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HAMMURABI COMMERCIAL BANK (P.S.C.)

(Logo)

(Translation from Arabic into English)

## Hammurabi Commercial Bank (P.S.C.)

### Report of the Management



TRANSLATED BY:

Date: **13 DEC 2023**

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واثق هندو

مترجم قانوني مجاز

رقم الهوية ٨١/٤/٤٤٤ من وزارة العدل

عضو جمعية المترجمين العراقيين

رقم الهوية ١٩٢ في ١٩٧٩/١/٢٩

العنوان: مكتب نادر للترجمة - المسيب

بغداد - هاتف: ٧٩٠١٤٥٠٤٩٣

**Our Vision**

That Hammurabi commercial Bank becomes one of the pioneering banks in providing creative and distinctive banking solutions which will be compatible with the developments of the international banking industry, and Hammurabi Commercial Bank becomes the customers' favorite bank in the Iraqi market enjoying distinguished local and international relations.

**Our Message:**

Hammurabi Commercial Bank is an Iraqi bank in which the Central Bank of Iraq contributes in it, that provide banking services with high professionalism and high quality through a permanent partnership with our customers in the commercial and development sectors, it harnesses all its capabilities and the capabilities of its functional apparatus to improve the levels of services provided, which meet the needs and ambitions of customers, and will contribute in the development of Iraqi national economy and prosperity of society in line with the policy of the Central Bank of Iraq, instructions, and all the prevailing laws and norms.

**Our Core Value:**

Achieving financial inclusion - Transparency – Accountability – Discipline – Sustainability in all its local and international transactions.



**Speech of the Chairman of the Board of Directors**

Dear Ladies, Gentlemen, and Shareholders  
Honorable Guests,

Greeting,

I am pleased to greet all of you and welcome you on behalf of myself and on behalf of my brothers, members of the Board of Directors and Executive Management, and to extend, on behalf of all of us, our thanks and welcome to the shareholders and distinguished attendees for answering our invitation, your trust in us, and your continued support for us, and to present to you the third annual report of the Hammurabi Commercial Bank. Including the financial statements and achievements achieved for the past year (2022), emphasizing the journey of success and development to ensure quality levels of the work environment.

I would like to show you that our bank was able to overcome the obstacles it faced and it was able to achieve continuity of banking activities and manage assets and liabilities within the existing and available capacities and available to keep pace with the developments witnessed by the banking industry. In addition to provide and maintain banking services and products for customers and actual participation in all vital activities necessary for all segments of society, and it continues to complete the infrastructure related to the banking inclusion system and modern electronic transactions and works to activate the role of the bank's supervisory departments represented by audit and control, compliance, risks, anti-money laundering and financing terrorism. Our bank attaches special importance to implementing the best corporate governance practices emphasized by the Central Bank in the Corporate Governance Guide for Banks, and considering it a work guide to keep pace with international developments and apply best practices in the banking sector, by introducing developments in the information technology, communications, electronic networks and software used in the bank.

And in fulfillment of our mission, we always work with what is necessary and useful to develop our services and banking activities with the latest advanced technologies, and provide integrated banking solutions to our customers, according to our slogan that the customer is always right in light of the application of the regulations, instructions, and directives of the Central Bank. Finally, the bank works to develop and improve its human resources to build a team capable of working, and improving the bank's performance to the better levels, at the organizational and operational levels, and creating an appropriate environment to achieve the set goals.

Peace, mercy and blessings of God

Dr. Majid Mohammed Hasan Alsoori  
Chairman of Board of Directors



## Report of the Board of Directors on the Bank's Activity for the Financial Year Ending on 31/12/2022

The Board of Directors of Hammurabi Commercial Bank is pleased to submit its annual report on the final accounts and balance sheet in accordance with International Financial Reporting Standards (IFRS), to the bank for the financial year ending December 31, 2022, prepared in accordance with the provisions of Paragraph (3) of Article (117) and Article (134) of Companies Law No. (21) for the year 1997, amended, is consistent with all the laws, regulations, instructions, and recommendations issued by the Central Bank of Iraq and the related supervisory authorities, including the Banking Law, the Anti-Money Laundering and Financing Terrorism Law, and other laws, in addition to the Corporate Governance Guide for Banks.

And in fulfillment of our mission and clear vision, we are working to provide the best banking services, in order to excel in work, support social and economic development, and cooperate with competent authorities in all fields and spheres, so that the bank will be an important center for attracting local and foreign investments in order to maximize and diversify financial resources, and it will work to make every effort to achieve excellence in the field of banking work, and move forward with diligent and fruitful work to meet the challenges in the field of achieving the set goals. Our bank aspires to occupy a distinguished position in the Iraqi and international banking industry, and contribute to developing the culture of society by attracting customers to deal with the bank, in addition to achieving profits and raising the value of the share for the benefit of shareholders, and this will be done through firm adherence to banking laws, instructions and regulations.



**An overview of the bank, its objectives, activities, expectations,  
branches and developments**

**The incorporation of the bank:**

The Hammurabi Commercial Bank was incorporated with a nominal capital of (201) Billion dinars with the contribution of the Central Bank of an amount of (50) billion dinars, according to the provisions of the law of the Central bank of Iraq no. (94) for the year 2004, and the provisions of companies Law no. 21 for the year 1997 according to incorporation certificate no. (C.R. 01/89003) on 26/8/2020 and the Hammurabi commercial Bank Company (private shareholding) considered an Iraqi bank licensed to practice banking activity in the Republic of Iraq according to the letter of the central bank of Iraq no.(17595/2/9) on 29/11/2020, the bank commenced its banking activity on 2/1/2021 and its establishment contract was amended by increasing its capital to (250)billion Iraqi dinars (two hundred fifty billion dinars), and it is in the process of completing the legal procedures for increasing its capital with the Department of Companies Registration.

**Main Objectives of the Bank:**

Hammurabi Commercial Bank seeks to become a well-known bank in the field of banking services , and realizes comprehensive financial work according to the instructions of the Central bank of Iraq by providing services to all segments of Iraqi society and expand in numbers of bank's branches in Iraqi governorates, through thoughtful financial management and the consolidation of culture in managing risks and costs and occupying a major position in favoring development projects (commercial, industrial, agricultural, construction, tourism, and others), and the bank aims to:

1. To occupy a leading position among other banks working in Iraq in providing best services to the customers.
2. Establish relations of correspondence banks abroad- in order to improve and expand services provided to the customers.
3. Introducing modern banking systems in all areas of banking business, especially in the field of anti-money laundering and risk management.
4. To develop and improve financial services that meet the needs of customers of all categories.
5. Building and developing a professional banking employee capable of meeting the various and rapidly evolving variables in the local and international market.
6. Render work polices, plans, and procedures to the bank, covering all the activities and comply with the related Legislations.
7. Ensure the existence of information systems sufficient and reliable which covers all the activities of the bank.
8. To care and concentrate on social development which will reflect its role in realizing quality of social life o the members of the society, and push the productive capabilities in order to upgrade the living standard of the family.
9. Protect customers' deposits and savings through setting active supervisory systems characterized with efficiency and high level.
10. Building strategic relationships with customers, various financial and banking institutions, public institutions and ministries, achieving financial inclusion and working to reduce the phenomenon of hoarding money.



**First: Information about the Bank****1. The Branches of the Bank**

Approval of the central bank was obtained to establish three branches during the period ending on 31/December/2022; one in Baghdad, other in Erbil and the third in Al-Basrah.

Statement of the names and locations of the bank's branches

Governorate	Branch	Address	Tel.	E-mail
Baghdad	Main	Park Al-Saadoon- Al-Nidhal St. 103/41/3	07816111111	info@hcb.iq
Erbil		Street 100 next to Jihan Company for Cars/ Kirkuk Road	07727766551	Erbil.Branch@hcb.iq
Al-Basrah		Al- Basrah Governorate/ Al-Kazaz Township Al- Basrah District Serial 68/77 Bldg. No. 15	07801000268	

The bank is working on activating Al-Basrah and Erbil Branches after the completion of all the legal procedures related to it. The bank decided to establish branches in Ninevah and Al-Ramadi governorates, and it is working on completing Ninevah branch and prepare employees required for its work

**2. Main activities of the Bank**

The Hammurabi Commercial Bank carries out all the banking business inside and outside Iraq, as it provides an integrated set of banking and commercial services to companies and individuals, and finances all commercial and industrial activities and projects through its (3) branches, with the activation of all activities related to the initiatives of the Central Bank of Iraq.



### 3. The Strategic Plan and Future Working Plans

The management of Hammurabi Commercial Bank seeks an active participation in the economic work in Iraq to realize the development of economic projects according to the instructions issued by the Central Bank of Iraq.

Achieving the financial inclusion and generalization of financial services is a vital matter for the bank, in line with the instructions of the Central Bank's directives, so that it can meet the needs of the customers base, as well as its focus on training and developing human resources, as a necessity to achieve work safety and prevention and upgrade the level of its management that helps it support the bank's competitiveness and access to the best opportunities in the banking services market, in order to maximize profitable returns on the capital and expand the property rights base, by setting a clear formulation for the bank's objectives.

The bank has prepared a very ambitious strategic plan for the years 2021, 2022, and 2023, with the vision and mission of the bank:

The strategic plan for the years focused on many main axes stipulating:

- 1) Developing and diversifying sources of income for the bank.
- 2) Moving forward with the technological development plan, providing electronic services, and developing the bank's technological infrastructure.
- 3) Developing new products, especially digital products.
- 4) Raising the level of governance in the bank, developing its mechanisms, and modernizing the bank's operational processes.
- 5) Increasing interest in social responsibility and achieving financial inclusion.
- 6) Improving and developing the management of the bank's assets and liabilities in a way that achieves the highest returns to the bank, with attention and reducing risks.
- 7) Developing and improving the risk management processes in the bank through the development of the various control departments.
- 8) Developing and improving the efficiency of human resources so that the bank can provide banking services in an efficient and effective manner.

In order to achieve these major goals, a number of initiatives / action plans were formulated that would achieve the major goals in light of the bank's vision, which in turn were distributed over the three years strategy.



#### 4. Financial inclusion

The bank is working to realize the policy of financial inclusion in response to the instructions of the Central Bank of Iraq and international financial institutions that are concerned with this issue by working to deliver financial and banking services to the largest number of individuals and the business sector, and to provide financial products suitable for their needs, such as deposit accounts of all kinds, payment and transfer services, insurance services, cash and contractual credit services, in addition to other banking products and services, including moving accounts remotely. The bank has developed future plans to expand these activities.

The bank's strategic plan for the coming years included a focus on developing its electronic services and enhancing and distributing channels of access to the customers, which would greatly help in enhancing the process of achieving financial inclusion.

#### Second: The Report of the Corporate Governance

The Hammurabi Commercial Bank believes in the principles of corporate governance and their application in the bank, which helps to achieve the bank's strategic goals and manage the bank's operations and business safely, which guarantees the protection of deposit holders and stakeholders. The bank has prepared a governance guide and based its preparation on the instructions of the Central Bank of Iraq in this regard, in addition to the guidelines issued by the international regulatory authorities and the best professional practices in the field of governance, and it has been published on the bank's website.

The procedures of organizing and managing the bank to comply with the principles of governance depend on several things, the most important of which are:

1. An effective Board of Directors.
2. Provides long-term strategies to develop the bank's business according to basics and frameworks of risk management.
3. Work on the development and improvement of human resources.
4. Adopting sound accounting principles and integrated disclosure.
5. Activating the role of the committees emanating from the Board of Directors.

This has been started, and based on the instructions of the Central Bank of Iraq, work on the application of the requirements of the governance of information technology and management associated with it in accordance with the standard (COBIT 19) where it was signed with (AEG) to assist the bank in this matter. The bank prepared and approved the Information Technology Governance Guide and published it on the bank's website.



### Third: The Board of Directors

The Board of Directors is responsible for the accuracy and adequacy of the bank's financial statements, the information included in the annual report, and the adequacy of internal control and control systems.

#### 1- Tasks and Responsibilities of the Board of Directors

- Approving the bank's comprehensive vision plans, mission, and goals, in consistency with the bank's objectives in light of the instructions of the general body, then directing the executive management to implement the plans while monitoring their performance, evaluating them, and amending them if necessary, according to the development of the bank's business and the requirements of governance.
- Supervising the executive management and following up its performance, and ensuring the soundness of the bank's financial position and its solvency.
- Adopting appropriate policies and procedures for periodic supervision and control of the bank's performance.
- Adopting a policy to monitor and review the performance of the executive management by setting key performance indicators to define, measure and monitor the performance and progress towards achieving the set corporate goals of the bank.
- Ensuring the availability of work policies, plans, and procedures at the bank, which include all its activities, and are in line with relevant laws and instructions, and circulated to all administrative levels, while reviewing them regularly.
- Draw clear lines of responsibility and accountability for all the bank's activities, and establish a high culture of ethical standards of integrity and professional behavior for the bank's administrators.
- Clear responsibility and accountability for all the bank's activities, and the establishment of a high culture of ethical standards of integrity and professional behavior for the bank's administrators.
- Follow up the implementation of the decisions of the General Body.
- Submitting the bank's final accounts and financial statements (statements) and a comprehensive report on the results of implementing the annual plan to the General Body for discussion and approval.
- Ensuring compliance with standards, laws, and instructions in all of the bank's operations and activities.
- Discussing and approving annual plans and budgets related to the bank's activity and following up on their implementation.
- Forming committees of board directors and selecting their members from among the members of the board or outside, according to the principles of governance.
- Approving the selection of candidates for executive management positions, evaluating and following up their performance periodically, supervising and questioning them, and obtaining from them a clear explanation of the issue of accountability.



- Adopting internal control and control systems for the bank and reviewing them annually, and ensuring that the internal auditor and coordination with the external auditor (accountant) review these systems at least once annually, and the board must include in the annual report of the bank what confirms the adequacy of these systems.
- Ensuring the independence of the external auditor (the auditor).
- Adopting an effective risk management strategy and monitoring its implementation, ensuring that the bank is not exposed to high risks, and that the board is aware of the bank's operational work environment and the risks associated with it, and that it ensures the existence of necessary and sufficient tools and infrastructure for risk management in the bank, and is capable of identifying, measuring, controlling and monitoring all types of risks to which it is exposed. her bank.
- Ensure that the bank implements the basic principles of good management as stated in the rules of good governance and the internal control system contained in Instructions No. 4 of the year
- Ensure the existence of sufficient and reliable management information systems covering all the activities of the bank
- Spreading the culture of governance in the bank and a commitment by all available means to all employees and the executive management to apply its practices.

**The Original Members of Board of Directors and the amount of their contribution to the capital as on 31/12/2022**

The Board of Directors consists of the persons whose names and number of shares on 31/12/2022, is shown below:

**The Original Members**

Names of the original members	No. of shares
The Central Bank of Iraq	50 000 000 000
Dr. Majid Mohammed Hasan Alsoori	
Sirimian Company, represented by Managing Director Umit Inanc	75 986 147 948
Al-Khatam Company, represented by Samer Sameer Mahmoud Musleh	41 232 890 334
Hussein Hameed Taha	9 089
Mohammed Safwan Abdullateef	9 089
Hasan Lafta Hashim	9 089



Reserve members of the Board of Directors and their number of shares as on 31/12/2022

Names of the reserve members	No. of shares
Saleem Ameen Saleem	234 483 310
Faris Dawood Salman	536 948 603
Qasim Hadi Razouqi	836 505 576
Al-Musanada Company, represented by Salahuldeen Nasir	118 877 585

### Meetings of the Board of Directors

The sessions of the Board of Directors during the year subject of the report amounted to (6) sessions.

### 1- The amounts that the members of the Board of Directors and Managing Director obtained

The Board of Directors did not obtain any cash Remuneration during their work.

### 2- The facilitations given to the members of Board of Directors

No member of the Board of Directors was granted a credit facility (whether cash or contractual) during the year subject of the report.



Members of the Bank's Board of Directors, taking into account transparency in its composition and in accordance with the Bank's Institutional Governance Manual.

Name of the member	Position	Educational achievement	Date of employment	committees	Attendance Commitment
Dr Majid Mohammed Hasan Alsoori	Chairman of BOD	Ph.D. in Economics	12/10/2020	Head of Governance Committee Head of Nomination and Bounces Committee	Committed
Umit Inanc	Vice Chairman of BOD	Bachelor Degree in Management and Economics Bachelor Degree in Trade Rights	12/10/2020	Member of Governance Committee	Committed
Samer Sameer Mahmoud Musleh	Member	Bachelor Degree in Business Management	12/10/2020		Committed
Mohammed Safwan Abdulateef	Member	Bachelor Degree in Management and Economics	12/10/2020	Head of Auditing Committee Member of Governance Committee	Committed
Hasan Lafta Hashim	Member	BA in Law	12/10/2020	Head of Risks Management committee Member of Auditing Committee	Committed
Hussein Hameed Taha	Member	Bachelor Degree in computer science	12/10/2020	Auditing Committee Risks Management Committee Nominations and Remuneration Committee	Committed

### Information about members of Board of Directors

Names of the shareholders that they own a (5%) or more in the capital

Name of shareholder	No. of Shares	Percent to the capital
Central Bank of Iraq/ Dr. Majid Mohammed Hasan Alsoori	50 000 000 000	25%
Sirimian Company, represented by Managing Director Umit Inanc	75 986 147 948	38%
Al-Khatim Company, represented by Samer Sameer Mahmoud Musleh	41 232 890 334	21%



## Committees emanating from the Board of Directors

The committees emanating from the Board of Directors exercise their duties in accordance with their regulations held and in accordance with the regulatory instructions. Below is a brief description of the committees emerging from the Board of Directors.

### 1- Auditing Committee

The committee consist of three independent members of the Board of Directors and the head of the committee is an independent member of the Board of Directors

Members of the committee:

Members of the committee	Position
Mohammed Safwan Abdullateef	Head of the Committee
Hasan Lafta Hashim	Member
Hussein Hameed Taha	Member
Samah Issa Mohammed	Committee Rapporteur

#### The meetings of the committee

The committee held four meetings during the year 2022.

### 2- Risk Management Committee

The committee consist of three non-executive members provided that the head of the committee is an independent member, and the members of the committee should have experience in risks management and the related practices and cases.

Members of the committee:

Members of the committee	Position
Hasan Lafta Hashim	Head of the Committee
Hussein Hameed Taha	Member
Zaid Faris Raheem Abdulkareem	Member
Ammar Hatem Ahmed	Committee Rapporteur

#### The meetings of the committee

The committee held four meetings during the year 2022.



### 3- Contractual Governance Committee

The Contractual Governance committee consist of three members all of them independent and non-executive headed by the chairman of the Board.

Members of the committee:

Members of the committee	Position
Dr. Majid Mohammed Hasan Alsoori	Head of the Committee
Mohammed Safwan Abdulateef	Member
Umit Inanc	Member
Noor Hatim Abduljabbar	Committee Rapporteur

#### The meetings of the committee

The committee held five meetings during the year 2022.

### 4- Nomination and Remuneration Committee

The committee consist of three members all of them independent and non-executive headed and the head of the committee is an independent member.

Members of the committee:

Members of the committee	Position
Dr. Majid Mohammed Hasan Alsoori	Head of the Committee
Mohammed Hashim Sami	Member
Hussein Hameed Taha	Member
Shahad Duraid Raheem	Committee Rapporteur

#### The meetings of the committee

The committee held four meetings during the year 2022.



#### Fourth: Executive Management

The executive management is represented by a number of high-ranking employees as stated in Article (1) of the Banks Law No. 94 for the year 2004 and in accordance with the instructions of the Central Bank of Iraq, and the organizational structure of the bank consist of the managing directors, managers and deputies of bank's departments, the bank works to ensure that the members of the executive management enjoy the greatest degree of credibility, integrity, efficiency, and devote time to the work of the bank, and the Board of Directors and the Nomination and Remuneration Committee have a responsibility to ensure this.

#### Tasks of the executive management

The names and job titles of the executive management of the bank for the year 2022.

Name	Job Title
Rajih Abd Ali Ahmed	First Deputy of the Managing Director

#### The committees emanating from the executive management

The senior management has formed committees to assist it in carrying out its tasks and submitting reports to the relevant committees of the Board of Directors on a regular basis to ensure the effectiveness of control and supervision. The executive management committees consist of at least three members, and the members of the Board of Directors may attend as observers to assist them. The committees send the dates of their meetings to the Board of Directors.



**1. Credit Committee**

The committee meets once a month at least or whenever needed.

Members of the committee:

Members of the committee	Position
Mohammed Hashim Sami	Head of the Committee
Riham Adnan Mohammed	Member
Aws Mahmood Abdulateef	Member

**2. Investment Committee**

The committee meets once a month at least or whenever needed.

Members of the committee:

Members of the committee	Position
Novil Abdulwadod Mohammed	Head of the Committee
Mustafa Jafar Abd	Member
Basma Khudhajr Alawi	Member

**3. Information Techniques and Communication Committee**

The committee meets once a month at least or whenever needed.

Members of the committee:

Members of the committee	Position
Ahmed Naeem Abdulridha	Head of the Committee
Ahmed Samer Ibrahim	Member
Maysam Kahtan Abbas	Member

**4. Legal Committee**

Members of the committee:

Members of the committee	Position
Mohammed Hashim Sami	Head of the Committee
Najlaa Mamdoh Abdulateef	Member
Tiba Haitham Wawi	Member



## Risks Management:

Hammurabi Bank believes that risk management in the bank is the responsibility of all the employees in the bank. The Risk Management in the bank is based on three basic pillars, and as follows:

- Full understanding and awareness of the board of directors, senior management and bank employees of the types of risks inherent in the bank's business.
- The existence of an appropriate strategy, policies and procedures for risk management.
- Existence of systems that assist risk managing various risks.

The bank has also established a fully independent risk management department, which is affiliated to the risk management committee emanating from the Board of Directors.

The bank has adopted a conservative risk policy, as the bank has prepared an integrated policy showing risk the levels of acceptable risks to the management of the bank which deals with all types of risks that the bank may be exposed to.

## Compliance Monitoring:

Compliance risks, which mean the risks that the bank may fall into, which may result in (legal penalties, material losses, or tarnished reputation) as a result of its non-compliance with laws, regulations, instructions, rules of conduct, and sound banking standards and practices issued by the local and international regulatory authorities.

Because of the awareness of the Bank with the importance of compliance, it has done the following:

- Preparing a compliance policy approved by the Board.
- Taking the necessary measures by the Board to promote the values of integrity and correct professional practice in a manner that makes compliance with laws, regulations and instructions a primary goal that everyone must work to achieve
- Managing the compliance monitoring process through an independent department that reports directly to the Board of Directors through the Chairman of the Board.
- Monitor compliance risks through a database that includes all laws and regulations.

## Anti-Money Laundering and Financing Terrorism

As for Anti Money Laundering and Terrorism Financing operations, the bank follows policies and work procedures approved by the Board of Directors through:

- Continuous updating of Anti Money Laundering and Terrorism Financing policies and procedures.
- Adopting a methodology for classifying customers according to their risks.
- Using an automated system to help detect Anti Money Laundering and Terrorism Financing operations.
- Provide continuous training in the field of compliance for the bank's employees.



## Internal Auditing:

For the purposes of activating governance in the bank, a special department for auditing, control and internal affairs was established in accordance with international principles and standards which works to assist the management of the bank in achieving its set goals by adopting a structured approach to assessing and improving the effectiveness of banking operations.

- The department is functionally affiliated to the Audit Committee emanating from the Board, and the reports of the department are submitted to the Audit Committee. The department is independence, and it has the right to obtain any information and contact any employee within the bank.

- The department works to provide reasonable assurance about the effectiveness and efficiency of the bank's internal control systems and their ability to achieve:

1. Accuracy and reliability of financial statements.
2. Operational efficiency.
3. Business continuity.
4. Preserving the assets and properties of the bank.

- The scope of the internal audit work includes all the work centers, activities and operations of the bank.

- The Internal Audit Department carries out its work according to an annual plan prepared based on risks.

## Analysis and indicators of the final financial statements:

1. **Assets:** The balance of assets as it is on 31/12/2022 amounted to (210,255,592,800) dinars, which is (gross dinars + gross evaluated dollars), but in the year 2021 it was (208,630,016,645) Dinars.
2. **Cash liquidity:** The liquidity rate for the year 2022 of the bank reached(1219%).
3. **Financial assets (investments):** Financial investments in government construction bonds amounted to (25,000,000,000 billion dinars) as on 31/12/2022. The date of the issuance confirmed in the bond certificate is 19/12/2021.
4. **Credit facilities:** Cash credit was granted to bank employees and employees outside the bank and commercial in the amount of (6,492,500,000 dinars).
  - The amount granted to bank employees is (552,500,000) dinars, commercial, individuals and companies is (4,000,000) dinars, and the amount granted to low interest loans is (2,500,000,000) dinars.
  - Dinars, Loans of small and medium projects amounted to (3,300,000,000) and dormant loans is (100,000,000) dinars.
  - The amounts paid out of grants are (621,865,435) dinars.



- Therefore, the balance after payment up to 31/12/2022 is (5,870,634,564) dinars, which is the details of the loans of employees outside the bank in the amount of (407,225,910) dinars and commercial loans in the amount of (17,305,555) dinars.
  - The low interest loans is (2,227,920,054) dinars, projects loans is (3,118,183,43) dinars, and dormant loans; there is no settlement.
  - Noting that the amount granted to the bank's employees is (548,500,000) dinars, and the amount paid from original grant is (391,322,894) dinars for the remaining amount after payment is (157,177,310) dinars.
  - And that all these loans are continuing to be repaid, and their classification is good, and there is no delay during the year 2022.
5. **Customer deposits:** Customer deposits, which include (current deposits + savings deposits + deposits of a current nature), amounted to (1,071,908,769) dinars.
  6. **Off-budget operations, including internal letters of guarantee,** amounting to (23,709,330,000) dinars, against in-kind guarantees amounting to (25,291,000,000) dinars.
  7. **Other Liabilities:** The balance of other liabilities amounted to (618,819,386) dinars.
  8. **Shareholders' balance:** Shareholders' balance amounted to (201) billion dinars
  9. **The volume of Profits (losses):** The volume of profits amounted to (89,460,513) dinars, before deducting tax.
  10. **Allocation for depreciation of fixed assets amounted to:** (16,165,473) dinars.
  11. The criterion for term deposits is the ratio of total savings to total liabilities excluding property rights, as our saved deposits include only (savings) at a rate of (0.001%).
- Note that the capital adequacy ratio is (368%).

### Human resources:

- The number of the employees at the end of year 2022 reached (118) employees, and the total salaries, wages and encouragement rewards reached (1,160, 749,220) dinars the annual gross before tax and social security deduction.



- The focus of the management of the bank is on attracting good banking employees who hold university degrees and who have the competence and ability to work on the computer, since the bank applies advanced electronic banking systems that include all aspects of banking.

**Distribution of the employees according to administrative and technical levels:**

Ser.	Administrative Level	Number
1	The Managing Director	1
2	Deputy Managing Director	1
3	Secretariat	2
4	Legal Advisor	-
5	Department Manager	13
6	Branch Manager	3
7	Department Asst. Manager	11
8	Branch Asst. Manager	2
9	Supervisor of Branches' work	1
10	Person in Charge of a Section	5
11	Asst. of Person in Charge of a Section	1
12	Chief Cashier	1
13	Chief Supervisor	3
14	Senior Accountant	1
15	Engineer	1
16	Asst. Programmer	3
17	Supervisor	11
18	Asst. Supervisor	10
19	Customers service employee	1
20	Cashier	4
21	Clerk	1
22	Technician	4
23	Cleaner	2
24	Driver	2
25	Authorized Person	14
26	Guard	4
27	Packer- Porter	1
28	Storekeeper	
29	Receptionist	1
	Total	95



- The bank worked to invest the human resources working in it by involving them in training courses and seminars aimed at raising their skills and competencies with the requirements of their current and future jobs. The employees were involved in online courses that focused on several topics to cover the needs.

Ser.	Course name	Date of course	Place where the course held
1	Joint evaluation of Anti-Money Laundering and Financing Terrorism	9-13/1/2022	Bait Al Hikma company for Training and Human Development - online
2	Banking stress tests and practical applications	16-20/1/2022	Bait Al Hikma company for Training and Human Development - online
3	Current managers and reviewing common and repeated mistakes in the presented statements	1/3/2022	Headquarter of Central bank of Iraq
4	Accountings for non-accountants	23-27/1/2022	Bait Al Hikma company for Training and Human Development - online
5	Management of credit policies and debt receivables	From 30/1 to 3/2/2022	Bait Al Hikma company for Training and Human Development - online
6	Management of human resources in the institutions	6-10/2/2022	Bait Al Hikma company for Training and Human Development - online
7	International punishments and handling procedures	13-17/2/2022	Bait Al Hikma company for Training and Human Development - online
8	banking inclusion operations	13-17/2/2022	Bait Al Hikma company for Training and Human Development - online
9	Analysis of risks of banking operations	20-24/2/2022	Bait Al Hikma company for Training and Human Development - online
10	Uniform Customs and Practices for Documentary credits	From 27/2 to 3/3/2022	Bait Al Hikma company for Training and Human Development - online
11	Financial control based on the risks	From 27/2 to 3/3/2022	Bait Al Hikma company for Training and Human Development - online
12	Active compliance management in banks	6-10/3/2022	Bait Al Hikma company for Training and Human Development - online
13	Letters of guarantee and banking guarantees	13-17/3/2022	Bait Al Hikma company for Training and Human Development - online
14	Distinguished employee skills workshop	18-19/4/2022	Bait Al Hikma company for Training and Human Development - online
15	Workshop on dormant accounts system and abandoned funds	10/3/2022	Headquarter of Central bank of Iraq



16	Workshop on clarify the basic objective and mechanism of the banking supervision reporting system BSRS	18/1/2022	Headquarter of Central bank of Iraq
17	Training workshop on the regulations of selling foreign currencies	12/1/2022	Headquarter of Central bank of Iraq
18	Work check System	1-3/3/2022	Headquarter of Central bank of Iraq
19	Workshop on CRS System	13-12/5/2022	Headquarter of Central bank of Iraq
20	Workshop on introduction to goAML System	23/3/2022	Headquarter of Central bank of Iraq
21	Auditing financial statements according to regulations issued by AAOIFI	6-10/2/2022	Headquarter of Central bank of Iraq
22	Training workshop on Market Risks Management in commercial banks	16/1/2022	Headquarter of Central bank of Iraq
23	ACH system	1-3/2/2022	Headquarter of Central bank of Iraq
24	Counterfeiting and fraud local and foreign currency and matching it with the real currency	20-24/2/2022	Headquarter of Central bank of Iraq
25	Training workshop on reporting suspicion transactions requirements	22/3/2022	Headquarter of Central bank of Iraq
26	Training workshop on Bank Supervisory Reports System	8/12/2022	Headquarter of Central bank of Iraq
27	Training workshop on the purpose of explaining the amendments made to the model for calculating foreign currency positions	4/4/2022	Headquarter of Central bank of Iraq
28	Course on teaching English Language	19/1/2022	Bait Al Hikma company for Training and Human Development - online
29	Course on Theoretical and applied tax management	27-31/3/2022	Bait Al Hikma company for Training and Human Development - online
30	Management of Performance, determining objectives and evaluation procedures	27-31/3/2022	
31	Financial Bonds System	5/4/2022	
32	Anti-Money Laundering System	13-14/4/2022	
33	Basic preparation of the bank according to the BANKS System	5/6/2022	
34	Fixed assets according to BANKS System	7/6/2022	



35	Seizures/Re-funded commissions by Banks System	8/6/2022	Alrowad IT Solution L.L.C. ICSFS
36	Improving the skills of the cashiers	19-23/6/2022	Bait Al Hikma company for Training and Human Development - online
37	Advanced Financial analysis	11-15/9/2022	Bait Al Hikma company for Training and Human Development - online
38	Training course of Credit inquiry system CBS	7/6/2022	Headquarter of Central bank of Iraq
39	Specialized workshop on the results realized from central electronic platform/ Letters of guarantee	15/6/2022	Headquarter of Central bank of Iraq
40	Course on Principals on international banking operations	24-26/7/2022	Headquarter of Central bank of Iraq
41	Workshop on Financial inclusion- concepts and requirements	28-29/8/2022	Headquarter of Central bank of Iraq
42	Course on Liquidity cover ratio and Net stable financial ratio	11-13/9/2022	Headquarter of Central bank of Iraq
43	Workshop on marketing banking products and services through social media	28-29/9/2022	Headquarter of Central bank of Iraq
44	Training workshop on strategic planning from the realization of aims of the organizations	21/9/2022	Headquarter of Central bank of Iraq
45	Commercial correspondences in English Language	18-22/9/2022	Headquarter of Central bank of Iraq
46	Improving credit officers' capacities	20-22/9/2022	
47	Reveal counterfeiting and fraud local and foreign currency and matching it with the real currency	23-24/10/2022	Headquarter of Central bank of Iraq
48	Reveal counterfeiting and fraud local and foreign currency and matching it with the currency	23-24/10/2022	Headquarter of Central bank of Iraq
49	Certificate of Branch Manager Certified (CBM) for banks	23-27/10/2022	Headquarter of Central bank of Iraq
50	Course on banking products and services through social media	12-13/10/2022	Headquarter of Central bank of Iraq
51	Course of documentary credits in financing international trade	9-13/10/2022	Bait Al Hikma company for Training and Human Development - online
52	Branch Manager Course on increasing corporative sales and profits	20-24/11/2022	Bait Al Hikma company for Training and Human Development - online
53	Thinking based on risks ISO9001	7/11/2022	Bait Al Hikma company for Training and Human Development - online



54	Employment compliance and its relation with anti-money laundering and financing terrorism	6-10/11/2022	Bait Al Hikma company for Training and Human Development - online
55	Microsoft Excel	4-8/12/2022	Bait Al Hikma company for Training and Human Development - online
56	Marketing plan and its function in targeting customers	27-1/12/2022	Bait Al Hikma company for Training and Human Development - online
57	Modern international standards for internal control and review	20-24/11/2022	Headquarter of Central bank of Iraq
58	Skills of preparing estimated balance sheets, its analysis and usage in supervision and evaluation	13-17/11/2022	Headquarter of Central bank of Iraq
59	Anti-money laundering and money risks resulting from fraud and corruption	19-21/12/2022	Headquarter of Central bank of Iraq
60	Liquidity risks management according to Basil decisions	3-6/10/2022	Headquarter of Central bank of Iraq
61	Internal auditing, risks management, and compliance within Institutional government system	13-15/11/2022	Bait Al Hikma company for Training and Human Development - online
62	Financial monitoring analysis	13-17/11/2022	Bait Al Hikma company for Training and Human Development - online
63	Topics of the electronic payment systems workshop	14/11/2022	Bait Al Hikma company for Training and Human Development - online
64	Strategies of developing human capital and performance evaluation	13-16/6/2022	Bait Al Hikma company for Training and Human Development - online
65	Workshop to discuss modernizing part of the control requirements accompanying the operation of issuing letters of guarantee	5/4/2022	Headquarter of Central bank of Iraq
66	Training workshop on occupational sequential replacement planning	11/4/2022	Headquarter of Central bank of Iraq
67	Workshop on monitoring regulations concerning local banks classifications D-SIBS systematic task	18/4/2022	Headquarter of Central bank of Iraq
68	Training workshop on Data governance in light of digital transformation	17/4/2022	Headquarter of Central bank of Iraq
69	Training workshop on risk management of operating and controlling electronic payment systems	23/4/2022	Headquarter of Central bank of Iraq
70	Training workshop on the future of human resources 2030 and what you need to know today	27/4/2022	Headquarter of Central bank of Iraq
71	Workshop on customers' accounts registration system	21/4/2022	Headquarter of Central bank of Iraq

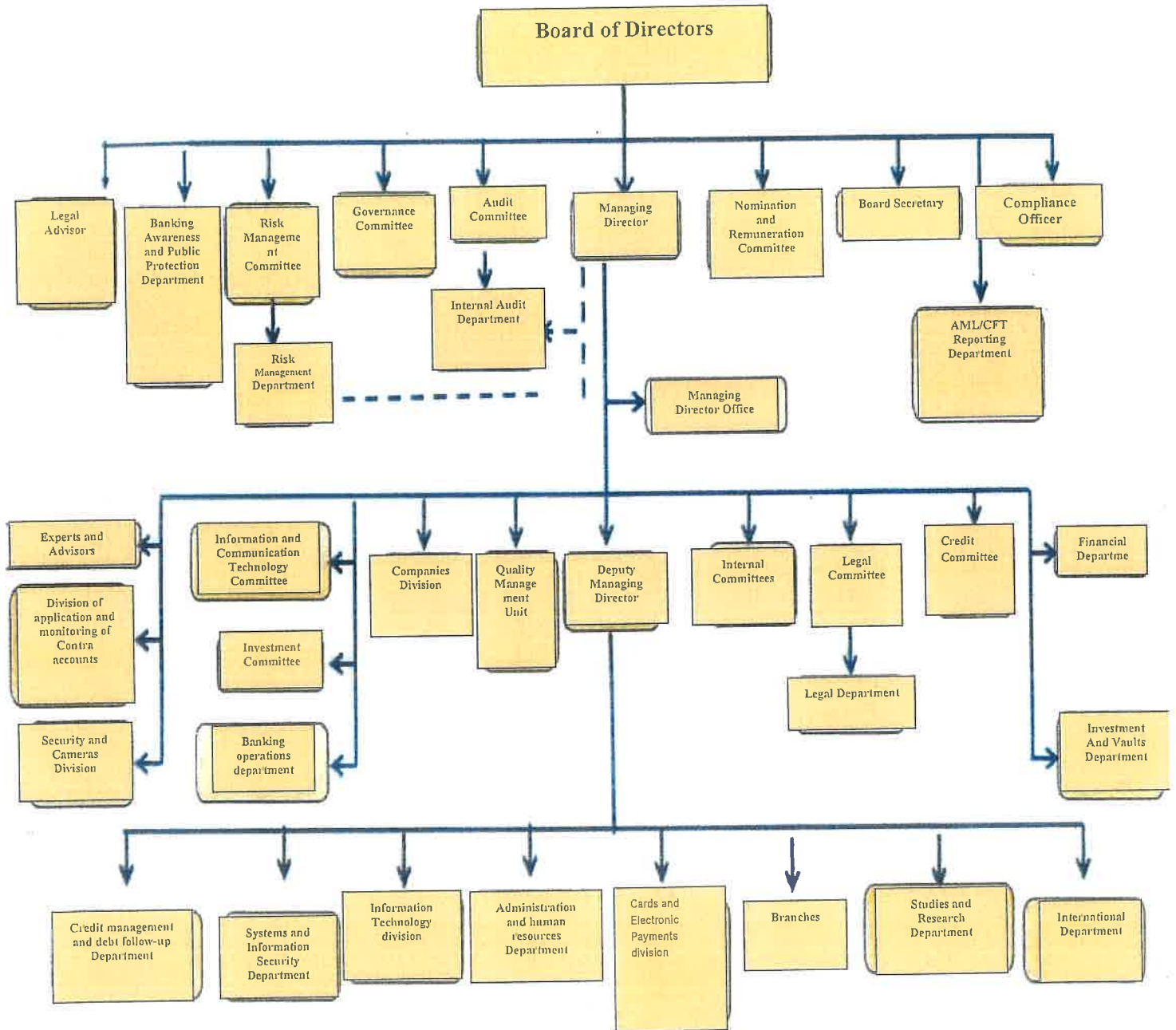


72	Training program for SWIFT messages for credits, guarantees, and policies	15-19/5/2022	Headquarter of Central bank of Iraq
73	Monitoring suspicions transactions	23-25/10/2022	Headquarter of Central bank of Iraq
74	Workshop on presenting clarifications required to implement SWIFT messages type MT202 COV all the remittances of selling and buying foreign currencies window.	16/10/2022	Headquarter of Central bank of Iraq
75	Cebrian Security	27-29/11/2022	Headquarter of Central bank of Iraq
76	Selling and buying foreign currencies window.	11/12/2022	Headquarter of Central bank of Iraq
77	Workshop on participation mechanism at selling and buying foreign currencies window about start working on the electronic platform	15/12/2022	Headquarter of Central bank of Iraq
78	Sales management in the banks	28/29/2022	Headquarter of Central bank of Iraq
79	Training workshop concerning letters of guarantee of the workers of the electronic platform	20/12/2022	Headquarter of Central bank of Iraq



**The organizational structure of the bank:**

We enclose an illustration of the organizational structure of the bank for the purpose of organizing the relationship between departments and defining lines of authority and communication between superiors and subordinates:



**Contract made during 2022:**

Contract concluded by the bank during 2022:

Details	The contracting company
On-site cleaning services	Al-Rawnaq Road for Cleaning Services Co. Ltd.
Security and guards services	Oswood of Al-Rafidain for Security Services and Public Guards Co. Ltd
Training courses for the bank	Beit Al-Hikma for Human Development and Training Company / Global Academy
External auditor of the bank	Khaleel Ibrahim Alabdullah Company
Legal Advisor	Ali Faris Ali
Contract of supplying the systems: - Anti-Money Laundering AML - Risks Management system RBA - Banking Reports systems BANK-BI - US IRS system FATCA	PIOTECH SOLUTIONS COMPANY
Contract of supplying servers with permissions and storing equipment	Al-Nabaa Company for Networks Solution
Protection equipment supply contract- Firewalls	Al-Nabaa Company for Networks Solution
Hosting the site and e-mail services supply contract	Sorouh Al-Maarifa for General Trading and Information Technology Company
Supply of international and local punishment schedules and updates management of the system	Alnumathaj Alawal company for information technology Prototype
GOAML system concerning reports suspicious reports of money laundering	ACS Financial Systems Company ltd.
Annex no. 4 contract of supplying internet service	Ofoq Al-Mada Telecom Company (AWAL)
Supplying the bank with electronic achieving system	Iraq Technology Company for information technology solutions and software
Contract supplying the bank with servers and permits of banking inclusion system Banks	Alawael company specialized in technical services
The system for inquiring about international and local ban lists from Refinitive Company	Refinitive Company



**Activities of the main departments for 2022:****Credit Department:**

Credit is considered one of the main activities in the bank, and the bank's management has given importance to this section, as it has enhanced it with specialized staff and monitored its work in order to control its operations based on credit operations, adopting guarantee indicators, and studying the customer's financial position and reputation in the commercial market. The net cash credit facilities granted amounted to (5,870,634,564) dinars, and the net pledged credit in Iraqi dinars amounted to (21,519,330,000) dinars, while in US dollars (1,500,000) million dollars for 2022.

During 2021, the department continued to follow up on all matters related to credit, calculating expected credit losses on a quarterly basis, according to Standard No. 9.

- The Bank's management has exerted distinguished efforts in applying Standard No. (9), as it has contracted with an external consulting company (Beit Al-Hikma for Human Development and Training Company) and will work to purchase a very advanced automated system for the purpose of calculating the expected credit loss (ECL) after concluding contract with ICS Company, in response to the instructions of the Central Bank in this regard. The results of the application were as follows:

**Financial Department:**

The financial department continued its performance in preparing the financial and periodic statements according to the forms sent by the Central Bank of Iraq, as well as to the Securities Commission. It also organizes and prepares the final accounts and interim accounts in accordance with the applicable accounting standards.

This department has been able to provide accurate financial information and reports and show the bank's accounts in a comprehensive manner, in cooperation with the Information Technology Department, the Central Bank of Iraq, external auditors, the General Commission for Taxes, the Social Security Department and other relevant authorities.



**Compliance Control Department:**

The compliance departments continued to develop its various works where it sets up a development plan for the department in line with best professional practices in this regard.

Instructions No.(4) Of 2010 regarding facilitating the implementation of Banking Law No. (94) Of 2004 referred to the tasks that the compliance officer undertakes by being (works on evaluating the extent of the bank's compliance in its daily banking operations with the requirements of the relevant laws and instructions and ensuring the validity of these policies and procedures as well as avoiding mistakes and irregularities that would expose the bank to various risks and in cooperation with other executive departments in the bank) and its work is also based on the legal provisions stipulated in each of the Central Bank of Iraq Law No. (56) Of 2004 and the Banking Law No. (94) Of 2004 and the Anti- Money Laundering and Combating Financing of Terrorism Law No. (39) Of 2015.

Given the importance of the tasks and responsibilities undertaken by the Compliance Control Department Manager, he shall attend the Board's meeting as an observer. The instructions referred to in the beginning obligated him to submit quarterly reports, those reports shall ensure verifying the extent of the bank's compliance with the decisions of the Board of Directors and internal policies and their implementation, in addition to the procedures established according to the laws and instructions issued by the Central Bank of Iraq, and reviewing the procedures followed by the various departments in the bank and ensuring their consistency with competent laws and regulations, follow-up deviations and submit proposals to address and improve them and organize banking activities and services with the corresponding legal requirements and instructions related thereto and this shall be done through determining the applicable law and then the banking businesses, activities and services that fall therein.

As well as to cooperate with the branches in circulating all books issued by the Central Bank of Iraq without delay, follow up on the response to the reports of the Central Bank of Iraq inspection committees and address the observations contained therein, within the specified time limit for that, and review the reports submitted to the Central Bank of Iraq by each of the management department Risks and reporting section on AML/CFT.

To include all the requirements of the instructions and laws issued in this regard, to study the policies and procedures related to the bank's activity, to verify the extent of their compatibility with the laws, regulations and regulatory instructions and to update them in accordance with the

requirements of the development of banking activity and to coordinate with the legal department in identifying the laws, regulations and instructions, and to submit quarterly reports to each of the senior management in the bank, and to the Banking and Credit Control Department in the Central Bank of Iraq, about the deviations discovered and suggestions and corrective measures taken in order to avoid their recurrence in the future.



**Money Laundering and Terrorist Financing Reporting Department:**

The department sent periodic reports to the Central Bank, and monitored deposits and withdrawals of customers, as well as all banking operations, in accordance with the instructions of Law No. 39 of 2015 regarding money laundering and terrorist financing issued by the Central Bank of Iraq, in all procedures followed according to the principle of Know Your Customer (K.Y.C), and work is being done on introducing the AML system which is considered one of the best systems available in banks, exercising its competence independently, maintaining the confidentiality of transactions and taking the necessary measures after reaching the results of audits, inspection, and disclosure of transactions.

The department provides the branches and sectors of the bank with policies and procedures for anti-money laundering, in addition to providing appropriate training for employees in this field. Through the (**WORLD CHECK**) system, the customer's name is checked before opening the account in the search and investigation screen with the names of the black list to ensure that the name is not included in the local and international lists of suspects, (HM, CE, UN, OFAC) and upon ensuring that the name is not included, the employee carries out the procedures for opening the account according to the Central Bank instructions and following up on its movements that exceed 15 million Iraqi dinars and 10 thousand US dollars.

**Risk Management Department:**

The department continued its continuous development processes that simulate the best professional practices in the field of risk management. This year, the department developed various forms of monthly reports and modern monitoring methodologies for all risks. It also set up the following policies:

- An integrated liquidity risk management policy
- Liquidity contingency plan
- Early warning indicators
- Updating and developing the bank's acceptable risk policy document

The department continued the processes of identifying and evaluating the various risks surrounding the bank's business, calculating stressful scenarios and monitoring acceptable risk limits, in addition to monitoring all indicators of market, credit, operational and liquidity risks, and making recommendations to the senior executive management and the risk management committee of the Board of Directors.



**Internal Audit Department:**

The department has carried out several audit missions established in the annual audit plan approved by the Board's Audit Committee.

Through the implementation of the duties entrusted to it, the department seeks to achieve the department's objectives represented in ensuring the efficiency and effectiveness of risk management, the internal control system and governance, and providing reasonable assurance about achieving the bank's objectives contained within its approved strategy.

**Legal Department:**

The Legal Department has many tasks and responsibilities as it represents the bank before various legal authorities, including the following

- a) Sending warnings to defaulted customers
- b) Filing criminal complaint against customers responsible for issuing checks in favor of the bank and not paying them.
- c) Participating in the investigating committees.
- d) Following-up with all official and non-official departments such as the Companies Registrar, Real Estate Registration Department, Arasat, Notary Publics, courts and police stations.
- e) Effective contribution to organizing all contracts
- f) Legal supervision of all operations of the bank's branches
- g) Taking possession of all real estate mortgaged to the bank in case of reluctance of customers.
- h) Attending proceedings in the lawsuits filed against third parties.
- i) Reviewing all the bank's contracts with local and international parties.



**Accounting Policies**

- a) Following the International Financial Reporting Standards (IFRS).
- b) Adopting the accrual basis in calculating revenues and expenses, and adopting the straight-line method in calculating depreciation on fixed assets.
- c) Continuing to adopt the historical cost principle of fixed assets and displaying them at book value in the statement of financial position after deducting the accumulated depreciation provision.

**Correspondent Banks:**

Business relationship was established with correspondent bank among them (Capital Bank- Amman) and completed all the procedures of opening accounts and connecting AMA between the banks, in addition to the completion of the remaining requirements of the last stages in opening accounts with Aktif Bank- Turkey, Alupaf – Bahrain, Jordan Ahil Bank, Egypt Bank, Zhejiang Chouzhou commercial Bank in china.

**Electronic Banking Information Systems:**

The extraordinary development achieved in the field of computers, communications, and the rapid and comprehensive exchange of information, which coincided with the investment of the Internet in the field of electronic commercial activity and the increasing reliance thereon, lead to the development of the concept of banking. Where the bank adopts the (Banks) system, which is one of the best programs, and the bank worked to expand its electronic database during the year 2021

- 1- Rehabilitation of the intranet in the bank's branches, with the completion of the requirements for linking the branches on a secure intranet with the general administration.
- 2- The electronic payment system (RTGS) has been activated concerning sending and receiving internal remittances belonging to the Central Bank of Iraq , as well as the electronic clearing systems (ACH)and connecting it to the banking inclusive system and the classification of customers and reports concerning customer movements and training on monitoring departments system were extracted.
- 3- The bank will introduce a system of rapid external transfers, Western Union or Money Gram.
- 4- Carrying out stress testing, in implementation of the instructions of the Central Bank of Iraq.
- 5- Work on applying the IT governance framework (COBIT19)



- 6- The electronic archiving system is being implemented to keep pace with the development in the field of banking applications and in implementation of the Central Bank of Iraq instructions
- 7- Using the latest technologies to ensure the quality and security of information, business continuity, staff development of electronic systems and services with the highest degree of quality and safety, and focus on continuous improvement. The Bank shall obtain all special certificates that include:

ISO 27001 - Information Security Management

ISO 22301- Business Continuity

COBIT 19 - Information Technology Governance Framework

(Signature)

Rajeh Abd Ali Ahmed  
the Managing Director

(Signature)

Dr. Majed Mohammed Hasan Alsoori  
Chairman of the Board of Directors

- Seal: Hamurrabi Commercial Bank

**Seal + Signature:** Khalil Ibrahim Mohammed Al-Abdullah, Khalil Ibrahim Mohammed Al-Abdullah and Partners Company for Accounts Auditing/ Joint liability company (18), Chartered Accountant and Auditor (285)



## Sub. /Report of the Auditing Committee

Dear Sirs,

Honorable shareholders of Hammurabi Commercial Bank (PSC), in implementation of Article (24) of the Iraqi Banking Law No. (94) for the year 2004, the Committee practiced its work through its presence in the bank and issued directives to all the bank's branches and departments. The following is a summary of the Committee's work during year 2022.

- 1- The committee started its work by making site visits to the bank's branches and departments to see the progress of work there and provide guidance and recommendations in this area.
- 2- Emphasizing on the administration to employ good, experienced personnel and establishing elements to retain and develop them.
- 3- The approved accounting controls in the bank and the process of applying those controls were confirmed correctly, and the financial statements and final accounts for the period ending on 31/12/2022 were checked out.
- 4- The committee reviewed all contracts concluded during the year (2022) and made sure that the Chairman, members of the board, the Managing Director and Executive Directors have no interest in these contracts.
- 5- The Committee reviewed the external auditor's report regarding the financial statements submitted by the auditor, Mr. Khaleel Ibrahim Al-Abdullah, before presenting it to the Board of Directors.
- 6- The Committee supports that all banking transactions complied with the Anti-Money Laundering Law No. (39) of 2015 and that it was not found that the bank practiced terrorist financing operations, and it ensured that the bank complied with the Senior Management and other departments working in the bank.
- 7- The committee found that the financial indicators achieved during the year 2022 are all good in terms of liquidity, which means that the bank is on the right path and that these results came with the efforts of the Chairman, members of the Board of Directors, the Managing Director and employees.

Yours sincerely,

**-Sgd.-**  
**Chairman of the Auditing Committee**  
**Mohammed Safwan Abdulateef**

(Seal: Hammurabi Commercial Bank)



## Hammurabi Commercial Bank (P.S.C.)

### Report of the Auditor



**Khaleel Ibrahim Mohammed Al-Abdullah** Certified Accountant and Auditor  
Administrative, Financial, cost and Tax Consultations  
Certified by the Board of Monitoring and Auditing Profession in the Republic of Iraq – Class (A)  
License No. 285  
Baghdad, Al-Harhiya, Hay Al-Kindy /Dist. 213, Aljourani Building

**No.:** 1587

**Date:** 23/5/2023

**Gentlemen/ Shareholders of Hammurabi Commercial Bank Esq. / Sub/Independent Auditor's Report on the Financial Statements for the financial period up to 12/31/2022**

**The Opinion:**

We have audited the financial statements of Hammurabi Commercial Bank (PSC), which include: statement of financial position as on 31/12/2022, statement of profit or loss and other comprehensive income, statement of change in equity rights, statement of cash flow for the period ending on the same date and notes on the financial statements, including a summary of significant accounting policies.

In our opinion, and taking into consideration the audit results shown later in this report, the bank's financial statements (other than what was stated in our reservation on local banks clause and capital clause) are presented fairly in all important issues of the bank's financial position as at 31/12/2022, and its financial performance and its cash flows for the period ending on the same date in accordance with International Accounting Standards, International Financial Reporting Standards issued by the International Accounting Standards Board and local laws in this regard, including (Banks Law No. 40 of 2004, and Companies Law No. 21 of 1997, amended).

**Basis of Opinion**

The audit work has been carried out based on auditing standards issued, and International Auditing Standards issued by the International Federation of Accountants. Our responsibilities under these standards are explained later in the auditor's responsibilities for the audit of the financial statements section of this report.

We are independent of the Bank in accordance with the ethical requirements relevant to our audit of the financial statements contained in the Code of Professional Conduct. We have fulfilled our responsibilities under those requirements.

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



**Important Audit Results:**

Our audit results showed the following clarifications and notes:

**1. International Standards:**

- a) During the years (2020 – 2022), the bank prepared and organized the balance sheet and final accounts in accordance with International Financial Reporting Standards (IFRS).
- b) The bank prepared the interim financial reports during the year 2022 based on the International Accounting Standard No. (34) And International Auditing Standard No. (2410) and the instructions of the Central Bank of Iraq according to Article (23) Disclosure and Transparency in Paragraph (4) thereof under the Corporate Governance Guide for Banks.
- c) The bank contracted with Bait Alhikma company for the implementation of standard no. (9) to calculate credit risks for the financial year 2022, by preparing a methodology for applying (9) standard and samples of works and principals manually without using an internationally recognized electronic system.
- d) The bank did not calculate the quantitative impact in accordance with International Financial Reporting Standard No. (9) And the bank's management indicated that it contracted with one of the companies to implement this system at the end of the determined period by the Central bank of Iraq.

**2. Cash:**

- a) The cash balance in the Bank safes and the Central Bank of Iraq amounted to (28) billion dinars as of 31/12/2022, which is less than the balance of the previous year by an amount of (3) billion dinars.
- b) The cash balance in the bank's safes amounted to (8917) million dinars as of 31/12/2022, which constitutes a ratio of (32%) to the total cash, noting that the inventory process was supervised by us and the inventory results were identical.
- c) The balance of the Central Bank of Iraq amounted to (19) billion dinars as of 31/12/2022, which is less than the balance of the previous year by an amount of (6) billion dinars.
- d) The cash liquidity ratio (1219%), liquidity coverage ratio (LCR) (2929%), and net stable funding (NSFR) (1128%), which exceeds the percentages specified by the Central Bank of Iraq (30%, 100%, 100%), respectively and the surplus of this liquidity indicates a lack of optimal use of the financial resources available to the bank, which requires searching for operational lines to maximize resources.

**3. Local Banks:**

- a) The cash balance with local banks amounted to (150,863) million dinars as of 31/12/2022, which is more than the balance of the previous year by (3) million dinars
- b) The percentage of cash with local banks amounted to (84%) to the total cash
- c) We have verified the validity of the matches with the local bank statements, noting that we have reservations about the amount deposited in the local banks, Dar Al Salam Bank (as shown below:
  - 1- The existence of a financial concentration in the bank's cash, as the percentage of deposit in Dar Al Salam Bank reached (75%) of the capital, contrary to the instructions of the Central Bank of No. (9/2/183) on 4/5/2017



- 2- Note that Dar Al Salam Bank is considered one of the troubled banks (and is now under liquidation) as on 31/12/2022.
  - 3- The amounts deposited with Dar Al Salam Bank, amounting to (151) billion dinars, include the amount of a deposited check amounting to (83) billion dinars. A legal case was filed against the company (Sarmian General Trade and Oil Products Trading Company) that deposited this amount on the basis that the deposited check is a fictitious instrument with no balance. Note that the above company is one of the shareholders and whose capital amounts to approximately (76) billion dinars in the capital of the Hammurabi Bank.
- \* In view of what was stated in the three clauses above, we therefore have a reservation regarding the amounts deposited in the Dar Al Salam Bank because they negatively affect the financial position of the Hammurabi Bank.

#### 4. Cash credit:

- a. The above account balance amounted to (5871) million dinars as of 31/12/2022, before deducting the provision for impairment of credit facilities, amounting to (65) million dinars.
- b. The calculation of the provision for cash credit risks amounted to approximately (65) million dinars, and in our opinion, this calculation is sufficient, and the reason for this is the presence of due loans amounting to approximately (26) million dinars, as of 31/12/2022.
- c. The cash credit constitutes a percentage of about (3%) of the bank's financial position, and in our opinion, it is a very small percentage.
- d. The percentage of credit facilities granted according to the initiative of the Central Bank of Iraq reached (91%) of the total credit facilities, and these loans were concentrated as follows:
  1. These loans granted to the individual sector amounted to (99.5%) compared to (0.5%) to the Companies sector.
  2. These loans were also concentrated in commercial activity at a rate of (52%), while in public services activity at a rate of (48%).
  3. Short-term loans for periods (from one to five years) amounted to (86%), and the remainder is concentrated within periods of more than five years.
  4. A number of (20) files for major customers granted loans were reviewed, examined and audited, and we found that there are guarantees in the form of personal guarantees for loans amounting to (50) million dinars and less. With the exception of (2) clients, real estate guarantees were taken because the loans granted to them amounted to more than one hundred million Dinars.



**5. Contractual Credit:**

- a) The balance of pledge credit (letters of guarantee) amounted to (23709) million dinars as of 31/12/2022.
- b) It constitutes a percentage of (12%) to the capital, and this indicator is not at the required level, noting that the percentage allowed by the Central Bank of Iraq is (200%). We recommend the need to expand in this field, provided that solid guarantees should be taken in return for that.
- c) The insurances for the letters of guarantee received amounted to (5478) million dinars as of 31/12/2022, which constitutes (43%) percent of the total letters of guarantee. And that the bank is committed to the percentage specified amounted to (15%) of paragraph (7-b) according to the letter of the Central Bank numbered (9/2/5228) dated 17/3/2021. Note that we have noticed that there are (2) letters of guarantee, for which the percentage of cash insurance is (100%).
- d) The percentage of letters of guarantee granted for (good performance) constitutes (99%) of the total letters of guarantee, which requires diversification in letters of guarantee, as well as in the field of granting banking facilities for documentary credits.

**6. Financial Assets:**

- a) The balance of investments amounted to (25) billion dinars as of 31/12/2022 and represents the building bonds of the Ministry of Finance. We have reviewed the documents and verified the validity of the above balance. Note that investment revenues during the year amounted to (1812) million dinars.
- b) The percentage of investments reached (12%) of the value of the financial position (total assets).

**7. Fixed Assets:**

- a. The balance of the above account (at the book value) amounted to (175) million dinars as of 31/12/2022, noting that the additions (purchases) during the current year amounted to (129,503) thousand dinars, and most of which represent (furniture, office equipment, partitions, and decorations), and the accuracy of the additions has been verified.
- b. The bank rented (2) real estate after the approval of the Central Bank of Iraq to open two branches in (Erbil and Basra) on 16/2/2021, and the updated lease contracts for the year were examined and reviewed for the financial year 2022.
- c. We noted that the bank's management contracted with the Dar Al Salam Bank to rent a building for the general administration of the Hammurabi Commercial Bank for the financial year (2022) after the approval of the Central Bank of Iraq.
- d. With reference to what was stated in the letter of the Central Bank of Iraq No. (2/9/24702) on 2/10/2022, we recommend the necessity of establishing the management of the bank and striving to own a building for the general administration and the main branch in the name of the bank during the following year (2023).
- e. Note that the bank was granted a period of (3) months to complete the procedures for transferring the ownership of the general administration property and the main branch in the name of the bank as of the date of the Central Bank of Iraq letter no. (2/9/10503) on 9/4/2023.



**8. Other Assets:**

The balance of the above account amounted to (249) million dinars as of 31/12/2022, which represents less than (1%) of the total assets and includes most of the employees' advances account and the account of expenses paid in advance for buildings' rents and revenues due not received

**9. Current Accounts and Deposits:**

- a) The balance of customer deposits account amounted to (818687) thousand dinars, and it is more than the balance of the last year of (7) dinars with an increase ratio of (131%).
- b) The savings amounted to (120) million dinars as on 31/12/2022, and it represent a minor ratio of the gross liabilities.
- c) It requires that the bank take appropriate steps to attract customers and encourage them to save, increase competitiveness and attract more deposits in implementation of the financial inclusion instructions issued by the Central Bank of Iraq according to their letter No. (9/3/80) on 20/2/2019 to avoid the non-essential deposits risks

**10. Cash Insurances:**

The balance of the above account amounted to (5478) million dinars as on 31/12/2022, which represents insurances received for letters of guarantee amounting to (23709) million dinars, which constitutes more than (23%), and this is a good indicator.

**11. Loans Received:**

- a) The balance of the loans received from the Central bank of Iraq amounted nearly to (5758) million dinars as on 31/12/2022, and it is more that the amount of (4) billion dinars with a ratio of (288%) for the previous year.
- b) The above received loans forms the ratio of (43%) to the total of the current liabilities.
- c) The mechanism for receiving and granting these loans is in accordance with the conditions and instructions of the Central Bank of Iraq and the initiative to support small and medium loans

**12. Other Liabilities:**

The balance of the above account amounted to (874) million dinars as of 31/12/2022, which is less with percentage of the previous year, and most of the reasons causing that is the decrease in each amount of account of deposits of the selling currencies and the account of stamp fees.



**13. Capital Adequacy:**

The capital adequacy ratio reached (640%) according to the weighted table for the degree of risk, noting that the percentage allowed by the Central Bank of Iraq is (15%), the Banking Law is (12%), and the Basel decisions are (8%). Noting that the reason for the high percentage is due to the decrease in risky assets inside and outside the balance sheet.

**14. Annual Activity Outcome:**

- The bank realized a net profit before the tax the amount of (89) million dinars for the year ending on 31/12/2022, against loss of (1941) million dinars for the previous year, which requires an activate increase in the banking operations activity and search for operational lines in order to maximize resources.
- The current revenues amounted around (3402) million dinars for the financial year ending on 31/12/2022 that it is an increase of (2061%) percent in comparison to revenues of the last year amounted to (157,406,231) dinars, this indicates an increase of basic revenues of the banking operations.
- The total expenses of the financial year ending on 31/12/2022 amounted to (3311) million dinars that is an increase of (1160) million dinars a (54%) percent for the balance of last year and the main reason for that the increase of employees' salaries, research, consultancy and training services account, building rents account, compensation and fines account, taxes and various fees account, buying infrastructure systems, and developing electronic operations in the bank.
- In relation with the branch activities, the number of the winning branches is (1) (main) branch of a total of (3) branches, noting that there are two branches rented in Al-Basra and Erbil did not practice the activity and did not realize revenues and the bank bears financial burdens without any economic feasibility, and the administration has indicated that it is working to solve the problems in order to activate the branches' activity.

**15. Foreign currency buying and selling window**

The purchases of the dollar from the currency's buying and selling window amounted to (240,230,000) US dollars and achieved revenue of (478,589,780) Iraqi dinars during the financial year 2022, as indicated in the below schedule, when inquiring from the bank's management and concerned department about the decrease in revenues of the sale of foreign currency, it appeared that decrease depend on the economic factors after the increase of the dollar value against Iraqi dinars according to the letter of the Central bank of Iraq no. (2440/1/6) on 20/12/2020.

Category	Purchases in Dollar	Revenues in Dinar
Remittances	218,000,000	390,591,780
Companies	16,080,000	39,873,000
Individuals	6,150,000	48,125,000
Total	240,230,000	478,589,780



**16. Legal Lawsuits:**

- a. The legal lawsuits filed by the bank against others amounted to (one) lawsuit an amount of (83,606,915,000) dinars, concerning (Sarmian General Trade and Petroleum Products Trading) Company, which is a shareholding company with the Hammurabi Bank on 19/12/2022, and the procedures are still continuing. We recommend the necessity of activating procedures and follow-up in order to recover the bank's material and moral rights.
- b. There are no legal lawsuits filed by third parties (customers) against the bank, excluding one lawsuit filed by the resigned employee (Abbas Fadel Nabit) the former Director of the Compliance Department, claiming an entitlement to the end of service and accumulated leaves, - except - it was invalidated by the employee on 7/12/2022, due to the absence of any financial liabilities or entitlements The bank, according to what was stated in the legal expert's report.

**17. Going Concern**

- a) In accordance with International Standard number (IAS 570), in our opinion, the bank will find it difficult during the coming years to continue its existence because (75%) of the bank's capital is in the form of deposits with Dar Al Salam Bank, which is a troubled bank and under guardianship. Accordingly, the bank needs legal and administrative support from the Central Bank and aid in facilitating the procedures of controls and instructions and giving the bank an additional opportunity for advancement and growth, with an emphasis on the management of the bank on the need to expedite carrying out banking operations to achieve and maximize financial resources.
- b) We recommend that the bank's management take the necessary measures to increase the capital and float new shares for subscription in accordance with the provisions of Article (55 and 56) of the Companies Registration Law, in accordance with what was stated in the minutes of the bank's Board of Directors meeting No. (14) on 24/10/2022, certified by the Department Registration of Companies. The bank's management informed us that it will accomplish this over the years (2023 and 2024).

**18. Central Bank of Iraq Correspondence and Audit Results:**

Through our review of the audit results contained (which amounted to (3) reports except for the second quarter report until 25/5/2023 until the date of our external report) in the reports of the Central Bank of Iraq on the bank's quarterly statements for the year subject to the audit, they included the most important observations related to the basic aspects. For the bank's activities, we recommend that management take into account what is stated in these reports to avoid any future risks or errors.



## Hammurabi Commercial Bank (P.S.C.)

### The Report of the Board of Directors



**19. Quarterly Reports:**

We noticed the bank's commitment to sending quarterly reports to the Central Bank of Iraq. When examining these reports, it was found that they were in accordance with the required level, as follows:

**❖ Compliance Department Report:**

The report of compliance Department of the year subject of audit has been acquainted with and it was prepared according to the instructions of Central bank of Iraq.

**❖ Risk Management Department Report:**

- a) It shows the appropriate procedures for activating and managing the risk system in order to achieve the strategic objectives of the institution and to achieve a return for stakeholders. In managing risks, the Bank relies on the methodology of identifying risks and spreading the culture of risk management at all functioning levels in the Bank. In order to face the main types of risks facing banking activity, the bank has taken measures to mitigate the impact of those risks, which are (credit risks, market risks, liquidity risks, operational risks, and non-compliance risks).
- b) The bank's management conclude contract with Bait Alhikma Company on 21/2/2023, for the project to provide services and stress tests systems and analyze banking risks.

**❖ Internal Audit Department Report:**

- a. Establishment of the internal control department aimed to activate governance procedures and determine the responsibility and the more effective the internal auditing and monitoring activity increases, the more sound the financial position will be, so that it reflects the objectivity and fairness of the financial and banking activities. Therefore, we recommend the necessity of the department of control and internal auditing to check all the activities and bonds of the bank, receive of the bank and the accounting receipt and entry according to the instructions concerns this matter.
- b. We recommend the necessity of adopting a comprehensive audit program for all the departments and branches of the bank, which requires avoiding that, and conducting field visits and documentary auditing of data, financial accounts, and all expenses, in a way that helps in implementing the plans and objectives of the bank and auditing all bank's activities in an audit method based on risk treatment
- c. We also recommend that the internal control reports be more comprehensive and prepared in accordance with the principle of disclosure, transparency, objectivity, follow-up and audit of systems, electronic services and advisory services.



❖ **Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT)**

Based on paragraph (3g of Article 2) of the regulatory controls issued under the Central Bank of Iraq letter No. (9/1/4/306 on 19/9/2016), a report on the bank's activity in AML/CFT, achievements and periodic work is prepared and with reference to the letter of the Central Bank of Iraq / Banking Control Department No. (9/2/5228 on 17/3/2021), paragraph (11) thereof, according to which the auditor is required to indicate whether the bank has taken sufficient measures to prevent money laundering and the financing of terrorist operations according to the controls issued by the Anti-Money Laundering and Financing of Terrorism Office numbered (1/2 / T H / Circular No. 2 on 17/6/2019), We would like to point out the following:

- The Board of Directors is committed to adopting policies, procedures and internal controls that are compatible with the nature of banking activity and the Anti-Money Laundering and Financing of Terrorism Law No. (39 of 2015).
- We noticed the bank's interest in collecting information about the customer or the company and filling out the Know Your Customer (KYC) form.
- There is interest on the part of the bank's management in training and developing human resources, gaining experience and improving performance through the participation of bank employees in training programs and workshops.
- Contract concluded with Alrowad company for Information Systems on 3/1/2022, on supplying (Anti-Money Laundering AML system, Risks management system RBA, Bank report system Bank-BI, Foreign Account Tax Compliance Act FATCA).
- These reports include data according to the following table, for which the necessary measures have been taken by the Director of the Reporting Department:

Se.	Statements	Number
1	Number of investigations opened	None
2	Suspicion reports sent to the Anti-Money Laundering and Financing of Terrorism Office	None
3	Fraud Complaints	None
4	Communications sent to Western Union & Money Gram	Not subscribed

**20. Confirmations of debit and credit balances:**

We did not review the letters of confirmations of the debit and credit balances shown in the financial position of the bank.



**21. Board of Directors Report and Corporate Governance:**

- a. (6) Meetings of the Board of Directors were held during the year 2022, which is more than the number specified under Article 112 of the Companies Law No. 21 of 1997 as amended.
- b. The bank is committed to the corporate governance requirements through committees emanated from the Board of Directors. The bank formed committees emanated from the board and they are (Corporate Governance Committee, Auditing committee, Risks Management committee, Nominations and Remuneration Committee).

**22. Subsequent Events:**

- a. According to the letter of the Central Bank of Iraq no. (9/2/95) on 8/2/2023, the exchange rate of the foreign currency (dollar) and any currency related to the dollar was amended from (1460) dinars per one dollar to (1310) dinars per one dollar as of 8/2/2023.
- b. According to the letter of the Central Bank of Iraq no. (9/2/98) on 9/2/2023, related to the preparation of interim statements of the bank on financial position as on 8/2/2023 to show the changes occurred on Iraqi dinars exchange ratio. These interim statements were prepared instead of interim statements of the bank on 31/3/2023.
- c. Reference to the letters of the Central Bank of Iraq no. 9/2/25865, 9/2/3185, and 9/2/12007) on (13/10/2022, 29/1/2023, and 26/4/2023) respectively, we recommend the necessity to follow-up during the following period to fill the position of the manager of the Legal Department.
- d. Reference to the letter of Central Bank of Iraq no. (9/2/32406) on 15/12/2022, which stated the initial approval on opening branches in Ninevah. Now the branch building is to be completed and supply it with the necessary infrastructure as the management of the bank clarified to us.

**Other Information**

The Administration is responsible for the information stated in its annual report and our opinion about the financial statements does not cover such information and does not give any kind of confirmation on conclusion in such regard.

As for our audit of the financial statements, our responsibility is to read the other information when becomes available, in order to take into consideration whether the other information are incompatible to a significant extent with the financial statements, or the information obtained throughout the audit so that it looks so misrepresented.



**Administration Responsibilities and Persons in Charge of Financial Statements Governance**

The administration is responsible for preparing the financial statements according to the requirements of law and the International Financial Reporting Standards, and for the internal control that the Administration deems necessary to enable the preparation of the financial statements, so that they will be free of misstatements, whether occurred because of manipulation and fraud or because of misstatements.

In financial statements preparation, the Administration is responsible for evaluating the bank's ability to continue as a going concern, and disclosure, when required, of the cases related to continuity and using the basis of continuity in accounting, unless the Administration, unless the bank's management tends to liquidate the bank or end its operations, or when there is no other realistic alternative to do that; furthermore, those responsible for the governance shall be responsible for the supervision and following up on the financial reporting operations.

**Responsibility of the Auditor for the Audit of the Financial Statements:**

Our objectives are to obtain reasonable certainty whether the financial statements as a whole are free from material misstatements, whether due to manipulation, fraud or error, and to issue an audit report that includes our opinion.

Reasonable certainty is a high level of certainty, but is not a guarantee that an audit performed by us under International Auditing Standards will always lead to the detection of material misstatements when they exist. A misstatement may arise from manipulation, fraud or error and is considered significant if, individually or collectively, it could reasonably be expected to influence the economic decisions of beneficiaries taken on the basis of those financial statements.

**Other Requirements:**

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

An electronic accounting program (BANKS) was approved during the year 2021 and included, in our opinion, the recording of all assets, liabilities and expenses, and the internal control system included the necessary procedures to ensure the accuracy of this data.

- 1- The set of records used by the bank and the manual records are consistent with the requirements of the bookkeeping system and it included assets, liabilities, resources of the bank, and the usages of these resources
- 2- The fixed assets and cash inventory process was carried out properly, the results of this inventory were identical to the records, and these assets were evaluated in accordance with the approved accounting principles and bases.
- 3- The Administration's annual report and its financial and accounting information reflect the viewpoint of the bank's Administration.
- 4- The financial statements have been organized in accordance with financial accounting standards and international financial reporting standards, and prevailing laws and legislation, and they are in complete agreement with what the records show.

With appreciation,

-Sgd.-

**Khaleel Ibrahim Mohammed Al-Abdullah**

Chartered Accountant and Auditor

**Seal:** Khaleel Ibrahim Mohammed Al-Abdullah and his Partners Co. for Accounting and Auditing/Partnership/  
(18)

Chartered Accountant and Auditor (285)



## Hammurabi Commercial Bank (P.S.C.)

### Financial statements



**Hammurabi Commercial Bank (P.S.C.)**  
**Statement of the Financial Position as on 31/December/2022**

	Clarifications	31/December/2022 Dinars	31/December/2021 Dinars
<b>Assets</b>			
Cash and balances with the Central Bank of Iraq	5	28,163,609,304	31,591,661,885
Local Banks	6	150,862,976,888	150,859,708,599
Direct Credit Facilities (net)	7	5,805,386,916	485,082,593
Financial Assets	8	25,000,000,000	25,000,000,000
Other Assets	9	248,543,790	632,574,972
Tangible Fixed Assets (Net)	10	175,075,902	60,988,596
Intangible Assets	11	0	0
<b>Total Assets</b>		<b>210,255,592,800</b>	<b>208,630,016,645</b>
<b>Liabilities and Equity Rights</b>			
<b>Liabilities</b>			
Clients' Deposits	12	818,686,936	57,746,279
Deposits of Banking Operations	13	5,478,208,000	2,204,372,000
Received Loans/ Small and Medium Projects	14	5,757,719,908	1,485,000,000
Other Liabilities	15	873,711,220	7,601,146,105
Other allowances		9,032,730	0
<b>Total Liabilities</b>		<b>12,937,358,794</b>	<b>11,348,264,384</b>
<b>Equity Rights</b>			
Capital		201,000,000,000	201,000,000,000
Legal Reserve		0	0
Accumulated Deficit		-3,681,765,994	-3,718,247,739
<b>Total Equity Rights</b>		<b>197,318,234,006</b>	<b>197,281,752,261</b>
<b>Total liabilities and Equity Rights</b>		<b>210,255,592,800</b>	<b>208,630,016,645</b>

-Sgd.-  
Ameera Hadi Hasan  
For/Director of Financial Division

-Sgd.-  
Rajeh Abed Ali Ahmed  
For/ Managing Director

-Sgd.-  
Dr. Majid Mohammed Hasan Alsoori  
Chairman of the Board

-Sgd.-  
Accountant  
Lubna Hamza Abdulsahib

Seal & Signature  
Khaleel Ibrahim Mohammed Al-Abdullah  
Chartered Accountant and Auditor

Subject to our report no. (1587) on 23/5/2023

**Seal:** Khalil Ibrahim Al-Abdullah / Khalil Ibrahim Al-Abdullah Company and his Partners/For Accounts Control and Auditing / Joint Liability / (18)/ Chartered Accountant and Auditor / (285).

**Seal:** Hammurabi Commercial Bank.

The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement



## Statement of the Income and Other Comprehensive Income for the financial Year ending on 31/December/2022

	Clarifications	31/December/2021 Dinars	31/December/2020 Dinars
Credit interests	16	124,170,395	0
Debit interests	17	446,039	17,320
Net income from interests		123,724,356	-17,320
Net income of commissions and banking fees	18	1,181,056,188	60,767,023
Debit commissions	19	41,271,471	10,352,091
Net Interests' Revenues and Commissions		1,139,784,717	50,414,932
Net profits (losses) of selling and buying foreign currencies	20	87,998,000	58,061,475
Other revenues	21	196,253,644	38,577,733
<b>Total Operating Income</b>		<b>1,547,760,717</b>	<b>147,036,820</b>
Employees' salaries and its alike	22	1,292,956,720	910,360,876
Operating expenses	23	1,887,975,778	1,238,203,221
Depreciations and amortizations	15	15,416,095	1,517,803
Allocations Cash and contractual Allocations of Credit		74,280,378	0
<b>Total expenses</b>		<b>3,270,628,971</b>	<b>2,150,081,900</b>
Profit/Loss before tax		-1,722,868,254	-2,003,045,080
Profits(Losses) financial assets		1,812,328,767	62,328,767
Net income after adding profits of financial assets		89,460,513	-1,940,716,313
Net profit (loss) before tax		89,460,513	-1,940,716,313
Deduct/ 15% income tax		13,419,077	-
Profit (loss) after tax distributed as follows:		76,041,436	-
Compulsory reserve		3,802,072	-
Expansion reserve		-	-
Distributable surplus		72,239,364	-
		76,041,436	-
Other comprehensive income items		-	-
Profit (loss) Comprehensive income for the year		76,041,436	-

-Sgd.-  
Lubna Hamza Abdulsahib  
20020

-Sgd.-  
Ameera Hadi Hasan  
For/Director of Financial Division

-Sgd.-  
Rajeh Abed Ali Ahmed  
For/ Managing Director

Seal: Hammurabi Commercial Bank.

Seal: Republic of Iraq / Council of Profession of Controlling and Auditing of Accounts / the Secretariat

We certify the correctness of signature of the auditor and he is practicing the profession of controlling and auditing the accounts for the year / 2023G, without any responsibility for the contents of these financial statements.

Name: Zaid Nihad Abdulameer  
Receipt No.: 12433

Signature: -Sgd.-  
Its Date: 4/7

The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement



## Statement of the Equity Rights of the financial year ending as on 31/December/2022

Statement	Capital Dinar	Legal Reserve Dinar	Accumulated Deficit Dinar	Total Dinar
Balance at the beginning of the year as on 1/1/2022	201,000,000,000	0	-3,718,247,739	197,281,752,261
Increase of the Capital				0
Restrictive adjustments			-52,978,768	-52,978,768
Profits/ loss current year			-89,460,513	-89,460,513
Additions during the year	0	0		0
Balance as on 31/12/2022	201,000,000,000	0	-3,718,247,739	197,318,234,006

## Statement of the change in Equity Rights of the year ending as on 31/December/2021

Statement	Capital Dinar	Legal Reserve Dinar	Accumulated Deficit Dinar	Total Dinar
Balance at the beginning of the year as on 1/1/2021	201,000,000,000	0	1,334,593,977	199,665,406,023
Increase of the Capital				
Entry Adjustments			-442,937,449	-442,937,449
Profits/ loss current year	0	0	1,940,716,313	1,940,716,313
Additions during the year	0	0	0	0
Balance as on 31/12/2021	201,000,000,000	0	-3,718,247,739	197,281,752,261

The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement



## Hammurabi Commercial Bank (P.S.C.)

## Statement of cash flows for the financial year ending as on 31/December/2022

	31/December/2022 Dinars	31/December/2021 Dinars
<b>Operating Activities</b>		
Profit (loss) before tax	89,460,513	-1,940,716,313
<b>Amendments for non-cash items</b>		
Depreciations and amortizations	15,416,095	1,517,804
Net credit facilities drop	62,247,648	0
Increase or shortage in the allowances	9,032,730	0
<b>Flows from operating activities before the changes</b>	<b>176,032,730</b>	<b>-1939198509</b>
<b>Assets and Liabilities</b>	<b>0</b>	
Direct Credit Facilities	-5,382,551,971	-485,082,593
Other assets	384,031,182	-632,574,972
Clients' deposits	760,940,657	57,746,279
Banking operations deposits	3,273,836,000	2,204,372,000
Other liabilities	-6,727,434,885	5,811,615,105
Entry Settlement	-52,978,767	-442,937,903
<b>Total</b>	<b>-7,744,157,784</b>	<b>6,513,137,916</b>
<b>Total cash flows from the operating activities</b>	<b>-7,568,000,798</b>	<b>4,573,939,407</b>
Deduct: paid income tax	0	0
<b>Net cash flows from the operating activities</b>	<b>-7,568,000,798</b>	<b>4,573,939,407</b>
<b>Financial assets</b>	<b>0</b>	<b>-25,000,000,000</b>
Fixed assets	-129,503,402	-60,201,969
Intangible Assets	0	452,633,046
<b>Net cash flows from investment activities</b>	<b>-129,503,402</b>	<b>-24,607,568,923</b>
<b>Financing activities</b>		
Retained profits	0	0
Credit loans	4,272,719,908	1,485,000,000
Increase Capital	0	0
<b>Net cash flows</b>	<b>-3,424,784,292</b>	<b>-18,548,629,516</b>
<b>Cash and its equivalents at the beginning of the year</b>	<b>182,451,370,484</b>	<b>201,000,000,000</b>
<b>Cash and its equivalents at the end of the year</b>	<b>179,026,586,192</b>	<b>182,451,370,484</b>

The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement



**Hammurabi Commercial Bank****Statement of the Clarifications related to the Financial Statements  
For the Financial Year Ending on 31/12/2022****1. General Information**

The bank was established according to the Registration Certificate issued by the Companies Registration Department numbered 01-000089003 dated 26/8/2020 after the bank obtained the approval of the sectoral authority (the Central Bank of Iraq and considered the company Hammurabi Commercial Bank (Private shareholding) an Iraqi Bank licensed to practice banking activities in the Republic of Iraq according to the letters of the central Bank of Iraq no. (17595/2/9) dated on 29/11/2020. the bank commenced its banking activity on 1/1/2021.

**2. Application of New and Revised International Financial Reporting Standards****A. New and revised International Financial Reporting Standards that do not have a material impact on the financial statements:**

The following new and revised International Financial Standards have been applied in preparing the Bank's financial statements, which became effective for the financial periods beginning on or after January 1, 2016, and which did not materially affect the amounts and disclosures included in the financial statements for the year and previous years, noting that it may have an impact on the accounting treatment of future transactions and arrangements:

- International Financial Reporting Standard No. (14) Accounts Deferred for Regulatory Reasons.
- Amendments to International Accounting Standard No. (1) Presentation of financial statements related to the initiative to disclose
- Amendments to International Financial Reporting Standard No. (11) Joint Arrangements related to the accounting treatment for the purchase of shares in joint operations.
- Amendments to International Accounting Standard No. (16) Property, Plant and Equipment and International Accounting Standard No. (38) Intangible Assets Clarification of the accepted accounting methods for depreciation and amortization
- Amendments to International Accounting Standard No. (27) Separate Financial Statements. Allow entities to record investments in subsidiaries, joint ventures and associates using the equity rights method in separate financial statements.
- Amendments to International Financial Reporting Standard No. (10) Consolidated Financial Statements, International Financial Reporting Standard (12) Disclosure of Interests in Other Entities, and International Accounting Standard No. (28) Investment in Affiliate Companies and Joint Ventures and related to the application of the consolidation exception to investment establishments.
- Annual improvements to the International Financial Reporting Standards issued during the years 2012-2014, which cover the amendments to International Financial Reporting Standards No. (5) and (7) and International Accounting Standards No. (19) and (34).

**B. New and revised IFRS issued but not yet in force:**

The Bank has not applied the new and revised International Financial Reporting Standards listed below that are issued and ready for early application but not yet in force:

New and Amended International Financial Reporting Standards (IFRS)

- The annual improvements on the International Financial Reporting Standards issued in the years 2014-2016 that cover the amendment made to the International Financial Reporting Standards No. (1), (12) and the International Accounting Standards No. (28).
- Amendments to International Accounting Standard No. (12) Income Taxes related to the recognition of deferred tax assets for not verified losses.
- Amendments to International Accounting Standard No. (7) Statement of Cash Flows related to adding disclosures to enable users of financial statements to evaluate changes in liabilities resulting from financing activities.
- The Interpretation of the International Standards Interpretations Committee on Financial Reports No. (22) of foreign currency split transactions and advance payments.  
The interpretation deals with foreign currency split operations or parts of operations where:
  - \* There is price denoted in a foreign currency.
  - \* The entity recognizes a prepaid asset or deferred revenue liability related to that price before recognition of the related assets, income or expenses.
  - \* A prepaid asset or deferred revenue liability is a non-monetary asset or liability.
- Amendments to International Accounting Standard No. (2) share-based payment relating to the classification and measurement of share-based payments.
- Amendments to International Financial Reporting Standard No. (4) Insurance Contracts related to the difference between the effective date of International Financial Reporting Standard No. (9) and the new insurance contracts standard.
- Amendments to International Accounting Standard No. (40) Real Estate Investments, where Paragraph No. (57) was amended to state that an entity transfers any real estate from or to real estate investments only when there is evidence of a change in use. A change in use occurs when or when real estate ceases to meet the definition of investment real estate A change in management's intentions to use the real estate does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples in it is not comprehensive.
- Amendments to International Financial Reporting Standard No. (7) Financial Instruments, disclosures related to the initial application of International Financial Reporting Standard No. (9).
- International Financial Reporting Standard No. (7) Disclosures related to additional disclosures about hedge accounting (and subsequent amendments) resulting from the application of the chapter on hedge accounting in International Financial Reporting Standard No. (9).

are valid for the financial items that commence, on, or after the amendments to the International Financial Standard No. (1) and the International Accounting Standards No. (28), are valid for the financial periods starting on January 1, 2018 while the amendments to the International Accounting Standard No. (12) are valid for the financial periods starting on January 1, 2017

January 1, 2017

January 1, 2018

January 1, 2018

January 1, 2018

When the International Accounting Standard No. (9).  
When the International Accounting Standard No. (9).

January 1, 2018



- International Financial Reporting Standard No. (9) Financial Instruments (revised versions for the years 2009, 2010, 2013 and 2014), where the International Financial Reporting Standard No. (9) Financial Instruments was issued in November 2009 and introduced new requirements for the classification measurement of financial assets and it was amended in October 2010 to add requirements for classification, measurement and exclusion of financial liabilities, and a new version was launched in November 2013 to include new requirements for hedge accounting. An amended version of the standard was also issued in July 2014 to include mainly each of (a) the requirements for impairment of financial assets (b) specific amendments to the requirements for classification and measurement by introducing a category for measuring financial assets through other comprehensive income for some simple debt instruments that the final version of the International Financial Reporting Standard No. (9) contains the accounting requirements for financial instruments and has replaced International Accounting Standard No. (39) Recognition and Measurement, and the new version of the standard includes the following requirements: Classification and measurement:

Classification of financial assets based on the business model and contractual cash flows, and the 2014 version introduced a new classification for some debt instruments, which can be classified within the financial assets at fair value through other comprehensive income. Financial liabilities are classified similarly to IAS 39, but there are differences in the applicable requirements to measure the credit risk area of the entity.

January 1,2018

Decline:

The 2014 version introduced the expected credit loss model for calculating the impairment loss on financial assets, and accordingly it became unnecessary to increase the credit risk in advance until the impairment loss is recognized.

Hedge Accounting:

The 2014 version introduced a new hedging accounting model that is designed to be more appropriate to how entities manage risk when they are exposed to both financial and non-financial hedging risks.

Revocation of recognition:

The requirements for revocation of recognition of the financial assets and financial liabilities as stated in International Accounting Standard No. (39) have been followed.

International Financial Reporting Standard No. (15) Revenue from Contracts with Customers International Financial Reporting Standard No. (15) was issued in May 2014, setting a comprehensive system and a date for entities to use in recording revenue arising from contracts concluded with customers International Financial Reporting Standard No. (15) It will replace the current guidance on revenue recognition including IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations when IFRS 15 becomes effective and is based on the core principle of IFRS No. (15) that the entity must recognize its revenues to describe the transfer of goods or services agreed upon to customers at a value that reflects the value that the entity expects to obtain in exchange for those goods or services. The standard provides precisely a method for recognizing revenues based on five steps:

January 1,2018

January 1,2019

Step 1: Determining the contracts with the customer

Step 2: Determining the performance obligations contained in the contract.

Step 3: Determining the transaction value.



Step 4: Allocating the transaction value to the performance obligations in the contract.

Step 5: Recognitions to revenue when (or when) the entity satisfies its performance obligations.

Under IFRS 15, an entity recognizes revenue when the obligation is satisfied, that is, when it transfers control to the customer over the goods or services that involve the fulfillment of the obligation. More forward guidance has been added in IFRS 15 to address specific cases. In addition, IFRS 15 requires more detailed disclosures.

Amendments to IFRS 15 Revenue from Contracts with Customers related to clarifying three aspects of the standard (determining performance obligations, principal versus agent considerations, licenses and to provide a comfortable transition to modified contracts and completed contracts).

IFRS 16 Leases This standard specifies how to recognize, measure, present and disclose lease contracts in accordance with International Financial Reporting Standards. A month or less, or its assets have low values. Lessors continue to classify lease contracts as operating or financing within the concept of International Financial Reporting Standard No. (16) related to the accounting for the lessor without a material change from the previous International Accounting Standard No. (17)

Amendments to International Financial Reporting Standard No. (10) Consolidated Financial Statements and International Accounting Standard No. (28) Investment in Affiliate Companies and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to his affiliate company or joint venture.

Date of application is not yet determined.

The bank's management expects that the above-mentioned standards will be applied in preparing the financial statements at the date of their effectiveness, without these standards having any material impact on the bank's financial statements, except for the application of International Financial Reporting Standards No. (9), (15) and (16) where it expects Management to apply International Financial Reporting Standards (9) and (15) in the bank's financial statements during the financial periods beginning on or after January 1, 2018, and International Reporting Standard No. (16) on or after January 1, 2019, note That it may have a material impact on the amounts and disclosures contained in the financial statements related to revenues from contracts with customers, the bank's financial assets and liabilities and lease contracts, but it is impractical to estimate the impact of applying this at the present time in a reasonable manner until the management completes the detailed study of the application of those standards on the bank's financial statements.



### 3. Accounting Polices

- A. Preparing the bank's financial statements for the first time in accordance with the IFRS issued by the International Accounting Standards Board, and in accordance with the prevailing local laws and the instructions of the Central Bank of Iraq, and in this regard the requirements stated in IFRS (1) were observed in particular:
- ❖ All assets and liabilities required to be recognized under International Financial Reporting Standards have been recognized.
  - ❖ Not recognizing items as assets or liabilities if the International Financial Reporting Standards do not allow such recognition.
  - ❖ The process of reclassifying some items for the purposes of presenting the financial position was carried out differently than it was in the unified accounting system.
  - ❖ International Financial Reporting Standards have been applied in the measurement of all recognized assets and liabilities, and no differences from what was previously applied appeared.
  - ❖ Since these financial statements are prepared for a bank branch, the scope of application includes the bank's financial statements.
  - ❖ The application included all international financial reporting standards in force on the date of 1/1/2020
  - ❖ the financial statements subject of the audit was reviewed: The financial statements of Hammurabi commercial Bank for the financial year ending as on 31/December/2022, was compared with the financial statements for the previous year as on 31/December/2021.
- B. The transition to international standards did not affect the financial position of the branch, its financial performance, and its cash flows due to the absence of differences in measurement and the simplicity of the operations practiced by the branches.
- C. Foreign Currencies: Transactions in a foreign currency other than the financial reporting currency are recorded based on foreign exchange rates prevailing on the dates of operations. At the end of each financial period, financial items in foreign currencies are converted based on the exchange rates prevailing on the date of the statement of financial position; as for the non-financial items in foreign currencies recorded at fair value are reconverted based on the exchange rates prevailing on the date in which the fair value was determined, while the non-financial items that were evaluated on the basis of historical cost in a foreign currency are is not reconverted. The exchange rate differences are recorded in the profits or losses in the period in which they arose, and the bank has approved the following exchange rates:



Foreign Currencies	2022	2021
Exchange rate of the Iraqi Dinar against the US Dollar	1460	1460
Exchange rate of the Iraqi Dinar against Euro	1783,098	1783,098

- D. Classification of financial assets:** Subsequent to initial recognition, investments in securities are evaluated according to their classification: either as held to maturity, loans and advances or available for sale, where investments held to maturity and investments in loans and advances are measured based on amortized cost using the effective interest method, while actual investments, as for investments in available-for-sale securities, are recorded based on fair value, and not verified gains or losses are included in other comprehensive income, except in the case of unlisted shares whose fair value cannot be reliably evaluated, which are recorded at cost.
- E. Financial liabilities:** Financial liabilities that are not held for trading and are not determined at fair value through profit or loss, and are subsequently measured at amortized cost using the effective interest method.
- F. Measurement of the fair value of financial instruments:** The fair value is the agreed-upon value for the exchange of an asset or the payment of a liability between a willing buyer and a willing seller in a pure transaction. The Bank adopts market prices to evaluate its financial instruments traded in an active financial market. If the financial instrument market is not active, the bank determines the fair value using a specific valuation method based on observed market data with other factors that are likely to affect the fair value of the instrument. The fair value of the financial instrument is based on one or several factors such as the time value of money, and credit risk for the instrument, taking into account other influencing factors such as liquidity risk.
- G. Decline (Impairment) of the value of financial assets:** At the date of each financial position statement, financial assets are evaluated, other than those that are based on fair value through profit or loss, in terms of the presence of indicators of decline in their value. The decline in the value of financial assets is when there is tangible evidence because of one or more events that occurred after the initial recording of the assets, and that the estimated future cash flows of the investments have been affected. And the decline in the recorded assets value is measured based on the amortized value by the difference between the book value of assets and its estimated redemption value.



- H. Loans and Advances: loans and advances are recorded based on the amortized cost after subtracting not verified interest and after debt decline provision as applicable, and the bad and doubtful debts are recorded on the cash basis, as there are doubts and the possibility of not collecting their original value and returns.
- I. Tangible fixed assets: Tangible fixed assets appear based on the historical cost after subtracting the cumulative depreciations and the decline loss, if any, and the depreciation is calculated by using straight-line method in light of the instructions applicable in Iraq and based on the estimated service period for the concerned assets, as follows:

Asset Classification	Estimated Service Period
Buildings and Facilities	50 years
Plant and Equipment	5 years
Means of Transport	5 years
Furniture and Office Equipment	5 years

The profit or loss resulting from excluding any fixed assets within the profit or loss

- J. Decline (Impairment) in the value of tangible and intangible assets: At the end of each financial period, the bank reviews the book values of its tangible and intangible assets to determine whether there is any indication that those assets have suffered a loss of decline in their value. If there is such an indication, the redemption value of the asset is estimated to determine the extent of the decline loss. The redemption value is the highest value between fair value less selling cost and value in use. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks inherent in the asset for which estimates of future cash flows have not been modified.
- K. Provisions: Provisions are recorded because of a past event whereby the bank will have a legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation.
- L. Revenue recognition and charges: Interest revenue and charges are recorded on an accrual basis, taking into account the principal balance and the applicable percentage, with the exception of loans and advances classified as sub-normal and doubtful whose



Returns are recognized only when their redemption is realized. The revenues of charges and commissions are recorded upon rendering certain services. Dividends are recognized when the right to receive certain payments is established.

- M. Income Tax:** Tax expense represents the amounts of tax payable. The bank calculates the income tax provision in accordance with the provisions of the prevailing Income Tax Law No. 113 for the year 1982 and its amendments, which set the tax at a rate of 15% of the net taxable profit
- N. Expansion Reserve:** The Bank deducts an expansion reserve at the rate of 5% of the net profit after fulfilling all legal deductions.
- O. Cash and its equivalents:** It is cash and cash balances that are due within a period of three months or less, and it includes: cash in the bank's vaults, balances with the Central Bank of Iraq, balances with banks and banking institutions, and deposits of banks and banking institutions that are due during the mentioned period are subtracted, and restricted balances withdrawal.
- 4. Significant accounting estimates:** When applying the bank's accounting policies, administration must make decisions, make estimates and assumptions about the book value of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on past experience and other relevant factors, and it is possible that the actual results may differ from the estimates, and the bank reviews the estimates and assumptions related to this on an ongoing basis, and the entries resulting from the modification of accounting estimates are made in the financial year in which the modification takes place, if the amendment affects only that year, or in the year of the amendment and subsequent years if the amendment affects the current year and subsequent years. Important estimation processes include:
- Provisions for debts, loans and advances losses.
  - Determining the fair values of financial assets that do not have a market price.
  - Income tax provision.
  - Estimated useful lives of the fixed assets.
  - Decline of assets.



## Hammurabi Commercial Bank (P.S.C.)

## Statement of the clarifications related to financial statements for the year ending as on 31/December/2022

## 5- Cash and Balances with the Central Bank of Iraq

The Details of this item are as follows:

Name of Account	31/December/2022 Dinars	31/December/2021 Dinars
Cash at the treasury /Dinar	8,888,407,750	5,944,082,500
Foreign Currencies at the treasury	28,164,860	586,785,680
Total Cash at the Treasury	8,916,572,610	6,530,868,180
Cash balances with the Central Bank	19,047,202,014	25,015,677,825
Legal reserve with the Central Bank	199,834,680	45,115,880
Total balances with the Central Bank	19,247,036,694	25,060,793,705
Total	28,163,609,304	31,591,661,885

## 6-Private Local Banks

The Details of this item are as follows:

Name of Account	31/December/2022 Dinars	31/December/2021 Dinars
Cash with the Private Local Banks		
Dar Al Salam Bank	150,857,048,117	150,857,063,116
International Islamic Bank	2,581,071	897,483
Trans Bank of Iraq	3,347,700	1,748,000
Cash with the External Banks	0	0
Total	150,862,976,888	150,859,708,599

The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement



## Hammurabi Commercial Bank (P.S.C.)

## Statement of the clarifications related to financial statements for the year ending as on 31/December/2022

## 7-Net Direct Credit Facilities

The Details of this item are as follows:

Name of Account	31/December/2022 Dinars	31/December/2021
A. Granted facilities		
Long Term Loans / Individual	11,750,000	29,000,000
Short Term Loans / Companies	5,555,556	8,888,889
Employees' advance payment/ outside the bank	404,751,438	447,193,704
Low interest personal loans/ Central Bank Initiative	2,219,664,396	
Small and medium projects loan/ Central Bank Initiative	3,103,269,600	
Dormant loans/ Central Bank Initiative	100,000,000	
Low interest receivable loans	8,255,658	
Projects receivable loans	14,913,444	
Receivable employees' advance payment/ outside the bank	2,474,472	0
Total	5,870,634,564	485,082,593
Direct credit facilities dropping value allowance (Productive debits)	65,247,648	0
Direct credit facilities dropping value allowance (unproductive debits)	0	0
Profits and commissions related to unproductive debits		
Total	65,247,648	0
Net Direct Credit Facilities	5,805,386,916	485,082,593

## B. Financial Position Statement

Allocations of direct credit facilities decrease	0	0
Balance at the beginning of the period	0	0
Additions during the year	65,247,648	
Balance at the end of the period	65,247,648	0

The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement



## Hammurabi Commercial Bank (P.S.C.)

## Statement of the clarifications related to financial statements for the year ending as on 31/December/2022

## 8- Financial Assets

The Details of this item are as follows:

Name of Account	31/ December/2022 Dinars	31/ December/2021 Dinars
Bonds of Constructing the building of the Ministry of Finance	25,000,000,000	25,000,000,000
Other Financial Assets	0	0
Total	25,000,000,000	25,000,000,000

## 9- Other Assets

The Details of this item are as follows:

Name of Account	31/ December/2022 Dinars	31/ December/2021 Dinars
Deposits with others	0	405,874
Prepaid expenses	5,549,460	98,211,740
Employees advance payment	156,845,245	469,052,709
Unreceived due interest/ bonds of the building of the Ministry of Finance	62,328,767	64,904,649
Prepaid expenses/ commission of the Central Bank Initiative	1,000,000	-
Cash differences	14,538,500	-
Judicial expenses	392,000	-
Receivable	332,065	-
Receivable interest/ projects loans	5,816,718	-
Receivable interest/Housing loans/ Central Bank Initiative	100,000	-
Receivable interest/ outside the bank employees' advance payment	1,270,546	-
Receivable interest/long-term loans/ individuals	28,427	-
Receivable interest/ employees' advance payment	342,062	-
Total	248,543,790	632,574,972

The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement



## Hammurabi Commercial Bank (P.S.C.)

## Statement of the clarifications related to financial statements for the year ending as on 31/December/2022

## 10-Tangible Fixed Assets

The Following schedule includes details of tangible fixed assets and its depreciations

Statement Dinar	Machinery and Equipment Dinar	Tools and Moulds	Furniture and Offices' Appliances Dinar	Decorations and partitions Dinar	Total Dinar
Cost					
Balance as on 1/1/2022	230,000	300,000	50,750,140	11,030,176	62,010,316
Additions during the year	1,989,000	0	117,065,401	10,449,000	129,503,401
Entry adjustments					0
Amortization of deferred expenses				572,342	572,342
Balance as on 31/12/2022	2,219,000	300,000	167,815,541	20,906,834	191,241,375
Accumulated depreciations					
Balance as on 1/1/2022	11,833	5,000	1,304,887	0	1,321,720
Current year depreciation	145,450	60,000	14,638,303		14,843,753
Accumulated depreciation settlement					
Accumulated depreciation as on 31/12/2022	157,283	65,000	15,943,190	0	16,165,473
Book value as on 31/12/2022	2,061,717	235,000	151,872,351	20,906,834	175,075,902
Book value as on 31/12/2021	218,167	295,000	49,445,253	11,030,176	60,988,596

The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement



## Hammurabi Commercial Bank (P.S.C.)

## Statement of the clarifications related to financial statements for the year ending as on 31/December/2022

## 11- Intangible Assets

The Following schedule includes details of intangible assets

Name of Account	Cost As on 31/12/2022 Dinar	Cost as on 31/12/2021 Dinar
Purchase of System and other Costs	0	452,633,046
Additions	0	-
Settlement	0	452,633,046
Total	0	0

## 12-Clients' Deposits

The Following schedule includes details of the Clients' Deposits Accounts

Name of Account	31/December/2022 Dinars	31/December/2021 Dinars
Current accounts / Financial Sector	115,098,500	0
Credit current accounts/ private sector/ companies and associations	410,155,148	11,173,858
Credit current accounts/ private sector/ individuals	129,946,898	41,115,304
Saving accounts	120,992,995	4,188,475
Current accounts / employee salaries	2,388,695	1,268,642
Endorsed checks and seized	34,000,000	
Checks withdrawn on the bank	6,104,700	
Total	818,686,936	57,746,279

## 13- Cash Deposits

The Details of this item are as follows:

Name of Account	31/December/2022 Dinars	31/December/2021 Dinars
Deposits against letters of guarantee	5,478,208,000	2,204,372,000
Total	5,478,208,000	2,204,372,000

The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement



## Hammurabi Commercial Bank (P.S.C.)

## Statement of the clarifications related to financial statements for the year ending as on 31/December/2022

## 14-Received Loans

The Details of this item are as follows:

Name of Account	31/December/2022 Dinars	31/December/2021 Dinars
Long-term loans (Small and medium Projects)	5,757,719,908	1,485,000,000
Total	5,757,719,908	1,485,000,000

## 15- Other Liabilities

The Details of this item are as follows:

Name of Account	31/December/2022 Dinars	31/December/2021 Dinars
Creditors/ Credit Inquiry Fees	15,000	1,050,000
Creditor non-current activity	589,796,826	589,796,826
Expenses Due (auditing fees)	26,670,000	27,613,000
Due financial fees and stamps	0	10,120,392
Increase in cash	0	1,378
Auction deposits -Cash	0	6,862,000,000
Seizure amount by official party request	4,007,560	
Deductions from the Employees for the account of others	253,221,834	110,564,509
Total	873,711,220	7,601,146,105

The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement



## Hammurabi Commercial Bank (P.S.C.)

## Statement of the clarifications related to financial statements for the year ending as on 31/December/2022

## 16-Credit Interests

The following is the detailed schedule of credit interests

Name of Account	31/December/2022 Dinars	31/December/2021 Dinars
Loan interest granted	2,547,295	
Employee advances payment Interests	23,975,599	
Employee advances payment Interests/ Outside Bank	41,203,177	
Projects advances payment interests / Central Bank Initiative	56,344,324	
Housing loans interests / Central Bank Initiative	100,000	
Total	124,170,395	

## 17-Debit Interests

The following is the detailed schedule of paid interests

Name of Account	31/December/2022 Dinars	31/December/2021 Dinars
Interests /Saving Deposits	446,039	17,320
Interests /Term Deposits	0	0
Total	446,039	17,320

## 18- Commissions Income and Banking Fees

The following is the detailed schedule of Revenues from Commissions and Banking Fees

Name of Account	31/December/2022 Dinars	31/December/2021 Dinars
Miscellaneous Services Revenue	7,922,500	1,057,000
Revenue of Internal loans and advance payments	0	150,000
Interest of granted loans	-	858,667
Interest of employees' loans	-	18,118,009
Employees loans revenue / outside the bank	-	5,976,047
Internal remittances commission	5,495,152	755,000
External remittances commission	272,571,780	
Commission of the issuing cashier's check and credit checks	102,000	146,250
Commission of the receipt of letters of guarantee	473,000	194,300
Additional Commission	7,008,496	
Commission of the internal letters of guarantee	833,785,260	33,511,750
Commission of mediating in selling shares and bonds	20,000	
Bounced checks commission/ returned	15,000	
Commission of checks purchase receipt	340,000	
Commission of count and sort	4,323,000	
Commission of Central Bank Initiative loans granted	49,000,000	
Total	1,181,056,188	60,767,023

The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement



**Hammurabi Commercial Bank (P.S.C.)****Statement of the clarifications related to financial statements for the year ending as on 31/December/2022****19-Debit Commissions**

The following is the detailed schedule of debit Commissions

Name of Account	31/December/2022 Dinars	31/December/2021 Dinars
Paid banking commissions	41,271,471	10,352,091
Total	41,271,471	10,352,091

**20-Revenue of Selling and Purchasing Foreign Currencies**

The following is the detailed schedule of Selling and Purchasing Foreign Currencies

Name of Account	31/ December /2022 Dinars	31/ December /2021 Dinars
Revenue of Selling and Purchasing Foreign Currencies / Auction	78,998,000	57,510,000
Currency position evaluation differences	0	551,475
<b>Total</b>	<b>78,998,000</b>	<b>58,061,475</b>

**21-Other Revenues**

The following is the analysis schedule of Other Revenues

Name of Account	31/ December /2022 Dinars	31/ December /2021 Dinars
Recovered salaries allowances	0	0
Recovered communications expenses	13,465,000	0
Other Banking commissions	153,476,729	37,904,683
Sales of Banking prints	7,640,200	444,800
Received donations	7,300,000	0
Compensations and fines	6,300,000	228,250
Incidental Revenues	8,071,715	
Total	196,253,644	38,577,733

The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement



## Hammurabi Commercial Bank (P.S.C.)

## Statement of the clarifications related to financial statements for the year ending as on 31/December/2022

## 22-Employees' Salaries and Its Alike

The following is the detailed schedule with the Employees Expenses of Salaries and Wages and its alike:

Name of Account	31/ December /2022 Dinars	31/ December /2021 Dinars
Salaries	645,730,918	483,621,775
Incentive bounces	3,481,565	1,350,000
Compensation allocation	511,536,737	348,397,101
Training and rehabilitation	50,809,500	22,830,000
Employees Medical Equipment	1,296,000	0
Employees transportation	16,022,000	7,464,000
contribution in social security	64,080,000	46,698,000
Total	1,292,956,720	910,360,876

## 23-Operating Expenses

The following is the analysis schedule of Operating Expenses:

Name of Account	31/ December /2022 Dinars	31/ December /2021 Dinars
Accessories and necessities	6,555,930	5,873,940
Stationery	28,866,070	39,879,510
Water and electricity	19,537,100	76,995,000
Maintenance	52,094,320	45,160,730
Research and Consultancy services	195,098,500	5,995,000
Publishing and advertising	3,743,000	1,336,000
Publications and printing	245,000	665,000
Hospitality	7,471,900	1,648,250
Conferences and seminars	11,446,400	
Celebrations	0	650,000
Bounces for non-workers	8,535,000	3,140,000
Fuel and Oil	21,330,000	7,360,000
Spare parts		50,000
Travel and delegation	5,708,720	
Travel and delegation for the activity	7,971,330	1,856,600
Subscriptions	339,062,998	565,380,000
General Communications	19,507,970	25,797,750
Transport of commodities and goods	2,576,500	845,000
Renting buildings	301,158,820	44,705,060
Legal services	17,650,000	2,400,000
Banking services	136,632,070	85,477,376
Auditing fees and	26,670,000	25,350,000
Other Auditing fees	14,250,000	13,800,000
Private Services Expenses	84,000,000	119,000,000
Donations for others	71,400,000	60,600,000
Stamp fee	0	1,000
Compensations and fines	23,596,200	8,635,005
Miscellaneous taxes and fees	383,690,500	26,347,750
Other service expenses	84,299,550	69,254,250
Losses of foreign currency evaluation differences	14,877,900	0
Total	1,887,975,778	1,238,203,221

The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement



## Hammurabi Commercial Bank (P.S.C.)

## Statement of the clarifications related to financial statements for the year ending as on 31/December/2022

## 24- Operations outside the balance sheet (probable connections and obligations)

This clause stipulates the following details

Name of Account	31/ December /2022 Dinars	31/ December /2021 Dinars
Obligations against letters of guarantee	23,709,330,000	2,224,964,000
Deduct: Deposits against letters	5,478,208,000	2,204,372,000
The balance as on 31/12/2022	18,231,122,000	20,592,000



The remarks stated in the clarifications statement from No. (1) to (24) shall be considered a complementary part of the financial statement