

Al Janoob Islamic Bank for Investment and Finance

ANNUAL REPORT 2020

Message from Chairman

In the Name of Allah, the Merciful

Praise be to God, Lord of the Worlds, and prayers and peace be upon the most honorable of God's creation, our master Muhammad, his pure family and his good companions.

Peace, mercy and blessings of God....

Our bank's position in the Iraqi Islamic banking market is consolidating day by day. Among the factors that work on this is our bank's leading role in the Islamic banking industry market and its duty towards the local community for all its spectrum to deliver the best banking products and services according to the latest modern electronic means that keep pace with everything new in accordance with the provisions and principles of the tolerant Islamic Sharia. Our bank's position in the Iraqi Islamic banking market is consolidating day by day and from the factors that work on it on this is our bank's leading role in the Islamic banking industry market and its duty towards the local community for all its spectrum to deliver best Banking and Products according to the latest modern electronic means that keep pace with everything new in accordance with the provisions and principles of the tolerant Islamic Sharia. Since its establishment until this day, we have taken it upon ourselves to do our best for the benefit of our country and the sons of our great people. And the permanent commitment to serve and develop the community in which we work, And the permanent commitment to serving and developing the community in which we work, and providing it with many profitable pioneering projects, initiatives, social and humanitarian activities.

Iraq has adopted the free economy approach in managing its economy. Therefore, we at Al Janoob Islamic Bank for Investment and Finance are now facing new opportunities and challenges that require us to change our course in banking to keep pace with the developments of the global economy that is consistent with the framework of financial stability. This requires

us to develop a strategy for the development of the bank for the next three years and activate strategic planning that includes visions, directions, strategic objectives and sub-plans (operational) necessary to achieve them, Taking into Consideration the mechanism of distributing our banking products and services in line with the concept of Total Quality Management (TQM) and in line with the motives of economic diversification consistent with policies and regulation of roles, which will contribute to advancing the wheel of development.

Therefore, Al Janoob Islamic Bank for Investment and Finance drew inspiration in building its strategy from international experiences in accordance with the best professional practices and scientific methodology in preparing studies and plans, to be a model for banking planning based on continuous operations and foreseeing the future when developing and updating policies and work mechanisms.

The reliance on this approach to planning comes in conjunction with the current contributions of the Central Bank of Iraq to financial inclusion, as the bank based its strategy preparation on the directions of the comprehensive strategic plan of the state and the bank's vision, mission, values and social responsibility in determining the objectives of its strategy for the next three years and the implementation plans emanating from it.

The bank's three-year strategic plan (2021-2024-) represents the first program of the bank's work, which is in line with the of the Central Bank of Iraq in developing the private sector and bringing about sustainable development in the local community according to the concept of financial inclusion, free economy and competition based on market factors, which will contribute to the advancement The performance of the banking sector in particular through the enlightened adoption of modern scientific and practical methodologies, thus confirming the continuity of the bank, God willing, By following its right path, serving the bank message, interacting with the needs of the national economy and the local community, and contributing to every good work as much as possible.

Proceeding from the keenness of our bank and its national commitment to contribute to serving and meeting the needs of society and working effectively to promote the development process in Iraq, Al Janoob Islamic Bank for Investment and Finance continues its efforts to adopt and implement many from distinguished banking programs and deliver all its products and services consistent with the national visions of financial inclusion to all spectrums and segments The local community, which is consistent with the bank's mission, vision and values.

In order to achieve our strategic plan for the next three years, our bank has developed the necessary sub-plans (operational) to achieve a number of general and private objectives for the bank in accordance with the bank's vision According to the bank's vision for the future of the Islamic banking industry in Iraq.

In conclusion, we work to combine various efforts from the board of directors, executive management, employees, to be always in the lead, playing extraordinary role on various economic, developmental and social levels, in response to the aspirations of our customers, and delivering the Islamic banking message in all its aspects, which is in the service of man and society, we are determined to be an effective economic element and a contributor to the advancement of the local community.

Peace, mercy and blessings of God,
Prof. Dr. Mahmoud Mohamed Dagher
Chairman of Board Directors

Our message...

Commitment to inculcating the values of the Islamic curriculum in dealing with everyone In accordance with the provisions and principles of the tolerant Islamic Sharia, service In the interest of the general community and in order to achieve a balance between Interests of stakeholders, investors and customers and staff.

Our vision...

Together, we grow ... and we seek to reach everything new in the field of banking, technology and digital, and to deliver modern banking products and services to different geographical areas and segments of society.

Our values...

- Work in the spirit of honest competition.
- Efficiency and excellence in Islamic banking.
- Justice in the distribution of Islamic banking services and products.
- Enhancing the concept of social responsibility and translating it into Islamic

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 / 2020

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, 2020 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.

General introduction:

The year 2020 was marked by several economic obstacles represented by the COVID-19 pandemic which had an unprecedented economic shock for the world economy. Globally and internally. In addition, the exchange rate rises from 1.190 to 1.460 per dollar at the end of 2020 harmed the purchasing power of citizens and hindered the economic wheel in 2021.

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

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. (688481-) on 112009/6/ to (Al Janoob Islamic Bank for Investment and Finance) according to the Companies Registrar letter No. (807) on 132016/1/ regarding the completion of the procedures and the increase of its capital from (45) billion dinars to (100) billion dinars, According to the letter of the Central Bank of Iraq, the General Directorate of Banking and Credit Monitoring issued in Number (31791/9/) on 22016/2/ regarding the final approval for practicing banking business, the bank began its actual activity on 72016/3/.

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 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).
- 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.
- 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.

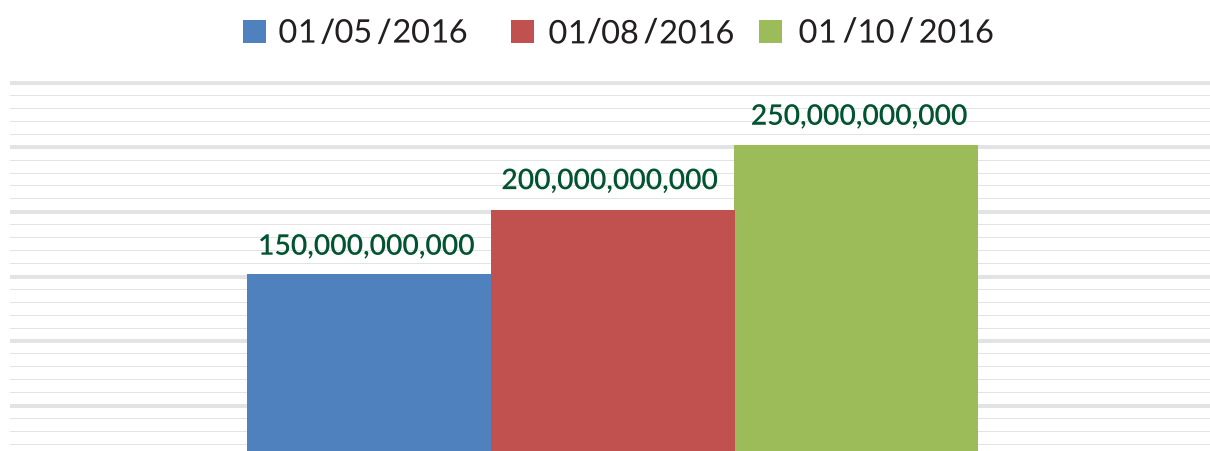


2-Developments in the bank paid-in capital: -

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.

Increase in the Bank paid-in capital



3-The bank's plan for the year 2020 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. Develop banking procedures in accordance with the bank's long-term strategy and in line with the principles of corporate governance.

3-The bank's plan for the year 2020 was based on: -

The Board of Directors is working to build a large and sober institution that is based on strong and solid foundations and is based on a sound banking base. The Board is keen to implement scientific banking policies based on the principles of sober and sound banking work through the application of all applicable laws and instructions in accordance with the provisions and standards of the Corporate Governance Guide issued by the Bank. The Central Bank of Iraq in order to build a sound economic entity to meet all challenges and economic and security conditions and avoid risks to raise the bank to the level of reputable Arab and regional banks and it bears 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.
- Reviewing the planning budgets submitted to him by the executive management and approving them.

- 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 seven original and seven 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	Prof. Dr. Mahmoud Mohamed Mahmoud Dagher	1,000,000	Chairman of Board of Directors
2	Zuhair Abdul Karim Jabbar	1,000,000	Deputy Chairman of the Board
3	Uday Saadi Ibrahim Khalil	1,000,000	Managing Director and Board Member
4	Dr. Ibtihal Kased Al-Zaidi	1,000,000	Member of the Board of Directors
5	Dr. Ali Abdul-Ilah Abdul-Jabbar	1,000,000	Member of the Board of Directors
6	Dr. Ali Nader Muhammad Al-Mandalawi	250,000	Member of the Board of Directors
7	Dr. Raja Aziz Bandar Khalil	1,000,000	Member of the Board of Directors
8	Qais Zaki Younes Abdullah	100,000	Alternate Member
9	Prof. Dr. Soraya Abdel Rahim Ali Kazem	1,000,000	Alternate Member
10	Dr. Rahim Hassouni Ziyara	1,000,000	Alternate Member
11	Thaer Mohiuddin	1,000,000	Alternate Member
12	Dr. Abdul Rahman Mustafa	1,000,000	Alternate Member
13	Ali Abbas Hassan	5,000,000	Alternate Member
14	Qasim Abbas Hassan	5,000,000	Alternate Member



C - The Chairman of the Board of Directors and members of the Board did not receive any remuneration during the year 2020 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 2020 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	Names	Number of Shares
1	Ali Falih Kadhim	24,750,000,000
2	Ra'ed Hassan Abbas	24,750,000,000
3	Hassan Falih Kadhim	24,749,900,000
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

Prof. Dr. Mahmoud Mohamed Mahmoud Dagher	Chairman of Board of Directors	Chairman of the Committee
Dr. Ibtihal Kased Al-Zaidi	Member of the Board of Directors	member
Hisham Abdel Latif mohamed	Head of Compliance	member

The Accounts Audit Committee (Audit) -second

Zuhair Abdul Karim Jabbar	Deputy Chairman of the Board	Chairman of the Committee
Dr. Raja Aziz Bandar Khalil	Member of the Board of Directors	Member
Thaer Mohiuddin	Member of the Board of Directors	Member
Dhia'a Shghati	Director of Legal Department	Reporter of the Committee

Third - Nomination and Remuneration Committee (Human Resources)

Dr. Abdul Rahman Mustafa	Member of the Board of Directors	Chairman of the Committee
Dr. Ibtihal Kased Al-Zaidi	Member of the Board of Directors	Member
Qasim Abbas Hassan	Member of the Board of Directors	Member
Manar Mustafa Idan	Council Secretariat	Reporter of the Committee



Forth-Risk Management Committee

Dr. Soraya Abdel Rahim Ali Kazem	Member of the Board of Directors	Chairman of the Committee
Dr. Ali Abdul-Ilah Abdul-Jabbar	Member of the Board of Directors	Member
Qais Zaki Younes Abdullah	Member of the Board of Directors	Member
Rita George	Risk Manager	Reporter of the Committee

Fifth-Corporate Governance Committee

Prof. Dr. Mahmoud Mohamed Mahmoud Dagher	Chairman of Board of Directors	Chairman of the Committee
Dr. Rahim Hassouni	Member of the Board of Directors	Member
Dr. Ali Nader Muhammad Al-Mandalawi	Member of the Board of Directors	Member
Rita George	Risk Manager	Reporter of the Committee

G- Committees emanating from the Executive Management:

First-Investment and Treasury Committee

Ayman Hussein Jadallah	Deputy Managing Director	Chairman of the Committee
Diaa Kazem Shaghati	Director of the Legal Department	Member
Firas Fadel Ali	Assistant Investment Manager	Reporter of the Committee

Second- Credit Committee

Bassam Diab Ahmed	Operation Manager	Chairman of the Committee
Ayman Hussein Jadallah	Deputy Managing Director	Reporter of the Committee
Saher Hamid Mahmoud	Branch Administration Manager	Member
Lubna Mofeed Ismail	Assistant Financial Manager	Member

Third - Steering Committee for Information and Communication Technology

Uday Saadi Ibrahim Khalil	Managing Director and Board Member	Chairman of the Committee
Bassam Diab Ahmed Al-Bitar	Operation Manager	Member
Badr Merdes Jaber	IT department manager	Reporter of the Committee
Rita George	Risk Manager	Member
Rafah thamir eabd zubayr	Internal Sharia Audit Manager	Observer Member

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

The executive management of the bank, Chairmaned 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 it works with every effort and perseverance to achieve the goals set by its in light of the applicable laws, regulations and instructions, especially the Central Bank Law, the Commercial Banks Law, the Islamic Banks Law, and the Money Laundering and Terrorist Financing Law.

The following are the names and addresses of the senior management positions of the bank during 2020:

No	Name	Position
1	Uday Saadi Ibrahim Khalil	Managing Director
2	Ayman Hussein Jadallah	Associate Managing Director
3	Bassam Diab Ahmed Al-Bitar	Operation Manager
4	Lubna Mofeed Ismail	Assistant Financial Manager
5	Hisham Abdel Latif Mohamed	Head of Compliance
6	Rafah Thamir Abed Zubayr	Sharia Audit Department Manager
7	Rita George Roman	Risk Manager
8	Diaa Shaghati Kazem	Director of the Legal Department
9	Isbraq Majid Khorshid	Manager of Banking Awareness Department
10	Nour Jaber Ali	Assistant Manager of the Administrative Department
11	Adel Hattab Dasher	Engineering Department Manager
12	Qasim Latif Khamis	Manager of Human Resources Department
13	Badr Merdes Jaber	IT Department Manager
14	Zainab Dia Mahmoud	Credit Department Manager
15	Saher Hamid Mahmoud	Branch and Retail Management



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 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 2020 reached (222) affiliates distributed over the general administration and branches as follows: -

No.	Position	Quantity
1	Managing Director	1
2	Deputy Managing Director	1
3	Department Managers	17
4	Branch Managers	8
5	Assistant Managers	12
6	Employees	115
7	Security and Services	68
8	Total	222

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

No.	Scientific Certificate	Quantity
1	Ph. D	1
2	Legal Accountant	1
3	Master Degree	4
4	Bachelor	161
5	Diploma	55
6	Total	222



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.

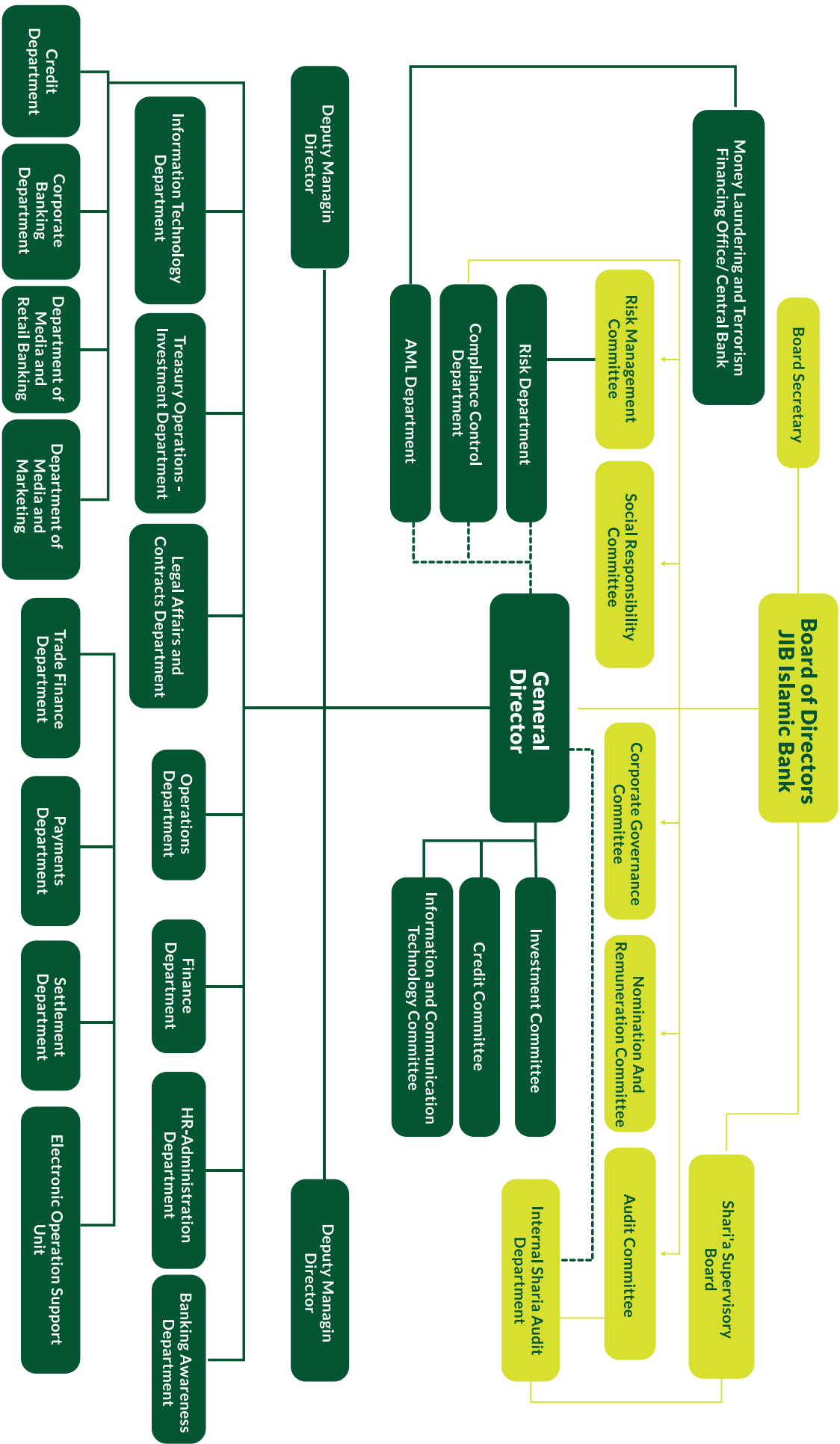
E - Below is a table of the total cadre expenditures for the year 2020:

Total salaries, wages and employee benefits	2,877,338,858
Training and Development	21,360,500
Travel and dispatch	18,698,700

f-The following are the most important training courses held during the year 2020:

Training Courses	No.
Courses inside the bank	8
Courses outside the bank	7
Courses abroad	none

Fifth: the organizational structure of the bank: -



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.

The Shariah Board consist of:

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
- Ahmed Judy Mohamed
- Mohammed Helou Daoud Al- Khorassan



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
HOUSUNG BANK
SAFA ISLAMIC BANK
UBAF FRANCE
ABU DHABI ISLAMIC BANK
CREDIT LIBANAIS
ARES BANK
CAPITAL 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
Najaf	Property	Najaf / Al-Amir District

The bank also owns 18 retirement outlets Distributed between provinces



Nineth: 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 2020 amounted to (110,596,563,819) (one hundred ten billion five hundred and ninety six million five hundred sixty three thousand eight hundred nineteen Iraqi dinars) Increased capacity %26 over last year distributed as follows: -

Type of Islamic financing	Balance as of December 31, 2020
Murabaha Financing	93,846,477,444
Musharakah Financing	16,418,000,000
Alqard Alhassan	332,086,375
Total Islamic financing accounts	110,596,563,819

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 (37,434,026,923) Only thirty-seven billion four hundred thirty-four million and twenty-six thousand nine hundred and twenty-three Iraqi dinars, The bank also has an investment in progress represented in the automation of the collection of water and sewage bills.

Eleven: Money Laundering and Terrorist Financing Reporting Section

In implementation of the instructions of the Central Bank of Iraq and in compliance with the Islamic Banking Law No. 43 of 2015 and the Anti-Money Laundering and Terrorist Financing Law No. 39 of 2015 the bank's board of directors was keen to set and adopt a clear policy and an integrated program and procedures for combating money laundering and terrorist financing, and the bank's executive team reviews this policy and its procedures Annually, and in cooperation with specialized advisory bodies, according to which the bank informs the Anti-Money Laundering and Terrorist Financing Office of any cases that require this through the procedures for combating money laundering and terrorist financing operations. The bank monitors the banking transactions that take place with customers to ensure that these transactions are consistent with the data available about them, and uses a special system to combat money laundering and terrorist financing operations, which enables the bank to identify unusual or suspicious operations, and we also determine the measures to combat money laundering and terrorist financing in force in the bank, The rules of regular and intensive due diligence and updating the latest customer data. The bank has been keen to publish them and train the specialized staff on them. These procedures also include a method and mechanism for classifying customers based on risk assessment according to the best banking professional standards. The bank is keen to adhere to the relevant instructions of the Central Bank of Iraq as well as the recommendations issued by the group International Financial Action, the European Union, the Basel Committee, the Egmont Group, as well as the Wolfsberg Anti-Money Laundering Group.

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, 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: Customer Acceptance Policy (CAP)

The customer acceptance policy issued by Al Janoob Islamic Bank, approved and accredited by its board of directors, requires the bank to develop specific policies and work procedures to accept customers and verify their identities. Accordingly, operational work procedures have been formulated in accordance with the Customer Acceptance Policy that define the basis and general framework for the bank's acceptance of entering into any new relationship with any of the existing and/or new and/or potential clients of the bank when opening accounts. After that, they are classified according to the degree of their risks, and all their files, records, and data requested and submitted by them are kept. Where data is automated and archived, both paper and electronic on the system (BANKS).

The customer acceptance policy aims to:

1. Contribute to reducing the risks of fraud that the bank may be exposed to, creating an impenetrable environment for exploiting the bank and its reputation in achieving illegitimate goals, and contributing to the timely discovery and identification of any suspicious activities.
2. Sparing the bank from carrying out any transactions of suspicious or suspicious natural or legal entities or persons.
3. Protecting the bank from exposure to financial fines or any other (local and/or international) penalties that may arise from non-compliance with the instructions and legislation issued by the competent authorities.
4. Enable the Bank to provide and submit all data and documents to official government and private agencies in cases suspected of involvement in illegal operations.

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: The Compliance Control and Anti-Financial Crimes Department:

An independent function that identifies the risks of non-compliance with laws, regulations and instructions, an independent function of legality and the relevant situation, and sets the necessary recommendations to overcome those risks, and this function is implemented by the Sharia Compliance and Compliance Department.

The Compliance Control and Financial Crime Control Department is operationally linked (administratively and technically) to the Audit Committee emanating from the Board of Directors, and enjoys complete independence from all other activities and works of the Bank, and submits its periodic and emergency reports directly to the Audit Committee emanating from the Board with a copy of the reports sent to each of Chairman of the Board of Directors and Managing Director. The Compliance Control and Financial Crime Control Department consists of two departments that are operationally and administratively affiliated to the Head of the Compliance Control and Financial Crime Control Department.

The Head of the Compliance and Financial Crime Control Department reports directly to the Audit Committee emanating from the Board of Directors, with the exception of reporting suspicious or suspicious activities, which are related to the Anti-Money Laundering and Terrorist Financing Office, as they are technically affiliated with the Office in accordance with the provisions of the supervisory controls of banks and non-banking financial institutions regarding the fight against Money laundering and terrorist financing for the year 2016 issued by the Central Bank of Iraq.

One of the responsibilities of the Compliance Control Department is to monitor the extent to which departments comply with the bank's compliance procedures and policies, and to coordinate with the heads of the concerned departments to address any deviations or violations, Preparing and implementing the compliance control policies, procedures and systems in the bank, preparing the department's control programs to ensure the extent to which the bank's departments and branches comply with the laws in force and with the instructions and controls issued by the governmental supervisory authorities, Reviewing the regulatory statements issued by the bank's systems of compliance control and taking appropriate measures to address any violations, preparing the annual compliance control plan and submitting it to the Board for approval, Provide recommendations for all developments on laws, regulations and standards and any amendments thereto by identifying

and following up on the laws, legislation, instructions and controls of the Central Bank of Iraq that regulate the business of banks in Iraq and distributing them to the various departments to ensure that the bank is not exposed to the risks of non-compliance, Continuous follow-up on the developments of international sanctions programs and their economic and legal risks on the bank's external business and making recommendations to the board of directors and the executive management, preparing procedural and guiding manuals for monitoring Islamic banking compliance and supported by legal texts and Islamic financial standards, preparing a quarterly compliance report in accordance with the instructions of the Central Bank of Iraq in this regard, Monitoring the extent to which the Board of Directors adheres to the bank's internal system and governance standards in Islamic banks.

Sixteenth: 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.

Seventeenth: 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. This administration is responsible for 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.

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 members 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: -

Internet banking and mobile banking system

Anti-money laundering system

Monitoring financial movements on global lists (Sanction Screening)

western union system

The system of linking electronic clearing and instant transfers (RTGS & ACH)
with the banking system (SmartClear)

Biometric fingerprint and electronic signature system

FATCA reporting system with the IRS

HR System

fixed asset system

credit inquiry system

credit facilities system

Bulk Salary System (Payment for Emiratisation)

Auto Hunting System

Administrative workflow diagram system

electronic archiving system

Electronic card issuance system

IT ticketing system

Alternative Site (DR Site)

Twenty: The legal cases filed:

There is a lawsuit filed against the bank by the Director of Al Janoob Bank/ Basra Branch in the Labor Court - Baghdad No. 810/Work/2019 and it is still not settled.

Twenty-one: Accounting Policies: -

The financial statements of the bank were prepared in accordance with the international financial reporting standards, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) 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. Acknowledgment of Revenues from: -
 - Murabaha: where murabaha revenues are included over the contract period according to a specific time basis and based on the remaining amount of musharaka 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 Musharaka 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 mudarib while the losses are recorded in the bank's income statement when announced by the mudarib.
 - 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- 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, it was calculated in 2020 according to International Standard No. 9 (IFRS 9).

- 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.

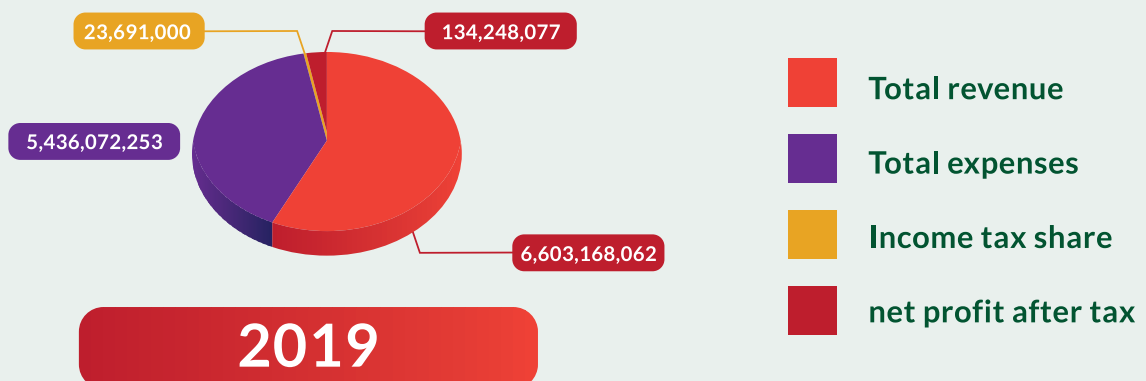
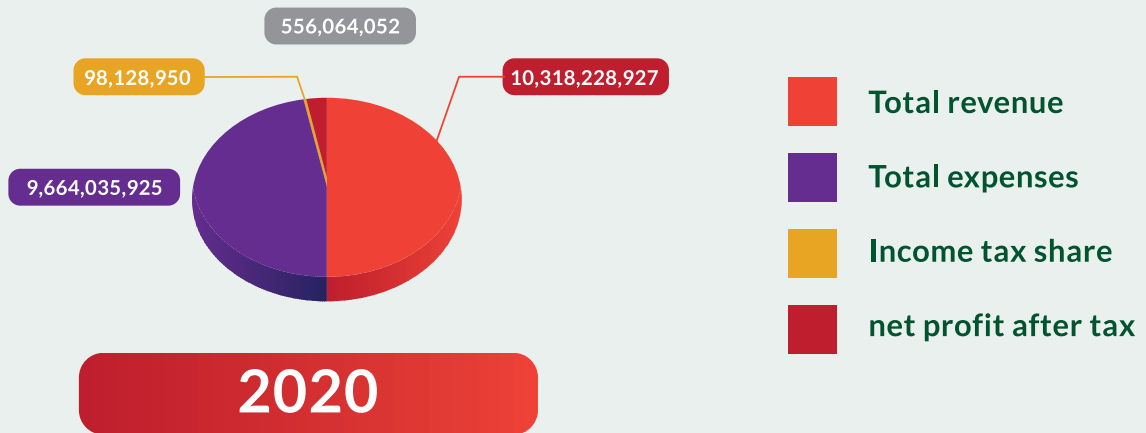
6. The principle of continuity: -
The management conducted an assessment to determine the extent of its ability to continue and expressed its satisfaction in possessing the necessary resources for this in the future, in addition to that, the bank does not believe in the existence of material uncertain 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, 2020 : -

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:

	31/12/2019	31/12/2020	change %
Total revenue	6,603,168,062	10,318,228,927	56 %
Total expenses	6,445,228,985	9,664,035,925	50 %
Income tax share	23,691,000	98,128,950	314 %
net profit after tax	<u>134,248,077</u>	<u>556,064,052</u>	314 %

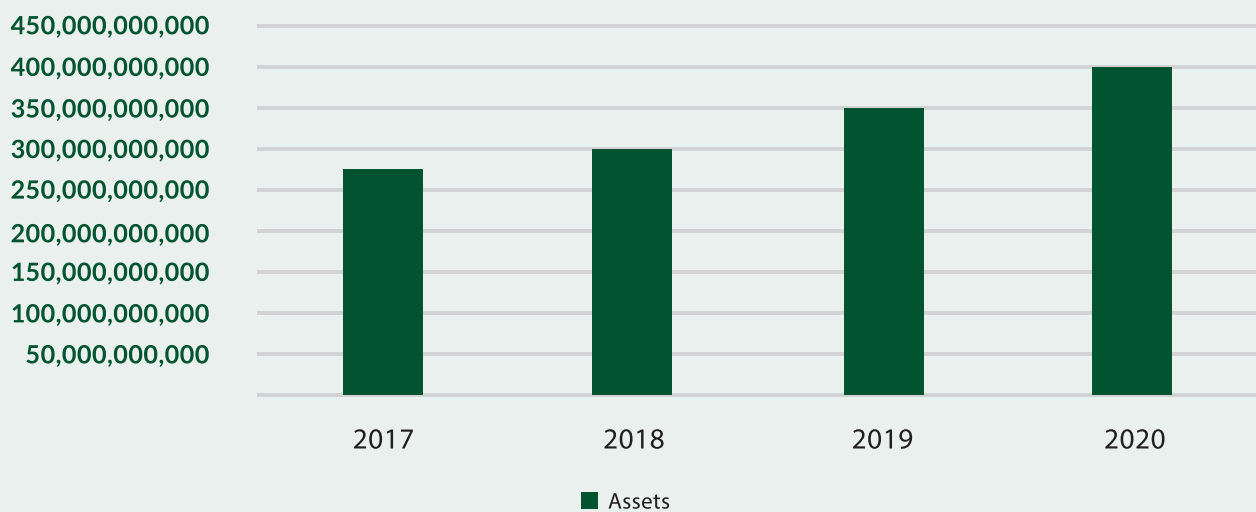


Expenses for the year 2020 include a depreciation provision of 1.66 billion dinars, in return for not recording any depreciation provision in 2019. If this amount is excluded from expenses, the change becomes a 24% increase in expenses instead of 50%.

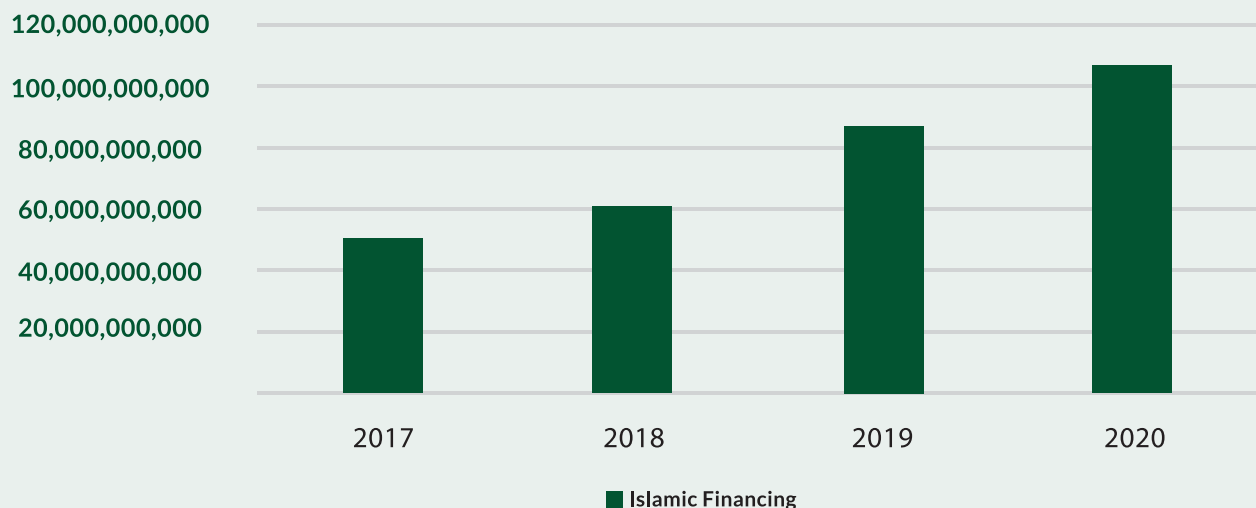


Growth of the most important Balance Sheet items:

Assets

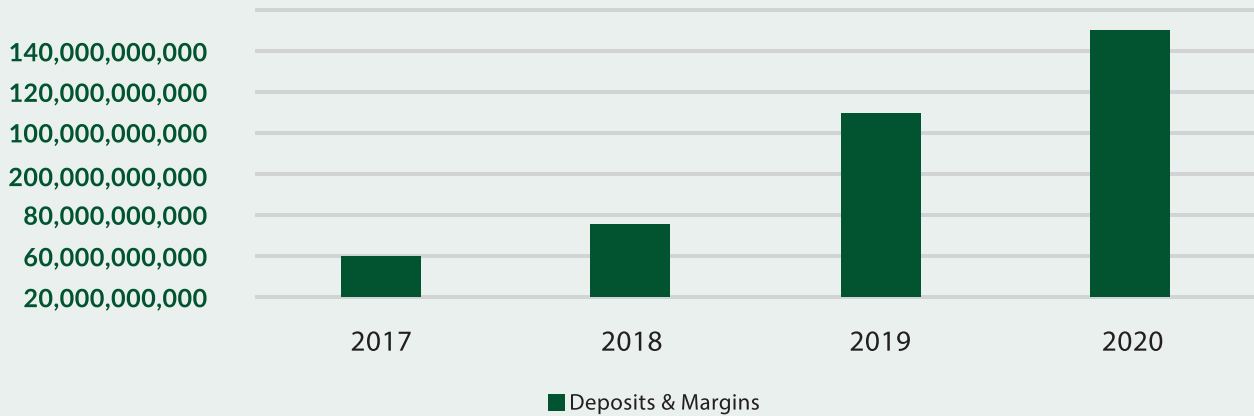


Islamic Financing





Deposits & Margins

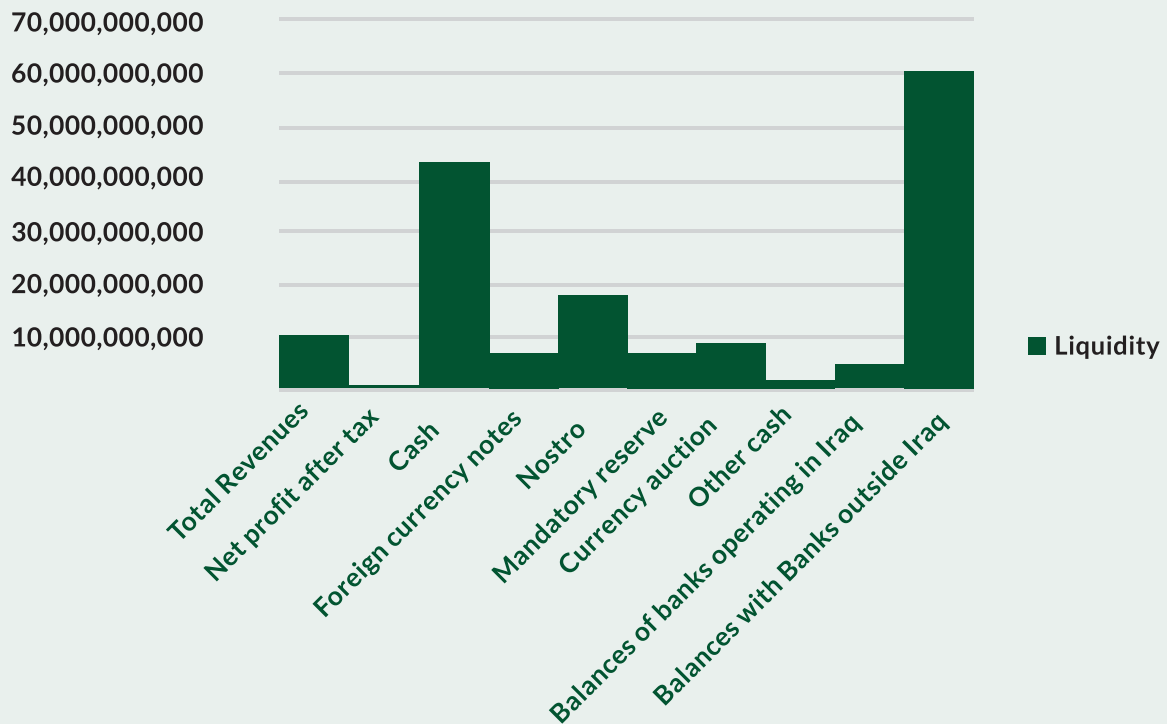


Bank Liquidity:

The table below shows the cash and liquidity analysis as of December 31, 2020:

Cash	
Cash in the Iraqi dinar currency	43,287,660,102
Foreign currency banknotes	6,867,727,609
Total cash	<u>50,155,387,711</u>
Balances at the Central Bank of Iraq	
Current account	17,897,919,514
The mandatory reserve at the Central Bank	7,026,133,480
Balances of the Currency Auction Account 216	8,646,528,150
Other cash assets	1,890,994,240
Total Balances at the Central Bank of Iraq	<u>35,461,575,384</u>
Balances with banks and banking institutions	
Balances of banks operating in Iraq	4,887,524,735
Balances outside Iraq	60,663,880,627
Total balances of local and foreign banks	<u>65,551,405,362</u>

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. It should be noted that the bank maintains this high liquidity (a rise of 75% over last year) in order to cover international trade through documentary credits.

The legal liquidity reached 49%, the LCR ratio was 285%, and the NSFR ratio was 110% .

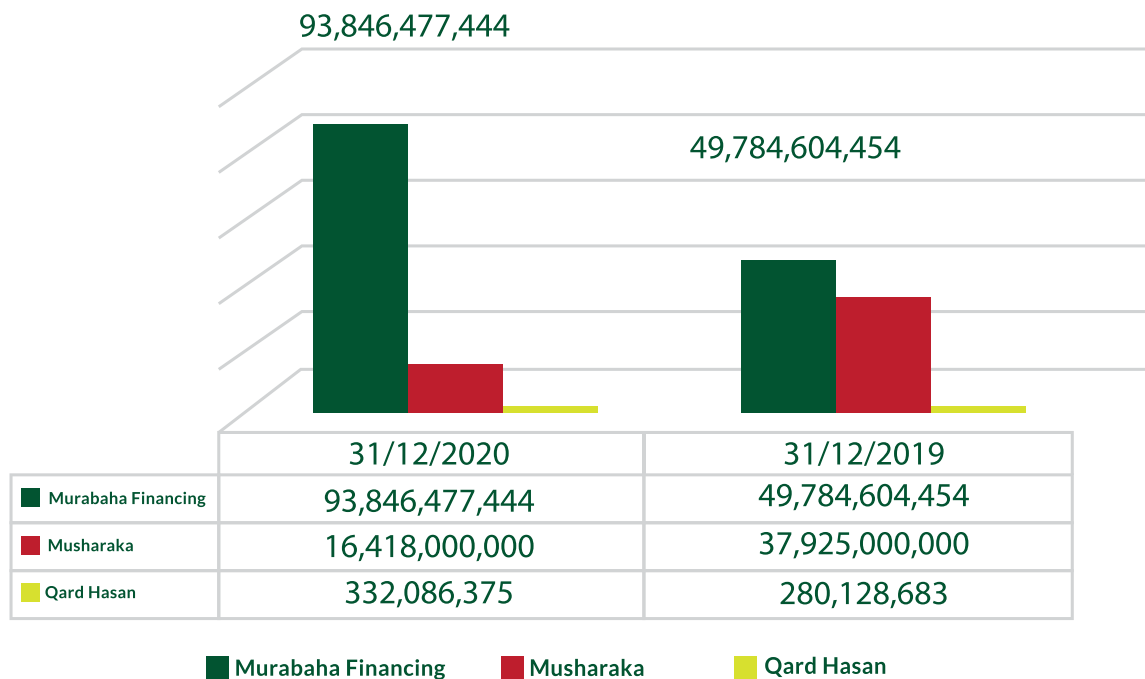
Direct Islamic Finance:

A- Direct Islamic Finance: There is an increase of 26% in Financing over the previous year, as the net credit facilities (Islamic cash financing) amounted to (108,852,867,637) (One hundred and eight billion eight hundred fifty-two million eight hundred and sixty-seven thousand six hundred and thirty-seven Iraqi dinars)



Statement	31/12/2020 Dinars	31/12/2019 Dinars
Musharkah financing	16,418,000,000	37,925,000,000
Murabaha financing	93,846,477,444	49,784,604,454
Qarad hasan	332,086,375	280,128,683
Total	110,596,563,819	87,989,733,137
The provision for Islamic financing	(1,743,696,182)	(1,770,238,560)
net Islamic financing	108,852,867,637	86,219,494,577

Direct Islamic Financing



This shows the management's effort in investing available funds by launching new products and increasing Financing.

B-Indirect Financing:

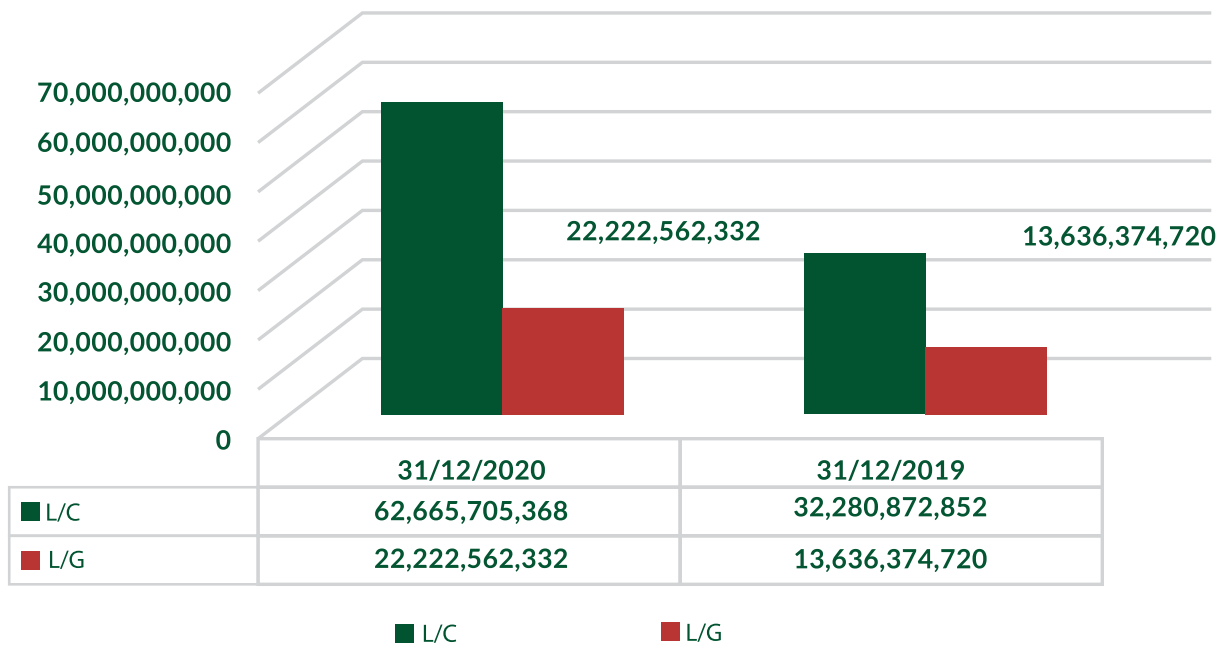
Net Contingent credit as of December 2020 ,31 is as follows: -Documentary credits (62,665,705,368) (Sixty-two billion six hundred and sixty-five million seven hundred and five thousand three hundred and sixty-eight dinars - Letters of Guarantee (22,222,562,332) (twenty-two billion two hundred twenty-two million five hundred sixty-two thousand three hundred thirty-two dinars).

Net Contingent credit

Statement	31/12/2020 Dinars	31/12/2019 Dinars
Documentary credits L/C cash margins	62,665,705,368 (40,893,242,299)	32,280,782,852 (9,036,498,451)
Net Documentary credits	<u>21,772,463,069</u>	<u>23,244,284,401</u>
Letters of Guarantee L/G cash margins	22,222,562,333 (3,418,029,090)	13,636,374,720 (3,900,130,755)
Net letters of guarantee	<u>18,804,533,243</u>	<u>9,736,243,965</u>
Total Contingent credit (net)	<u>40,576,996,311</u>	<u>32,980,528,366</u>



Indirec Financing



There is an increase in the total balance of Letter of credit by 94% and an increase in the total letters of guarantee by 63% compared to the previous year.

Key performance Indicators

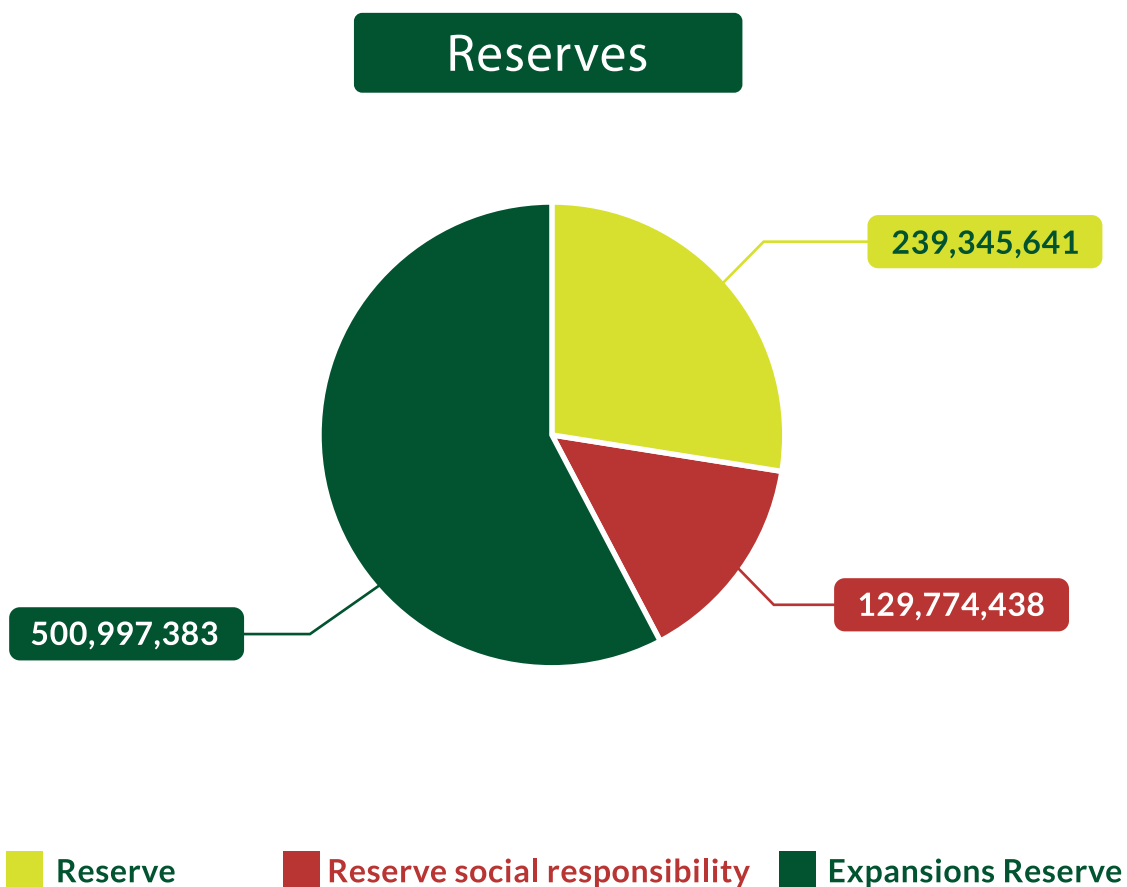
discription	2020	2019
net income/loss	556,064,052	134,248,077
Shareholders' Equity to Assets Ratio	63.02%	71.69%
Efficiency Index (Operating Expenses / Net Operating Income)	83.13%	82.33%
Annual return on assets (ROA) before tax	0.16%	0.05%
Annual return on equity (ROE) before tax	0.26%	0.06%
Earnings per share	0.002 fils	0.0005 fils



Reserves

The balance of reserves was as of 31 December 2020 (870,117,462) only eight hundred and seventy million One hundred and seventeen thousand four hundred and sixty two dinars an increase of 17% compared to last year, as shown in Explanation No. (18) Paragraphs (b and c).

Account Name	31/12/2020
Reserve	239,345,641
Reserve social responsibility	129,774,438
Expansions Reserve	500,997,383



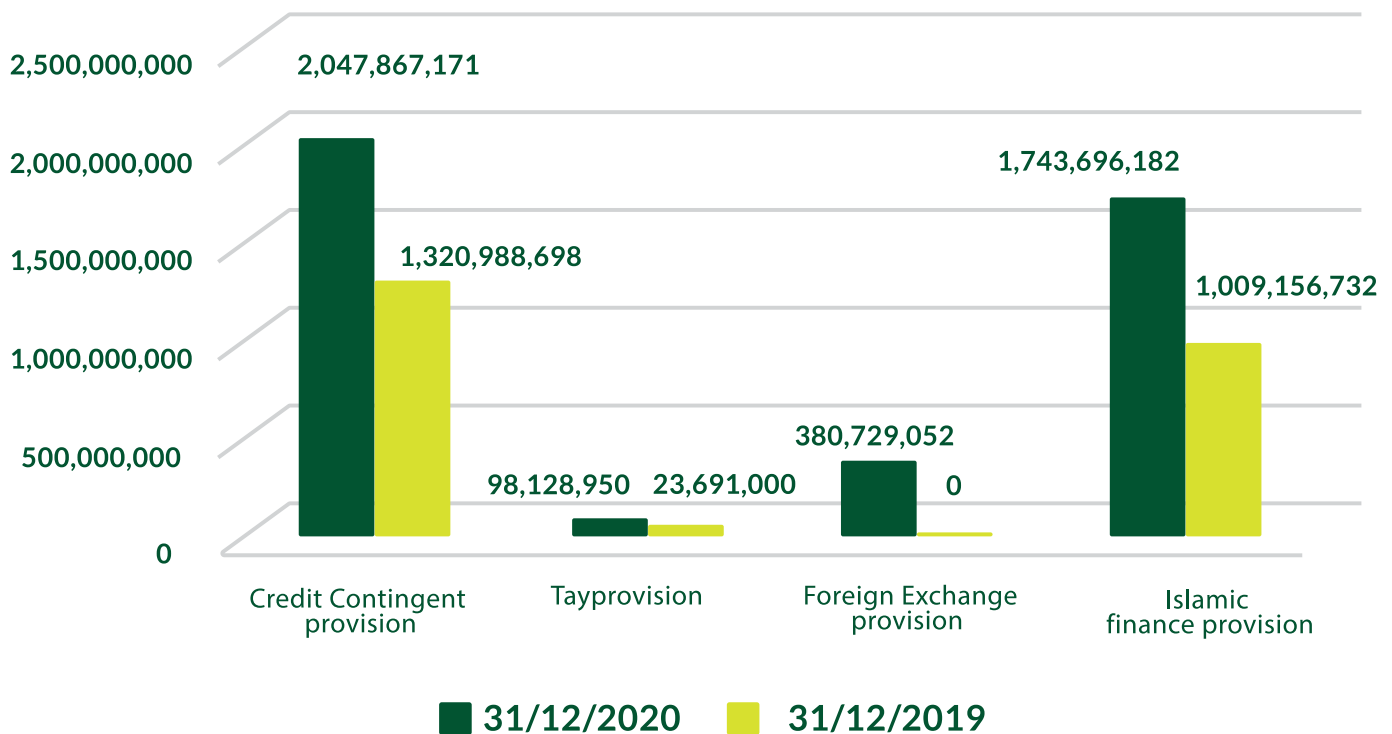


Balances of Provision :

Below is a table of the provision amounts as on December 31, 2020:

Account Name	31/12/2020	31/12/2019
Credit Contingent provision	2,047,867,171	1,320,988,698
Foreign Exchange provision	380,729,052	0
Islamic finance provision	1,743,696,182	1,009,156,732
Total	<u>4,172,292,405</u>	<u>2,330,145,430</u>

Provisions



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 ratio reached (77%) according to the table of risk weighted Assets.

Commissions schedule and prices of services: -

The bank prepares a table of 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.

Material changes and events subsequent to the date of the balance sheet: -

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: Lands and real estate:

1- The bank's real estate schedule as on 31/12/2020



No	Description	Value at Cost		Total
		Land Value	Building value	
1	head office & main branch	5,130,625,000	9,441,416,605	14,572,041,605
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	3,168,700,000	6,064,700,000
5	Samawah branch building	800,000,000	1,768,101,720	2,568,101,720
6	Qadisiyah branch building	800,000,000	1,764,952,400	2,564,952,400
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	1,596,694,800	4,541,194,800
Total		<u>20,125,625,000</u>	<u>28,117,365,525</u>	<u>48,242,990,525</u>

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

Twenty-four: Governance:

Governance is one of the most important corporate management systems because it establishes the principles of good management and defines the tasks and responsibilities of the board of directors, senior executive management and bank employees. The Bank has established a governance guide (approved by the Board of Directors) in line with the global requirements of governance, which established the following basic principles: 1- The principle of transparency, 2- The principle of bearing and acknowledging responsibility, 3- the principle of justice and equality. An annual report is prepared for governance to determine the scope of application and compliance.

Twenty-five: Information Technology Governance:

Based on the requirements of the Central Bank and international requirements, a guide for the governance of information technology was prepared and it was approved by the Corporate Governance Committee emanating from the Board of Directors on 31/12/2020 Whereas, the governance and IT management framework has been developed to ensure that IT activities are aligned with business objectives and meet stakeholder needs represented in optimizing risks, optimizing resources and realizing benefits (based on the leading practice COBIT 2019).

Twenty-six: Risk Management:

Risk management structure

The Board of Directors ("the Board") has overall responsibility for establishing and monitoring the Bank's risk management framework, approving the Bank's overall exposure to risks, and ensuring that work is carried out Within the proper framework.

Credit risk

Credit risk is the risk that may result from the failure or inability of the other party to the financial instrument to fulfill its obligations towards the bank, which leads to losses. The bank works to manage credit risks by setting limits on the amounts of Islamic finance in accordance with the instructions of the Central Bank of Iraq. The Bank also monitors credit risks and assesses the credit status of customers. In addition, the bank obtains appropriate guarantees from customers. The bank limits the risks of concentration of assets and liabilities by distributing its activities over several sectors.

Market risk

Market risk arises from changes in profit rates, foreign exchange rates and equity prices. Market risk management limits potential losses on outstanding liabilities, which may result from unexpected changes in profit rates, currency exchange rates or stock prices. The Bank is exposed to diversification of financial instruments including stocks, foreign currencies and commodities.

Operational risk

Operational risk is the risk of financial, reputational or other damage arising from inadequate or failed internal systems, human error and systems and external events.

The Bank has developed a detailed manual for operational risks and is working to activate it, in accordance with the directives of Basel 2. The aim of the manual is to clarify the tasks and responsibilities of persons / units and committees within the bank who have a role in managing the various elements of operational risk management. The Operational Risk Management Framework also aims to ensure that operational risks within the Bank are identified, monitored and and follow up Key sections in the framework include risk reviews, 'risk and control self-assessment', management of loss data, key risk indicators, testing of controls, Managing and preparing reports on issues and procedures followed. The framework also fully incorporates and integrates elements of fraud prevention and quality assurance. The operating units of the Bank are responsible for managing operational risks within their respective functional areas. They operate within the Bank's operational risk management framework and ensure that risks are identified, monitored, reported and proactively managed within their scope of work.

Liquidity risk

Liquidity risk is represented by the bank's inability to provide the financing necessary to fulfill its obligations on their due dates. To prevent this risk, management diversifies funding sources, manages assets and liabilities, aligns their terms and maintains a sufficient balance of cash and cash equivalents and negotiable securities.

Business Continuity Plan (BCP)

The mission of Al Janoob Islamic Bank is to be a leading bank by focusing on excellence in service and product quality. The Bank has adopted leading business best practices to protect the Bank's customers, employees and stakeholders.

The Bank has a robust and well-defined business continuity program comprising of policies and procedures with clearly defined roles and responsibilities for crisis management, emergency response, business recovery and IT disaster recovery planning. It was approved by the Bank's Steering Committee.

The bank has an alternate site and a disaster recovery site, where data is Replicated and backups are stored. Regular training and testing are conducted to cover all aspects of the business continuity plan. Plans are reviewed and maintained regularly to incorporate any changes in the environment, people, processes and technology. The Bank's Business Continuity Team (BCP) is constantly working to enhance the Bank's business continuity readiness.

The Bank's Business Continuity Program has been developed to manage the impact of major disruptions and will endeavor to resume business and operations to an acceptable level within a reasonable time in the event of a disaster.

The Banking Continuity Plan complies with the guidelines issued by the Central Bank of Iraq and is subject to continuous review.

The Bank's internal audit department conducts an annual review of the business continuity program.

Twenty Seven : Other Issues: -

The bank obtained many letters of thanks, appreciation and efforts evaluation during 2020 from many agencies, including the following: -

1- Central Bank of Iraq / Human Resources Department

For participation in the preparation, supervision and implementation of the Star Bank program.

2- Iraq Stock Exchange / Iraqi Depository Center

About efforts and commitment.

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
Prof. Dr. Mahmoud Mohamed Dagher

Deputy Chairman of the Board
Zuhair Abd Al- Kareem Jabbar

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

Managing Director

Assistant financial Manager

Prof. Dr. Mahmoud Mohamed Dagher

Uday Saadi Ibrahim

Lubna Mufeed Ismaeel

Report of the Audit Committee for the year 2020

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 12019/1/ to 122019/31/, 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, Money Laundering and Terrorism Financing Law No. (39) Of 2015 and the instructions of the Central Bank of Iraq and international standards, and Islamic Standards (AIUFI) 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, 2020.
- 2- Approving the audit plan submitted by Sharia Supervision and Audit Department.
- 3- 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.
- 4- The policies and instructions related to appointments and promotion were reviewed, and View the report of the Nomination and Remuneration Committee The extent of their suitability with the principles and practices of sound governance to ensure that the long-term interests of the bank prevail over short-term or short-term considerations.
- 5- Viewing and reviewing the reports submitted by the executive management to the Central Bank of Iraq.and the extent of compliance with the deadlines for their submission.



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, and the importance of risk management and its proactive role, which would spare the bank many risks before they occur.

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- We support the bank's compliance with the instructions for implementing the Banking Law No. (4) Of the year 2020.

10- Achieving the capital adequacy ratio as shown in the following table

Months	Standard ratios	Actual proportions
January	12%	108%
March		98%
June		113%
September		85%
December		78%

Which indicates the ability of banks to meet their obligations and face any potential losses, and there is no deviation from the legally specified percentage of 12%.

11-The liquidity ratio is as shown in the following table:



Months	Standard ratios	Actual proportions
January	30%	41%
March		44%
June		42%
September		35%
December		54%

There is no deviation from the percentage specified by the Central Bank of Iraq, which is 30%.

12-The liquidity coverage ratio reached (LCR) as shown in the following table:

Months	Standard ratios	Actual proportions
January	100%	211%
March		196%
June		222%
September		131%
December		285%

As the percentage specified by the bank is 110% the same and there is no deviation from the standard specified ratio.

13- Stable financing ratio (nsfr)

Months	Standard ratios	Actual proportions
January	%100	121%
March		110%
June		130%
September		104%
December		110%

Where there is no deviation from the standard ratio specified by the Central Bank of Iraq, which is 100%.

14-Financial investments amounted to the amount of (37434026) Thousand dinars (Thirty-seven billion four hundred thirty-four million and twenty-six thousand dinars) as shown in the following table:

investment type	Balance Thousand /dinars	The ratio to the capital	Standard ratio
National Company for Glass Industries	16160950	15%	20%
National Electronic Payment Gateway Company	10000000		
Nasik Islamic Bank	6923076		
Mecca front company	3600000		
The Iraqi Company for Deposit Insurance	750000		
Total	37434026		

As it becomes clear to us that there is no deviation from the percentage specified under the instructions.

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 that the bank relies on the accounting system in agreement with the accounting record keeping system, and it has recorded all banking operations, assets, liabilities, expenses and revenues, And he made all the required matches and that the result of the activity and the financial position are in accordance with what the records show and in accordance with international standards (IFRS) and it is in accordance with the Banking Law No. (94) Of 2004 the Islamic Banking Law No. 43 of 2015 and the Companies Law No. 21 of 2015. 1997 Amendment, and Money laundering and terrorist financing law (39).

Many thanks and regards.....

Chartered Accountant
Zuhair Abdul Karim Jabbar
Chairman of the Audit Committee

Shariaa Committee report of 2020:

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 / 2020 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

Summary of the bank's strategic plan For the years (2021-2023)

The foundations of preparing the bank's strategic plan for the years (2021-2023)

First: Planning Methodology:

In preparing its strategy, Al Janoob Islamic Bank for Investment and Finance relied on a broad participation approach with all bank employees, owners, customers and service recipients, based on the analysis of the internal and external environment of the bank and the results of the financial and non-financial evaluation of the bank, which include the most prominent strengths and opportunities for improvement, and based on the message, vision and values of the bank. The future aspirations and how to achieve them were discussed and documented within a framework of coordination and harmony with the general directions of the state, and this was translated into the operational work plans of the bank's organizational units emanating from its strategy, and to ensure the achievement of the bank's strategic objectives, performance indicators (KPIs) were defined to measure the extent to which the implementation plans were accomplished. (Operational Objectives), as periodic reviews will be conducted to measure the level of achievement of objectives through the work of the strategic planning team as a permanent working team to discover any deviations that may occur in the future and to submit the proposed treatment recommendations to the senior management in the bank. The bank's future aspirations and how to achieve them were discussed and documented within a framework of coordination and harmony with the general directions of the state, and this was translated into the operational work plans of the bank's organizational units emanating from its strategy, and to ensure the achievement of the bank's strategic objectives, performance indicators (KPIs) were defined to measure the extent to which the implementation plans were accomplished. (Operational Objectives), as periodic reviews will be conducted to measure the level of achievement of objectives through the work of the strategic planning team as a permanent working team to discover any deviations that may occur in the future and to submit the proposed treatment recommendations to the senior management in the bank.

Second: Preparing and reviewing the general strategy document for the bank:

In preparing the strategy, the strategic planning team in the bank relied on the (Plan-Do-Check-Act) methodology, in order to ensure continuous improvement and development. The bank also relied on the principles of management in defining strategic priorities represented by stability and efficiency in all banking, financial and non-financial operations and activities, interactive education and knowledge transfer. Based on strengthening communication channels and employing the efforts of the experienced in Al Janoob Islamic Bank for Investment and Finance.

in preparing the strategy, the strategic planning team relied on collecting and analyzing information using many means, including reviewing strategic planning theories, strengths and improvement points that were deduced from the bank's quarterly and final financial statements for the year 2019 and considering it the base year due to global events and the effects of the Corona pandemic in the year 2020 in Building the strategy for the period (2021-2024-), And holding brainstorming sessions for work teams to analyze the bank's work environment SWOT/PESTEL and Self-Assessment Programs, and distributing their results to the bank's organizational units, and obtaining the results of the Feed Back Result.

Third: The Bank's Strategic Objectives:

Based on the results that were extracted through what was mentioned in item II above, the major strategic objectives of the bank were formulated, which represent the general long-term objectives, from which initiatives (executive plans and projects) were devised that would achieve the strategic objectives.

Clear, understandable and measurable performance indicators (KPIs) have been defined to assess the level of performance in achieving operational goals.

The strategic objectives of the bank have been summarized within three major general objectives, as follows:

The first strategic objective:

Providing and sustaining governorates and various segments of society for an integrated set of banking services, products and solutions.

The second strategic objective:

Maximizing the assets and raising the return on the right of ownership, while achieving the highest level of balance between the interests of the stakeholders.

The third strategic objective:

Seeking and accessing everything new in the field of banking, technology and digital.

Fourth: Executive and operational plans and projects:

A set of projects and operational plans have been approved and approved that will work to achieve the strategic objectives of the bank, the most important of which are:

- 1- Increasing and diversifying deposits and investment accounts.
- 2- Developing electronic services and moving towards providing digital services more.
- 3- Increasing the profitability rates of the bank.
- 4- Opening new branches and increasing the number of ATMs.
- 5- Develop policies and procedures and strengthen the strength of the supervisory system in the bank.
- 6- Developing new products that meet the needs of customers.

Issue: (128/21/57)

Date: 14/60/2021

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 / 2020, 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 / 2020 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 forth 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, according to the Central 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:	4,887,524,735 dinars
External banks:	<u>60,663,880,628 dinars</u>
Total:	<u><u>65,551,405,363 dinars</u></u>

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, 2020 on the basis of a price (1460) dinars per dollar, the revaluation has generated foreign currency valuation income of an amount 380,729,052 dinar.



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	16,160,950,000	1526	Financial investments
2	National Gate for Electronic payment	10,000,000,000	1526	Financial investments
3	Al Nasik Islamic Bank	6,923,076,923	1526	Financial investments
4	Iraqi Deposit Guarantee Company	750,000,000	1526	Financial investments
5	Wajihat Makkah Company	3,600,000,000	1540	Sharing long-term investments
	Total	37,434,026,923		

Fifth: - Cash and Contingent credit

1) The balance of Islamic financing at the Balance Sheet date was (118,649,116,847) dinars, compared to (87,989,733,137) dinars for the previous year.

2) The balance of the contingent credit on the budget date was (145,322,895,881) dinars compared to (66,049,434,902) dinars for the previous year after deducting the insurances.

3) The percentage of Letters of Guarantee and Documentary Credit (LC) during the year 2020 in accordance with the instructions of the Central Bank of Iraq.

Sixth: Provisions

In implementation of the letter of the Central Bank of Iraq No. 9401/2/ on 28 /22020/, the bank creating provisions with the same amount of revenue generated as a result of changing the exchange rate of the dinar against the dollar Where it reached (380.729.052) resulting from the change.

Seventh: Income statement (profits and losses)

The bank achieved a net profit after tax on the balance sheet date of (556,064,052) million dinars, compared to (134,248,077) million dinars on December 31, 2019.

Eighth: Shareholders' Equity

-1 The bank was established after a transfer from a money transfer company in the name of (Al Janoob Transfer Company - (Financial) a private shareholding that was incorporated under the Certificate of Incorporation issued by the Registration Department Companies No. M.M. 68848 - 1 on 11/6/2009 to Al Janoob Islamic Bank for Investing And the financing under the Companies Registration Department letter No. 807 on 13/1/2016, and the capital of the company was increased To become (250) billion dinars, according to the letter of the Central Bank of Iraq, the General Directorate To monitor the banking and credit issued by the number (1791/3/9) on 2/2/2016 about approval Final bank practice.

-2 An amount of (27,803.203) dinars has been allocated as a legal reserve that represents a percentage (%5) of the Profit after tax for the year 2020.

-3 The balance of retained earnings from the year - 2019 amounted to (89,274.971) Iraqi dinars, after adding Profits for the year (2020) amounting to (556,064,052) dinars, the balance of retained earnings on the date of 645,339,023) 31 / 12 / 2020) Iraqi dinars and before the distribution of reserves.

Nineth: 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.

Tenth: - 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.

Eleventh- 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.

Twelveth: Legal Cases

There is a lawsuit filed against the bank by the Director of Al Janoob Bank / Basra branch in Baghdad Labor Court No. 810 / work / 2019 and still not settled.

Thirteenth: Capital Adequacy

Through our examination of the accounting records and statements prepared for the purpose of calculating capital adequacy, the ratio was 77%, which is more than the rate specified by the Central Bank of Iraq which is not less than 12%.



Fourteenth:

1- 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.

The amounts purchased through the Foreign Currency Buy and Sell window	The amount of purchases of dollars	The amount of revenue In dinars
Total	1,039,634,461	3,281,834,234

2-Represents the percentage of profits from buying and selling dollars through the foreign currency window (28%) of the bank's total revenues (11,803,106,557) dinars

Other clarifications

1- Implementation of corporate governance instructions: -

We reviewed the results of the pilot test of the scorecard for the Corporate Governance Guide of the Bank. In our opinion, the bank is generally satisfied with quantitative and qualitative requirements and according to a project model the parallel scorecard, and that the board of directors and the executive management of the bank are working diligently and in a manner Diligent adherence to the implementation of corporate governance instructions regarding disclosure and transparency practices.

2-The results of the desk audit by the Central Bank of Iraq: -

The correspondence of the Central Bank of Iraq regarding the results of the audit of the quarterly budgets has been viewed Which are sent from the bank to the Central Bank of Iraq at the end of each season of the year, The implementation of the treatments contained in the audit results and any other executive procedures determined by the bank were followed up The Central Bank of Iraq, as the bank passed the reports of the Internal Shari'a Audit and Control Department.

3- Through our study of the bank's correspondence file with the Central Bank of Iraq for the quarterly and monthly reports, it was noted that there were no material matters that could affect the the adequacy of the information sent to the Central Bank of Iraq.

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, Note that the increase in assets, amounting to 333,518,375 dinars, is due to The change in the exchange rate of the US dollar from 1190 to 1460 according to the two books of the bank The Iraqi Central Bank numbered 382/2/9 on 21/12/2020 and 104 on 28/12/2020.

2. 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.

3. 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.

4. 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 2020/ 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



Al Janoob Islamic Bank (PJSC)

A Private Joint Stock Company-Baghdad

Statement of financial position as on 31 / December / 2020

Statement	Clarity	31/12/2020 Dinar	31/12/2019 Dinar
Assets			
Cash and balances in the Central Bank of Iraq	5	85,616,963,095	75,064,367,581
Balances in banks and other financial institutions	6	65,551,405,363	11,093,929,014
Islamic Financings (net)	7	108,852,867,638	86,219,494,577
Financial investments (net)	9	37,434,026,923	68,341,500,783
Property and equipment (net)	10	88,315,686,704	86,951,881,996
Intangible assets	11	6,450,866,883	6,696,689,107
Other assets	12	<u>4,472,486,431</u>	15,515,127,508
Total assets		<u>396,694,303,037</u>	<u>349,882,990,566</u>
Liabilities and Owners Equity			
Liabilities			
Customer deposits	13	88,123,744,711	65,967,936,571
Cash Margins	14	44,311,271,189	19,158,811,696
Income tax provision	15	98,128,950	23,691,000
Other Provisions	16	2,047,867,171	1,320,988,698
Provision for exchange rate fluctuations		380,729,052	-
CBI Initiative	17	4,697,222,000	1,650,000,000
Other liabilities		<u>5,706,164,737</u>	<u>10,926,702,626</u>
Total liabilities		<u>145,365,128,010</u>	<u>99,048,130,591</u>
Owners Equity			
Paid Capital		250,000,000,000	250,000,000,000
Statutory reserve	18	239,345,641	211,542,438
Other reserves	18	630,771,821	534,042,566
Retained losses	18	-	-
Retained Earnings	18	<u>459,057,565</u>	<u>89,274,971</u>
Total Equity		<u>251,329,175,027</u>	<u>250,834,859,975</u>
Total liabilities and Equity	19	<u>396,694,303,037</u>	<u>349,882,990,566</u>
Contingent Liabilities		<u>145,322,895,881</u>	<u>66,049,434,902</u>

Chairman of Board of Directors
Prof. Dr. Mahmoud Mohamed Dagher

Managing director
Uday Saadi Ibrahim

Financial Manager
Lubna Mufeed Ismaeel

Subject to our report No. (128/21/57) on 14/6/2021

Mustafa Hussain
Chartered Accountant and
Accounts Controller
Member of the Iraqi Association
of Certified Public Accountants

Shahla' Hikmat Al-Bazaz
Chartered Accountant and
Accounts Controller
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, 2020

Statement	Clarity	31/12/2020 Dinar	31/12/2019 Dinar
Income from Musharaka contracts		1,860,236,705	1,174,860,000
Murabahat revenue		4,001,229,061	788,603,700
Net commission income	20	2,279,077,505	2,581,021,689
Revenue from Foreign Exchange		3,281,834,234	1,508,895,806
Revenue from foreign currency valuation		380,729,052	---
Net return and commission income		11,803,106,557	6,053,381,195
Profits (losses) of other operations	21	(415,407,969)	549,786,867
Expenses paid investment accounts		(1,069,469,661)	---
Total revenue		10,318,228,927	6,603,168,062
Expenses			
Personnel expenses		2,877,338,858	2,735,260,112
Provision for impairment of	22	700,336,095	1,009,156,732
Direct & Indirect Financing			-----
Provision for operational risk		5,598,900	-----
Provision for exchange rate revaluation		380,729,052	-----
Depreciations and amortizations		1,661,860,151	-----
Other operating expenses	10	3,806,099,649	2,195,885,391
Compensation and fines		25,743,895	40,759,650
Taxes and fees	23	206,329,325	464,167,100
Total operating expenses		9,664,035,925	6,445,228,985
Net profit for the year before tax		654,193,002	157,939,077
Income tax		98,128,950	23,691,000
Net profit after tax		556,064,052	134,248,077
The net profit after tax is distributed as follows:		27,803,203	6,712,404
Reserve mandatory (compulsory)		528,260,849	127,535,673
Accumulated surplus			
Total		556,064,052	134,248,077

Managing Director
Uday Saadi Ibrahim

Financial Manager
Lubna Mofeed Ismail

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

Clarifications on the financial statements For the year ending 31/12/2020

Statement of comprehensive income for the year ended 31 December 2020

Statement	Clarity	31/12/2020 Dinar	13/12/2019 Dinar
Net income for the year after accounting for income tax	8	556,064,052	134,248,077
Change in fair value of financial assets through the statement of other comprehensive income		—	—
Total items of other comprehensive income		556,064,052	134,248,077
Total comprehensive income		556,064,052	134,248,077



Al Janoob Islamic Bank (PJSC) A Private Joint Stock Company-Baghdad Cash flow Statement As of 31 / December / 2020

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Operational activities		
Profit for the year before tax	654,193,002	157,939,077
Adjustments for non-cash items		
Depretiation	1,661,860,151	---
Increase in Financing	(22,633,373,061)	(26,271,495,108)
The increase in reserves and allocations	947,729,575	(812,808,364)
Profit before changes in assets and liabilities	(20,023,783,335)	(27,084,303,472)
Change in assets and liabilities	11,042,641,077	(11,456,507,963)
Increase in other assets	22,155,808,140	48,554,889,864
The increase in customer deposits	25,152,459,693	1,401,317,540
Decline in cash Margins	(5,220,537,889)	1,163,745,277
Increase in other liabilities	3,047,222,000	700,000,000
The increase in loans received		
Net cash flow from operating operations before tax	56,177,593,021	40,363,444,718
Income tax payments	74,437,950	(106,901,000)
Net cash flow from operations after tax	56,252,030,971	40,256,543,718
Net cash flow from operations	36,882,440,638	13,330,179,323
Investment activities		
Financial investments	30,907,473,860	(31,961,500,783)
Purchase of property and equipment	(3,025,664,859)	(800,242,875)
Intangible assets	245,822,224	(126,144,132)
Net cash flow (used in) from investing activities	28,127,631,225	(32,887,887,790)
Financing Activities		
Capital increase	-	-
Net cash flow from financing operations	-	-
Net increase in cash and cash equivalents	65,010,071,863	(19,557,708,467)
Cash and cash equivalents at the beginning of the period	86,158,296,595	105,716,005,062
Cash and cash equivalents at the end of the period	151,168,368,458	86,158,296,595



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

Statement	Paid Capital	Mandatory Reserve	Other Reserves	Fair Value Reserve	Retained profits	Retained losses	Total shareholders' Equity
	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar	Dinar
12/31/ 2019							
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 31 December 2019	250,000,000.000	211,542,438	534,042,566	—	89,274,971	—	250,834,859,975



Al Janoob Islamic Bank (PJSC)
A Private Joint Stock Company - Baghdad / List of changes in equity as on 31 / December / 2020

Statement	Paid capital Dinar	mandatory reserve Dinar	other reserves Dinar	fair value reserve Dinar	retained profit Dinar	Retained losses Dinar	Total shareholders' Equity (Dinar)
12/31/ 2020	250,000,000,000	211,542,438	534,042,566	—	89,274,971	—	250,834,859,975
Balance as of 1/1/2020	—	—	(61,749,000)	—	—	—	61,749,000
Adjustments during the year	—	—	—	—	—	—	—
Additions during the year	—	—	—	—	556,064,052	—	556,064,052
Profit of the year	—	—	—	—	—	—	—
The total items of comprehensive income	—	—	—	—	556,064,052	—	556,064,052
total comprehensive income	—	—	—	—	556,064,052	—	556,064,052
Gains on sale of financial assets that are directly recognized in retained earnings	—	—	—	—	—	—	—
Transfers to reserves (Note 17)	—	27,803,203	158,478,255	—	(186,281,458)	—	—
Balance as of 31 December 2020	250,000,000,000	239,345,641	630,771,821	—	459,057,565	—	251,329,175,027

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 / 68848-1) on 6/11/2019 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 1791/3) on 2/2/2016 regarding the final approval to practice banking.

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 international 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), Note that the increase in fixed assets in foreign currency amounting to (333,548,375) dinars resulting from the change in the exchange rate of the dollar against the dinar.

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 (1,460) dinars / dollar

Clarifications on the financial statements for the year ending 31/12/2020



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

5- Cash on hand and balances with the Central Bank of Iraq 31/12/2020

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Cash in vault		
Cash in Iraqi Dinars	44,138,194,288	21,164,163,717
Cash in foreign currency	6,867,727,609	4,040,038,776
Balances with the Central Bank of Iraq:		
Free current accounts	17,897,919,514	11,009,935,094
Deposits for certain periods with the Central Bank of Iraq	9,686,988,204	34,692,995,604
Legal Reserve	<u>7,026,133,480</u>	<u>4,157,234,390</u>
<u>Total</u>	<u>85,616,963,095</u>	<u>75,064,367,581</u>

- 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.

Clarifications on the financial statements for the year ending 31/12/2020

6- Balances with Banks and Financial Institutions

Statement	2020/12/31 Dinar	2019/12/31 Dinar
Local Banks	4,887,524,735	930,276,498
Foreign banks	60,663,880,628	10,163,652,516
Total	<u>65,551,405,363</u>	<u>11,093,929,014</u>

Clarifications on the financial statements for the year ending 31/12/2020



Al Janoob Islamic Bank (PJSC) A Private Joint Stock Company-Baghdad 7- Direct Islamic Financings:

A- detailed statement of the Islamic financing

Statement	31/12/2020 Dinar	31/12/2019 Dinar
remittances from abroad drawn via the bank	—	—
Musharaka financing	16,418,000,000	37,925,000,000
Murabahat	101,899,030,472	49,784,604,454
Qard hassan	<u>332,086,375</u>	<u>280,128,683</u>
Total	<u>118,649,116,847</u>	<u>87,989,733,137</u>
Minus :		
Deferred and suspended profits on financings	(8,052,553,027)	—
Provision for credit Loss	<u>(1,743,696,182)</u>	<u>(1,770,238,560)</u>
	<u>108,852,867,638</u>	<u>86,219,494,577</u>

The following is the movement in the provision for impairment of indirect financings :

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Balance at the beginning of the year	1,320,988,698	1,037,654,812
Additions	726,878,473	283,333,886
	<u>2,047,867,171</u>	<u>1,320,988,698</u>

Clarifications on the financial statements for the year ending 31/12/2020

8-financial assets at fair value through comprehensive income

Statement	31/12/2020 Dinar	31/12/2019 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	31/12/2020 Dinar	31/12/2019 Dinar
Shares of companies not listed in the financial markets	37,434,026,923	68,341,500,783
Total	37,434,026,923	68,341,500,783

Clarifications on the financial statements for the year ending 31/12/2020



Al Janoob Bank

A Private Joint Stock Company - Baghdad

For the year ending on 31 December 2019

10- Net Real estate and equipment, as of 31 December 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
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 Bank A Private Joint Stock Company - Baghdad For the year ending on 31 December 2019

10- Net Real estate and equipment, as of 31 December 2020

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	dinar
The cost as on 1/1/2020	16,381,125,000	17,229,310,200	845,866,340	5,029,387,452	4,705,250,413	—	44,190,939,405
Additions due to exchange rate change	—	30,373,109	44,195,220	147,467,346	111,512,700	—	333,548,375
Additions during the year	4,544,500,000	2,576,804,285	1,011,500	48,089,050	126,551,580	—	7,296,956,415
Decreasing during the year	800,000,000	4,556,851,785	—	42,569,500	—	—	5,399,421,285
Cost at the end of the year	20,125,625,000	15,279,635,809	891,073,060	5,182,374,348	4,943,314,693	—	46,422,022,910
percentage Depreciation and Amortization	2%	20%	20%	20%	20%	10%	
Depreciation at the beginning of the year	—	228,238,054	71,743,434	1,783,323,992	531,395,194	—	2,614,700,674
Adjustments during the year	—	—	—	—	—	—	—
Depreciation during the year	—	152,796,358	89,107,306	517,935,462	494,331,469	—	1,254,170,595
Depreciation at the end of the year	—	381,034,412	160,850,740	2,301,259,455	1,025,726,664	—	3,868,871,270
Net book value	20,125,625,000	14,898,601,397	370,222,320	2,881,114,893	3,917,588,029	—	42,553,151,639
Project under implementation	15,500,000,000	26,545,000,000	917,689,425	—	49,308,480	2,750,537,159	45,762,535,064
Net book value	35,625,625,000	41,443,601,397	1,647,911,745	2,881,114,893	3,966,896,509	2,750,537,159	88,315,686,703

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

11- Intangible assets

Statement	31/12/2020 Dinar	31/12/2019 Dinar
<u>Cost</u>		
Balance as of 1/1/2020	7,991,923,783	7,865,779,651
Transferred from projects under implementation	—	—
Additions through price change Exchange	112,421,032	—
Addition through the year	49,446,300	126,144,132
Balance as of 31/12/2020	8,153,791,115	7,991,923,783
<u>Accumulated Amortization</u>		
Balance as of 1/1/2020	1,295,234,676	1,295,234,676
Amortization during the year	407,689,556	—
Balance as of December ,31 2020	1,702,924,232	1,295,234,676
Book value as on 2020/12/31	6,450,866,883	6,696,689,107

Clarifications on the financial statements for the year ending 31/12/2020

12- Other assets

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Other debtors	3,520,518,797	1,098,147,645
Payments for the purpose of purchasing investments	—	—
Margins with other FIs	—	12,948,402,720
Prepaid expenses	708,841,299	698,082,599
Cash differences	154,697,500	148,887,500
Associate advances	63,365,835	25,887,000
Letter of guarantee Paid	25,063,000	83,458,000
Installments due for Murabaha	—	512,262,044
Installments due for musharaka	—	—
Total	4,472,486,431	15,515,127,508

* The balance of the installments due for Murabaha account, whose balance is (16,481,994,495) dinars, has been transferred to islamic Financing Statement No (7) Within the profit Murabaha account, the balance of the installments account has been transferred Participation due, whose balance is (12,000,000) dinars To the Financing statement, statement No(7) Within the musharaka account

13- Customer Deposits

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Current accounts / private sector companies	9,720,682,451	31,791,814,441
Current accounts / private sector individuals	5,140,654,162	4,795,851,421
Savings deposit accounts	471,286,033	556,261,006
Salary domiciliation	770,239,460	270,494,466
Investments Deposits	71,040,000,000	28,163,332,540
Approved Sukuk (ratified)	944,851,000	—
Other deposits	36,031,605	390,182,697
Total	88,123,744,711	65,967,936,571

Clarifications on the financial statements for the year ending 31/12/2020



14 - Cash Margins Received:

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Margins for LCs	40,893,242,299	9,036,498,450
Margins for letters of guarantee	3,418,029,090	3,900,130,755
Margins for Currency Auction	----	6,222,182,491
Total	44,311,271,389	19,158,811,696

15- Income tax provision

The details of this item are as follows:

Statement	31/12/2020 Dinar	31/12/2019 Dinar
The balance of the beginning of the period	23,691,000	130,592,000
Income tax paid during the year	---	(130,592,000)
settlements	(23,691,000)	----
Income tax due	98,128,950	23,691,000
Balance at the end of the year	98,128,950	23,691,000

- 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.

Clarifications on the financial statements for the year ending 31/12/2020

16- Indirect Financing Provision:

This item includes the provision for indirect financing 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	31/12/2020 Dinar	31/12/2019 Dinar
The balance of the beginning of the period	1,320,988,698	1,037,654,812
Additions	726,878,473	283,333,886
Reductions	—	—
Balance at the end of the year	2,047,867,171	1,320,988,698



17- Other liabilities:

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Profits of investment accounts For distribution	1,174,311,128	----
Administrative expenses payable	112,000,000	57,800,000
Fee for financial stamps	8,401,463	78,252,003
Deduction from employees for others	35,193,709	26,716,721
Certified Checks	----	177,971,000
Amounts owed to depositors	----	9,193,288,278
Increase in cash account	101,119,250	11,802,250
Amounts received for company registration	25,050,000	—
Reciprocal credit accounts	4,014,028,156	—
External transfer deposits	236,061,031	1,380,872,374
Various credit accounts		
Total	5,706,164,737	10,926,702,626

* The balance of an account of amounts owed to depositors amounting to (8,052,553,027) dinars has been transferred to Deferred and suspended Profits on the finances within the direct Financings statement No. (7)

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

18-Shareholders Equity:

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:

- 1 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	31/12/2020 Dinar	31/12/2019 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	<u>250.000.000.000</u>	<u>250.000.000.000</u>

Clarifications on the financial statements for the year ending 31/12/2020

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	31/12/2020 Dinar	31/12/2019 Dinar
Balance at the beginning of the year	211,542,438	204.830.034
Transferred from Profit and Loss Account	27,803,203	6.712.404
Balance at the end of the year	<u>239,345,641</u>	<u>211.542.438</u>

C- Others Reserves:

This account shows the amount distributed from the annual profits payable to the account of the social responsibility reserve of (105,652,170) dinars and the expansion reserve of (52,826,085) dinars, according to the decision of the General Assembly at its meeting on 31 December 2020

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

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

D- Retained Earnings

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Balance at the beginning of the year	89,274,971	755.062.001
Additions	556,064,052	134.248.077
Dividends to shareholders	—	—
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)
Transfers to reserves	(186,281,458)	(44.973.106)
Balance at the end of the year	459,057,565	89.274.971

Clarifications on the financial statements for the year ending 31/12/2020

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

E-Earnings per share:

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	31/12/2020 Dinar	31/12/2019 Dinar
Net profit of the year	528,260,849	127,535,673
Average number of shares	250.000.000.000	250.000.000.000
	Fils / dinar	Fils /Dinar
Earnings per share:	0,002	0,0005

Clarifications on the financial statements for the year ending 31/12/2020

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

19- A- Contingent Financing (net):

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Contingent Financing (Net)		
Documentary Credits	62,665,705,368	32.280.872.852
Credit Margins	(40,893,242,299)	(9.036.498.450)
Net documentary credit	21,772,463,069	23.244.374.402
Guarantee	22,222,562,332	13.636.374.720
Guarantee Margins	(3,418,029,090)	(3.900.130.755)
Net letters of guarantee issued	18,804,533,242	9.736.243.965
Total Contingent credit (net)	40,576,996,311	32.980.618.367

Clarifications on the financial statements for the year ending 31/12/2020

19- B- other reciprocal Accounts :

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Other reciprocal accounts		
Customer undertakings	104,745,899,513	33.068.816.478
Important documents in the bank's possession	1	1
Other reciprocal accounts	<u>56</u>	<u>56</u>
Total reciprocal accounts	<u><u>104,745,899,570</u></u>	<u><u>33.068.816.535</u></u>

Clarifications on the financial statements for the year ending 31/12/2020

Al Janoob Islamic Bank (PJSC) A Private Joint Stock Company-Baghdad 20- Net Commission Income:

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Foreign currency revenue	--	--
Commissions Received	2,250,523,184	2.767.555.302
Bank transfers	148,384,214	71.746.600
Minus ; bank commissions paid	(223,977,025)	(449.322.181)
Other indirect commissions	<u>104,147,132</u>	<u>191.041.968</u>
	28,554,321	186,533,613
Total	<u><u>2,279,077,505</u></u>	<u><u>2.581.021.689</u></u>

Clarifications on the financial statements for the year ending 31/12/2020

21- Net profits from other operations:

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Revenue		
Investment returns	79,681,591	440.143.350
Refundable Expenses	56,440	—
Other revenue	—	—
Previous year's revenue	1,309,000	3.292.519
Accidental revenue	—	—
fixed assets Rent	—	242.350.000
Total	81,047,031	685.785.869
Expenses		
Donations to others	465,955,000	93.945.000
Paid expenses	—	—
investment accounts	—	—
Expenses of previous years	500,000	—
Incidental expenses	—	42.054.002
Total Expenses	496,455,000	135.999.002
Net profits from other operations	(415,407,969)	549.786.867

Clarifications on the financial statements for the year ending 31/12/2020

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

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Salaries, benefits and allowances for workers	2,719,467,085	2,592,885,200
Contribution to Social Security	<u>157,871,773</u>	<u>142,374,912</u>
Total	<u><u>2,877,338,858</u></u>	<u><u>2,735,260,112</u></u>

Clarifications on the financial statements for the year ending 31/12/2020



23- Operating and other expenses:

Statement	31/12/2020 Dinar	31/12/2019 Dinar
Professional and consulting services	942,178,944	304.677.223
Rent and services maintenance	139,241,450	168.699.440
Travel and dispatch	497,473,317	299.624.921
Communications and internet	18,698,700	87.292.841
Advertising	311,470,957	205.405.161
Conferences, seminars, exhibitions, celebrations and hospitality	34,570,000	13.762.500
Office expenses	47,024,250	64.290.109
Subscriptions, fees and licenses	68,342,050	167.594.514
Transfer of employees	49,503,730	15.000.000
Transport of goods	5,789,500	9.263.840
Training	1,223,050	2.224.000
Energy expenses	21,360,500	33.232.500
Water and electricity	27,225,000	29.245.000
Payments for non-workers	27,762,000	9.355.495
legal services	70,555,000	55.781.000
Bank services	25,000	—
Auditor Fees	1,150,646,501	547.903.114
Central bank audit fees	62,075,000	57.800.000
Other operating expenses	1,300,000	2.400.000
	<u>329,634,700</u>	<u>117.684.233</u>
	3,806,099,649	2.191.235.891
Other expenses		
Subsidies for personnel and others	--	4.649.500
	--	—
Other operating expenses	--	4.649.500
	<u>3,806,099,649</u>	<u>2.195.885.391</u>

Clarifications on the financial statements for the year ending 31/12/2020