed Hassan Abbas	Deputy Chairman of the Board	Member
Ali Abbas Hassan	Member of the Board of Directors	Member

Dr. Ebtihal Gased Al-Zaidy	Board of Directors Consultant	Member
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Second - Investment and Treasury Committee

Bassam Thiab Ahmed Al-Bitar	Director of Operations Department	Chairman of the Committee
Alia' Mairy Murdan	Director of the Financial Department	member/ till 22/11/2019
Reta George Roman	Director of Risk Department	Member
Firas Fadhil Ali	Associate Director of Investment	Reporter of the Committee

Third - The Accounts Audit Committee (Audit)

Dr. Ahmed Zeki Younis	Member of the Board of Directors	Chairman of the Committee
Ra'ed Hassan Abbas	Deputy Chairman of the Board	member
Hassan Falih Kadhim	Member of the Board of Directors	Member
Dhia'a Shghati	Director of legal Department	Reporter of the Committee

Fourth - Credit Committee

Zuhair Abd Al-Kareem Jabbar	Associate Managing Director	Chairman of the Committee
Dhia'a Shghati	Director of legal Department	Member
Wasan Alwan	Main Branch Manager	Member
Zainab Dhia'a	Credit Manager	Reporter of the Committee

-----	Member of the Board of Directors	Observer member
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Fifth - Nomination and Remuneration Committee (Human Resources)

Ra'ed Hassan Abbas	Deputy Chairman of the Board	Chairman of the Committee
Hassan Falih Kadhim	Member of the Board of Directors	Member
Ali Nader Shareef	Member of the Board of Directors	Member
Dalia Ala'a	Human Resources Manager	Reporter of the Committee

Sixth - Risk Management Committee

Ali Abbas Hassan	Member of the Board of Directors	Chairman of the Committee
Qasim Ali Hasson	Member of the Board of Directors	Member
Ali Nader Ahmed	Member of the Board of Directors	Member
Anfal Salman Dawood	Associate Risk Manager	Reporter of the Committee

Seventh – Corporate Governance Committee

Ali Falih Kadhim	Chairman of the Board of Directors	Chairman of the Committee
Ali Nader Shreef	Member of the Board of Directors	Member
Ali Abbas Hassan	Member of the Board of Directors	Member

Dhia'a Shghati	Legal Department Manager	Reporter of the Committee
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Eighth - The Information and Communication Technology Committee

Bedir Mirdas Jaber	Director of Information Technology Department	Chairman of the Committee
Bassam Thiab Ahmed Al-Bitar	Director of Operations Department	Member
Alia'a Mairy Murdan	Director of the Financial Department	Member till/ 22/11/2019
Rami Ghassan Shammot	Director of Cards and Electronic Channels	Member
Abd Al-Rahman Taher	Associate director	Reporter of the Committee
-----	Member of the Board of Directors	Observer member

Third: the executive management of Al Janoob Islamic Bank: -

The executive management of the bank, Chairmanned by the managing director, is responsible for implementing the policies and plans set for it by the board of directors and following up on their implementation. And terrorist financing.

The following are the names and addresses of the senior management positions of the bank during 2019:

No.	Name	Position
1	Zuhair Abd Al-Kareem	Associate Managing Director
2	Bassam Thiab Ahmed Al-Bitar	Director of Operations Department
3	Alia'a Mairy	Financial Director / until 11/22/2019
4	Rafi Alyas Khori	Compliance Monitor
5	Qasim Lateef Khamees	Money Laundering Manager
6	Reta George Roman	Risk manager

Fourth: A brief summary of the bank's employees: -

Our bank seeks to recruit and attract specialized competencies and expertise, each according to its specialization, in addition to raising the level of employees' performance by engaging them in training courses for the purpose of qualifying manpower capable of leadership, development, development and professional management of all businesses. The following is a summary of the number of employees and their scientific certificates: -

A- The number of employees in the bank (permanent owners) at the end of 2018 reached (200) affiliates distributed over the general administration and branches as follows: -

No.	Position	Quantity
1	Authorized Director	1
2	Associated Authorized Manager	1
3	Departments Managers	13
4	Branch Managers	7



5	Association Managers	16
6	Employees	140
7	Security and Services	52
8	Total	230

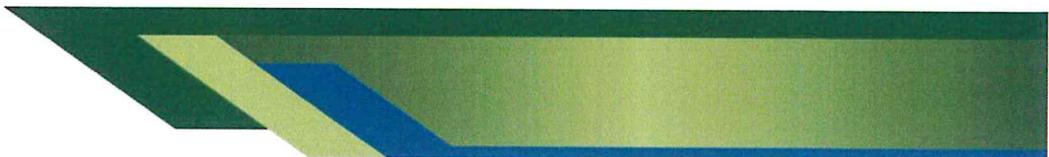
B - Below are explanatory data regarding the academic qualifications of the bank's staff:

No.	Scientific Certificate	Quantity
1	Ph. D	1
2	Legal Accountant	1
3	Master Degree	3
4	Bachelor	184
5	Diploma	41
7	Total	230

C - Security Protection Network: -

Continue broadcasting in the security network, all the sites required to provide the best levels of service, providing the security personnel with the events of security preparation and monitoring systems in all bank branches.

E - Below is a table of the total cadre expenditures for the year 2019:



Total salaries, wages and employee benefits	2,735,260,112
Training and Development	33,232,500
Travel and dispatch	87,292,841

F- The following are the most important training courses held during the year 2019:

Training Courses	No.
Courses inside the bank	5
Courses outside the bank	21
Courses abroad	1

Fifth: the organizational structure of the bank: -

The organizational structure of the bank consists of the following: -

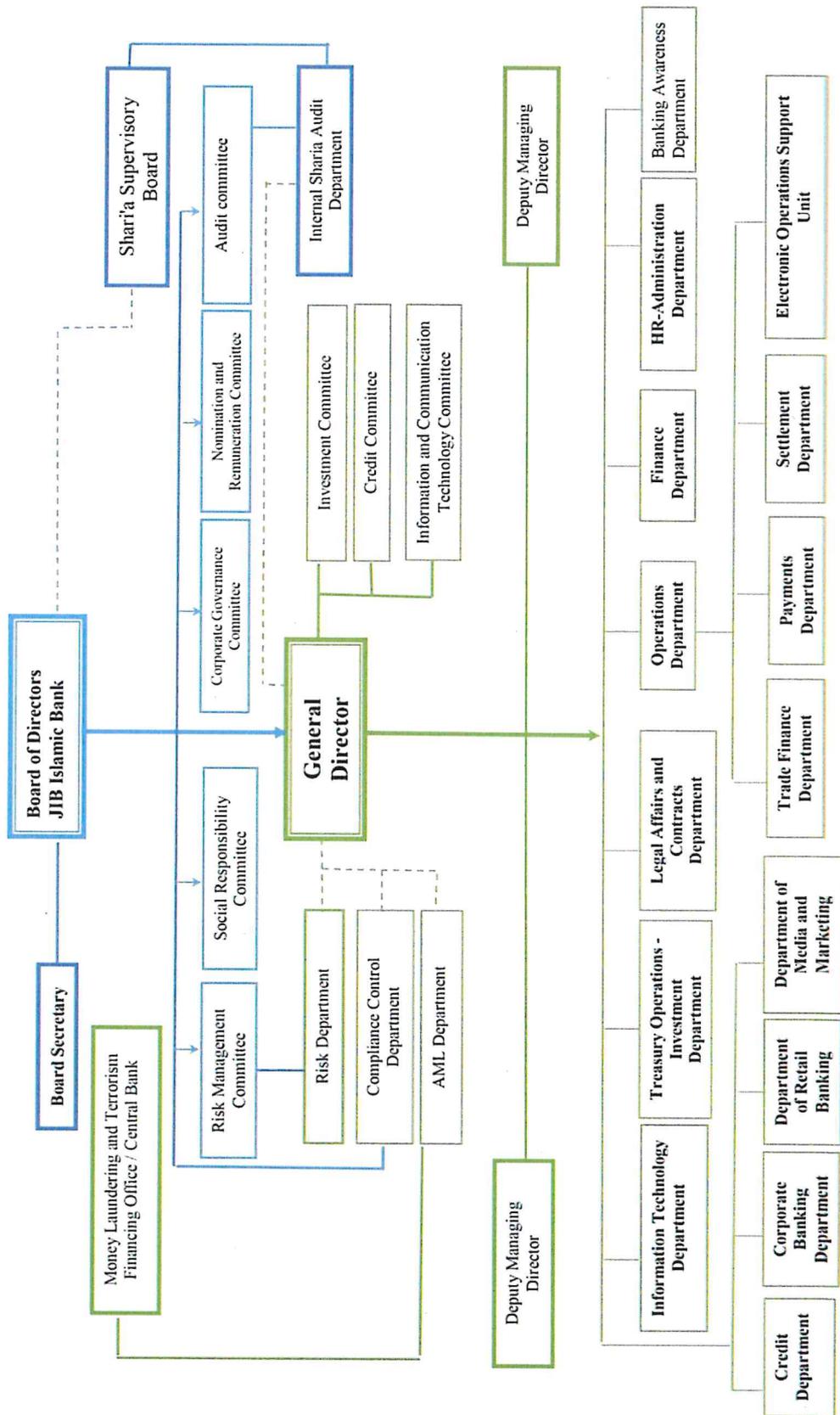
A - Board of Directors: - It consists of (5) original and reserve members, and the following departments are associated with it:

- Reporting section on money laundering and terrorist financing.
- Compliance Monitor.
- Department of Risk Management.
- Department of Supervision and Inspection.
- Internal Sharia Audit Department.
- Sharia'

B - Managing Director: - The following departments are associated with him: -

- Associate Director of Operations and Branches.
- Assistant Commissioner for Supervision Affairs.
- Banking Operations Department.
- Department of finance.
- Department of Human Resources and Administrative Affairs.
- Department of Legal Affairs and Contracts.
- Information Systems and Technology Department







Sixth: The Sharia Board: -

The Sharia Board is directly linked to the Board of Directors and is independent from the Executive Management in the performance of its business.

-The main objectives of the Sharia supervisory board: -

1. Verify that the bank's management has fulfilled its responsibility in applying the provisions of Islamic Sharia law in its banking transactions.
2. Verify that any product, service, or activity exhibited by the bank is in line with Islamic Sharia.
3. Achieving an integrative supervisory role with other supervisory departments, with the aim of building an effective audit base.

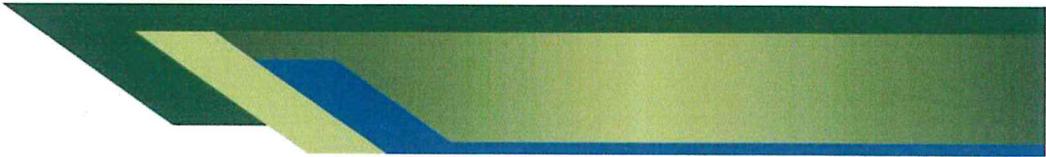
Functions of the Sharia Supervisory Board: -

1. Reviewing and approving instructions, work procedures and credit decisions issued by the bank's management.
2. Answer all inquiries and questions referred to it by the executive management.
3. Reviewing all contracts concluded by the bank and ratifying them in a manner consistent with Islamic Sharia.
4. Participation in awareness campaigns for Islamic financial institutions

Sharia Board members :-

The Sharia Board in our bank consists of the gentlemen whose names are mentioned below: -

- Dr. Adel Abd Al-Sattar Abd Al-Hassan
- Duraid Dawood Salman
- Shihab Ahmed Ali



Seventh: Bank Correspondents: -

In pursuit of the bank's management to expand the establishment of international relations and the establishment of solid relations with a number of Arab, regional and international banks, accounts have been opened with the following correspondent banks: -

ARAB AFRICAN BANK
BANK OF JORDAN
Housing Bank
Safa Islamic Bank
UBAF FRANCE
ABU DHABI ISLAMIC BANK
CREDIT BANK
ARES BANK
BANQUE MISR

Eighth: Bank branches and locations: -

Below is a list of the bank's branches and their locations: -

Branch	Type	Address
Main	Property	Baghdad/ Al-Wihda district
Al-Rasheed	Leased	Baghdad / Al-Rasheed St.
Al-Mustansiriyah	Leased	Baghdad/ Filasteen St.
Samawa	Property	Al-Muthanna Governorate/ Al-Hussain Distirct/ The four streets.
Basra	Property	Basra Governorate / Mannawi Basha/ Istiqlal St.
Mosul	Leased	Ninawa Governorate/ Al-Jazaer District
Diwaniyah	Property	Diwaniyah / Um Al-Khail District

Ninth: the credit policy of the bank: -

The bank was keen to establish a balanced credit policy on international foundations and standards in accordance with the dictates of Islamic law, taking into account the decisions and instructions issued by the Central Bank of Iraq, and in this context, the bank adopted a policy of granting credit and Islamic

financing on the principle of dealing with low-risk credits, good guarantees and within the controls And the banking rules, where the total funds granted during the year 2019 amounted to (87,989,733,137) (eighty-seven billion nine hundred and eighty-nine million seven hundred thirty-three thousand one hundred thirty-seven Iraqi dinars) distributed as follows: -

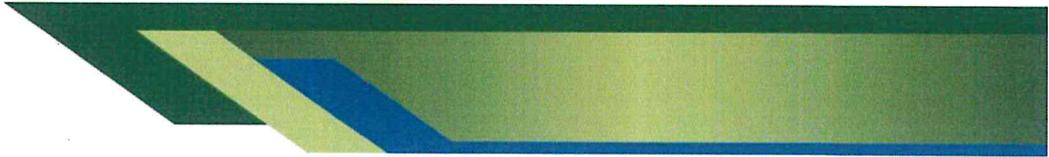
Type of Islamic financing	Balance as of December 31, 2019
Murabaha Financing	49,784,604,454
Musharakah Financing	37,925,000,000
Interest-free loan (qardon hassan)	280,128,683
Total Islamic financing accounts	87,989,733,137

Tenth: the investment policy of the bank: -

The investment activity is considered one of the main activities of our bank and it is prepared according to an investment policy based on solid investment principles and standards that are compatible with the bank's future policies, procedures and plans and within the instructions and laws in force and through the investment of cash surpluses, taking into consideration the provision of the necessary liquidity to meet the withdrawals and in this context we have been keen on Diversification of the investment portfolio on many long-term investment projects with high flexibility and avoiding high-risk investments, as the total balance of investments amounted to (68,341,500,783) only sixty-eight billion three hundred forty-one million five hundred thousand seven hundred eighty-three Iraqi dinars.

Eleven: AML anti Money Laundering Department: -

The management of the bank seeks to ensure that the bank complies with its internal policy and approved work procedures for all services provided by it with the laws, regulations, instructions, sound banking practices and rules of Islamic Sharia issued by the supervisory and guiding authorities at the local, regional and international levels. Through this, the bank has performed the role assigned



to it as part of The local and international system that is making strenuous efforts in the field of combating the crime of money laundering and terrorist financing due to the importance of that in protecting it from the risks that may be exposed in the event that its services are exploited in such operations and the bank has committed in this context to adopting clear work procedures to identify clients .These procedures include the requirements needed to strengthen the KYC base.

Twelfth: The Bank's Privacy Policy: -

The bank applies a strict policy and follows strict procedures to keep customer information confidential and secure, and it emphasizes that measures and procedures are followed to ensure the confidentiality of the personal information that the bank obtains from the customers' dealings with them in a safe manner and guarantees its protection from loss, and random access to it by means of unauthorized entry or misuse of any person or its disclosure to an outside party is not permitted by law.

Among the procedures followed in Al Janoob Islamic Bank to maintain the confidentiality of information for its customers are the following: -

1. The modern and advanced electronic protection systems that the bank uses to prevent electronic piracy operations that do not allow unauthorized persons to access the systems.
2. Employees, that the employees of Al Janoob Islamic Bank are qualified, trained and committed to Islamic banking and are governed by the principles of Islamic Sharia from the standpoint of trust and confidentiality.
3. The information submitted to the bank may not be disclosed to any party or organization except after obtaining the prior consent of the customer or according to a legal text or a decision issued by an Iraqi court.



Thirteenth: Know Your Customer (KYC) policy: -

The terms of this policy are: -

1. Al Janoob Islamic Bank prohibits dealing with persons whose identity is unknown or with fictitious names or with persons whom it is forbidden to deal with according to the applicable laws and regulations.
2. The bank is keen not to deal with persons who deal in the production or trade of illegal substances.
3. The bank verifies the identity of the customer submitted to open the account, verifies the correctness of personal data, obtains all information related to the customer's economic activity, identifies the sources of his funds, and requests documentation of that.
4. The bank is obligated to review and update its customers' data whenever the need arises.

Fourteenth: Policy of Communication with Shareholders: -

The bank is always interested in maintaining a clear and fast communication mechanism with the shareholders and providing the necessary information for decision-makers, whether at the level of the public body, the executive management, or the board of directors, relying on modern means of communication as well as publishing in local newspapers and the bank's website in a way that guarantees the delivery of messages to the shareholders or for the purpose of receiving Inquiries from shareholders about the status of the bank, its overall activity, and its future plan, and answering them in a timely manner.

Fifteenth: Disclosure and Transparency: -

Al Janoob Islamic Bank discloses according to local and international standards for financial reporting and the instructions of the Central Bank of Iraq issued in accordance with the applicable banking law and relevant legislation and any requirements from any supervisory authority where the bank is obligated to



disclose important information if it occurs in accordance with the instructions of the Iraq Market and the Securities Commission. The bank also prepares all information for shareholders and answers their inquiries through the annual reports of the financial statements.

Sixteenth: Control and Internal Control System: -

The Board of Directors is responsible for developing and implementing internal control systems as well as internal inspection by supervising the development of effective policies and procedures in order to protect depositors' funds and the ownership rights of shareholders. The bank's board of directors has sought to appoint competencies in the internal control and audit department. The extent of its consistency and compliance with the laws, regulations, and instructions in force, the relevant regulations and instructions, and the provision of appropriate recommendations regarding them, as this department was granted independence and audit powers to be able to present its periodic reports as stated in the Institutional Governance Manual issued by the Central Bank of Iraq.

Seventeenth: Compliance Department: -

This department reviews all banking business and activities or practiced in the bank to ensure that all departments and divisions comply with the laws and instructions in force, the most important of which are the Islamic Banking Law, the Banking Law, the Central Bank of Iraq Law, the Companies Law, the Money Laundering Law and the Financing of Terrorism and other international laws, including the tax compliance law as is done Ensure compliance with the codes of conduct, standards and sound banking practices issued by the relevant authorities and avoid falling into errors and violations in coordination and cooperation with the departments, divisions and branches of the bank. And that this department works with complete independence and wide powers, as it monitors, reviews, audits and submits periodic and quarterly reports to the Board of Directors as well as to the Central Bank of Iraq. In accordance with the instructions of the Central Bank of Iraq, the official of the Compliance Monitoring Unit attends all meetings of the Board of Directors.

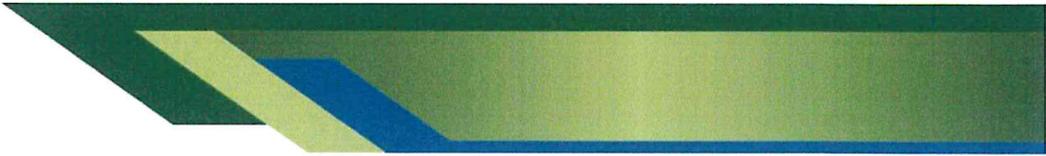


Eighteenth: Social Responsibility: -

Based on the bank's responsibility towards society, the bank has formed a committee called the Social Responsibility Committee, which is a committee consisting of gentlemen of the board of directors as well as officials in the higher executive management of the bank. This Committee policy is based on cooperation and social solidarity by providing material support and community volunteer work for the bank's family, consolidating bonds with the community through support for displaced families, providing treatment services to patients, and establishing an orphan sponsorship project, where the bank has allocated a percentage of its annual profits of (20%) to support the following sectors: -

Details	Range
Charitable institutions that take care of the affairs of orphans, the needy, and those with special disabilities by granting them monthly salaries	45%
Education sector	15%
Emergency relief (assisting the displaced and the areas affected by the liberation battles)	20%
Curative services inside and outside Iraq and others specified by the Social Responsibility Committee	20%

Whereas, the bank's contributions were not limited to that only, but also included other aspects such as the civilized aspect by supporting the Baghdad project, establishing the Peace Monument in Rasheed Street, and the cultural aspect through supporting Iraqi drama, supporting the Islamic Banking Magazine and holding exhibitions, in addition to supporting scientific and humanitarian conferences, other donations, and building infrastructure and many other social activities.



Nineteen: Electronic systems and modern technologies : -

In this regard, the bank's strategy is to invest in the available modern technologies and provide more options and flexibility in meeting the needs of customers as well as the ability to introduce new products more quickly and efficiently. In this context, the bank has introduced the following systems: -

Updating the bank's Website
IT Business Continuity Plan
Alternate Site
ATM - Processing Management
3D secure Mastercard Debit and Credit and Prepaid)
Processing Management
e-Form and Digital Voucher
Western Union
New Statement
SMS gateway with BANKS
Internet & Mobile Banking
AML system
E-Statement
FATCA REPORTING SOLUTION
Electronic archiving system
Automated asset management system



Twenty: The legal cases filed: -

There are no lawsuits filed by or against the bank for the year 2019.

Twenty-one: Accounting Policies: -

The financial statements of the bank were prepared in accordance with the international financial reporting standards emanating from the International Accounting Standards Board and in accordance with the historical cost principle and the requirements of the laws and instructions of the Central Bank of Iraq.

Below is a summary of our accounting policies: -

1. AcknowledgmentOf Revenues revenue from: -

- Murabaha: where murabaha revenues are included over the contract period according to a specific time basis and based on the remaining amount of murabaha cost.

- Musharaka: - The income from participation is calculated on the basis of reducing Musharaka balance on a specific time basis based on the remaining amount of Murabaha cost.

-Ijara: - Revenue is listed on a time basis over the contract period.

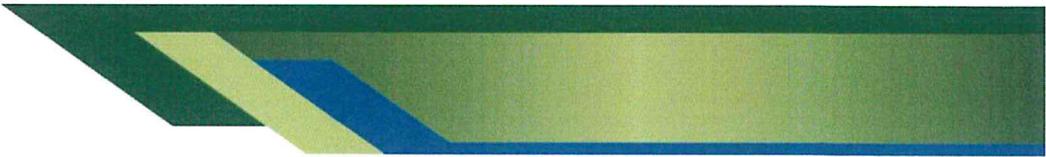
- Mudaraba: where income profits or losses on mudaraba financing are included on an accrual basis if the income or losses can be measured with high accuracy, otherwise the income is included when it is distributed by the speculator, while the losses are recorded in the bank's income statement when announced by the speculator.

- Revenues resulting from Islamic financing are calculated net after deducting the doubtful credit provision.

2. Fee and commission income (royalty): - as they are included when the related services are performed.

3. Financial assets at fair value plus acquisition expenses and the change in fair value appears in the statement of comprehensive income and within equity.

4- Allocations (Provisions)



Provisions are recognized when the bank has obligations, and the bank follows a policy of hedging any expected losses arising from previous events, and that the payment of the obligations will be possible.

- Provision for impairment of credit facilities: The provision is calculated within the principles laid down by the Central Bank of Iraq for international financial reporting standards.

- Tax allocations: The fiscal year is charged with its tax expense in accordance with the regulations, laws and accounting standards.

5. Recognition of expenses: -

Expenses are recognized on an accrual basis.

6. The principle of continuity: -

The management conducted an assessment to determine the extent of its ability to continue and expressed its satisfaction in possessing the necessary resources for this in the future, in addition to that, the bank does not believe in the existence of material uncertain matters in a manner that may result in doubts about the bank's ability to continue. Therefore, the bank continued preparing financial statements on the basis of the principle of continuity.

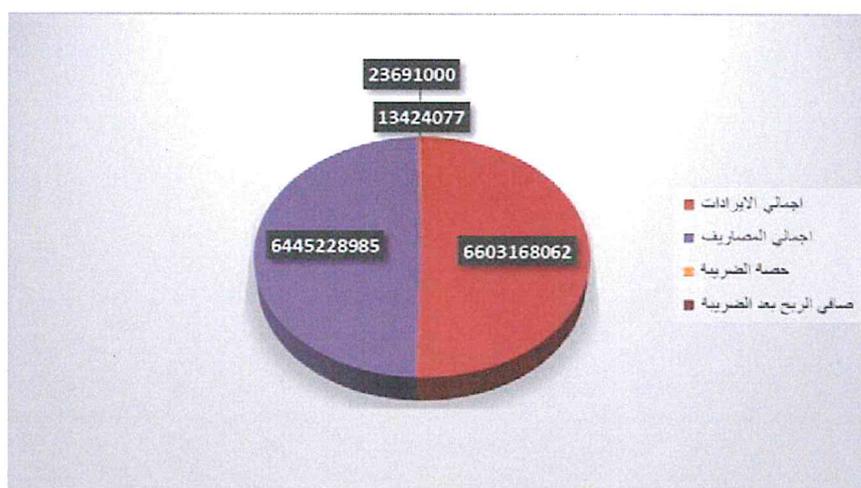
Twenty-Two: Financial analysis and the most important indicators for the fiscal year as on December 31, 2019: -

The bank achieved acceptable financial results in terms of profits and the bank maintained the main financial indicators in terms of asset quality and liabilities management. The bank continued to develop its business at the level of banking operations by providing additional products and services on the approach of innovation in developing the bank's performance.

Below we list the most prominent financial results: -

- Profitability: -

Total revenues as of December 31, 2019	Total expenses as on December 31, 2019	Income Tax	Net profit after tax
6.603.168.062	6.445.228.985	23.691.000	134.248.077

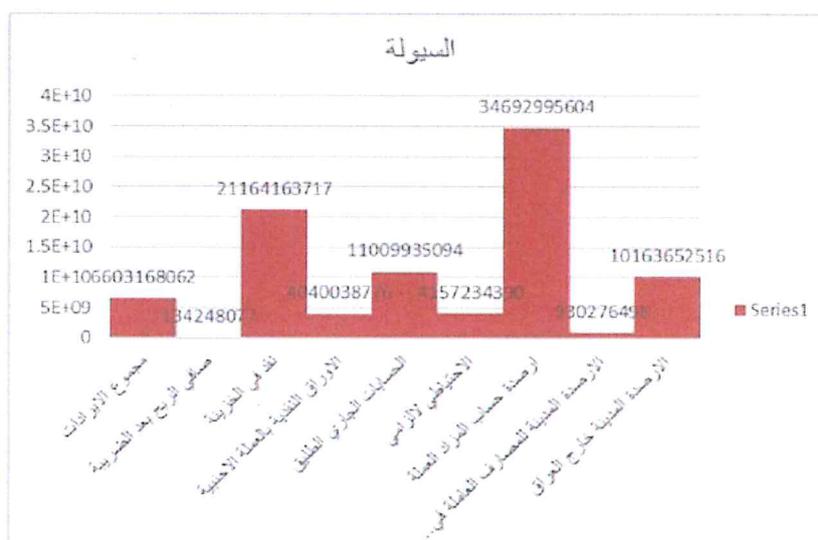


Revenues & expenses

Bank Liquidities:

The table below shows the cash and liquidity analysis as of December 31, 2019:

Cash/ Liquidity in Treasury	
Cash in the treasuries in the Iraqi dinar currency	21,164,163,717
Foreign currency banknotes	4,040,038,776
Total cash in treasury	25,204,202,493
Balances at the Central Bank of Iraq	
Current account	11,009,935,094
Third: the mandatory reserve at the Central Bank	4,157,234,390
C- Balances of the Currency Auction Account 216	34,692,995,604
Total Balances at the Central Bank of Iraq	49,860,165,088
Balances with banks and banking institutions	
Debit balances of banks operating in Iraq	930,276,498
Balances debited outside Iraq	10,163,652,516
Total balances of local and foreign banks	11,093,929,014



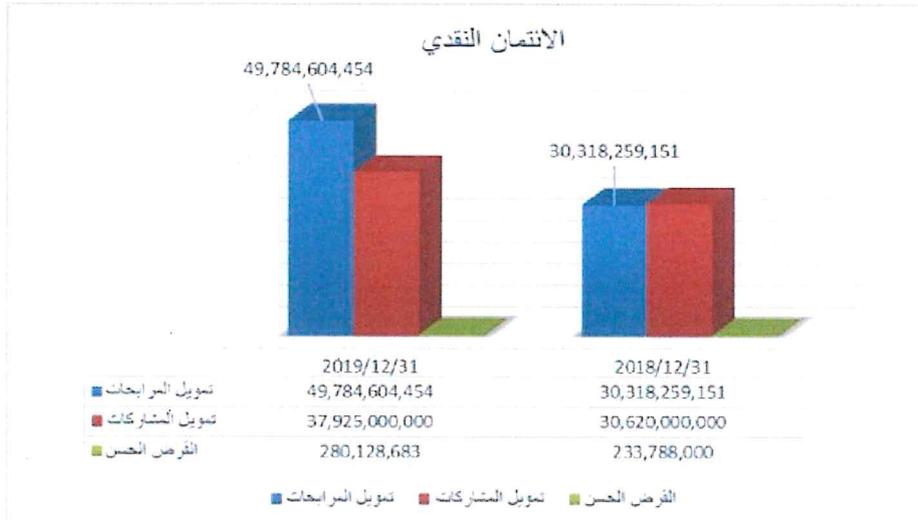
Liquidity

The bank is keen to provide adequate financial liquidity to meet financial obligations and economic conditions in a manner that preserves the strength of the financial position.

Banking facilities: -

A- Cash credit: - There is an increase in cash credits from the previous year, as the net credit facilities (Islamic cash financing) amounted to (86,219,494,577) (eighty-six billion two hundred and nineteen million four hundred ninety-four thousand five hundred seventy-seven Iraqi dinars).

Statement	31/12/2019 Dinars	31/12/2018 Dinars
Musharkah financing	37,925,000,000	0
Murabaha financing	49,784,604,454	60,938,259,151
Interest-free loan	280,128,683	233,788,000
Total	87,989,633,139	61,172,047,151
Minus:		
Provision	1,770,238,560	1,242,047,682
Net Financing	86,219,994,577	59,947,999,469



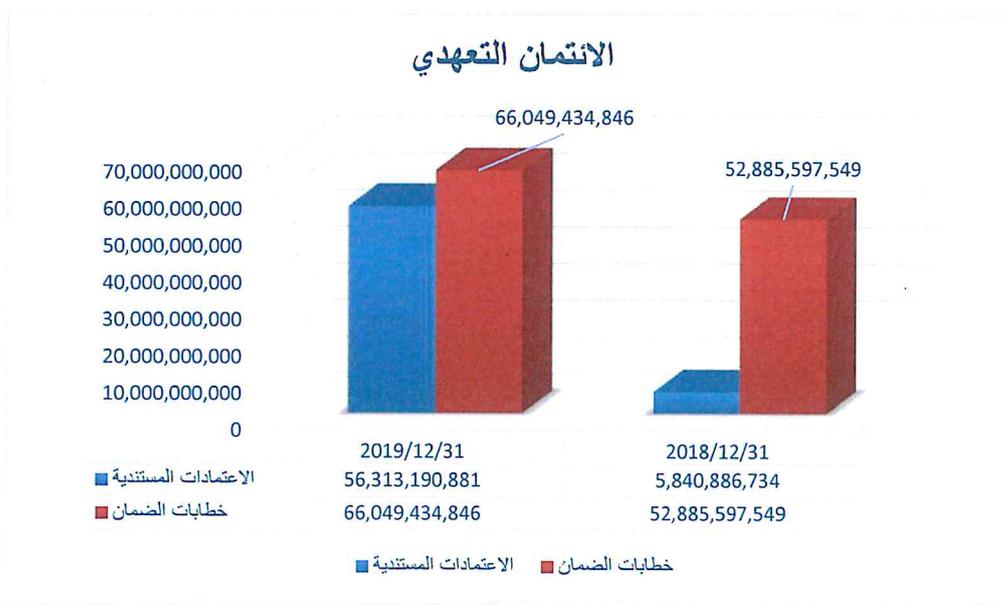
Financing

B- Net credit: - Net Contingent credit as of December 31, 2019 is as follows:

- Documentary credits (65,349,689,331) (sixty-five billion three hundred forty-nine million six hundred and eighty-nine thousand three hundred and thirty-one dinars only)
- Letters of Guarantee (13,636,374,720) (thirteen billion six hundred and thirty six million three hundred and seventy-four seven hundred and twenty dinars only).

Net Contingent credit

Documentary credits	65,349,689,387	8,819,799,359
Credits insurances	(9,036,498,451)	(2,978,912,625)
Net Documentary credits	56,313,190,881	5,840,886,734
Letters of Guarantee	13,636,374,720	52,885,097,049
Letters of guarantee insurance	(3,900,130,755)	(6,681,243,689)
Net letters of guarantee	9,736,243,965	46,203,853,360
Total Contingent credit (net)	66,049,434,902	52,044,740,094



Contingent Credit

Capital adequacy ratio: -

The Basel Committee on the rules, regulations and financial and accounting indicators of the banking system has set a minimum capital adequacy ratio (8%) according to Basel (3), and the instructions of the Central Bank of Iraq considered the required minimum (12%) while the bank's capital adequacy rate reached (111%) according to the table of weighted risk weights for the general budget items.

Bank pricing: -

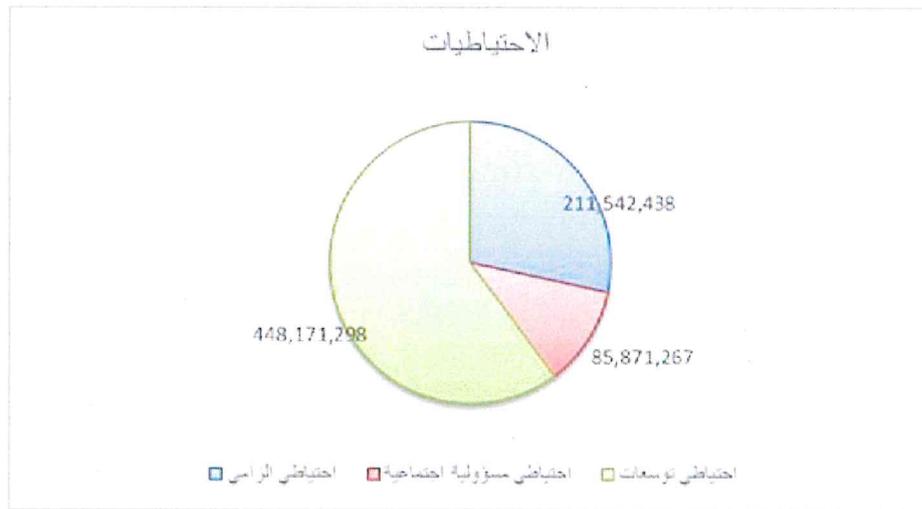
The bank shall prepare a table of the prices of banking operations, and it is discussed and amended from time to time according to the prevailing banking conditions and developments in Iraq and in line with the instructions of the Central Bank of Iraq and the conditions of the local market.

Reserves Balances and their Use: -

The balance of reserves was as of December 31, 2019

(745,585,004) only seven hundred and forty-five million five hundred and eighty five thousand and four dinars only, as is shown in Note No. (18) Paragraph (B).

Account Name	31/12/2019
Bank Reserve	211,542,438
Reserve social responsibility	85,871,267
Expansions Reserve	448,171,298

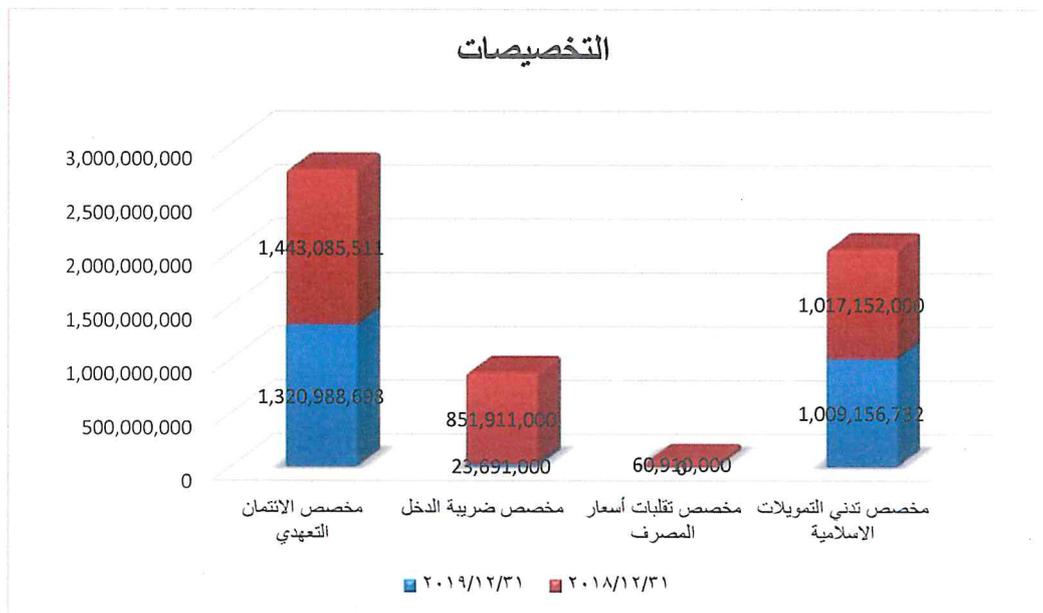


Balances of Retained Provision and Types:

Below is a table of the provision amounts as on December 31, 2019:

Account Name	31/12/2019	31/12/2018
Credit Contingent provision	1,320,988,698	1,443,085,511
Income tax provision	23,691,000	851,911,000
Exchange fluctuations provision	0	60,910,000
Decreasing Islamic finance provision	1,009,156,732	1,017,152,000

Income tax is calculated according to the tax rates established in accordance with the laws, regulations, and instructions existing in Iraq.

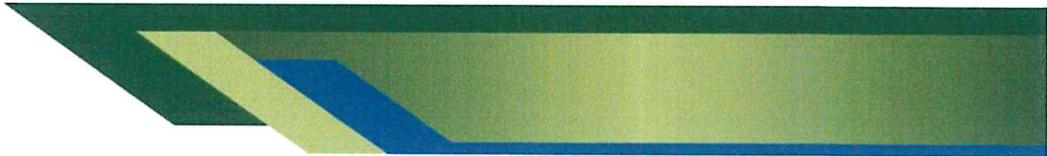


Material changes and events subsequent to the date of the budget: -

There have been no fundamental or recent changes affecting the bank's progress from the date of preparing this budget until the date above.

Twenty-three: Land and Real Estate:

No.	Description	Value at Cost		Total
		Land Value	Building value	
1	General administration building + main branch	5,130,625,000	7,502,912,000	12,633,537,000
2	Thiqar branch building	1,166,000,000	1,855,000,000	3,021,000,000
3	Maisan branch building	2,067,000,000	2,782,500,000	4,849,500,000
4	Najaf branch building	2,896,000,000	3,167,500,000	6,063,500,000
5	Samawah branch building	800,000,000	1,759,520,000	2,559,520,000
6	Qadisiyah branch building	800,000,000	1,759,520,000	2,559,520,000
7	Wasset branch building	1,501,500,000	1,750,000,000	3,251,500,000
8	Karbala' branch building	1,170,000,000	1,365,000,000	2,535,000,000
9	Babil branch building	1,650,000,000	2,625,000,000	4,275,000,000
10	Basrah branch building	2,944,500,000	1,590,330,000	4,534,830,000
Total		20,125,625,000	26,158,161,000	46,283,786,000



2- The bank does not own any expropriated real estate as a result of debt settlement.

Twenty-four: Other matters: -

The bank obtained many letters of thanks, appreciation and efforts evaluation during 2018 from many agencies, including the following: -

1- The Central Bank of Iraq / Administrative Department - Public Relations Department

A- for supporting social responsibility.

B - For the Journal of Islamic Banks.

2- The Central Bank of Iraq / Issuance and Treasury Department / Banks Follow-up Department

A- From the Journal of Islamic Banks.

3- Central Bank of Iraq / Department of Statistics and Research

A- From the Journal of Islamic Banks.

4- Middle Technical University / Management Institute / Rusafa

A- About the training program for their staff

5- Nahrain University / College of Business Economics

A- From the Journal of Islamic Banks.





Acknowledgment from the Board of Directors:

The Board of Directors of Al Janoob Islamic Bank acknowledges its responsibility for preparing the financial statements, and for providing an effective control system in the bank. It also acknowledges that there are no material matters affecting the business and continuity of the bank in the following year.

Chairman of the Board of Directors

Ali Falih Kadhim Al-Zaidy

Deputy Chairman of the Board

Raed Hassan Abbas Al-Dhalimi

Acknowledgment from the Chairman of the Board of Directors, the Associate Managing Director and the Financial Director.

We acknowledge the correctness, accuracy and completeness of the data and information contained in this report.

**Chairman of the Board of
Directors**

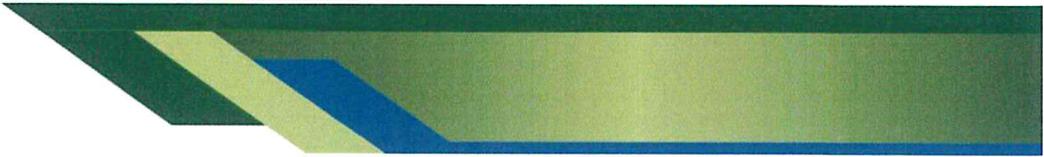
Ali Falih Kadhim Al-Zaidy

**Associate Managing
Director**

**Zuhair Abd Al-Kareem
Jabbar**

**Associate financial
Director**

Lubna Mufeed Ismaeel



تقرير
لجنة التدقيق



Report of the Audit Committee for the year 2019

Ladies and gentlemen, the respected shareholders of Al Janoob Islamic Bank.
Peace, mercy and blessings of God....

Pursuant to the provisions of Article (24) of the Banking Law No. (94) of 2004, the Accounts Review and Auditing Committee began its work and examined, audited and reviewed the bank's financial statements for the period from 1/1/2019 to 12/31/2019, where the procedures, policies and monitoring programs were adopted on the bank's activities. In addition to the audit document and the annual management report, it was found that it was prepared in accordance with the requirements and provisions of the Banking Law No. 94 of 2004 and the Islamic Banking Law No. (43) of 2015 and the instructions of the Central Bank of Iraq and international standards. It has been shown that:

- 1- The financial statements, the board of directors' report, and the data, clarifications and accounting and financial information it contained, is identical to the reality of the banks' work for the period ending on December 31, 2019.
- 2- The annual training and development plan was reviewed, its implementation was followed up, and the executive management reports on the status of human resources were reviewed.
- 3- Reviewing and approving the audit plan submitted by Sharia Supervision and Audit Department.
- 4- Viewing and reviewing the reports submitted by the executive management to the Central Bank of Iraq.
- 5- The policies and instructions related to appointments and promotion were reviewed.
- 6- The bank's various and varied activities have been reviewed and we confirm the bank's compliance with laws, regulations and instructions related to money laundering and in accordance with the Anti-Money Laundering and Terrorism Financing Law No. (39) of 2015 and according to the reports sent to the Central Bank of Iraq.
- 7- The risk management process is carried out according to sound and objective controls and is based on foundations consistent with the applicable laws.



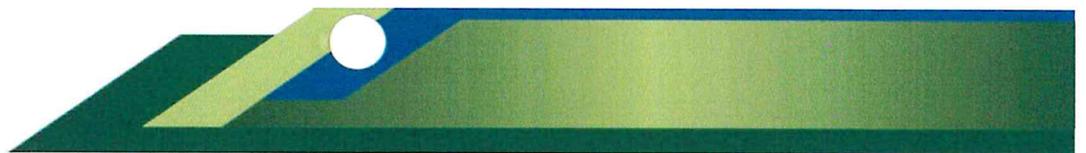
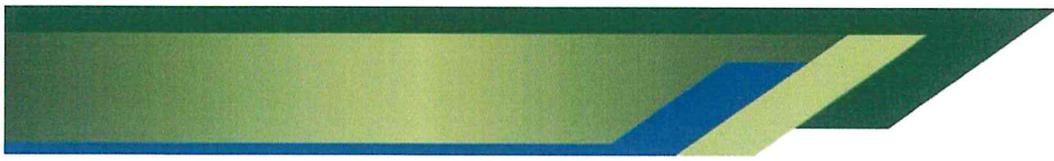
- 8- Reviewing the observations of the supervisory and inspection committees of the Central Bank of Iraq and following up on the measures taken in their regard. We support the bank's filtering of all observations.
 - 9- The capital adequacy ratio reached (111%), which is a high percentage, which requires the bank's management to reduce it.
 - 10- The net cash credit granted on 12/31/2019 was (86,219,494,577) dinars, as the net cash credit increased from the previous year 2018 by (46%).
 - 11- Financial investments on December 31, 2019 amounted to (68.341,500,000), an increase of (87,8%) over the previous year.
 - 12- We support the bank's compliance with implementing Instructions No. (4) for the year 2004 to facilitate implementation of the Banking Law.
- All the foundations and regulations adopted by the bank in the numbers of its financial statements are in line with the principles, customs and accounting principles, and fairly reflect the course of the bank's activity and are organized in accordance with the Iraqi Banking Law No. 94 of 2004, the Islamic Banking Law No. 43 of 2015 and the Companies Law No. 21 of 2015. 1997 Amendment, regulations and instructions in force, international accounting standards and Sharia standards for Islamic financial institutions.

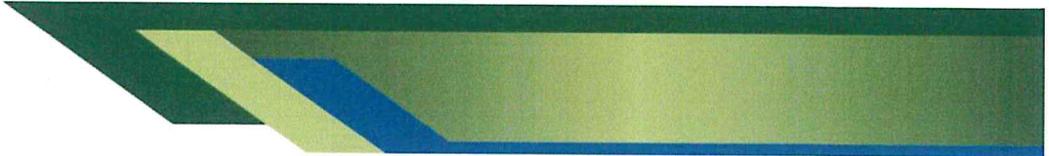
Many thanks and regards...

Dr. Ahmed Zeki Younis

Chairman of the Audit Committee

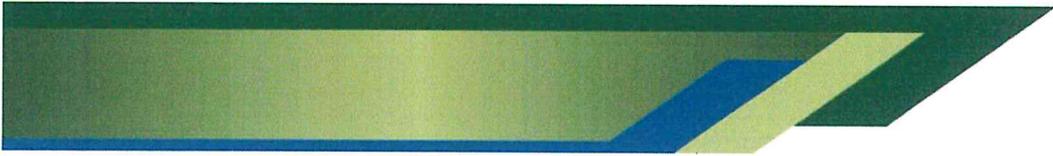






تقرير
هيئة الرقابة الشرعية

Subject/ Annual Report of the Sharia Supervisory Department for
the year 2019



In the name of God, the Most Gracious, the Most Merciful. Praise be to God, Lord of the worlds, and may God bless the best of his creation our Prophet Mohammed and his family.

Gentlemen, respected members of the General Assembly of the Al Janoob Islamic Bank for Investment and Finance, peace and mercy be upon you.

According to the requirements of banking work in Islamic banks and the strengthening of supervision and Sharia Laws control in Al Janoob Islamic Bank and our assignment to do so, we present to you the annual report for the year ending on 31 / December / 2019 as follows :

First: The Board of “Sharia Supervisory Board” of Al Janoob Islamic Bank held twelve meetings during the year ending on December 31, 2019, in which they studied a set of contracts, services and agreements concluded by the bank’s management. The Commission has some Sharia notes and in accordance with the provisions of Islamic law.

Second: The Board of the Sharia Supervisory Board reviewed the reports of Sharia Internal Control Department of the activities of the Center and branches of Al Janoob Islamic Bank, and made sure that these reports conform to the principles and provisions of Islamic law.

Third: We in the Board of the Sharia Supervisory Board monitored and reviewed the work activities and models of contracts of Al Janoob Islamic Bank presented to us in the above mentioned period and after reviewing and studying these transactions and contracts, the Commission expressed its opinion and approved it after correcting and editing some contracts and transactions and making them compatible with the provisions of Islamic Sharia.

After this monitoring, review and correction, it became clear to us in the Council of the Sharia Board that all contracts, transactions and activities of the bank are in line with Islamic Sharia and international Sharia standards, and that the management of Al Janoob Islamic Bank is keen to adhere to the principles and provisions of Islamic Sharia in its transactions, activities and contracts, as well as its commitment to the decisions and instructions issued by the Sharia Board.



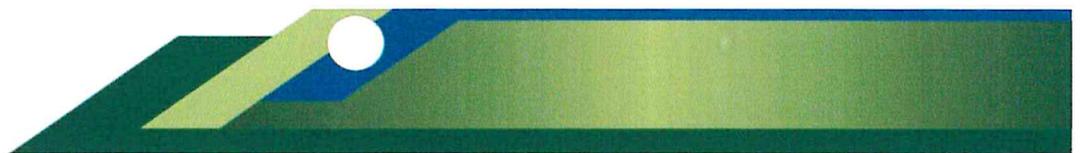
Fourth: The management of the bank in all its branches is responsible for implementing and applying the decisions of Sharia Supervisory Board and keeping it informed of all operations and developments that require the issuance of decisions by Sharia Board regarding them. The responsibility of Sharia Supervisory Board is limited to monitoring the proper implementation of decisions from Sharia point of view and expressing opinion on them based on Sharia reports and the financial statements of the bank.

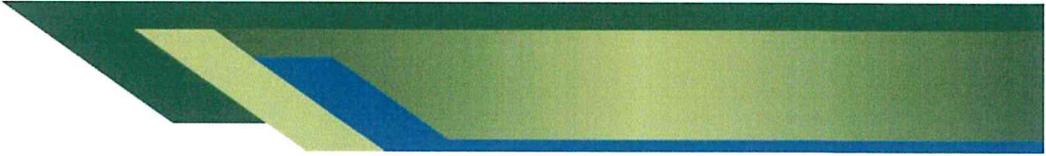
Fifthly: In our opinion, the contracts, instructions and transactions concluded by Al Janoob Islamic Bank for Investment and Finance during the ending year, which we have reviewed, were carried out in accordance with the principles and provisions of Islamic law.

Sixth: In our opinion, the distribution of profits and charging of losses on investment accounts was consistent with the basis that was adopted by us in accordance with the principles and provisions of Islamic law.

We, in the Board of the Sharia Supervisory Board, value the efforts of the bank's management and its keenness to implement the provisions of Islamic law in all its financial transactions. We pray to God Almighty to guide everyone to what he loves and is pleased with. He is the guardian of success.

Dr. Adel Abd Al-Sattar Abd Al-Hassan
Chairman of the Sharia Supervisory Board





تقرير
مراقب الحسابات

Issue: (58/131/20/55)



Date: 9/10/2020

To / the respected shareholders of Al Janoob Islamic Bank (PJSC)

Subject/ Auditor's report

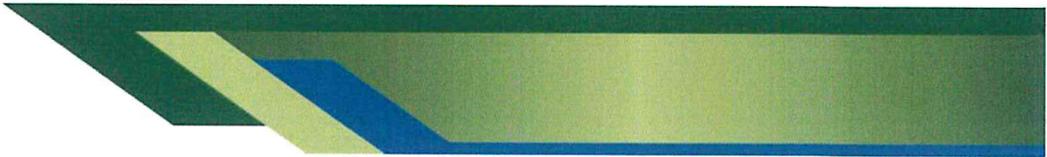
Greetings,

We are pleased to inform you that we have audited the financial statements of Al Janoob Islamic Bank (PJSC) as of 31 / December / 2019, the income statement, the statement of changes in the rights of the owners and the cash flow statement for the year ending with the same date and the notes bearing the sequence of (1) To (23) and the annual report of the bank's management prepared in accordance with the provisions of the Companies Law No. (21) for the year 1997 as amended and the regulations and instructions issued pursuant to the Banking Law No. (94) for the year 2004 and the Islamic Banking Law No. (43) for the year 2015 as a legal regulatory framework for contracts and the bank's activity in its banking dealings. And to provide services to its clients in accordance with recognized local and international auditing standards.

We obtained the information and explanations that, in our opinion, were necessary to perform our mission in accordance with the legislation in force and in accordance with customary auditing procedures, which included the necessary tests for the aspects of the bank's activity falling within our competence.

Management responsibility

The Management is responsible for preparing these data and disclosing them in accordance with international accounting standards and the standards of the Accounting and Auditing Organization for Islamic Financial Institutions ((AAOIFI) stipulated in Article (13) of the Islamic Banking Law No. (43) of 2015 in addition to its responsibility in preparing and implementing the internal control system Especially with regard to the numbers and disclosure of financial statements in a fair and free from material errors that may be caused by errors and



manipulation. This responsibility also includes testing the application of appropriate accounting policies and the use of reasonable accounting estimates.

The responsibility of the auditor

Our responsibility is to express a neutral technical opinion on the financial statements submitted to us in accordance with the evidence and local and international auditing standards. These standards require that we plan and complete the audit to obtain reasonable assurance about whether the data are free of any fundamental error. The audit includes our examination on a test basis of the data and supporting documents. For the amounts appearing in the general budget and other final accounts for the fiscal year ending on 31 / December / 2019 and disclose them. It also includes a fair evaluation of the accounting principles adopted by the management. We believe that our audit provides a reasonable basis for the opinion we express. We have the following clarifications and notes:

First: - Applying international accounting standards:

Al Janoob Islamic Bank (PJSC) has applied international accounting standards for the third year and is still adopting the principle of historical cost registration in evaluating property, buildings, equipment and other assets instead of re-valuation, and that the bank is in the process of reassessing the fair value when the instructions are received from the sectoral entity Note that “the bank has prepared” the methodology of Standard 9, and the methodology has been sent to the Central Bank according to the bank’s letter No. Iraqi No. 9/6/466 on 26/12/2018.

Second: - Subsequent events

There are no subsequent events at the budget date that materially affect the financial statements, nor is there a negative impact of Coronavirus as well, until the date of preparing this report.

Third: - Money

1) The balance of cash with foreign and domestic banks at the date of the balance sheet, as shown below:



Local banks: 930,276,498 dinars

External banks: 10,163,652,516 dinars

Total : 11,093,929,014

2) It was noticed that there is no insurance contract for the strong rooms (Bank Safes) of the bank, such as insurance against theft, fire and money damage due to dampness, as well as the absence of insurance contracts for fund trustees.

3) The monetary asset of the foreign currency was valued on December 31, 2019 on the basis of a price (1190) dinars per dollar.

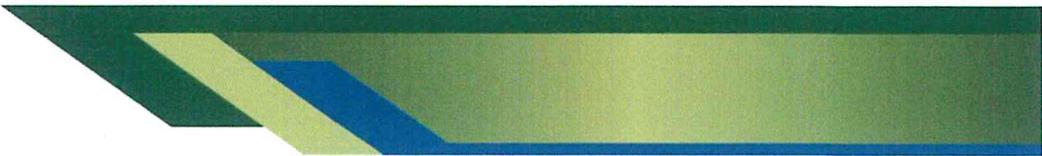
Other financial assets

Fourth: - Below is a list of the bank's financial investments:

No.	Investment	Investment cost per thousand dinars	Account	Account name
1	The National Company for Glass Industries	25.000.000	1526	Financial investments
2	National Gate for Electronic payment	10.000.000	1526	Financial investments
3	Al Nasik Islamic Bank	6.923.077	1526	Financial investments
4	Iraqi Deposit Guarantee Company	750.000	1526	Financial investments
5	Wajihat Makkah Company	3.600.000	1540	Sharing long-term investments
6	Islamic Instruments	22.068.424	15280	Long-term investments
	Total	<u>68.341.501</u>		

Fifth: - Cash and Contingent credit

1) The balance of cash credit at the budget date was (86,219,494,577) dinars, compared to (59.947.999.469) dinars for the previous year.

- 
- 2) The balance of the contingent credit on the budget date was (66,049,434,902) dinars compared to (52,045,240,651) dinars for the previous year after deducting the insurances.
 - 3) The percentage of Letters of Guarantee and Documentary Credit (LC) during the year 2019 in accordance with the instructions of the Central Bank of Iraq.

Sixth: - Income statement (profits and losses)

The bank achieved a net profit after tax on the balance sheet date of (134,248,077) million dinars, compared to (740,020,047) million dinars on December 31, 2018.

Seventh: AML anti money laundering

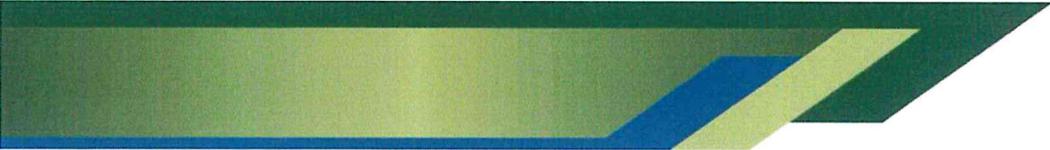
The bank has taken adequate procedures to prevent money laundering or terrorist financing and that these procedures are being implemented in accordance with the regulations, directives and guidelines issued by the Central Bank of Iraq and in accordance with the provisions of the Anti-Money Laundering and Terrorist Financing Law No. 39 of 2015. We have reviewed the reports of the Money Laundering Department and they meet all the conditions required.

Eighth: - Internal Control and Audit

A - The reports of the Sharia audit department were comprehensive for the activity of the bank, and that the internal control system included the necessary procedures through which this department could carry out control and audit procedures.

B - We reviewed the report of the Sharia Board, and it was comprehensive for all the activities of the bank and its branches.

Ninth: - Compliance Officer



Through our review and study of the compliance auditor's reports submitted during the year, the audit was prepared in accordance with the requirements of the Central Bank of Iraq.

Tenth: Legal cases

There are no lawsuits for or against the bank, and the legal department supported that.

Eleventh: Capital Adequacy

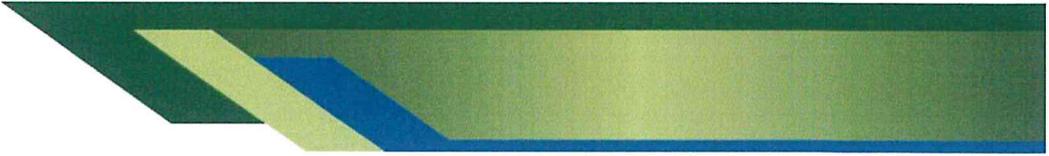
Through our examination of the accounting records and statements prepared for the purpose of calculating capital adequacy, the ratio was 111%, which is more than the rate specified by the Central Bank of Iraq.

Twelfth:

1- The Central Bank of Iraq / Department of Operations and Debt Management / Department of Foreign Currency was approached according to the book No. With the amount of foreign currency purchased, according to the table shown below, in addition to the revenue achieved through this window, noting that we did not receive the response of the Central Bank of Iraq until the date of issuing the final accounts

The amount of revenue In dinars	The amount of purchases In dinars	The amounts purchased through the Foreign Currency Buy and Sell window
1.508.895.806	1.303.503.269.870	Total

And according to what is recorded in the bank records and the explanations given to us.

- 
1. The accounting system used by the bank was in agreement with the requirements of the bookkeeping system and it included, at our discretion, the recording of all assets, liabilities, expenses and revenues of the bank, noting that the bank did not count the depreciation of the fixed assets for the year above and according to what was approved by the bank's management.
 2. The percentage of profits from the sale and purchase of the dollar through the foreign currency window represents (23%) of the bank's total revenues of (6.603.168.062) dinars.
 3. The inventory of fixed and monetary assets was properly carried out by the bank's management and under our supervision, and there are no seizure or mortgage signals on it, and that the results of this inventory were in conformity with the records and the assets were evaluated according to the approved accounting principles and principles.
 4. The annual report of the bank's management and the financial and accounting information it contains comprehensively reflects the bank's progress during the year and that it is prepared in accordance with the requirements of the amended Companies Law No. 21 of 1997, and it does not contain anything contrary to the provisions of laws and legislation.
 5. The financial statements have been organized in accordance with the International Accounting Standards IFRS and in accordance with the legislation in force. They are consistent with what the records show, and they are organized according to both the amended Companies Law and the Islamic Banking Law No. (43) of 2015 and the binding regulations and instructions.

The opinion

Taking into consideration the above notes and explanations, in our opinion and based on the information and explanations we obtained, the financial statements and the management report attached to them are in agreement



with the records and meet the legal requirements and that according to what they included in terms of performance indicators that express clearly and fairly the financial position of the bank as on December 31/2019 And the results of its activities and its cash flows for the fiscal year ending on the same date.

With respect

Muneeb Mustafa Hussain
Chartered accountant and accounts
controller

**Member of the Iraqi Association of
Certified Public Accountants**
About Haseeb Kadhim Jaweed Company and his
partner for auditing / partnership

Shahla' Hikmat Al-Bazaz
Chartered accountant and accounts
controller

**Member of the Iraqi Association of
Certified Public Accountants**

Assets			
Cash and balances in the Central Bank of Iraq	5	75.064.367.581	74.157.230.309
Balances in banks and other financial institutions	6	11.093.929.014	31.558.774.753
Direct Credit Facilities (net)	7	86.219.494.577	59.947.999.469
Financial investments (net)	9	68.341.500.783	36.380.000.000
Property and equipment (net)	10	86.951.881.996	86.151.639.121
Intangible assets	11	6.696.689.107	6.570.544.975
Other assets	12	15.515.127.508	4.058.619.545
Total assets		349.882.990.566	298.824.808.172
Liabilities and Property Rights			
Liabilities			
Customer deposits	13	65.967.936.571	17.413.046.707
Cash Margins	14	19.158.811.696	17.757.494.156
Income tax provision	15	23.691.000	130.592.000
Other customizations	16	1.320.988.698	1.037.654.812
CBI Initiative		1.650.000.000	950.000.000
Other liabilities	17	10.926.702.626	9.762.957.349
Total liabilities		99.048.130.591	47.051.745.024
Property rights			
Paid Capital		250.000.000.000	250.000.000.000
Statuary reserve	18	211.542.438	204.830.034
Other reserves	18	534.042.566	813.171.113
Retained losses	18	—	—
Retained Earnings	18	89.274.971	755.062.001
Total Property Rights		250.834.859.975	251.773.063.148
Total liabilities and Equity		349.882.990.566	298.824.808.172
Contingent Liabilities	19	66.049.434.902	52.045.240.651

Chairman of Board of Directors

Ali Fahih Kadhim

CEO

Zuhair Abd Al-Kareem Jabbar

Finance Director

Lubna Mufeed Ismaeel

Subject to our report No. (131/20/55/58) on 9/10/2020

Muneeb Mustafa Hussain

Shahla' Hikmat Al-Bazaz

Chartered accountant and accounts controller

Chartered accountant and accounts controller

Member of the Iraqi Association of Certified Public Accountants

Member of the Iraqi Association of Certified Public Accountant

Al Janoob Islamic Bank (PJSC)

A Private Joint Stock Company-Baghdad

Consolidated income statement For the year ending December 31, 2019

Statement

Clarity

31/12/2019

31/12/2018

		Dinar	Dinar
Income from Musharaka contracts		1.174.860.000	1.169.306.335
Murabahat revenue		788.603.700	—
Net commission income	20	2.581.021.689	743.317.234
Revenue from Foreign Exchange		1.508.895.806	5.055.691.668
Net interest and commission income		6.053.381.195	6.968.315.237
Profits (losses) of other operations	21	549.786.867	1.466.781.984
Total revenue		6.603.168.062	8.435.097.221
Expenses			
Personnel expenses	22	2.735.260.112	2.109.690.936
Provision for impairment of cash and pledge credit		1.009.156.732	—
Depreciations and amortizations	10	—	1.596.122.748
Other operating expenses	23	2.195.885.391	2.850.375.458
Compensation and fines		40.759.650	112.840.432
Taxes and fees		464.167.100	895.455.600
Total operating expenses		6.445.228.985	7.564.485.174
Net profit for the year before tax		157.939.077	870.612.047
Income tax		23.691.000	(130.592.000)
Net profit after tax		134.248.077	740.020.047
The net profit after tax is distributed as follows:			
Reserve mandatory (compulsory)		6.712.404	37.001.002
Accumulated surplus		127.535.673	703.019.045
Total		134.248.077	740.020.047

Al Janoob Islamic Bank (PJSC)
A Private Joint Stock Company-Baghdad

Clarifications on the financial statements For the year ending 12/31/2019

Statement of comprehensive income for the year ended December 31, 2019

Statement	Clarity	31/12/2019 Dinar	31/12/2018 Dinar
Net income for the year after accounting for income tax		134.248.077	740.020.047
Change in fair value of financial assets through the statement of other comprehensive income	8	—	—
Total items of other comprehensive income			
Total comprehensive income		134.248.077	740.020.047

Al Janoob Islamic Bank (PJSC)
A Private Joint Stock Company-Baghdad
Cash flow Statement As of 31 / December / 2019

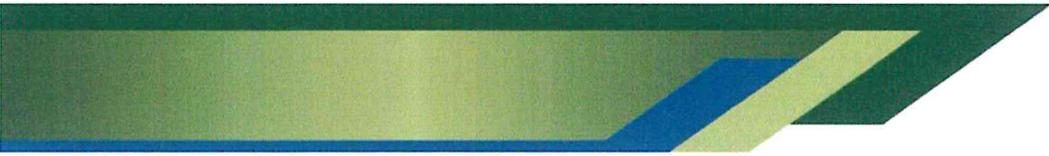
Statement	31/12/2019 Dinar	31/12/2018 Dinar
Operational activities		
Profit for the year before tax	157.939.077	870.612.047
Adjustments for non-cash items		
Depretiation	—	1.596.122.748
Loss of impairment of credit facilities	(26.271.495.108)	(10.064.551.469)
The increase in reserves and allocations	(812.808.364)	(2.789.097.773)
Profit before changes in assets and liabilities	(27.084.303.472)	(11.257.526.494)
Change in assets and liabilities		
Increase in other assets	(11.456.507.963)	2.057.341.913
The increase in customer deposits	48.554.889.864	8.456.812.104
Decline in cash Margins	1.401.317.540	6.393.108.156
Increase in other liabilities	1.163.745.277	9.437.379.536
The increase in loans received	700.000.000	950.000.000
Net cash flow from operating operations before tax	40.363.444.718	27.294.641.709
Income tax payments	(106.901.000)	(721.319.000)
Net cash flow from operations after tax	40.256.543.718	26.573.322.709
Net cash flow from operations	13.330.179.323	16.186.408.262
Investment activities		
Financial investments		
Purchase of property and equipment	(31.961.500.783)	(36.380.000.000)
Intangible assets	(800.242.875)	(13.873.421.918)
	(126.144.132)	(503.734.129)
Net cash flow (used in) from investing activities	(32.887.887.790)	(50.757.156.047)
Financial activities		
Capital increase		
Net cash flow from financing operations	—	—
Net increase in cash and cash equivalents	(19.557.708.467)	(34.570.747.785)
Cash and cash equivalents at the beginning of the period	105.716.005.062	140.286.752.847
Cash and cash equivalents at the end of the period	86.158.296.595	105.716.005.062

Al Janoob Islamic Bank (PJSC)
A Private Joint Stock Company-Baghdad
List of changes in property rights
As on 31 / December / 2018

Statement	Paid Capital	Mandatory Reserve	Other Reserves	Fair Value Reserve	Retained profits	Retained losses	Total shareholders' rights
	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar
2018(31/12)	250.000.000.000	167.829.032	662.223.165	—	2.456.065.978	—	253.286.118.175
Balance as of 1/1/2018							
Adjustments during the year	—	—	(59.957.766)	—	(2.193.117.308)	—	(2.253.075.074)
Additions during the year							
Profit of the year	—	—	—	—	740.020.047	—	740.020.047
Total items of comprehensive income							
Total comprehensive income	—	—	—	—	740.020.047	—	740.020.047
Gains from selling financial assets are directly recognized in retained earnings							
Transfers to reserves (Note 17)	—	37.001.002	210.905.714	—	(247.906.716)	—	—
Balance as of December 31, 2018	250.000.000.000	204.830.034	813.171.113	—	755.062.001	—	251.773.063.148

Al Janoob Islamic Bank (PJSC)
A Private Joint Stock Company-Baghdad
List of changes in property rights
As on 31 / December / 2019

Statement	Paid Capital		Mandatory Reserve		Other Reserves		Fair Value Reserve		Retained profits		Retained losses		Total shareholders' rights	
	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar
2019(31/12)														
Balance as of 1/1/2019	250.000.000.000	204.830.034	813.171.113	—	755.062.001	—	251.773.063.148							
Adjustments during the year	—	—	(317.389.249)	—	(755.062.001)	—	(1.072.451.250)							
Additions during the year														
Profit of the year	—	—	—	—	134.248.077	—	134.248.077							
Total items of comprehensive income														
Total comprehensive income	—	—	—	—	134.248.077	—	134.248.077							
Gains from selling financial assets are directly recognized in retained earnings	—	—	—	—	—	—	—							
Transfers to reserves (Note 17)	—	6.712.404	38.260.702	—	(44.973.106)	—	—							
Balance as of December 31, 2019	250.000.000.000	211.542.438	534.042.566	—	89.274.971	—	250.834.859.975							



Clarifications on the financial statements

1- Brief about the bank

The bank was established after its conversion from a financial transfer company in the name of (Al Janoob Financial Transfer Company) a private shareholding company that was established according to the incorporation certificate issued by the Companies Registration Department number (PJSC / 1-68848) on 6/11/2009 with a capital of (500) million dinars to (a bank) Al Janoob Islamic Bank for Investment and Finance (according to the company registrar's letter number (807) on 1/13/2016 related to the completion of procedures and increasing its capital from (45) billion dinars to (100) billion dinars, and the letter of the Central Bank of Iraq, the General Directorate of Banking and Credit Monitoring issued in issue (9 / 3/1791) on 2/2/2016 regarding the final approval to practice banking.

The capital was raised to reach a 250 Billion paid up Iraqi Dinars

2- Basic of Financial Statements Preparation:

- Final accounts were prepared according to the instructions and directives of the Central Bank of Iraq, and the transition was made from local standards to international accounting standards and for three financial periods according to the International Accounting Standard No. 1 (moving from local standards to standards).
- Continuing to adopt the principle of the historical cost of fixed assets, which will be shown in the net financial position list (after subtracting the accumulated depreciations),
- The financial statements of the bank were presented in Iraqi dinars, which is the national currency. As for foreign currencies, they were evaluated according to Standard No. 21, as shown below:
 - The US dollar at (1.190) dinars / dollar

Al Janoob Islamic Bank (PJSC)
A Private Joint Stock Company-Baghdad

Clarifications on the financial statements For the year ending 12/31/2019

5- Cash on hand and balances with the Central Bank of Iraq

Statement	31/12/2019	31/12/2018
	Dinar	Dinar
Cash in the treasury		
Cash in Iraqi Dinars	21.164.163.717	14.866.512.205
Cash in foreign currency	4.040.038.776	4.351.476.130
Balances with the Central Bank of Iraq:		
Free current accounts	11.009.935.094	3.430.798.042
Deposits for certain periods with the Central Bank of Iraq	34.692.995.604	49.026.707.592
legal cover Account	4.157.234.390	2.481.736.340
Total	75.064.367.581	74.157.230.309

- A deposit account for certain periods represents the amounts that the Central Bank of Iraq withholds from the amounts of letters of guarantee issued by the bank, the currency auction and clearance and CBSI.

6- Balances with banks and banking institutions:

Statement	31/12/2019	31/12/2018
	Dinar	Dinar
Local Banks	930.276.498	2.278.853.349
Foreign banks	10.163.652.516	29.279.921.404
Total	11.093.929.014	31.558.774.753

Al Janoob Islamic Bank (PJSC)
A Private Joint Stock Company-Baghdad

Clarifications on the financial statements For the year ending 12/31/2019

7- Direct credit facilities:

- A detailed statement of the cash credit

Statement	31/12/2019 Dinar	31/12/2018 Dinar
remittances from abroad drawn via the bank	—	—
Musharaka financing	37.925.000.000	—
Murabahat	49.784.604.454	60.938.259.151
Interest-free Loan	280.128.683	233.788.000
Total	87.989.733.137	61.172.047.151
Minus :		
Provision for credit Loss	(1.770.238.560)	(1.224.047.682)
	86.219.494.577	59.947.999.469

- The following is the movement in the provision for impairment of pledged credit:

Statement	31/12/2019 Dinar	31/12/2018 Dinar
Balance at the beginning of the year	1.037.654.812	1.017.152.000
Additions	283.333.886	20.502.812
	1.320.988.698	1.037.654.812

8- Financial assets at fair value through other comprehensive income statement

Statement	31/12/2019	31/12/2018
	Dinar	Dinar
Balance at the beginning of the year	—	—
Change in fair value reserve	—	—
Profits from selling financial assets directly recognized in retained earnings	—	—
The end of the year balance	—	—

9- Financial Investments:

Statement	31/12/2019	31/12/2018
	Dinar	Dinar
Shares of companies not listed in the financial markets	68.341.500.783	36.380.000.000
Total	68.341.500.783	36.380.000.000

Al Janoob Islamic Bank (PJSC)
A Private Joint Stock Company-Baghdad
For the year ended December 31, 2018

10- Net real estate and equipment as on December 31, 2018

Statement	Lands	Buildings	Means of transportation and transportation	Furniture and devices	Equipment and machines	Regulations and establishment expenses	Total
	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar
The cost is as on 1/1/2018	20.125.625.000	7.502.912.000	160.514.340	6.827.634.488	4.308.714.150	—	38.925.399.978
Addition during the year	—	—	55.692.000	463.653.571	244.840.170	—	764.185.741
Cost at the end of the year	20.125.625.000	7.502.912.000	216.206.340	7.291.288.059	4.553.554.320	—	39.689.585.719
Percentage of depreciation and amortization		2%	20%	20%	20%	10%	
Depreciation at the beginning of the year	—	79.775.320	16.051.434	1.073.686.596	528.944.881	—	1.698.458.231
Depreciation during the year	—	148.462.734	55.692.000	709.637.424	2.450.313	—	916.242.471
Depreciation at the end of the year	—	228.238.054	71.743.434	1.783.324.020	531.395.194	—	2.614.700.702
Net book value	20.125.625.000	7.274.673.946	144.462.906	5.507.964.039	4.022.159.126	—	37.074.885.017
Projects under implementation	15.500.000.000	32.129.209.421	1.348.100.000	—	49.308.505	50.136.178	49.076.754.104
Net book value	35.625.625.000	39.403.883.367	1.492.562.906	5.507.964.039	4.071.467.631	50.136.178	86.151.639.121

Al Janoob Islamic Bank
A Private Joint Stock Company-Baghdad
For the year ending on December 31, 2019

10- Net real estate and equipment as of December 31, 2019

Statement	Lands	Buildings	Means of transportation	Furniture and devices	Tools and equipment	Systems, decorations and branch opening expenses	Total
	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar
The cost is as on 1/1/2019	20.125.625.000	7.502.912.000	216.206.340	7.291.288.059	4.553.554.320	—	39.689.585.719
Additions during the year	—	9.726.398.200	629.660.000	282.805.262	151.696.093	—	10.790.559.555
Decreasing during the year	3.744.500.000	—	—	2.544.705.869	—	—	6.289.205.869
Cost at the end of the year	16.381.125.000	17.229.310.200	845.866.340	5.029.387.452	4.705.250.413	—	44.190.939.405
Percentage of depreciation and amortization		2%	20%	20%	20%	10%	
Depreciation at the beginning of the year	—	228.238.054	71.743.434	1.783.324.020	531.395.194	—	2.614.700.702
Adjustment during the year	—	—	—	(28)	—	—	(28)
Depreciation during the year	—	—	—	—	—	—	—
Depreciation at the end of the year	—	228.238.054	71.743.434	1.783.323.992	531.395.194	—	2.614.700.674
Net book value	16.381.125.000	17.001.072.146	774.122.906	3.246.063.460	4.173.855.219	—	41.576.238.731
Projects under implementation	15.500.000.000	28.363.181.620	776.727.000	636.289.987	49.308.480	50.136.178	45.375.643.265
Net book value	31.881.125.000	45.364.253.766	1.550.849.906	3.882.353.447	4.223.163.699	50.136.178	86.951.881.996

Al Janoob Islamic Bank (PJSC)
A Private Joint Stock Company-Baghdad

Clarifications on the financial statements For the year ending 12/31/2019

11-Intangible assets

Statement	31/12/2019 Dinar	31/12/2018 Dinar
<u>Cost</u>		
Balance as of 1/1/2019	7.865.779.651	7.362.045.522
Transferred from projects under implementation	—	—
Addition through the year	126.144.132	503.734.129
Balance as of 12/31/2019	7.991.923.783	7.865.779.651
<u>Accumulated Amortization</u>		
Balance as of 1/1/2019	1.295.234.676	615.354.399
Amortization during the year	—	679.880.277
Balance as of December 31, 2019	1.295.234.676	1.295.234.676
Book value as on 31/12/2019	6.696.689.107	6.570.544.975

12- Other assets

Statement	31/12/2019 Dinars	31/12/2018 Dinars
Other debtors	1.098.147.645	45.426.981
Payments for the purpose of purchasing investments	—	—
Margins with other FIs	12.948.402.720	3.498.148.641
Prepaid expenses	698.082.599	56.498.440
Cash differences	148.887.500	151.432.250
Associate advances	25.887.000	14.381.250
Letter of guarantee Paid	83.458.000	262.395.000
Installments due for Murabaha	512.262.044	30.336.983
Total	15.515.127.508	4.058.619.545

13- Customer deposits:

Statement	31/12/2019	31/12/2018
	Dinar	Dinar
Current accounts / private sector companies	31.791.814.441	10.342.950.169
Current accounts credit / private sector individuals	4.795.851.421	6.662.404.038
Savings deposit accounts	556.261.006	407.692.500
Salary domiciliation	270.494.466	—
Investments Deposits	28.163.332.540	—
Other deposits	390.182.697	—
Total	65.967.936.571	17.413.046.707

14. Cash Margins Received:

Statement	31/12/2019	31/12/2018
	Dinar	Dinar
Margins for LCs	9.036.498.450	2.978.912.625
Margins for letters of guarantee	3.900.130.755	6.681.243.689
Margins for Currency Auction	6.222.182.491	8.097.337.842
Total	19.158.811.696	17.757.494.156

15- Income tax provision

The details of this item are as follows:

Statement	31/12/2019 Dinar	31/12/2018 Dinar
The balance of the beginning of the period	130.592.000	851.911.000
Income tax paid during the year	(130.592.000)	(851.911.000)
Income tax due	23.691.000	130.592.000
Balance at the end of the year	23.691.000	130.592.000

- The tax amount was calculated according to the Income Tax Law at a rate of 15% of the tax base (adjusted profit for income tax purposes) and the tax amount was approved according to the data and figures of the Iraqi unified accounting system.

16- Contingent Credit Provision:

This item includes the provision for indirect pledged credit for letters of guarantee and documentary credits, which constitutes 2% of these credits after subtraction cash Margins in accordance with the instructions of the Central Bank of Iraq.

Statement	31/12/2019 Dinar	31/12/2018 Dinar
The balance of the beginning of the period	1.037.654.812	1.443.085.511
Additions	283.333.886	—
Reducing	—	405.430.699
Balance at the end of the year	1.320.988.698	1.037.654.812

17- Other liabilities:

Statement	31/12/2019	31/12/2018
	Dinar	Dinar
Revenue received in advance	—	93.170.000
Administrative expenses	57.800.000	62.000.000
Fee for financial stamps	78.252.003	14.973.941
Deduction from employees for others	26.716.721	21.683.743
Certified Checks	177.971.000	12.000.000
Amounts owed to depositors	9.193.288.278	7.454.486.895
Increase in cash account	11.802.250	90.000
Reciprocal credit accounts	—	—
Various credit accounts	1.380.872.374	2.104.552.770
Total	10.926.702.626	9.762.957.349

18-Shareholders Rights:

- A- Capital: The bank's capital is (250) billion dinars, representing (250) billion shares, and it is fully paid and meets the requirements of the Central Bank of Iraq and the relevant laws and regulations, as after the bank's business through the main branch with a capital of (100) billion dinars, it obtained The following developments and its capital increase, respectively, as follows:
- During the fifth month of 2016, the capital was increased to (150) billion dinars
 - 2- During the eighth month of 2016, the capital was increased to (200) billion dinars
 - 3- During the tenth month of 2016, the capital was increased to (250) billion dinars

Statement	31/12/2019 Dinar	31/12/2018 Dinar
The number of shares issued at the beginning of the year	250.000.000.000	250.000.000.000
The number of shares issued at the end of the year	—	—
Total	250.000.000.000	250.000.000.000

B- **Legal reserve (mandatory):** - According to the Companies Law, a rate of 5% (as a minimum) of the year's income after taxes is deducted as a mandatory reserve, and the sums accumulated for this account may not exceed 50% of the bank's capital, and the mandatory reserve or any returns from it may not be distributed to shareholders. Continuing to deduct with the approval of the general assembly of the bank, provided that the mandatory reserve does not exceed 100% of the bank's capital.

statement	31/12/2019 Dinar	31/12/2018 Dinar
Balance at the beginning of the year	204.830.034	167.829.032
Transferred from Profit and Loss Account	6.712.404	37.001.002
Balance at the end of the year	211.542.438	204.830.034

C- **Other reserves:** This account shows the amount distributed from the annual profits payable to the account of the social responsibility reserve of (674,869,208) dinars and the expansion reserve of (138,301.905) dinars, according to the decision of the General Assembly at its meeting on December 31, 2019

D- **Accumulated surplus (retained earnings):** This account shows the remaining amount of annual profits that are distributable to shareholders.

Statement	31/12/2019	31/12/2018
	Dinars	Dinars
Balance at the beginning of the year	755.062.001	2.456.065.978
Additions	134.248.077	740.020.047
Dividends to shareholders	—	(2.079.776.835)
The difference in the amount of tax paid compared to the calculated amount transferred from the profit and loss account (income statement)	—	—
Adjustments during the year	(755.062.001)	(113.340.473)
Transfers to reserves	(44.973.106)	(247.906.716)
Balance at the end of the year	89.274.971	755.062.001

E- **Share of the profit for the year:** The basic profit per share for the year was calculated by dividing the shareholders' net share of the profit for the year by the weighted average number of shares as follows:

Statement	31/12/2019	31/12/2018
	Dinar	Dinar
Net profit of the year	127.535.673	703.019.045
Average number of shares	250.000.000.000	250.000.000.000
	Fils / dinar	Fils /Dinar
Basic share profit for the year	0.0005	0.003

19- A- Contingent credit (net):

Statement	31/12/2019	31/12/2018
	Dinar	Dinar
Contingent Credit (Net)		
Documentary Credits	32.280.872.852	8.819.799.359
Credit Margins	(9.036.498.450)	(2.978.912.625)
Net documentary credit	23.244.374.402	5.840.886.734
Guarantee	13.636.374.720	52.885.597.549
Guarantee Margins	(3.900.130.755)	(6.681.243.689)
Net letters of guarantee issued	9.736.243.965	46.204.353.860
Total Contingent credit (net)	32.980.618.367	52.045.240.594

19- B- Other Reciprocal Accounts:

Statement	31/12/2019	31/12/2018
	Dinar	Dinar
Other reciprocal accounts		
Customer undertakings	33.068.816.478	—
Important documents in the bank's possession	1	1
Other reciprocal accounts	56	56
Total reciprocal accounts	33.068.816.535	57

20- Net commission income:

Statement	31/12/2019	31/12/2018
	Dinar	Dinar
Foreign currency revenue	—	35.663.485
Commissions Received	2.767.555.302	1.703.395.895
Bank transfers	71.746.600	—
Minus ; bank commissions paid	(449.322.181)	(995.742.146)
Other indirect commissions	191.041.968	—
Total	(186.533.613)	(995.742.146)
	2.581.021.689	743.317.234

21- Net profits from other operations:

Statement	31/12/2019	31/12/2018
	Dinar	Dinar
Revenue		
Investment returns	440.143.350	1.342.466
Refundable Expenses	—	1.508.550
Other revenue	—	1.171.527.068
Previous year's revenue	3.292.519	3.795.000
Accidental revenue	—	11.900
fixed assets Rent	242.350.000	380.830.000
Total	685.785.869	1.559.014.984
Expenses		
Donations to others	93.945.000	91.735.000
Compensation and fines	—	—
Various taxes and fees	—	—

Accidental expenses	42.054.002	498.000
Total Expenses	135.999.002	92.233.000
Net profits from other operations	549.786.867	1.466.781.984

22- Personnel expenses:

Statement	31/12/2019 Dinar	31/12/2018 Dinar
Salaries, benefits and allowances for workers	2.592.885.200	1.986.627.864
Contribution to Social Security	142.374.912	123.063.072
Total	2.735.260.112	2.109.690.936

23- Operating and other expenses:

Statement	31/12/2019 Dinar	12/1/2018 Dinar
Professional and consulting services	304.677.223	497.178.006
Rent and services	168.699.440	78.893.560
maintenance	299.624.921	303.815.350
Travel and dispatch	87.292.841	138.917.770
Communications and internet	205.405.161	108,834,574
Advertising	13.762.500	256.790.900
Conferences, seminars, exhibitions, celebrations and hospitality	64.290.109	119.488.250
Office expenses	167.594.514	88.223.625
Subscriptions, fees and licenses	15.000.000	43.643.878

Transfer of employees	9.263.840	41.161.100
Transport of goods	2.224.000	2.129.500
Training	33.232.500	91.432.940
Energy expenses	29.245.000	35.822.000
Water and electricity	9.355.495	22.546.250
Payments for non-workers	55.781.000	188.259.000
Bank services	547.903.114	—
Auditor Fees	57.800.000	62.000.000
Central bank audit fees	2.400.000	1.500.000
Other operating expenses	117.684.233	760.950.755
	2.191.235.891	2.841.587.458

Other expenses

Subsidies for personnel and others	4.649.500	8.788.000
others	—	—
	4.649.500	8.788.000
Other operating expenses	2.195.885.391	2.850.375.458

