



مصرف جيهان للاستثمار والتمويل الاسلامي

CIHAN BANK
For Islamic Investment & finance

Annual Report 2009

التقرير السنوي ٢٠٠٩



السادة أعضاء مجلس إدارة مصرف جيهان
Board Members Of Cihan Bank



د. نوزاد يحيى سعيد باجطر
نائب رئيس مجلس الإدارة
Dr. Nawzad Yahya Saeed Bajger
CHAIRMAN



أزاد يحيى سعيد باجطر
رئيس مجلس الإدارة
Azad Yahya Saeed Bajger
CHAIRMAN



صباح يحيى سعيد باجطر
عضو مجلس الإدارة
Sabah Yahya Saeed Bajger
Board Member



طلعت يحيى سعيد باجطر
عضو مجلس الإدارة
Talet Yahya Saeed Bajger
Board Member



موفق طاهر الضلبي
المدير المفوض
Muwaffak T.AL- Chalabi
Executive Director



No. M/51/2009

Date: 3.3.2010

CIHAN BANK FOR ISLAMIC INVESTMENT & FINANCE P.S.C.

Sub: Auditor's report

Dear Sir's

We have audited The balance sheet of Cihan bank for investment & finance P.S.C as at December 31, 2009 and the related activities result of operations (income) and statements related thereto for the period ending at the same date and the Boards annual reports for the bank prepared according to the banking and companies law No. (21) For the year 1997 and the related regulations and instructions issued accordingly.

We have obtained the information and the explanations which in our opinion were necessary to perform our duty according to the legislation in force and in accordance to generally accepted auditing procedures which includes the necessary examinations on a test basis of the bank activities falling within our jurisdiction. We have the following Notes and explanations .

First : The nominal and paid up capital was increased from ID 25 billion to ID 50 billion on 17/12/2009 and registered under No. 29439 on 17/12/2009 with the companies registered office and the central bank of Iraq.

Second: The Anti Money Laundering and financing terrorism committee are active since its establishment according to our order No.48 on20/3/2009.

Third: The bank started his activities on 1/4/2009.

Fourth: The Shariaa Board (fatwa committee) are active since its establishment according to order No.38 on 1/2/2009 taking into consideration and subject to the above mentioned and in our opinion which based on our examinations and according to the bank's reports , information's and explanations given to us .

1. The accounting records used by the bank comply with Book keeping system required and properly kept containing according to our judgment all Bank's Assets, Liabilities, expenses and revenues.
2. The annual report and its contents, the financial and accounting information reflects in a comprehensive way the bank financial progress during audited period. These information contained therein do not contradict with the accounts or the provisions of the financial laws and legislations that are in force.
3. The financial statements and final accounts have been prepared according to the accounting rules and legislations currently in force and it coincides exactly with what is shown in the records which are prepared according to the companies law, the regulations and information issued accordingly and the Central Bank of Iraq law and presents fairly the financial position of the Bank as on 31 Dec. 2009 .



Delshad A. Al-Totnchi

Chartered Accounting and Auditor



CIHAN BANK FOR ISLAMIC INVESTMENT & Finance Balance sheet as at 31.12.2009.

Balance sheet as at 31.12.2009.

<u>Statement No.</u>	<u>Account No.</u>	<u>Name of Account</u>	<u>I.D. thousands</u>
<u>Assets:</u>			
<u>Current Assets</u>			
4	18	Cash	43307005
	1443	Receivable Bonds	1157697
	1533	Short time Investments	250000
	167	Loans	443175
3	16	Debtors	31481938
	1427-1429	Murabaha & Musharka	40987608
1	11	<u>Fixed Assets</u>	489801
2	118	Establishment expenses	<u>884179</u>
			1373980
5	19	<u>Contra Accounts</u>	<u>16774277</u>
			<u>135775680</u>
<u>Share holders' funds</u>			
	211	Nominal & paid up Capital	50000000
6	214	Reserves	1689244
<u>Current Liabilities</u>			
7	25	Deposit & Current a/c's	67028202
8	26	Creditors	383695
9	22	Allocations	(103788)
	2663	Payable expenses	4050
5	29	Contra Account	<u>16774277</u>
			<u>135775680</u>

Chartered Accounting and Auditor

Delshad A. Al-Totnchi

Chairman

Azad Yehya Saeed Bagjer

Executive director

Muwafaq Al-Chalabi

Financial Manager

Wesam Talal Taqfeeq

Subject to our report No. 51 S on March 3rd 2010



M/23594



CIHAN BANK FOR ISLAMIC INVESTMENT & FINANCE P.S.C.

STATEMENT OF CURRENT OPERATIONS as at 31.12.2009

<u>Statement No.</u>	<u>Account No.</u>	<u>Name of Account</u>	<u>Thousands I.D.</u>
	4	<u>Current Activity Revenue</u>	
10	44-49	Current Operation Revenue	<u>3184835</u>
		<u>Less Expenses</u>	
11	31	Wages & Salaries	474813
12	32	Administrative Expenses	6202
13	33	Service Expenses	410716
1 and 2	37	Depreciations	202269
14	38	Productions Expenses	30677
	3431	Banking Expenses	<u>72812</u>
			<u>1197489</u>
		Surplus of current -	
		Operations	<u>1987346</u>
		Tax Reserves	298102
		Expansions Reserves	198735
		Legal Reserves	99367
		The Surplus for distribution	<u>1391142</u>
			<u>1987346</u>



CIHAN BANK FOR ISLAMIC INVESTMENT & FINANCE P.S.C.

Cash Flow Statement for the Year Ending 31/12/2009

<u>Details</u>	<u>Thousand Iraqi Dinar</u>
Paid up Capital	50,000,000
Income for the year 2009	3,184,835
Movement in Creditor A/Cs	67,312,159
Depreciations	<u>202,269</u>
Total of Flows	<u>120,699,263</u>
Less	
Purchase of Assets	544,247
Establishment expenses	1,022,002
Total expenses for year 2009	1,197,489
Movement of debtors A/Cs	74,320,418
Tax Reserves	<u>298,102</u>
Total out flows	<u>77,382,258</u>
The cash Balance as on 31/12/2009	<u>43,307,005</u>



CIHAN BANK FOR ISLAMIC INVESTMENT & FINANCE P.S.C.

The Tables of Fixed Assets and depreciations as at 31/12/2009

No. 1

Fixed Assets	Machinery	Tools	Furniture	Total
A/C No.	113	115	116	
Cost as at 31/12/2009	107560	347	446340	554247
Depreciations for 2009	5059	-----	59387	64446
Accumulated depreciation As at 31/12/2009	5059	-----	59387	64446
Book value as at 31/12/2009	102501	347	386953	489801

Statement of Establishment expenses as at 31/12/2009

No.2

A/C No.	A/C Name	Book value as at	Depreciation	Balance as at
		31/12/2009	of the year	31/12/2009
181	Establishment expenses	916903	117956	798947
1186	Fixtures + Cutters	105099	19867	85232
	Total	1022002	137823	884179



CIHAN BANK FOR ISLAMIC INVESTMENT & FINANCE P.S.C.

Debtors Statement as at 31 /12/2009

No.3

Thousands ID. 2009		No. in Accounting Guide
	Debtors A/C's	166
30158505	Deposit at others	1661
1286433	Receivable income	1662
<u>37000</u>	Advance payment of expenses	1663
<u>31481938</u>		

Cash Statement As At 31/12/2009

No.4

Thousands ID. 2009		No. in Accounting Guide
12413851	Cash at hand	181
28479511	Cash at local Banks	183
<u>2413643</u>	Cash at Foreign Banks	187
<u>43307005</u>		



CIHAN BANK FOR ISLAMIC INVESTMENT & FINANCE P.S.C.

Counter Obligations as at 31/12/2009

No. 5

Thousands ID. 2009		No. in Accounting Guide
	L/G Obligations	192 - 292
104636	Issued L/G	1921 - 2921
<u>(10464)</u>	Less Deposits	
94172		
	L/C Obligations	193 - 293
18078489	L/C's	1931 - 2931
<u>(14966459)</u>	Less Deposits	
3112030		
	Foreign Payments	194 - 294
28760121	L/C's Drafts	1941 - 2941
<u>(15192046)</u>	Less Deposits	
<u>13568075</u>		
<u>16774277</u>		

Reserves as at 31/12/2009

No. 6

Thousands ID. 2009		No. in Accounting Guide
198735	Expansion Reserve	22
99367	Legal Reserve	
<u>1391142</u>	Surplus for distributions	
<u>1689244</u>		



CIHAN BANK FOR ISLAMIC INVESTMENT & FINANCE P.S.C.

Current Accounts and Time deposits

No.7

Thousands ID. 2009		No. in Accounting Guide
	Current Accounts	251
29165814	Private Sectors Companies	2516
<u>1893265</u>	Individual Sector	2517
31059079		
	Saving Accounts	252
5800154	Saving	2521
	Deposit from Banking Operations	255
30158505	Deposits from L/C's	2551
<u>10464</u>	Deposits from L/G's	2552
<u>30168969</u>		
<u>67028202</u>		

Creditors as at 31/12/2009

No. 8

Thousands ID. 2009		No. in Accounting Guide
96474	Creditors of Current Operations	2616
1701	Creditors of Non Current Operations	265
163981	Received Deposits	2661
99045	Receivable Income	2662
21583	Payable Expenses	2663
<u>911</u>	Deduction from the others	2671
<u>383695</u>		



CIHAN BANK FOR ISLAMIC INVESTMENT & FINANCE P.S.C.

Reserved Statement as at 31/12/2009

No. 9

Thousands ID. 2009		No. in Accounting Guide
298102	Tax reserves	224
<u>(401890)</u>	Rate Fluctuation of Foreign Currencies Reserves	225
<u>(103788)</u>	Total Reserves	

Income from Banking Operations as at 31/12/2009

No 10

Thousands ID. 2009		No. in Accounting Guide
276950	Income from foreign currency	441
197942	Income from Loans	442
355	Income from payment orders	443
118097	Income from L/C	444
5057	Income from L/G	445
19	Income from various Commissions	447
70476	Receivable expenses	448
2512393	Income from Investment	463
<u>3546</u>	Other Incomes	492
<u>3184835</u>	Total	



CIHAN BANK FOR ISLAMIC INVESTMENT & FINANCE P.S.C.

Wages and Salaries as at 31/12/2009

No. 11

Thousands ID. 2009		No. in Accounting Guide
163970	Salaries	3111
32947	Family allowances	3112
5129	Over time	3113
133283	Bonuses	3114
25850	Professional allowances	3115
22669	Compensatory allowances	3116
86354	Other allowances	3129
<u>4611</u>	Social Security	3151
<u>474813</u>		

Commodity requirements statement as at 31/12/2009

No. 12

Thousands ID. 2009		No. in Accounting Guide
217	Fuel	322
3386	Supplies and Tasks	3251
<u>2599</u>	Stationary	3252
<u>6202</u>	Total	



CIHAN BANK FOR ISLAMIC INVESTMENT & FINANCE P.S.C.

Services requirements Statement as at 31/12/2009

No. 13

Thousands ID. 2009		No. in Accounting Guide
1310	Maintenance	331
23496	Advertising	3331
4320	Publishing	3332
6685	Hospitality	3333
8148	Exhibition Expense	3334
80585	Transportations	3341
39775	Travels	3343
3998	Communications	3344
83664	Rents	3352
470	Subscriptions	3361
1239	Payment for non employees	3363
579	Legal Services	3365
116611	Banking Services	3366
7050	Auditing Fees	3368
<u>32786</u>	Other expense	3369
<u>410716</u>	Total	

Production expenses statement as at 31/12/2009

No. 14

Thousands ID. 2009		No. in Accounting Guide
2894	Donations	3831
27500	Compensations & Taxes	3832
<u>283</u>	Incidental expenses	392
<u>30677</u>	Total	



CIHAN BANK FOR ISLAMIC INVESTMENT & FINANCE P.S.C.

Board Of Directors For the Year Ending December 31/12/2009

Report of the Board activity of the bank for the period from 1/4/2009 (start operations date) to 31/12/2009.

Dear Shareholders:

Peace and mercy of God be upon you.

We are pleased to offer you the first annual report pursuant to the provisions of the companies Act and the banking Act for the overall activities of the Bank for the period from 1/4/2009 (the date when work start in the Bank) until 31/12/2009, which reflects the evaluation in the performance and achieved good results despite of the short period and instability in global markets.

The Bank in brief

Cihan Bank was established officially on 3/6/2008 and began its activities in 1/4/2009 at the headquarter in Erbil, followed by new branches in Baghdad , Sulaimaniya, and Bajger branch in city center of Erbil. we have plan to open more branches in Dohuk, Kirkuk, Musel, Basrah, Zakho and at Cihan University .

In this short period of time this bank has succeeded in practicing the Islamic banking operations to finance Islamic Financing of selling 519 vehicles of different kinds.

On the other side this bank established Banking foreign Relations with good correspondents bank in the Arab and European countries as well as the neighboring countries especially Turkey, Lebanon and Jordan aiming to provide good Banking services to our clients to cover various banking operations with foreign banks like Documentary credits or Letters of foreign Guarantees and Remittances.



The main events up to date

1. The Bank increased the capital from I.D. 25 billons to I.D.50 billons (equal to USD 42.5 millions) on 17/12/2009.
2. The Bank was able to achieve profits as at 31/12/2009 equal to I.D. 1.4 billions which is more than 5% of the Capital invested of I.D. 25 billion before the increasing of the Capital.
3. IT events
 - A. The Bank has initiated SWIFT activities from 8/9/2009.
 - B. Signed contracts with a number of local and international companies which have extensive experience with the Software and Hardware of banking Systems, Solutions , and machineries aiming to:
 - Provide better banking services to our customers.
 - Development of banking staff.
 - Provide confidentiality of Information.
 - C. The most importance signed contracts:
 - A new banking systems with IMAL which supplied by PATH Solution.
 - With ICS Technologies which is based on the understanding that all branches ar connected over an internal network which will provide protection and confidentiality of information.
 - A contract for purchase of devices and servers from Info Tech IBM type which Is the best brands of suppliers to International Banks.



The Objectives of CIHAN BANK:

1. Cihan Bank for Islamic Investment & Finance aims to provide banking services according to the Islamic Shareaa and the laws of God to do participation in the construction process and progress to employ all the energies and expertise to serve the National economy and to achieve the economic developments and new technology as a strategic goal to maintain good quality of performance and create a balance between the volume of deposits and capital on one hand and credit granted on the other hand.
2. Cihan Bank aims to encourage the foreign and local investors for the implementations of strategic projects, in coordination with the relevant state agencies in accordance with clear plans to finance housing projects, agricultural, Industrial, tourism and health especially in Kurdistan region and in all Iraq in general.
3. Supports the low-income people and creating new job opportunities for them.
4. Open current account and Investment accounts (savings) in Iraqi Dinars and Foreign Currencies, the financing of companies and Individuals according to formulas of Islamic Murabaha and speculation, participation and Istisna'a, lease - purchase agreement, is also buying currency at the request of customers transferred abroad to pay their financial obligations ((import materials and pay miscellaneous service through Central Bank of Iraq, according to the instructions)), money transfer operations at home and abroad, issuing internal and external letter of guarantee, open documentary credits and accept money orders.
5. As the contribution of our bank in the capital of Erbil Stock exchange contribute in the capital of the newly established companies to diversify the forms of Investments, short-and long contributed to our bank as part of the market capital of Erbil Stock Exchange.
6. Improve the environment and encourage farmers , students, young people to improve the standard of their living by providing loans and finance of new projects ,new investments, as well as who wants to continue studying at universities or for marriages and establishing new families.



The new building of Cihan bank

The Bank has obtained a piece of land of 3710 square meters area (market value more than \$4 millions) to build new building in Erbil near Cihan University the steps are taken to assign the project to Cihan's engineers and consultants to prepare designs and implementation maps.

Names of correspondents Banks.

The Bank seeks to expand its relations with foreign banks, in order to achieve better banking services to its clients. In order to do that the bank has been established banking relationship with the correspondents listed below and signed agreements on Banking Relations with some of them , the bank is proceeding to complete the exchange of documents and terms of engagements, pamphlets, Signature forms for authorized to these Banks.

- Fransa Bank - Lebanon.
- First National Bank - Lebanon.
- Inter Continental Bank - Lebanon.
- Bank of Beirut and Arab Countries - Lebanon.
- The housing Bank For Investment & Finance - Jordan.
- Commerz Bank - Germany.
- Kuwait Turk Bank - Turkey.

We contacted other Banks in the Gulf to establish new relations as well as other International Islamic banks.



Training program

One of the key targets for our bank is to develop the skills of human resources.

That means we invest in our staff to get up to date new banking skills and a large number of trained employees.

We have sent a numbers of our staff to train them and upgrade their capability in Beirut in addition to the indoors Training programs and other programs with Cihan University.

With Best Regards.


AZAD BAJGER
CHAIRMAN


MUWAFaq AL-CHALABI
Executive director



CIHAN BANK
FOR
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P.S.C.



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