



## **Bank of Baghdad**

(Private Joint Stock Company)

Financial Statements (Reviewed)

September 30, 2023

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To The General Assembly of Bank of BaghdadBank of Baghdad "Private Shareholding Company" – BaghdadAuditors' Report**Chairman and Members of Board of Directors****Bank of Baghdad "Private Shareholding Company" – Baghdad****Review Report on the Consolidated Condensed Interim Financial Statements****Introduction**

We have reviewed the interim financial statements of the Bank of Baghdad "Private Shareholding Company" as of September 30, 2023. The Statement Condensed interim financial position statement as at September 30, 2023; interim statement of profit and loss; interim statement of comprehensive income; interim statement of changes in equity; interim statement of cash flows; and for the three-month period, their clarifications. The management of the bank is responsible for the preparation and fair presentation of interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reports." Our responsibility is to express a conclusion on these interim financial statements based upon our review.

**Scope of review**

In accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", we conducted our review. A review of interim financial statements consists of inquiries, primarily from persons responsible for financial and accounting matters. It also applies analytical and other review procedures. A review is substantially smaller in scope than an audit conducted in accordance with International Standards for Auditing. This does not enable us to ensure we become aware of all significant issues that might be identified in an audit. We do provide an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

**Other Matters**

1- Interim financial statements are prepared by the bank based on instructions from the Central Bank of Iraq regarding applying the International Accounting Standard "Interim Financial Reports," IAS 34.

2. The interim financial statements of the bank for the period from January 1, 2023, to September 30, 2023, are in accordance with the bank's books of accounts.

3. The bank's financial statements have been audited for the year ended September 30, 2022. A report was issued regarding them on April 19, 2023. We have been assigned to review the interim financial statements for 2022 by the bank's management and based on instructions from the Central Bank of Iraq.

**Auditors**

Saad R. Jasim &co

Farqad Al-Salman B.Sc., FCCA

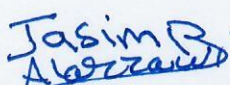
From Saad Rashid & co.  
Member of the Iraqi Association of Certified  
Accountants

From of Farqad H. Al-Salman & Co,  
Public Accountants, Auditors & Tax  
Consultants


Baghdad on 22<sup>nd</sup> October 2023

Statement of Financial Position as at 30 September 2023 Statement (A)

		September 30,2023	Dec.31,2022
		IQD (000)	IQD(000)
<u>Assets</u>	Note	(Reviewed)	(Audited)
Cash and Balances With Central Banks-Net	3	1.447.564.298	722.854.049
Balances at Banks and Financial Institutions-Net	4	311.641.011	145.683.305
Investment in Associates Fair Value -OCI	5	1.247.390	1.197.494
Financial Assets at Fair Value through OCI	5	1.904.469	2.378.166
Financial assets at Amortized Cost -Net	6	539.553.450	664.735.996
Credit Facilities (Loan & Advances) - Net	7	62.770.065	89.496.407
Property and Equipment, Net	8	75.361.756	73.537.949
Intangible Assets -Net	8	762.275	1.013.274
Right of use of leased assets	9/a	2.081.421	2.104.736
Other Assets Net	10	26.630.189	21.198.202
<b>Total Assets</b>		<b>2.469.516.324</b>	<b>1.724.199.578</b>
<b>Liabilities And Shareholders' Equity</b>			
<u>Liabilities</u>			
Banks and Financial Institutions' Deposit	11	835.402	857.122
Customers' Deposits	12	1.915.343.974	1.309.292.958
Cash Margin	13	18.369.462	15.194.507
Income Tax Provision	14	28.027.589	10.635.320
Miscellaneous Provisions	15	4.989.116	5.449.465
Borrowed Funds	16	23.792	579.381
Lease Liabilities	9/b	2.145.889	2.146.146
Other Liabilities	17	66.088.332	30.418.413
<b>Total Liabilities</b>		<b>2.035.823.556</b>	<b>1.374.573.302</b>
<b>Shareholders' Equity</b>			
Paid-up Capital	18	250,000,000	250,000,000
Legal Reserve	D	22.904.931	18.003.470
Other Reserves	D	58,441	58,441
Fair Value Reserve	D	(3.928.194)	(3.504.393)
Foreign Currency translation	D	(13.462.776)	1,092,265
Retained Earnings	D	178.120.366	83.976.483
<b>Total Shareholders' Equity</b>		<b>433.692.768</b>	<b>349.626.266</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2.469.516.324</b>	<b>1.724.199.578</b>

  
**Chief Financial Officer**  
 Jasim Hashim Mohammed Alazzawi



  
**Chief Executive Officer**  
 Basil Husam Aldeen Shakir AL-Dhahi

Saad R. Jasim  
 From Saad Rashid & co.  
 Public Accountants , Auditors Tax

Farquad AL-Salman B.SC., FCCA  
 From Farquad H. AL-Salman & co.  
 Public Accountants , Auditors Tax

Baghdad on 22<sup>nd</sup> of Oct 2023

The accompanying notes from (1) to (37) from an integral part of financial statements must be read with them



Statement of Income for The Period Ended 30 September 2023

Statement (B)

	Note	For Three –Month period ended September30		For Nine-Month period ended September30	
		2023 IQD(,000)	2022 IQD(,000)	2023 IQD(,000)	2022 IQD(,000)
		Reviewed	Reviewed	Reviewed	Reviewed
Interest income	19	12.781.993	10.395.339	37.157.347	31.359.464
Less: Interest expense	20	(2.311.243)	(2.315.961)	(7.694.953)	(6.883.216)
<b>Net- interest income</b>		<b>10.470.750</b>	<b>8.079.378</b>	<b>29.462.394</b>	<b>24.476.248</b>
Net-Commission income	21	37.260.743	14.800.179	82.474.883	39.580.495
<b>Net- interest and commission income</b>		<b>47.731.493</b>	<b>22.879.557</b>	<b>111.937.277</b>	<b>64.056.743</b>
Gain Foreign currencies	22	13.996.370	5.188.119	32.174.080	12.620.373
Cash dividends from financial assets at fair value through OCI	23	-	-	-	-
Other income	24	3.102.600	214.213	3.307.461	188.196
<b>Gross profit</b>		<b>64.830.463</b>	<b>28.281.889</b>	<b>147.418.818</b>	<b>76.865.312</b>
Employees' expenses	25	(4.085.532)	(3.690.679)	(10.821.477)	(10.927.726)
Other Expense	26	(3.734.514)	(3.291.759)	(9.646.523)	(8.688.442)
Depreciation and amortization	8	(645.413)	(471.667)	(1.981.378)	(1.382.311)
Other provisions expense	14	(749.113)	(125.000)	(1.574.113)	(375.000)
<b>Total Expenses</b>		<b>(9.214.572)</b>	<b>(7.579.105)</b>	<b>(24.023.491)</b>	<b>(21.373.479)</b>
<b>Profit before provision of credit losses</b>		<b>55.615.891</b>	<b>17.341.337</b>	<b>123.395.327</b>	<b>55.491.833</b>
Provision for credit loss	27	(1.734.568)	(3.164.387)	(3.075.967)	(13.413.731)
<b>Profit before tax (Pretax Income)</b>		<b>53.881.323</b>	<b>13.129.797</b>	<b>120.319.360</b>	<b>42.078.102</b>
Income tax expense		(7.636.642)	(2.835.621)	(17.392.269)	(7.271.320)
<b>Profit for the Period (After-tax Income)</b>	13	<b>46.244.681</b>	<b>14.702.776</b>	<b>102.927.091</b>	<b>34.806.782</b>
Earnings per share (IQD)	28			<b>0.412</b>	<b>0.139</b>

Jasim  
Alazzawi

Chief financial officer  
Jasim Hashim Alazzawi



Basil Husam Aldeen Shakir Al-Dhahi

Chief Executive Officer  
Basil Husam Aldeen Shakir Al-Dhahi

The accompanying notes from (1) to (37) from an integral part of financial statements must be read with them

Statement of Comprehensive Income for The Period Ended 30 September 2023 Statement (C)

	Note	For three –Month period ended September30		For Nine -Month period ended September30	
		2023 IQD(,000)	2022 IQD(,000)	2023 IQD(,000)	2022 IQD(,000)
Profit for the Period –Income statement	B	<b>46.244.681</b>	<b>14.702.776</b>	<b>102.927.091</b>	<b>34.806.782</b>
Change in Fair Value of Financial Assets at Fair Value Through Other Comprehensive Income	5	(128.505)	(197.282)	<b>(423.801)</b>	<b>(234.589)</b>
Foreign Exchange translation Differences	C	-	-	<b>(14.555.041)</b>	-
<b>Total Comprehensive Income for the Period</b>		<b>46.116.176</b>	<b>14.505.494</b>	<b>87.948.249</b>	<b>34.572.193</b>

The accompanying notes from (1) to (37) from an integral part of financial statements must be read with them

**Statement of Changes in Equity for The Period Ended 30 September 2023 (D)**

	Share Capital	Legal Reserve*	Other Reserves	Foreign Exchange translation Differences	Changes in Fair value	Retained Earnings (Losses)	Total Shareholders' Equity
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>2023</b>							
Balance at 1 January	250,000,000	18,003.470	58,441	1,092,265	(3,504.394)	83,976.483	349,626.265
						-	-
		-					-
	<b>250,000,000</b>	<b>18,003.470</b>	<b>58,441</b>	<b>1,092,265</b>	<b>(3,504.394)</b>	<b>83,976.483</b>	<b>349,626.265</b>
Profit for the Period	-	-	-	-	-	102,927.091	102,927.091
Transfer to Reserves	-	5,146.355	-	-	-	(5,146.355)	-
Change in fair value	-	-	-	-	(423.801)		(423.801)
Divided Paid **	-	-	-	-	-	-	-
Translation FX	-	(244.894)	-	(14,555.041)	-	(3,636.853)	(18,436.788)
Balances as at 30 September	<b>250,000,000</b>	<b>22,904.931</b>	<b>58,441</b>	<b>(13,462.776)</b>	<b>(3,928.194)</b>	<b>178,120.366</b>	<b>433,692.768</b>

\* Including Legal reserve, Beirut branch, amounting IQD (23,970.914).



**Statement of Changes in Equity for The Period Ended 30 September 2023 ( D )**

	Share Capital	Legal *Reserve	Other Reserves	Foreign Exchange translation Differences	Changes in Fair value	Retained Earnings (Losses)	Total Shareholders' Equity
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>2022</b>							
Balance at 1 January	250,000,000	15,405,776	58,441	1,092,265	(3,068,025)	45,944,772	309,373,199
Written off brokerage co.		(60,030)				303,351	243,321
The balance adjustment	250,000,000	15,345,746	58,441	1,92,265	(3,068,025)	45,944,772	309,373,199
Profit for the Period	-	-	-	-	-	53,154,485	53,154,485
Transfer to Reserves	-	2,657,724	-	-	-	(2,657,724)	-
Change in fair value	-	-	-	-	(436,368)	-	(436,368)
Adjusting Entries	-	-	-	-	-	43,644	43,644
Balances at the end	<b>250,000,000</b>	<b>18,003,470</b>	<b>58,441</b>	<b>1,092,265</b>	<b>(3,504,393)</b>	<b>83,976,483</b>	<b>349,626,266</b>

\* The settlement account constitutes the effect of consolidating the financial statements with the Baghdad brokerage company.



## Statement of Cash Flows for The Period Ended 30 September 2023 (E)

	Note	2023 IQD(.000) <b>Reviewed</b>	2022 IQD(.000) <b>Reviewed</b>
<b>Operating Activities:</b>			
Profit for the Period before Tax	B	120.319.360	42.078.102
<b>Adjustments: Non-cash Items:</b>			
Depreciations and Amortizations	8,9	1.981.378	1.382.311
Provision for credit Losses	27	3.075.967	13.413.731
Miscellaneous Provisions	15	1.574.113	375.000
Financial interest- Leased assets	9	80.295	-
Effect of exchange rate fluctuations on cash and cash equivalents	22	(237.767)	49.258
Loss (Gain) on disposal Property and Equipment	24	653.571	243.322
<b>Cash Flows generated from Operating Activities before</b>		<b>127.446.917</b>	<b>57.539.827</b>
<b>Changes in Assets and Liabilities</b>			
Decrease (Increase) in Restricted Balances	29	(42.195.207)	3.337.210
Decrease (Increase) in Deposits with Banks and Financial Institutions more than 3 month		-	-
Decrease (Increase) in Credit Facilities	7	14.077.544	11.599.264
Decrease (Increase) in Other Assets	10	(5.5431.986)	(3.020.140)
Increase (Decrease) in Customers' Deposits	12	606.051.016	68.370.938
(Decrease) increase in Margin Accounts	13	3.174.954	(2.830.637)
Increase (Decrease) in Other Liabilities	17	36.458.638	952.535
Increase (Decrease) in Miscellaneous Provisions	15	(2.034.461)	(1.133.775)
<b>Net Cash Flows (Used in) generated</b>		<b>737.547.415</b>	<b>134.815.222</b>
<b>Operating Activities before Income Tax</b>			
Income Tax Paid		-	(7.168.178)
<b>Net Cash Flows Used in Operating Activities</b>		<b>737.547.415</b>	<b>127.647.044</b>
<b>Investing Activities:</b>			
Purchase of Financial Assets at Amortized Cost	6	125.182.545	(170.864.997)
Purchase of Property and Equipment	8	(2.768.904)	(14.086.716)
Purchase Sale of Financial Assets Through the Other Comprehensive Income Statement	5	-	-
Proceeds Sale of Property and Equipment	8	3.741.482	88.546
<b>Net Cash Flows (used in) from Investing Activities</b>		<b>126.155.123</b>	<b>(184.863.167)</b>
<b>Financing Activities:</b>			
Increase (Decrease) in Long-term Loans	16	(555.590)	(986.279)
Dividends and Changes in Equity		(758.720)	-
Lease liability payments	9/b	(566.249)	-
<b>Net Cash Flow from (in) Financing Activities</b>		<b>(1.880.559)</b>	<b>(986.279)</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>861.821.979</b>	<b>(58.202.403)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	22	(1.348.405)	(49.258)
Cash and Equivalents at 1 January(beginning of the year)	29	627.805.556	827.461.831
<b>Cash and Equivalents at 30 September</b>	29	<b>1.488.279.130</b>	<b>769.210.795</b>

The accompanying notes from (1) to (37) from an integral part of financial statements must be read with them



## Notes to Financial Statements for The Period Ended 30

September 2023,

### 1. General

Bank of Baghdad (the "Bank") is a Private Shareholding Company incorporated in the State of Iraq under a license that is issued on 18 September 1992 by number (4512), listed on the Market of Iraq and is registered as a bank with the Central Bank of Iraq ("the CBI"). The Bank's registered address is Baghdad - Iraq. The paid-up capital is 250 billion Iraqi Dinars. As part of its activities, the Bank provides all financial and banking services. Those services are offered through its 33 branches in Iraq, and a branch in the Lebanese Republic.

### 2. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

#### 2.1. Basis of preparation

International Financial Reporting Standards (IFRS) and their interpretations issued by Standards Interpretations Committee (SIC) in the International Accounting Standards Board (IASB) were used to prepare the Bank's financial statements. The accounting policies applied in the preparation of the financial statements for the present year are similar to those applied in the preparation of the financial statements for the year ended 30 September 2022.

The financial statements were prepared in accordance with the historical cost principle. This is with the exception of monetary assets at fair value through other comprehensive income that are stated at fair value at the date of the annual financial statements.

The Iraqi Dinar, which is the main currency of the company, presentation currency for financial statements, and all amounts have been rounded to the nearest Thousand IQD.

#### Financial Statements Consolidation Principles:

\*The consolidated financial statements include the financial statements of the bank and its subsidiaries. Control is achieved when the Bank is able to control the finance and operating policies of its subsidiaries in order to benefit from their activities. In addition, any transactions, balances, income and expenses between the Bank and its subsidiaries are excluded.

\*The financial statements of the subsidiaries for the same fiscal year as the Bank are prepared under the same accounting policies applied by the Bank. Should the subsidiaries have accounting policies different from those applied by the Bank, necessary adjustments are made to the financial statements of the subsidiaries to conform to the accounting policies of the Bank.

\* Should the group lose control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other equity components. However, it recognizes any resulting profits or losses in profits or losses.

\* As of 30 September 2023, the Bank owned the following Associates:

Name of Subsidiary	Paid- Up Capital ( IQD '000)	Nature of Business	Place of Operation	Bank's Ownership %	
				2023	2022
Al Ameen Insurance Company	5.000.000	Insurance	Iraq	49%	49%

The accompanying notes from (1) to (37) from an integral part of financial statements must be read with them



## Notes to Financial Statements for The Period Ended 30 September 2023

### 2.2 Summary of key Accounting Policies

#### Realization of Income and Recognition of Expenses

Interest income is realized using the Effective Interest Method. This is with the exception of interests and commissions of nonperforming credit facilities that are not recognized as income. These are recorded in the interest and commissions in the suspense account.

- Expenses are recognized on an accrual basis.
- Commissions are recorded as income when providing related services, and the earnings from companies' shares are recognized when realized (approved by the Shareholders General Assembly).

#### Accounting Estimates

The preparation of financial statements and application of accounting policies demands the Bank's management to make estimates and judgments that affect the amounts of assets and financial liabilities. In addition, it requires the Bank to disclose contingent liabilities. Furthermore, these estimates and judgments affect income, expenses, provisions and other items of comprehensive income. To estimate the amount and timing of future cash flows, the Bank's management must make important judgments. These estimates are necessarily based on several assumptions and factors of different degrees of estimation and uncertainty. The actual results may differ from the estimates as a result of the changes arising from future circumstances of these estimates in future.

#### A. Judgements:

The following are the most important judgments that have a material effect on the amounts of assets and liabilities in the consolidated financial statements that were only applied in 2022 and the reclassification of financial assets: evaluate the business model in which the assets are held and determine whether the contractual conditions of the financial assets are (sppl) for the outstanding balances or not Developing new standards to determine whether the financial assets credits have dramatically decreased since its first recognition and determine a methodology for future aspirations and methods for measuring the expected credit loss.

#### B. Estimates:

The following are estimates of material risks to the financial statements as of September 2023 The Bank's management believes that its estimates in the financial statements, as detailed below, are reasonable:

- Provision for credit facilities impairment: The provision for loans is audited in line with principles set by the Central Bank of Iraq and in accordance with Regulation No. 4 for 2010. Furthermore, the Bank will adopt IFRS 9, which will affect these estimates.
- The loss resulting from the impairment of expropriated real estate is not recorded and is presented at historical cost.
- Tax Provisions: Each fiscal year carries the tax expenses incurred in that year in accordance with accounting regulations, laws and standards. To estimate any impairments in financial assets presented at cost, management periodically reviews them at cost and records them in the income statement.
- Litigation Provisions: To cover any litigation liabilities, provisions are created based on the opinion of the legal consultant of the Bank.





## Notes to Financial Statements for The Period Ended 30 September 2023

### **Sector-specific information**

The business sector represents a group of assets and operations that provide products or services subject to risks and proceeds that differ from those associated with other business sectors. The geographical sector is associated with the provision of products or services in a specific economic environment. This is subject to risks and proceeds that differ from the risks and proceeds of other sectors operating in other economic environments.

### **2.2 Summary of Key Accounting Policies (Continued)**

#### **Cash and Cash Equivalents**

These are cash, and cash balances that accrue within three months, including: Cash balances with the central bank and balances with banks and financial institutions. However, deposits accrued within three months to banks and financial institutions are deducted.

#### **Recognition of Financial Assets**

Purchases and sales of financial assets are recognized at the trade date (the date on which the Bank commits to selling or purchasing financial assets).

#### **Direct Credit Facilities**

- A provision for impairment of direct credit facilities is created when it is apparent that the amounts payable to the group cannot be collected, when there is objective evidence that a certain event has negatively affected the future cash flows of the direct credit facilities and when this impairment can be estimated. The value of this provision is recorded in the income statement.

As instructed by the Central Bank of Iraq, interest and commissions on nonperforming credit facilities are suspended.

- Credit facilities provisioned for are written off, where the collection procedure is infeasible, by deducting their amount from the provision in accordance with the instructions of the Central Bank of Iraq, and any excess in the provision is transferred to the income statement. Collected loan amounts that have been written off are added to income.

#### **Financial Assets at Amortized Cost**

These are financial assets that the Bank's management, in accordance with its business model, aims to retain in order to collect contractual cash flows. These are represented by principal loan payments and interest on the outstanding loan balance.

These assets are recorded at the time of purchase at cost, plus acquisition expenses, and the increment is amortized using the effective interest method; charged against or credited to interest. Any provisions resulting from impairment of the asset that render the process of recovering the asset or part of it unattainable are deducted. Any impairment of the same is recorded in the income statement.

The impairment amount of these assets represents the difference between the value stated in the records and the current value of expected cash flows. This difference is discounted at the original interest rate. The reclassification of any assets from/into this item is not allowed, except in the cases specified in the relevant IFRS (and in case any of these assets are sold prior to their accrual date, the sale result is recorded in the income statement as a separate item and is disclosed in accordance with the requirements of the relevant IFRSs).

#### **Financial Assets at Fair Value through the Income Statement**

Debt instruments that do not conform to the business model of the financial assets at amortized cost, or those that the Bank, at the time of purchase, chooses to classify at fair value through the income statement, are measured at their fair value through the income statement.

**Notes to Financial Statements for The Period Ended 30 September 2023**

Investments in financial instruments are classified at fair value through the income statement, unless the Bank, at the time of purchase, decides to classify an investment that it retains for non-trading purposes at fair value through other comprehensive income.

These assets are recorded at fair value at the time of purchase (acquisition expenses are included in the income statement at the time of purchase) and are revalued later at fair value. The change in the fair value is stated in the income statement including the change in the fair value resulting from the differences from transferring items of non-financial assets in foreign currencies. In case these assets or part thereof are sold, the resulting profits or losses are recorded in the income statement.

Distributed dividends or accrued interest are recorded on the income statement.

**Financial assets at fair value through the statement of other comprehensive income**

The Bank may definitively choose, based on each financial instrument separately, to classify equity instruments at fair value through the other comprehensive income. This classification is not allowed if the investment in the equity instrument is for trading purposes.

These assets are stated at the time of purchase at fair value plus acquisition costs and are revaluated later at fair value. The change in the fair value is stated in the comprehensive income statement under shareholders' equity, including the change in the fair value resulting from recording the differences from transferring noncash items in foreign currencies. In case these assets or part thereof is sold, the resulting profits or losses are recorded in the comprehensive income statement under shareholders' equity. Moreover, the balance of sold assets valuation reserve is transferred directly to retained profits and losses and not through the income statement. These assets are not subject to the impairment loss test and the dividends are recorded in the income statement.

**Fair Value**

- The Bank measures the financial instruments, such as financial derivatives and non-financial assets, at fair value at the date of the financial statements.
- The fair value represents the price that will be received when selling the assets or the price that will be paid to transfer a liability in a transaction organized between market participants.
- In the absence of the primary market, the most appropriate market for assets and liabilities is used.
- The Bank needs to have access to the primary market or the most appropriate market.
- The entity measures the fair value of the assets or liabilities using assumptions that the market participants will apply when pricing the assets. Otherwise, the measurement of the fair value of the non-financial assets takes into consideration the ability of the market participants to generate economic benefits by using the assets in the best way possible or selling them to another participant that will use them in such a way.
- The Bank applies appropriate valuation methods under the circumstances, provides sufficient information to measure the fair value, clarifies the use of directly observable inputs and minimizes the use of indirectly observable inputs.

## Notes to Financial Statements for The Period Ended 30 September 2023

### Impairment of Financial Assets

The Bank reviews the values of financial assets stated in records at the date of the financial position statement to determine whether there are indicators of impairment of the same individually, or as a whole. In case there are such indicators, the recoverable value is assessed in order to determine the impairment loss.

The impairment amount is determined as follows:

- Impairment of financial assets that are stated at amortized cost: The difference between the value stated in the records and the current value of the expected cash flows discounted at the original price.
- The impairment is recorded in the income statement, in addition to recording any savings in the following period as a result of the previous impairment in financial debt instruments in the income statement.

### 2.2 Summary of Key Accounting Policies (Continued)

#### Offsetting

The financial assets are offset against the financial liabilities, and the net amount is stated in the financial position statement only when binding legal conditions are established. This also applies when they are paid on offset basis or when asset realization and liabilities payment occur simultaneously.

#### Property and Equipment:

Property and equipment are stated at historical cost after deducting accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment includes cost incurred for replacing any component thereof, in addition to financing expenses of long-term construction projects, if the recognition conditions are met. All other expenses are stated in the income statement when accrued. Depreciation (except for lands, as they are not depreciable) is calculated using the straight line method in accordance with the expected useful life as follows:

	Useful Life (Years)
Buildings	33
Equipment, Devices and Furniture	5
Transportation	5
Electronic Systems	5

Any property and equipment item, or any significant part thereof, is written-off when it is disposed of or when there is no expected economic benefit from using the asset or disposing of it. Any profit or loss resulting from writing off the asset, which represents the difference between the asset disposal proceeds and asset net book value, is recorded in the income statement.

The remaining values, useful lives and depreciation methods of assets are Audited every fiscal year and, if necessary, adjusted later on.

**DE recognition of Financial Assets and Liabilities****Financial Assets**

The financial asset (or any part thereof or any part of a group of equivalent financial assets, where appropriate) is derecognized when:

- The right of receiving the cash flows from the asset lapses;
- The Bank retains the right to receive the cash flows from the asset, but in return, assumes the obligation to fully pay the cash flows without any material delay to a third party under “pay when paid” arrangement; or
- (A) Transfers all key risks and benefits of the asset, or (B) Does not transfer or retains all key risks and benefits of the asset but transfers control over the same.

When The Bank transfers the rights to receive the cash flows from the asset and does not transfer or retains all key risks and benefits of the asset, or transfers control over the same, the asset is recorded to the extent to which the Bank continues to control the same. The continuous control, which takes the form of a lien on the transferred asset, is measured at original book value of that asset or the maximum limit of the amount payable by the Bank, whichever is lower.

**2.2 Summary of Key Accounting Policies (Continued)****Financial Liabilities**

The financial liability is derecognized when exempted from the obligation related to liabilities, or when said obligation is cancelled or lapses. When replacing a financial liability with another from the same source of finance under significantly different terms, or when the terms of the current obligation are significantly amended, this replacement or amendment is dealt with as if it was a DE recognition of the original liability and accrual of a new one.

**Foreign Currencies:**

- Transactions conducted in foreign currencies during the year are recorded at the prevailing exchange rate as at the date of conducting the transactions.
- Balances of financial assets and liabilities are transferred at average foreign exchange rates as at the date of the financial statements, as issued by the Central Bank of Iraq and similar control bodies in the countries where the Bank operates.
- Nonfinancial assets and liabilities, stated at fair value at the date of determination of their fair value, are transferred in foreign currencies.
- Profits and losses resulting from transferring foreign currencies are recorded in the income statement.
- Differences from transferring assets and liabilities items in noncash foreign currencies (such as shares) are recorded as a part of the change in fair value.



**Notes to Financial Statements for The Period Ended 30 September 2023****2.2 Summary of Key Accounting Policies (Continued)****Provisions:**

Provisions are recognized when the Bank carries liabilities at the date of the financial position statement arising from prior events, where the payment of these liabilities is contingent and their value can be reliably measured.

**Income Tax**

Tax expenses represent accrued amounts of taxes and deferred taxes.

Accrued tax expenses are calculated based on taxable profits. The taxable profits differ from profits disclosed in the financial statements, because the disclosed profits include nontaxable income or expenses that are non-deductible in the current fiscal year, but deductible in subsequent years, or accumulated losses deductible for tax purposes, or items that are non-taxable or non-deductible for tax purposes.

Income tax is calculated as per the tax rates set under the laws, regulation and directives in force in Iraq.

Deferred taxes are taxes that are expected to be paid or recovered as a result of the temporary time differences between the value of the assets or liabilities in the financial statements and the value based on which the taxable profit is calculated.

**Assets Transferred to the Bank in Settlement of Outstanding Debts**

Assets transferred to the Bank are stated in the financial position statement under the "other assets" item at their transfer value, and are not revaluated at fair value to-date, nor is any impairment thereof is recorded as a loss in the income statement or is any increase therein recorded as income.

**2.3 Changes in Accounting Policies (Continued)****International Financial Reporting Standards that had, or will have, a Financial Impact**

The International Accounting Standards Board "IASB" issued certain standards and amendments that became effective and a basis for studying and adopting them was developed, but were not adopted by the Bank for reasons related to the adoption of the same by the control bodies or the impact thereof. The following standards are the standards that, once applied, will impact the financial position, financial performance or disclosures of the Bank's financial statements. These standards will be applied once the impact thereof is adopted by the control bodies.

**Notes to Financial Statements for The Period Ended 30 September 2023****2.3 Changes in Accounting Policies (Continued)****1. IFRS (9) – Financial Instruments**

The bank has applied the international standard starting from 30 DEC. 2020 During July 2014, the IASB issued the final version of IFRS 9 (Financial Instruments), which will replace IAS 39 (Financial Instruments: Recognition and Measurement) and all previous versions of the IFRS 9. IFRS 9 combines all three accounting aspects related to financial instruments: Classification and measurement, impairment, and hedge accounting.

The new version of IFRS 9 is applied to annual periods starting from 1 January 2018 and permits early application. The standard is applied retrospectively, except for hedge accounting. Furthermore, IFRS 9 provides for exempting companies from adjusting the comparative figures.

Accordingly, the Bank has developed a special methodology for this standard, which is currently being Audited with the control and regulatory bodies to adopt it and reflect its impact in the financial statements.

A) The Bank has developed the working methodology through classification and measurement; as financial assets were classified and measured either at amortized cost or fair value through the comprehensive income statement – for both debt and equity instruments, or at fair value through the profit or loss statement, where financial assets were classified in accordance with IFRS 9 in general, based on the business model under which financial assets and the characteristics of their contracted cash flows are managed. The business models were divided into the following three categories in accordance with the Financial Reporting Standard and Guidance for Banks issued by the Central Bank of Iraq:

1.Financial instruments measured at amortized cost, if the following conditions are met:

- If these assets are retained within the management's business model for future cash flows collection purposes.
- If the contractual terms of these financial assets set a specific date for cash flows (the principal amount and interest on the outstanding amount).

2.Financial instruments at fair value through the other comprehensive income statements, if the following conditions are met:

- If the purpose of retaining the financial asset within the business model is to obtain future cash flows and/or sell these financial assets.
- If the contractual terms of these financial assets set a specific date for cash flows (the principal amount and interest on the outstanding amount).

3.Financial instruments at fair value through profit or loss: All the financial assets that are measured at amortized cost or fair value through the comprehensive income statement mentioned above must be measured at fair value through the consolidated income statement. The Bank may, irrevocably upon initial recognition, choose to classify and measure the financial assets that have met the conditions for measurement at fair value through the comprehensive income statement or at amortized cost as part of the financial assets at fair value through the consolidated income statement; if this would significantly minimize the potential lack of accounting consistency.

**Notes to Financial Statements for The Period Ended 30 September 2023**

B) IFRS 9 (Financial Instruments) application methodology: Inputs, mechanisms and assumptions used in calculating expected credit losses:

- Assessing the significant increase in credit risk:

An assessment is carried out to determine whether credit risks have increased significantly since the date of creating the financial instrument, where the default risk over the expected life of the financial instrument is, at the end of each fiscal period, compared to the default risk at the date of creating the financial instrument; using the key concepts of the Bank's risk management processes.

The significant increase in credit risk is separately assessed once every three months for each credit risk exposure, based on a number of factors. If any of these factors indicate a significant increase in credit risk, the instrument is reclassified from stage 1 to stage 2:

1. Limits for better measurement of significance in credit risk were set based on the changes in default risk of the financial instrument compared to the date of creating the same.
2. In addition, qualitative factors were used to assess the results of the change in classification stages or to make adjustments to reflect the significant increase.
3. IFRS 9 (Financial Instruments) provides for the assumption of a significant increase in credit risk of defaulting financial instruments that are more than (30) days overdue.

The change between stage 2 and stage 3 depends on whether the financial instruments re defaulting as at the end of the fiscal period. The method of determining default of financial instruments in accordance with IFRS 9 is similar to the method of determining the occurrence of a default in accordance with Regulation 4 for 2010 (Regulation on Facilitating the Implementation of Banking Law No. 94 for 2004), as defined below.

- Macroeconomic factors, expected future events and the use of several scenarios:

The expected credit losses provision represents credit losses that should reflect an amount of the provision that is unbiased and dependent on several scenarios with different weights, which in turn relies on estimating several potential results, time value, and the credibility of the information on the previous events and current situations, as well as future predictions for the economic situation, as historical information and the current situation, in addition to expected future events based on reliable information for each stage of measurement, were taken into consideration and future information were applied, which required the Bank management to make significant judgments.

The possibility of default, assumed default loss, impact upon default and inputs used in stage 1 and stage 2 for the credit facilities impairment provision are designed on the basis of changing economic factors (or changes in macroeconomic factors) that are directly associated with the credit risk related to the portfolio.

Each macroeconomic scenario used in calculating the expected credit loss was linked to the changing macroeconomic factors.

Our estimates that were used in calculating the expected credit losses of the financial instruments classified for stages 1 and 2 using discounted weighted scenarios include future macroeconomic information for the next five years based on the forecasts of approved international and national bodies.

The basic scenario relies on macroeconomic forecasts (such as GDP growth rate, inflation growth rate, unemployment rate ... etc.). Changes in economic factors will be prepared based on potential alternative economic situations and additional changes, at least annually, as may be necessary.

**Notes to Financial Statements for The Period Ended 30 September 2023**

Furthermore, probabilities are measured based on best judgment relating to historical probability and the current situation. Probable scenarios are assessed on a bi-annual basis, and all scenarios are applied to all the portfolios that are exposed to expected credit losses.

- Definition of Default:

The definition of default used in measuring expected credit losses and in assessing change between stages is consistent with the definition of default used in Regulation 4 for 2010 (Regulation on Facilitating the Implementation of Banking Law No. 94 for 2004). The Banks defines default once it verifies that a customer may not be able to meet their obligations in full or is 90 days or more in default of repaying an amount of a facility. Furthermore, the customer and all the accounts controlled thereby are treated as one unit in terms of default and the highest default and risk is assigned thereto.

The definition of default: is designed properly such that it reflects the various characteristics of various types of assets. Overdrafts are considered immediately payable once the customer exceeds a certain limit or is notified of a limit lower than the currently repaid amount.

When assessing whether it is improbable that the borrower will settle their credit obligation, the Bank takes qualitative indicators into account. The information assessed depend on the type of asset involved. In corporate loans, for example, the qualitative indicator is the breach of warranties, which is inappropriate for retail loans.

Quantitative indicators, such as delay in payment or failure to settle another obligation to the counterparty, are key inputs in this analysis. The Bank also uses various sources of information, whether internally developed or obtained from external sources, to assess default.

- Expected Life:

When measuring expected credit losses, the Bank takes into consideration the future cash flows that it considers to be exposed to impairment risk. In addition, it takes into consideration all the contractual obligations for the expected life. The expected life of certain revolving credit facilities without a specified repayment date is measured on the basis of the period during which the Bank is exposed to credit risks that management cannot avoid.



**Notes to Financial Statements for The Period Ended 30 September 2023**
**2-4 The Quantitative effect of applying IFRS9:**

It is generally expected that impairment loss will increase and fluctuate more with respect to financial assets pursuant to IFRS 9 the implementation of this standard on 30 September 2023 resulted in a provision for ECL details as follows:

Details (IQD Thousand)	Balance as of September 30,2023	Prov. ECL	remaining balance NON amortized as at September 30,2023	Total Prov. Expenses as of September 30,2023
balances with central banks	1.061.266.011	22.759.458	-	22.759.458
Balances with banks and financial institutions	313.803.145	2.162.134	-	2.162.134
Financial assets at fair value through the statement of other comprehensive income	3.151.858	-	-	-
Debt instruments as part of the financial assets at amortized cost portfolio	566.044.232	26.490.782	-	26.490.782
Direct credit facilities at amortized cost	40.428.518	40.428.518	-	40.428.518
Other assets	27.456.163	825.975	-	825.975
Indirect facilities	1.744.109	1.744.109	-	1.744.109
<b>Total</b>	<b>2.141.952.463</b>	<b>94.410.976</b>	<b>-</b>	<b>94.410.976</b>

Item (IQD Thousand)	Stage 1	Stage 2	Stage 3	Balance as September 30,2023
balances with central banks	1.001.869.617	45.406.081	13.990.313	1.091.266.011
Balances with banks and financial institutions	304.684.824	9.072.680	45.641	313.803.145
Debt instruments as part of the financial assets at amortized cost portfolio	539.553.450	-	26.490.782	566.044.232
Direct credit facilities at amortized cost	14.509.766	37.630.838	58.321.813	110.462.417
Other assets	22.447.648	-	5.008.515	27.456.163
Indirect facilities	59.768.637	-	-	59.768.637
<b>Total</b>	<b>1.942.833.942</b>	<b>92.109.599</b>	<b>103.857.064</b>	<b>2.138.800.605</b>

**The Expected credit loss was distributed in accordance with IFRS as follows:**

Item (IQD Thousand)	Stage 1	Stage 2	Stage 3	Balance as September 30,2023
balances with central banks	0	10.227.720	12.531.738	22.759.458
Balances with banks and financial institutions	20.560	2.095.933	245.641	2.162.134
Debt instruments as part of the financial assets at amortized cost portfolio	-	-	26.490.782	26.490.782
Direct credit facilities at amortized cost	47.033	1.315.829	39.065.656	40.428.518
Other assets	326	-	825.649	825.975
Indirect facilities	1.744.109	-	-	1.744.109
<b>Total</b>	<b>1.812.028</b>	<b>13.639.482</b>	<b>78.959.466</b>	<b>94.410.976</b>

Based on the Central Bank of Iraq letter No. 9/6/98 dated 3/3/2020 and its agreement to distribute the quantitative impact shortfall over (5 years).

**Notes to Financial Statements for The Period Ended 30 September 2023****2-5 IFRS (16) - Leases**

The International Accounting Standards Board issued International Financial Reporting Standard No. (16) "Leases" during January 2016, which defines the principles for recognition, measurement, presentation and disclosure of lease contracts.

According to these criteria, a lease is defined as a contract under which the right to control the use of an asset is granted for a period of time. This is in return for a specified amount of money called a rental fee. The right of control in this sense means that the lessee can utilize the asset in the manner it deems appropriate. It can also benefit economically from utilizing the asset. IFRS 16 requires the lessee to recognize, at the date of the lease agreement, the right to the asset. The lease date is the date the lessee controls the asset, whether by using or directing it. This date may differ from the lease commencement date which could be earlier. The asset (the right to use the asset) is measured at the beginning of the lease for all lease contracts with a duration of more than 12 months, unless the lease value is low and the lessee is required to recognize its right to use the asset, which is represented by the recognition of the leased asset and the resulting liability represented by lease payments and financing interest.

## Notes to Financial Statements for The Period Ended 30 September 2023

2 -6 New and revised IFRSs issued but not yet effective and not early adopted The Group did not apply the following new standards, amendments and interpretations which have been issued but are not yet effective

Effective for annual periods beginning on or after	New standards, amendments and interpretations
1 January 2023	IFRS 17 “Insurance contracts”: On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17 “Insurance Contracts”. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
	The standard applies to annual periods beginning on or after 1 January 2023, and early application is permitted if it coincides with the application of IFRS 15 “Revenue from Contracts with customers” and IFRS 9 “Financial Instruments”
	IFRS 17 requires a current measurement model as estimates are premeasured in each reporting period. The measurement is based on discounted weighted cash flow bases, an adjustment for risk, and contractual services margin that represents unearned contract profits. A simplified premium allocation method is permitted for liabilities over the remaining coverage period if this method allows for a measurement method that is not materially different from the general model or if the coverage period extends for a year or less. However, claims incurred should be measured by reliance on risk-weighted, risk-adjusted and discounted cash flow bases.
1 January 2024	On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
1 January 2025	On 15 August 2023, the IASB issued 'Lack of Exchangeability (Amendments to IAS 21)' to provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
1 January 2024	On 25 May 2023, the IASB issued 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
1 January 2023	On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024

## Notes to Financial Statements for The Period Ended 30 September 2023

**3. Cash and Balances with Central Banks** This item consists of the following:

	30 September 2023	31 Dec. 2022
	IQD (000)	IQD (000)
	Reviewed	Audited
Cash on Hand	409.057.745	178.715.907
Balances Central Banks*		
Current accounts and Demand Deposit	767.827.376	376.837.770
Statutory Cash Reserve **	292.960.545	183.646.872
Statutory cash Reserve of LG	478.090	345.922
Total balances at Central Banks	<b>1.061.266.011</b>	<b>560.830.564</b>
Total Cash & Central Banks	<b>1.470.323.756</b>	<b>739.546.471</b>
Less : Expected credit loss Provision	(22.759.458)	(16.692.422)
	<b>1.447.564.298</b>	<b>722.854.049</b>

. The following is the distribution of total balances with central banks according to the Bank's internal classification categories as at 30 September 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
Balance at the Beginning of the year	477.925.136	45.349.385	37.556.043	560.830.564
New Balance at the Period	524.078.288	-	-	524.078.288
Repaid/Derecognized Balance	-	-	(22.309.688)	(22.309.688)
Recovered from impairment loss				
Re-Classification to stage 1				
Re-Classification to stage 2				
Re-Classification to stage 3				
Changes related to adjustments				
Written – off Balances				
Adjustments resulting from exchange rate change	-	(77.111)	(1.256.042)	(1.333.153)
<b>Total</b>	<b>1.001.869.617</b>	<b>45.406.081</b>	<b>13.990.313</b>	<b>1.061.266.011</b>



## Notes to Financial Statements for The Period Ended 30 September 2023

Disclosure of the Distribution of total balances with central banks according to the internal credit rating of the Bank:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	1.001.869.617	-	-	1.001.869.617
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	45.406.081	-	45.406.081
8	-	-	13.990.313	13.990.313
9	-	-	-	-
10	-	-	-	-
<b>Total</b>	<b>1.001.869.617</b>	<b>45.406.081</b>	<b>13.990.313</b>	<b>1.061.266.011</b>

The following is the movement on balances with central banks during the years ended 30 September 2022:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	-	10.885.476	5.806.946	16.692.422
Adjusted after the application of IFRS 9	-	-	-	-
New ECLs	-	-	2.741.052	2.741.052
Repaid /Derecognized	-	(639.078)	4.001.269	3.362.191
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes related to adjustments	-	-	-	-
Written – off Balances	-	-	-	-
Adjustments resulting from exchange rate change	-	(18.678)	(17.529)	(36.207)
Balance at the end of the year		10.227.720	12.531.738	22.759.458

**Notes to Financial Statements for The Period Ended 30 September 2023**

\* The balances in the bank's ATMs as of September 30, 2023 amounted to IQD (11,503,624) thousand dinars and were presented under the cash item.

\*\* The bank has balances with the Central Bank of Iraq branches in each of Sulaymaniyah and Erbil, amounting to 18.037.805 thousand Iraqi dinars and 27,234,470 thousand Iraqi dinars, respectively, as of September 30, 2022 (September 30, 2022) (18.037.805 thousand Iraqi dinars and 27,234,470 thousand Iraqi dinars, respectively). Due to the prevailing political and economic conditions in Iraq, the use of these funds in banking operations is restricted.

\*\*\* It includes the cash reserve balance with the Central Bank of Iraq and Lebanon. The legal reserve ratio in each of the Republic of Lebanon and the Republic of Iraq for the demand current account is 15% and 25% and the deposit account is 10% and 15% for each of them, respectively., As well as the sums of the letters of guarantee insurances, which have started to be withheld as insurances, at a rate of 7% of the net value of the letters of guarantee, according to the instructions of the Central Bank of Iraq issued on May 29, 2017, and amounted to (345,922) thousand Iraqi dinars as on September 30, 2022 for the purpose of meeting the deficit in the claimed letters of guarantee. , The reserve ratio has been modified to become 3% of the value of the net letters of guarantee. This is according to instructions issued by the Central Bank of Iraq No. 2/9/510 on September 30, 2019.

\*\*\*\* Among the central bank balances, balances with the Central Bank of Lebanon (for all local and foreign currencies) amount to (12,287,313) thousand Iraqi dinars, fully covered by the allowance for expected credit losses, and the equivalent of (140,694,428) thousand Lebanese pounds. It was (37,556,043) Iraqi dinars in December 2022, which was equivalent to (38,777,900) Lebanese pounds, due to the economic conditions in the Lebanese Republic (cash withdrawals were restricted to it).

**Notes to Financial Statements for The Period Ended 30 September 2023**

#### 4– Balances at Banks and financial Institutions

This item consists of the following:

	30 September 2023	31 Dec. 2022
	IQD (000)	IQD (000)
	Reviewed	Audited
Local banks and financial institutions	11.272.003	11.363.174
Foreign Banks and Financial Institutions*	302.531.142	56.683.898
Deposits with Banks and financial Inst.	–	80.300.000
<b>Total</b>	<b>313.803.145</b>	<b>148.347.072</b>
Less : Expected credit loss Provision	(2.162.134)	(2.663.768)
	<b>311.641.011</b>	<b>145.683.304</b>

The following is the distribution of deposits at banks and financial institutions according to the Bank's internal classification categories as at 30 September 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
Balance at the Beginning of the year	137.280.545	10.668.078	398.450	148.347.073
New Balance During the year	165.898.881	-	-	165.898.881
Repaid /Derecognized Balance	-	(90.000)	(337.557)	(427.557)
Re-Classification to stage 1	1.505.398	(1.505.398)	-	-
Re-Classification to stage 2				
Re-Classification to stage 3				
Adjustments resulting from exchange rate change			(15.252)	(15.252)
Written – Off Balances				
Balance at the end of the year	304.684.824	9.072.680	45.641	313.803.145

## Notes to Financial Statements for The Period Ended 30 September 2023

Disclosure of the Distribution of total balances with Banks & financial Institutions according to the internal credit rating of the Bank:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	-	-	-	-
2	304.684.824	-	-	304.684.824
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	9.072.680	-	9.072.680
8	-	-	45.641	45.641
9	-	-	-	-
10	-	-	-	-
<b>Total</b>	<b>304.684.824</b>	<b>9.072.680</b>	<b>45.641</b>	<b>313.803.145</b>

The following is the distribution of deposits at banks and financial institutions according to the Bank's internal classification categories as at 30 September 2023

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	161.030	2.453.517	49.220	2.663.768
New Balances at the year	(136.181)	(350.474)	-	(486.655)
Repaid /Derecognized Balances	-	-	-	-
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes related to adjustments	(4.290)	-	4.290	-
Written – Off Balances	-	-	-	-
Adjustments resulting from exchange rate change	-	(7.110)	(7.869)	(14.979)
Balance at the end of the Period	20.560	2.095.933	45.641	2.162.134

**Notes to Financial Statements for The Period Ended 30 September 2023**

**5) Investments in Shares**

**A) Investments of Associates companies**

Name	Place	Bank's Ownership	30 September 2023	31 Dec. 2023
			IQD ( 000)	IQD (000)
Al Ameen Insurance Company	Iraq	49%	Reviewed	Audited
			<b>1.247.390</b>	<b>1.197.494</b>

\* The share valuation price for Al Ameen Insurance Company was IQD (0.500) per share as at September 30, 2023, and IQD (0.480) per share as at 30 Dec. 2022.

\*

**B) Financial Assets at Fair Value Through Other Comprehensive Income**

	30 September 2023	31 Dec. 2023
	IQD ( 000)	IQD ( 000)
	Reviewed	Audited
Shares listed in an active market	<b>1.113.978</b>	<b>1.299.168</b>
Shares Unlisted *	<b>790.491</b>	<b>1.078.998</b>
	<b>1.904.469</b>	<b>2.378.166</b>

Cash dividends on financial assets at fair value through the list amounted to (0.000) Iraqi dinars.

\*\* Consider the availability of appropriate data to develop an appropriate evaluation approach. With regard to investments for which appropriate data is not available, the bank evaluates them in an amount of (zero)).

**Notes to Financial Statements for The Period Ended 30 September 2023**

The following table illustrates the movement on the financial assets at fair value through the other comprehensive income:

	30 September 2023	31 Dec. 2023
	IQD ( 000)	IQD ( 000)
	Reviewed	Audited
Balance at 1 January	3.575.660	3.505.484
Additions	–	506.544
Disposals	–	–
	3.575.670	4.012.028
Change in fair value reserve	(423.801)	(436.368)
Balance at 30 September	3.151.858	3.575.660



Notes to Financial Statements for The Period Ended 30 September 2023

6) Financial Assets at Amortized Cost:

	30 September 2023	31 Dec. 2023
	IQD ( 000)	IQD ( 000)
Financial Assets Quoted in the Market:	Reviewed	Audited
Euro Bond & Government bonds - Iraq	170.861.292	173.397.372
Euro Bonds - Lebanese *	26.490.782	29.587.717
<b>Total Financial Assets Listed in the Market</b>	<b>197.352.074</b>	<b>202.985.089</b>
<b>Financial Assets Unlisted in the Market:</b>		
Government Bonds	300.000.000	300.000.000
CBI - Treasury bills	68.692.158	191.740.046
<b>Financial Assets at Amortized Cost</b>	<b>566.044.232</b>	<b>694.725.135</b>
Less : Expected credit loss Provision	(26.490.782)	(29.989.139)
<b>Net Financial Assets at Amortized Cost</b>	<b>539.553.450</b>	<b>664.735.966</b>

	30 Sep. 2023	31 Dec. 2023
	IQD ( 000)	IQD ( 000)
	Reviewed	Audited
Financial Assets with Fixed Interest Rate	566.044.232	694.725.135
Financial Assets with Floating Interest Rate	-	-
<b>Total</b>	<b>566.044.232</b>	<b>694.725.135</b>

The financial assets at amortized cost accrue as follows:

	Less than 1 month	1 – 3 months	3 – 6 months	6 months to 1 year	1-5 years	More than 5 years	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>2023</b>	<b>270.000.000</b>	-	50.000.000	-	219.553.450	26.490.782	<b>566.044.232</b>
<b>2022</b>	-	-	70.000.000	375.000.000	220.137.418	29.587.717	<b>694.725.135</b>

\*These are Eurobonds (in USD) issued by the Lebanese government. These bonds accrue between 2026 and 2027 with an interest rate of 6.6% and 6.75%. The Bank has been investing in these bonds since 2013.

\*\*In accordance with the provisions of the Central Bank of Iraq 9/2/536 on 9/21/2023, investments in financial instruments issued by the Central Bank of Iraq are excluded from the upper ceilings set by the bank, and are presented net after deducting revenues advance.

**Notes to Financial Statements for The Period Ended 30 September 2023**

The following is the disclosure of movement in the balance of debt instruments at fair value through other comprehensive income for the Period ended 30 September 2023:

Item (IQD)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
Balance at the Beginning of the year	665.137.418	-	29.587.717	694.725.135
New Balance During the year	128.317.500	-	-	128.317.500
Repaid/ derecognized Balance	(235.817.093)	-	(19.243)	(235.836.336)
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Adjustments resulting from exchange rate	(18.084.375)	-	(3.077.692)	(21.162.067)
Written – Off Balances	-	-	-	-
<b>Total</b>	<b>539.553.450</b>	<b>-</b>	<b>26.490.782</b>	<b>566.044.232</b>

The following is a disclosure of the distribution of total debt instruments at fair value through other comprehensive income according to the Bank's internal classification categories as at 30 September 2022;

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	539.553.450	-	-	539.553.450
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	-	-
9	-	-	26.490.782	26.490.782
10	-	-	-	-
<b>Total</b>	<b>539.553.450</b>	<b>-</b>	<b>26.490.782</b>	<b>566.044.232</b>

The following is the disclosure of movement in the balance of debt instruments at fair value through other comprehensive income for the years ended 31 September 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	302.115	-	29.687.024	29.989.139
Adjusted	-	-	-	-
New ECLs	-	-	341.399	341.399
Repaid / Derecognized Balances	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes Related to adjustments	(302.115)	-	(506.267)	(808.382)
Written – Off Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	(3.031.374)	(3.031.374)
Balance at the end of the year	-	-	26.490.782	26.490.782

## Notes to Financial Statements for The Period Ended 30 September 2023

### 7. Direct Credit Facilities

This item consists of the following:

	30 September 2023	31 Dec. 2023
	IQD ( 000)	IQD ( 000)
<b>Retail</b>	Reviewed	Audited
Loans*	22.473.266	21.064.540
Discounted Bills & Purchased Bills	-	-
Overdrafts	-	-
<b>Total Retail</b>	22.473.266	21.064.540
<b>Corporates:</b>		
Loans*	71.615.747	121.087.039
Discounted Bills & Purchased Bills	1.511.971	1.906.156
Overdrafts	14.861.433	3.316.515
<b>Total Corporates</b>	87.989.151	126.309.710
<b>Total Retail &amp; Corporates</b>	110.462.417	147.374.250
Less:		
Interest In Suspense (Note 7-B)	(7.263.834)	(15.168.162)
Expect Credit Losses Provision (Note 7B)	(40.428.518)	(42.709.681)
<b>Net Direct Credit Facilities</b>	62.770.065	89.496.407

\* The bank's individual facilities have been reclassified so that the facilities granted to individuals for commercial purposes or to merchants (individuals) are classified within corporate facilities so that the disclosure reflects the nature of the activity that corresponds to the granted facilities.

\*\* The loans granted appear net after deducting the interest received in advance, amounting to (608.123) thousand Iraqi dinars, as of September 30, 2023 (September 30, 2022: (542.607) thousand Iraqi dinars), which is the interest received in advance for loans in exchange for golden stocks and bills of exchange.

Non-performing credit facilities amounted to (58.321.813) thousand Iraqi dinars as of September 30, 2023, or 50% of the total balance of direct credit facilities, while (126.633.747) thousand Iraqi dinars, i.e. 86% in 2022.

- The non-working credit facilities, after deducting the outstanding interest, amounted to (51.057.979) thousand Iraqi dinars, i.e. (46%) of the credit facilities balance after deducting the interest, and it was (2022) the amount of (111.465.585) thousand Iraqi dinars, i.e. (76%) of the Credit facilities balance after deducting suspended interest.

- The total facilities of the Beirut branch amounted to the equivalent of (124.650) thousand Iraqi dinars, while the amount of (1.214.000) thousand Iraqi dinars in 2022.

## Notes to Financial Statements for The Period Ended 30 September 2023

### A) Interest in Suspense

The movement on the interest in suspense was as follows:

30 September. 2023	Retail	Corporate	Total
	IQD	IQD	IQD
	(000)	(000)	(000)
Balance at 1 January	3.399.790	11.768.372	15.168.162
Additions	1.799	13.569.161	13.570.960
Redemptions	(1.195.774)	(20.279.514)	(21.475.288)
Balance at 30 September	2.205.815	5.058.019	7.263.834

### B) Provision for Credit Losses

The following is the movement on the balance of direct credit facilities on gross basis during the Period ended 30 September s 2023

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	14.904.385	384.696	132.085.169	147.374.250
New Balances of the period	18.352.577	-	-	18.352.577
Repaid/Derecognized Balances	(18.747.196)	-	(33.755.953)	(52.503.149)
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	37.246.142	(37.246.142)	-
Changes Related to adjustments	-	-	-	-
Written – Off Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	(3.798.927)	(3.798.927)
	-	-	-	-
Balance at the end of the year	14.509.766	37.630.838	58.321.813	110.462.417

Total cumulative direct credit facilities by credit stages are distributed according to the Bank's internal creditratings as of September 30, 2023 as follows

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	14.509.766	-	-	14.509.766
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	37.630.838	-	37.630.838
8	-	-	43.889.297	43.889.297
9	-	-	8.343.973	8.343.973
10	-	-	6.088.543	6.088.543
Total	14.509.766	37.630.838	58.321.813	110.462.417

## Notes to Financial Statements for The Period Ended 30 September 2023

The provision for activity in the provision for impairment of expected credit loss on cumulative direct credit facilities as follows:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	827.058	1.484.437	41.624.274	43.935.769
Adjusted during period	(780.025)	(672.746)	(1.769.479)	(3.222.250)
New ECLs	-	-	-	-
Repaid /Derecognized Balances	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	504.138	(504.138)	-
Changes Related to adjustments	-	-	-	-
Written – Off Balances	-	-	-	-
Adjustments resulting from exchange rate	-	-	(285.001)	(285.001)
	-	-	-	-
Balance at the end of the Period	47.033	1.315.829	39.065.656	40.428.518

Corporates:

The following is the movement on the expected credit loss provisions of direct credit facilities on collective basis during the Period ended 30 September 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	8.515	-	126.296.603	126.305.118
New Balances at the Period	11.977.143	-	644.407	12.621.550
Repaid /Derecognized Balances	(13.960.036)	-	(33.178.554)	(47.138.590)
Re-Classification to stage 1	3.879.502	(3.879.502)	-	-
Re-Classification to stage 2	-	6.000.100	(6.000.100)	-
Re-Classification to stage 3	-	35.510.240	(35.510.240)	-
Changes related to adjustments	-	-	-	-
Written – Off Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	(3.798.927)	(3.798.927)
	-	-	-	-
Balance at the end of the Period	1.905.124	37.630.838	48.453.189	87.989.151

Total direct credit facilities in the large and medium enterprises portfolio by credit stages are distributed according to the Bank's internal credit ratings as of September. 30, 2023 as follows:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	7.420.793	-	-	7.420.793
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	35.351.236	-	35.351.236
8	-	-	24.682.171	24.682.171
9	-	-	16.440.796	16.440.796
10	-	-	6.135.008	6.135.008
<b>Total</b>	<b>7.420.792</b>	<b>35.351.236</b>	<b>47.257.975</b>	<b>90.030.004</b>

### (Retail)

The following is the movement on the expected credit loss provisions of direct credit facilities on collective basis during the year ended 30 September 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	14.895.870	384.696	5.788.566	21.069.132
New Balances at the period	6.375.434	-	393.259	6.768.693
Repaid /Derecognized Balances	(4.787.160)	-	(577.399)	(5.364.559)
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	(3.879.502)	3.879.502	-	-
Re-Classification to stage 2	-	(4.264.198)	4.264.198	-
Re-Classification to stage 3	-	-	-	-
Changes Related to adjustments	-	-	-	-
Written – Off Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	-	-
<b>Balance at the end of the Period</b>	<b>12.604.642</b>	<b>-</b>	<b>9.868.624</b>	<b>22.473.266</b>

Total direct credit facilities in the large and medium enterprises portfolio by credit stages are distributed according to the Bank's internal credit ratings as of September. 30, 2023 as follows:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	12.604.642	-	-	12.604.642
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	-	-
9	-	-	9.868.624	9.868.624
10	-	-	-	-
<b>Total</b>	<b>12.604.642</b>	<b>-</b>	<b>9.868.624</b>	<b>22.473.266</b>



8) Property and Equipment, Net\*

	Land	Building	Plant & Equipment	Computers & Furniture's**	Transportation	System	Decorations	Projects under Construction	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
2023 September 30									
Beginning of year	26.864.614	28.980.303	1.077.308	11.085.697	701.930	3.630.921	1.877.440	21.736.119	95.954.343
Disposal- Previous years	-	-	-	(13.746)	-	(1.786.702)	(772.209)	-	(2.572.657)
Additions	8.886.068	14.138.677	58.950	233.016	-	-	-	5.845.881	29.162.592
Disposals	(2.745.098)	(398.599)	-	(80.847)	(85.448)	-	-	-	(3.309.992)
Transfer from Projects	-	-	-	-	-	-	-	(23.083.695)	(23.083.695)
Differences in Foreign	-	-	-	(766.809)	(153.145)	(926.118)	(86.216)	-	(1.932.288)
Total –Cost at the end Period	33.005.584	42.720.381	1.136.268	10.457.311	463.337	918.101	1.019.015	4.498.305	94.218.302
Depreciation :									
Beginning of year	-	5.896.446	1.003.139	9.342.882	665.565	2.9145.180	1.549.908	-	21.403.120
Disposal- Previous years	-	(997)	(31)	(17.733)	(1.206)	(1.787.154)	(772.493)	-	(2.579.614)
Additions	-	678.979	41.672	490.717	2.514	102.854	155.630	-	1.472.366
Disposals	-	(149.475)	-	(80.845)	(85.448)	-	-	-	(315.768)
Reclassification									
Differences in Foreign	-	-	-	(747.253)	(119.496)	(960.780)	(58.304)	-	(1.885.833)
Total – Depreciation at the end Period	-	6.424.953	1.044.780	8.987.768	461.929	300.100	874.741	-	18.094.271
Net Book Value	33.005.584	36.295.428	91.488	1.469.543	1.408	618.001	144.274	4.498.305	76.124.031
Details of Projects Under Construction*	2.645.986	-	-	1.852.318	-	-	-	-	4.498.305

\*The land and The land buildings balance includes IQD (6,011,123) thousand, which is the value of the land and property of Beirut branch.

\*\* Balances of ATM & Computers were IQD (4.794.396) thousands of Furniture

\*\*\* As shown in disclosure 8/c, the additions to the items of land - buildings - equipment represent transfer from projects under implementation.

September 30,2022

	Land	Building	Plant & Equipment	Computers& Furniture's	Transportation	System	Decorations	Projects under Construction	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Beginning of year	26.864.614	26.165.908	1.140.007	10.884.461	951.481	3.176.661	1.802.369	9.927.216	80.912.717
Disposal- Previous years	-	-	-	-	-	-	-	-	-
Additions	-	-	-	33.538	-	56.550	-	937.182	1.027.270
Disposals	-	-	-	-	-	-	-	(56.550)	(56.550)
Transfer from Projects Differences in Foreign									
Total –Cost at the end Period	26.864.614	26.165.908	1.140.007	10.917.999	951.481	3.233.211	1.802.369	10.807.848	81.883.437
Depreciation :									
Beginning of year	-	5.122.774	1.090.204	8.715.429	888.373	2.811.775	1.399.001	-	20.027.556
Disposal- Previous years	-	-	-	-	-	-	-	-	-
Additions	-	194.070	615	182.715	6.686	28.011	40.750	-	452.847
Disposals	-	-	-	-	-	-	-	-	-
Reclassification Differences in Foreign									
Total – Depreciation at the end Period	-	5.316.844	1.090.819	8.898.144	895.059	2.839.786	1.439.751	-	20.480.403
Net Book Value	26.864.614	20.849.064	49.188	2.019.855	56.422	393.425	362.618	10.807.847	61.403.034
Details of Projects Under Construction*	-	10.595.255	-	-	-	212.593	-	-	10.807.848

**Notes to Financial Statements for The Period Ended 30 September 2023**
**8/B Investment spending - payments for fixed assets purchase**

Items	Beginning of year	Additions	Transfer / Reclassification	End of Period
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Mosul Branch	36.600	130	-	36.730
Kirkuk Branch	22.252	-	-	22.252
Head Office*	20.581.379	2.735.944	22.989.208	2.645.986
HO-Parking	-	2.645.986	-	2.645.986
IFRS9-System	-	26.200	-	26.200
Computer –HO	-	426.545	-	426.545
Adhmiah branch	94.487	-	94.487	-
Basrah branch	603.049	-	-	603.049
Najaf Branch	259.447	-	-	259.447
Al-Sulmanih branch	138.905	-	-	138.905
National Branch	-	11.075	-	11.075
<b>Total</b>	<b>21.736.119</b>	<b>5.845.880</b>	<b>23.083.695</b>	<b>4.498.304</b>

It includes the cost of purchasing the two Al-Nidal buildings (land and the cost of the building), and the purchase was made pursuant to the approval of the Central Bank of Iraq 9/2/25434 on 11/7/2020. In September of 2023, the building was completed, and the HO and main branch were completely relocated to Al-Nidal Street - Karada. The balance was transferred to fixed assets under the land item (8,886,069) thousand dinars and buildings (14,138,677) thousand dinars, while the remaining works were transferred to other items.

**8/C Intangible Assets September 30,** This item consists of computer software's and Decoration which are amortized at an annual rate ranging 20%, the details are as follows

	30 September ,2023	31 Dec,2022
	IQD (000)	IQD (000)
Balance at the Beginning of Year	1.013.274	764.718
Additions during for Period	-	531.100
Amortization for Period	(258.484)	(282.544)
Foreign currencies differences	7.485	-
<b>Balance at the End of the year</b>	<b>762.275</b>	<b>1.013.274</b>

Intangible assets include fully amortized items worth (109,417) thousand Iraqi dinars as of September 30, 2023, compared to (742,429) thousand Iraqi dinars as of December 31, 2022.

- Decorations include works that are not considered additions and improvements to buildings

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Balance at the end of the year:

	<u>30 September2023</u>	<u>31 Dec 2022</u>
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Audited</b>
Balance at Jan 1	2.104.736	-
Additions	485.697	2.495.427
Disposals	(509.012)	(390.691)
Balance at September 30	<u>2.081.421</u>	<u>2.104.736</u>

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Balance at the end of the year:

	<u>30 September2023</u>	<u>31 Dec2022</u>
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Audited</b>
Balance at Jan 1	2.146.146	-
Additions	485.697	2.504.121
Payment	(566.249)	(419.225)
Interest Financial	80.295	61.249
Balance at September 30	<u>2.145.889</u>	<u>2.146.146</u>

## 10. Other Assets

This item consists of the following:

	30 Sep.2023	31 Dec 2022
	IQD ( 000)	IQD(000)
	<b>Reviewed</b>	<b>Audited</b>
Legal Fees	405.976	477.132
Margins with others	241.641	3.289.944
Clearing	5.104.284	-
Prepaid Expenses	5.111.842	4.125.064
Accrued Income and Interest	14.752.878	9.404.999
Governmental Accounts Receivable	486.475	2.339.016
Dawn payments for Investment Purposes	-	-
Other Accounts and Balances Receivable	1.111.441	2.630.329
Stolen Cash and other Amounts***	37.242.029	38.545.894
Provisions for Stolen Cash and Accounts Receivable (9A & 9B)	(37.246.824)	(38.364.994)
Total other Assets	27.456.164	22.447.384
Less: Expected credit Loss Provision	(825.975)	(1.249.182)
Net other Assets	<b>26.630.189</b>	<b>21.198.202</b>

### 9A) Analysis of the Provisions for Stolen Cash and Accounts Receivable:

	30 Sep. 2023	31 Dec 2022
	IQD ( 000 )	IQD (000)
	<b>Reviewed</b>	<b>Audited</b>
Provisions for Stolen Cash and Check	<b>37.246.824</b>	<b>38.364.994</b>
Total Provision for Stolen Cash and other Amounts	<b>37.246.824</b>	<b>38.364.994</b>

### 9B) The movement on the provisions for stolen cash and accounts receivable was as follows:

	30 September 2023	31 Dec 2022
	IQD (000 )	IQD (000 )
	<b>Audited</b>	<b>Audited</b>
Balance at 1 January	38.364.994	38.971.873
Additions	-	10.000
Recovered Stolen Amounts	(1.118.170)	(616.879)
Balance at 30 September .	<b>37.246.824</b>	<b>38.364.994</b>

The following is the movement on the expected credit loss provisions of direct Other Assets on collective basis during the year ended 30 September 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the Year	21.186.077	-	1.261.307	22.447.384
New Balances of the period	5.637.887	-	3.876.794	9.514.681
Repaid/Derecognized Balances	(4.376.316)	-	-	(4.376.316)
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes Related to adjustments	-	-	-	-
Written – Off Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	(129.586)	(129.586)
Decrease in expected credit loss provision	-	-	-	-
<b>Total Balance at the end of Period</b>	<b>22.447.648</b>	<b>-</b>	<b>5.008.515</b>	<b>27.456.163</b>

Disclosure of the Distribution of total balances with Other Assets according to the internal credit rating;

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	22.447.648	-	-	22.447.648
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	5.008.515	5.008.515
9	-	-	-	-
10	-	-	-	-
<b>Total</b>	<b>22.447.648</b>	<b>-</b>	<b>5.008.515</b>	<b>27.456.163</b>



Notes to Financial Statements for The Period Ended 30 September 2023

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the Year	326	-	1.248.856	1.249.182
New ECLs	-	-	-	-
Repaid / Derecognized Balances	-	-	-	-
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes Related to adjustments	-	-	-	-
Bad Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	(423.207)	(423.207)
Decrease in expected credit loss provision	-	-	-	-
<b>Total Balance at the End of period</b>	<b>326</b>	<b>-</b>	<b>825.649</b>	<b>825.975</b>

\*\*\* During the past years, as a result of operational risks and conditions of instability, the bank was exposed to a number of thefts, with a total value equivalent to (38,360,199) thousand Iraqi dinars, as the bank's management took a decision to cover these thefts with provisions amounting to 100% of the total thefts. These thefts were recorded as receivables, and the collection procedures are being followed up according to legal methods. The last of these amounts was the theft of a safe and a cashier in the Qurna branch in Basra during the year 2018. The table below shows the most important of these thefts: -

Year	Branch	30 Sep.2023 IQD (Thousand) <b>Reviewed</b>	31 Dec.2022 IQD (Thousand) <b>Audited</b>
2018	Al Qurnah Branch Robbery	507.324	622.306
2015	Irbil Branch Robbery	33.249.718	34.256.968
2014	Mosul Branch Robbery	974,777	974,777
2011	Al-Sanak Branch Robbery	1.167.125	1.195.455
2003 – 2017	Robberies, Fund Shortage, Altered Checks	1.347.880	1.300.693
	<b>Total</b>	<b>37.246.824</b>	<b>38.360.199</b>

**Notes to Financial Statements for The Period Ended 30 September 2023**

**11. Due to Banks and Other Financial Institutions**

	30 September 2023	31 Dec. 2022
	IQD (000)	IQD (000)
	Reviewed	Audited
Current and Demand Accounts	835.402	857.122
Savings Accounts		
Time Deposits		
<b>Total</b>	<b>835.402</b>	<b>857.122</b>

The balance of IQD (978.295) thousand IQD as at 30 September 2023, IQD (863,909) thousand IQD as at 30 Dec 2022)

**12. Customers' Deposits**

This Item consists of the following:

<b>2023</b>	Retail	Corporate	Total
	IQD	IQD	IQD
	(000)	(000)	(000)
Current and Demand Accounts	188.465.301	1.330.865.701	<b>1.519.331.002</b>
Savings Accounts	302.580.875	26.576.716	<b>329.157.591</b>
Time Deposits	16.340.386	50.514.995	<b>66.855.381</b>
	<b>507.386.562</b>	<b>1.407.957.412</b>	<b>1.915.343.974</b>
<b>2022</b>			
	Retail	Corporate	Total
	IQD	IQD	IQD
	(000)	(000)	(000)
Current and Demand Accounts	213.966.560	606.236.238	<b>820.202.798</b>
Savings Accounts	347.356.540	26.576.716	<b>373.933.256</b>
Time Deposits	16.364.818	98.792.086	<b>115.156.904</b>
	<b>577.687.918</b>	<b>730.605.040</b>	<b>1.309.292.958</b>

It includes amounts received from the bank's customers for the purpose of entering the remittance platform, and it amounted to (169.821.598) one thousand dinars, as on September 2023, compared to an amount (zero) as on December 31, 2022.

\*The value of non-interest-bearing deposits amounted to (998.406.330) thousand Iraqi dinars, i.e. (70%) of the total deposits and current and demand accounts as of September 30, 2023, compared to an amount of (820.202.799 thousand dinars) and a rate of (63%) as in Dec 30, 2022).

\*\* deposits restricted amounted IQD (13.659) thousand Iraqi dinars, or (0.001%) of the total deposits as of September 30, 2023, and IQD (553.498) thousand Iraqi dinars, or (0.018%) of the total deposits. On Dec 31, 2022

**Notes to Financial Statements for The Period Ended 30 September 2023**

**13. Cash Margins**

This Item consists of the following:

	30 September 2023	31 Dec 2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Audited</b>
Cash Margin against Indirect credit Facilities	4.347.320	73.983
Cash Margins Against Letters of Credit	12.456.071	15.120.524
Cash Margins Against Letters of Guarantee	1.566.071	-
Other Cash Margins		
	<b>18.369.462</b>	<b>15.194.507</b>

**14. Income Tax**

**A) Income Tax Provision**

The movement on the income tax provision was as follows:

	30 September 2023	31 Dec 2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Audited</b>
Balance at 1 January	10.635.320	7.168.178
Income Tax Paid During the Period	-	(7.168.178)
Accrued Income Tax	17.392.269	10.635.320
Balance at 30 September	<b>28.027.589</b>	<b>10.635.320</b>

**Notes to Financial Statements for The Period Ended 30 September 2023**

**B) Income Tax**

The following is a summary of the reconciliation between accounting profit and taxable profit:

	30 Sep. 2023	31 Dec2022
	IQD(000)	IQD (000)
	<b>Reviewed</b>	<b>Audited</b>
Pretax Accounting Profit (Loss)	122.130.997	61.668.179
Non-taxable Revenue	(10.866.723)	(10.510.758)
Non-deductible Expenses	4.684.186	19.744.711
Taxable Profit	<b>115.948.460</b>	<b>70.902.132</b>
Accrued Income Tax Rate in Iraqi (15%)	17.392.269	10.635.320
Accrued Income Tax Rate in Lebanese ( 17%)	-	-
	<b>17.392.269</b>	<b>10.635.320</b>

**c) Income Tax**

The following is a summary of the reconciliation between accounting profit and taxable profit:

	30 September 2023
	IQD(000)
Accounting profit (Loss)	<b>122.130.997</b>
<b>Non-deductible Expenses</b>	
Fines and Compensations	-
Miscellaneous Provisions	1.574.113
Income Tax(previous year)	34.106
Settlements Employee Income Tax previous years	-
Provision for Credit Facilities	3.075.967
<b>Total of Non-deductible Expenses</b>	<b>4.684.186</b>
<b>Non-taxable Revenue</b>	
Rent Income (Subject to Real Estate Tax)	(207.519)
Non-taxable Investment Income (Profits from Companies and Bonds)	-
Interest of Iraqi Government's Bonds (Eurobond)	(10.652.849)
Recoverable Income from Previous Years	(6.355)
Non-taxable Profits	<b>(10.866.723)</b>
Taxable Profit	115.948.460
<b>Accrued Income Tax Payable by the Bank</b>	<b>17.392.269</b>
Less or Add : Income Tax Accrued and Paid for Foreign Branches	-
<b>Accrued Income Tax</b>	<b>17.392.269</b>

\*\* The amount of the tax was calculated according to the Iraqi tax law and at the rate of 15% of the tax profit after deducting the expenses rejected from tax and the revenues that are not subject to taxes, with regard to the bank branch in the Lebanese Republic. Only in the event that the branch achieves profits, the tax is approved according to the tax law in the Lebanese Republic and is deducted from the tax due. According to the opinion of the management and the bank's tax advisor, it is sufficient to meet the tax liabilities as of that date.

\*\* The tax accounting for the fiscal year 2022 was completed, and the due tax was paid according to the receipt (204489 H) on 6/2/2022

\*\*\* The tax calculation for the fiscal year 2022 was completed for the bank's branch in the Lebanese Republic, and the tax was paid according to the receipt numbered (R) on 8/25/2022. As for the 2022 tax, the provision was not calculated because the tax authority in Lebanon recognized the expected credit losses on Financial instruments as a fully taxable expense.

\*\*\*\* Pursuant to the law under which the bonds were issued and in which their interests were exempted from all taxes and fees due on them during the fiscal year in which they were realized.

Notes to Financial Statements for The Period Ended 30 September 2023

15. Other Provisions

	30 September 2023	31 Dec 2022
	IQD (000)	IQD (000)
	Reviewed	Audited
Indirect credit facilities Provision	1.744.109	1.442.193
Foreign Currencies auction allocations provision	755.850	1.997.887
End-of-service Indemnity Provisions	2.389.145	1.901.123
Provisions for lawsuits	27.962	27,962
Miscellaneous Provisions	72.020	80,300
	<b>4.989.116</b>	<b>5.449.465</b>

A) Miscellaneous Provisions

This movement on the miscellaneous provisions is as follows:

	30 September 2023	31 Dec 2022
	IQD (000)	IQD (000)
	Reviewed	Audited
Balance at 1 January	5.449.465	6.583.550
Additions*	2.124.747	730.988
Transferred from the Provision	(2.237.392)	(1.865.073)
Reclassified from Other Liabilities	–	–
Foreign currencies differences	(347.704)	–
Balance at 30 September	<b>4.989.116</b>	<b>5.449.465</b>

\* During 2018, pursuant to the Central Bank of Iraq letter No. 9/2/21230 dated 13/9/2018, a fine of IQD (10.670.877.951) was imposed on the Bank for the year 2012 regarding amounts with which the Bank entered the currency sale and purchase Action during 2012, paid monthly IQD (125 ,900) thousand.



**Notes to Financial Statements for The Period Ended 30 September 2023**

**16. Long-Term Loans**

This item consists of the following:

	30 September 2023	31 Dec 2022
	IQD (000)	IQD (000)
	Reviewed	Audited
Banque du Liban Loan	23.792	579.381
	<b>23.792</b>	<b>579.381</b>

\*Based on the terms of the BDL signed with the Bank of Baghdad, about Credit and Borrower Clint's

**Notes to Financial Statements for The Period Ended 30 September 2023**

**17. Other Liabilities**

This item consists of the following:

	30 Sep.2023	31 Dec.2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Audited</b>
Certified Checks	8.993.925	7.378.303
Balances Compensations of Deceased	5.388.789	5.803.406
Dividends Payable	2.769.223	3.527.943
Cash Margins to Others	4.819.776	5.507.690
Balances realistic to Insurance Bureau*	1.653.000	1.683.000
ATM Services Payables	31.690.075	1.842.166
Accrued Expenses	581.779	471.834
Customer Outward Transfers Balances	–	535.357
Accounts Payables	367.822	588.509
Amount Received for Companies Registration	3.464.863	609.398
Accrued Stamps Fees	38.406	49.093
Accrued Interest	5.430.973	429.883
Other**	883.599	1.991.830
	<b>66.088.332</b>	<b>30.418.413</b>

\*According to Central Bank of Iraq Letter No. 9/3/321 on 8/23/2022, to allocate an account for the amounts reserved for the Insurance Bureau, which belong to insurance companies

\*\* - The balance represents deductions from Employees for others' accounts (tax and guarantee) and other credit accounts (tenants' receivables).

**18. A) Paid – Up Capital**

The authorized capital of the Bank is IQD 250.000 million as of December 31, 2022 and 2021. - The authorized capital of the Bank is IQD 250.000 million by year end, divided into 250.000 million shares at a par value of IQD 1 each

**B). Reserves - Statutory Reserve**

In accordance with the Iraqi Companies Law, a (minimum) of 5% of the annual income after tax is to be deducted as a statutory reserve. The accumulated amounts of this account may not exceed 50% of the Bank's capital. Furthermore, it is not allowed to distribute the statutory (obligatory) reserve or any resulting proceeds from the same to shareholders. It is allowed however to continue deducting with the approval of the General Assembly of the Bank, provided that the statutory reserve does not exceed 100% of the Bank's capital. In Beirut branch, 10% of net profit after tax is deducted as statutory reserve.

**- Voluntary Reserves**

These include other miscellaneous reserves approved by the General Assembly, whether for purposes related to banking risks or other purposes; such as the expansion reserve.

Notes to Financial Statements for The Period Ended 30 September 2023

**19. Interest Income**

This item consists of the following:

	The Period Ended 30 September	
	2023	2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Reviewed</b>
<b>Consumer Facilities (Retail)</b>	<b>1.554.513</b>	<b>3.131.115</b>
Loans and Bills	1.548.308	3.123.358
Current Accounts Receivable	6.205	7.757
<b>Corporate Facilities</b>	<b>1.068.620</b>	<b>1.371.090</b>
Loans and Bills	956.545	1.364.278
Current Accounts Receivable	112.075	6.812
<b>Financial Assets at Amortized Cost*</b>	<b>2.962.746</b>	<b>2.143.743</b>
<b>Balances and Deposits with Banks and Financial Institutions</b>	<b>31.571.468</b>	<b>24.713.516</b>
	<b>37.157.347</b>	<b>31.359.464</b>

**A) Financial Assets at Amortized Cost\***

This item consists of the following:

	The Period Ended 30 September	
	2023	2022
	IQD(000)	IQD (000)
	<b>Reviewed</b>	<b>Reviewed</b>
<b>Government and Government-guaranteed Bonds</b>	<b>10.368.048</b>	<b>10.277.859</b>
Government Bonds - Iraq	10.368.048	10.277.859
Government Bonds - Lebanon	-	-
Government-guaranteed and Treasury bonds	7.679.447	582.917
Belding Bonds – Iraq Finance Ministry	<b>13.523.973</b>	<b>13.852.740</b>
	<b>31.571.468</b>	<b>24.713.516</b>

## 20. Interest Expenses

The details of this item are as follows:

	The Period Ended 30 September	
	2023	2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Reviewed</b>
Savings Accounts	4.854.484	4.908.597
Time Deposit Accounts	2.351.019	1.974.619
Funding Interest	134	73.458
Deposits guarantees fees	409.021	–
LL Interest	80.295	–
	<b>7.694.953</b>	<b>6.833.216</b>

## 21. Net Commission Income

The details of this item are as follows:

	The Period Ended 30 September	
	2023	2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Reviewed</b>
Bank Transfers' Commissions*	77.009.223	31.536.413
Direct Credit Facilities Commissions	579.976	116.107
Indirect Credit Facilities Commissions	955.863	1.157.181
Customer Accounts Management Commission	4.865.251	5.009.844
Electronic Commission	3.405.430	1.318.372
Other Commissions	1.126.072	2.297.067
<b>Total Commissions and Fees</b>	<b>87.941.815</b>	<b>41.434.984</b>
Commissions Expenses	(5.466.932)	(1.854.489)
<b>Net Commissions and Fees</b>	<b>82.474.883</b>	<b>39.580.495</b>

\* The Bank's income from accessing the currency purchase of the Central Bank of Iraq was IQD (zero).

## 22. Net Foreign Currency Profits

	The Period Ended 30 September	
	2023	2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Reviewed</b>
Profits from Purchase/Sale of Currency	31.936.313	12.669.631
Profits from Valuation	237.767	(49.258)
	<u>32.174.080</u>	<u>12.620.373</u>

## Notes to Financial Statements for The Period Ended 30 September 2023

### 23. Investment Income

	The Period Ended 30 September	
	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
Cash Dividends from Financial Assets at Fair Value		
Through Comprehensive Income	-	-
<b>Total Income from Investment</b>	<u>-</u>	<u>-</u>

### 24. Other Income

	The Period Ended 30 September	
	2023	2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Reviewed</b>
Income Recoverable from Previous Years	6.355	138.637
estate rental income	207.519	189.950
Property and Equipment*		-
Revenue from telephone, post and swift	-	72.973.
Other Revenue	5.678	19.198
Gain Compensations Equipment and Property	3.741.481	-
Losses Capitalization	(653.572)	(232.562)
<b>Total</b>	<u>135.732</u>	<u>188.196</u>

\*estate rental income

	2023	2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Reviewed</b>
Al-Mansour	81.519	90.000
Al-Ameen	6.000	4.500
Dohok	120.000	95.450
<b>Total</b>	<b>207.519</b>	<b>189.950</b>

## Notes to Financial Statements for The Period Ended 30 September 2023

### 25. Employees' Expenses

This item consists of the following:

The Period Ended 30 September

	2023	2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Reviewed</b>
Employees' Salaries and Benefits	10.118.370	6.872.010
Employees' Bonuses	-	3.352.757
Bank's Contribution to Social Security	700.394	695.484
Employee Income Tax	2.631	1.572
Employee Insurance	82	5.811
Employee Training	-	92
	<b>10.821.477</b>	<b>10.927.726</b>

Notes to Financial Statements for The Period Ended 30 September 2023

26. Other operating Expenses

The Period Ended 30 September

	2023	2022
	IQD (000)	IQD (000)
	Reviewed	Reviewed
Fines and Compensations	31.475	17.340
Rents and Services	148.395	598.523
Professional and Consulting Services	264.601	181.349
Maintenance	1.719.342	1.199.620
Advertising	5.398	1.857
Communications and Internet	173.219	367.376
Other services	3.110	100
Government Fees and Expenses	1.928.776	1.477.357
Fuel and Oil Expense	217.169	201.047
Transportation	916.718	226.123
Subscriptions, Licenses and Fees	817.732	537.007
Stationery	404.161	324.649
Legal Services	213.371	136.883
Water and Electricity	119.330	78363
Donations	54.000	298.000
Supplies and Services	1.490.430	1.743.236
Hospitality	9.709	8.190
Audit fees	108.198	105.945
Insurance	517.603	504.017
Travel Expense	454.353	617.435
Other	49.433	64.025
	<b>9.646.523</b>	<b>8.688.442</b>



**Notes to Financial Statements for The Period Ended 30 September 2023**

**27. Financial Assets Expected Credit Losses Expenses**  
The details of this item consist of the following:

The Period Ended 30 September

	2023	2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Reviewed</b>
Central banks and Balances on financial institutions	2.741.052	2.663.704
Other Banks	–	3.773.912
Direct facilities at amortized cost		6.874.809
Financial assets at amortized cost	334.915	–
Off-Balance sheet items	–	–
Other assets	–	101.306
<b>Total</b>	<b>3.057.967</b>	<b>13.413.731</b>

**28.Earnings per Share**

The basic and diluted earnings per share for the year was calculated by dividing the net profit for the year by the weighted average number of outstanding shares:

The Period Ended 30 September

	2023	2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Reviewed</b>
Net Profit for the Period	102.927.091	34.806.782
the number of Shares	250,000,000	250,000,000
	Dinar. Fills	Dinar. Fills
Basic Earnings per Share from the Period Profit	<b>0.412</b>	<b>0.139</b>

**Notes to Financial Statements for The Period Ended 30 September 2023**

## 29. Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents consist of the following:

	The Period Ended 30 September	
	2023	2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Reviewed</b>
Cash and balances with Central Banks maturing within 3 months	1.175.311.388	630.997.910
Add: Balances with banks and other financial institutions maturing within 3 months	313.803.144	139.059.503
Less: Banks and financial institutions' deposits maturing within 3 months	(835.402)	(846.618)
	<b>1.488.279.130</b>	<b>769.210.795</b>

**Notes to Financial Statements for The Period Ended 30 September 2023**

**30. Transactions with related parties**

The Bank considers the major shareholders, higher management, and companies that have significant share of ownership as related parties. During the year, transactions were conducted with these parties represented by deposits, granted credit facilities, cash margins, accounts receivable and other liabilities as follows:

	Subsidiaries	Directors	Executive	Others	2023	2022
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
On Balance sheet						
Assets :						
Net Credit Facilities	-	-	-	-	-	-
Due From Banks and other Financial	5.669.180	-	-	-	-	5.669.180
Bank's Deposits	584.401	-	-	-	-	584.401
Customers' Deposits	10.832.784	5.596.203	-	-	-	16.428.987
Cash Margins	-	-	-	-	-	-
Other Liabilities						
Off Balance sheet						
Letters of Guarantee	29.308.790	-	-	-	-	29.308.790
					The Period Ended 30 September	
					2023	2022
<b>Income Statement</b>						
Interest & Commission Income	157.351	1.300	-	-	158.651	1.329.937
Interest & Commission Expenses	(423)	(92.007)	-	-	(92.430)	1.329.937
Other Income	-	(4.500)	-	-	(4.500)	4.500
Operating Expenses	(721.134)	(517.799)	-	-	(1.238.932)	(1.282.091)
Employee Salary	-	-	(1.360.501)	-	(1.360.502)	(1.293.685)

\* Fixed and other assets represent all the contracts signed with related parties, the impact of which is apparent in the balance sheet, although some of these contracts were signed before 2018.

\*\* Other related parties represent all the transactions with subsidiary banks of Burgan Bank Group, in addition to banks owned by subsidiaries of KIPCO - Kuwait Projects Company Holding which owns Burgan Bank.

**Notes to Financial Statements for The Period Ended 30 September 2023**

**30. Fair Value of Financial instruments:**

The Bank uses the following order of valuation methods and alternatives in determining and presenting the fair value of the financial instruments:

- **Level 1:** Market prices quoted in active markets for identical assets and liabilities.
- **Level 2:** Other techniques, where all inputs with significant impact on fair value are observable, directly and indirectly, through market information.
- **Level 3:** Other techniques, where inputs with significant impact on fair value are used, but not derived from observable market information IRRBB & Stress Tests

The following table illustrates the analysis of financial instruments recorded at fair value according to the abovementioned hierarchical order:

	Level 1	Level 2	Level 3	Total
	IQD (000 )	IQD (000 )	IQD (000 )	IQD (000 )
2023				
Investments in Associates	1.247.390	-	-	1.247.390
Financial Assets at Fair Value Comprehensive Income	1.113.978	-	790.491	1.904.469
2022				
Investments in Associates	1.197.494	-	-	1.197.494
Financial Assets at Fair Value Comprehensive Income	1.299.168	-	1.078.998	2.378.166

**32. Fair value of financial assets and liabilities that are not presented at fair value in the financial statements.**

There is no material difference between the fair value and the book value of the financial assets and liabilities that appear at book value at the end of period 2023 and 2022.

## Notes to Financial Statements for The Period Ended 30 September 2023

### 33.Capital Management

The Bank manages its capital structure and makes the necessary amendments to it in light of changes in business conditions. The Bank did not make any amendments to the objectives, policies and procedures relating to the capital structure during the current and previous years.

The Bank manages its capital on a fixed basis to cover the risks associated with its activities. This process includes measuring capital adequacy in accordance with the ratios set by the Central Bank of Iraq.

The main purpose of managing the Bank's capital is to ensure compliance with the capital adequacy regulations and, consequently protect shareholders' interests in Bank's assets and support the operations of the various sectors of the Bank.

During Sep. 2022, there were no changes in the Bank's policies, regulations and capital management methods.

#### Capital Adequacy

	2023	2022
	IQD (000)	IQD (000)
<b><u>Tier 1 Capital</u></b>		
Paid-up Capital	250,000,000	250,000,000
Disclosed Reserves Adequacy	22.963.372	15.404.187
Retained Profits (Losses)	30.411.697	17.190.627
Profits before approval	49.927.933	48.779.149
Profits of Period	102.927.091	
Net OCI (Accumulated)	(17.390.970)	(37.307)
Investments in Banks and Financial Institutions	(977.442)	(942.052)
Intangible Assets (Programs and Systems)	(762.275)	(507.356)
Provision for end of severance pay	(2.384.292)	-
Miscellaneous Provisions	-	(40.564.387)
<b>Total Tier 1 Capital</b>	<b>434.715.114</b>	<b>289.322.861</b>
<b><u>Tier 2 Capital</u></b>		
Balances provisions on instruments insert stage1 1.25% from total RWA	3.120.511	3.005.178
<b>Total Tier 2 Capital</b>	<b>3.120.511</b>	<b>3.005.178</b>
<b>Total Tier 1 and Tier 2 Capital</b>	<b>437.835.625</b>	<b>292.0328.039</b>
<b>Total Credit risk</b>	<b>249.640.892</b>	<b>338.299.180</b>
<b>Total Market Risks</b>	<b>122.196.532</b>	<b>142.177.303</b>
<b>Total Operating Risks</b>	<b>159.696.274</b>	<b>114.657.972</b>
<b>Total</b>	<b>531.533.698</b>	<b>595.134.455</b>
<b>Capital Adequacy %</b>	<b>82.37%</b>	<b>49.11%</b>
	<b>12.5%</b>	<b>12.5%</b>

**Notes to Financial Statements for The Period Ended 30 September 2023**

**34. Contingent Liabilities and Commitments Credit**

Liabilities and Commitments

Sep. 30 , 2023	0- 1Y	1Y – 5 Y	MORE 5Y	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
LG	47.131.259	4.456.030	-	51.587.289
LC	8.181.348	-	-	8.181.348
Total	55.312.607	4.456.030	-	59.768.637

Dec.31, 2022	0 – 1Y	1Y – 5 Y	More 5Y	Total
	IQD (000)	IQD (000)	IQD (000)	IQD(000)
LG	42.663.047	3.201.584	-	45.864.631
LC	73.983	-	-	73.983
Total	42.737.030	3.201.584	-	45.938.614

**35. Cases brought against the bank**

By September 30, 2023, there were ( 9 ) lawsuits filed against the bank, while ( 6 ) lawsuits filed in its favor, according to management's assessment and the legal department's opinion. Due to the fact that all lawsuits are followed up by the legal department, it is not necessary to reserve any allocations for these lawsuits. Note that the number of plaintiffs as of December 31, 2022 was (5) a lawsuit against the bank, matched by (6) a lawsuit in favor of the bank, from which (5) a lawsuit was deducted. Note that the balance of the provision for filing lawsuits amounts to (27,962,000) Dinars, as it appears in Note No. (15).

**36.Credit granted to related parties.**

There are no credit facilities granted to related parties as of September 30, 2023.

**37. Comparative Figures**

The reclassification of some of the balances of the financial statements as of September 30, 2023 does not have any impact on the profits and equity during the period.

