Rabee Securities
Est. 1995
Member of the Iraq Stock Exchange

# RABEE SECURITIES (RS) RESEARCH

**03/11/2025**

## Launch of the Rabee Securities Iraq Halal Companies Index (RSIHX)

Rabee Securities has created a halal companies index to diversify the market's indices and provide investors with opportunities to focus on different indicators. This new index, named the **"RS Iraq Halal Companies Index (RSIHX)"**, is a price return index, meaning it reflects price returns but not dividend income.

The **RSIHX** includes five companies, including Islamic banks that meet our index eligibility criteria. Since its computation began in January 2022, the index has served as a valuable benchmark for assessing the performance of the companies whose primary business activities align with Islamic principles.

### Overview of the RSIHX

- RSIHX is a free-float-adjusted market capitalization-weighted index.
- Reflects changes in the market prices of the stocks within the index (Price Return Index).
- Not adjusted for the impact of dividends but adjusted for capital increase decisions.
- The RSIHX has been calculated since the beginning of 2022 (1000 at Jan 3, 2022) in both IQD and USD.

- The RSIHX includes five companies, including Islamic banks that align with Islamic principles. **[Table (1.0)]**
- The weights of index constituents are determined daily by their market capitalization (Mcap) and free float.
- The RSIHX will be calculated daily, and announced through:
  - RS Research Bulletins
  - RS website
  - RABEE App

**Table (1.0): Breakdown of RSIHX (free-float-adjusted market capitalization-weighted index)**

| Company Name | ISX Code | Sector | Mcap (IQD bn) | Mcap ($ mn) | Free Floats* | Weights in the RSIHX** |
|---|---|---|---|---|---|---|
| Asiacell | TASC | Telecom | 3,906 | 2,959 | 5.0% | 44.6% |
| Baghdad Soft Drinks | IBSD | Industry | 1,042 | 789 | 15.0% | 35.7% |
| Iraqi Islamic Bank | BIIB | Banking | 400 | 303 | 10.0% | 9.1% |
| Commercial Islamic Bank of Iraq | BCOI | Banking | 233 | 176 | 13.0% | 6.9% |
| Al-Mansour Pharmaceuticals Ind. | IMAP | Industry | 45 | 34 | 35.0% | 3.6% |
| **Total** | | | **5,626** | **4,262** | | **100.0%** |

**Assumptions of Rabee Securities (RS).*
***As of Nov. 2, 2025*

### Performance of the RSIHX

IQD-RSIHX increased 20.5% in 2023 and 22.2% in 2024, following an 11.2% decline in 2022. Despite Iraq's ongoing economic growth, regional issues have been putting pressure on the stock market since the beginning of the year. Consequently, RSIHX recorded a 0.1% decline year-to-date (YTD). **[Table (1.1)]**

The USD-RSIHX recorded a 39.2% increase in 2023, outperforming the IQD-RSIHX due to the appreciation of the Iraqi Dinar against the US Dollar in February 2023. However, as the FX rate stabilized from February 2023 onward, its impact on index performance was neutralized. As a result, USD-RSIHX also recorded a 0.1% decline YTD.

**Table (1.1): RSIHX Performance Since Inception (IQD & USD)**

| Period | IQD-RSIHX | | USD - RSIHX | |
|---|---|---|---|---|
| Year | Closings: IQD-RSIHX | Change (%): IQD-RSIHX | Closings: USD-RSIHX | Change (%): USD-RSIHX |
| 2022 | 887.6 | -11.2% | 861.4 | -13.9% |
| 2023 | 1069.7 | 20.5% | 1199.4 | 39.2% |
| 2024 | 1306.7 | 22.2% | 1465.1 | 22.2% |
| 2025 YTD* | 1305.0 | -0.1% | 1463.2 | -0.1% |

**As of Nov. 2, 2025*

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## RSIHX Stock Selection Criteria

**1) Sharia Compliance Criteria**
The RSIHX Index follows Sharia investment principles by excluding stocks based on two criteria: business activity and financial ratios.

**1.a) Business Activity**
Companies included in the RSIHX Index must engage primarily in business activities that align with Islamic principles, such as manufacturing, healthcare, and permissible food and beverage industries. Companies involved in activities considered haram (prohibited) under Sharia law are excluded from the index.

**1.b) Financial Ratios**
To account for incidental and unavoidable income from prohibited activities, companies selected for the RSIHX Index must meet the following financial ratio thresholds, ensuring that non-compliant income remains within a minimal allowable range:

- **Loans/Assets Ratio**: Less than **10.0%**
- **Interest-Bearing Assets/Assets Ratio**: Less than **10.0%**
- **Interest Income/Net Revenues Ratio**: Less than **10.0%**
- **Interest Expense/Net Revenues Ratio**: Less than **10.0%**

**2) Inclusion of Islamic Banks**
Only Islamic banks that are permitted to conduct transactions in USD are included in the RSIHX Index.

**3) Liquidity Criteria**
The index constituents must be among the top 20 most liquid stocks over the last two consecutive quarters.

**4) Financial and Operational Health**
During the stock selection process, the overall financial health and operational stability of companies will be considered.

**5) Ongoing Compliance & Audits**

- Quarterly audits will be conducted to ensure continued compliance with Sharia standards. These audits will be based on the most recent detailed financial statements of the companies.
- If a company is found to be non-compliant, the index will be rebalanced accordingly to maintain compliance.

**6) Liquidity Audits & Replacement Policy**

- Quarterly liquidity audits will assess whether a more liquid company should replace an existing index constituent.
- Liquidity in the last two consecutive quarters will be considered in determining replacements.

**7) Market Eligibility & Exclusion Policy**

- Index companies must be traded exclusively in the regular market.
- If a company is transferred to Non-Regular (NR) or Undisclosed Companies Market (UCM), it will be removed from the index at the end of the quarter.

## RSIHX Update Process

We will maintain a quarterly review process for RSIHX, like all our indexes, ensuring timely updates to index constituents as deemed necessary, contingent upon liquidity performances and free float assumptions. Adjustments to the index for all required corporate actions (capital increases: rights issue and bonus issue) will be made on the day an index company resumes trading after announcing its capital increase decision after the annual general meeting (AGM).

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AFCM Arab Federation of Capital Markets
The Global Economics

Rabee Securities has been selected for the annual award of the Federation of Arab Capital Markets for the year 2022 by The Global Economics in the category of "The Best Financial Broker in Iraq".

emeafinance Middle East Banking Awards 2015 — Best Brokerage House in Iraq — 2011-2013-2014-2015

emeafinance Achievement Awards 2013

Asiacell has won "EMEA Finance's Best IPO in EMEA award" in EMEA Finance's Achievement Awards 2013.
*(Arranger of the deal: Rabee Securities (RS))*

DEALS OF THE YEAR

Asiacell was named the winner of the corporate finance category in the 2013 Association of Corporate Treasures Middle East Deals (ACTME) of the Year Awards. *(Arranger of the deal: Rabee Securities (RS))*

TMT FINANCE MIDDLE EAST & NORTH AFRICA
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RS is a proud supporter of the Iraq Pavilion in the Venice Biennale.

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