



Bank of Baghdad

(Private Joint Stock Company)

Financial Statements (Review)

March 31, 2024

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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, 2024, to March 31, 2024, are in accordance with the bank's books of accounts.
3. The bank's financial statements have been audited for the year ended Dec31, 2023. A report was issued regarding them on Feb13, 2023. We have been assigned to review the interim financial statements for 2024 by the bank's management and based on instructions from the Central Bank of Iraq.

Auditor

Farqad Al-Salman B.Sc., FCCA

From of Farqad H. Al-Salman & Co,
Public Accountants, Auditors & Tax
Consultants
Baghdad on 8th April 2024

Statement of Financial Position as at 31 March 2024 Statement (A)

Assets	Note	March 31,2024	Dec.31,2023
		IQD (000) (Review)	IQD(000) (Audited)
Cash and Balances With Central Banks-Net	3	1.341.803.485	1.294.042.234
Balances at Banks and Financial Institutions-Net	4	320.208.750	661.476.219
Investment in Associates Fair Value -OCI	5	1.746.345	1.372.128
Financial Assets at Fair Value through OCI	5	4.705.514	8.025.607
Financial assets at Amortized Cost -Net	6	793.259.224	622.465.491
Credit Facilities (Loan & Advances) - Net	7	61.045.747	61.630.568
Property and Equipment, Net	8	76.998.807	76.063.684
Intangible Assets -Net	8	970.551	1.082.496
Right of use of leased assets	9/a	1.675.294	1.834.864
Other Assets Net	10	24.582.635	20.504.654
Total Assets		2.626.996.352	2.748.497.945
Liabilities And Shareholders' Equity			
Liabilities			
Banks and Financial Institutions' Deposit	11	1.047.274	11.137.855
Customers' Deposits	12	1.979.999.213	2.170.254.205
Cash Margin	13	23.014.032	21.458.164
Income Tax Provision	14	38.308.398	26.048.820
Sundry Provisions	15	6.935.853	6.565.149
Borrowed Funds	16	13.616	19.502
Lease Liabilities	9/b	1.743.348	1.897.509
Other Liabilities	17	27.561.316	37.398.280
Total Liabilities		2.078.623.050	2.274.779.484
Shareholders' Equity			
Paid-up Capital	18	300.000.000	300.000.000
Legal Reserve	D	29.331.263	25.547.375
Other Reserves	D	58.492	58.742
Fair Value Reserve	D	(628.193)	2.317.684
Foreign Currency translation	D	(14.777.855)	(13.462.776)
Retained Earnings	D	234.389.595	159.257.436
Total Shareholders' Equity		548.373.302	473.718.461
TOTAL LIABILITIES AND EQUITY		2.626.996.352	2.748.497.945

Jasim Hashim
Alazzawi

Chief Financial Officer

Jasim Hashim Mohammed Alazzawi



Basil Husam
Aldeen Shakir

Chief Executive Officer

Basil Husam Aldeen Shakir AL-Dhahi

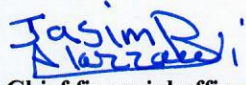
Farquad AL-Salman B.SC., FCCA
From Farquad H. AL-Salman & co.
Public Accountants , Auditors Tax

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 31 March 2024

Statement (B)

	Note	For Year ended March 31	
		2024 IQD(,000) Review	2023 IQD(,000) Review
Interest income	19	15.667.141	12.230.827
Less: Interest expense	20	(2.426.784)	(2.695.659)
Net- interest income		13.240.357	9.535.168
Net-Commission income	21	57.960.515	16.984.600
Net- interest and commission income		71.200.872	26.519.768
Gain Foreign currencies	22	27.549.661	11.452.086
Cash dividends from financial assets at fair value through OCI	23	-	-
Other income	24	157.252	119.525
Gross profit		98.854.114	38.091.379
Employees' expenses	25	(3.328.856)	(3.270.793)
Other Expense	26	(2.578.841)	(3.075.694)
Depreciation and amortization	8,9	(769.809)	(677.676)
Sundry provisions expense	15	(1.638.196)	(300.000)
Total Expenses		(8.315.702)	(7.324.163)
Profit before provision of credit losses		90.538.412	30.767.216
Provision for credit loss	27	(2.202.000)	(1.334.915)
Profit before tax (Pretax Income)		88.336.412	29.432.301
Income tax expense		(12.259.579)	(4.364.613)
Profit for the Year (After-tax Income)	13	76.076.833	25.067.688
Basic (Diluted) Earnings per Share from the Year Profit (IQD)	28	0.254	0.100


Chief financial officer
Jasim Hashim Alazzawi




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 31 March 2024 Statement (C)

	Note	For Period ended March 31	
		2024 IQD(,000) Review	2023 IQD(,000) Review
Profit for the Year –Income statement	B	76.076.832	25.067.688
Change in Fair Value of Financial Assets at Fair Value Through Other Comprehensive Income	5	(2.945.877)	(60.906)
Foreign Exchange translation Differences	C	(1.315.079)	(14.555.041)
Total Comprehensive Income for the Year/Period		71.815.877	10.506.557

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 31 March 2024 (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)
2024							
Balance at 1 January	300.000.000	25.547.375	58.742	(13.462.776)	2.317.684	159.257.436	473.718.461
Re-Classification		-	-				-
	300.000.000	25.547.375	58.742	(13.462.776)	2.317.684	159.257.436	473.718.461
Profit for the Year/Period	-	-	-	-	-	76.076.832	76.076.832
Transfer to Reserves	-	3.803.842	-	-	-	(3.803.842)	-
Change in fair value	-	-	-	-	(2.945.877)		(2.945.877)
Dividends Paid **	-	-	-	-	-	-	-
Capitalization issue	-	-	-	-	-	-	-
Translation FX	-	(19.952)	(251)	(1.315.079)	-	2.859.168	1.523.885
Balances as at 31 March.	300.000.000	29.331.262	58.492	(14.777.855)	(628.193)	234.389.595	548.373.301

*Including the mandatory reserve for the Beirut branch, amounting to IQD(4.017.472), and the Other reserve for the branch with a balance of IQD(50.441) .

** The balance represents currency translation differences for the bank's branch in the Lebanese Republic - Beirut branch

Statement of Changes in Equity for The Year Ended 31 March 2023 (D)

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

	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)
2023							
Balance at 1 January	250,000,000	18.003.470	58,441	1,092,265	(3.504.394)	83.976.483	349.626.265
Re-Classification		-	-				-
The balance adjustment	250,000,000	18.003.470	58.441	1,092,265	(3.504.394)	83.976.483	349.626.265
	-	-	-	-	-	-	-
Profit for the Year	-	-	-	-	-	25.067.688	-
Transfer to Reserves	-	1.253.384	-	-	(1.253.384)		-
Change in fair value	-	-	-	-	(60.906)	-	(60.906)
Dividends Paid	-	-	-	-	-	-	-
Adjusting Entries	-	(244.894)	-	(14.555.041)	-	(3.636.853)	(18.436.788)
Balances at the end	250.000.000	19.011.960	58.441	(13.462.776)	(3.565.300)	104.153.924	356.196.250

*** In accordance with the Authority's decision dated November 10, 2023, a dividend distribution of 7%.



Statement of Cash Flows for The Period Ended 31 March 2024 (E)

	Note	2024 IQD(.000) Review	2023 IQD(.000) Review
Operating Activities:			
Profit for the Year before Tax	B	88.336.412	29.432.301
Adjustments: Non-cash Items:			
Depreciations and Amortizations	8,9	769.809	677.676
Provision for credit Losses	27	2.202.000	1.334.915
Miscellaneous Provisions	15	1.638.196	300.000
Financial interest- Leased assets	9	23.191	27.448
Effect of exchange rate fluctuations on cash and cash equivalents	22	373.649	(180.691)
Loss (Gain) on disposal Property and Equipment	24	-	-
Cash Flows from Operating Activities before Changes in Assets and Liabilities		93.343.257	31.591.649
Decrease (Increase) in Assets			
Deposits at banks and financial institutions (maturing within more than 3 months)	29	37.961.236	(1.638.459)
Direct Credit Facilities	7	3.181.984	3.695.899
Other Assets	10	(4.077.984)	(8.383.601)
Increase (Decrease) in Liabilities			
Customers' Deposits	12	(190.254.991)	31.819.246
Margin Accounts	13	1.555.868	(119.932)
Other Liabilities	17	(1.853.119)	52.115.664
Sundry Provisions	15	(1.267.492)	(1.246.211)
Net Cash Flows (Used in) from Operating Activities before Income Tax		(61.411.241)	107.834.255
Income Tax Paid		-	-
Net Cash Flows Used in Operating Activities		(61.411.241)	107.834.255
Investing Activities:			
Purchase of Financial Assets at Amortized Cost	6	(170.793.733)	(50.843.832)
Purchase of Property and Equipment	8	(1.570.879)	(1.101.800)
Purchase Sale of Financial Assets Through the Other Comprehensive Income Statement	5	-	-
Proceeds Sale of Property and Equipment	8	3.560	1.150
Net Cash Flows (used in) from Investing Activities		(172.361.052)	(51.944.482)
Financing Activities:			
Payments Long-term Loans	16	(5.886)	(546.268)
Dividends and Changes in Equity		(7.983.846)	(228.953)
Fees to increase capital		-	-
Lease liability payments	9/b	(177.352)	(187.169)
Net Cash Flow from (in) Financing Activities		(8.167.084)	(962.390)
Net (Decrease) Increase in Cash and Cash Equivalents		(241.939.377)	54.927.383
Effect of exchange rate fluctuations on cash and cash equivalents	22	(939.107)	180.691
Cash and Equivalents at 1 January(beginning of the year)	29	1.567.287.011	627.805.556
Cash and Equivalents at 31 March	29	1.324.408.527	628.913.630

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 31 March

2024,

1. General

The Bank of Baghdad (the Bank) is an Iraqi private joint-stock company established on 02/18/1992 under the founding license number (4512) as the first private Iraqi bank. Its main headquarters is in Baghdad and its fully paid-up capital is 300 billion Iraqi dinars, which was increased by issuing free shares. With a number of (50) billion shares according to the General Assembly's decision on 11/22/2024. The bank provides all banking and financial activities related to its activity through its main center in the city of Baghdad (Karada district), and its 35 branches spread throughout Iraq and the Lebanese Republic branch (Beirut branch), in addition to providing banking and financial services, and the bank's shares are fully listed on the Iraqi market. For securities.

The financial statements were approved by the bank's Board of Directors at its session No. (/2024) on April 2024..

2. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.1. Basis of preparation

International Financial Reporting Standards (IFRS) and their interpretations issued by the Standards Interpretation Committee (SIC) of 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 31 December 2024.

The financial statements were prepared according to 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, is the presentation currency for financial statements. All amounts have been rounded to the nearest Thousand IQD.

Financial Statements Consolidation Principles:

*The consolidated financial statements include the bank's financial statements and its subsidiaries. Control is achieved when the Bank control the finance and operating policies of its subsidiaries 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. This is to conform to the bank's 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 31 December 2024, the Bank owned the following Associates:

Name of Subsidiary	Paid- Up Capital (IQD '000)	Nature of Business	Place of Operation	Bank's Ownership %	
				2024	2023
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 31 March 2024

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 except for interest and commissions on nonperforming credit facilities that are not recognized as income. These are recorded in the interest and commissions in the suspense account.

- Expenses are recognized accrual.
- Commissions are recorded as income when providing related services, and 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 2023 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 2024 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 annually 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 31 March 2024

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 31 March 2024

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 revalued 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 31 March 2024

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 Year 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 property and equipment costs includes incurred for replacing any component thereof, in addition to financing expenses for long-term construction projects, if the recognition conditions are met. All other expenses are included in the income statement when incurred. Depreciation (except for land, 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 or disposing of it. Any profit or loss resulting from writing off the asset, which represents the difference between the asset disposal proceeds and the asset's 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 as necessary.

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 de-recognized when:

- The right to receive cash flows from the asset lapses;
- The Bank retains the right to receive 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 retain 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. Continuous control, which takes the form of a lien on the transferred asset, is measured at the original book value of that asset. It is also measured at the maximum limit or the Bank's amount payable, whichever is lower.

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

Financial liabilities are derecognized when exempted from liabilities obligations, or when cancelled or lapsed. 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. These rates are 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 fair value determination, 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 31 March 2024**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 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 applying them was developed. However, they were not adopted by the Bank for reasons related to the adoption by the control bodies or the impact thereof. The following standards are 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 31 March 2024**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 Years 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 31 March 2024

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 Year, 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 Year. 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 31 March 2024

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 Year during which the Bank is exposed to credit risks that management cannot avoid.

Notes to Financial Statements for The Period Ended 31 March 2024
2-4 The Quantitative effect of applying IFRS9: A quantitative analysis of the effects of IFRS9 is presented below:

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 31 March 2024 resulted in a provision for ECL details as follows:

Details (IQD Thousand)	Balance as of December 31, 2024	Prov. ECL	balance amortized as at March 31, 2024	Total Prov. Expenses as of December 31, 2023
balances with central banks	778.318.328	33.564.475	33.564.475	32.964.475
Balances with banks and financial institutions	328.660.797	8.452.047	8.452.047	8.102.261
Financial assets at fair value through the statement of other comprehensive income	6.451.859	-	-	-
Debt instruments as part of the financial assets at amortized cost portfolio	819.718.213	26.458.989	26.458.989	26.471.539
Direct credit facilities at amortized cost	104.461.403	35.629.924	35.629.924	40.349.918
Other assets	26.660.610	2.077.975	2.077.975	825.975
Indirect facilities	62.483.818	1.804.344	1.804.344	1.804.344
Total	2.126.755.028	107.987.754	107.987.754	110.536.878

Item (IQD Thousand)	Stage 1	Stage 2	Stage 3	Balance as December 31, 2024
balances with central banks	720.760.762	45.272.274	12.285.292	778.318.328
Balances with banks and financial institutions	319.476.389	9.140.078	44.330	328.660.797
Debt instruments as part of the financial assets at amortized cost portfolio	793.259.224	-	26.458.989	819.718.213
Direct credit facilities at amortized cost	13.626.682	35.407.721	55.426.999	104.461.402
Other assets	21.652.095	-	5.007.515	26.660.610
Indirect facilities	62.483.818	-	-	62.483.818
Total	1.931.259.970	89.820.073	99.223.125	2.120.303.168

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

Item (IQD Thousand)	Stage 1	Stage 2	Stage 3	Balance as December 31, 2024
balances with central banks	0	21.279.183	12.285.292	33.564.475
Balances with banks and financial institutions	140	8.407.577	44.330	8.452.047
Debt instruments as part of the financial assets at amortized cost portfolio	-	-	26.458.989	26.458.989
Direct credit facilities at amortized cost	32.585	2.181.358	33.415.981	35.629.924
Other assets	-	-	2.077.975	2.077.975
Indirect facilities	1.804.344	-	-	1.804.344
Total	1.837.069	31.868.118	74.282.567	107.987.754

Based on the letter of the Central Bank of Iraq No. 9/6/98 dated 3/3/2020 and its approval to distribute the reduction in the quantitative effect over five years, the entire reduction was covered during 2024. D.H./1/900 On 8/7/2024, the Central Bank of Iraq - Commercial Banking Division - Inspection and Audit Division was notified.

Notes to Financial Statements for The Period Ended 31 March 2024**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 Year 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 31 March 2024

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 Years beginning on or after	New standards, amendments and interpretations
1 January 2024	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 Years beginning on or after 1 January 2024, 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 Year. 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 Year if this method allows for a measurement method that is not materially different from the general model or if the coverage Year 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 2023, 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 Year affect the classification of a liability.
1 January 2025	On 15 August 2024, 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 2024, 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 2024	On 22 September 2023, 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 Years beginning on or after 1 January 2024

Notes to Financial Statements for The Period Ended 31 March 2024

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

	31 March 2024	31 Dec. 2023
	IQD (000)	IQD (000)
	Review	Audited
Cash on Hand	597.049.632	416.570.980
Balances Central Banks*		
Current accounts and Demand Deposit	467.821.017	561.230.192
Statutory Cash Reserve **	310.096.090	348.804.316
Statutory cash Reserve of LG	401.221	401.221
Total balances at Central Banks	778.318.328	910.435.729
Total Cash & Central Banks	1.375.367.960	1.327.006.709
Less : Expected credit loss Provision	(33.564.475)	(32.964.475)
	1.341.803.485	1.294.042.234

* The balances in the bank's ATMs as of March 31, 2024 amounted to IQD (17.545.197) thousand and were presented under the cash item.

**The bank has balances at Central Bank of Iraq branches in Sulaymaniyah and Erbil, totaling 18.037.805 thousand Iraqi dinars and 27,234,470 thousand Iraqi dinars, respectively, at December 31, 2023 (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 (401.221) thousand Iraqi dinars as on December 31, 2023 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 December 31, 2019.

**** Among the central bank balances, balances with the Central Bank of Lebanon (for all local and foreign currencies) amount to (12.285.292) thousand Iraqi dinars, fully covered by the allowance for expected credit losses. While it was as of December 31, 2023 (13.134.433) Iraqi dinars, and due to the economic conditions prevailing in the Lebanese Republic, the balance is (restricted cash withdrawal).

Notes to Financial Statements for The Period Ended 31 March 2024

. The following is the distribution of total balances with central banks according to the Bank's internal classification categories as at 31 March 2024:

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	852.029.022	45.272.274	13.134.433	910.435.729
New Balance at the Year	0	-	-	0
Repaid/Derecognized Balance	(131.268.260)	-	(285.686)	(131.553.946)
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	-	-	(563.455)	(563.455)
Total	720.760.762	45.272.274	12.285.292	778.318.328

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	720.760.762	-	-	720.760.762
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	45.272.274	-	45.272.274
8	-	-	12.285.292	12.285.292
9	-	-	-	-
10	-	-	-	-
Total	720.760.762	45.272.274	12.285.292	778.318.328

Notes to Financial Statements for The Period Ended 31 March 2024

The following is the movement on balances with central banks during the years ended 31 December 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	-	20.405.317	12.559.158	32.964.475
Adjusted after the application of IFRS 9	-	-	-	-
New ECLs	-	-	-	873.866
Repaid /Derecognized	-	-	(273.866)	(273.866)
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	-	-	-	-
Balance at the end of the year		21.279.183	12.285.292	33.564.475

Notes to Financial Statements for The Period Ended 31 March 2024

4– Balances at Banks and financial Institutions

This item consists of the following:

	31 March 2024	31 Dec. 2023
	IQD (000)	IQD (000)
	Review	Audited
Local banks and financial institutions	11.211.618	11.241.861
Foreign Banks and Financial Institutions*	317.449.179	658.336.619
Deposits with Banks and financial Inst.	–	–
Total	328.660.797	669.578.480
Less : Expected credit loss Provision	(8.452.047)	(8.102.261)
	320.208.750	661.476.219

*As of 03/31/2024, the balance with non-interest bearing banks and banking institutions was IQD (21.475.649), compared with IQD (17.192.258) as of 12/31/2023.

** The balances registered with local banks and banking institutions amounted to IQD (10.518.078) as of 03/31/2024, while IQD (10.548.078) as of 12/31/2023), noting that these balances belong to one of the government banks in Iraq, amounting to IQD (7,664,680), It was fully covered by the provision. Bank won a lawsuit to recover the balance on May 17, 2016, and the matter is still being pursued with the Ministry of Justice. On the other hand, the balances of the banks affiliated with the Ministry of Finance in the Kurdistan Region amount to IQD (2,913,398). Given the prevailing political and economic conditions in Iraq, the process of exploiting these balances in banking operations is limited.

The following is the distribution of deposits at banks and financial institutions according to the Bank's internal classification categories as at 31 March 2024:

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	660.392.068	9.140.078	46.334	669.578.480
New Balance During the year	-	-	-	-
Repaid /Derecognized Balance	(340.915.679)	-	-	(340.915.679)
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2				
Re-Classification to stage 3				
Adjustments resulting from exchange rate change	-	-	-	-
Written – Off Balances			-	-
Balance at the end of the year	319.476.389	9.140.078	44.330	328.660.797

Notes to Financial Statements for The Period Ended 31 March 2024

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	319.476.389	-	-	319.476.389
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	9.140.078	-	9.140.078
8	-	-	44.330	44.330
9	-	-	-	-
10	-	-	-	-
Total	319.476.389	9.140.078	44.330	328.660.797

The following is the distribution of deposits at banks and financial institutions according to the Bank's internal classification categories as at 31 March 2024

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	28.094	8.029.514	44.653	8.102.261
New Balances at the year	-	350.109	891	351.000
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	(27.954)	27.954	-	-
Written – Off Balances	-	-	-	-
Adjustments resulting from exchange rate change	-	-	(1.214)	(1.214)
Balance at the end of the Year	140	8.407.577	44.330	8.452.047

Notes to Financial Statements for The Year Period 31 March 2024

5) Investments in Shares

A) Investments of Associates companies

Name	Place	Bank's Ownership	31 March 2024	31 Dec. 2023
			IQD (000)	IQD (000)
Al Ameen Insurance Company	Iraq	49%	Review	Audited
			1.746.345	1.372.128

* The share valuation price for Al Ameen Insurance Company was IQD (0.700) per share as at March 31, 2024, and IQD (0.550) per share as at 31 Dec. 2023.

*

B) Financial Assets at Fair Value Through Other Comprehensive Income

	31 March 2024	31 Dec. 2023
	IQD (000)	IQD (000)
	Review	Audited
Shares listed in an active market	3.915.530	7.235.624
Shares Unlisted *	789.983	789.983
	4.705.513	8.025.607

*Cash dividends on financial assets at fair value through the income statement amounted to IQD (0.000).

** Taking into account the availability of appropriate data to develop an appropriate evaluation approach. As a result, the bank evaluates investments for which appropriate data are not available at (zero).

Notes to Financial Statements for The Period Ended 31 March 2024

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

	31 March 2024	31 Dec. 2023
	IQD (000)	IQD (000)
	Review	Audited
Balance at 1 January	9.397.735	3.575.658
Additions	—	—
Disposals	—	—
	9.397.735	3.575.658
Change in fair value reserve	(2.945.876)	5.822.077
Balance at 31 December	6.451.859	9.397.735

Notes to Financial Statements for The Period Ended 31 March 2024

6) Financial Assets at Amortized Cost:

	31 March 2024	31 Dec. 2023
	IQD (000)	IQD (000)
Financial Assets Quoted in the Market:	Review	Audited
Euro Bond & Government bonds - Iraq	153.259.224	172.615.789
Euro Bonds - Lebanese *	26.458.989	26.471.537
Total Financial Assets Listed in the Market	179.718.213	199.087.326
Financial Assets Unlisted in the Market:		
Government Bonds	400.000.000	400.000.000
CBI - Treasury bills	240.000.000	49.849.704
Financial Assets at Amortized Cost	819.718.213	648.937.030
Less : Expected credit loss Provision	(26.458.989)	(26.471.539)
Net Financial Assets at Amortized Cost	793.259.224	622.465.491

	31 March 2024	31 Dec. 2023
	IQD (000)	IQD (000)
6/A - Analysis of Bonds and Bills:	Review	Audited
Financial Assets with Fixed Interest Rate	819.718.213	648.937.030
Financial Assets with Floating Interest Rate	-	-
Total	819.718.213	648.937.030

6/B The financial assets at amortized cost accrue as follows:

	Less than 1 month IQD (000)	1 – 3 months IQD (000)	3 – 6 months IQD (000)	6 months to 1 year IQD (000)	1-5 years IQD (000)	More than 5 years IQD (000)	Total IQD (000)
2024	240.000.000	-	-	-	553.259.224	26.458.989	819.718.213
2023	50.000.000	-	-	-	572.465.493	26.471.537	648.937.030

* Eurobonds (in US dollars) issued by the Lebanese government. These bonds mature between 2026 and 2027. The interest rates for these bonds are 6.6% and 6.75%. The bank (Beirut branch) has invested in these bonds since 2013.

** In accordance with the provisions of the Central Bank of Iraq 9/2/536 on 9/21/2024, investments in securities issued by the Central Bank of Iraq are excluded from the upper ceilings set by the bank, and are presented net after deducting the amounts received in advance.

Notes to Financial Statements for The Period Ended 31 March 2024

The following is the disclosure of movement in the balance of debt instruments at fair value through other comprehensive income for the Period ended 31 March 2024:

Item (IQD)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
Balance at the Beginning of the year	622.465.491	-	26.471.539	648.937.030
New Balance During the year	220.793.733	-	-	220.793.733
Repaid/ derecognized Balance	(50.000.000)	-	-	(50.000.000)
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Adjustments resulting from exchange rate	-	-	(12.550)	(12.550)
Written – Off Balances	-	-	-	-
Total	793.259.224	-	26.458.989	819.718.213

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 31 March 2023;

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	793.259.224	-	-	793.259.224
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	-	-
9	-	-	26.458.989	26.458.989
10	-	-	-	-
Total	793.259.224	-	26.458.989	819.718.213

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 March 2024:

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	-	-	26.471.539	26.471.539
Adjusted	-	-	-	-
New ECLs	-	-	-	-
Repaid / Derecognized Balances	-	-	-	-
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 -	-	-	(12.550)	(12.550)
Balance at the end of the year	-	-	26.458.989	26.458.989

Notes to Financial Statements for The Period Ended 31 March 2024

7. Direct Credit Facilities

This item consists of the following:

	31 March 2024	31 Dec. 2023
	IQD (000)	IQD (000)
Retail	Review	Audited
Loans*	19.480.610	22.128.257
Discounted Bills & Purchased Bills	-	-
Overdrafts	-	-
Total Retail	19.480.610	22.128.257
Corporates:		
Loans*	68.674.202	71.280.448
Discounted Bills & Purchased Bills	1.516.865	1.516.865
Overdrafts	14.789.725	14.788.570
Total Corporates	84.980.792	87.585.883
Total Retail & Corporates	104.461.403	109.714.140
Less: Interest In Suspense (Note 7-B)	(7.785.732)	(7.733.654)
Less: Expect Credit Losses Provision (Note 7B)	(35.629.924)	(40.349.918)
Net Direct Credit Facilities	61.045.747	61.630.568

*There are no credit concentrations of more than 10% as of March 31, 2024.

** - The bank's individual facilities have been reclassified so that facilities granted to individuals for commercial purposes or to traders (individuals) are classified as corporate facilities so that the disclosure reflects the nature of the activity that corresponds to the facilities granted. Loans granted are shown net after deducting the interest received in advance, which amounted to (700.892) thousand Iraqi dinars as of March 31, 2024, while on (December 31, 2023: the amount of (584.904) thousand Iraqi dinars), which is interest received in advance for loans against gold deposits and bills of exchange.

- Non-performing credit facilities amounted to IQD (55.426.999) thousand as of March 31, 2024, i.e. (53%) of the balance of direct credit facilities. In 2023, the amount was (56%), (60.938.706) thousand dinars.

- The non-performing credit facilities, after deducting the suspended interest, amounted to IQD (47.641.267) thousand, which is (46%) of the balance of the credit facilities, and it was (2023: the amount of (53.205.052) thousand Iraqi dinars, which is (48%) of the credit facilities balance after deducting the outstanding interest. The total facilities of the Beirut branch amounted to the equivalent of IQD (3.688) thousand, while the balance was IQD (1,214,000) thousand as of Dec. 31, 2023.

- The approval of the General Assembly was obtained to write off bad debts worth (4,719,994,006) dinars, subject to the approval of the Central Bank of Iraq. The write-off took place during 2024 after the approval of the Central Bank of Iraq in Al-Amam 9/5/1087 on 1/24/2024.

Notes to Financial Statements for The Period Ended 31 March 2024

A) Interest in Suspense

The movement on the interest in suspense was as follows:

31 March 2024	Retail	Corporate	Total
	IQD (000)	IQD (000)	IQD (000)
Balance at 1 January	842.460	6.891.194	7.733.654
Additions	5.924	865.972	871.896
Redemptions	(115.258)	-	(115.258)
Suspense written off	(703.691)	(869)	(704.560)
Balance at 31 March	29.435	7.756.297	7.785.732

B) Provision for Credit Losses

The following is the movement on the balance of direct credit facilities on gross basis during the Year ended 31 March 2024

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	13.012.483	35.762.951	60.938.706	109.714.140
New Balances of the Year	2.248.198	163.833	137.851	2.549.882
Repaid/Derecognized Balances	(1.633.999)	(519.063)	(925.648)	(3.078.710)
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes Related to adjustments	-	-	-	-
Written – Off Balances	-	-	(4.719.994)	(4.719.994)
Adjustments resulting from exchange rate -	-	-	(3.915)	(3.915)
	-	-	-	-
Balance at the end of the year	13.626.682	35.407.721	55.427.000	104.461.403

Total cumulative direct credit facilities by credit stages are distributed according to the Bank's internal credit ratings as of March 31, 2024 as follows

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	13.086.648	-	-	13.086.648
2	540.034	-	-	540.034
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	35.762.951	-	35.762.951
8	-	-	24.533.308	24.533.308
9	-	-	20.993.310	20.993.310
10	-	-	9.900.381	9.900.381
Total	13.626.682	35.407.721	55.427.000	104.461.403

Notes to Financial Statements for The Year Ended 31 March 2024

The provision for activity in the provision for impairment of expected credit loss on cumulative direct credit facilities is 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 Year	39.281	840.860	39.469.777	40.349.918
Adjusted during Year	-	-	-	-
New ECLs	1.211	-	684.747	685.958
Repaid /Derecognized Balances	(7.907)	(353.231)	(324.819)	(685.957)
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	1.693.729	(1.693.729)	-
Changes Related to adjustments	-	-	-	-
Written – Off Balances	-	-	(4.719.994)	(4.719.994)
Adjustments resulting from exchange rate	-	-	-	-
	-	-	-	-
Balance at the end of the Year	32.585	2.181.358	33.415.981	35.629.924

Corporates:

The following is the movement on the expected credit loss provisions of direct credit facilities on collective basis during the Year ended 31 March 2024:

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	2.037.718	35.762.951	49.785.214	87.585.883
New Balances at the Year	84.035	163.833	137.851	385.719
Repaid /Derecognized Balances	(164)	(519.063)	(910.021)	(1.429.248)
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes related to adjustments	-	-	-	-
Written – Off Balances	-	-	(1.559.440)	(1.559.440)
Adjustments resulting from exchange rate -	-	-	(2.121)	(2.121)
	-	-	-	-
Balance at the end of the Year	2.121.589	35.407.721	47.451.483	84.980.793

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 March. 31, 2024 as follows:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	2.119.001	-	-	2.119.001
2	2.588	-	-	2.588
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	35.762.951	-	35.762.951
8	-	-	24.533.308	24.533.308
9	-	-	20.993.310	20.993.310
10	-	-	1.924.864	1.924.864
Total	2.121.589	35.407.721	47.451.482	84.980.792

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	29.747	840.860	32.599.894	33.470.501
New Balances at the Year	1.211	-	-	1.211
Repaid /Derecognized Balances	-	(353.231)	(324.819)	(678.050)
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	1.693.729	(1.693.729)	-
Changes related to adjustments	-	-	-	-
Written – Off Balances	-	-	(1.559.440)	(1.559.440)
Adjustments resulting from exchange rate -	-	-	-	-
	-	-	-	-
Balance at the end of the Year	30.958	2.181.358	29.021.906	31.234.222

(Retail)

The following is the movement on the expected credit loss provisions of direct credit facilities on collective basis during the year ended 31 March 2024:

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	10.974.765	-	11.153.492	22.128.257
New Balances at the Year	2.164.163	-	-	2.164.163
Repaid /Derecognized Balances	(1.633.835)	-	(15.627)	(1.649.462)
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	-	-	(3.160.554)	(3.160.554)
Adjustments resulting from exchange rate -	-	-	(1.794)	(1.794)
Balance at the end of the Year	11.505.093	-	7.975.517	19.480.610

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, 2024 as follows:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	10.967.647	-	-	10.967.647
2	537.446	-	-	537.446
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	-	-
9	-	-	-	-
10	-	-	7.975.517	7.975.517
Total	11.505.093	-	7.975.517	19.480.610

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	9.534	-	6.869.883	6.879.417
New Balances at the Year	-	-	684.747	684.747
Repaid /Derecognized Balances	(7.907)	-	-	(7.907)
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes related to adjustments	-	-	-	-
Written – Off Balances	-	-	(3.160.554)	(3.160.554)
Adjustments resulting from exchange rate -	-	-	-	-
	-	-	-	-
Balance at the end of the Year	1.627	-	4.394.076	4.395.703

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)
2024 March 31									
Beginning of year	33.005.584	42.720.381	954.537	11.408.919	463.3336	1.216.124	0	4.531.314	94.300.195
Re-Classification	-	-	-	-	-	-	-	-	-
Additions	-	-	-	1.222.466	-	-	-	924.936	2.186.702
Disposals	-	-	-	(14.377)	-	-	-	-	(14.377)
Transfer from Projects	-	-	-	-	-	-	-	(640.745)	(640.745)
Differences in Foreign	-	-	-	(78.296)	(12.634)	(185.416)	-	-	(276.346)
Total –Cost at the end Year	33.005.584	42.720.381	954.537	12.538.712	450.702	1.070.008	0	4.815.505	95.555.429
Depreciation :									
Beginning of year	-	6.743.810	870.915	8.943.130	462.532	133.628	-	-	17.154.015
Re-Classification	-	-	-	-	-	-	-	-	-
Additions	-	318.750	7.835	230.630	101	52.923	-	-	610.239
Disposals	-	-	-	(14.376)	-	-	-	-	(14.376)
Differences in Foreign	-	-	-	(64.749)	(11.965)	(87.093)	-	-	(163.807)
Total – Depreciation at the end Year	-	7.062.560	878.750	9.094.635	450.668	99.457	0	-	17.586.071
Net Book Value	33.005.584	35.657.821	75.787	3.444.077	34	99.457	0	4.815.505	77.969.358
Details of Projects Under Construction*	-	4.623.804	-	-	49.500	142.201	-	-	-

* The balance of land and buildings contains an amount of IQD (6,011,123) thousand, the value of the land and real estate of the Beirut branch.

** The cost of electronic computers and ATMs constitutes an amount of IQD (5.541.867) thousand from the furniture item.

*** The additions to the items of land - buildings - equipment represent the transfer from projects under implementation, which represent the cost of the new building for the HO, as shown in Disclosure 8/C.

	Land	Building	Plant & Equipment	Computers& Furniture's**	Transportation	System	Decorations	Projects under Construction	Total
2023	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
December 31									
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
Re- Classification	-	-	-	(8.797)	-	(2.119.816)	(1.791.224)	-	(3.919.837)
Additions	8.886.068	14.138.677	58.950	1.390.987	-	631.137	-	6.572.873	31.678.692
Disposals	(2.745.098)	(398.599)	(181.731)	(292.159)	(85.449)	-	-	-	(3.703.036)
Transfer from Projects	-	-	-	-	-	-	-	(23.777.678)	(23.777.678)
Differences in Foreign	-	-	-	(766.809)	(153.145)	(926.118)	(86.216)	-	(1.932.288)
Total –Cost at the end Year	33.005.584	42.720.381	954.537	11.408.919	463.336	1.216.124	0	4.531.314	94.300.195
Depreciation :									
Beginning of year	-	5.896.446	1.003.139	9.342.882	665.565	2.9145.180	1.549.908	-	21.403.120
Re- Classification	-	(997)	-	(18.182)	(1.206)	(2.122.600)	(1.548.808)	-	(2.117.601)
Additions	-	997.836	49.507	651.591	3.117	269.493	297.558	-	2.269.102
Disposals	-	(149.475)	(181.731)	(292.159)	(85.448)	-	-	-	(708.813)
Differences in Foreign	-	-	-	(741.002)	(119.496)	(958.445)	(298.658)	-	(2.117.601)
Total – Depreciation at the end Year	-	6.743.810	870.915	8.943.130	462.532	133.628	0	-	17.154.015
Net Book Value	33.005.584	35.976.571	83.622	2.465.789	804	1.082.496	0	4.531.314	77.146.180
Details of Projects Under Construction*	2.554.681	1.611.483	-	272.249	-	102.901	-	-	4.531.314

Notes to Financial Statements for The Period Ended 31 March 2024

8/B Investment spending - payments for fixed assets purchase

Items	Balance ,Jan1	Additions	Transfer / Reclassification	Balance, March 31
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Mosul Branch	237.070	650.000	-	887.070
Kirkuk Branch	22.252	-	-	22.252
Head Office*	2.544.681	-	-	2.544.681
IFRS9-System	102.901	39.300	-	142.201
Computer –HO	272.249	-	272.249	-
Basrah branch	603.049	-	-	603.049
Najaf Branch	259.447	-	-	259.447
Al-Sulmanih branch	158.555	148.750	-	307.305
National Branch	-	49.500	-	-
Total	4.531.314	887.550	603.359	4.815.505

8/C Intangible Assets March 31, This item consists of computer software which is amortized and, the details are as follows:

Annual rate ranging 20%	31 March. ,2024	31 Dec,2023
	IQD (000)	IQD (000)
Balance at the Beginning of Year	1.082.496	1.013.274
Additions	39.300	631.137
Amortization	(52.924)	(454.569)
Foreign currencies differences	(98.321)	(107.346)
Balance at the End of the year	970.551	1.082.496

Intangible assets include fully amortized items worth (0) thousand Iraqi dinars as of March 31, 2024. This is compared to (649.135) thousand Iraqi dinars as of December 31, 2023.

Notes to Financial Statements for The Period Ended 31 March 2024

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Balance at the end of the year:

	31 March 2024	31 Dec 2023
	IQD	IQD
	(000)	(000)
	Review	Audited
Balance at Jan 1	1.834.864	2.104.736
Additions	-	485.697
Disposals	(159.570)	(668.047)
Foreign currencies differences	-	(87.522)
Balance at March 31	<u>1.675.294</u>	<u>1.834.864</u>

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Balance at the end of the year:

	31 March 2024	31 Dec 2023
	IQD	IQD
	(000)	(000)
	Review	Audited
Balance at Jan 1	1.897.509	2.146.146
Additions	-	485.697
Payment	(177.352)	(684.483)
Foreign currencies differences	-	(154.666)
Interest Financial	23.191	104.815
Balance at March 31	<u>1.743.348</u>	<u>1.897.509</u>

Notes to Financial Statements for The Period Ended 31 March 2024

10. Other Assets

This item consists of the following:

	31 Dec 2024	31 Dec 2023
	IQD (000)	IQD(000)
	Review	Audited
Legal Fees	–	–
Margins with others	256.058	279.399
Clearing	1.345	268.402
Prepaid Expenses	2.778.100	3.554.274
Accrued Income and Interest	22.957.831	16.508.452
Governmental Accounts Receivable	36.592	218.333
Other Accounts and Balances Receivable	630.683	505.614
Stolen Cash and other Amounts***	37.250.840	37.242.979
Provisions for Stolen Cash and Accounts Receivable (9A & 9B)	(37.250.840)	(37.246.824)
Total other Assets	26.660.610	21.330.629
Less: Expected credit Loss Provision	(2.077.975)	(825.975)
Net other Assets	24.582.635	20.504.654

10/A) Analysis of the Provisions for Stolen Cash and Accounts Receivable:

	31 March 2024	31 Dec 2023
	IQD (000)	IQD (000)
	Review	Audited
Provisions for Stolen Cash and Check	37.250.840	37.246.824
Total Provision for Stolen Cash and other Amounts	37.250.840	37.246.824

Notes to Financial Statements for The Period Ended 31 March 2024

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

	31 March 2024	31 Dec 2023
	IQD (000)	IQD (000)
	Review	Audited
Balance at 1 January	37.246.824	38.364.994
Additions	4.016	-
Foreign currencies differences	-	(1.113.170)
Recovered Stolen Amounts	-	(5.000)
Balance at 31 December .	37.246.824	38.364.994

The following is the movement on the expected credit loss provisions of direct Other Assets on collective basis during the year ended 31 March. 2024:

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	16.322.114	-	5.008.515	21.330.629
New Balances of the Year	5.329.981	-	-	5.329.981
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	-	-	-	-
Written – Off Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	-	-
Decrease in expected credit loss provision	-	-	-	-
Total Balance at the end of Year	21.652.095	-	5.008.515	26.660.610

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	21.652.095	-	-	21.652.095
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	5.008.515	5.008.515
9	-	-	-	-
10	-	-	-	-
Total	21.652.095	-	5.008.515	26.660.610

Notes to Financial Statements for The Period Ended 31 March 2024

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	-	-	825.975	825.975
New ECLs	-	-	1.252.000	1.252.000
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 -	-	-	-	-
Decrease in expected credit loss provision	-	-	-	-
Total Balance at the End of Year	-	-	2.077.975	2.077.975

*The amount represents the tax paid on the interest on Iraqi government bonds (Eurobond) for the fiscal year 2020 and 2021. The bank's management has taken legal measures to appeal the decision to include those interests in the tax calculation and is continuing to follow up for recovering them, noting that the Iraqi Government Bonds Law exempted those interests from taxes.

** The amount of government receivables represents deposits paid to the treasury of the Lebanese Ministry of Finance for the Beirut branch license in the amount of (2,500,000) thousand Lebanese pounds, i.e. an amount of (218,333) thousand Iraqi dinars, in accordance with Article 132 of the Lebanese Money Law.

*** Over the past years, as a result of operational risks and unstable conditions, the bank has been exposed to a number of thefts, the total value of which amounted to the equivalent of (37,247,029) thousand Iraqi dinars, and as of December 31, 2024 amounted to (37,246,824) thousand Iraqi dinars as a result of the price adjustment. Exchange, as the bank's management took the decision to cover these thefts with allocations amounting to 100% of the total thefts, as these thefts were recorded as receivables, and the procedures for collecting them are being followed up according to legal methods. The last of these amounts was the theft of the treasury and the cashier of the Qurna branch in Basra during the year 2018.

Year	Branch	31 March 2024 IQD (Thousand) Review	31 Dec2023 IQD (Thousand) Audited
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
Total		37.250.840	37.242.979

Notes to Financial Statements for The Period Ended 31 March 2024

11. Due to Banks and Other Financial Institutions

	31 Dec. 2024 IQD (000)	31 Dec. 2023 IQD (000)
	Audited	Audited
Current and Demand Accounts	1.047.274	11.137.855
Savings Accounts		
Time Deposits		
Total	1.047.274	11.137.855

12. Customers' Deposits

This Item consists of the following:

	Retail	Corporate	Total
March 31 , 2024	IQD (000)	IQD (000)	IQD (000)
Current and Demand Accounts	164.234.919	1.415.655.869	1.579.890.788
Savings Accounts	224.844.092	26.576.715	251.420.807
Time Deposits	12.507.130	136.180.488	148.687.618
	401.586.141	1.578.413.072	1.979.99.213
	Retail	Corporate	Total
Dec. 31 , 2023	IQD (000)	IQD (000)	IQD (000)
Current and Demand Accounts	169.349.504	1.672.468.849	1.841.818.353
Savings Accounts	241.561.005	26.576.715	268.137.720
Time Deposits	12.198.340	48.099.792	60.298.132
	423.108.849	1.747.145.356	2.170.254.205

Non-interest bearing deposits amounted to (1.415.656.217) thousand dinars, i.e. (71%) of the total deposits and demand deposits as of December 31, 2024, compared to the amount of (1.841.818.353) thousand dinars, or (80%), as of December 31, 2023.).

- The deposits were (withdrawal restrictions) amounted to (101.329) thousand dinars, i.e. (0.05%) of the total deposits as of December 31, 2024, and (553,498) thousand dinars, i.e. (0.042%) of the total deposits as of December 31, 2024. December 2023.

* It includes amounts received from the bank's customers for the purpose of accessing the remittance platform, which amounted to (467.426.745) thousand dinars as of March 2024, compared to an amount of (583.871.217) as of December 31, 2023.

Notes to Financial Statements for The Period Ended 31 March 2024

13. Cash Margins

This Item consists of the following:

	31 March 2024	31 Dec 2023
	IQD	IQD
	(000)	(000)
	Review	Audited
Cash Margin against Indirect credit Facilities		
Cash Margins Against Letters of Credit	4.073.908	4.667.798
Cash Margins Against Letters of Guarantee	16.323.517	14.371.886
Other Cash Margins	2.616.607	2.418.480
	23.014.032	21.458.164

14. Income Tax

A) Income Tax Provision

The movement on the income tax provision was as follows:

	31 March 2024	31 Dec. 2023
	IQD	IQD
	(000)	(000)
	Review	Audited
Balance at 1 January	26.048.820	10.635.320
Income Tax Paid During the Year	–	(10.635.320)
Accrued Income Tax	12.259.578	26.048.820
Balance at 31 March	38.308.398	26.048.820

Notes to Financial Statements for The Period Ended 31 December 2024

B) Income Tax

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

	31 March 2024	31 Dec2023
	IQD(000)	IQD (000)
	Audited	Audited
Pretax Accounting Profit (Loss)	88.081.636	185.626.041
Non-taxable Revenue	(10.418.581)	(35.594.389)
Non-deductible Expenses	4.067.468	23.627.145
Taxable Profit	81.730.523	173.658.797
Accrued Income Tax Rate in Iraqi (15%)	12.259.578	26.048.820
Accrued Income Tax Rate in Lebanese (17%)	-	-
	12.259.578	26.048.820

- Profit before tax represents the net income of the Iraq branches only after excluding the loss of the Lebanon branch

C) Income Tax

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

	31 March 2024
	IQD(000)
Accounting profit (Loss)	88.336.412
Losses (Beirut branch)	(254.776)
Non-deductible Expenses	
Fines and Compensations	444.511
Miscellaneous Provisions	1.638.196
Income Tax(previous year)	182.761
Settlements Employee Income Tax previous years	-
Provision for Credit Facilities	2.202.000
Total of Non-deductible Expenses	4.067.468
Non-taxable Revenue	
Rent Income (Subject to Real Estate Tax)	(66.647)
Revenue of Investments	-
Revenue from property selling	(3.560)
Non-taxable Investment Income (Profits from Companies and Bonds)	(8.054.548)
Interest of Iraqi Government's Bonds (Eurobond)	(2.261.326)
Recoverable Income from Previous Years	(32.500)
Non-taxable Profits	(10.418.581)
Taxable Profit	81.730.523
Accrued Income Tax Payable by the Bank	12.259.579
Less or Add : Income Tax Accrued and Paid for Foreign Branches	-
Accrued Income Tax	12.259.578

The tax allocation was calculated in accordance with the Iraqi income tax law, at a rate of 15% of the taxable profit after deducting tax-rejected expenses and revenues not subject to taxes according to the law, for the bank's branch in the Lebanese Republic. Only if the branch achieves profits is the tax approved in accordance with the Lebanese Republic tax law. It is deducted from the tax due. According to the opinion of management and the bank's tax advisor, it is sufficient to meet the tax obligations as of that date.

****** In accordance with the law under which the bonds were issued and their interest was exempted from all taxes and fees due on them. This was during the fiscal year they were earned. We refer here to General Budget Law No. 23 of 2021, based on Paragraph Two, exempting interest on construction bonds.

******* In accordance with General Budget Law No. 13 of 2024, which exempts Emaar bonds' interest from all taxes and fees due on them during the fiscal year in which they were earned.

******** In accordance with the law under which foreign bonds were issued and their interest was exempted from all taxes and fees due on them during the fiscal year in which they were realized pursuant to Law No. 58 of 10-15-1990, we refer here to Financial Management Law No. 94 of 2004, Appendix B thereof.

Notes to Financial Statements for The Period Ended 31 March 2024

15. Other Provisions

	31 March 2024	31 Dec 2023
	IQD (000)	IQD (000)
	Review	Audited
Indirect credit facilities Provision	1.804.344	1.822.710
Foreign Currencies auction allocations provision*	–	377.925
End-of-service Indemnity Provisions	3.687.660	3.735.220
Provisions for lawsuits	950.000	200.000
Allowances for compensation for accumulated leave	351.839	236.956
Real estate tax allowance	69.960	120.288
Miscellaneous Provisions	72.020	72.020
	6.935.853	5.449.465

A) Miscellaneous Provisions

This movement on the miscellaneous provisions is as follows:

	31 March 2024	31 Dec 2023
	IQD (000)	IQD (000)
	Review	Audited
Balance at 1 January	5.449.465	5449.465
Additions	1.637.074	4.202.298
Transferred from the Provision	(536.925)	(2.738.909)
Reclassified from Other Liabilities	–	–
Foreign currencies differences	(729.444)	(347.705)
Balance at 31 March	6.935.853	5.449.465

* 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 31 March 2024

16. Long-Term Loans

This item consists of the following:

	31 March 2024	31 Dec 2023
	IQD (000)	IQD (000)
	Review	Audited
Banque du Liban Loan	13.616	19.502
	13.616	19.502

* The term loan was granted by the Central Bank of Lebanon to support loans granted to customers (re-lending) pursuant to Circular No. 313 of the Central Bank of Lebanon. Loans are subject to an interest rate of 1% paid annually. Note that the total number of installments is 2614 and the remaining installment is one, noting that the installment periodicity is at maturity.

Notes to Financial Statements for The Period Ended 31 March 2024

17. Other Liabilities

This item consists of the following:

	31 March 2024	31 Dec. 2023
	IQD (000)	IQD (000)
	Review	Audited
Certified Checks	5.634.992	8.052.128
Balances Compensations of Deceased	909.839	1.322.370
Dividends Payable	2.768.492	10.752.338
Cash Margins to Others	7.732.002	4.783.194
Balances realistic to Insurance Bureau*	141.000	141.000
ATM Services Payables	3.651.949	5.632.786
Accrued Expenses	160.719	909.862
Customer Outward Transfers Balances	–	86.844
Accounts Payables	303.224	308.743
Amount Received for Companies Registration	1.372.143	5.766.818
Accrued Stamps Fees	37.888	31.495
Accrued Interest	1.974.157	391.566
Other**	894.074	1.199.973
	27.561.316	37.398.280

* The balance represents the deposits received from the sale of land owned by the bank and whose ownership transfer procedures will be completed in the following year. It also includes contractors' secretariats.

** - In accordance with the instructions of the Central Bank of Iraq, issued 9/3/321 on 8/23/2023, allocating an account for the amounts reserved for the Insurance Bureau, which belong to insurance companies.

*** In reference to the directions of the Central Bank of Iraq to encourage the use of electronic payment methods, there was an increase in the number of cards issued to the bank's customers (of all types), and as a result, withdrawals from ATMs and purchases through points of sale occurred, which led to an increase in the balances for using cards, knowing that the settlement Done the following year.

**** - The balance represents deductions from affiliates on behalf of others (tax and security) and other credit accounts.

18. A) Paid – Up Capital

The authorized capital of the Bank is IQD 300.000 million as of December 31, 2023 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.

Differences in the translation of foreign currencies

The share of the bank's shareholders represents the differences resulting from the translation and consolidation of the financial statements of subsidiaries and foreign branches. These differences are a result of the change in the exchange rate of the Iraqi dinar (the presentation currency) at the end of the year 2020, and subsequently the change in the exchange rate of the Iraqi dinar on February 8, 2024, in addition to the decision to change the exchange rate. The exchange of the Lebanese pound (with regard to Beirut branch balances) on February 1, 2024, which resulted in reducing the price of the Lebanese pound from 1,507.5 liras/dollar to 15,000 liras/dollar.

C) The retained earnings

	31 March 2024 IQD (000) Review	31 Dec. 2024 IQD (000) Audited
balance at the beginning of the year	159.257.436	83.976.483
Impact of implementing Financial Reporting Standard No. 16	-	-
The effect of delisting Baghdad Brokerage Company	-	-
Adjusted balance at the beginning of the year	159.257.436	83.976.483
Profit for the year	76.076.833	155.781.991
Capitalization Issue	-	(50.000.000)
Cash dividends*	-	(18.750.000)
Transferred to reserves	(3.803.841)	(7.789.100)
The effect of an exchange rate change	2.859.167	(3.636.853)
Settlements (result increase capital)	(1)	(325.085)
Balance at the end of the Period	234.389.595	159.257.436

*Dividend distributions represent 7.5% of the capital for the profits of the fiscal year 2022 according to the General Assembly's decision on 22/11/2023.

Notes to Financial Statements for The Period Ended 31 March 2024

19. Interest Income

This item consists of the following:

	The Period Ended 31 March	
	2024	2023
	IQD (000)	IQD (000)
	Review	Review
Consumer Facilities (Retail)	422.821	523.318
Loans and Bills	420.461	520.702
Current Accounts Receivable	2.360	2.616
Corporate Facilities	114.434	247.092
Loans and Bills	111.083	246.881
Current Accounts Receivable	3.351	211
Financial Assets at Amortized Cost*	615.500	1.064.038
Balances and Deposits with Banks and Financial Institutions	14.519.386	10.396.379
	15.667.141	12.230.827

A) Financial Assets at Amortized Cost*

This item consists of the following:

	The Period Ended 31 March	
	2024	2023
	IQD(000)	IQD (000)
	Review	Review
Government and Government-guaranteed Bonds	3.635.564	3.602.917
Government Bonds - Iraq	3.635.564	3.603.569
Government Bonds - Lebanon	—	(652)
Government-guaranteed and Treasury bonds	3.116.699	2.333.188
Local (BAANA&EMmar) Bonds – Iraq Finance Ministry	7.767.123	4.460.274
	14.519.386	10.396.379

20. Interest Expenses

The details of this item are as follows:

	The Period Ended 31 March	
	2024	2023
	IQD (000)	IQD (000)
	Review	Review
Savings Accounts	1.400.195	1.611.947
Time Deposit Accounts	832.307	951.845
Funding Interest	–	83
Deposits guarantees fees	171.091	104.419
LL Interest	23.191	27.365
	2.426.784	2.695.659

21. Net Commission Income

The details of this item are as follows:

	The Period Ended 31 March	
	2024	2023
	IQD (000)	IQD (000)
	Review	Review
Bank Transfers' Commissions*	52.796.949	14.888.796
Direct Credit Facilities Commissions	274.476	40.351
Indirect Credit Facilities Commissions	377.953	310.951
Customer Accounts Management Commission	8.981.692	–
Electronic Commission	1.379.569	1.654.856
Other Commissions	638.529	792.061
Total Commissions and Fees	64.449.168	17.687.015
Commissions Expenses	(6.488.654)	(702.415)
Net Commissions and Fees	57.960.515	16.984.600

The revenues generated from participation in the currency buying and selling window amounted to (27.176.13) during the period from 1/1/2024 until 31/03/2024,

Notes to Financial Statements for The Year Ended 31 December 2024

22. Net Foreign Currency Profits

	The Period Ended 31 March	
	2024	2023
	IQD (000)	IQD (000)
	Review	Review
Profits from Purchase/Sale of Currency	27.176.013	11.262.019
Profits from Valuation	373.649	190.067
	<u>27.549.661</u>	<u>20.308.430</u>

23. Investment Income

	The Period Ended 31 March	
	2024	2023
	IQD (000)	IQD (000)
	Review	Review
Cash Dividends from Financial Assets at Fair Value	-	-
Through OCI	-	-
Total Income From Investment	<u>-</u>	<u>-</u>

24. Other Income

	The Period Ended 31 March	
	2024	2023
	IQD (000)	IQD (000)
	Review	Review
Income Recoverable from Previous Years	32.650	1.155
estate rental income	66.647	68.565
Other Revenue	724	48.655
Gain Compensations Equipment and Property	3.560	1.150
Losses Capitalization	-	-
Total	<u>103.581</u>	<u>119.525</u>

*estate rental income

	The Period Ended 31 March	
	2024	2023
	IQD (000)	IQD (000)
	Review	Review
Al-Mansour	56.647	58.065
Al-Ameen	-	500
Dohok	10.000	10.000
Total	<u>66.647</u>	<u>68.565</u>

Notes to Financial Statements for The Period Ended 31 March 2024

25. Employees' Expenses

This item consists of the following:

The Period Ended 31 March

	2024	2023
	IQD (000)	IQD (000)
	Review	Review
Employees' Salaries and Benefits	3.058.948	3.058.041
Employees' Bonuses	-	-
Bank's Contribution to Social Security	269.908	212.708
Employee Income Tax	-	-
Employee Insurance	1	44
Employee Training	-	-
	<u>3.328.856</u>	<u>3.270.793</u>

Notes to Financial Statements for The Period Ended 31 March 2024

26. Other operating Expenses

	The Period Ended 31 March	
	2024	2023
	IQD (000)	IQD (000)
	Review	Review
Fines and Compensations	44.511	600
Rents and Services	37.830	45.048
Professional and Consulting Services	60.418	24.925
Maintenance	162.857	475.690
Advertising	147	25
Communications and Internet	42.095	62.418
Other services	590	1.530
Government Fees and Expenses	283.367	777.632
Fuel and Oil Expense	46.822	68.001
Transportation	24.464	110.222
Subscriptions, Licenses and Fees	650.329	163.451
Stationery	193.166	150.263
Legal Services	22.907	48.277
Water and Electricity	31.268	30.628
Donations	18.000	18.000
Supplies and Services	369.406	774.365
Hospitality	18.565	3.173
Audit fees	7.902	37.616
Insurance	191.340	181.814
Travel Expense	364.841	100.741
Other	8.016	1.275
	2.578.841	3.075.694

Notes to Financial Statements for The Period Ended 31 March 2024

27. Financial Assets Expected Credit Losses Expenses

The details of this item consist of the following:

The Period Ended 31 March

	2024	2023
	IQD (000)	IQD (000)
	Review	Review
Central banks and Balances on financial institutions	600.000	1.000.000
Other Banks	351.000	–
Direct facilities at amortized cost	–	–
Financial assets at amortized cost	–	334.915
Off-Balance sheet items	–	–
Other assets	–	1.251.000
Total	2.202.000	1.334.915

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 31 March

	2024	2023
	IQD (000)	IQD (000)
	Review	Review
Net Profit for the Year	76.075.082	25.067.688
Weighted Average Shares	300.000.000	250,000,000
	Dinar. Fills	Dinar. Fills
Basic (Diluted) Earnings per Share from the Year Profit	0.254	0.100

- The basic and diluted of value shares of the stock are equal, since the bank did not issue financial instruments (bonds) that are convertible into ordinary shares within equity.

Notes to Financial Statements for The Year Ended 31 March 2024

29. Cash and Cash Equivalents

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

	The Period Ended 31 March	
	2024	2023
	IQD (000)	IQD (000)
	Review	Review
Cash and balances with Central Banks maturing within 3 months	953.731.025	770.200.953
Add: Balances with banks and other financial institutions maturing within 3 months	328.660.980	172.641.047
Less: Banks and financial institutions' deposits maturing within 3 months	(1.047.274)	(259.928.370)
	1.281.344.732	682.913.630

Notes to Financial Statements for The Period Ended 31 March 2024

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	2024	2023
	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	2.926.064	-	-	-	2.926.064	7.169.204
Bank's Deposits	1.377	-	-	641	2.018	10.084.478
Customers' Deposits	2.053.477	13.625.532	-	-	15.679.009	15.342.748
Cash Margins	-	-	-	-	-	-
Other Liabilities						
Off Balance sheet						
Letters of Guarantee & LC	30.405.307	-	-	-	30.405.307	27.535.233
					The Year Ended 31 March.	
					2024	2023
Income Statement						
Interest & Commission Income	106	1.161	-	-	1.267	948.330
Interest & Commission Expenses	(1.554.627)	-	-	-	(1.554.627)	(421.907)
Other Income	-	-	-	-	-	1.500
Operating Expenses	(231.870)	(190.399)	-	-	(422.269)	(409.042)
Employee Salary	-	-	(434.223)	-	(1.899.500)	(369.671)

* 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 31 March 2024

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
	<u>IQD (000)</u>	<u>IQD (000)</u>	<u>IQD (000)</u>	<u>IQD (000)</u>
March 31, 2024				
Investments in Associates	1.746.345	-	-	1.746.345
Financial Assets at Fair Value Comprehensive Income	3.915.530	-	789.983	4.705.513
Dec 31 ,2023				
Investments in Associates	1.372.128	-	-	1.372.128
Financial Assets at Fair Value Comprehensive Income	7.235.624	-	789.983	8.025.607

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 Year 2024 and 2023.



33. Risk Management

The bank manages its risks by identifying the risks that may expose to and how to mitigate them, within a comprehensive risk framework that designed based on the best banking practices, and considering the independency and accountability between the risk, business, and operations departments.

The Board of Directors is responsible for general risk management policies and for approving risk management strategies and framework. The bank formed a committee for risk management and compliance emanating from the Board of Directors, which is managing its tasks under an effective internal control system.

The risk management committee is responsible for developing the risk strategy and applying the risk structure, principles and limits in the group. It is also responsible for risk management decisions, determining the risk tolerance, and reporting the critical risks to the Board of Directors, and risk management team are responsible for managing various types of risks in term of:

- Preparing policies and having them approved by the Board of Directors,
- Analysis of all types of risks (credit, market, liquidity, operations, information security, strategy, and reputation),
- Developing a methodology for measuring and controlling each type of risk, and
- Provide the Board of Directors and the senior management with risk reports and information.

Risk Management Department is responsible for executing the approved risk management procedures to ensure that the bank maintains independent control operations. The Risk Management Department works closely and directs its reports to the Risk Management Committee to ensure that the approved procedures are consistent with the approved risk framework. The bank manages its risks by various instruments. Risk plan prepared and approved by the Board of Directors to identify expected risks and how to mitigate it.

The risks that arise in normal circumstances are measuring based on statistical measurement models that study the risk probabilities derived from previous experience, and the required adjustments are expecting to reflect the prevailing economic environment variables. The group also carries out tests of possible scenarios in stress circumstances.

33-1 Credit Risk

Credit risk is the risk that may result from the default or inability of the counterparty (to the financial instrument) to fulfill its obligations towards the bank, which leads to losses. The Bank manages credit risks by setting accepted limits of credit facilities in accordance with the instructions of the Central Bank of Iraq, as well as, the credit policy. The bank also monitors credit risks and assesses the credit status of customers. In addition to mitigate the credit risk by obtaining eligible collateral from the borrowers.

The Bank identifies the risks of concentration of assets and liabilities by distributing its activities to several sectors, but the Bank operates in two geographical regions, namely Iraq and the Lebanese Republic.



33. Risk Management (Cont.)

Credit exposures are classified by the risk levels as at 31 December 2023 according to the following table:

* Cash on hand balances were excluded from low-risk assets because they were in the possession of the Bank and were not exposed to credit risks.

**All balances deposited in government banks and the Central Bank in the Kurdistan region were classified within the acceptable risk assets due to being deposited in government banks.

33. Risk Management (Cont.)

Market Risks

Market risks are risks that cause the fair value or cash flows of financial instrument to fluctuate due to change in market prices such as interest rates, currency exchange rates and shares prices. Market risks arise as a result of open positions in the rates of interest and currencies and in investment in shares. These risks are monitored according to specific policies and procedures and through specialized committees and concerned bodies. Market risks include interest rate risks, equity risks, currency risks, and risks of change in shares prices. The Sensitivity Test is based on estimating risks of incurring a loss in the fair value due to changes in interest rates and foreign currency exchange rates. The fair value is calculated based on the current value of the future cash flow that will be affected by the changes in rates.

1. Interest Rate Risk

The Bank seeks to secure financing to meet its long-term investments at fixed interest rates as much as possible, in order to overcome any changes in interest rates of sources of funds. The Bank also carries out short-term investments to overcome any potential changes. Sensitivity of the income statement is represented by the effect of assumed potential changes in interest rates on the banks profit for one year, and is calculated for financial assets and liabilities that carry floating interest rates as at 31 December 2023.

Sensitivity of equity items is calculated by revaluating the financial assets available for sale at fixed interest rate, including the impact of any related hedges and swap contracts provisioned as a hedge for cash flows as at 31 December to impact assumed changes in interest rates. The total sensitivity of shareholders' equity is based on the assumption of the existence of parallel transformations in the yield curve.

33. Risk Management (Cont.)

2. Interest Rate Risk

Foreign Exchange Risks are the risks of change in the value of the financial instruments due to change in foreign currency exchange rates. The Iraqi dinar is the main currency of the Bank. The Board of Directors sets limits in the financial position statement for each currency in the Bank. The foreign currency position is monitored daily and hedge strategies are implemented to ensure the position stays within the set limits.

The Bank's investment policy states that positions with main foreign currencies can be adopted, provided that the total financial position of all currencies does not exceed + (-) 20% of the basic and buffer capital according to local instructions.

Foreign currency positions are monitored on a daily basis, and advanced market instruments can be used to hedge against exchange rates risks within restrictions that protect the Bank from being exposed to any further risks. Based on the cash management instructions of the Central Bank of Iraq regarding cash controls – banks' permissible foreign cash positions as provided for in their letter No. 9/3/180 dated 30/6/2020, this ratio was adjusted to + (-) 20% of the Bank's Tier 1 and Tier 2 capital.

The following table shows the impact of potential changes in the IQD exchange rate against foreign currencies in the income statement, with all other impactful variables remaining unchanged, noting that the underlying exchange rate of the financial statements as of December 31, 2023 was IQD 1460 per USD, and LBP 1507.5 per USD.

*Official exchange rate issued by Banque Du Liban was adopted to convert LBP to USD, which was LBP 1507.5 per USD, and then to IQD.

Should there be a negative change, the impact becomes equal to the change above and the sign is switched. There might be significant risks resulting from the change in the exchange rates of other currencies if Banque Du Liban adopts the rate of the parallel market to adjust the official exchange rate of USD against LBP which dropped significantly below the official exchange rate.



33. Risk Management (Cont.)

3. Share Prices Risks

Share price risks result from change in the fair value of investments in shares. The Bank manages these risks by diversifying investments in several geographical regions and economic sectors. As for the investments in shares owned by the Bank, part of them is listed in the Iraq Stock Exchange, and the other part is unlisted, where the impact on these shares will be 1% regarding the sensitivity of profits and losses, and 5% regarding the impact of change on shareholders' equity, as all of these investments are available for sale.

Noting that the ratio of investments in financial assets at fair value to shareholders' equity was 1.9. There is no significant impact of the change in the investments value on profits, losses and shareholders' equity.

33. Risk Management (Cont.)

Market Risks (Cont.)

Notes to Financial Statements for The Year Ended 31 December 2024

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. 2023, there were no changes in the Bank's policies, regulations and capital management methods.

Capital Adequacy

	2024	2023
	IQD (000)	IQD (000)
<u>Tier 1 Capital</u>		
Paid-up Capital	300.000.000	250.000.000
Disclosed Reserves Adequacy	17.817.017	717.378
Retained Profits (Losses)	11.589.630	27.317.604
Profits before approval	155.781.991	53.154.485
Profits of Year	76.076.833	25.067.688
Net OCI (Accumulated)	(4.260.956)	(60.906)
Investments in Banks and Financial Institutions	(977.442)	(1.147.598)
Intangible Assets (Programs and Systems)	(970.577)	(926.839)
Provision for end of severance pay	(3.687.660)	(1.373.907)
Miscellaneous Provisions	–	(14.650.000)
Total Tier 1 Capital	539.819.965	338.097.905
<u>Tier 2 Capital</u>		
Balances provisions on instruments insert stage1		
1.25% from total RWA	3.859.369	3.118.098
Total Tier 2 Capital	3.859.369	3.118.098
Total Tier 1 and Tier 2 Capital	542.855.383	341.216.003
Total Credit risk	242.833.404	249.447.804
Total Market Risks	205.596.996	117.450.788
Total Operating Risks	268.179.791	159.696.274
Total	716.610.191	526.594.866
Capital Adequacy %	75.57%	64.8%
	12.5%	12.5%

Notes to Financial Statements for The Year Ended 31 December 2024

34. Contingent Liabilities and Commitments Credit

Liabilities and Commitments

Dec. 31 , 2024	0- 1Y	1Y – 5 Y	MORE 5Y	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
LG	53.487.370	4.157.015	-	57.644.385
LC	4.839.433	-	-	4.839.433
Total	58.326.803	4.157.015	-	62.483.818

Dec.31, 2023	0 – 1Y	1Y – 5 Y	More 5Y	Total
	IQD (000)	IQD (000)	IQD (000)	IQD(000)
LG	47.182.417	4.157.015	-	51.339.431
LC	5.644.680	-	-	5.644.680
Total	52.827.097	4.157.015	-	56.984.112

35. Cases brought against the bank

By March 31, 2024, there were (4) 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, 2023 was (5) a lawsuit against the bank, matched by (6) a lawsuit in favor of the bank, from which (5) a lawsuit was deducted. All lawsuits are in the initial stage, and any obligations in return for these lawsuits or the possibility of determining their financial impact are limited, noting that all lawsuits are within the scope and powers of the judiciary and are followed up by the legal department in the bank, with the exception of one lawsuit for which it was recommended to reserve an allocation, and thus the allocation was increased to be With a balance of (950,000,000) dinars as of March 31, 2024.in Note No. (15).

36.Credit granted to related parties.

There are no credit facilities granted to related parties as of March 31, 2024.

37. Comparative Figures

The reclassification of some of the balances of the financial statements as of March 31, 2024 does not have any impact on the profits and equity during the Year.

