The background of the page features a large, modern skyscraper with a unique, curved, petal-like facade. The building is illuminated from within, showing many windows. It is set against a backdrop of a city skyline at dusk or night, with lights reflecting on a body of water in the foreground. The sky is a mix of blue and orange hues.

Non-Banking Financial Institutions Report

Q4 2024

Statistics and Research Department

Monetary and Financial Stability Division

Non-Banking Financial Institutions Report

(Q4 – 2024)

Central Bank of Iraq

2025

Name: Non-Banking Financial Institutions Report Q4 2024, Issue No. Two.

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Non-Banking Financial Institutions Report: This report examines the current status and scale of non-banking financial institutions and their overall economic contribution in general. Consequently, it enables policymakers to take necessary measures and formulate appropriate policies in a timely manner to prevent the occurrence of financial crises or mitigate their risks.

You can quote from the report in the following format:

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List of Contents	Page No.
Introduction	1
Chapter One: Analysis of Non-Banking Financial Institutions and Their Economic Contribution	2-9
First: Key Indicators	3
1. Asset Structure of Non-Banking Financial Institutions	3
2. Total Capital and Reserves of Non-Banking Financial Institutions	4
Second: Economic Contribution	4
1. Ratio of Total Assets of Non-Banking Financial Institutions to Total Assets of the Financial Sector	4
2. Ratio of Total Cash Held by Non-Banking Financial Institutions to Issued Currency	5
3. The Ratio of Total Cash Held by Non-Banking Financial Institutions to Narrow and Broad Money Supply	6
4. Ratio of Total Loans Granted by Non-Banking Financial Institutions to Total Loans and Advances Granted by Commercial Banks	7
5. Ratio of Total Loans Provided by Non-Banking Financial Institutions to GDP at Current Prices	8
Chapter Two: Analysis of Non-Banking Financial Institutions Supervised by the Central Bank of Iraq	10-18
First: Classification and Provided Services	10
1. Exchange Companies	10
2. Modern Financial Technology Providers (Electronic Payment Companies)	11
3. Financial Investment Companies	12
4. Non-Banking Finance Companies	13
5. Banking Guarantee Companies	14
6. Iraqi Company for Deposit Insurance (Mixed Joint Stock)	15
Second: Key Indicators	16
1. Asset Structure of Non-Banking Financial Institutions Supervised by Central Bank of Iraq	16
2. Total Capital and Reserves of Non-Banking Financial Institutions Supervised by Central Bank of Iraq	17
3. Ratio of Total Assets of Non-Banking Financial Institutions Supervised by Central Bank of Iraq to Total Assets of Non-Banking Financial Institutions	17
4. Ratio of Loans of Non-Banking Financial Institutions Supervised by Central Bank of Iraq to Total Loans of Non-Banking Financial Institutions	18
Chapter Three: Analysis of Non-Banking Financial Institutions Not Supervised by the Central Bank of Iraq	19-24
First: Classification and Services Provided	19
1. Iraqi Insurance Diwan	19
2. Housing Fund	20
Second: Key Indicators	21
1. Asset Structure of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq	21

2. Total Capital and Reserves of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq	22
3. Ratio of Total Assets of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq Supervision to Total Assets of Non-Banking Financial Institutions	23
4. Ratio of Total Loans Granted by Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq to Total Loans of Non-Banking Financial Institutions	23
Summary	25

List of Diagrams	Page No.
Chapter One	2-9
Diagram 1: Structure And Assets of Non-Banking Financial Institutions Operating in Iraq for 2024	2

List of Tables	Page No.
Chapter One	2-9
Table 1: Indicators of Non-Banking Financial Institutions	9

List of Figures	Page No.
Chapter One	2-9
Figure 1: Asset Structure of Non-Banking Financial Institutions	3
Figure 2: Total Capital and Reserves of Non-Banking Financial Institutions	4
Figure 3: Ratio of Total Assets of Non-Banking Financial Institution to Total Assets of Financial Sector	5
Figure 4: Ratio of Total Cash Held by Non-Banking Financial Institutions to Issued Currency	6
Figure 5: Ratio of Total Cash with Non-Banking Financial Institutions to Narrow and Broad Money Supply	7
Figure 6: Ratio of Total Loans of Non-Banking Financial Institutions to Total Loans and Advances of Commercial Banks	8
Figure 7: Ratio of Total Loans Provided by Non-Banking Financial Institutions to Gross Domestic Product at Current Prices	9
Chapter Two	10-18
Figure 8: Asset Structure of Exchange Companies	11
Figure 9: Asset Structure of Electronic Payment Companies	12
Figure 10: Asset Structure of Financial Investment Companies	13
Figure 11: Asset's Structure of Non-Banking Finance Companies	14
Figure 12: Asset Structure of Banking Guarantee Companies	15
Figure 13: Asset Structure of Non-Banking Financial Institutions Supervised by Central Bank of Iraq Supervision	16
Figure 14: Total Capital and Reserves of Non-Banking Financial Institutions Supervised by Central Bank of Iraq	17
Figure 15: Ratio of Total Assets of Non-Banking Financial Institutions Supervised by Central Bank of Iraq to Total Assets of Non-Banking Financial Institutions	18
Figure 16: Development of the Ratio of Loans of Non-Banking Financial Institutions Supervised by Central Bank of Iraq to Total Loans of Non-Banking Financial Institutions	18
Chapter Three	19-24
Figure 17: Asset Structure of Insurance Sector	20
Figure 18: Asset Structure of Housing Fund	21
Figure 19: Asset Structure of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq	22
Figure 20: Total Capital & Reserves of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq	22
Figure 21: Ratio of Total Assets of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq to Total Assets of Non-Banking Financial Institutions	23
Figure 22: Ratio of Total Loans of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq to Total Loans of Non-Banking Financial Institutions	24

Introduction:

Non-banking financial institutions are considered a true partner to banking financial institutions in promoting economic growth and financial stability. They also play a strategic role in enhancing financial inclusion by expanding access to finance and financial services, particularly by granting credit to groups that face obstacles in accessing credit granted by banks.

After the global financial crisis of 2008, regulatory authorities worked to study the reality of this sector, define and identify its activities and the challenges associated with it accurately, with a focus on providing accurate data that would enable its monitoring and evaluation, in order to determine its volume and risks, enhance its financial soundness, and protect consumers of the financial services it provides. For example, the insurance sector contributes to achieving economic growth goals and development in general providing protection for individuals and institutions' properties and preserving national wealth. Other non-banking financial institutions play a major role in financial inclusion, such as (microfinance institutions, financial leasing companies, and small and medium enterprise financing companies). Additionally, civil society institutions and humanitarian organizations play a significant role in providing small loans to individuals through simple and uncomplicated ways, as well as quickly responding to those individuals' requests.

Hence, the importance of non-banking financial institutions report in Iraq is to examine the reality of these institutions, show their impact on financial stability, and address the potential risks they can pose non-banking financial institutions. It is also necessary to enhance regulatory awareness of the importance of these institutions' activities, their relationship with the banking sector, and their impact on the financial system in Iraq.

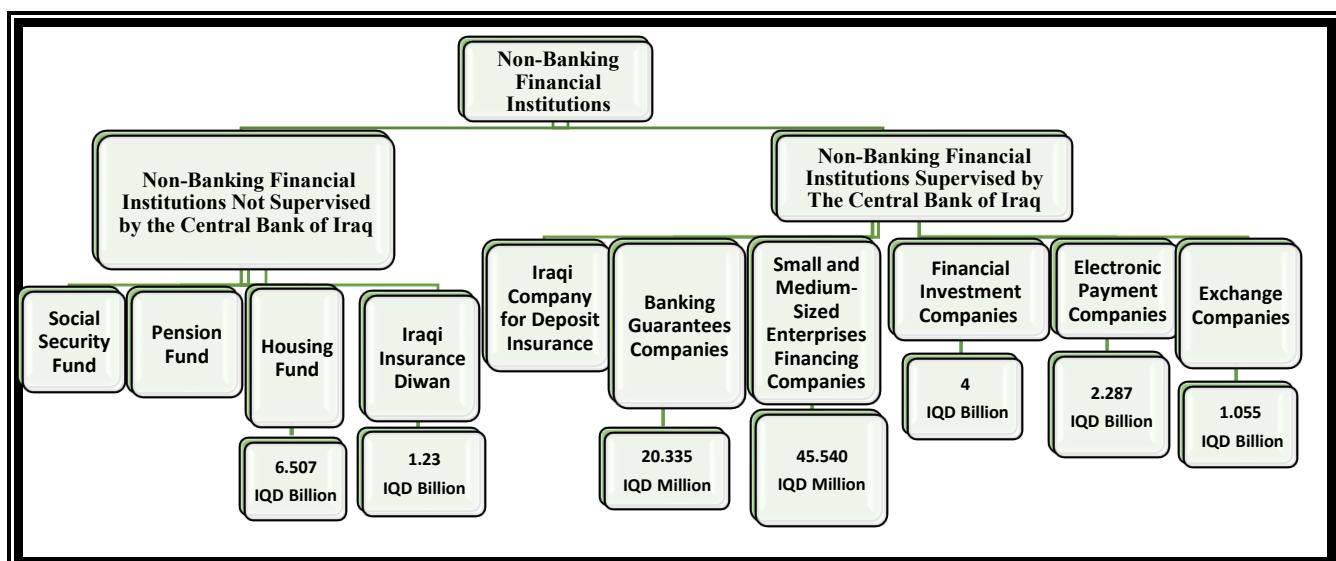
Chapter One

Analysis of Non-Banking Financial Institutions and Their Economic Contribution

There is no unified definition of non-banking financial institutions, as their definition differs from one country to another and in terms of supervisory authority. However, in general, non-banking financial institutions can be defined according to the Financial Stability Board (FSB) as all financial institutions that are not central banks, commercial banks, or public financial institutions¹.

There are several government and private institutions, as well as civil society organizations operating in Iraq, that can be classified within the non-banking financial institutions sector operating in Iraq. Some of them are subject to the Central Bank of Iraq supervision, while others are not. They can be reviewed through the following diagram.

Diagram 1: Structure and Assets of Non-Banking Financial Institutions Operating in Iraq for 2024.



Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

In this chapter, we will address the basic indicators and economic contribution of non-banking financial institutions that show their relative importance and impact on some economic variables, as follows:

¹ Arab Monetary Fund, Non-Banking Financial Institutions, Introductory Booklets Series, Issue (6), 2021, p. 5.

First: Key Indicators

These indicators represent an analysis of the assets' structure, capitals, and reserves of non-banking financial institutions, as follows:

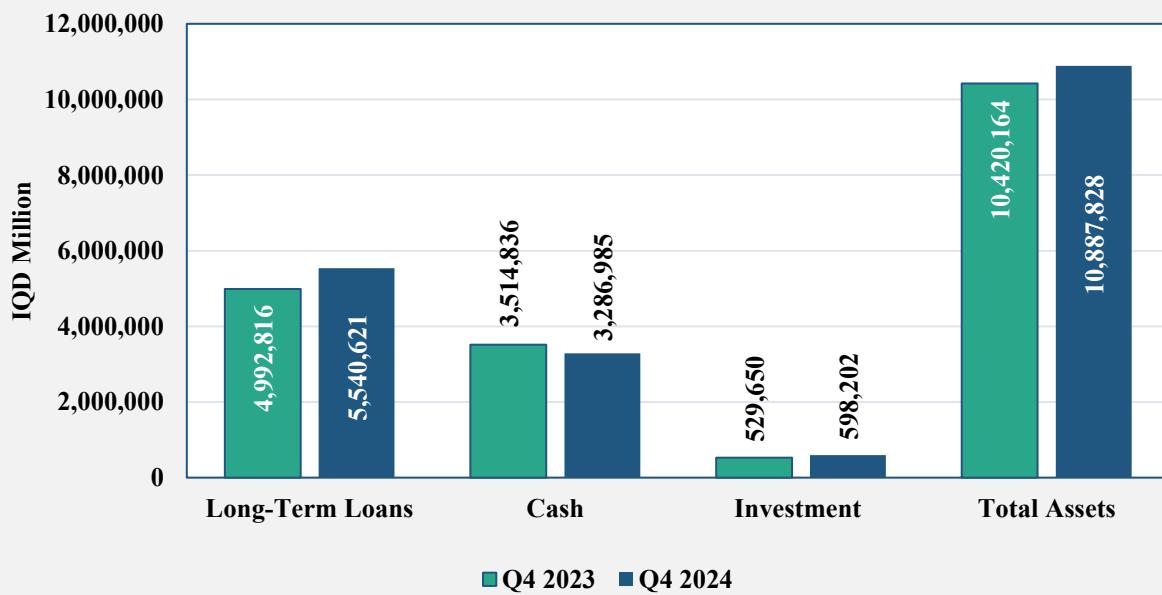
1. Asset Structure of Non-Banking Financial Institutions:

This indicator refers to the volume of assets of non-banking financial institutions (NBFIs) and the relative importance of their components.

The total assets of NBFIs operating in Iraq recorded a significant growth of 4.49%, reaching a total of IQD 10,887,828 million for Q4 of 2024, up from IQD 10,420,164 million in the same quarter of 2023. Long-term loans accounted for the largest share of total assets at 50.89%, most of these were loans granted by the Housing Fund, followed by cash at 30.19%, reflecting the high level of liquidity with these institutions. Investments accounted for 5.49% of the total assets of NBFIs for Q4 of 2024, as shown in Figure 1.

This significant increase in assets volume reflects the growing role of these institutions in influencing the financial system in line with the volume and quality of the diverse services they provide.

Figure 1:
Asset Structure of Non-Banking Financial Institutions



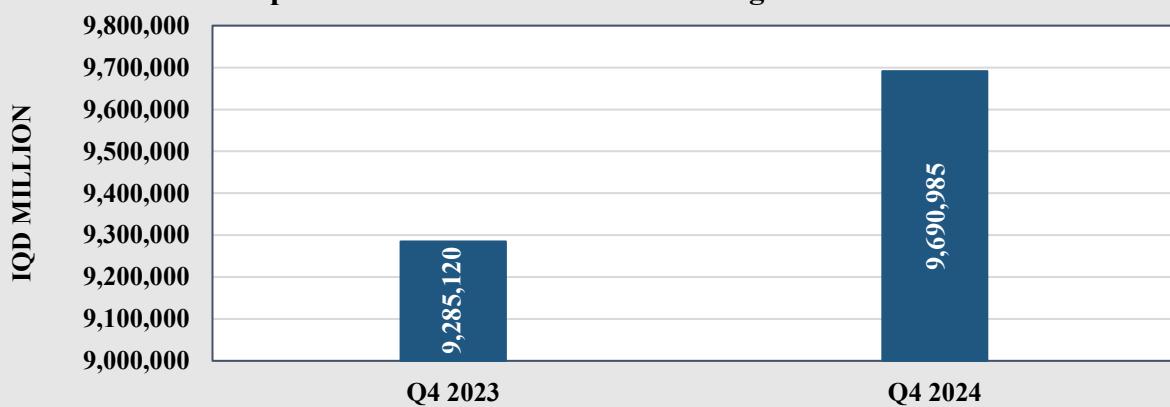
Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

2. Total Capital and Reserves of Non-Banking Financial Institutions:

This indicator shows the growth in the capital of NBFIs, which reflects on the volume of their activity and their ability to influence the financial system.

The total capital and reserves of NBFIs operating in Iraq grew significantly by 4.37%, reaching a total of IQD 9,690,985 million for Q4 of 2024, up from IQD 9,285,120 million in the same quarter of 2023, as shown in Figure 2. This increase reflects a financial solvency increase enjoyed by these institutions, which is reflected in the expansion of their activity volume according to their different natures.

Figure 2:
Total Capital and Reserves of Non-Banking Financial Institutions



Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

Second: Economic Contribution

The importance of NBFIs and their role in the Iraqi economy can be demonstrated through several indicators, as follows:

1. Ratio of Total Assets of Non-Banking Financial Institutions to Total Assets of the Financial sector:

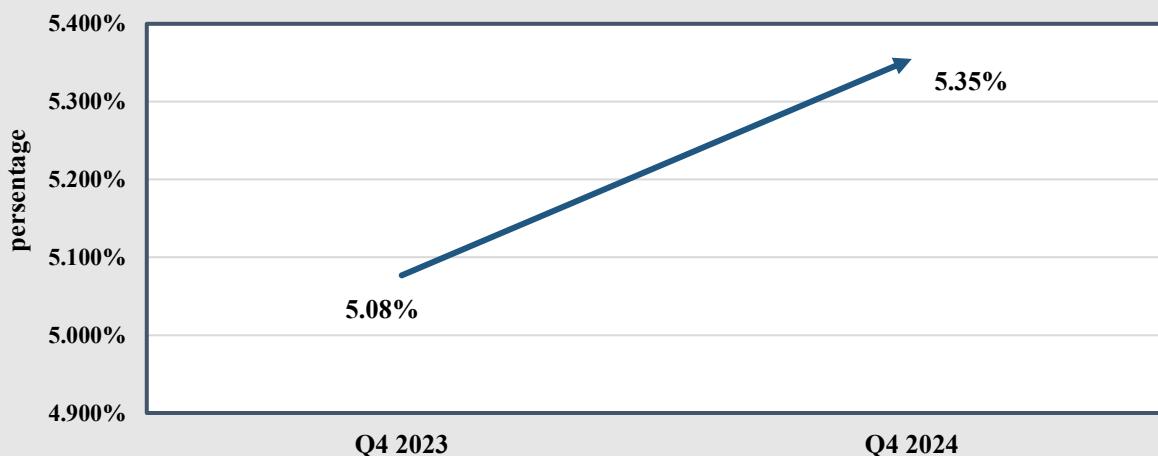
This indicator refers to the relative importance of NBFIs in the financial system in relation to their total assets compared to the total assets of the financial sector².

The ratio of total assets of NBFIs operating in Iraq to total assets of the financial sector slightly increased, reaching 5.35% for Q4 of 2024, after it was 5.08% in the

² Financial Sector Assets Comprise the Assets of the Banking Sector and Non-Banking Financial Institutions (NBFIs)

same quarter of 2023, as shown in Figure 3. The total assets of these institutions reaching IQD 10,887,828 million compared to the total assets of the financial sector amounting to IQD 203,326,088 million for Q4 of 2024. This increase was the result of a decline in the total assets of the financial sector, which stood at IQD 205,248,747 million in the same quarter of 2023. These institutions still need to expand their assets in line with the nature of their activities in order to play their true role in the financial system in particular and the economy in general.

Figure 3:
Ratio of Total Assets of Non-Banking Financial Institution to Total Assets of Financial Sector



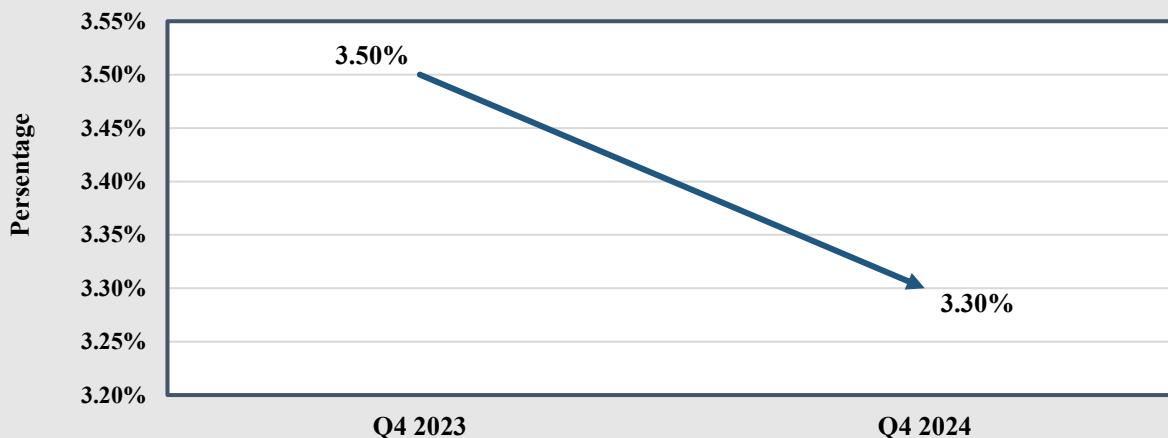
Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

2. Ratio Of Total Cash Held by Non-Banking Financial Institutions to Issued Currency:

This indicator refers to the amount of cash these institutions hold in their vaults in relation to the volume of the issued currency, thus showing their ability to influence the stability of the general price level.

The ratio of cash with NBFIs to issued currency recorded a noticeable decline, reaching 3.30% for Q4 of 2024, after it was 3.50% in the same quarter of 2023, as shown in Figure 4. This decline is attributed to the decrease in the total cash held by NBFIs to IQD 3,286,985 million compared to the issued currency IQD 100,543,204 million for Q4 of 2024, after the total cash held by these institutions reaching IQD 3,514,836 million in the same quarter of 2023.

Figure 4:
Ratio of Total Cash Held by Non-Banking Financial Institutions to Issued Currency



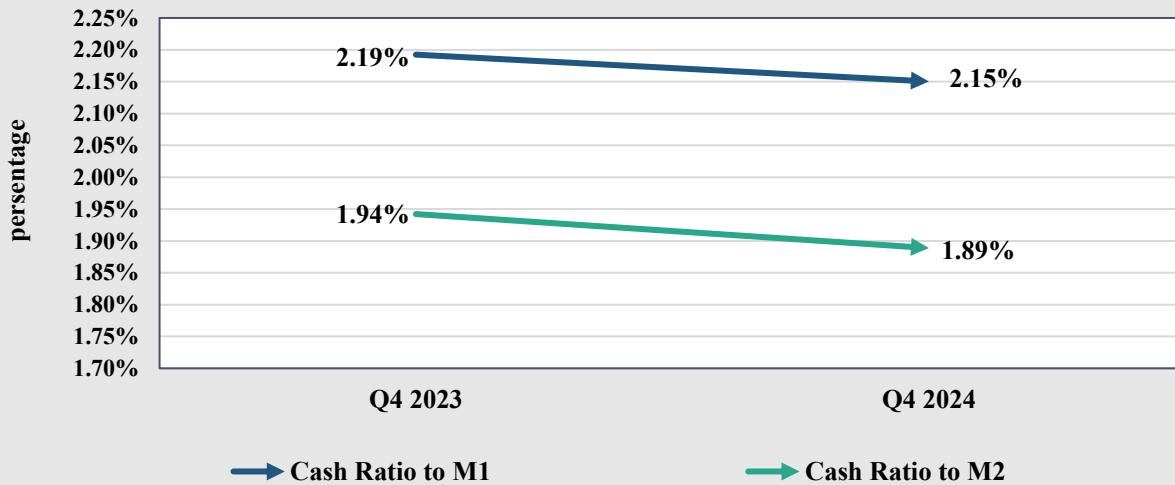
Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

3. The Ratio of Total Cash Held by Non-Banking Financial Institutions to Narrow and Broad Money Supply:

The ratio of total cash held by NBFIs to narrow (M1) and broad money supply (M2) indicates the extent to which these institutions can provide the necessary liquidity to individuals, depending on the nature of the services they provide.

The ratio of total cash held by NBFIs to M1 recorded a decrease, reaching 2.15% for Q4 of 2024, down from 2.19% in the same quarter of 2023, while the ratio of total cash held by NBFIs to M2 also recorded a significant decline, reaching 1.89% for Q4 of 2024, down from 1.94% in the same quarter of 2023, as shown in Figure 5. This is due to the decline in the total cash held by these institutions, reaching IQD 3,286,985 million for Q4 of 2024, down from IQD 3,514,836 million in the same quarter of 2023, requiring these institutions to diversify their sources of income and expand the volume of its activity in order to increase the liquidity available to it.

Figure 5:
Ratio of Total Cash with Non-Banking Financial Institutions to Narrow and Broad Money Supply



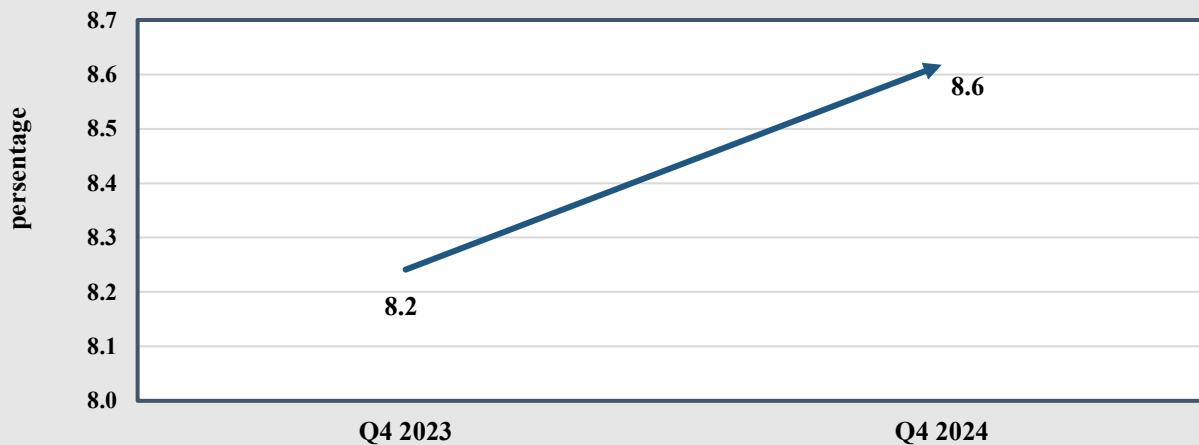
Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

4. Ratio of Total Loans Granted by Non-Banking Financial Institutions to Total Loans and Advances Granted by Commercial Banks:

This indicator measures the ability of NBFIs in providing fund and supporting the real sector in comparison with the ability of commercial banks to provide fund.

The ratio of loans granted by NBFIs to total loans and advances granted by commercial banks witnessed an increase, reaching 8.6% for Q4 of 2024, after reaching 8.2% in the same quarter of 2023, as shown in Figure 6. This increase was the result of an increase in the volume of loans provided by NBFIs reaching IQD 5,553,198 million for Q4 of 2024, after reaching IQD 5,011,645 million in the same quarter of 2023. Loans granted by these institutions contribute to providing financing for projects, but these institutions still need to expand their activities and play their true role in contributing to the revitalization of the real sector and the economy in general.

Figure 6:
Ratio of Total Loans of Non-Banking Financial Institutions to Total Loans and Advances of Commercial Banks



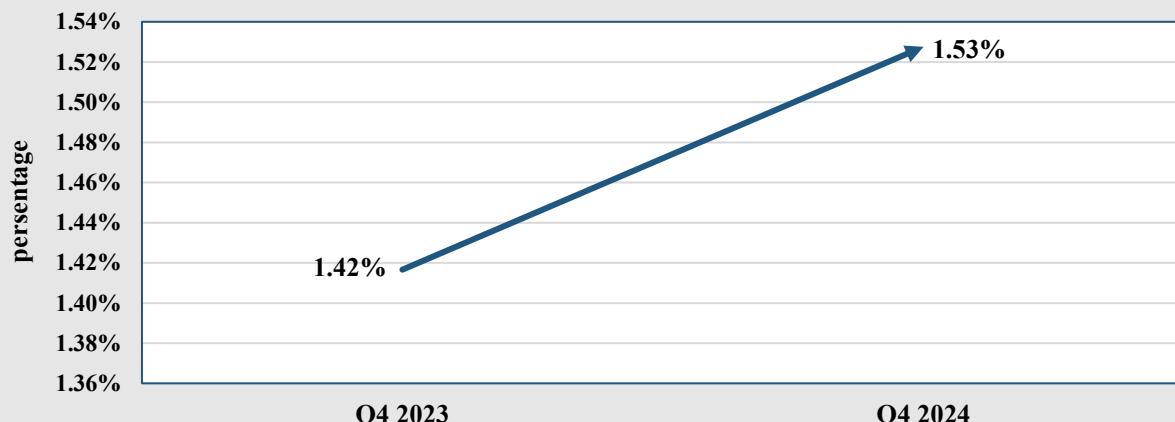
Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

5. Ratio of Total Loans Provided by Non-Banking Financial Institutions to GDP at Current Prices:

This ratio indicates the financial depth of NBFIs, which represents their contribution to stimulating economic activity through the liquidity they provide to economic units.

The ratio of total loans from NBFIs to GDP at current prices recorded an increase, reaching 1.53% for Q4 of 2024, up from 1.42% in the same quarter of 2023, as shown in Figure 7. This increase is due to the increase in loans from these institutions reaching IQD 5,553,198 million for Q4 of 2024, compared to IQD 5,011,645 million in the same quarter of 2023. Despite the increase, this ratio indicates the weak contribution of NBFIs in providing liquidity to economic units.

Figure 7:
Ratio of Total Loans Provided by Non-Banking Financial Institutions to Gross Domestic Product at Current Prices



Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

Table 1: Indicators of Non-Banking Financial Institutions

Indicator Name	Q4 2023	Q4 2024	Change Rate%
Total Assets of Non-Banking Financial Institutions (IQD Million)	10,420,164	10,887,828	4.5%
Total Capital and Reserves (IQD Million)	9,285,120	9,690,985	4.4%
Ratio of Total Assets of Non-Banking Financial Institutions to Total Assets of Financial Sector (%)	5.08	5.35	0.05%
Ratio of Total Cash with Non-Banking Financial Institutions to Issued Currency (%)	3.50	3.30	-6%
Ratio of Total Cash with Non-Banking Financial Institutions to Narrow Money Supply M1	2.19	2.15	-2%
Ratio of Total Cash with Non-Banking Financial Institutions to Broad Money Supply M2	1.94	1.89	-2.5%
Ratio of Total Loans of Non-Banking Financial Institutions to Total Loans and Advances of Commercial Banks (%)	8.2	8.6	5%
Ratio of Total Loans of Non-Banking Financial Institutions to GDP at Current Prices (%)	1.53	1.42	-7%

Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

Chapter Two

Analysis of Non-Banking Financial Institutions Supervised by the Central Bank of Iraq

This chapter deals with the nature of the activity practiced by non-banking financial institutions (NBFIs) supervised by the Central Bank of Iraq (CBI), as well as reviewing their impact on the stability of the financial system through several indicators as follows:

First: Classification and Provided Services

Non-banking financial institutions supervised by CBI are classified according to the type of services provided by them as follows:

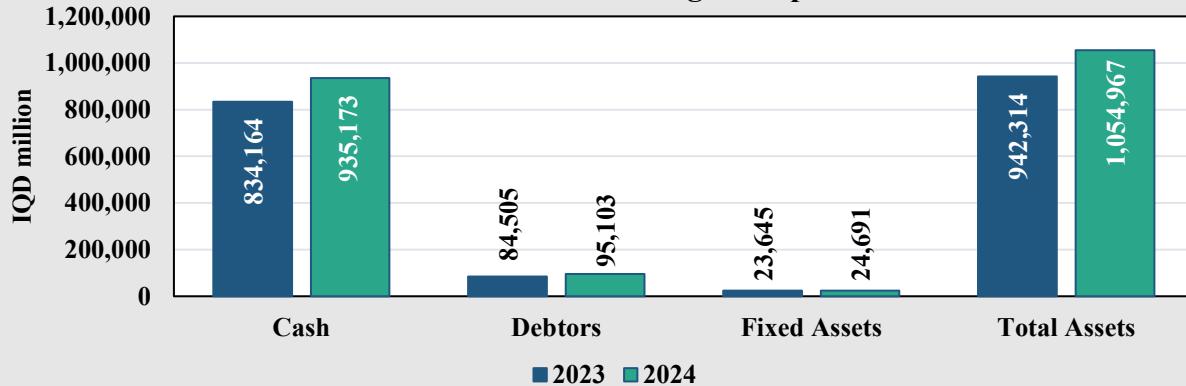
1. Exchange Companies:

Exchange sector is considered a vital sector in various countries of the world, especially in the developing countries. It plays an important role in the economy by meeting foreign exchange needs, in addition to transferring money by residents abroad to their families and relatives in their countries, which enhances the flow of foreign currencies. In Iraq, the number of exchange companies of category A & B and C companies reached 493 during 2024.

Total assets of exchange companies recorded a growth of 11.95%, reaching IQD 1,054,967 million for Q4 of 2024, after reaching IQD 942,314 million for the same quarter of 2023. Cash formed the vast majority of the total assets of exchange companies, which amounted to IQD 935,173 million and constituted 88.64% of total assets for Q4 of 2024, followed by the debtors account amounting to IQD 95,103 million at a rate of 9.01%, and then fixed assets amounting to IQD 24,691 million at a rate of 2.34%, as shown in Figure 8. The cash dominance in most of these companies' total assets at a rate of 88.64% indicates their ability to influence the stability of the financial system in proportion to the type of services provided by these companies, represented by providing foreign currency to domestic markets, as well as financial transfers, especially since the CBI announced on July 4, 2024, to allow exchange companies to receive more on allocation during the week based on the volume of their dollar sales.

This measure, which aims to achieve the complete fulfillment of travelers' demands, came into effect on July 14, 2024.

Figure 8:
Asset Structure of Exchange Companies



Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

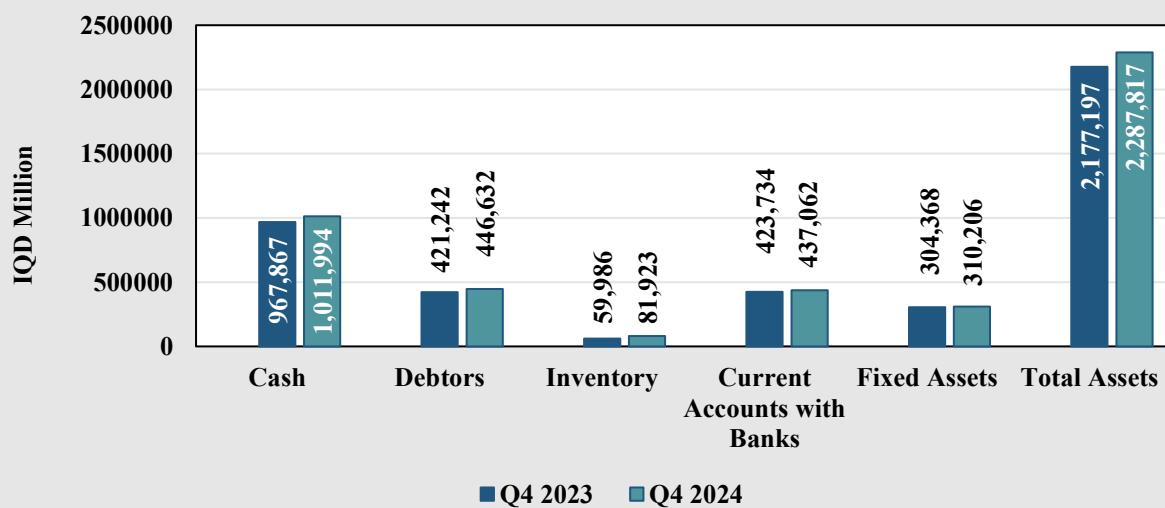
2. Modern Financial Technology Providers (Electronic Payment Companies):

The number of electronic payment companies at the end of 2024 amounted to 17 companies, that are providing products & services that rely on modern technology and are used to improve the quality of traditional financial services & operations that have an impact on financial sector institutions, including electronic payment companies and mobile phone companies. Interest in using modern financial technologies in the banking & financial sector has increased during the past years, especially with the significant growth witnessed in communications, technologies, and related services. These companies have a prominent role in increasing financial inclusion level by delivering financial services to the largest possible segment of society.

Electronic payment companies achieved significant growth in their total assets by %5.08, reaching IQD 2,287,817 million for Q4 of 2024 after reaching IQD 2,177,197 million for the same quarter of 2023. Cash, which amounted to IQD 1,011,994 million had formed the largest percentage of the total assets of electronic payment companies, reaching 44.23% for Q4 of 2023, followed by debtors balances reaching IQD 446,632 million at a rate of 19.52%, then current accounts balances with banks amounting to IQD 437,062 million at a rate of 19.10%, and inventory amounting to IQD 81,923 million at a rate of 3.58%. While fixed assets amounted to IQD 310,206 million and

constituted 13.56% of total assets for Q4 of 2024, as shown in Figure 9. The fact that cash forms the largest percentage of these companies' assets is proportionate to the nature and type of services they perform, represented by issuing electronic payment cards and conducting financial transfers, which contributes to expanding the geographical area of financial services spread and achieve financial inclusion. Thus, they impact the stability of the financial system.

Figure 9:
Asset Structure of Electronic Payment Companies



Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

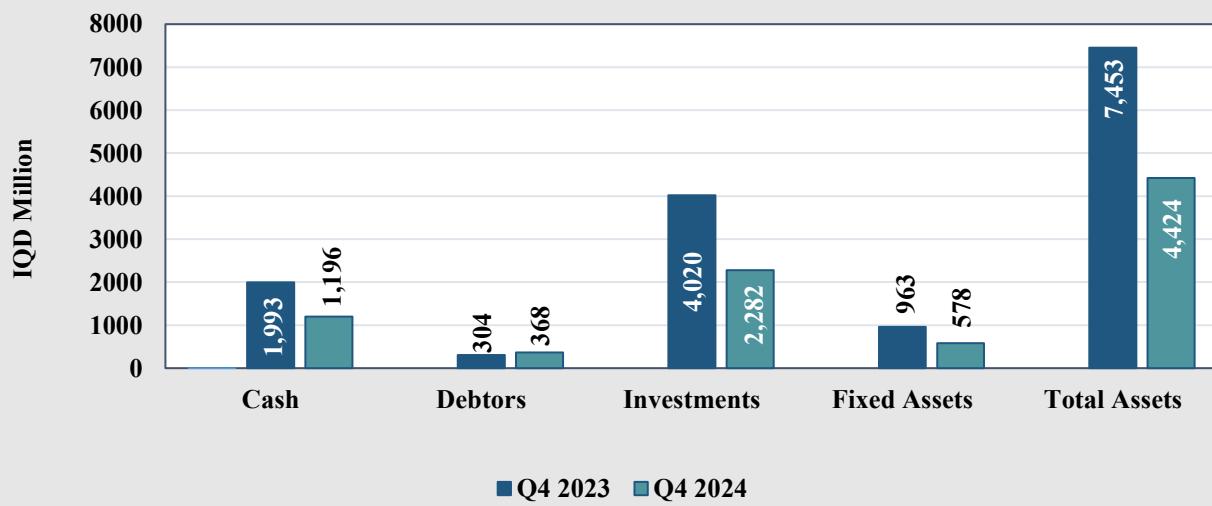
3. Financial Investment Companies:

Financial investment companies provide their services to dealers & investors in financial markets, services of buying & selling securities, and providing advice & investment management services, as they specialize in the field of investment in securities. They include 3 companies.

Total assets of financial investment companies recorded a decrease reaching IQD 4,424 million for Q4 of 2024 after reaching IQD 7,453 million for Q4 of 2023 due to the decrease in the volume of their investments and cash in their vaults. Investments amounting to IQD 2,282 million formed the highest percentage of the total assets of financial investment companies, amounting to 51.58% during Q4 of 2024, followed by cash which amounted to IQD 1,196 million at a rate of 27.03%.

While the volume of fixed assets amounted to IQD 578 million at a rate of 13.07% of total assets of financial investment companies, followed by debtors' accounts amounting to IQD 368 million at a rate of 8.32% for Q4 of 2024 as shown in Figure 10. From the above, it is noticed that the largest percentage is invested in Iraq Stock Exchange, while these companies keep cash as the second highest percentage to avoid market risks, but they need to increase the volume of their investments to enable them to play their role in the financial system.

Figure 10:
Asset Structure of Financial Investment Companies



Source: Central Bank of Iraq, Statistics & Research Department, Monetary and Financial Statistics Division.

4. Non-Banking Finance Companies:

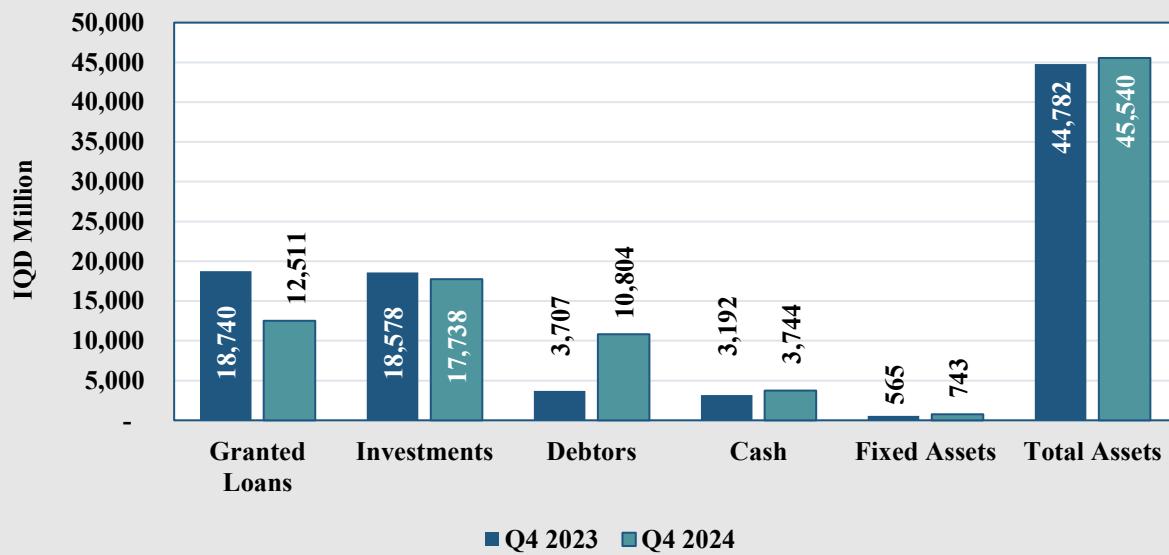
These companies aim to enhance the ability of small and medium-sized enterprises (SMEs) to access the necessary financing, such that the financial products are specifically tailored to the needs of these enterprises. There are two such companies: (The Iraqi Company for Financing Small Enterprises and the First Company for Financing Small and Medium-Sized Enterprises). Their objective is to provide the necessary funding to support and develop the private sector through increasing loans provided to these enterprises.

The total assets of non-banking financing companies recorded an increase, reaching IQD 45,540 million in Q4 of 2024, compared to IQD 44,782 million in Q4 of 2023. Investments constituted the highest percentage of the total assets of non-banking

finance companies, reaching 38.95% at the end of 2024. This was followed by loans granted account at 27.47%, debtors account at 23.72% and then cash at 8.22%. Fixed assets constituted 1.63% of the total assets of non-banking finance companies, as shown in Figure 11.

This indicates the developmental role of these companies in providing financial support that contributes to the development of the real sector by financing the establishment of new enterprises on the one hand and developing existing enterprises on the other. They also develop their capital through their various investments.

Figure 11:
Asset's Structure of Non- Banking Finance Companies



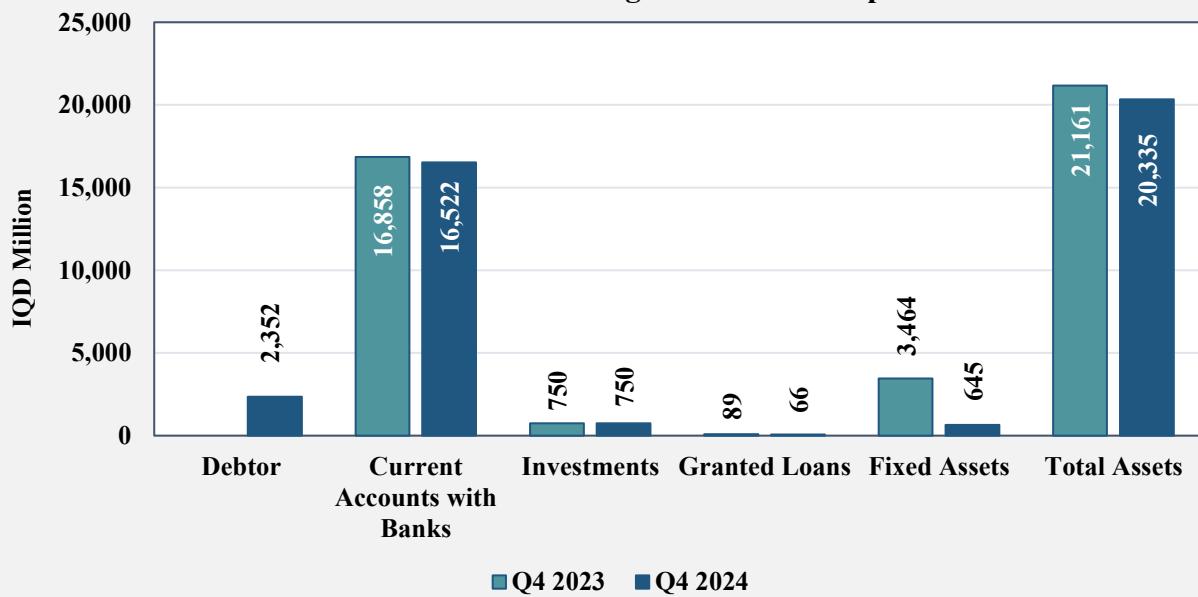
Source: Central Bank of Iraq, Statistics & Research Department, Monetary and Financial Statistics Division.

5. Banking Guarantee Companies:

These companies aim to support the growth and development of the private sector by securing opportunities for owners of SMEs to obtain the necessary financing for their existing and new enterprises and, thereby increasing the secured loans provided to these enterprises. There is one company operating in this activity in Iraq, which is Iraqi Company for Bank Guarantees (ICBG).

The total assets of ICBG recorded a decrease of 3.90%, reaching IQD 20,335 million in Q4 of 2024, compared to IQD 21,161 million in Q4 of 2023. Its Current accounts with banks constituted the highest percentage of total assets, reaching 81.25 % at the end of 2024, followed by debtors at 11.57 %, and investments at 3.69 %, and then fixed assets at 3.17% as shown in Figure 12. This indicates high liquidity and solvency. On the other hand, their investments are very limited.

Figure 12:
Asset Structure of Banking Guarantee Companies



Source: Central Bank of Iraq, Statistics & Research Department, Monetary and Financial Statistics Division.

6. Iraqi Company for Deposit Insurance (Mixed Joint Stock):

It is one of the supporting companies for the banking sector, as it was established under the provisions of “Banking Deposits System No. (3) of 2016”, with an initial capital of IQD 100 billion. It began operations on October 17, 2020.

The company aims to enhance confidence in the banking sector, safeguard deposits and rights of depositors, educate the public about the deposit insurance system, and compensate depositors quickly, accurately, and within the specified period the bank should face the risk of bankruptcy or liquidation.

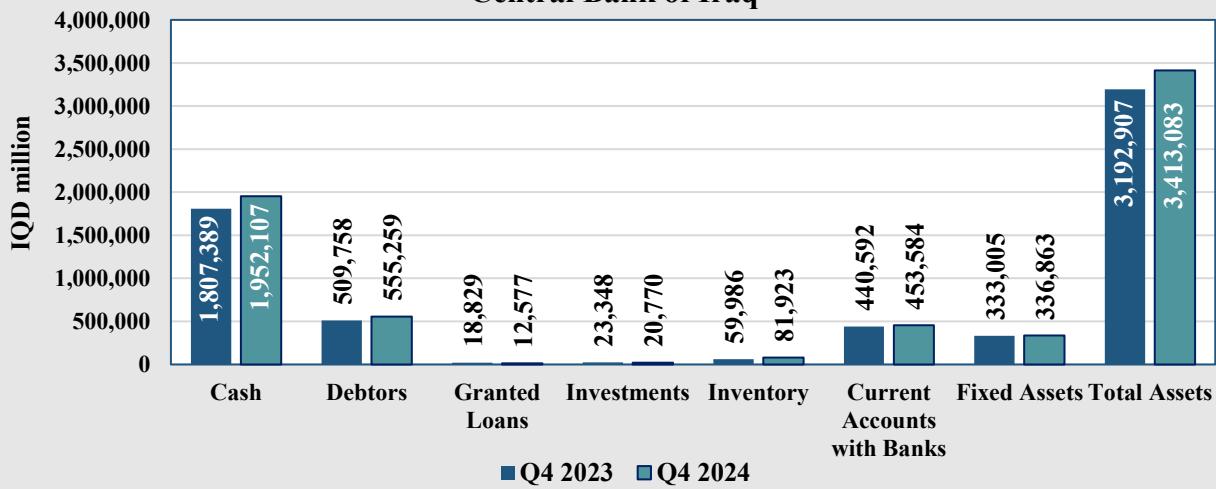
Second: Key Indicators

The most prominent indicators of NBFIs supervised by CBI can be shown and then each of them analyzed separately as follows:

1. Asset Structure of Non-Banking Financial Institutions Supervised by Central Bank of Iraq:

The total assets of NBFIs supervised by CBI recorded a growth of 6.90 %. The total assets reached IQD 3,413,083 million in Q4 of 2024, compared to IQD 3,192,907 million in the same quarter of 2023. The largest proportion of total assets were cash at 57.19 %, followed by debtors account at 16.27%, and then current accounts in banks 13.29 %. Fixed assets constituted 9.87 % of the total assets of NBFIs supervised by CBI in Q4 of 2024, as shown in Figure 13. This significant increase in the volume of assets reflects the developmental role of these institutions in influencing the financial system in proportion to the volume and quality of the various services they provide.

Figure 13:
Asset Structure of Non-Banking Financial Institutions Supervised by Central Bank of Iraq

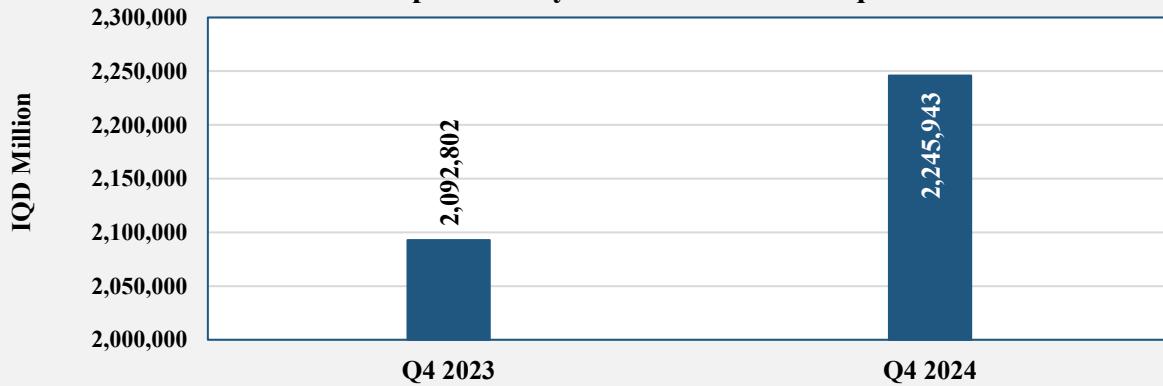


Source: Central Bank of Iraq, Statistics & Research Department, Monetary and Financial Statistics Division.

2. Total Capital and Reserves of Non-Banking Financial Institutions Supervised by Central Bank of Iraq:

The total capital and reserves of NBFIs supervised by CBI recorded a growth of 7.35%. The total capital and reserves reached IQD 2,245,943 million in Q4 of 2024, compared to IQD 2,092,165 million in the same quarter of 2023. This increase reflects the enhanced financial solvency enjoyed by these institutions, which, in turn, supports the expansion of their activities according to their diverse nature, as shown in Figure 14.

Figure 14:
Total Capital and Reserves of Non-Banking Financial Institutions Supervised by Central Bank of Iraq

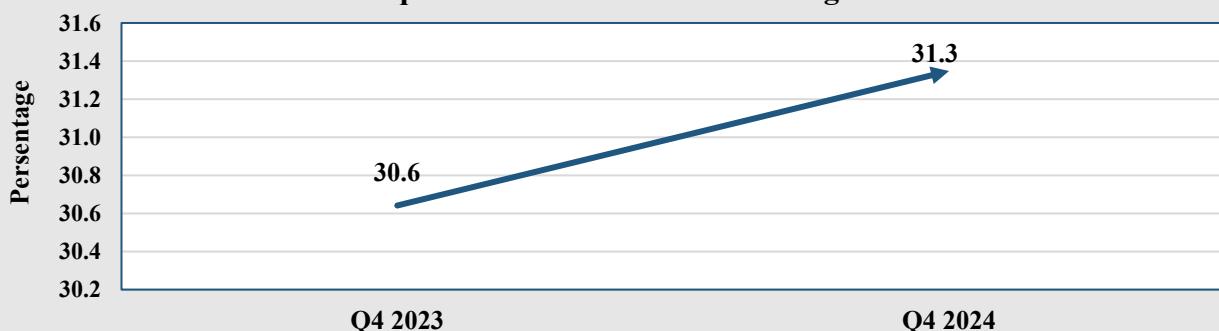


Source: Central Bank of Iraq, Statistics & Research Department, Monetary and Financial Statistics Division.

3. Ratio of Total Assets of Non-Banking Financial Institutions Supervised by Central Bank of Iraq to Total Assets of Non-Banking Financial Institutions:

The ratio of total assets of NBFIs supervised by CBI to the total assets of NBFIs recorded an increase, reaching 31.3% in Q4 of 2024, compared to 30.6% in the same quarter of 2023. The total assets of these institutions reached IQD 3,413,083 million compared to the total assets of NBFIs, which amounted to IQD 10,887,828 million in Q4 of 2024. This increase was driven by the growth in the volume of assets of NBFIs supervised by CBI, up from IQD 3,192,907 million in the same quarter of 2023. This ratio is considered significant, especially with the diverse services provided by these institutions, as shown in Figure 15.

Figure 15:
Ratio of Total Assets of Non-Banking Financial Institutions Supervised by Central Bank of Iraq to Total Assets of Non-Banking Financial Institutions

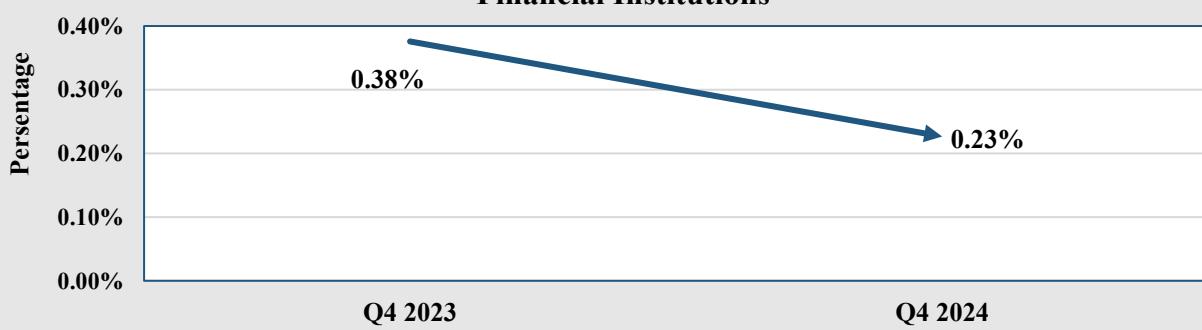


Source: Central Bank of Iraq, Statistics & Research Department, Monetary and Financial Statistics Division.

4. Ratio of Loans Granted by Non-Banking Financial Institutions Supervised by Central Bank of Iraq to Total Loans Granted by Non-Banking Financial Institutions:

The ratio of loans granted by NBFIs supervised by CBI to the total loans granted by NBFIs recorded a decrease, reaching 0.23% in Q4 of 2024, down from 0.38% in the same quarter of 2023. This decrease was driven by the decline in the volume of loans provided by NBFIs supervised by CBI, specifically (Small and Medium-Sized Enterprises financing companies). The volume of these loans reached IQD 12,511 million in Q4 of 2024, down from IQD 18,740 million in the same quarter of 2023, as shown in Figure 16. Consequently, these institutions must expand the volume of their activity and fulfill their intended role in a way that contributes to stimulating the real sector and the economy in general.

Figure 16:
Development of the Ratio of Loans of Non-Banking Financial Institutions Supervised by Central Bank of Iraq to Total Loans of Non-Banking Financial Institutions



Source: Central Bank of Iraq, Statistics & Research Department, Monetary and Financial Statistics Division.

Chapter Three

Analysis of Non-Banking Financial Institutions Not Supervised by the Central Bank of Iraq

This chapter addresses the nature of the activities conducted by non-banking financial institutions (NBFIs) not supervised by the Central Bank of Iraq (CBI), as well as reviewing their impact on the stability of the financial system through several key indicators, as follows:

First: Classification and Services Provided

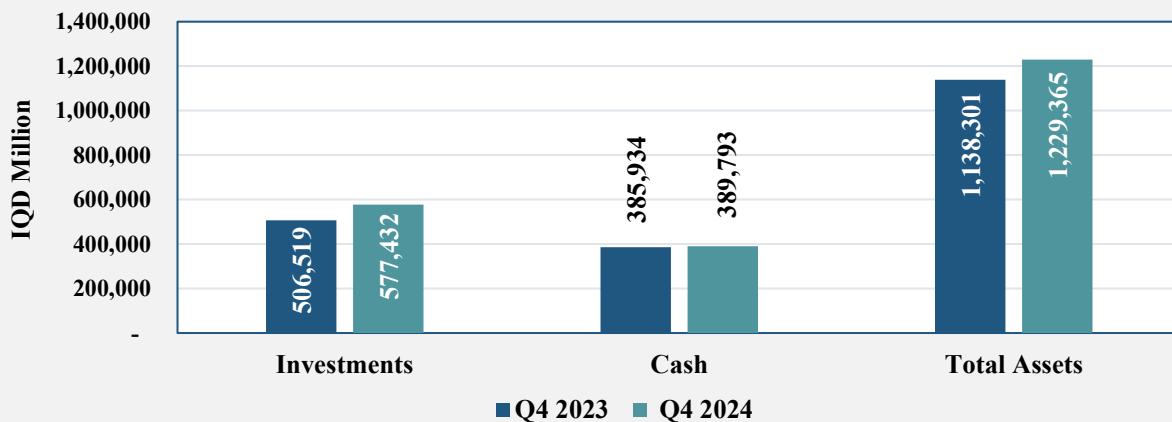
NBFIs not supervised by CBI are classified according to the type of services they provide, as follows:

1. Iraqi Insurance Diwan:

The insurance sector is considered an important element in promoting financial stability by protecting individuals and property from potential risks, in addition to mobilizing and accumulating national savings and developing them to enhance economic development and support the national economy by boosting investor confidence and supporting economic activities. The number of insurance companies in Iraq reached 43 companies in 2024, which were granted licenses to practice insurance and reinsurance business.

The total assets of insurance companies registered a growth rate of 8% in Q4 of 2024, reaching IQD 1,229,365 million, up from IQD 1,138,301 million in Q4 of 2023. Investments constituted 47% of the total assets of insurance companies, followed by cash at 32% in Q4 of 2024, as illustrated in Figure 17.

Figure 17:
Asset Structure of Insurance Sector



Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

2. Housing Fund:

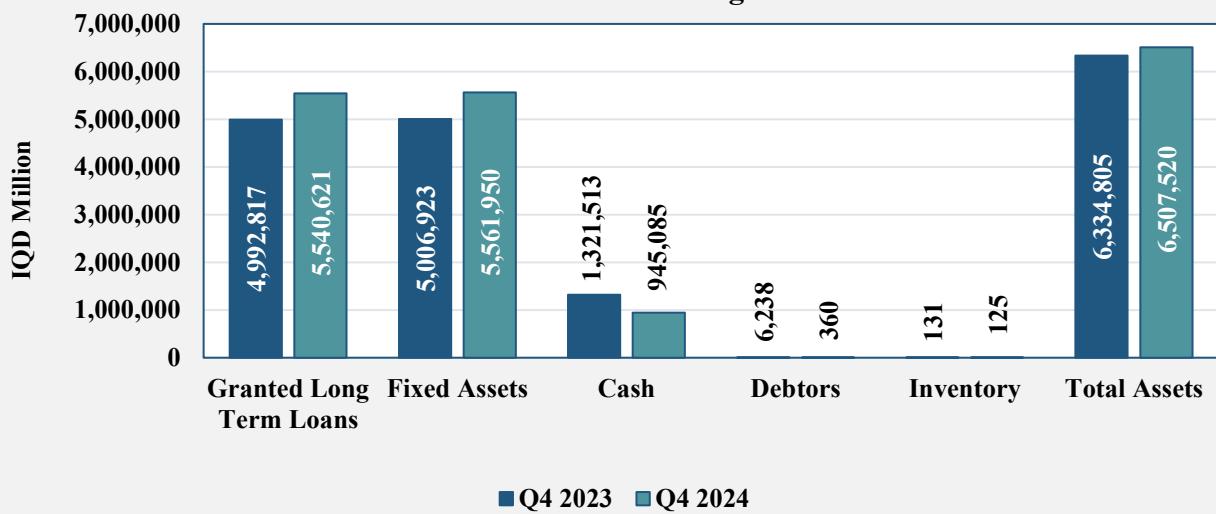
Housing funds are institutions specializing in financing construction and development. They are funded pursuant to specific decisions issued for this purpose. The CBI in recent years has initiated their financing through its initiatives to support this vital and important sector.

It is noteworthy that 89.6% of the loans granted by the Fund were financed through the CBI's initiatives, amounting to IQD 4,966,725 million in Q4 of 2024, which contributed to providing the necessary liquidity for the purchase of residential units.

The total assets of the Iraqi Housing Fund achieved a growth rate of 2.73% in Q4 of 2024, reaching IQD 6,507,520 million, up from IQD 6,334,805 million in Q4 of 2023. Long-term loans constituted 85.14% of the total assets, followed by cash at 14.52%, while fixed assets* excluding long-term loans amounted to 0.33% of total assets, and then debtors' accounts constituted 0.01% of the Housing Fund's total assets in Q4 of 2024, as illustrated in Figure 18.

* The Fixed Assets Account in the Housing Fund's Balance Sheet Included Long-Term Loans Granted, As Per the Balance Sheet Received from the Source

Figure 18:
Asset Structure of Housing Fund



Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

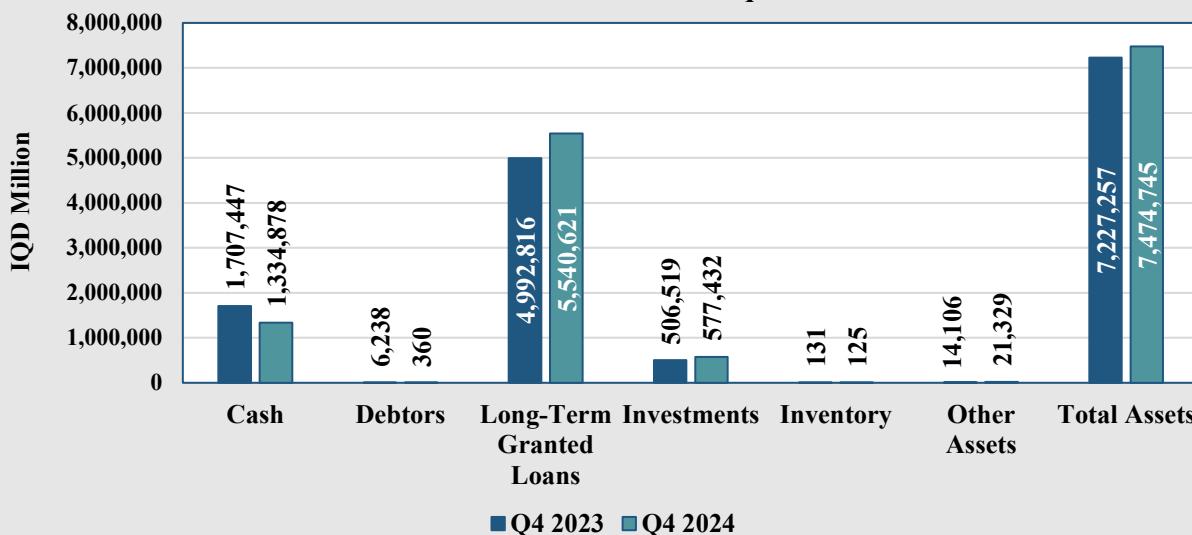
Second: Key Indicators

There are several indicators that can help us determine the size of NBFIs not supervised by CBI and their impact on the stability of the financial system, as follows:

1. Asset Structure of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq:

The total assets of the NBFIs not supervised by CBI achieved a growth rate of 3.42%, with total assets reaching IQD 7,474,745 million in Q4 of 2024, up from IQD 7,227,257 million in Q4 of 2023. Long-term loans granted constituted the largest share of total assets at 74.12%. This was followed by cash at 17.86%. Next were investments at 7.73%. Other assets accounted for 0.29%. Finally, Debtors' accounts made up 0.005% of the total assets of NBFIs not supervised by CBI in Q4 of 2024, as shown in Figure 19. This increase in the size of the assets reflects the growing role of these institutions in influencing the financial system, commensurate with the size and quality of the diverse services they provide.

Figure 19:
Asset Structure of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq



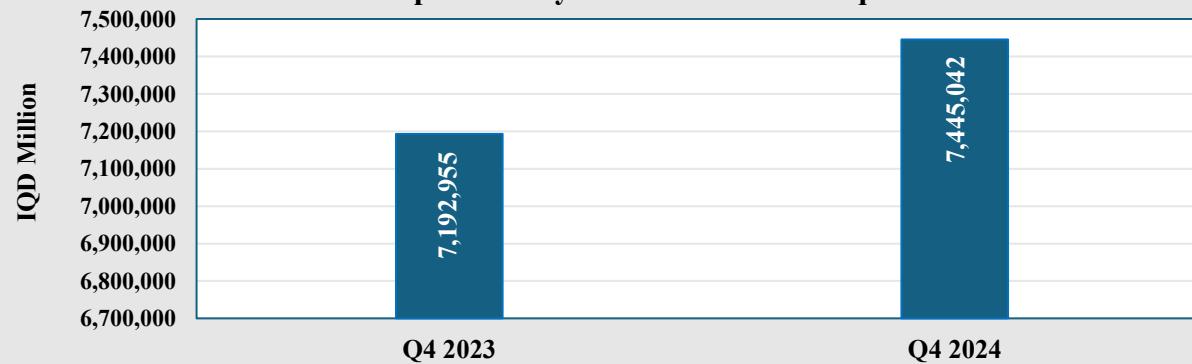
Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

2. Total Capital and Reserves of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq:

The total capital and reserves of the NBFIs not supervised by CBI registered a growth rate of 3.50%.

The total capital and reserves reached IQD 7,445,042 million in Q4 of 2024, up from IQD 7,192,955 million in Q4 of 2023, as illustrated in Figure 20. This recorded increase reflects the enhanced financial solvency enjoyed by these institutions, which in turn leads to the expansion of their activities, consistent with their diverse nature.

Figure 20:
Total Capital & Reserves of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq

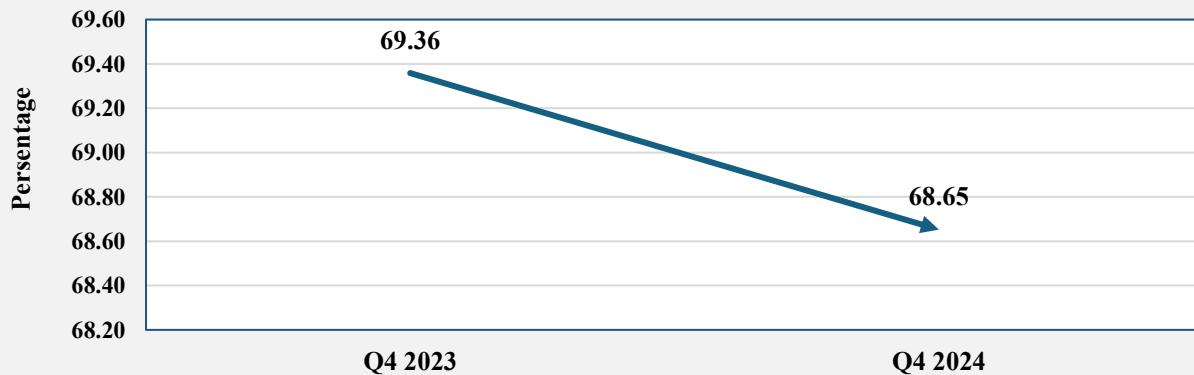


Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

3. Ratio of Total Assets of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq to Total Assets of Non-Banking Financial Institutions:

The ratio of the total assets of NBFIs not supervised by CBI to the total assets of NBFIs witnessed a slight decrease, reaching 68.65% in Q4 of 2024, down from 69.36% in Q4 of 2023. The total assets of the NBFIs not supervised by CBI amounted to IQD 7,474,745 million. This is compared to the total assets of NBFIs, which reached IQD 10,887,828 million in Q4 of 2024. This decrease resulted from an increase in the overall size of total NBFIs assets, which had been IQD 10,420,164 million in Q4 of 2023, as shown in Figure 21. This ratio is considered influential, especially given the diversity of services provided by these institutions.

Figure 21:
Ratio of Total Assets of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq to Total Assets of Non-Banking Financial Institutions



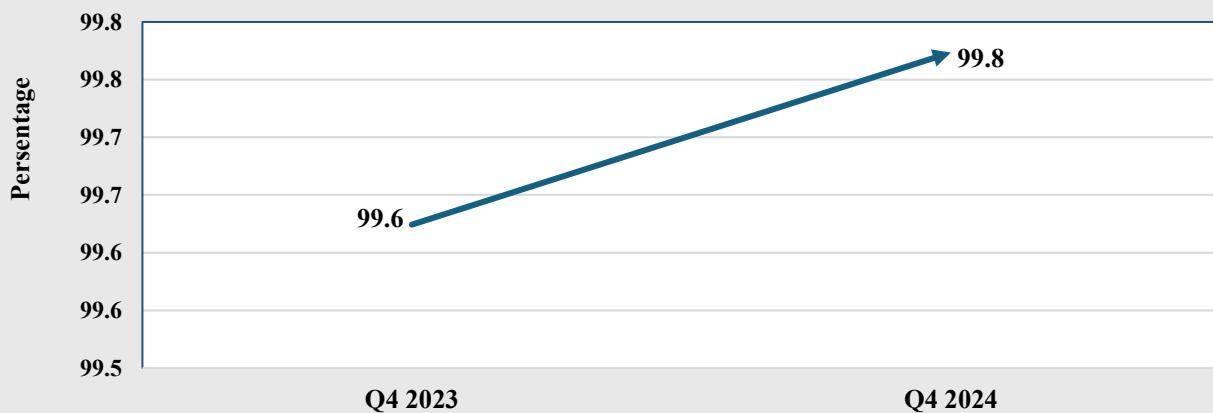
Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

4. Ratio of Total Loans Granted by Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq to Total Loans of Non-Banking Financial Institutions:

The ratio of loans granted by NBFIs not supervised by CBI to the total loans granted by NBFIs witnessed a slight increase, reaching 99.8% in Q4 of 2024, compared to 99.6% in Q4 of 2023. This rise resulted from an increase in the volume of loans provided by NBFIs not supervised by CBI, which reached IQD 5,540,621 million in Q4 2024, up from IQD 4,992,816 million in Q4 of 2023, as illustrated in Figure 22.

Loans granted by these institutions, specifically (the Housing Fund), which is largely financed through CBI initiatives, contribute to providing project financing. However, these institutions still need to expand their activates and fulfill their primary role to effectively stimulate the real sector and the economy overall.

Figure 22:
Ratio of Total Loans of Non-Banking Financial Institutions Not Supervised by Central Bank of Iraq to Total Loans of Non-Banking Financial Institutions



Source: Central Bank of Iraq, Statistics and Research Department, Monetary and Financial Statistics Division.

Summary:

- Non-Banking Financial Institutions (NBFIs) not supervised by the Central Bank of Iraq (CBI) dominate the largest proportion of total NBFI assets, accounting for 68.7%. The total assets of NBFIs not supervised by CBI reached IQD 7,474,745 million, while the total assets of NBFIs amounted to IQD 10,887,828 million IQD in Q4 of 2024.
- The Housing Fund holds the largest share of NBFI assets, totaling 59.8%. The Housing Fund's total assets reached IQD 6,507,520 million, compared to the total assets of NBFIs, which amounted to IQD 10,887,828 million in Q4 2024. It is worth noting that long-term loans derived from the CBI initiative constitute 76.3% of the Housing Fund's total assets of IQD 6,507,520 million during the same period.
- Long-term loans granted by the Housing Fund represent 99.8% of the total long-term loans granted by NBFIs in 2024. Loans granted by the Housing Fund amounted to IQD 5,540,621 million, while the total loans granted by NBFIs reached IQD 5,553,198 million for 2024.
- The total assets of Electronic Payment Companies account for 21% of the total NBFI assets, reaching IQD 2,287,817 million in Q4 of 2024. They represent the second-largest category of institutions in terms of relative importance within the NBFI sector, driven by the digital transformation in financial transfers and the trend toward increasing the level of financial inclusion.
- The role of these institutions remains limited in influencing economic variables. The ratio of total NBFIs assets to the total financial sector assets reached 5.35%. Furthermore, the ratio of total cash held by NBFIs to issued currency reached 3.30%, and the ratio of total cash held by NBFIs to narrow money supply (M1) reached 2.15% and to broad money supply (M2) reached 1.89%. Additionally, the ratio of loans granted by NBFIs reached 8.6% of the total loans and advances provided by commercial banks in Q4 of 2024.



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