

COMMERCIAL ISLAMIC BANK OF IRAQ P.S.C.
(PRIVATE SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2025



No: 8-3/1
DATE: 27 May 2025

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF COMMERCIAL ISLAMIC BANK OF IRAQ (PRIVATE SHAREHOLDING COMPANY)
BAGHDAD - IRAQ

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Commercial Islamic Bank of Iraq and its subsidiary (collectively the "Bank") as of 31 March 2025, and the related interim condensed consolidated statements of income, comprehensive income, changes in shareholders' equity, cash flows, and income and attribution related to quasi-equity for the three-month period then ended, and explanatory notes. Management of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI) Financial Accounting Standard 41 (FAS 41) "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review


We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

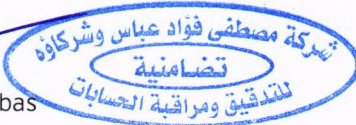
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with FAS 41.

Emphasis of Matter

We draw attention to Notes 2 and 21 in the interim condensed financial statements, which describe the adoption of AAOIFI Financial Accounting Standards for the first time. Our opinion is not modified in respect of this matter.


Mustafa Fouad Abbas
Certified Public
Accountant
Baghdad - Iraq



COMMERCIAL ISLAMIC BANK OF IRAQ P.S.C.
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2025 (REVIEWED)**

		31 March 2025 Reviewed	1 January 2025 Adjusted	31 December 2024 Audited
	Notes	IQD (000)	IQD (000)	IQD (000)
ASSETS				
Cash and balances with Central Bank of Iraq	3	82,306,165	144,821,616	144,821,616
Balances with banks, net	4	39,460,343	27,823,860	27,823,860
Financing receivables, net	5	7,356,725	7,426,551	7,426,551
Non-trading investments through other comprehensive income		1,452,067	1,448,313	1,448,313
Non-trading investments at amortized cost, net	6	393,907,068	339,934,237	339,934,237
Property, equipment and right of use assets, net		5,903,929	5,940,204	5,940,204
Other assets, net		9,812,216	6,498,797	6,498,797
Total assets		540,198,513	533,893,578	533,893,578
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Due to banks		1,763,341	1,093,975	1,093,975
Customers' accounts		108,246,239	105,214,503	151,304,503
Current tax liabilities	7	2,138,357	2,058,857	2,058,857
Other liabilities		20,897,930	23,420,586	23,420,586
Total liabilities		133,045,867	131,787,921	177,877,921
QUASI EQUITY				
Non-banks and individuals		46,090,000	46,090,000	-
Total quasi equity		46,090,000	46,090,000	-
SHAREHOLDERS' EQUITY				
Paid in capital	8	292,500,000	292,500,000	292,500,000
Statutory reserve		27,030,424	27,030,424	27,030,424
Other reserves		159,844	159,844	159,844
Fair value reserve		245,467	241,713	241,713
Retained earnings		41,126,911	36,083,676	36,083,676
Total Shareholders' equity		361,062,646	356,015,657	356,015,657
Total liabilities and Shareholders' equity		540,198,513	533,893,578	533,893,578

Mahmood Madi Anaeem
HEAD OF FINANCE

Bassam Jaber
CHIEF EXECUTIVE OFFICER

Subject to our report number 8-3/1 and dated on 27 May 2025



MUSTAFA FOUAD ABBAS
CHARTERED PUBLIC ACCOUNTANT



The accompanying notes 1 to 21 form an integral part of the interim condensed consolidated financial statements

COMMERCIAL ISLAMIC BANK OF IRAQ P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2025 (REVIEWED)**

	Notes	Three months period ended 31 March	
		2025 IQD (000)	2024 IQD (000)
Financing and similar income	9	7,812,227	6,943,629
Finance and similar cost	10	(22,120)	(169,770)
Net distribution to quasi-equity	11	(332,917)	-
Net financing and similar income		7,457,190	6,773,859
Net fees and commissions		675,945	651,162
Gains from foreign exchange	12	1,587,506	3,340,592
Other operating income		54,477	39,324
Total operating income		9,775,118	10,804,937
Employees' expenses		(1,493,442)	(1,110,790)
Depreciation of property, equipment and right of use assets		(341,404)	(296,339)
Other operating expenses		(2,811,788)	(2,688,351)
Total operating expenses		(4,646,634)	(4,095,480)
Operating profit before allowance for expected credit losses		5,128,484	6,709,457
Net (charge) recovery of the expected credit losses	13	(5,749)	100,117
Net profit before income tax		5,122,735	6,809,574
Income tax expense	7	(79,500)	(481,933)
Net profit for the period		5,043,235	6,327,641
		IQD/Fils	IQD/Fils
Basic and diluted earnings per share		0/017	0/025



The accompanying notes 1 to 21 form an integral part of the interim condensed consolidated financial statements

COMMERCIAL ISLAMIC BANK OF IRAQ P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2025 (REVIEWED)**

	Three months period ended 31 March	
	2025	2024
	IQD (000)	IQD (000)
Net profit for the period	5,043,235	6,327,641
Items that will not be reclassified subsequently to consolidated statement of income		
Net change in fair value of financial assets at fair value through other comprehensive income	3,754	15,562
Total other comprehensive Income for the period,	3,754	15,562
Total comprehensive income for the period	5,046,989	6,343,203



The accompanying notes 1 to 21 form an integral part of the interim condensed consolidated financial statements

COMMERCIAL ISLAMIC BANK OF IRAQ P.S.C.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2025 (REVIEWED)**

	Paid in capital	Statutory reserve	Other reserves	Fair value reserve	Retained earnings	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
31 March 2025						
At 1 January 2025	292,500,000	27,030,424	159,844	241,713	36,083,676	356,015,657
Total comprehensive income for the period	-	-	-	3,754	5,043,235	5,046,989
Balance at 31 March 2025	292,500,000	27,030,424	159,844	245,467	41,126,911	361,062,646
31 March 2024						
At 1 January 2024	250,000,000	23,212,737	159,844	161,044	44,174,299	317,707,924
Total comprehensive income for the period	-	-	-	15,562	6,327,641	6,343,203
Balance at 31 March 2024	250,000,000	23,212,737	159,844	176,606	50,501,940	324,051,127



The accompanying notes 1 to 21 form an integral part of the interim condensed consolidated financial statements

COMMERCIAL ISLAMIC BANK OF IRAQ P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2025 (REVIEWED)**

		Three months period ended 31 March (Reviewed)	
		2025	2024
	Note	IQD (000)	IQD (000)
<u>Operating Activities</u>			
Profit before income tax		5,122,735	6,809,574
Adjustments for:			
Miscellaneous accruals		117,813	-
Depreciation of property, equipment and right of use assets		341,404	296,339
Finance cost on lease		22,120	30,692
Net charge (recovery) for expected credit losses		5,749	(100,117)
Cash flow from operating activities before changes in working capital		5,609,821	7,036,488
Changes in working capital:			
Decrease in financing receivables, net		369,075	1,197,871
Increase in other assets		(3,313,419)	(2,623,087)
(Decrease) Increase in customers' deposits		(43,058,264)	14,906,837
Increase in quasi equity		46,090,000	-
Decrease in other liabilities		(417,206)	(620,850)
Decrease in companies' registration deposits		-	1,000,000
Decrease in statutory reserve with CBI		3,060,309	8,415,741
Net cash flows from operating activities before income tax		8,340,316	29,313,000
Income tax paid		-	-
Net cash flows from operating activities		8,340,316	29,313,000
<u>Investing Activities</u>			
Purchases of non-trading investments at amortized cost		(60,000,000)	(15,000,000)
Maturity of non-trading investments at amortized cost		5,718,798	46,267,682
Purchase of property and equipment and projects in progress		(305,129)	(479,937)
Net cash flows (used in) from investing activities		(54,586,331)	30,787,745
<u>Financing Activities</u>			
Dividends paid		(2,087,816)	(141,016)
Lease paid during the year		(150,040)	(196,451)
Net cash flows used in financing activities		(2,237,856)	(337,467)
Net (decrease) increase in cash and cash equivalents		(48,483,871)	59,763,278
Cash and cash equivalents at beginning of the year		147,499,709	112,309,237
Cash and cash equivalents at end of the year	15	99,015,838	172,072,515



The accompanying notes 1 to 21 form an integral part of the interim condensed consolidated financial statements

COMMERCIAL ISLAMIC BANK OF IRAQ P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY****FOR THE THREE MONTHS ENDED 31 MARCH 2025 (REVIEWED)**

	Three months period ended 31 March 2025 IQD (000) Reviewed
Gross Financing Income	7,812,227
Less: Income not attributable to quasi-equity	(6,502,950)
	1,309,277
Adjusted for:	
Expenses attributable to quasi-equity	(213,576)
Bank's share of income for its own / share of investments	(976,377)
Allowance for impairment and expected credit losses - attributable to quasi-equity	269,037
Total income available for quasi-equity	388,361
Wakala agency fees	(55,444)
Net distribution to quasi-equity *	332,917

* Quasi equity comprises of Wakala accounts.



The accompanying notes 1 to 21 form an integral part of the interim condensed consolidated financial statements

1. CORPORATE INFORMATION

Commercial Islamic Bank of Iraq is a private shareholding company offering retail and corporate banking services in Iraq. The Bank was incorporated on 11 February 1992 and conducts its operations through 10 branches located in Baghdad, Basra and Najaf. The Bank's registered office is at Al-Sadoon Street, Baghdad, Iraq.

The Bank is a subsidiary of Ahli United Bank (Bahrain) ("the Parent") which owns 85.3% of the Bank's capital (2024: 85.3%). The consolidated financial statements of the Bank are consolidated with the Parent's consolidated financial statements.

Pursuant to the acquisition of the Parent by Kuwait Finance House K.S.C.P ("KFH") on 2 October 2022, KFH has become the ultimate parent effective from the acquisition date.

Accordingly, and based on the General Assembly and the Companies Registrar approvals, the Bank's name has been changed to "Commercial Islamic Bank of Iraq" on 16 October 2023 instead of Commercial Bank of Iraq. The Central Bank of Iraq has provided the bank time up to 31 March 2025 to convert its assets and liabilities to Sharia compliant products.

The Bank has completed the conversion to Sharia Compliant bank, and has started its operations as a fully Sharia compliant bank effective from 1 January 2025 and currently offers wide range of Islamic banking products and services.

The Bank has 100% (2024: 100%) ownership interest in a subsidiary, Ahli United Brokerage and Investment Company ("the Subsidiary"), which was registered in Iraq on 3 July 2008. The principal activity of the subsidiary is brokerage. The Bank and its subsidiary are collectively known as ("the Bank").

2. ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The condensed interim consolidated financial statements of the Bank have been prepared in accordance with Financial Accounting Standard No. 41 (Interim Financial Reporting) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

The condensed interim consolidated financial statements have been prepared in accordance with the Financial Accounting Standards issued by AAOIFI, the principles and rules of Sharia as determined by the Bank's Sharia Supervisory Board, and in accordance with the applicable provisions of the Companies Law No. 21 of 1997 (as amended) and the Central Bank of Iraq Law No. 94 of 2004 and Islamic Banks Law No. 43 of 2015.

These financial statements are the first financial statements issued by the Bank in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). The financial information for the prior period included in the consolidated financial statements as of 31 March 2024 and 31 December 2024, was prepared in accordance with the International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB), and therefore is not comparable with the current period. For information on the Bank's conversion to the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), please refer to Note 21.



2. ACCOUNTING POLICIES (CONTINUED)

2.1. BASIS OF PREPARATION

The Bank follows the hierarchy of Sharia principles and rules as outlined in paragraph 165 of Financial Accounting Standard No. 1, "General Presentation and Disclosures in the Financial Statements."

For details on the accounting policies under the International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) for the comparative period ended 31 March 2024 and 31 December 2024, please refer to the reviewed interim condensed consolidated financial statements for the three months ended 31 March 2024 and audited financial statements for the year ended 31 December 2024.

The condensed interim consolidated financial statements of the Bank have been prepared on the historical cost basis, except for investments held for non-trading purposes that are measured at fair value through equity, which are presented at fair value as of the financial statement date.

The condensed interim consolidated financial statements are presented in Iraqi Dinar, and all amounts have been rounded to the nearest thousand Iraqi Dinars, unless otherwise indicated. The Iraqi Dinar is the functional currency of the Bank and its subsidiary.

For matters not covered under the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Bank applies the International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB).

All income and expenses arising from activities that are not compliant with Sharia principles are dealt with based on the guidance of the Sharia Supervisory Board.

2.2. FIRST-TIME ADOPTION OF THE AAOIFI FINANCIAL REPORTING FRAMEWORK

As a result of the change in the financial reporting framework from International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) to the Accounting Standards of AAOIFI, the Bank adopted the application of AAOIFI Financial Accounting Standard No. 36 – First-time Adoption of AAOIFI Financial Accounting Standards in 2025.

Furthermore, in line with Financial Accounting Standard No. 36, the Bank has presented three periods for the financial reporting in the condensed interim consolidated statement of financial position, as of the end of the current period, as of the beginning of the current period, and as of the end of the previous year presented. The standard also requires the Bank to present the transitional effects arising from the first-time adoption of AAOIFI framework as outlined in note 21. According to management's assessment, there is no material transitional impact, except for the change in classification.



2. ACCOUNTING POLICIES (CONTINUED)

2.3. BASIS OF CONSOLIDATION

The condensed interim consolidated financial statements include the financial statements of the Bank and its subsidiary, which is under its control as of 31 March 2025, as the Bank has the ability to control the financial and operational policies of the subsidiary in order to obtain benefits from its activities. All balances, transactions, income, and expenses between the Bank and the subsidiary have been eliminated upon consolidation. The financial statements of the subsidiary have been prepared for the same year, as the Bank follows consistent accounting policies.

The paid-up capital of the subsidiary is 200,000 thousand Iraqi Dinars (2024: 200,000 thousand Iraqi Dinars), of which the Bank owns 100% as of 31 March 2025 (2024: 100%).

The Subsidiary's main activity is investment brokerage. The Subsidiary is fully consolidated from the date of acquisition, being the date on which the Bank obtained control, and continues to be consolidated until the date that such control ceases.

2.4. New and amended standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the interim condensed consolidated financial statements are disclosed below.

FAS 45 Quasi - Equity (Including Investment Accounts)

AAOIFI issued FAS 45 "Quasi - Equity (Including Investment Accounts)" in 2023. The objective of this standard is to establish the principles of financial reporting related to instruments classified as Quasi - Equity, such as investment accounts and similar instruments invested with Islamic Financial Institutions. Quasi - Equity is an element of financial statements of an institution in line with the "AAOIFI Conceptual Framework for Financial Reporting". This standard shall be effective for the financial periods beginning on or after 1 January 2026 with early adoption permitted. The management is currently assessing the impact of the above accounting standard.

FAS 46 Off - Balance - Sheet Assets Under Management

AAOIFI issued FAS 46 "Off - Balance - Sheet Assets Under Management" in 2023. The objective of this standard is to establish the principles of financial reporting related off - balance - sheet assets under management in line with the "AAOIFI Conceptual Framework for Financial Reporting". This standard shall be effective for the financial periods beginning on or after 1 January 2026 with early adoption permitted. The management is currently assessing the impact of the above accounting standard.

FAS 47 Transfer of Assets between Investment Pools

AAOIFI issued FAS 46 "Transfer of Assets between Investment Pools" in 2023. The objective of this standard is to establish the principles that apply in respect of transfer of assets between various investment pools of an Islamic Financial Institution. This standard shall be effective for the financial periods beginning on or after 1 January 2026 with early adoption permitted. The management is currently assessing the impact of the above accounting standard.



3. CASH AND BALANCES WITH CENTRAL BANK OF IRAQ

	31 March 2025 Reviewed IQD (000)	1 January 2025 IQD (000)	31 December 2024 Audited IQD (000)
Cash on hand *	25,476,862	20,055,995	20,055,995
Balances with Central Bank of Iraq:			
Current accounts	35,835,937	100,711,946	100,711,946
Statutory cash reserve **	20,411,915	23,472,224	23,472,224
LGs margin reserve ***	558,451	558,451	558,451
Companies registration deposits and capital injection ****	23,000	23,000	23,000
	<u>56,829,303</u>	<u>124,765,621</u>	<u>124,765,621</u>
	<u>82,306,165</u>	<u>144,821,616</u>	<u>144,821,616</u>

* Cash on hand includes foreign currency balances amounting to IQD 9,441,108 thousand, (2024: IQD 11,747,287thousand).

** These amounts represent statutory cash reserve held by Central Bank of Iraq (CBI) and are non-profit-bearing and not available for use in the Bank's day-to-day operations. The minimum statutory cash reserve is 18% for current accounts and 13% for saving accounts.

*** According to CBI Instructions dated 2 May 2017, a reserve against letters of guarantee was established. These amounts are held at CBI to face any deficit in covering claims against unpaid letters of guarantee and are non-profit-bearing and not available for use in Bank's day-to-day operations.

**** These amounts represent deposits paid by companies yet to be incorporated, the Bank deposits these amounts into dedicated account with Central Bank of Iraq (CBI). These amounts are non-profit-bearing and not available for use in Bank's day-to-day operations.



4. BALANCES WITH BANKS, NET

	31 March 2025		
	Reviewed		
	Inside Iraq	Outside Iraq	Total
	IQD (000)	IQD (000)	IQD (000)
Current accounts	93,525	26,927,855	27,021,380
Time deposits	-	12,445,000	12,445,000
Less: allowance for ECL *	(6,037)	-	(6,037)
	87,488	39,372,855	39,460,343

	31 December 2024		
	Audited		
	Inside Iraq	Outside Iraq	Total
	IQD (000)	IQD (000)	IQD (000)
Current accounts	95,600	18,560,143	18,655,743
Time deposits	-	9,170,000	9,170,000
Less: allowance for ECL *	(1,883)	-	(1,883)
	93,717	27,730,143	27,823,860

Current and time deposits accounts with banks include foreign currency balances amounting to IQD 39,372,855 thousand as of 31 March 2025 (31 December 2024: 27,730,143 IQD thousand). The above Balances with banks do not include any past due or impaired balances as 31 March 2025 and 31 December 2024.



4. BALANCES WITH BANKS, NET (CONTINUED)

31 March 2025 IQD (000) Reviewed				
	Stage 1	Stage 2	Stage 3	Total
High standard grade	-	-	-	-
Standard grade	39,466,380	-	-	39,466,380
	39,466,380	-	-	39,466,380
Less: allowance for ECL	(6,037)	-	-	(6,037)
	39,460,343	-	-	39,460,343

31 December 2024 IQD (000) Audited				
	Stage 1	Stage 2	Stage 3	Total
High standard grade	-	-	-	-
Standard grade	27,825,743	-	-	27,825,743
	27,825,743	-	-	27,825,743
Less: allowance for ECL	(1,883)	-	-	(1,883)
	27,823,860	-	-	27,823,860

* The movement of the allowance for expected credit losses of Balances with banks is as follows:

31 March 2025 IQD (000) Reviewed				
	Stage 1	Stage 2	Stage 3	Total
At 1 January	1883	-	-	1883
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	4,154	-	-	4,154
At 31 March	6,037	-	-	6,037



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2025 (REVIEWED)
4. BALANCES WITH BANKS, NET (CONTINUED)

	31 December 2024 IQD (000) Audited			
	Stage 1	Stage 2	Stage 3	Total
At 1 January	2,039	-	-	2,039
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Net remeasurement of ECL	(156)	-	-	(156)
At 31 December	1,883	-	-	1,883

5. FINANCING RECEIVABLES, NET

	31 March 2025 Reviewed IQD (000)	1 January 2025 IQD (000)	31 December 2024 Audited IQD (000)
Retail	7,461,446	7,890,976	7,890,976
Gross Financing receivables	7,461,446	7,890,976	7,890,976
Less: allowance for ECL *	(98,895)	(398,144)	(398,144)
Less: suspended income**	(5,826)	(66,281)	(66,281)
	7,356,725	7,426,551	7,426,551

	31 March 2025 IQD (000) Reviewed			
	Stage 1	Stage 2	Stage 3	Total
High standard grade	-	-	-	-
Standard grade	7,063,783	309,809	-	7,373,592
Impaired (net of suspended income)	-	-	82,028	82,028
	7,063,783	309,809	82,028	7,455,620
Less: allowance for ECL	(12,213)	(21,217)	(65,465)	(98,895)
	7,051,570	288,592	16,563	7,356,725



5. FINANCING RECEIVABLES, NET (CONTINUED)

	31 December 2024 IQD (000) Audited			
	Stage 1	Stage 2	Stage 3	Total
High standard grade	-	-	-	-
Standard grade	7,246,570	337,560	-	7,584,130
Impaired (net of suspended income)	-	-	240,565	240,565
	7,246,570	337,560	240,565	7,824,695
Less: allowance for ECL	(82,269)	(105,158)	(210,717)	(398,144)
	7,164,301	232,402	29,848	7,426,551

The movement of the Financing receivables net of income in suspense as follows:

	31 March 2025 IQD (000) Reviewed			
	Stage 1	Stage 2	Stage 3	Total
At 1 January	7,246,570	337,560	240,565	7,824,695
Additions during the year	300,000	-	-	300,000
Paid-off during the year	(344,367)	(159,401)	(165,307)	(669,075)
Transfer from stage 1	(138,420)	138,420	-	-
Transfer from stage 2	-	(6,770)	6,770	-
At 31 March	7,063,783	309,809	82,028	7,455,620

	31 December 2024 IQD (000) Reviewed			
	Stage 1	Stage 2	Stage 3	Total
At 1 January	10,666,364	748,344	535,760	11,950,468
Additions during the year	-	-	-	-
Paid-off during the year	(2,685,004)	(830,228)	(610,541)	(4,125,773)
Transfer from stage 1	(734,790)	637,686	97,104	-
Transfer from stage 2	-	(218,242)	218,242	-
At 31 December	7,246,570	337,560	240,565	7,824,695



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2025 (REVIEWED)

5. FINANCING RECEIVABLES, NET (CONTINUED)

* The movement of the ECL allowances of Financing receivables as follows:

	31 March 2025 IQD (000) Reviewed			
	Stage 1	Stage 2	Stage 3	Total
At 1 January	82,269	105,158	210,717	398,144
Transfer from stage 1	(1,012)	1,012	-	-
Transfer from stage 2	-	(1,244)	1,244	-
Net remeasurement of ECL	(69,044)	(83,709)	(146,496)	(299,249)
At 31 March	12,213	21,217	65,465	98,895

	31 December 2024 IQD (000) Audited			
	Stage 1	Stage 2	Stage 3	Total
At 1 January:	110,870	239,780	308,571	659,221
Transfer from stage 1	(6,508)	6,038	470	-
Transfer from stage 2	-	(57,670)	57,670	-
Net remeasurement of ECL	(22,093)	(82,990)	(155,994)	(261,077)
At 31 December	82,269	105,158	210,717	398,144

** The movement of the suspended income is as follows:

	31 March 2025 Reviewed IQD (000)	31 December 2024 Audited IQD (000)
At 1 January	66,281	75,541
Additions	2,771	18,306
Recoveries	(63,226)	(27,566)
At period / year end	5,826	66,281



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6. NON-TRADING INVESTMENTS AT AMORTIZED COST

	31 March 2025 Reviewed IQD (000)	1 January 2025 IQD (000)	31 December 2024 Audited IQD (000)
Government bonds*	34,268,934	39,987,732	39,987,732
National bonds*	360,000,000	300,000,000	300,000,000
	394,268,934	339,987,732	339,987,732
Less: Allowance for ECL**	(361,866)	(53,495)	(53,495)
	393,907,068	339,934,237	339,934,237

The following are the balances of non-trading investments at amortized cost classified by stages:

31 March 2025 IQD (000) Reviewed				
	Stage 1	Stage 2	Stage 3	Total
High standard grade	394,268,934	-	-	394,268,934
Standard grade	-	-	-	-
	394,268,934	-	-	394,268,934
Less: Allowance for ECL**	(361,866)	-	-	(361,866)
	393,907,068	-	-	393,907,068

31 December 2024 IQD (000) Audited				
	Stage 1	Stage 2	Stage 3	Total
High standard grade	339,987,732	-	-	339,987,732
Standard grade	-	-	-	-
	339,987,732	-	-	339,987,732
Less: Allowance for ECL**	(53,495)	-	-	(53,495)
	339,934,237	-	-	339,934,237

* The average yield rate of Government bonds USD is 6,8 % maturing in 2028. The average yield rate of National bonds IQD is 7.9% maturing between 2025 and 2029.



6. NON-TRADING INVESTMENTS AT AMORTIZED COST (CONTINUED)

	31 March 2025 IQD (000) Reviewed			
	Stage 1	Stage 2	Stage 3	Total
At 1 January	339,987,732	-	-	339,987,732
Additions during the period	60,000,000	-	-	60,000,000
Matured during the period	(5,718,798)	-	-	(5,718,798)
At 31 March	394,268,934	-	-	394,268,934

	31 December 2024 IQD (000) Reviewed			
	Stage 1	Stage 2	Stage 3	Total
At 1 January	317,256,725	-	-	317,256,725
Additions during the period	120,000,000	-	-	120,000,000
Matured during the period	(56,003,993)	-	-	(56,003,993)
Sold during the period	(41,265,000)	-	-	(41,265,000)
At 31 December	339,987,732	-	-	339,987,732

** The movements in the allowance for expected credit losses for non-trading investments at amortized cost were as follows:

	31 March 2025 IQD (000) Reviewed			
	Stage 1	Stage 2	Stage 3	Total
At 1st January	53,495	-	-	53,495
Net remeasurement of ECL	308,371	-	-	308,371
At 31 March	361,866	-	-	361,866

	31 December 2024 IQD (000) Audited			
	Stage 1	Stage 2	Stage 3	Total
At 1st January	137,751	-	-	137,751
Net remeasurement of ECL	(84,256)	-	-	(84,256)
At 31 December	53,495	-	-	53,495



7. CURRENT TAX LIABILITIES

Income tax liability

The movement on income tax liability was as follows:

	31 March 2025 Reviewed IQD (000)	1 January 2025 IQD (000)	31 December 2024 Audited IQD (000)
At January 1	2,058,857	3,149,361	3,149,361
Income tax charged for the period / year	79,500	2,056,928	2,056,928
Income tax paid during the period / year	-	(3,147,432)	(3,147,432)
	<u>2,138,357</u>	<u>2,058,857</u>	<u>2,058,857</u>

The reconciliation between the tax profit and the accounting profit for the three-months period ended 31 March 2025 and 31 March 2024 is as follows:

	31 March 2025 Reviewed IQD (000)	31 March 2024 Reviewed IQD (000)
Accounting profit before income tax	5,122,735	6,809,574
Nontaxable income	(6,146,840)	(4,204,844)
Nondeductible expenses	1,554,105	608,154
Taxable profit	<u>530,000</u>	<u>3,212,884</u>
Current income tax at Iraqi statutory income tax rate 15% (2024:15%)	<u>79,500</u>	<u>481,933</u>

The taxable profit subject to tax for the ended period 31 March 2025 is IQD 530,000 thousand (31 March 2024: 3,212,884 thousand).

Effective income tax rate as of 31 March 2025 is 1,6% (31 March 2024: 7,1%).

8. PAID IN CAPITAL

Paid capital comprises of 292.5 billion shares (2024: 292.5 billion shares) at a par value of 1 Iraqi Dinar per share (2024: 1 Iraqi Dinar per share).

On 2 August 2023, the CBI issued its circular No. 9/2/439, in which it mandates all Iraqi banks to rise the capital to IQD 400 billion by 31 December 2024. Pursuant to this, the Bank increased its capital by IQD 42.5 billion on 4 November 2024 to become IQD 292.5 billion. On 22 April 2025, the CBI, in its letter 9/4/4139, granted the Bank additional time to make the required capital increase by 30 September 2025.



9. FINANCING AND SIMILAR INCOME

	Three months period ended 31 March Reviewed	
	2025	2024
	IQD (000)	IQD (000)
National bonds	6,568,750	3,640,000
Government bonds	662,742	1,712,538
Islamic certificates of deposit with CBI	241,538	795,640
Finance receivables	218,551	299,211
Due from banks	120,646	367,444
Treasury bills	-	128,796
	<u>7,812,227</u>	<u>6,943,629</u>

10. FINANCE AND SIMILAR COST

	Three months period ended 31 March Reviewed	
	2025	2024
	IQD (000)	IQD (000)
Finance cost on lease	22,120	30,692
Cash margin	-	139,078
	<u>22,120</u>	<u>169,770</u>

11. NET DISTRIBUTION TO QUASI-EQUITY

	Three months period ended 31 March Reviewed	
	2025	2024
	IQD (000)	IQD (000)
Corporate and individual	332,917	-
	<u>332,917</u>	<u>-</u>



12. GAINS FROM FOREIGN EXCHANGE

	Three months period ended 31 March Reviewed	
	2025	2024
	IQD (000)	IQD (000)
Gains from sales of foreign currencies	1,160,405	3,340,592
Gains from foreign currency auction operations	427,101	-
	<u>1,587,506</u>	<u>3,340,592</u>

During the year 2025, the bank purchased USD from the Central Bank of Iraq through the foreign currency auction window on behalf of its customers in the amount of USD 42,710,053 at an exchange rate of 1,310 IQD per USD. The bank sold the USD to customers during the year 2025 at an exchange rate of 1,320 IQD per USD.

13. NET (CHARGE) RECOVERY FOR EXPECTED CREDIT LOSSES

	31 March 2025 Reviewed	31 March 2024 Reviewed
	IQD (000)	IQD (000)
Financing receivables, net (Note 5)	299,249	81,657
Indirect contingent liabilities	7,527	2,971
Balances with banks, net (Note 4)	(4,154)	183
Non-trading investments at amortized cost, net (Note 6)	(308,371)	15,306
	<u>(5,749)</u>	<u>100,117</u>

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.



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14. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

A. Fair value of financial assets and liabilities of the Bank measured in fair value continuously:

The Bank is revaluing financial assets at fair value through other comprehensive income at the end of each reporting period and the table below shows information related to determining the fair value:

	Fair value IQD (000)		Fair value level
	31 March 2025	31 December 2024	
Financial assets at fair value through other comprehensive income	632,594	628,839	Level 1
Financial assets at fair value through other comprehensive income	819,473	819,474	Level 3

B. Fair value of financial assets and liabilities, other than those disclosed in the table below approximate their carrying values:

	31 March 2025		31 December 2024		Fair value level
	Total carrying amount IQD (000)	Total fair value IQD (000)	Total carrying amount IQD (000)	Total fair value IQD (000)	
Financial assets at amortized cost	114,268,934	115,374,831	119,987,732	120,753,444	Level 1
Financial assets at amortized cost	280,000,000	280,000,000	220,000,000	218,160,000	Level 2

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the interim condensed consolidated statement of cash flows consist of the following:

	31 March 2025 Reviewed IQD (000)	31 March 2024 Reviewed IQD (000)
Cash and balances with Central Bank	82,306,165	164,861,907
Add: Due from banks	39,466,380	28,333,290
Less: Due to banks	(1,763,341)	(294,935)
Less: Statutory reserve with Central Bank	(20,411,915)	(20,212,254)
Less: LGs margin reserve	(558,451)	(592,493)
Less: Companies registration deposits	(23,000)	(23,000)
	<u>99,015,838</u>	<u>172,072,515</u>



16. RELATED PARTIES BALANCES AND TRANSACTIONS

The Bank enters business transactions in the ordinary course of business with the parent bank and its subsidiaries and associates at commercial income and commission rates.

The following related party balances and transactions took place during the period/year:

		31 March 2025 Reviewed	31 December 2024 Audited
	Nature of relationship	IQD (000)	IQD (000)
<u>Consolidated statement of financial position:</u>			
Due from banks	Parent Bank	16,638,655	13,910,028
Due to banks	Parent Bank	1,762,940	1,093,573
Other liabilities	Parent Bank	4,797,810	5,918,818
<u>Off balance items:</u>			
Letters of guarantee	Parent Bank	74,995,643	75,357,490
		31 March 2025 Reviewed IQD (000)	31 March 2024 Reviewed IQD (000)
<u>Consolidated income statements items</u>			
profit and commission income	Parent Bank	120,646	367,444
Management fees	Parent Bank	561,500	702,550

Related parties' transactions are with the parent bank and its subsidiaries and associates, and no transactions are with the members of the board of directors.

Compensation of the key management personnel is as follows:

		31 March 2025 Reviewed IQD (000)	31 March 2024 Reviewed IQD (000)
	Nature of relationship		
Executive management salaries	Executive Management	274,022	144,609



17. SEGMENT INFORMATION

A) Information about bank activities

For management purposes, the Bank is organized into the below major segments that are measured according to the reports used by the main decision maker at the Bank:

- Retail banking
- Corporate banking
- Treasury and investments

These segments form the basis on which the bank presents its primary segment information.

				Total	
	Retail	Corporate	Treasury and Investments	31 March 2025	31 March 2024
	IQD (000)	IQD (000)	IQD (000)	Reviewed	Reviewed
				IQD (000)	IQD (000)
Total income	569,546	330,402	8,875,170	9,775,118	10,804,937
Net (allowance) recovery of credit losses	299,249	7,527	(312,525)	(5,749)	100,117
Segment results	868,795	337,929	8,562,645	9,769,369	10,905,054
Operating expenses	(627,713)	(133,452)	(3,885,469)	(4,646,634)	(4,095,480)
Profit before tax	241,082	204,477	4,677,176	5,122,735	6,809,574
Income tax	-	-	(79,500)	(79,500)	(481,933)
Net profit for the period	241,082	204,477	4,597,676	5,043,235	6,327,641

				31 March 2025	31 December 2024
	Retail	Corporate	Treasury and Investments	Reviewed	Audited
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Other information					
Segment assets	7,356,725	-	517,125,643	524,482,368	521,454,577
Unallocated assets	9,394,367	1,927	6,319,851	15,716,145	12,439,001
Total Assets	16,751,092	1,927	523,445,494	540,198,513	533,893,578
Segment liabilities	62,417,431	45,025,965	2,566,181	110,009,577	152,398,478
Unallocated liabilities	257,845	549,736	22,228,709	23,036,290	25,479,443
Total Liabilities	62,675,276	45,575,701	24,794,890	133,045,867	177,877,921
Capital expenditure				305,129	479,937
Depreciation				341,404	296,339



17. SEGMENT INFORMATION (Continued)**B) Geographical Information**

The following table shows the distribution of the Bank's operating income, assets and liabilities by geographic segment.

	Inside Iraq		Outside Iraq		Total	
	31 March 2025 Reviewed	31 March 2024 Reviewed	31 March 2025 Reviewed	31 March 2024 Reviewed	31 March 2025 Reviewed	31 March 2024 Reviewed
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Total Income	9,654,472	10,437,493	120,646	367,444	9,775,118	10,804,937

	Inside Iraq		Outside Iraq		Total	
	31 March 2025 Reviewed	31 December 2024 Audited	31 March 2025 Reviewed	31 December 2024 Audited	31 March 2025 Reviewed	31 December 2024 Audited
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Total Assets	500,825,658	506,163,435	39,372,855	27,730,143	540,198,513	533,893,578
Total Liabilities	126,485,117	170,865,530	6,560,750	7,012,391	133,045,867	177,877,921

18. CAPITAL MANAGEMENT

The Bank manages its capital on a constant basis to cover the risks associated with its activities. This process includes measuring its capital adequacy according to the percentages set by the Central Bank of Iraq.

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



18. CAPITAL MANAGEMENT (Continued)

	31 March 2025 Reviewed IQD (000)	31 December 2024 Audited IQD (000)
Primary capital		
Paid in capital	292,500,000	292,500,000
Statutory reserve	26,995,464	26,995,464
Other reserves	405,311	401,557
Retained earnings	35,718,253	35,718,253
Total Primary capital	355,619,028	355,615,274
Supplementary capital		
General provisions	33,431	187,427
Total Supplementary capital	33,431	187,427
Total primary and supplementary capital	355,652,459	355,802,701
Total risk weighted assets	225,484,251	198,650,339
Capital adequacy (%)	157,7%	179,1%

The Bank's capital ratio is calculated in accordance with the capital adequacy guidelines under Basel III as issued by the Central Bank of Iraq. The minimum capital adequacy ratio is 12.5% (2024: 12.5%). The Bank capital ratio is 157,7% as of 31 March 2025 (2024: 179,1%).

19. COMMITMENTS AND CONTINGENT LIABILITIES

The totals outstanding commitments and contingent liabilities are as follows:

	31 March 2025 Reviewed IQD (000)	1 January 2025 Adjusted IQD (000)	31 December 2024 Audited IQD (000)
Letters of guarantee	97,909,412	97,352,192	97,352,192
Letter of Credit	203,550	203,550	203,550
	98,112,962	97,555,742	97,555,742



20. ITEMS NOT COMPLIANT WITH SHARIA

The change in this item represents amounts received by the Bank from sources or through means that are not compliant with the principles and rules of Islamic Sharia, and the related income has been excluded from the Bank's revenues. The Bank did not generate any income that is non-compliant with Sharia principles during the period.

The balance of non-compliant Sharia financing receivables amounted to IQD 82,999 thousand. No income is recognized on these financings as they are classified as non-performing; therefore, the Bank has no non-compliant Sharia income.

21. CHANGES RESULTING FROM THE CONVERSION TO AAOIFI FINANCIAL ACCOUNTING STANDARDS

There was no material effect of the conversion to AAOIFI on the interim condensed consolidated financial statements except for reclassification of the balances under the items below. This reclassification does not have an effect on the net income and shareholders' equity of prior period/year.

Presentation of the Condensed Interim Consolidated Statement of Financial Position

- The item "Direct credit facilities, net" has been renamed to "Financing receivables, net".
- The item "Financial assets at fair value through other comprehensive income" has been renamed to "Non-trading investments through other comprehensive income".
- The item "Financial Assets at Amortized Cost, Net" has been renamed to "Non-trading investments at amortized cost, net".
- Quasi equity has been recognized in the statement of financial position, which were previously presented under liabilities in accordance with International Financial Reporting Standards (IFRS). Accordingly, an amount of IQD 46,090,000 thousand has been reclassified as at 1 January 2025.

	1 January 2025 Before adjustments IQD (000)	Adjustments IQD (000)	1 January 2025 After adjustments IQD (000)
Customers' accounts	151,304,503	(46,090,000)	105,214,503
Quasi equity	-	46,090,000	46,090,000
	<u>151,304,503</u>	<u>-</u>	<u>151,304,503</u>

Presentation of the Interim Condensed Consolidated Statement of Income

During the period, the Bank changed the presentation of the statement of income in accordance with the requirements of Financial Accounting Standard No. 1 (amended in 2021), "General Presentation and Disclosures in the Financial Statements." As a result of this change, several reclassifications were made to certain line items in the interim condensed consolidated statement of income. The presentation of comparative figures was adjusted to reflect the reclassifications applied in the current period.



21. CHANGES RESULTING FROM THE CONVERSION TO AAOIFI FINANCIAL ACCOUNTING STANDARDS (CONTINUED)

The Bank implemented these changes to improve the quality of the disclosed information, and they had no impact on net profit or equity. In order to comply with the requirements of Financial Accounting Standard No. 1 regarding the presentation of the statement of profit or loss, the following adjustments were applied:

- The item "Interest income" has been renamed to "Financing income and similar Income"
- The item "Interest expenses" has been renamed to "Financing costs and similar costs"
- Recognizing the item "Net distribution to Quasi-Equity" in the interim condensed consolidated statement of income

Condensed Interim Consolidated Statement of Cash Flows:

There was no impact on the statement of cash flows, except for the changes in terminology mentioned above.

Condensed Interim Consolidated Statement of Income and Attribution Related to Quasi-Equity:

The condensed interim statement of income and attribution related to quasi-equity has been introduced in the Bank's financial statements in accordance with the requirements of Financial Accounting Standard No. 1.

