



# **Bank of Baghdad**

(Private Joint Stock Company)

Financial Statements (Review)

June 30, 2025

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To The General Assembly of Bank of BaghdadBank of Baghdad "Private Shareholding Company" – BaghdadAuditors' ReportChairman and Members of Board of DirectorsBank of Baghdad "Private Shareholding Company" – BaghdadReview 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 June 30, 2025. The Statement Condensed interim financial position statement as at June 30, 2025; 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, 2025, to June 30, 2025, are in accordance with the bank's books of accounts.
3. The bank's financial statements have been audited for the year ended Dec31, 2024. A report was issued regarding them on Feb18, 2025. We have been assigned to review the interim financial statements for 2025 by the bank's management and based on instructions from the Central Bank of Iraq.

**Auditor**

Mustafa Fouad Abbas

Adel Mohammed AL-Hassoun

From Mustafa Fouad Abbas & co.  
Certified Public Accountants Member Of Iraqi ACA  
(A Member Firm of Ernst & Young Global  
Limited)

From Adel AL-Hassoun & co.  
Public Accountants, Auditors & Tax  
Consultants

Baghdad on 28<sup>th</sup> of July. 2025

Statement of Financial Position as at 30 June 2025 Statement (A)

		June 30,2025	Dec.31,2024
		IQD (000)	IQD(000)
<u>Assets</u>	Note	(Review)	(Audited)
Cash and Balances With Central Banks–Net	3	1.074.254.774	2.020.046.204
Balances at Banks and Financial Institutions–Net	4	379.616.296	416.469.828
Financial Assets at Fair Value through OCI	5	6.638.662	6.594.633
Financial assets at Amortized Cost –Net	6	1.268.438.890	936.827.726
Credit Facilities (Loan & Advances) – Net	7	91.841.997	50.259.551
Property and Equipment, Net	8	93.708.390	75.114.334
Intangible Assets –Net	8	1.243.384	1.205.589
Right of use of leased assets	9/a	980.002	1.302.328
Other Assets Net	10	51.919.713	38.141.071
<b>Total Assets</b>		<b>2.968.642.108</b>	<b>3.545.961.264</b>
<b>Liabilities And Shareholders' Equity</b>			
<u>Liabilities</u>			
Banks and Financial Institutions' Deposit	11	937.751	920.976
Customers' Deposits	12	2.220.489.005	2.679.348.533
Cash Margin	13	31.859.062	32.684.095
Income Tax Provision	14	18.352.149	56.896.722
Sundry Provisions	15	9.915.578	9.959.276
Borrowed Funds	16	–	3.363
Lease Liabilities	9/b	939.104	1.231.068
Other Liabilities	17	65.682.763	37.401.182
<b>Total Liabilities</b>		<b>2.348.175.412</b>	<b>2.818.445.215</b>
<b>Shareholders' Equity</b>			
Paid-up Capital	18	400.000.000	400.000.000
Legal Reserve	D	47.514.740	40.869.040
Other Reserves	D	58.492	58.742
Fair Value Reserve	D	(512.192)	(548.834)
Foreign Currency translation	D	(14.777.855)	(13.462.776)
Retained Earnings	D	188.183.511	301.915.206
<b>Total Shareholders' Equity</b>		<b>620.466.696</b>	<b>727.516.049</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2.968.642.108</b>	<b>3.545.961.264</b>

*Jasim Alazzawi*

Chief Financial Officer

Jasim Alazzawi

Mustafa Fouad Abbas

From Mustafa Fouad Abbas & co.

Certified Public Accountants Member Of Iraqi ACA

*Ahmed T. Muallah*

Chief Executive Officer/Acting

Ahmed T. Muallah

Adel Mohammed AL–Hassoun

From Adel AL–Hassoun & co.

Public Accountants , Auditors Tax

Baghdad on 28<sup>th</sup> of July 2025

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

Statement of Comprehensive Income for The Period Ended 30 June 2025

Statement (B)

		For Three –Month period ended June30		For Six–Month period ended June30	
	Note	2025	2024	2025	2024
		IQD (000)	IQD (000)	IQD(,000)	IQD(,000)
		Review	Review	Review	Review
Interest income	19	29.424.564	17.624.367	52.467.675	33.291.508
Less: Interest expense	20	(3.855.193)	(2.943.356)	(8.104.331)	(5.370.140)
<b>Net- interest income</b>		<b>25.569.371</b>	<b>14.681.011</b>	<b>44.363.344</b>	<b>27.921.368</b>
Net-Commission income	21	25.764.274	64.944.033	65.810.634	122.904.548
<b>Net- interest and commission income</b>		<b>51.333.645</b>	<b>79.625.044</b>	<b>110.173.978</b>	<b>150.825.916</b>
Gain Foreign currencies	22	41.466.985	34.929.720	77.753.810	62.479.381
Cash dividends from financial assets at fair value through OCI	23	-	-	-	-
Capital income	23	58.034	41.687	110.918	145.268
Other income	24	15.545	-	15.996	(1.509.072)
<b>Gross profit</b>		<b>92.874.209</b>	<b>114.596</b>	<b>187.006.702</b>	<b>211.941.493</b>
Employees' expenses	25	(5.462.332)	(4.555.178)	(10.616.599)	(7.884.034)
Other Expense	26	(8.603.588)	(3.047.286)	(12.776.582)	(5.626.128)
Depreciation and amortization	8,9	(977.609)	(781.364)	(1.833.716)	(1.551.173)
Sundry provisions expense	15	(462.872)	(1.218.647)	(926.751)	(2.856.843)
<b>Total Expenses</b>		<b>(15.506.401)</b>	<b>(9.602.475)</b>	<b>(26.203.648)</b>	<b>(17.918.178)</b>
<b>Profit before provision of credit losses</b>		<b>77.367.808</b>	<b>104.993.976</b>	<b>161.851.054</b>	<b>194.023.315</b>
Provision for credit loss	27	(6.744.016)	(8.811.000)	(10.584.900)	(11.013.000)
<b>Profit before tax (Pretax Income)</b>		<b>70.623.792</b>	<b>96.182.976</b>	<b>151.266.154</b>	<b>183.010.315</b>
Income tax expense		(8.338.398)	(14.294.890)	(18.352.149)	(26.554.469)
<b>Profit for the Year (After-tax Income)</b>	13	<b>62.285.394</b>	<b>81.888.086</b>	<b>132.914.005</b>	<b>156.455.846</b>
Basic (Diluted) Earnings per Share from the Year Profit (IQD)	28			0.332.	0.522

Jasim Alazzawi

Chief financial officer

Jasim Alazzawi



Chief Executive Officer/Acting

Ahmed T. Muallah

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



Statement of Comprehensive Income for The Period Ended 30 June 2025 Statement (C)

	Note	For Three –Month period ended June30		For Six–Month period ended June30	
		2025 IQD(,000) Review	2024 IQD(,000) Review	2025 IQD(,000) Review	2024 IQD(,000) Review
Profit for the Year –Income statement	B	62.285.394	81.888.086	132.914.005	156.455.846
Change in Fair Value of Financial Assets at Fair Value Through Other Comprehensive Income	5	(341.790)	(261.264)	36.642	(3.207.141)
Foreign Exchange translation Differences	C	–	–	–	(1.315.079)
<b>Total Comprehensive Income for the Year/Period</b>		62.627.184	81.626.822	132.950.647	151.933.626

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

Statement of Changes in Equity for The Period Ended 30 June 2025 (D)

	Share Capital	Legal Reserve*	Other Reserves	Foreign Exchange translation Differences	Changes in Fair value	Retained Earnings (Losses)	Total Shareholders' Equity
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>2025</b>							
Balance at 1 January	400.000.000	40.869.040	58.742	(14.777.855)	(548.834)	301.915.206	727.516.049
Re-Classification		-	-				-
	400.000.000	40.869.040	58.742	(14.777.855)	(548.834)	301.915.206	727.516.049
Profit for the Year/Period	-	-	-	-	-	132.914.005	132.914.005
Transfer to Reserves	-	6.645.700	-	-	-	(6.645.700)	-
Change in fair value	-	-	-	-	36.642	-	36.642
Dividends Paid **	-	-	-	-	-	(240.000.000)	(240.000.000)
Capitalization issue	-	-	-	-	-	-	-
Translation FX	-	-	-	-	-	-	-
<b>Balances as at 30 June.</b>	<b>400.000.000</b>	<b>47.514.740</b>	<b>58.492</b>	<b>(14.777.855)</b>	<b>(512.192)</b>	<b>188.183.511</b>	<b>620.466.696</b>

\*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 30 June 2024 ( 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)
<b>2024</b>							
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		-	-				-
The balance adjustment	300.000.000	25.547.375	58.742	(13.462.776)	2.317.684	159.257.436	473.718.461
	-	-	-	-	-	-	-
Profit for the Year	-	-	-	-	-	156.455.846	156.455.846
Transfer to Reserves	-	7.822.792	-	-	-	(7.822.792)	-
Change in fair value	-	(19.953)	(251)	(1.315.079)	-	2.859.167	1.523.884
Dividends Paid	100.000.000	-	-	-	-	(100.000.000)	-
Adjusting Entries	-	-	-	-	-	(650.080)	(650.080)
Balances at the end	400.000.000	33.350.214	58.491	(14.777.855)	(889.457)	210.099.577	627.840.970

\*\*\* In accordance with the Authority's decision dated November 10, 2024, a dividend distribution of 7%.



## Statement of Cash Flows for The Period Ended 30 June 2025 (E)

	Note	2025 IQD(.000)	2024 IQD(.000)
<b>Operating Activities:</b>		<b>Review</b>	<b>Review</b>
Profit for the Year before Tax	B	151.266.154	183.010.315
<b>Adjustments: Non-cash Items:</b>			
Depreciations and Amortizations	8,9	1.883.716	1.551.173
Provision for credit Losses	27	10.584.900	11.013.000
Miscellaneous Provisions	15	926.751	2.856.843
Financial interest- Leased assets	9	26.636	44.588
Effect of exchange rate fluctuations on cash and cash equivalents	22	2.603.769	(390.369)
Loss (Gain) on disposal Property and Equipment	24	109	1.512.632
<b>Cash Flows from Operating Activities before Changes in Assets and Liabilities</b>		<b>167.292.035</b>	<b>199.598.182</b>
<b>Decrease (Increase) in Assets</b>			
Deposits at banks and financial institutions (maturing within more than 3 months)	29	100.392.534	(37.410.681)
Direct Credit Facilities	7	(52.121.286)	3.642.806
Other Assets	10	(13.778.642)	1.592.596
<b>Increase (Decrease) in Liabilities</b>			
Customers' Deposits	12	(458.842.941)	657.442.997
Margin Accounts	13	(825.033)	6.673.944
Other Liabilities	17	(7.424.982)	3.038.541
Sundry Provisions	15	(970.449)	(1.074.698)
<b>Net Cash Flows (Used in) from Operating Activities before Income Tax</b>		<b>(266.278.764)</b>	<b>833.503.687</b>
Income Tax Paid		(56.896.722)	(26.048.820)
<b>Net Cash Flows Used in Operating Activities</b>		<b>(323.175.486)</b>	<b>807.454.867</b>
<b>Investing Activities:</b>			
Purchase of Financial Assets at Amortized Cost	6	(331.615.563)	(52.313.104)
Purchase of Property and Equipment	8	(20.191.432)	(12.837.689)
Purchase Sale of Financial Assets Through the Other Comprehensive Income Statement	5	-	-
Proceeds Sale of Property and Equipment	8	10.170	2.703.331
<b>Net Cash Flows (used in) from Investing Activities</b>		<b>(351.796.825)</b>	<b>(62.447.462)</b>
<b>Financing Activities:</b>			
Payments Long-term Loans	16	(3.363)	(5.886)
Dividends and Changes in Equity	17	(204.293.440)	(8.093.838)
Fees to increase capital		-	(650.080)
Lease liability payments	9/b	(319.972)	(354.704)
<b>Net Cash Flow from (in) Financing Activities</b>		<b>(204.616.775)</b>	<b>(9.108.040)</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>(879.589.086)</b>	<b>735.899.365</b>
Effect of exchange rate fluctuations on cash and cash equivalents	22	(2.621.869)	(175.298)
Cash and Equivalents at 1 January(beginning of the year)	29	1.921.612.493	1.567.287.011
<b>Cash and Equivalents at 30 June</b>	29	<b>1.039.401.538</b>	<b>2.303.011.078</b>

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



## Notes to Financial Statements for The Period Ended 30 June 2025,

### 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 11/22/2025. 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. (6/2025) on July 2025.

### 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 2025.

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 2025, the Bank owned the following Associates:

Name of Subsidiary	Paid- Up Capital ( IQD '000)	Nature of Business	Place of Operation	Bank's Ownership %	
				2025	2024
Al Ameen Insurance Company	5.000.000	Insurance	Iraq	49%	49%

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



## Notes to Financial Statements for The Period Ended 30 June 2025

### **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 2024 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 2025 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 30 June 2025

### Sector-specific information

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

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

#### Cash and Cash Equivalents

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

#### Recognition of Financial Assets

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

#### Direct Credit Facilities

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

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

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

#### Financial Assets at Amortized Cost

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

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

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

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

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

**Notes to Financial Statements for The Period Ended 30 June 2025**

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 30 June 2025**

**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.



## Notes to Financial Statements for The Period Ended 30 June 2025

**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 3 June 2025

**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 30 June 2025

**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 30 June 2025**

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 30 June 2025**

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 30 June 2025

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 30 June 2025 resulted in a provision for ECL details as follows:

Details (IQD Thousand)	Balance as of December 31,2024	Prov. ECL	Balance Recovered as at June 30,2025	Total Prov. Expenses as of June 30,2025
balances with central banks	57.784.306	–	432.158	58.216.464
Balances with banks and financial institutions	10.553.885	41.663	–	10.595.548
Debt instruments as part of the financial assets at amortized cost portfolio	26.425.245	4.398	(37.859)	26.391.784
Direct credit facilities at amortized cost	49.472.318	10.538.839	–	60.011.157
Other assets	6.944.003	–	(211)	6.943.792
Indirect facilities	1.899.713	–	(431.948)	1.467.766
<b>Total</b>	<b>153.079.470</b>	<b>10.584.900</b>	<b>(37.859)</b>	<b>163.626.511</b>

Item (IQD Thousand)	Stage 1	Stage 2	Stage 3	Balance as June 30,2025
balances with central banks	561.663.678	–	57.582.092	619.245.770
Balances with banks and financial institutions	379.803.370	1.295.398	9.113.076	390.211.844
Debt instruments as part of the financial assets at amortized cost portfolio	1.268.473.547	–	26.357.127	1.294.830.674
Direct credit facilities at amortized cost	74.737.890	1.155.343	83.938.098	159.831.331
Other assets	51.935.098	–	6.928.407	58.863.505
Indirect facilities	112.925.142	2.738.959	3.691.245	119.355.346
<b>Total</b>	<b>2.445.538.725</b>	<b>5.189.700</b>	<b>187.610.045</b>	<b>2.642.338.470</b>

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

Item (IQD Thousand)	Stage 1	Stage 2	Stage 3	Balance as June 30,2025
balances with central banks	634.372	–	57.582.092	58.216.464
Balances with banks and financial institutions	187.074	1.295.398	9.113.076	10.595.548
Debt instruments as part of the financial assets at amortized cost portfolio	34.657	–	26.357.127	26.391.784
Direct credit facilities at amortized cost	1.822.431	997	58.187.729	60.011.157
Other assets	15.385	–	6.928.407	6.943.792
Indirect facilities	1.254.239	808	212.719	1.467.766
<b>Total</b>	<b>3.948.158</b>	<b>1.297.203</b>	<b>158.381.150</b>	<b>163.626.511</b>

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 2025. D.H./1/900 On 8/7/2025, the Central Bank of Iraq – Commercial Banking Division – Inspection and Audit Division was notified.

**Notes to Financial Statements for The Period Ended 30 June 2025****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 30 June 2025**

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 2025	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 2025, 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 2025	On 31 October 2024, 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 2025, 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 2025	On 25 May 2025, 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 2025	On 22 September 2024, 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 2025

Notes to Financial Statements for The Period Ended 30 June 2025

3. Cash and Balances with Central Banks

	30 June 2025	31 Dec. 2024
	IQD (000)	IQD (000)
	Review	Audited
Cash on Hand	513.225.468	402.771.276
Balances Central Banks*		
Current accounts and Demand Deposit	202.910.280	1.158.324.059
Statutory Cash Reserve **	415.811.536	516.338.012
Statutory cash Reserve of LG	523.954	397.163
Total balances at Central Banks	<b>619.245.770</b>	<b>1.675.059.234</b>
Total Cash & Central Banks	<b>1.132.471.238</b>	<b>2.077.830.510</b>
Less : Expected credit loss Provision	(58.216.464)	(57.784.306)
	<b>1.074.254.774</b>	<b>2.020.046.204</b>

\* The balances in the bank's ATMs as of June 30, 2025 amounted to IQD (26.677.907) 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, 2024 (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 (523.954) thousand Iraqi dinars as on December 31, 2024 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 (12.309.818) thousand Iraqi dinars, fully covered by the allowance for expected credit losses. While it was as of December 31, 2024 (12.242.666) 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 30 June 2025

. The following is the distribution of total balances with central banks according to the Bank's internal classification categories as at 30 June 2025:

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	1.617.544.294	–	57.514.940	1.675.059.234
New Balance at the Year	8.739.810.082	–	107.554	8.739.917.636
Repaid/Derecognized Balance	(9.795.690.698)	–	(40.402)	(9.795.731.100)
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	–	–	–	–
<b>Total</b>	<b>561.663.678</b>	<b>–</b>	<b>57.582.092</b>	<b>619.245.770</b>

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	561.663.678	–	–	561.663.678
2	–	–	–	–
3	–	–	–	–
4	–	–	–	–
5	–	–	–	–
6	–	–	–	–
7	–	–	–	–
8	–	–	45.272.274	45.272.274
9	–	–	12.309.818	12.309.818
10	–	–	–	–
<b>Total</b>	<b>561.663.678</b>	<b>–</b>	<b>57.582.092</b>	<b>619.245.770</b>

**Notes to Financial Statements for The Period Ended 30 June 2025**

The following is the movement on balances with central banks during the years ended 30 June 2025:

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	269.365	–	57.514.941	57.784.306
Adjusted after the application of IFRS 9	365.007	–	67.151	432.158
New ECLs	–	–	–	–
Repaid /Derecognized	–	–	–	–
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	634.372	–	57.582.092	58.216.464

Notes to Financial Statements for The Period Ended 30 June 2025

4– Balances at Banks and financial Institutions:

	30 June 2025	31 Dec. 2024
	IQD (000)	IQD (000)
	Review	Audited
Local banks and financial institutions	11.060.949	11.121.330
Foreign Banks and Financial Institutions*	379.150.895	415.902.383
Deposits with Banks and financial Inst.	–	–
Total	<b>390.211.844</b>	<b>427.023.713</b>
Less : Expected credit loss Provision	(10.595.548)	(10.553.885)
	<b>379.616.296</b>	<b>416.469.828</b>

\*As of 30/06/2025, the balance with non-interest bearing banks and banking institutions was IQD (379.150.895), compared with IQD (415.902.383) as of 12/31/2024.

\*\* The balances registered with local banks and banking institutions amounted to IQD (10.409.814) as of 30/06/2025, while IQD (10.548.078) as of 12/31/2024), 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 30 June 2025:

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	416.553.286	1.355.398	9.115.030	427.023.714
New Balance During the year	7.342.267.023	–	–	7.342.267.023
Repaid /Derecognized Balance	(7.379.016.938)	(60.000)	(1.954)	(7.379.078.892)
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	379.803.370	1.295.398	9.113.076	390.211.844

**Notes to Financial Statements for The Period Ended 30 June 2025**

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	379.803.370	-	-	379.803.370
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	1.295.398	-	1.295.398
8	-	-	9.072.680	9.072.680
9	-	-	40.396	40.396
10	-	-	-	-
<b>Total</b>	<b>379.803.370</b>	<b>1.295.398</b>	<b>9.113.076</b>	<b>390.211.844</b>

The following is the distribution of deposits at banks and financial institutions according to the Bank's internal classification categories as at 30 June 2025

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	83.457	1.355.398	9.115.030	10.553.885
New Balances at the year	43.617	-	-	43.617
Repaid /Derecognized Balances	-	-	(1.954)	(1.954)
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes related to adjustments	60.000	(60.000)	-	-
Written – Off Balances	-	-	-	-
Adjustments resulting from exchange rate change	-	-	-	-
<b>Balance at the end of the Year</b>	<b>187.074</b>	<b>1.295.398</b>	<b>9.113.076</b>	<b>10.595.548</b>

**Notes to Financial Statements for The Year Period 30 June 2025**

**5) Investments in Shares**

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

	<b>30 June 2025</b>	<b>31 Dec. 2024</b>
	IQD ( 000)	IQD ( 000)
	Review	Audited
Shares listed in an active market	5.777.877	5.741.234
Shares Unlisted *	860.785	853.399
	<b>6.638.662</b>	<b>6.594.633</b>

\*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 30 June 2025**

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

	<b>30 June 2025</b>	<b>31 Dec. 2024</b>
	<u>IQD ( 000)</u>	<u>IQD ( 000)</u>
	<b>Review</b>	<b>Audited</b>
Balance at the beginning	<b>6.594.633</b>	<b>9.397.735</b>
Additions	<b>-</b>	<b>63.416</b>
Disposals	<b>7.387</b>	<b>-</b>
	<u><b>6.601.980</b></u>	<u><b>9.461.151</b></u>
Change in fair value reserve	<u><b>(36.642)</b></u>	<u><b>(2.866.518)</b></u>
Balance at End	<u><u><b>6.638.622</b></u></u>	<u><u><b>6.594.633</b></u></u>

Notes to Financial Statements for The Period Ended 30 June 2025

6) Financial Assets at Amortized Cost:

	30 June 2025	31 Dec. 2024
	IQD ( 000)	IQD ( 000)
Financial Assets Quoted in the Market:	<b>Review</b>	<b>Audited</b>
Euro Bond & Government bonds – Iraq	118.473.548	136.857.986
Euro Bonds – Lebanese *	26.357.126	26.394.985
<b>Total Financial Assets Listed in the Market</b>	<b>144.830.674</b>	<b>163.252.971</b>
Financial Assets Unlisted in the Market:		
Government( Local ) Bonds	1.150.000.000	800.000.000
CBI – Treasury bills	–	–
<b>Financial Assets at Amortized Cost</b>	<b>1.294.830.674</b>	<b>800.000.000</b>
Less : Expected credit loss Provision	(26.391.784)	(26.425.245)
<b>Net Financial Assets at Amortized Cost</b>	<b>1.268.438.890</b>	<b>936.827.726</b>

	30 June 2025	31 Dec. 2024
	IQD ( 000)	IQD ( 000)
	<b>Review</b>	<b>Audited</b>
Financial Assets with Fixed Interest Rate	<b>1.294.830.674</b>	<b>963.252.971</b>
Financial Assets with Floating Interest Rate	–	–
<b>Total</b>	<b>1.294.830.674</b>	<b>963.252.971</b>

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

	Less than 1 month	1 – 3 months	3 – 6 months	6 months to 1 year	1–5 years	More than 5 years	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>2025</b>	–	–	–	50.000.000	1.218.473.548	26.357.126	<b>1.294.830.674</b>
<b>2024</b>	–	–	–	–	936.857.986	26.394.985	<b>963.252.971</b>

\* 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 9/21/2025, 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 30 June 2025

The following is the disclosure of movement in the balance of debt instruments at fair value through other comprehensive income for the Period ended 30 June 2025:

Item (IQD)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
Balance at the Beginning of the year	936.857.986	–	26.394.985	936.857.986
New Balance During the year	3.250.000.000	–	–	3.250.000.000
Repaid/ derecognized Balance	(2.918.384.439)	–	–	(2.918.384.439)
Re-Classification to stage 1	–	–	–	–
Re-Classification to stage 2	–	–	–	–
Re-Classification to stage 3	–	–	–	–
Adjustments resulting from exchange rate	–	–	(37.858)	(37.858)
Written – Off Balances	–	–	–	–
<b>Total</b>	<b>1.268.473.547</b>	<b>–</b>	<b>26.357.127</b>	<b>1.294.830.674</b>

The following is a disclosure of the distribution of total debt instruments at fair value through other comprehensive income according to the Bank's internal classification categories as at 30 June 2025;

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	1.268.473.547	–	–	1.268.473.547
2	–	–	–	–
3	–	–	–	–
4	–	–	–	–
5	–	–	–	–
6	–	–	–	–
7	–	–	–	–
8	–	–	–	–
9	–	–	26.357.127	26.357.127
10	–	–	–	–
<b>Total</b>	<b>1.268.473.547</b>	<b>–</b>	<b>26.357.127</b>	<b>1.294.830.674</b>

The following is the disclosure of movement in the balance of debt instruments at fair value through other comprehensive income for the years ended 30 June 2025:

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	30.260	–	26.394.985	26.425.245
Adjusted	–	–	–	–
New ECLs	4.397	–	–	4.397
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 –	–	–	(37.858)	(37.858)
Balance at the end of the year	34.657	–	26.357.127	26.391.784

Notes to Financial Statements for The Period Ended 30 June 2025

7. Direct Credit Facilities

This item consists of the following:

	30 June 2025	31 Dec. 2024
	IQD ( 000)	IQD ( 000)
	Review	Audited
<b>Retail</b>		
Loans*	54.642.238	53.212.487
Discounted Bills & Purchased Bills	-	-
Overdrafts	-	-
<b>Total Retail</b>	54.642.238	53.212.487
<b>Corporates:</b>		
Loans*	48.043.303	38.284.032
Discounted Bills & Purchased Bills	1.516.865	1.516.865
Overdrafts	55.628.925	14.911.187
<b>Total Corporates</b>	105.189.093	54.712.084
<b>Total Retail &amp; Corporates</b>	159.831.331	107.924.571
Less: Interest In Suspense (Note 7-B)	(7.978.177)	(8.192.702)
Less: Expect Credit Losses Provision (Note 7B)	(60.011.157)	(49.472.318)
<b>Net Direct Credit Facilities</b>	91.841.997	50.259.551

\*There are no credit concentrations of more than 10% as of June 30, 2025.

\*\*– 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 (790.726) thousand Iraqi dinars as of June 30, 2025, while on (December 31, 2024: the amount of (713.866) 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 (83.938.098) thousand as of June 30, 2025, i.e. (52.52%) of the balance of direct credit facilities. In 2024, the amount was (79%), (85.056.651) thousand dinars.

– The non-performing credit facilities, after deducting the suspended interest, amounted to IQD (75.959.921) thousand, which is (50.02%) of the balance of the credit facilities, and it was (2024: the amount of (76.863.949) thousand Iraqi dinars, which is (77%) of the credit facilities balance after deducting the outstanding interest.

The total facilities of the Beirut branch amounted to the equivalent of IQD (zero) thousand, while the balance was IQD (Zero) thousand as of Dec. 31, 2024.

Notes to Financial Statements for The Period Ended 30 June 2025

A) Interest in Suspense

The movement on the interest in suspense was as follows:

31 June 2025	Retail	Corporate	Total
	IQD	IQD	IQD
	(000)	(000)	(000)
Balance at The Beginning	8.192.702	-	8.192.702
Additions	432.574	-	432.574
Redemptions	(647.099)	-	(647.099)
Suspense written off	-	-	-
B) Balance at The End	7.978.177	-	7.978.177

B) Provision for Credit Losses

The following is the movement on the balance of direct credit facilities on gross basis during the Year ended 30 June 2025

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	22.858.996	8.923	85.056.651	107.924.570
New Balances of the Year	74.947.158	-	-	74.947.158
Repaid/Derecognized Balances	(21.921.845)	-	(1.118.553)	(23.040.398)
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 –	-	-	-	-
Balance at the end of the year	74.737.890	1.155.343	83.938.098	159.831.331

Total cumulative direct credit facilities by credit stages are distributed according to the Bank's internal credit ratings as of June 30, 2025 as follows

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	74.197.856	-	-	74.197.856
2	540.034	-	-	540.034
3	-	-	-	-
4	-	1.155.343	-	1.155.343
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	22.530.461	22.530.461
9	-	-	55.593.859	55.593.859
10	-	-	5.813.778	5.813.778
Total	74.737.890	1.155.343	83.938.098	159.831.331

**Notes to Financial Statements for The Year Ended 30 June 2025**

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

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the Year	1.063.775	345	48.408.198	49.472.318
Adjusted during Year	(388.670)	556	388.114	–
New ECLs	1.147.326	96	9.391.417	10.538.839
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	–	–	–	–
	–	–	–	–
Balance at the end of the Year	1.822.431	997	58.187.729	60.011.157

**Corporates:**

The following is the movement on the expected credit loss provisions of direct credit facilities on collective basis during the Year ended 30 June 2025:

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	5.954.898	–	48.757.185	54.712.083
New Balances at the Year	57.367.480	–	–	57.367.480
Repaid /Derecognized Balances	(6.583.238)	–	(307.232)	(6.890.470)
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 –	–	–	–	–
	–	–	–	–
Balance at the end of the Year	56.739.141	–	48.449.953	105.189.094

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 June. 30, 2025 as follows:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	56.736.553	-	-	56.736.553
2	2.588	-	-	2.588
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	25.531.778	25.531.778
9	-	-	20.993.311	20.993.311
10	-	-	1.924.864	1.924.864
<b>Total</b>	<b>56.739.141</b>	<b>-</b>	<b>48.449.953</b>	<b>105.189.094</b>

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	1.054.658	-	23.599.706	24.654.364
New Balances at the Year	887.703	-	7.514.856	8.402.559
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 -	(216.052)	-	2.589.846	2.373.794
	-	-	-	-
<b>Balance at the end of the Year</b>	<b>1.726.309</b>	<b>-</b>	<b>33.704.408</b>	<b>35.430.717</b>

### (Retail)

The following is the movement on the expected credit loss provisions of direct credit facilities on collective basis during the year ended 30 June 2025:

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	16.904.098	8.923	36.299.466	53.212.487
New Balances at the Year	17.579.678	-	-	17.579.678
Repaid /Derecognized Balances	(15.338.606)	-	(811.321)	(16.149.927)
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	(1.146.420)	1.146.420	-	-
Re-Classification to stage 3	-	-	-	-
Changes Related to adjustments	-	-	-	-
Written – Off Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	-	-
<b>Balance at the end of the Year</b>	<b>17.998.750</b>	<b>1.155.343</b>	<b>35.488.145</b>	<b>54.642.238</b>

Total direct credit facilities in the large and medium enterprises portfolio by credit stages are distributed according to the Bank's internal credit ratings as of September. 30, 2025 as follows:



Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	17.461.304	-	-	17.461.304
2	537.446	-	-	537.446
3	-	-	-	-
4	-	1.155.343	-	1.155.343
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	26.411.344	26.411.344
9	-	-	-	-
10	-	-	9.076.801	9.076.801
<b>Total</b>	<b>17.998.750</b>	<b>1.155.343</b>	<b>35.488.145</b>	<b>54.642.238</b>

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	9.117	345	24.808.492	24.817.954
New Balances at the Year	75.153	96	1.876.562	1.951.811
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 -	11.852	556	(2.201.732)	(2.189.324)
	-	-	-	-
<b>Balance at the end of the Year</b>	<b>96.122</b>	<b>997</b>	<b>24.483.322</b>	<b>24.580.441</b>

**8) Property and Equipment, Net\***

	Land	Building	Plant & Equipment	Computers & Furniture's**	Transportation	System	Decorations	Projects under Construction	Total
2025 June 30	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Beginning of year	30.932.064	42.739.238	949.920	11.692.474	450.701	1.504.339	0	4.372.474	92.641.210
Re-Classification	-	-	-	-	-	-	-	-	-
Additions	-	-	155.000	972.641	-	192.332	-	18.871.459	20.191.432
Disposals	-	-	(146.342)	(1.068.320)	(40.188)	-	-	-	(1.254.850)
Transfer from Projects	2.131.215	8.407.129	-	1.047.681	50.390	-	-	(11.636.415)	-
Differences in Foreign	-	-	-	-	-	-	-	-	-
Total –Cost at the end Year	33.063.279	51.146.367	958.578	12.644.476	460.903	1.696.671	0	11.607.518	111.577.792
Depreciation :									
Beginning of year	-	7.631.833	847.695	7.092.309	450.700	298.750	-	-	16.321.287
Re-Classification	-	-	-	-	-	-	-	-	-
Additions	-	661.467	16.630	717.653	3.359	154.537	-	-	1.553.646
Disposals	-	-	(146.342)	(1.062.385)	(40.188)	-	-	-	(1.248.915)
Differences in Foreign	-	-	-	-	-	-	-	-	-
Total – Depreciation at the end Year	-	8.293.300	717.983	6.747.577	413.871	453.287	0	-	16.626.018
Net Book Value	33.063.279	42.853.067	240.595	5.896.899	47.032	1.243.384	0	11.607.518	94.951.774
Details of Projects Under Construction*	-	9.874.329	-	223.680	-	238.000	1.271.509	-	11.607.518

\* 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
2024	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
December 31									
Beginning of year	33.005.584	42.720.381	954.537	11.408.919	463.336	1.216.124	-	4.531.314	94.300.195
Re-Classification	-	-	-	-	-	-	-	-	-
Additions	-	-	47.500	1.133.690	-	-	-	5.038.869	6.220.059
Disposals	(4.231.090)	(464.117)	(52.117)	(2.855.373)	-	-	-	-	(7.602.697)
Transfer from Projects	2.157.570	482.974	-	2.083.534	-	473.631	-	(5.197.709)	-
Differences in Foreign	-	-	-	(78.296)	(12.635)	(185.416)	-	-	(276.347)
Total –Cost at the end Year	30.932.064	42.739.238	949.920	11.692.474	450.701	1.504.339	0	4.372.474	92.641.210
Depreciation :									
Beginning of year	-	6.743.810	870.915	8.943.130	462.532	133.628	-	-	17.154.015
Re-Classification	-	-	-	-	-	-	-	-	-
Additions	-	1.279.113	28.897	1.068.640	134	252.171	-	-	2.628.955
Disposals	-	(391.090)	(52.117)	(2.854.669)	-	-	-	-	(3.297.876)
Differences in Foreign	-	-	-	(64.792)	(11.966)	(87.049)	-	-	(163.807)
Total – Depreciation at the end Year	-	7.631.833	847.695	7.092.309	450.700	298.750	0	-	16.321.287
Net Book Value	30.932.064	35.107.405	102.225	4.600.165	1	1.205.589	0	4.372.474	76.319.923
Details of Projects Under Construction*	-	3.831.953	-	491.021	49.500	-	-	-	4.372.474

**Notes to Financial Statements for The Period Ended 30 June 2025**

**8/B Investment spending - payments for fixed assets purchase**

Items	Balance at the beginning	Additions	Transfer / Reclassification	Balance at the End
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Mosul Branch	1.160.599	200.180	-	1.360.779
Kirkuk Branch	156.002	400.000	-	556.002
Basrah	-	10.250.000	(10.250.000)	-
ALJadriah Branch	-	4.801.478	-	4.801.478
Systems	-	1.271.510	-	1.271.510
Computer –HO	491.021	223.808	(491.149)	223.680
Car	49.500	238.890	(50.390)	238.000
Erbil Branch	-	60.067	-	60.067
Najaf Branch	259.447	-	-	259.447
Al-Sulmanih branch	1.453.555	1.383.000	-	2.836.555
National Branch	802.350	42.526	(844.876)	-
Total	4.372.474	18.871.459	(11.636.415)	11.607.518

**8/C Intangible Assets June 30, This item consists of computer software which is amortized and, the details are as follows:**

Annual rate ranging 20%	30 June. ,2025	31 Dec,2024
	IQD (000)	IQD (000)
Balance at the Beginning of Year	1.205.589	1.082.496
Additions	192.332	473.631
Amortization	(154.537)	(252.171)
Foreign currencies differences	-	(98.367)
Balance at the End of the year	1.243.384	1.205.589

Intangible assets include fully amortized items worth (0) thousand Iraqi dinars as of June 30, 2025. This is compared to (0) thousand Iraqi dinars as of December 31, 2024.

**Notes to Financial Statements for The Period Ended 30 June 2025**

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Balance at the end of the year:

	30 June 2025	31 Dec 2024
	IQD	IQD
	(000)	(000)
	<b>Review</b>	<b>Audited</b>
Balance at Beginning	1.302.328	1.834.864
Additions	-	143.258
Disposals	(330.070)	(675.794)
Foreign currencies differences	7.744	-
Balance at the End	<u>980.002</u>	<u>1.302.328</u>

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Balance at the end of the year:

	30 June 2025	31 Dec 2024
	IQD	IQD
	(000)	(000)
	<b>Review</b>	<b>Audited</b>
Balance at Beginning	1.231.068	1.897.509
Additions	26.636	-
Payment	(319.972)	(742.499)
Foreign currencies differences	1.372	-
Interest Financial	26.636	76.058
Balance at the End	<u>939.104</u>	<u>1.231.068</u>

**Notes to Financial Statements for The Period Ended 30 June 2025**

**10. Other Assets**

This item consists of the following:

	30 June 2025	31 Dec 2024
	IQD ( 000)	IQD(000)
	Review	Audited
Margins with others	8.126.1312	3.028.581
Clearing	1.092.334	–
Prepaid Expenses	3.968.970	3.203.740
Payments to Investments	35.366.148	–
Accrued Income and Interest	10.004.000	28.774.449
Governmental Accounts Receivable	36.592	36.592
Other Accounts and Balances Receivable	269.330	37.712
Stolen Cash and other Amounts***	37.242.029	37.242.029
Provisions for Stolen Cash and Accounts Receivable (9A & 9B)	(37.242.029)	(37.242.029)
Total other Assets	58.863.505	45.085.074
Less: Expected credit Loss Provision	(6.943.792)	(6.944.003)
Net other Assets	<b>51.919.713</b>	<b>38.141.071</b>

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

	30 June 2025	31 Dec 2024
	IQD ( 000 )	IQD (000)
	Review	Audited
Provisions for Stolen Cash and Check	37.242.029	37.242.029
Total Provision for Stolen Cash and other Amounts	37.242.029	37.242.029

Notes to Financial Statements for The Period Ended 30 June 2025

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

	30 June 2025	31 Dec 2024
	IQD (000 )	IQD (000 )
	Review	Audited
Balance at Beginning	37.242.029	37.242.029
Additions	-	-
Foreign currencies differences	-	-
Recovered Stolen Amounts	-	-
Balance at End .	37.242.029	37.242.029

The following is the movement on the expected credit loss provisions of direct Other Assets on collective basis during the year ended 30 June. 2025:

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	34.952.927	-	6.928.407	41.881.334
New Balances of the Year	124.758.877	-	-	124.758.877
Repaid/Derecognized Balances	(111.745.465)	-	-	(111.745.465)
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 -	(211)	-	-	(211)
Decrease in expected credit loss provision	-	-	-	-
Total Balance at the end of Year	47.966.128	-	6.928.407	54.894.535

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	47.966.128	-	-	47.966.128
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	6.928.407	6.928.407
9	-	-	-	-
10	-	-	-	-
Total	47.966.128	-	6.928.407	54.894.535

**Notes to Financial Statements for The Period Ended 30 June 2025**

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	15.596	-	6.928.407	6.944.003
New ECLs	-	-	-	-
Repaid / Derecognized Balances	-	-	-	-
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes Related to adjustments	-	-	-	-
Bad Balances	-	-	-	-
Adjustments resulting from exchange rate -	(211)	-	-	(211)
Decrease in expected credit loss provision	-	-	-	-
<b>Total Balance at the End of Year</b>	<b>15.385</b>	<b>-</b>	<b>6.928.407</b>	<b>6.943.792</b>

\*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, 2025 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	30 June 025 IQD (Thousand) <b>Review</b>	31 Dec2024 IQD (Thousand) <b>Audited</b>
2018	Al Qurnah Branch Robbery	507.324	507.324
2015	Irbil Branch Robbery	33.249.718	33.249.718
2014	Mosul Branch Robbery	974.777	974.777
2011	Al-Sanak Branch Robbery	1.167.125	1.167.125
2003 – 2017	Robberies, Fund Shortage, Altered Checks	1.343.085	1.343.085
<b>Total</b>		<b>37.242.029</b>	<b>37.242.029</b>



**Notes to Financial Statements for The Period Ended 30 June 2025**

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

	30 June 2025 IQD (000)	31 Dec. 2024 IQD (000)
	Audited	Audited
Current and Demand Accounts	266.725	266.536
Savings Accounts		
Time Deposits	671.026	654.440
<b>Total</b>	<b>937.751</b>	<b>920.976</b>

**12. Customers' Deposits**

This Item consists of the following:

	Retail	Corporate	Total
June 30 , 2025	IQD (000)	IQD (000)	IQD (000)
Current and Demand Accounts	187.457.410	1.520.136.723	<b>1.707.594.133</b>
Savings Accounts	233.974.679	50.004.708	<b>283.979.387</b>
Time Deposits	22.809.780	206.105.705	<b>228.915.485</b>
	<b>444.241.869</b>	<b>1.776.247.136</b>	<b>2.220.489.005</b>

	Retail	Corporate	Total
Dec. 31 , 2024	IQD (000)	IQD (000)	IQD (000)
Current and Demand Accounts	171.679.187	2.040.531.894	<b>2.212.211.081</b>
Savings Accounts	241.154.630	20.306.533	<b>261.461.163</b>
Time Deposits	12.182.615	193.493.674	<b>205.676.289</b>
	<b>425.016.432</b>	<b>2.254.332.101</b>	<b>2.679.348.533</b>

Non-interest bearing deposits amounted to (1.707.594.133) thousand dinars, i.e. (76.90%) of the total deposits and demand deposits as of June 31, 2025, compared to the amount of (2.212.211.081) thousand dinars, or (84%), as of December 31, 2024.

- The deposits were (withdrawal restrictions) amounted to (13.110) thousand dinars, i.e. (0.05%) of the total deposits as of December 31, 2025, and (101.329) thousand dinars, i.e. (0.042%) of the total deposits as of December 31, 2025. December 2024.

\* It includes amounts received from the bank's customers for the purpose of accessing the remittance platform, which amounted to (421.557.775) thousand dinars as of June 2025, compared to an amount of (517.322.458) as of December 31, 2024.

Notes to Financial Statements for The Period Ended 30 June 2025

**13. Cash Margins**

This Item consists of the following:

	30 June 2025	31 Dec 2024
	IQD	IQD
	(000)	(000)
	<b>Review</b>	<b>Audited</b>
Cash Margin against Indirect credit Facilities		
Cash Margins Against Letters of Credit	5.916.145	10.427.574
Cash Margins Against Letters of Guarantee	23.012.372	19.116.070
Other Cash Margins	2.930.545	3.140.451
	<b>31.859.062</b>	<b>32.684.095</b>

**14. Income Tax**

**A) Income Tax Provision**

The movement on the income tax provision was as follows:

	30 June 2025	31 Dec. 2024
	IQD	IQD
	(000)	(000)
	<b>Review</b>	<b>Audited</b>
Balance at 1 January	56.896.722	26.048.820
Income Tax Paid During the Year	(56.896.722)	(26.048.820)
Accrued Income Tax	18.352.149	56.896.722
Balance at 30 June	<b>18.352.149</b>	<b>56.896.722</b>

**Notes to Financial Statements for The Period Ended 30 December 2025**

**B) Income Tax**

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

	30 June 2025	31 Dec2024
	IQD(000)	IQD (000)
	Audited	Audited
Pretax Accounting Profit (Loss)	151.706.639	371.160.604
Non-taxable Revenue	(45.447.498)	(63.597.736)
Non-deductible Expenses	16.088.519	71.748.612
Taxable Profit	<b>122.347.660</b>	<b>379.311.480</b>
Accrued Income Tax Rate in Iraqi (15%)	18.352.149	56.896.722
Accrued Income Tax Rate in Lebanese ( 17%)	-	-
	<b>18.352.149</b>	<b>56.896.722</b>

- 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:

	30 June 2025
	IQD(000)
Accounting profit (Loss)	<b>151.266.154</b>
Losses (Beirut branch)	<b>440.485</b>
<b>Non-deductible Expenses</b>	
Fines and Compensations	351.612
Miscellaneous Provisions	926.751
Income Tax(previous year)	-
Settlements Employee Income Tax previous years	356.706
Provision for Credit Facilities	14.453.450
<b>Total of Non-deductible Expenses</b>	<b>16.088.519</b>
<b>Non-taxable Revenue</b>	
Rent Income (Subject to Real Estate Tax)	(101.868)
Revenue of Investments	-
Revenue from property selling	(16.105)
Non-taxable Investment Income (Profits from Companies and Bonds)	(39.209.299)
Interest of Iraqi Government's Bonds (Eurobond)	(6.120.226)
Recoverable Income from Previous Years	-
<b>Non-taxable Profits</b>	<b>(45.447.498)</b>
Taxable Profit	122.347.660
<b>Accrued Income Tax Payable by the Bank</b>	<b>18.352.149</b>
Less or Add : Income Tax Accrued and Paid for Foreign Branches	-
<b>Accrued Income Tax</b>	<b>18.352.149</b>

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 30 June 2025

15. Other Provisions

	30 June 2025	31 Dec 2024
	IQD (000)	IQD (000)
	Review	Audited
Indirect credit facilities Provision	1.372.398	1.804.344
Foreign Currencies auction allocations provision*	–	–
End-of-service Indemnity Provisions	6.275.329	6.090.776
Provisions for lawsuits	1.100.000	1.100.000
Allowances for compensation for accumulated leave	953.454	710.701
Real estate tax allowance	46.978	86.036
Unlimited	95.369	–
Miscellaneous Provisions	72.020	72.020
	<b>9.915.578</b>	<b>9.959.276</b>

A) Miscellaneous Provisions

This movement on the miscellaneous provisions is as follows:

	30 June 2025	31 Dec 2024
	IQD (000)	IQD (000)
	Review	Audited
Balance at The Beginning	9.959.276	6.565.104
Additions	926.751	5.311.719
Transferred from the Provision	(970.449)	(1.184.506)
Reclassified from Other Liabilities	–	–
Foreign currencies differences	–	(733.086)
Balance at the End	<b>9.915.578</b>	<b>9.959.276</b>

Notes to Financial Statements for The Period Ended 30 June 2025

**16. Long-Term Loans**

This item consists of the following:

	30 June 2025	31 Dec 2024
	IQD (000)	IQD (000)
	Review	Audited
Banque du Liban Loan	–	3.363
	–	3.363

\* 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 30 June 2025**

**17. Other Liabilities**

This item consists of the following:

	30 June 2025	31 Dec.2024
	IQD (000)	IQD (000)
	<b>Review</b>	<b>Audited</b>
Certified Checks	12.498.385	1.028.344
Balances Compensations of Deceased	822.538	2.058.390
Dividends Payable	40.569.747	4.863.185
Cash Margins to Others	1.521.863	759.988
Balances realistic to Insurance Bureau*	141.000	141.000
ATM Services Payables	466.082	872.265
Accrued Expenses	1.700.748	5.507.097
Customer Outward Transfers Balances	–	–
Accounts Payables	749.049	632.941
Amount Received for Companies Registration	4.687.513	10.258.413
Accrued Stamps Fees	27.634	30.247
Accrued Interest	1.301.271	477.168
Other**	1.196.933	772.144
	<b>65.682.763</b>	<b>37.401.182</b>

\* 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 8/23/2024, 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, 2024 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, 2025, 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, 2025, 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

	30 June 2025 IQD (000) <b>Review</b>	31 Dec. 2024 IQD (000) <b>Audited</b>
balance at the beginning of the year	301.915.206	159.257.436
Impact of implementing Financial Reporting Standard No. 16	-	-
The effect of delisting Baghdad Brokerage Company	-	-
Adjusted balance at the beginning of the year	301.915.206	159.257.436
Profit for the year	132.914.005	306.832.365
Capitalization Issue	-	(100.000.000)
Cash dividends*	(240.000.000)	(51.000.000)
Transferred to reserves	(6.645.700)	(15.341.618)
The effect of an exchange rate change	-	(660.080)
Settlements (result increase capital)	-	2.827.103
Balance at the end of the Period	188.183.511	301.915.206

\*Dividend distributions represent 60% of the capital for the profits of the fiscal year 2024 according to the General Assembly's decision on 03/May/2025.



Notes to Financial Statements for The Period Ended 30 June 2025

**19. Interest Income**

This item consists of the following:

	The Period Ended 30 June	
	2025	2024
	IQD (000)	IQD (000)
	Review	Review
<b>Consumer Facilities (Retail)</b>	<b>1.086.339</b>	<b>985.611</b>
Loans and Bills	1.086.339	985.611
Current Accounts Receivable	–	–
<b>Corporate Facilities</b>	<b>666.855</b>	<b>541.439</b>
Loans and Bills	595.597	295.829
Current Accounts Receivable	71.258	245.610
<b>Financial Assets at Amortized Cost*</b>	<b>925.480</b>	<b>1.105.934</b>
<b>Balances and Deposits with Banks and Financial Institutions</b>	<b>49.789.001</b>	<b>30.658.524</b>
	<b>52.467.675</b>	<b>33.291.508</b>

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

This item consists of the following:

	The Period Ended 30 June	
	2025	2024
	IQD(000)	IQD (000)
	Review	Review
<b>Government and Government-guaranteed Bonds</b>	<b>6.120.226</b>	<b>7.500.896</b>
Government Bonds - Iraq	6.120.226	7.500.896
Government Bonds - Lebanon	–	–
Government-guaranteed and Treasury bonds	4.466.035	5.852.696
Local (BAANA & Emmer) Bonds – Iraq Finance Ministry	<b>39.202.740</b>	17.304.932
	<b>49.789.001</b>	<b>30.658.524</b>

## 20. Interest Expenses

The details of this item are as follows:

	The Period Ended 30 June	
	2025	2024
	IQD (000)	IQD (000)
	<b>Review</b>	<b>Review</b>
Savings Accounts	3.774.566	2.803.660
Time Deposit Accounts	3.821.348	2.225.097
Funding Interest	–	949
Deposits guarantees fees	481.781	295.846
LL Interest	26.636	44.588
	<b>8.104.331</b>	<b>5.370.140</b>

## 21. Net Commission Income

The details of this item are as follows:

	The Period Ended 30 June	
	2025	2024
	IQD (000)	IQD (000)
	<b>Review</b>	<b>Review</b>
Bank Transfers' Commissions*	69.131.750	119.774.569
Direct Credit Facilities Commissions	606.994	541.908
Indirect Credit Facilities Commissions	851.037	763.759
Customer Accounts Management Commission	3.257.929	3.336.261
Electronic Commission	8.655.191	10.871.397
Other Commissions	161.517	172.945
<b>Total Commissions and Fees</b>	<b>82.664.418</b>	<b>135.460.839</b>
Commissions Expenses	(17.901.784)	(12.556.291)
<b>Net Commissions and Fees</b>	<b>64.762.634</b>	<b>122.904.548</b>

The total remittance from participation in the currency buying and selling window amounted to USD (7.310.146.026) during the period from 1/1/2025 until 30/06/2025,

Notes to Financial Statements for The Year Ended 30 December 2025

22. Net Foreign Currency Profits

The Period Ended 30 June

	2025	2024
	IQD (000)	IQD (000)
	Review	Review
Profits from Purchase/Sale of Currency	80.357.579	62.869.750
Profits from Valuation	(2.603.769)	(390.369)
	<u>77.753.810</u>	<u>62.479.381</u>

23. Investment Income

The Period Ended 30 June

	2025	2024
	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 30 June

	2025	2024
	IQD (000)	IQD (000)
	Review	Review
Income Recoverable from Previous Years	6.559	12.350
estate rental income	101.868	132.194
Other Revenue	2.491	724
Gain Compensations Equipment and Property	16.105	(1.509.072)
Losses Capitalization	(109)	-
<b>Total</b>	<u>126.914</u>	<u>(1.363.804)</u>

\*estate rental income

	2025	2024
	IQD (000)	IQD (000)
	Review	Review
Al-Mansour	41.868	72.194
Dohok	60.000	60.000
<b>Total</b>	<u>101.868</u>	<u>132.194</u>

**Notes to Financial Statements for The Period Ended 30 June 2025**

**25. Employees' Expenses**

This item consists of the following:

The Period Ended 30 June

	2025	2024
	IQD (000)	IQD (000)
	<b>Review</b>	<b>Review</b>
Employees' Salaries and Benefits	8.880.271	7.328.357
Employees' Bonuses	-	-
Bank's Contribution to Social Security	688.216	555.673
Employee Income Tax	-	-
Employee Insurance	112	4
Employee Training	-	-
	<b>9.568.599</b>	<b>7.884.034</b>

Notes to Financial Statements for The Period Ended 30 June 2025

26. Other operating Expenses

	The Period Ended 30 June	
	2025	2024
	IQD (000)	IQD (000)
	Review	Review
Fines and Compensations	351.613	316.688
Rents and Services	-	-
Professional and Consulting Services	5.125.826	517.048
Maintenance	252.873	333.317
Advertising	1.159.092	60.365
Communications and Internet	138.878	74.741
Other services	-	798.227
Government Fees and Expenses	437.071	359.703
Fuel and Oil Expense	214.471	130.886
Transportation	1.251.084	729.391
Subscriptions, Licenses and Fees	1.404.502	1.182.794
Stationery	432.756	410.294
Legal Services	-	-
Water and Electricity	98.657	77.215
Donations	27.325	24.000
Supplies and Services	63.478	46.346
Hospitality	41.175	42.717
Audit fees	20.648	23.331
Insurance	14.065	394.821
Expense To others	640.000	17.690
Other	27.325	86.554
	<b>12.776.582</b>	<b>5.626.128</b>

**Notes to Financial Statements for The Period Ended 30 June 2025**

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

The Period Ended 30 June

	2025	2024
	IQD (000)	IQD (000)
	Review	Review
Central banks and Balances on financial institutions	-	7.560.000
Other Banks	41.663	951.000
Direct facilities at amortized cost	10.538.839	-
Financial assets at amortized cost	4.398	-
Off-Balance sheet items	-	-
Other assets	-	2.502.000
<b>Total</b>	<b>10.584.900</b>	<b>11.013.000</b>

**28. Earnings per Share**

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

	The Period Ended 30 June	
	2025	2024
	IQD (000)	IQD (000)
	Review	Review
Net Profit for the Year	132.914.005	156.455.846
Weighted Average Shares	400.000.000	300.000.000
	Dinar. Fills	Dinar. Fills
Basic (Diluted) Earnings per Share from the Year Profit	<b>0.332</b>	<b>0.522</b>

- 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 30 June 2025**

**29. Cash and Cash Equivalents**

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

	The Period Ended 30 June	
	2025	2024
	IQD (000)	IQD (000)
	<b>Review</b>	<b>Review</b>
Cash and balances with Central Banks maturing within 3 months	1.132.039.080	1.858.602.334
Add: Balances with banks and other financial institutions maturing within 3 months	390.211.844	445.453.155
Less: Banks and financial institutions' deposits maturing within 3 months	(482.849.386)	(1.044.411)
	<b>1.039.401.538</b>	<b>2.303.011.078</b>

## Notes to Financial Statements for The Period Ended 30 June 2025

### 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	2025	2024
	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	40.527.130	-	-	-	40.527.130	3.806.071
Bank's Deposits	1.377	-	-	-	1.377	2.717.584
Customers' Deposits	-	2.777.539	800.002	-	3.577.541	199.220
Cash Margins	-	-	-	-	-	-
Other Liabilities						
Off Balance sheet						
Letters of Guarantee & LC	40.263.015	-	-	-	40.263.015	39.249.301
					The Period Ended 30 June	
					2025	2024
<b>Income Statement</b>						
Interest & Commission Income	128.422	-	-	-	128.422	277.738
Interest & Commission Expenses	(100.121)	(116.903)	-	-	(217.024)	(1.964.108)
Other Income	-	-	-	-	-	-
Operating Expenses	(3.680.203)	-	-	-	(3.680.203)	(468.850)
Employee Salary	-	-	(1.864.704)	-	(1.864.704)	(941.451)

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

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





## Notes to Financial Statements for The Period Ended 30 June 2025

### 30. Fair Value of Financial instruments:

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

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

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

	Level 1	Level 2	Level 3	Total
	IQD (000 )	IQD (000 )	IQD (000 )	IQD (000 )
June 30, 2025				
Financial Assets at Fair Value Comprehensive Income	5.777.877	-	860.785	6.638.662
Dec 31 ,2024				
Financial Assets at Fair Value Comprehensive Income	5.741.234	-	853.399	6.594.633

### 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 2025 and 2024.



### 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 2024 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 bank's profit for one year, and is calculated for financial assets and liabilities that carry floating interest rates as at 31 December 2024.

Sensitivity of equity items is calculated by revaluing 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, 2024 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 30 June 2025

### 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 June 30 2025, there were no changes in the Bank's policies, regulations and capital management methods.

#### Capital Adequacy

	2025	2024
	IQD (000)	IQD (000)
<b><u>Tier 1 Capital</u></b>		
Paid-up Capital	400.000.000	400.000.000
Disclosed Reserves Adequacy	47.514.740	25.585.914
Retained Profits (Losses)	61.915.206	10.456.520
Profits before approval	–	306.832.365
Profits of Year	126.268.305	–
Net OCI (Accumulated)	(15.290.047)	(15.326.689)
Investments in Banks and Financial Institutions	(2.221.127)	(1.571.552)
Intangible Assets (Programs and Systems)	(1.243.384)	(1.205.589)
Provision for end of severance pay	(7.228.783)	(5.205.071)
Miscellaneous Provisions	–	–
<b>Total Tier 1 Capital</b>	<b>609.714.910</b>	<b>719.565.898</b>
<b><u>Tier 2 Capital</u></b>		
Balances provisions on instruments insert stage1		
1.25% from total RWA	4.814.803	4.622.541
<b>Total Tier 2 Capital</b>	<b>4.804.803</b>	<b>4.622.541</b>
<b>Total Tier 1 and Tier 2 Capital</b>	<b>614.529.713</b>	<b>724.188.439</b>
<b>Total Credit risk</b>	<b>577.140.723</b>	<b>483.851.649</b>
<b>Total Market Risks</b>	<b>731.174.912</b>	<b>677.021.121</b>
<b>Total Operating Risks</b>	<b>506.978.048</b>	<b>506.978.048</b>
<b>Total</b>	<b>1.815.293.684</b>	<b>1.667.850.818</b>
<b>Capital Adequacy %</b>	<b>33.85%</b>	<b>43.42%</b>
	<b>12.5%</b>	<b>12.5%</b>

## Notes to Financial Statements for The Year Ended 30 December 2025

### 34. Contingent Liabilities and Commitments Credit

#### Liabilities and Commitments

June 30, 2025	0- 1Y	1Y – 5 Y	MORE 5Y	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
LG	81.304.420	-	-	81.304.420
LC	5.916.145	-	-	5.916.145
Limit	30.120.470	-	-	30.120.470
Total	117.341.035	-	-	119.355.346

Dec. 31, 2024	0 – 1Y	1Y – 5 Y	More 5Y	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
LG	81.974.486	2.977.056	51.630	85.003.172
LC	16.890.641	-	-	16.890.641
LC	38.432.321	-	-	38.432.321
Total	137.297.448	2.977.056	51.630	140.326.134

### 35. Cases brought against the bank

By June 31, 2025, there were (3 ) lawsuits filed against the bank, while (3) 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, 2024 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 (1.100,000,000) dinars as of June 30, 2025.in Note No. (15).

### 36. Credit granted to related parties.

There are no credit facilities granted to related parties as of June 30, 2025.

### 37. Comparative Figures

The reclassification of some of the balances of the financial statements as of June 30, 2025 does not have any impact on the profits and equity during the Year.

