



# Annual Report 2025

**National Bank**  
of Iraq

# Contents Table

	Page No.
Vision, Mission, and Values .....	05
Announcement of invitation to attend the General Assembly meeting .....	07
Chairman's speech .....	10
Financial Ratios .....	17
Board of Directors Report .....	21
Auditor's report .....	67
Consolidated Statement of Financial Position .....	73
Additional data for SEC requirements .....	167

The logo consists of three concentric, semi-circular arcs in shades of blue, positioned in the lower right quadrant of the page. The text 'National Bank of Iraq' is centered within the innermost arc.

**National Bank**  
of Iraq



# **Vision, Mission, and Values**

## Vision, Mission, and Values

### Our Vision

To maintain leadership in Iraq through our local and regional presence, and to excel in serving our customers, shareholders, employees, and our community.

### Our Mission

To build a strategic partnership with our customers based on trust, enabling them to conduct their banking transactions with ease and convenience by providing comprehensive and advanced banking and technological solutions and services.



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**National Bank**  
of Iraq

**Announcement of invitation  
to attend the General  
Assembly meeting**

## Announcement of invitation to attend the General Assembly meeting

**To: Shareholders of the National Bank of Iraq (J.S.C.) / Esteemed**

### Greetings,

Pursuant to the provisions of Article (87 / Second) of the Companies Law No. (21) Of 1997 (as amended), and in execution of the Board of Directors' Resolution No. (05/2026) adopted during its ordinary session No. (3) held on February 9, 2026, we are honored to invite the ladies and gentlemen shareholders of the Bank to attend the General Assembly meeting. The meeting is scheduled to convene at 10:00 AM on Sunday, April 26, 2026, at "Al-Mahatta" Hall, Baghdad, Oqba bin Nafia Square, to deliberate upon the agenda items listed below and to adopt the necessary resolutions in their regard.

In the event that a quorum is not constituted at the aforementioned time, the meeting shall be adjourned to the subsequent week, corresponding to Sunday, May 3, 2026, at the same time and venue specified above.

### MEETING AGENDA:

1. To discuss and approve the Board of Directors' report on the Bank's operations for the financial year ended December 31, 2025.
2. To discuss and approve the independent auditor's report and the final financial statements for the financial year ended December 31, 2025.
3. To review and approve the Audit Committee's report for the financial year ended December 31, 2025.
4. To discharge the Chairman and members of the Board of Directors from liability for the financial year ended December 31, 2025, determine their remunerations, and adopt the appropriate resolution in this regard.
5. To appoint the Bank's external auditors for the financial year ending December 31, 2026, and determine their fees in accordance with professional regulations.
6. To discuss the dividend distribution for the financial year ended December 31, 2025, and adopt the appropriate resolution in this regard.

## Announcement of invitation to attend the General Assembly meeting

7. To discuss increasing the capital of the National Bank of Iraq from (IQD 520,000,000,000) to (IQD 650,000,000,000) in accordance with the provisions of Article (55 / Second) of the Iraqi Companies Law No. (21) of 1997 (as amended), by utilizing retained earnings and distributing them as bonus shares to the shareholders, whereby the authorized and paid-up capital shall become (IQD 650,000,000,000) (Six Hundred and Fifty Billion Iraqi Dinars), and to amend Article Five of the Bank's Memorandum of Association and adopt the appropriate resolution in this regard.

Your attendance is highly appreciated. In the event that you are unable to attend in person, you may appoint a proxy from among non-shareholders, or authorize a third party via an official power of attorney authenticated by a Notary Public.

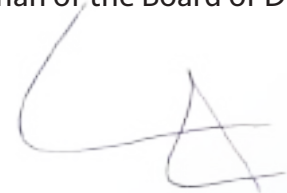
Such proxies and authorizations must be deposited with the Iraq Securities Commission at least three days prior to the scheduled date of the meeting.

Shareholders may obtain a copy of the meeting booklet from the Bank's Head Office, in compliance with the provisions of Article 91 of the Law.

We are pleased to welcome you, and we extend our utmost respect and appreciation.

**Basim Khalil Al-Salem**

Chairman of the Board of Directors



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**National Bank**  
of Iraq

**Chairman's speech**

## Chairman's speech

### In the name of God, the most gracious, the most merciful

#### Dear shareholders,

I extend to you my sincere gratitude and appreciation, and it is my honor to present to you-on my own behalf and on behalf of my fellow Board members-the annual report of the National Bank of Iraq for the year 2025, which includes the most prominent achievements and the distinguished financial results that were accomplished.

The year 2025 was an exceptional year on all levels, in which we succeeded in achieving qualitative accomplishments that reflect the Bank's strength and its resilience in facing economic challenges, and in strengthening its presence as a leading financial institution in the Iraqi banking sector. This was made possible through a clear strategic vision, prudent management, and a committed workforce. We continued expanding the scope of our services, enhancing our competitive position, and achieving strong financial performance that reflects the confidence of our customers and shareholders.

The policy of the Central Bank of Iraq during 2025 was characterized by flexibility and swift responsiveness to economic and political developments, with the aim of containing their impact on the Iraqi economy while ensuring the preservation of monetary stability and maintaining the stability of the exchange rate. The Central Bank also strengthened the role of the banking sector, preserved its soundness, and enhanced the confidence of depositors and shareholders while safeguarding their rights.

#### Ladies and Gentlemen,

This year witnessed outstanding financial performance. The Bank succeeded in achieving a net profit of 308 billion Iraqi dinars, compared to 252 billion Iraqi dinars during 2025. Net interest income also increased from 166 billion IQD to 228 billion IQD, reflecting a 37% growth rate. Total income increased from 452 billion IQD to 551 billion IQD, representing a growth rate of 22%, reflecting the effectiveness of the Bank's operations, which focus on core banking services, most importantly lending to individuals and to large, medium, and small companies, as well as providing trade finance services to major companies across various productive sectors-thereby contributing to economic development.

Regarding customer deposits, their balance increased from 3.5 trillion IQD to 4 trillion IQD, a growth rate of 15%, reflecting depositors' confidence in the Bank. This contributed to increasing the Bank's market share of total sector deposits. It also reflects the diversity of services offered to customers, such as interest rates on various deposit products, and the prizes of the ZNAKAIN savings account, which grants daily, weekly, monthly, and annual rewards.

As for direct credit facilities, they increased from 1.8 trillion IQD to 2.8 trillion IQD, representing a growth rate of 56%. This growth resulted from expanding lending to employees whose salaries are domiciled at the Bank, and from credit facilities granted to small, medium, and large companies.

Growth across various financial indicators led to an increase in the Bank's total assets from 5.1 trillion IQD to 6.5 trillion IQD, a growth rate of 27%. This asset size reflects the continuous expansion in banking operations and the Bank's increasing market share across most of its activities.

## Chairman's speech

During 2025, the Bank's capital was increased to 520 billion IQD, up from 400 billion IQD. The Bank's customer base also grew by approximately 200,000 new customers, reaching a total of 563,000 customers. The Bank aims to continue expanding its customer base in the coming years, particularly through geographic expansion in branches and ATMs. We added 130 ATMs, bringing our total network to 424 ATMs. We also opened nine new branches during 2025, raising the total number of branches to 42 spread across Baghdad and several provinces, including one branch in the Kingdom of Saudi Arabia, which provides added value to Iraqi and Saudi companies by facilitating local and international transfers and enhancing trade exchange between the two countries, in addition to opening three new offices in Baghdad, and expanding the granting of credit facilities and trade finance services.

### **Ladies and Gentlemen,**

As part of continuously developing our services, the Bank opened several advanced centers ensuring the provision of distinguished services to corporate customers across large, medium, and small segments, as well as other customer groups, including additional cash counting and sorting centers, and a dedicated department for international transfers to ensure exceptional service delivery.

The National Bank of Iraq is proud to offer a wide range of products and services that meet customer needs and strengthen their relationship with the Bank, while continuing to achieve the goal of financial inclusion and raising it to its highest levels. The number of customers exceeded half a million during 2025, reflecting public confidence in the services provided and confirming the success of our carefully planned expansion strategy for the upcoming years.

In the area of developing savings and investment products, the Bank offers a diversified package that includes the Zanakeen account, one of the most prominent savings accounts in the Iraqi market due to its high value and large number of prizes; the Ahly Child Account, which aims to promote savings awareness among children; and the Hasad Account, which offers flexible investment options with competitive returns. The Bank also offers a variety of deposits with different terms and competitive interest rates that meet the diverse needs of individuals and companies.

The Bank continues to offer a suite of credit cards with exclusive benefits, in addition to participating in the "My Account" project for payroll localization of public sector employees in the Kurdistan Region of Iraq, which enhances the Bank's ability to provide advanced banking services. The Bank also maintains a specialized wealth management division dedicated to offering unique services to elite and high-net-worth customers, providing them with the highest standards of service and comfort to ensure an exceptional banking experience.

### **Ladies and Gentlemen,**

At the international cooperation level, the National Bank of Iraq signed a financing agreement with the European Bank for Reconstruction and Development (EBRD) for USD 100 million, dedicated to supporting trade finance activities and letters of credit, contributing to strengthening the banking sector and supporting the national economy.

The Bank continues, within the framework of enhancing retail services, to develop services and products through the mobile banking application to become a fully integrated digital platform that includes-along with standard banking services-the launch of digital lending services, payment management, bill payments, and card controls, with continuous expansion in line with the digital roadmap.

For the corporate sector, the Bank works to provide sustainable solutions for liquidity management, trade finance, merchant services, and lending, meeting the needs of companies of various sizes. We have also entered strategic partnerships with several major financial service institutions and companies across various sectors to establish an integrated ecosystem that creates win-win outcomes for all parties.

The Bank continues implementing a comprehensive digital transformation strategy aimed at building a sustainable and advanced infrastructure that supports innovation and keeps pace with rapid developments in financial technologies, ensuring the provision of modern, secure, and accessible banking services to our customers. During the year, we strengthened operational capabilities by implementing the new SWIFT MX standard and adopting advanced automation solutions for IFRS9 reporting, enhancing efficiency and compliance.

Given the importance of investing in the electronic payment sector, the Bank acquired 51% of the total shares of Iraq Electronic Gate Company for Financial Services, licensed by the Central Bank of Iraq as an electronic payment service provider. The Bank also acquired 51% of the shares of Digital Future Company for Electronic Distribution Services and General Trading Ltd., an Iraqi company specialized since 2020 in electronic distribution services, agent and merchant network management, and electronic card distribution. This acquisition aims to achieve integration between banking services and electronic payment and distribution services, expand the customer base, improve user experience, and enhance financial inclusion by reaching underserved segments, in addition to diversifying revenue and supporting the Bank's operational activities, contributing to the development of Iraq's digital banking infrastructure. The Bank continues steadily on its journey toward digital transformation and automation, with a commitment to providing an advanced banking experience that places customers and partners at the core of our priorities.

### **Ladies and Gentlemen,**

Regarding the Bank's plans for 2026, the Bank will continue providing its services through its network of 41 branches and 3 offices distributed across 15 governorates and will continue its efforts to open new branches as part of the expansion plan for 2026 in Baghdad and other governorates. The Bank aims to open 15 new branches during 2026, expand the payroll localization project, support small and medium-sized enterprises, and expand in attracting deposits from individuals, companies, and government institutions, supported by the strong confidence the Bank enjoys in the banking sector and driven by its financial results and advanced services.

**Ladies and Gentlemen,**

In conclusion, I extend my deepest thanks to His Excellency the Governor of the Central Bank of Iraq and his team for their continuous support and cooperation, which contributed to developing the banking sector and providing an environment conducive to growth and progress.

I also extend my thanks to the Securities Commission, the Companies Registration Department, the Iraq Stock Exchange, the Iraqi Private Banks League, and all institutions supporting the Iraqi economy.

To our valued customers, I express my sincere gratitude for your precious trust and continuous support, which inspire and motivate us. I thank our auditors for their efforts in supporting our journey.

Words of thanks are not enough to express my appreciation to the executive management and all the Bank's employees, who demonstrated exceptional teamwork and remarkable dedication, contributing to the outstanding results achieved. Their commitment and loyalty have been fundamental to the continuity of our success and growth. I also extend my deep appreciation to my fellow Board members for their dedicated and tireless efforts in leading the Bank toward continued success.

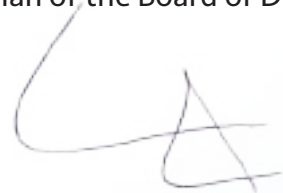
I ask Almighty Allah to bless Iraq and its people with security and prosperity, and to grant us support and guidance in all our steps.

Peace, mercy, and blessings of Allah be upon you.

**May the peace, mercy, and blessings of God be upon you.**

**Basim Khalil Al-Salem**

Chairman of the Board of Directors





# Board of Directors' Report

**National Bank**  
of Iraq

**Annual report of the Board of Directors of the National Bank of Iraq on  
the bank's activities for the fiscal year  
Ending on (December 31/ 2025)**

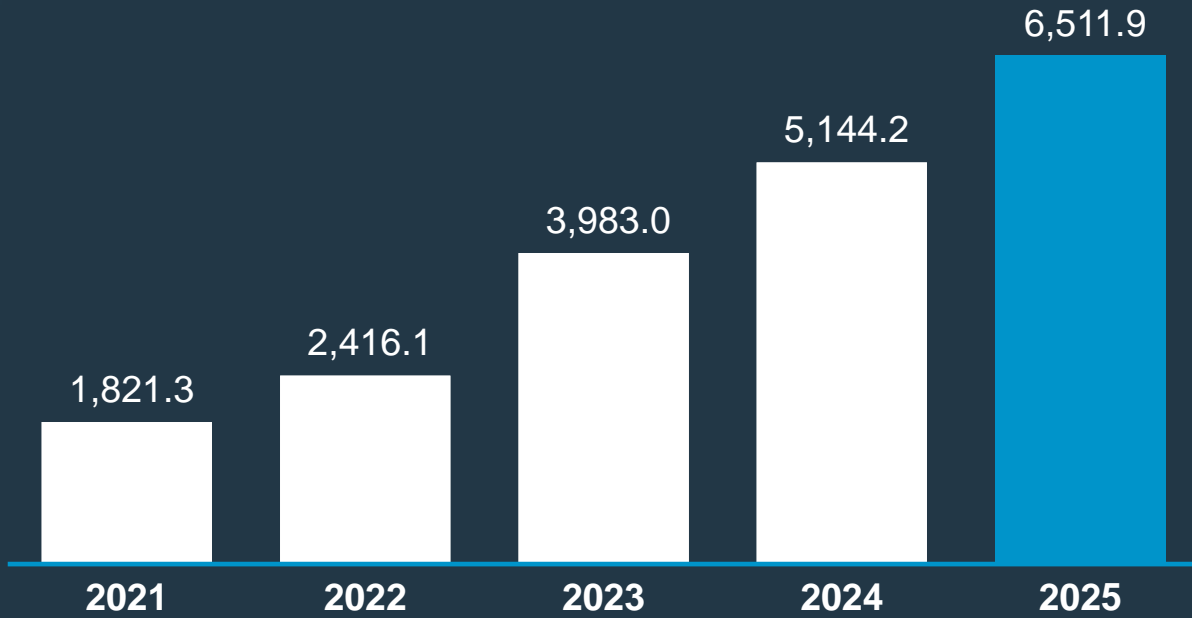
The Board of Directors of the National Bank of Iraq is pleased to present to the shareholders the comprehensive annual report on the bank's performance, attached to the financial statements for the fiscal year ending on (December 31, 2025), in accordance with the provisions of Articles (117, 134) of corporate Law No. (21) Of 1997, as amended, and in accordance with Accounting Rule No. (10) Issued by the Accounting and Auditing Standards Board and the provisions of Banking Law No. (94) Of 2004 and the Corporate Governance Guide for Banks issued by the Central Bank of Iraq.

The Board of Directors of the National Bank of Iraq is responsible for the accuracy and adequacy of the consolidated financial statements and their fair presentation in accordance with International Financial Reporting Standards, in addition to determining the control systems and internal control system necessary to prepare the consolidated financial statements and present them free from material errors, whether resulting from fraud or error.

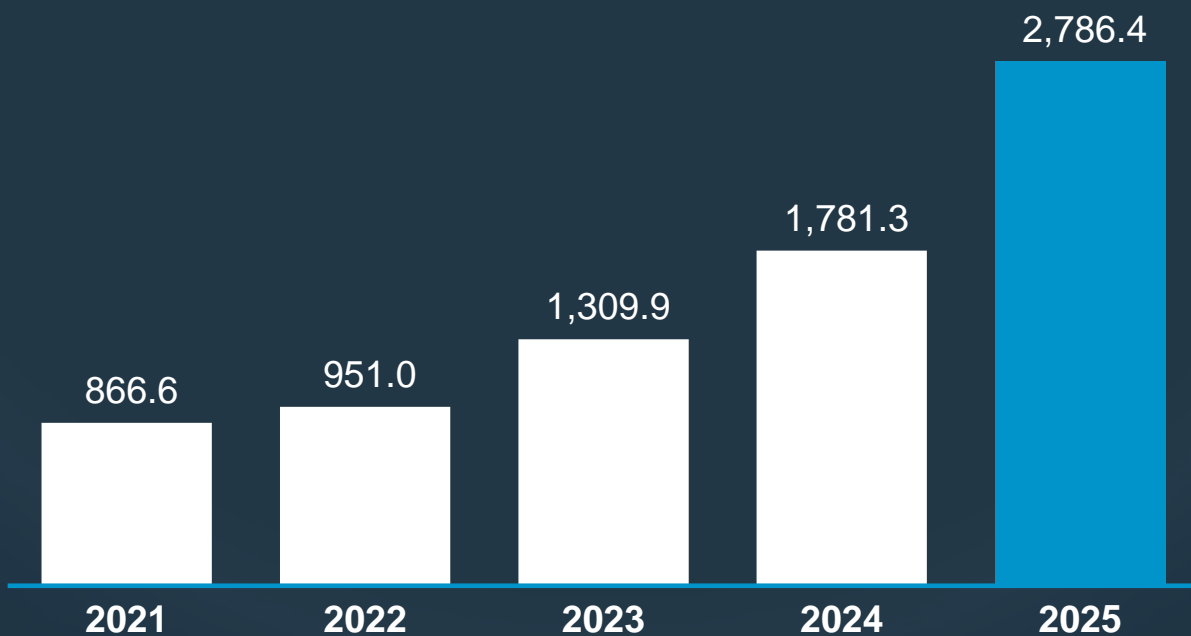


## Financial Ratios

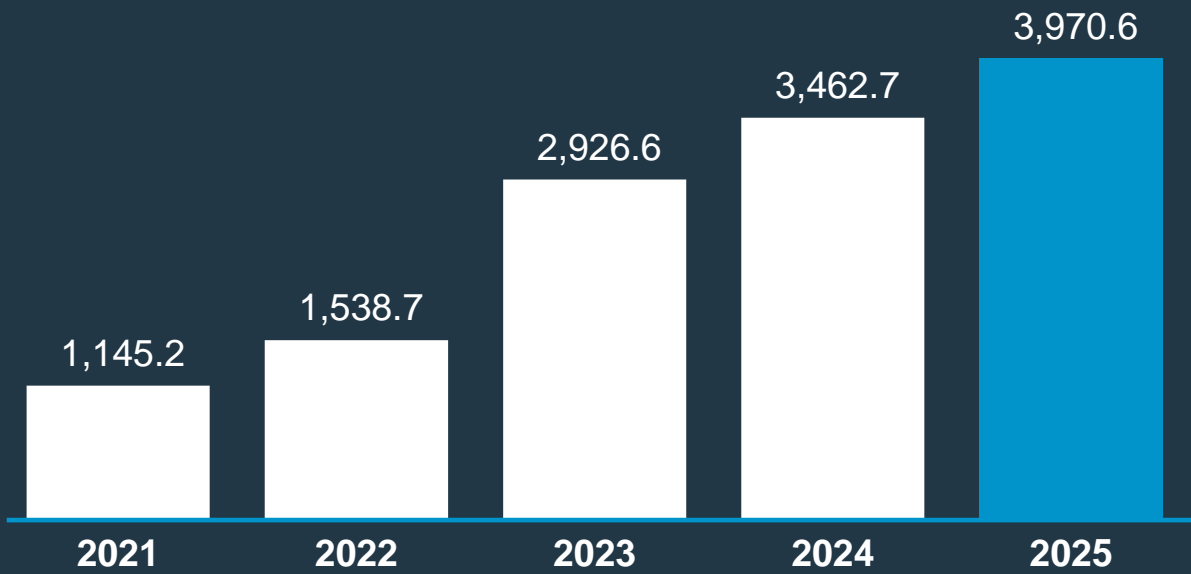
**Assets**  
(IQD billions)



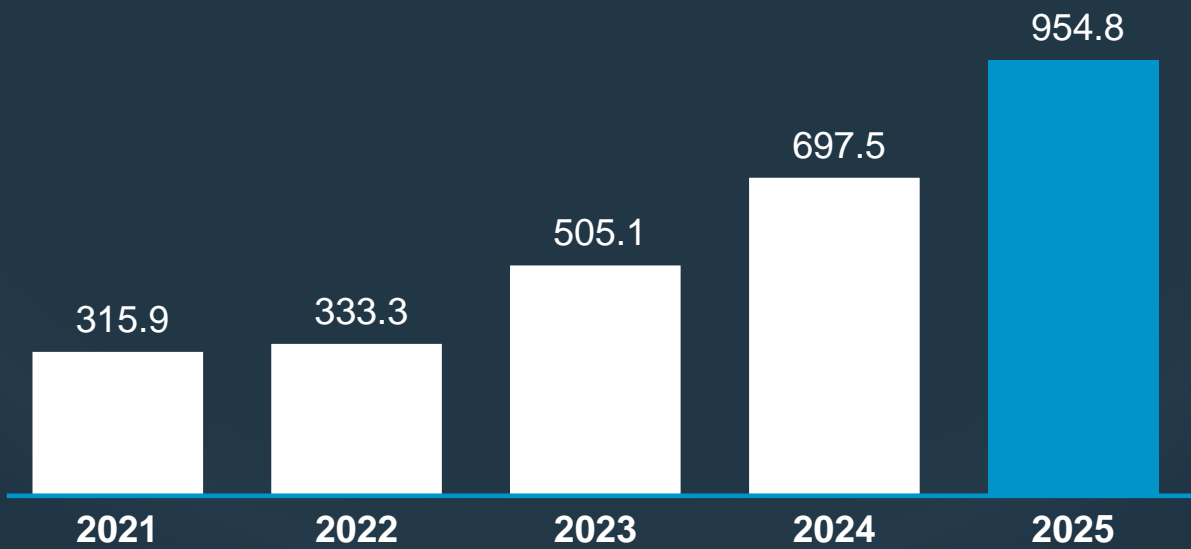
**Net Credit Facilities**  
(IQD billions)



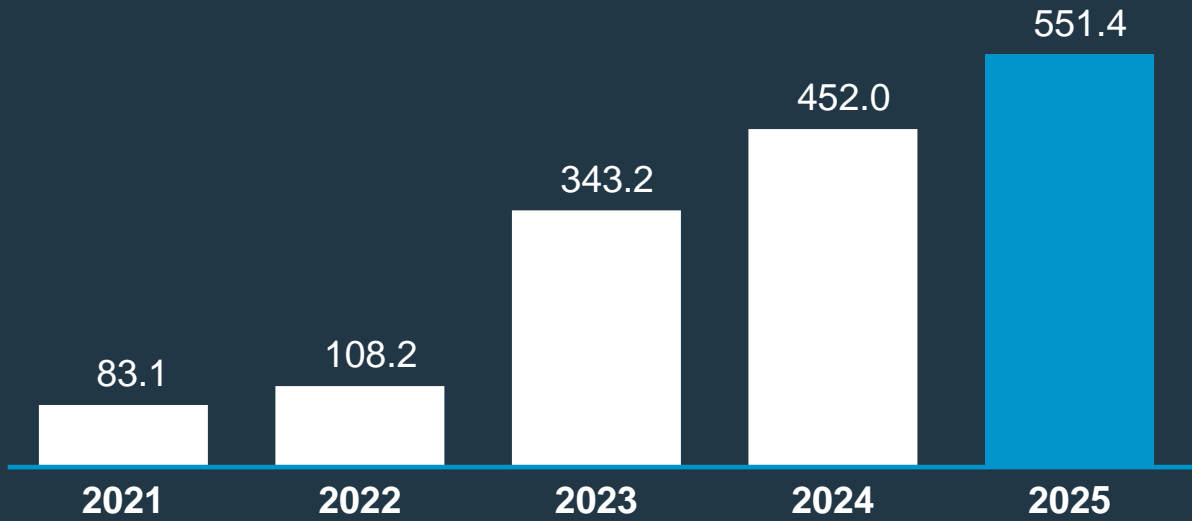
Customers Deposits  
(IQD billions)



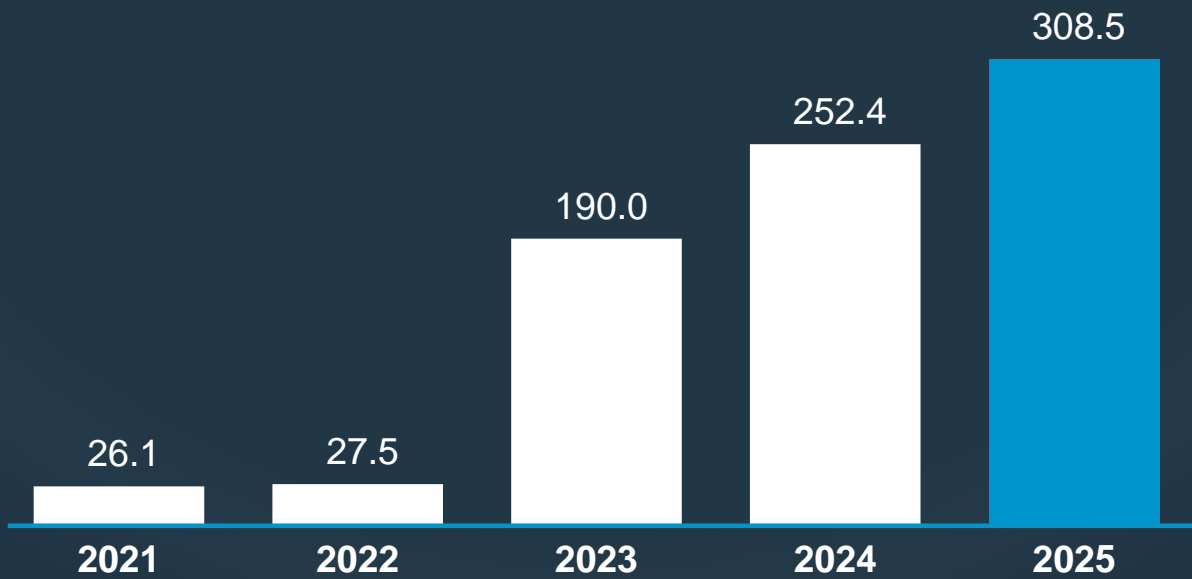
Equity  
(IQD billions)



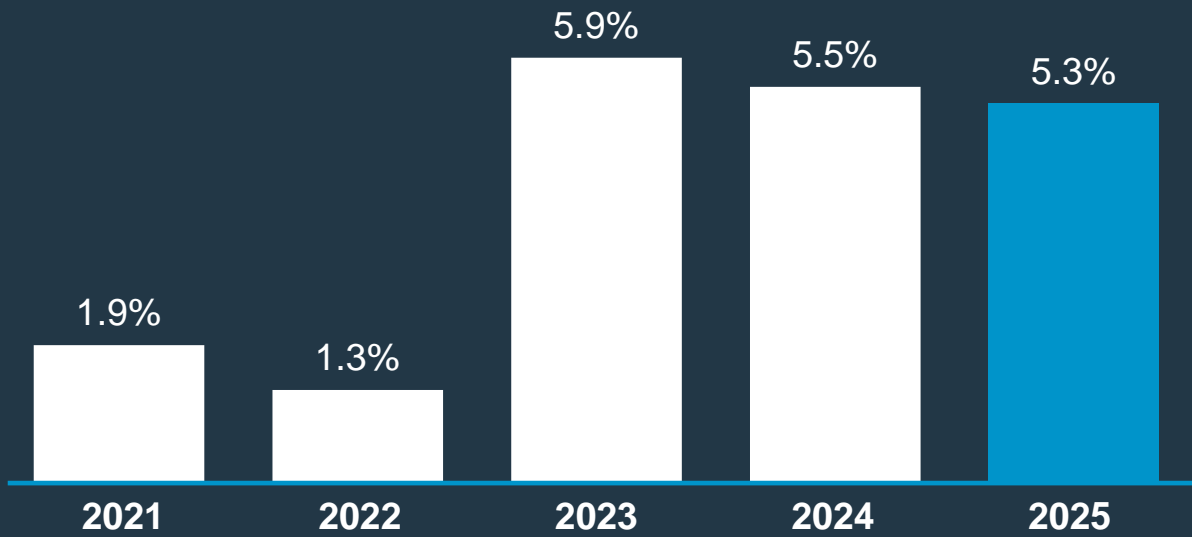
**Total Revenue**  
(IQD billions)



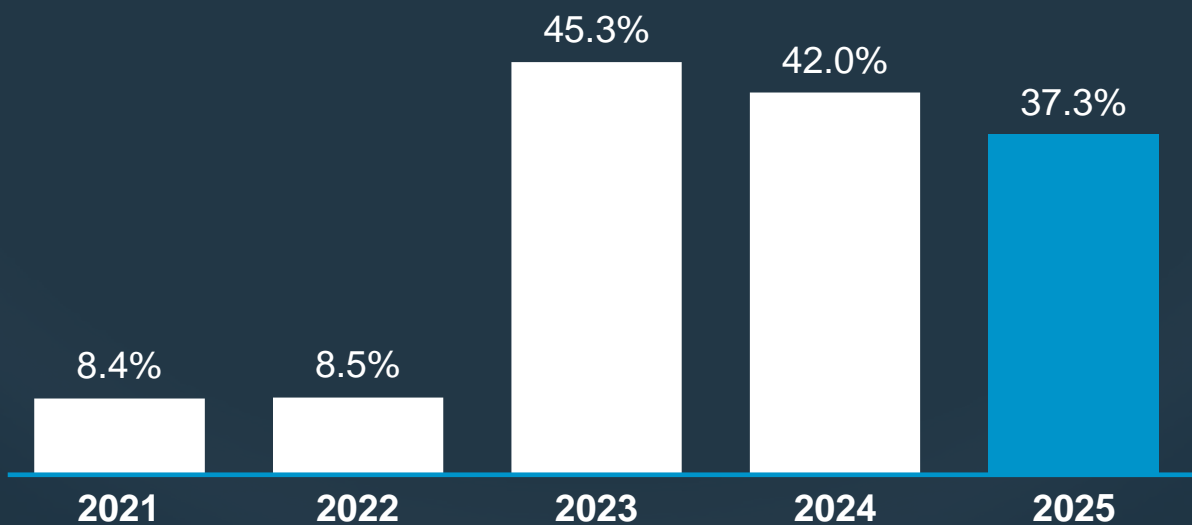
**Net Income**  
(IQD billions)



**Return on Average Assets (Annualized)**  
(In percentages)



**Return on Average Equity (Annualized)**  
(In percentages)



## Board of Directors Report

### The bank's ambitions to achieve its goals

Based on the strategic visions and in line with the directives of the Central Bank of Iraq, the National Bank of Iraq seeks to contribute effectively to the development of the Iraqi banking sector by applying the best global banking services and by developing products and services that serve the various segments of society, providing them with comprehensive financial solutions that enable them to develop their businesses and meet their needs with ease and speed.

The aspirations and goals of the National Bank of Iraq revolve around enhancing the competitive advantages of the Bank's products and services through developing the electronic banking services infrastructure, and improving payroll services due to their significant importance in serving a wide segment of Iraqi society. This also includes enhancing electronic payment services, whether through credit cards, prepaid cards, or through online services. The Bank aims to expand its customer base through this targeted development, in addition to expanding the geographical presence of its branches to cover all Iraqi provinces.

Since mid 2017, the National Bank of Iraq has adopted the project of salary domiciliation for state employees through a work plan aimed at reaching the largest possible number of government employees to achieve the Bank's ambitions and goals. The Bank has also provided a payroll domiciliation program for private sector employees from local and foreign companies.

### Bank branches

The National Bank of Iraq provides its services through its branches spread across most Iraqi provinces via 41 branches and 3 offices distributed across 15 different provinces, as follows:

Seventeen branches in the capital, Baghdad: (Main Branch, Al Jadriya, Al Mansour, Al Kadhimiya, Al A'zamiyah, Jamila, Baghdad Mall, Al Yarmouk, Zayouna, Dream City Mall, Nakheel Baghdad, Al Arasat, Al Jami'a District, Al I'lam, Al Shaab, New Baghdad, Iraq Gate). Ten branches are located in the northern region, distributed in: (Mosul, Kirkuk, Sulaymaniyah, Erbil, Al Iskan, Duhok, Zakho, Mass City). Five branches are located in the Middle Euphrates region, distributed in: (Karbala, Najaf, Hillah, and Anbar). Ten branches are located in the southern region, distributed in: (Basra, Umm Qasr, Al Rumaila, Nasiriyah, Al Muthanna, Diwaniya, Umara).

In addition, the National Bank of Iraq branch in the Kingdom of Saudi Arabia continued providing its banking services to companies in both countries and facilitating banking transactions between Iraq and Saudi Arabia.

Furthermore, the Bank continues its diligent efforts to open new branches as part of the expansion plan for the year 2026 in the capital Baghdad and other provinces, aiming to provide services to the largest possible number of customers in a distinguished manner. The Bank aims to open 15 new branches during 2026.

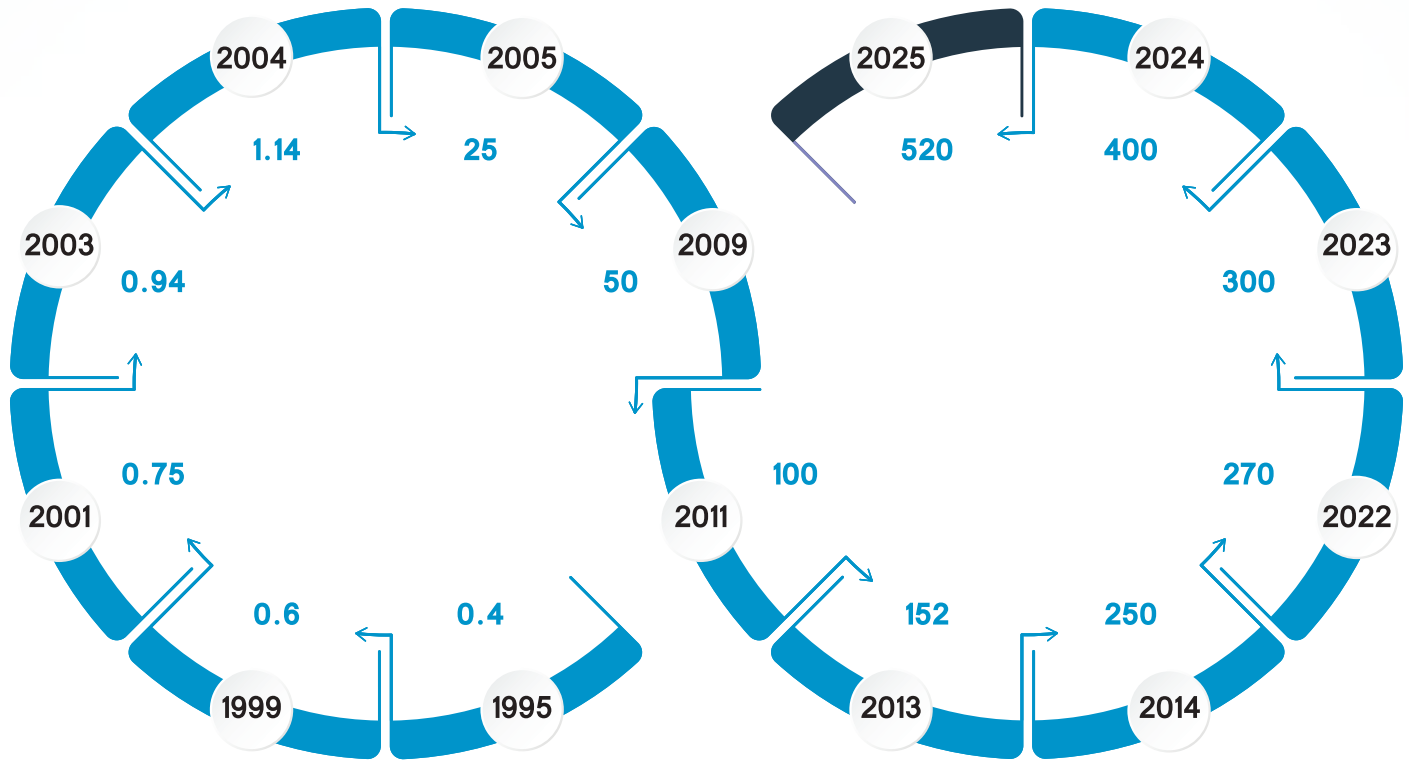
This represents the aspirations and approach of the National Bank of Iraq in providing the best banking solutions that meet the needs and requirements of its various customer segments, and in supporting and strengthening the culture of saving among customers to attract the largest possible amount of deposits, and in granting competitive banking facilities (personal loans of various types in addition to credit cards). The Bank continues working to ensure the expansion of service coverage, particularly in provinces underserved by branches or ATM networks, with the aim of providing service in a new manner and at the highest standards, in line with the direction of the National Bank of Iraq to enhance electronic payment services through cash out channels, encouraging customers to use these services, and expanding the branch network to provide the best services.

Customers of the National Bank of Iraq can link their bank account with the "Zain Cash" electronic wallet through simple, smooth, and fast steps that provide customers with various options for cash withdrawals and purchase transactions through the application dedicated to these services.

It is worth mentioning that the Elite Department, which serves high net worth clients, has been restructured to become the Private Banking Business Department, which targets a specific customer segment based on the size of their existing dealings with the Bank, and works to attract new clients and classify them as customers according to criteria based on the volume of their transactions. To ensure the success of this program, all necessary resources and outstanding human capabilities were allocated to support the new department and to provide innovative advantages that meet customer aspirations, considered the first of their kind in Iraq in terms of allocating dedicated service centers for Private Banking Business clients in Baghdad, Basra, Sulaymaniyah, Duhok, Erbil, Anbar, and Najaf, equipped with all amenities suitable for the needs of this customer segment.

Our branches also participate effectively in developing business activities in the corporate sector and in providing the necessary support and service to ensure the continuous growth of these businesses and to create a distinguished experience that reflects the values and vision of the Bank and its team.

### Development of capital, equity, reserves and the bank's shareholding in companies



\*The bank was established in 1995 with a capital of 400 million Iraqi dinars.

### Intellectual property rights

(In thousand Dinar)

fiscal year	Shareholders' Equity	profit before tax	Distributed profits		Closing price
			cash dividends	Free shares	
2025	954.775.772	357.742.620	80.000.000	120.000.000	4.77
2024	697.504.933	293.924.710	60.000.000	100.000.000	3.75
2023	505.090.160	228.985.801	-	30.000.000	2.43
2022	333.266.886	34.598.436	-	-	1.10
2021	315.862.148	32.370.618	-	20.000.000	1.23

## The bank owns two subsidiaries as follows:

Company Name	Company type	Main activity	Company capital	the address	Ownership percentage
Iraqi Capital Brokerage company for Financial Brokerage Company	Limited Liability	A brokerage company for buying and selling securities	one billion Iraqi dinars	Baghdad	100%
Al-Ahli Iraqi Installment Company	Limited Liability	Trading, selling and buying cars, machinery, machines and equipment	10 billion Iraqi dinars	Baghdad	51%
United International Insurance Company	Private Joint-Stock	Insurance Services	5 billion Iraqi dinars	Baghdad	51%
Iraq Gate Company for Electronic Payment Services	Limited Liability	Financial Services	10 billion Iraqi dinars	Baghdad	51%
Digital Future Company	Limited Liability	Electronic Distribution Services, Electronic Systems and Software Services, and General Trading	1 billion Iraqi dinars	Baghdad	51%

\* The bank has shares in other companies, but at rates less than 10%.

## Corporate Banking Management (Large, Medium, and Small Enterprises)

### Large corporate facilities:

In line with the Bank's vision to strengthen its competitive position as one of the largest banks operating in Iraq, since the beginning of 2023 the National Bank of Iraq has given the large corporate sector and the government sector the necessary attention to increase the volume of banking transactions for this sector with the Bank, through providing all advanced banking services and products that meet the needs of these specialized companies and match the size of their large business activities, making the National Bank of Iraq their first and preferred choice.

During 2025, Corporate Banking Management continued to focus on attracting major current accounts and acquiring a substantial share of these companies' deposits to form the foundation for supporting the Bank's position and its ability to utilize and lend these funds, ultimately resulting in higher profits through expanding hedging services and financial derivatives offered to large corporate clients. This is aimed at reducing risks related to currency prices, interest rates, and commodities, in accordance with banking standards based on a sound understanding of the business environment.

Corporate Banking Management was also able in 2025 to continue increasing the operating profit of the credit portfolio by increasing the volume of direct facilities granted to new clients under well studied risks and by developing new products.

During 2025, the use of the Bank's corporate online banking platform was expanded for companies of all types and sizes. This platform provides an innovative and comprehensive suite of banking solutions, enabling companies to carry out their daily internal and external banking operations electronically using the latest methods and tools, safely and at any time and place.

## Financing small and medium enterprises:

The SME Department provides sound financial solutions by supporting small and medium business owners to establish, develop, and expand their projects and company activities through financing and lending operations aimed at achieving economic growth, expansion, development of their businesses, and creating job opportunities to reduce unemployment. This is in addition to offering programs for small private projects, supporting their success, and targeting all sectors (commercial, service, medical, educational, industrial, agricultural, and technological).

Achievements include:

- The first bank in Iraq to establish a specialized unit for SME finance at the national level.
- Introducing a concept for this category of projects based on international standards and aligned with Iraq's market conditions.
- Including most Iraqi provinces within the financing operations.
- Raising financial inclusion and banking awareness among targeted groups, as most borrowers experienced their first-ever banking relationship through the Bank.
- Establishing an institutional team with high training and expertise, resulting in major international organizations showing interest in the National Bank of Iraq and placing it at the top of the list for grants and projects entering Iraq.

## Government Corporate Business Development Department

This department is one of the Bank's main units, established two years ago with the aim of strengthening banking relationships with the government sector and supporting the implementation of government projects through specialized banking solutions that meet the needs of government entities and their contracted companies, in alignment with the Bank's policies and applicable regulations.

The department performs the following tasks:

- Strengthening and developing banking relationships with government entities and contractors.
- Providing the necessary banking solutions for implementing government contracts, especially letters of credit.
- Growing the government corporate business portfolio and increasing related banking transactions.
- Coordinating with relevant departments to ensure timely execution and adherence to credit and risk management policies.
- Studying government sector needs and proposing viable business development opportunities for the Bank.

### **Private-Sector Corporate Business Development Department**

This department is one of the main pillars of the Bank, playing a central role in supporting commercial growth and enhancing market share through attracting and developing sustainable banking relationships with corporate clients across various economic sectors.

The department's tasks include:

- Attracting corporate clients and expanding the banking relationship base.
- Providing integrated banking solutions that meet the needs of commercial, industrial, and service companies.
- Growing the corporate business portfolio and increasing revenues in line with the Bank's strategy.
- Studying the market and promising economic sectors and proposing business development opportunities.
- Coordinating with related departments while ensuring adherence to credit and risk management policies.

### **External Transfers Department**

Responsible for receiving all financial transfer requests from the Bank's clients and coordinating with the Follow-Up Department to obtain shipping documents for previous transfers. The department also aims to provide the best services and attract the business of other companies in coordination with other business departments (Corporate Facilities + Business Development), in addition to onboarding new companies.

### **Corporate Banking & Electronic Payments Department**

The Corporate Banking & Electronic Payments Department at the National Bank of Iraq is responsible for developing and enhancing digital solutions and banking services aimed at the corporate sector, in line with the digital transformation strategy and increasing financial inclusion.

During 2025, the department focused on managing and developing corporate online banking services by improving user experience, expanding services, and increasing the number of subscribers and usage rates. This contributed to improving the efficiency of banking operations and accelerating the shift toward digital channels.

The Electronic Payments Division played a key role in expanding POS services and the Payment Gateway, by attracting new segments of companies and merchants and increasing the volume of electronic transactions-supporting the Bank's policy of reducing cash dependence and expanding digital payments. The Cash Management & Corporate Product Development Division worked on providing integrated liquidity management solutions, including organizing cash collection operations with accredited security companies and launching the use of Cash Deposit Machines, which helped accelerate deposits and improve corporate clients' cash management.

### **Retail Banking Management**

Within the National Bank of Iraq's strategy to strengthen retail banking services, 2025 saw continued focus on attracting new customer segments, including public and private sector employees through the payroll domiciliation initiative, and offering competitive products and services tailored to their needs. Digital channels and infrastructure were upgraded to support electronic payments and improve customer experience.

### **Customer Experience Enhancement & Strategic Analytics**

As part of the Bank's commitment to providing a unique and advanced banking experience, a Retail Customer Experience Improvement Department was established in 2025 to enhance customer experience through reviewing existing policies and procedures to ensure ease of use and process simplification. The department supervises improving digital channel user experience, such as the Bank's mobile application, and manages customer satisfaction measurement tools such as Voice of Customer programs and the implementation of Mystery Shopper programs to ensure high-quality service. A Retail Data Analytics Department was also established to support strategic decision-making through advanced data analytics, enabling deeper understanding of customer behavior, identifying growth opportunities, and improving the effectiveness of marketing campaigns.

### **Branches & ATM Network**

The National Bank of Iraq provides its services through a network of 41 branches and 3 offices across 15 provinces, in addition to its branch in the Kingdom of Saudi Arabia, which facilitates banking transactions between the two countries. These branches serve individuals, companies, and SMEs, strengthening the Bank's role in supporting the national economy.

The ATM network experienced significant expansion, reaching 424 ATMs across Iraq, ensuring easy access to banking services and reflecting the Bank's commitment to financial inclusion and electronic payments. The Bank continues its 2026 expansion plan, which includes opening 15 new branches.

### **Call Center**

The Call Center saw notable development in 2025, with a dedicated operations division established to support branches and follow up on customer requests, along with improving social media interaction systems and enhancing response quality. Workforce Management systems were activated to improve efficiency, and a dedicated telemarketing team was formed to support cross-selling and growth. More than 760,000 calls were answered in 2025, reflecting the Bank's commitment to high-quality service.

### **Mobile Banking Application**

During 2025, the National Bank of Iraq continued developing its mobile banking application by adding new features and improving usability to ensure a smooth and integrated digital experience for customers. These continuous updates strengthened the application's position as one of the main channels for offering convenient banking services.

- More than 60% of the customer base was enrolled.
- Exceeding 300,000 subscribers.
- Reflecting a growth rate of 78% compared to 2024.

This achievement reflects the success of the digital transformation strategy and the increased reliance on electronic channels.

### **Product Development Department: A Future Vision for Banking Excellence**

The Product Development Department had an exceptional year marked by launching innovative initiatives and redesigning several key products, including the development of savings accounts and launching new prize programs, along with enhancing existing products to meet customers' increasing expectations. These efforts strengthened the National Bank of Iraq's position in the market through targeting new segments, supporting digital transformation and financial inclusion, and implementing effective strategies to expand the customer base and increase market share, leading to outstanding results compared to previous years

## **Overview of Existing Products**

### **Current Account:**

The current account is one of the basic banking services offered by the National Bank of Iraq, allowing customers to save their money safely and securely without receiving financial returns. This account is offered to individuals who prefer not to earn interest for various reasons.

### **Payroll Account:**

Designed for public and private sector employees to receive their salaries. The Bank offers distinguished payroll packages for ministries and government institutions, as well as tailored offers for private institutions. Commissions and account rules for private institutions are determined based on the offers provided.

### **Basic Savings Account:**

A core product that allows customers to save their money securely with competitive returns based on deposit amount and currency (Iraqi dinar or US dollar). This account targets individuals seeking a reliable savings option that provides financial stability away from traditional investment risks, reflecting the Bank's commitment to offering solutions that meet the needs of different customer segments.

### **Zanakeen Account:**

One of the Bank's most innovative savings products, allowing customers to open a savings account without interest and offering the chance to win the largest prizes in the Iraqi banking sector through periodic draws throughout the year, enhancing the culture of saving and providing added value.

### **“Ahilly Child” – Savings Account for Children:**

The Bank redesigned the children’s savings account to make it more appealing and encouraging for savings, introducing a 2% interest rate for the first time, along with launching a valuable prize program through periodic draws, enhancing the culture of savings among young generations and making it a rewarding and enjoyable experience for them.

### **Fixed-Term Deposit Account:**

A guaranteed investment option that allows customers to deposit funds safely with guaranteed competitive interest rates. This product provides flexibility in choosing the deposit term to meet the varied needs of customers, with interest paid upon maturity.

### **HASAD Account:**

The Bank redesigned the certificate of deposit product under the new name “HASAD Account,” while maintaining its core features that offer customers a secure investment for different fixed-term periods without the ability to withdraw during the term. The account’s attractiveness was enhanced by offering a competitive return rate, contributing to significant deposit growth in 2025.

### **Personal Loans:**

The personal loan from the National Bank of Iraq is a flexible and effective financial solution that meets different customer needs. This product is distinguished by a competitive fixed interest rate throughout the loan term, with repayment periods of up to six years, enabling customers to plan with confidence.

### **Housing Loans:**

The housing loan product underwent fundamental development during 2025 to enhance its flexibility and meet customer needs, including adopting declining interest rates instead of fixed interest and extending the repayment period to 20 years instead of 10. The Bank also signed more than 15 strategic partnerships with real estate development companies to help citizens achieve the dream of home ownership.

### **Cards:**

The cards business continued to play a pivotal role during 2025 in strengthening retail banking services and has become one of the main channels of daily transactions and a key tool to support the shift toward non-cash payments and enhance customer engagement with the banking system.

2025 witnessed remarkable growth in the cards portfolio:

- Debit cards increased from 428,968 in 2024 to 656,617 in 2025 - a 53% growth.
- Credit cards increased from 2,531 to 7,535, representing 198% growth.

This performance reflects the success of the Bank’s strategy in strengthening financial inclusion and expanding the customer base, alongside developing digital products and services that meet the needs of the Iraqi market.

The Bank also focused on developing the card ecosystem in terms of ease of issuance, improved user experience, enhanced security, and compliance, ensuring flexible and fast payment solutions that reduce dependency on cash and enable individuals and merchants to benefit from modern payment channels.

### Private Banking

2025 witnessed significant achievements in the private banking sector, where the name of the department was changed from "Elite" to "Private Banking Business Department," reflecting the strategic direction toward offering more specialized and distinguished services. Four centers were reactivated to provide wider services to customers, and new customer tiers were launched to meet their varying needs, including:

- Advanced Account
- Select Account
- Elite Account

By the end of 2025:

- The portfolio reached 460 billion IQD, compared to 180 billion IQD at the end of 2024,
- Achieving a growth rate of 155%.
- Four new centers were opened, bringing the total number of main centers to 9 in addition to 2 offices for private banking services.

### Direct Sales Department

2025 witnessed outstanding achievements for the Direct Sales Department, where it succeeded in significantly expanding the Bank's customer base through payroll domiciliation programs and integrated banking services. Payroll clients increased to more than 530,000 compared to 318,000 in 2024, representing 66% growth, reflecting the success of the strategy in attracting employees of the public sector, private sector, and Kurdistan Regional Government.

The department also strengthened the Bank's presence in the market by signing dozens of strategic agreements with government institutions and private companies, in addition to launching personal and housing financing programs to support customer needs. The value of financial facilities granted during the year exceeded one trillion Iraqi dinars, contributing to results that significantly exceeded targets.

In line with digital transformation, thousands of loan applications were processed through the mobile banking application, reflecting the Bank's commitment to providing innovative and user-friendly solutions.

To strengthen geographic presence, new payroll centers were opened in the provinces of Karbala and Najaf, in addition to attracting new deposits from various products, supporting sustainable growth for the Bank.

### Saudi Arabia Branch of the Bank

The National Bank of Iraq branch in Riyadh began its banking operations in 2022 and provides banking services to companies in both countries and facilitates banking transactions between them. The main services include:

- Current accounts and deposits
- Commercial transfers (issued and received)
- Confirmation and discounting of incoming letters of credit
- Direct credit facilities

### **Role of the Agreement with the Saudi Export-Import Bank**

The National Bank of Iraq signed an agreement with the Saudi Export-Import Bank (EXIM BANK) to finance the import of Saudi goods and services. Through this agreement, the purchases of Iraqi companies from the Saudi market are financed.

### **Treasury and Investment Department**

The Treasury and Investment Department manage and monitors the Bank's liquidity continuously according to approved ratios. This is done by strengthening the Bank's balances with correspondent banks, monitoring branch balances, and directing the transfer of surplus cash to ensure optimal distribution of liquidity. The department also provides the liquidity required to execute customer requests in various currencies with an appropriate profit margin while maintaining a balanced foreign currency position. In addition, the department carries out transactions with local banks to enhance the Bank's balances with the Central Bank of Iraq and monitors and adjusts the insurance ceilings of branches and cash centers in accordance with deposit volumes and safety and compliance requirements.

### **Financial Institutions Department**

The department achieved strong performance in 2025. Its solid relationships with global correspondent banks, non bank financial institutions, and sovereign entities-combined with international partnerships-created new opportunities in local and international markets to provide a wide range of lending and banking services.

The department played a prominent role in opening new channels with many banks and financial institutions, establishing new banking relationships, and strengthening existing ones through professional and transparent interactions. This included expanding the network of high rated correspondent banks, enhancing the Bank's ability to execute various activities through more than 24 banking accounts.

### **Engineering and Administrative Department**

The Engineering Department at the National Bank of Iraq is responsible for designing and implementing new branches within expansion plans, monitoring engineering projects, renovation, maintenance, and development of Bank buildings and facilities, in addition to managing real estate and fixed assets to ensure operational efficiency and adherence to approved standards.

The department plays a central role in planning, monitoring, and coordinating with relevant parties to ensure that work is executed within approved timelines and required technical standards.

The Administrative Department specializes in managing and monitoring administrative and service affairs of the Bank, organizing general services and supplies, managing lease and procurement contracts, and supervising administrative assets and materials, ensuring smooth workflow and compliance with applicable regulations.

The department also contributes to business continuity and improved institutional performance by coordinating with related departments and utilizing available resources in a way that aligns with the Bank's goals and operational plans.

### **Branch Expansion Department:**

To achieve an advanced leadership position for the National Bank of Iraq and enhance its institutional and professional presence throughout Iraq, the Branch Expansion Department serves as one of the main pillars for achieving this strategic vision. The department plays a pivotal role in planning, executing, and supervising the expansion of the Bank's branches and their development in line with the Bank's general plans, the growing banking market needs, and the regulations of the Central Bank of Iraq.

During 2025, 9 new branches and 3 offices were opened across Iraqi provinces as part of an expansion plan aimed at strengthening the Bank's geographic presence and facilitating access to banking services for the largest number of citizens. This increased the number of active branches to 41 across Iraq. The National Bank of Iraq also plans to open 20 new branches in 2026 in Baghdad and other provinces.

Additionally, the Bank's branch in the Kingdom of Saudi Arabia continued providing banking services to companies in both countries and facilitating banking transactions between Iraq and Saudi Arabia.

### **Digital Transformation and Institutional Change Management**

The National Bank of Iraq witnessed noticeable progress in 2025 in digital transformation and institutional change management as part of a strategic vision aimed at reshaping the business model, enhancing customer experience, and increasing operational efficiency to ensure sustainability and competitiveness in a rapidly evolving banking environment. Digital transformation is no longer merely a technical option but a fundamental pillar for supporting growth and expanding secure and convenient banking services.

### **Key achievements in 2025:**

- Strong shift toward digital channels; major increase in mobile app usage
- 78% growth in mobile banking subscribers, exceeding 300,000 users
- 98% of cash withdrawals executed through ATMs
- 57% of cash deposits executed through ATMs
- 90% of Western Union transfers executed via mobile app
- Over 12,000 personal loans processed electronically (1,083% growth)
- Over 15,000 ZNAKAIN accounts opened electronically
- 41% of foreign transfers and 89% of domestic transfers processed automatically
- 14,000+ mobile top up operations in the first five months of service launch
- 2,550 companies using the corporate online banking platform
- Commercial transactions processed through the platform totaled 1.6 trillion IQD

### **Capacity building efforts:**

- 8 internal training workshops
- Participation in 6 specialized external conferences

**Cybersecurity and governance:**

- Strong focus on information security, cybersecurity, and privacy
- Full adherence to Central Bank of Iraq regulations and risk management requirements
- Alignment of digital transformation initiatives with a clear roadmap ensuring visibility, discipline, and business continuity

**2026 Outlook:**

- Expand digital onboarding services for retail clients
- Official launch of cash deposit service for corporate clients
- Enhance integration with external partners to offer comprehensive banking services
- Launch additional smart digital services
- Work with relevant authorities to activate digital signatures
- Support a more efficient, flexible digital banking environment

**Major Activities and Main Expansions During the Year**

- Increasing the Bank's capital from 400 billion IQD to 520 billion IQD
- Opening 9 new branches across Iraq, bringing the total to 42 branches, including the Saudi Arabia branch and 3 offices
- Increasing the ATM network to 424 ATMs across Iraq
- Opening 32 accounts for government institutions
- Opening 2,400 accounts for various Iraqi companies
- Increasing the Bank's customer base to 563,000 customers
- Expanding electronic payment devices to 7,000 POS devices across more than 5,000 merchants
- Obtaining ISO 9001:2015 certification for Personal Loans
- Obtaining ISO 9001:2015 certification for Foreign Transfers
- Launching loan application services through the mobile app
- Granting personal loans to 45,763 customers
- Acquiring 51% of United International Insurance Company
- Acquiring 51% of Iraq Electronic Gate Company for Financial Services
- Acquiring 51% of Digital Future Company for Electronic Distribution & IT Services
- Signing a USD 70 million financing agreement with GuarantCo
- Signing a USD 100 million financing line agreement with EBRD
- Rehabilitating Al Mutamayizat Girls High School
- Rehabilitating the discussion room at the University of Technology – Architecture Engineering Department
- Rehabilitating the computer hall at the College of Media, University of Baghdad
- Launching the "Banking Ready" training bootcamp program for graduates in Baghdad and Basra

### The Bank's Future Plans

- Increasing the Bank's current capital of 520 billion IQD
- Starting construction of a new headquarters building in Al Jadriya
- Opening an annex building to the current headquarters in Al Saadoun
- Opening 15 new branches, targeting key areas and malls across all Iraqi provinces
- Opening a network of sales and customer service offices across provinces
- Continuing to qualify Bank processes and services to obtain ISO 9001:2015 certification and rationalize costs by relying on internal staff
- Creating electronic workflows through the DMS system for tracking letters of credit processed through the auction window for review by the International Sanctions Unit in the Financial Crimes Department
- Launching a comprehensive Green Trade Finance program
- Preparing Environmental & Social (E&S) reports according to Central Bank of Iraq and development institutions requirements
- Implementing digital transformation of manual work procedures through the LOS system for loan applications (TPO UP)
- Enhancing the T24 core banking system by modifying existing products and automating new processes
- Automating the credit approval process through an electronic approval system linked to the core banking system and related departments
- Automating the management of official letters and instructions through a DMS system that ensures response tracking and linking related departments
- Establishing the National Bank of Iraq Training Academy
- Completing the Banking Ready training program
- Launching products to support women
- Launching products to support youth
- Launching products to support SMEs
- Continuing expansion in electronic payment services (POS)
- Continuing expansion in ATM deployment across Iraq
- Continuing expansion in payroll domiciliation for public sector employees
- Continuing expansion in payroll domiciliation for private sector employees
- Continuing expansion in SME lending
- Continuing expansion in corporate commercial financing
- Continuing expansion in acquiring government companies
- Continuing expansion in partnerships with international financial institutions to increase global presence of the Bank

## Financial position analysis and financial indicators

### First: Bank profitability analysis:

Consolidated Statement of Income

(In Million IQD)

Account	2025	Percentage of Total	2024	Percentage of Total	Growth Rate
Net interest income	227,681	41.3%	166,253	36.8%	36.9%
Net commissions income	297,064	53.9%	276,045	61.1%	7.6%
Other income	26,627	4.8%	9,747	2.2%	173.2%
Gross profit	551,372	100.0%	452,045	100.0%	22.0%
Employees' expenses	(49,611)	25.6%	(37,268)	23.6%	33.1%
Other expenses	(81,966)	42.3%	(62,021)	39.2%	32.2%
Depreciation and amortization	(26,862)	13.9%	(23,265)	14.7%	15.5%
Total Operating expenses	(158,439)	81.8%	(122,554)	77.5%	29.3%
Impairment of assets seized in settlement of debts	(4,237)	2.2%	(3,333)	2.1%	27.1%
Allowance for credit losses	(30,883)	15.9%	(31,390)	19.9%	-1.6%
Miscellaneous provisions	(70)	0.0%	(843)	0.5%	-91.7%
Total expenses	(193,629)	100.0%	(158,120)	100.0%	22.5%
Profit before tax	357,743		293,925		21.7%
Income tax	(49,217)	13.8%	(41,577)	14.1%	
Profit for the year	308,526		252,348		22.3%

#### \* Net profit after tax:

As a result of the significant development of the bank's business during the year, the bank achieved net profits after tax amounting to (308,526) million dinars for the year ending December 31, 2025, compared to net profits after tax amounting to (252,348) million dinars for the year 2024.

#### \* Gross Income:

The bank's outstanding performance enabled it to achieve Gross Income of (551,372) million dinars for the year ending in December 2025, compared to (452,045) million dinars for the year 2024. This increase is due to the increase in all interest and commission items.

#### \* Expenses:

Total expenses increased by (22.5%) to reach (193,629) million dinars for the year ending December 31, 2025, compared to (158,120) million dinars for the year 2024.

## Financial position analysis and financial indicators

### Second: The bank's financial position:

Below is a table showing the financial position of the bank.

(In Million IQD)

Account	2025	Percentage of Total	2024	Percentage of Total	Growth Rate
<b>Assets</b>	<b>6,511,856</b>	<b>100.0%</b>	<b>5,144,233</b>	<b>100.0%</b>	<b>26.6%</b>
Cash and balances with central banks	1,722,962	26.5%	1,864,210	36.2%	-7.6%
Cash with banks and financial institutions	563,950	8.7%	365,983	7.1%	54.1%
Direct credit facilities, Net	2,786,400	42.8%	1,781,307	34.6%	56.4%
Financial assets at fair value through other comprehensive income	5,145	0.1%	4,421	0.1%	16.4%
Financial assets at amortized cost	979,053	15.0%	920,699	17.9%	6.3%
Tangible and Intangible, Net	280,995	4.3%	93,917	1.8%	199.2%
Right-of-use asset	29,287	0.4%	22,124	0.4%	32.4%
Other assets	144,064	2.2%	91,572	1.8%	57.3%
<b>Liabilities</b>	<b>5,557,080</b>	<b>100.0%</b>	<b>4,446,728</b>	<b>100.0%</b>	<b>25.0%</b>
Due to banks and other financial institutions	157,674	2.8%	27,259	0.6%	478.4%
Customers' deposits	3,970,614	71.5%	3,462,694	77.9%	14.7%
Margin accounts	888,554	16.0%	656,147	14.8%	35.4%
Borrowing	161,011	2.9%	161,500	3.6%	-0.3%
Lease liability	30,495	0.5%	23,796	0.5%	28.2%
Miscellaneous provisions	17,203	0.3%	8,948	0.2%	92.3%
Other liabilities	331,529	6.0%	106,384	2.4%	211.6%
<b>Shareholders' Equity</b>	<b>954,776</b>	<b>100.0%</b>	<b>697,505</b>	<b>100.0%</b>	<b>36.9%</b>
Paid in capital	520,000	54.5%	400,000	57.3%	30.0%
Reserves	398,938	41.8%	291,345	41.8%	36.9%
Non-controlling interest	35,838	3.8%	6,160	0.9%	481.8%

#### \* Assets

Assets increased to reach (6,511,856) million dinars at the end of 2025, compared to (5,144,233) million dinars at the end of 2024, an increase of (26.6%).

#### \* Cash and balances with the Central Bank

The balance of the cash and balances account with central banks decreased by (7.6%) compared to the previous year, as the balance at the end of 2025 amounted to (1,722,962) million dinars, compared to (1,864,210) million dinars at the end of 2024. This balance represents the cash liquidity in local and foreign currency deposited in the bank's funds, as well as the balances with the Central Bank of Iraq.

#### \* Investment portfolio

The bank sought to expand and diversify its investment portfolio and not focus on one investment field. The total investment portfolio reached (984,198) million dinars at the end of 2025, compared to (925,120) million dinars at the end of 2024, an increase of (6.4%).

**Attached are the types of bank investments:****1. Financial assets at fair value through other comprehensive income:**

(In Million IQD)

Items	2025	Percentage of Total	2024	Percentage of Total	Growth Rate
shares of companies- not listed in financial markets	1,870	36.35%	2,837	64.17%	34%-
shares of companies- listed in financial markets	2,443	47.48%	804	18.19%	204%
funds	832	16.17%	780	17.64%	7%
<b>Total</b>	<b>5,145</b>	<b>100%</b>	<b>4,421</b>	<b>100%</b>	<b>16.38%</b>

\*Cash dividends amounted to 70,917 thousand Iraqi dinars, attributed to shares of companies in which the bank invests, as of December 31, 2025, compared to 47,128 thousand Iraqi dinars as of December 31, 2024.

**2. Financial assets at fair value at amortized cost:**

Items	2025	Percentage of Total	2024	Percentage of Total	Growth Rate
Government bonds	109,711	11.21%	101,815	11.06%	7.76%
Government bonds (Emaar /Injaz bonds)	850,000	86.82%	799,542	86.84%	6.31%
Treasury Bills - Other Governments **	19,342	1.98%	19,342	2.10%	0.00%
<b>Total</b>	<b>979,053</b>	<b>100.00%</b>	<b>920,699</b>	<b>100.00%</b>	<b>6.34%</b>

**\* The Bank invested in Iraqi Government Bonds according to the following details:**

- Investment during the year 2023 and 2024 in "Reconstruction (Imaar)" Bonds issued by the Iraqi government in Iraqi dinar with a value of 400 billion IQD, with an average yield of 8%, for a period of four years, and interest is payable semi annually.
- Investment during the year 2024 in "Achievement (Injaz)" Bonds issued by the Iraqi government in Iraqi dinar with a value of 275 billion IQD, with an average yield of 8.5%, for a period of four years, and interest is payable semi annually.
- Investment during the year 2024 in "Achievement (Injaz)" Bonds issued by the Iraqi government in Iraqi dinar with a value of 100 billion IQD, with an average yield of 6.5%, for a period of two years, and interest is payable semi annually.
- Investment during the year 2024 in "Construction (Binaa)" Bonds issued by the Iraqi government in Iraqi dinar with a value of 25 billion IQD, with an average yield of 7%, for a period of two years, and interest is payable semi annually, and these bonds were purchased at a discount.
- Investment during the year 2025 in "National (Wataniya)" Bonds issued by the Iraqi government in Iraqi dinar with a value of 75 billion IQD, with an average yield of 10%, for a period of four years, and interest is payable semi annually, and these bonds were purchased at a discount.

\*\* The Bank, through its branch located in the Kingdom of Saudi Arabia, invested during the year 2025 in Treasury Bills issued by the Saudi government in Saudi Riyal, with an average yield of 4.69%, for a period of one year, and interest is paid at maturity.

• **Direct credit facilities**

Net direct credit facilities reached (2,786,400) million dinars at the end of 2025, after being (1,781,307) million dinars for the year 2024, an increase of (56.4%). This increase is due to an increase in granting loans to the large corporate sector, in addition to focusing on granting loans to the individual sector within the initiative to localize public sector salaries.

• **Liabilities**

Liabilities increased by (25.0%) to reach (5,557,080) million dinars at the end of 2025, compared to (4,446,728) million dinars at the end of 2024.

• **Deposits**

Customer deposits increased by (14.7%) to reach (3,970,614) million dinars at the end of 2025 compared to (3,462,694) million dinars at the end of 2024 as a result of the bank's focus on attracting deposits and increasing its customer base.

• **Borrowed money**

- The Central Bank of Iraq granted the National Bank of Iraq several loans during 2025, totaling 1,066,470 million Iraqi dinars. This is part of the Central Bank of Iraq's plan to provide commercial banks with loans to finance small and medium-sized enterprises (SMEs). These loans offer low interest rates and administrative margins, with the aim of achieving economic and social development. The interest rate charged by the bank ranges from 0.0% to 5.1%, depending on the loan amount.

- The International Development Finance Corporation (DFC) has granted the National Bank of Iraq a loan of up to \$50 million (equivalent to 65,500,000 Iraqi dinars) through 2024 at an effective interest rate of 5%.

• **Capital and reserves**

Shareholders' equity (capital and reserves) increased by (36.9%) to reach (954,776) million dinars at the end of 2025 compared to (697,505) million dinars at the end of 2024, as the total reserves at the end of 2025 amounted to (398,938) million dinars.

### • Indirect facilities "commercial operations"

The strategies adopted by the bank to develop its diverse and distinctive tools and services provided to customers have given it a competitive advantage, both in terms of product quality and advanced expertise that meet customer needs, as part of its efforts to develop and grow its business in the field of foreign trade.

The bank has focused on documentary credits to finance imports and expanded its network of correspondent banks to serve its clients worldwide. This is in line with the Central Bank of Iraq's directives to increase the volume of documentary credits in foreign trade, within the controls and instructions issued in this regard.

The balance of the pledged credit amounted to (1,458,668) million dinars at the end of 2025, compared to (1,319,959) million dinars for the year 2024, an increase of (12.6%), as shown in the table below:

(In Million IQD)

Items	2025	Percentage of Total	2024	Percentage of Total	Growth Rate
Letters of Credit	1,034,912	69.7%	1,010,385	76.5%	2.4%
Letters of Guarantee	450,756	30.3%	309,574	23.5%	45.6%
Total	1,485,668	100.0%	1,319,959	100.0%	12.6%

### • Financial Ratios

Percentage	Details	2025	2024
ROA	Net Profit / Assets average	5.29%	5.53%
ROE	Net Profit / Reserves and Capital average	37.35%	41.97%
EPS	Net Profit / Capital	59.33%	63.09%
Equity/Assets		14.66%	13.56%
NPLs Ratio	(After deducting the Interest in suspense)	2.98%	4.05%
Stage 3 provision coverage	(After deducting the Interest in suspense)	77.77%	70.56%
Basel III	According to the instructions of the Central Bank	24.87%	25.52%
LCR	According to the instructions of the Central Bank	110.83%	150.80%
NSFR	According to the instructions of the Central Bank	110.80%	128.00%

### • Capital adequacy statement

The bank's capital adequacy ratio at the end of 2025 reached (24.87%) compared to (25.52%) for the year 2024, in accordance with the regulatory controls for the capital adequacy standard in accordance with the requirements of Basel III.

### Third: Other information and clarifications.

#### • The bank's share price on the Iraq Stock Exchange:

The bank's share price closed on the Iraq Stock Exchange in the last trading session of the year 2025 at a price of (4.77) dinars.

#### • Accounting policy

The accompanying consolidated financial statements include all accounting policies used in preparing the financial statements.

#### • Auditing and accounting fees

Audit fees for the year 2025 were calculated based on the instructions of the Council of the Auditing and Control Profession No. (756) issued on 12/12/2023, as audit fees amounted to (200) million dinars for the year 2025 compared to (247) million dinars for the year 2024.

In addition to calculating the fees for organizing the accounts based on the instructions of the Syndicate of Accountants and Auditors No. (8) Dated 02/1/2023, at a rate of 15% of the audit fees, amounting to (30) million dinars.

Regarding the bank's branch in the Kingdom of Saudi Arabia, the branch's accounts are being audited by Ernst & Young and Crowe as a joint audit, in accordance with the instructions of the Saudi Central Bank.

#### • Lawsuits filed against the bank

As of December 31, 2025, there are (7) lawsuits filed against the bank, and in the opinion of the bank's management and legal advisor, it is unlikely that the bank will have any obligations in respect of these lawsuits, noting that the bank's legal position is strong (As of December 31, 2024, zero Iraqi dinars).

#### • The bank's evaluation by international rating agencies:

The bank has been rated by two international agencies as follows:

- **(Capital Intelligence):** The bank received a Financial Strength Rating of (BB) based on an evaluation of the bank's financial performance according to financial statements prepared in accordance with international accounting standards.

- **(Moody's):** The bank received a financial strength rating of (B3) based on an assessment of the bank's financial performance according to financial statements prepared in accordance with international accounting standards.

#### • Real estate and owned lands:

Property Type	Property Type	Address
Headquarter Building and Main Branch	Owned	Baghdad / Al-Saadoun Street, near Al-Firdous Square
Sulaymaniyah Land	Owned	Sulaymaniyah / Salem Street
Jadriya Land	Owned	Baghdad / Jadriya, near Zaha Hadid Intersection
Saadoun Land	Owned	Baghdad / Al-Saadoun Street, near Al-Firdous Square
Erbil Branch Building	Owned	Erbil / Bakhtiari, 20th Street
Al-Mansour Building	Owned	Baghdad / Al-Mansour

- **Advertising, Travel, Hospitality, and Donations Expenses:**

The total expenses for the purposes mentioned below amounted to 13,601 million Iraqi dinars to support the services provided to the bank:

Items	2025	2024
Advertising and Promotion	10,921	5,561
Donations	4	566
Hospitality	516	827
Travel and Mission Expenses	2,160	1,513
<b>Total</b>	<b>13,601</b>	<b>8,467</b>

- **Imports and exports:**

There were no imports or exports during the financial year 2025.

- **Changes and material events subsequent to the balance sheet date:**

There are no material changes or events that would affect the bank's financial statements.

- **Reserve balances and uses:**

Details of the reserve balance and its uses are stated in the financial statements.



The National Bank of Iraq, the Gold Sponsor of the Global Continuous Week Conference.



Sponsorship of the Second Iraq Economic Forum Conference.



The National Bank of Iraq participated as a Gold Sponsor in the Iraq International Technology, Information, and Communications Exhibition and Conference (ITEX).



The National Bank of Iraq participated in the conference on activating electronic signatures to support electronic payments.



The National Bank of Iraq participated as a Diamond Sponsor in the Anti-Money Laundering Conference.



The National Bank of Iraq participated in the Insurance Conference in Iraq.



The National Bank of Iraq participated in the Oil, Gas, and Renewable Energy Conference and Exhibition at the Baghdad International Fair 2025.



The National Bank of Iraq is the Silver Sponsor of the First International Women's Conference 2025.



The National Bank of Iraq participated in the Iraq International Oil, Gas, and Energy Exhibition and Conference – Basra International Fair 2025.



The National Bank of Iraq is the Diamond Sponsor of the Investment, Energy, Finance, and Financing Conference held in Amman 2025.



The National Bank of Iraq is the Silver Sponsor of the 10th Annual Financial and Banking Services Conference (IFEX).



The National Bank of Iraq participated in the 48th Baghdad International Fair.



The National Bank of Iraq is the Platinum Sponsor of the Iraqi Business Summit held in Baghdad 2025.



A cooperation agreement was signed between the National Bank of Iraq and the European Bank for Reconstruction and Development (EBRD), marking the first step in its support for Iraq.



The National Bank of Iraq participated as a Platinum Sponsor in the Aqaba Conference 2025.



The National Bank of Iraq is the Gold Sponsor of the Tax Conference for Economic Development and Investment Promotion.



The National Bank of Iraq is the Main Sponsor of the Iraqi Digital Business Leadership Forum 2025.



The National Bank of Iraq participated in the Zakho International Fair.



The National Bank of Iraq, represented by the Head of the Corporate Sector, Mr. Yasser Kleib, participated in a fruitful dialogue session with the European Bank for Reconstruction and Development.



The National Bank of Iraq is the Platinum Sponsor of the Arab International Congress for Innovation.



📍 Mosul Branch



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Al-I'lam Branch



Al-Shaab Branch

## Social Engagement CSR



Purchasing vehicles for Al-Faraj Schools for Orphans, to support logistics services and facilitate student transportation.



Rehabilitation of Palestine Distinguished Secondary School for Girls, aiming to improve the educational environment and support girls' education.



Rehabilitation of a discussion hall at the University of Technology, to support scientific research and academic activities.

## Social Engagement CSR



Providing sewing workspaces for underprivileged families to empower them economically and enhance home-based job opportunities.



Training graduate students within the Bank training program, aiming to prepare them for the job market and develop their banking skills.



Preparing and distributing food baskets during the holy month of Ramadan, in support of underprivileged families.



Rehabilitation of a computer lab at the College of Media - University of Baghdad, contributing to the development of educational infrastructure.

Awards received by the National Bank of Iraq for the year 2025



Best Bank Award for Supporting and Financing Small and Medium Enterprises in Iraq for 2025.



The Fastest-Growing Bank in the Corporate Sector for 2025.



Best Top Five Executives Award for 2025.



# Auditors' Report

**National Bank**  
of Iraq

We have audited the accompanying consolidated financial statements of the National Bank of Iraq (Private Limited Company) – Baghdad, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, and the consolidated statement of cash flows for the year then ended, along with the related notes and the bank's annual report. These financial statements have been prepared in accordance with Corporate Law No. (21) of 1997 (as amended), and the regulations and instructions issued thereunder.

#### **Responsibility of the Bank's Management:**

The bank's management is responsible for the preparation and fair presentation of these financial statements in accordance with local and international accounting principles and standards. Management is also responsible for establishing and implementing an internal control system related to the preparation and fair presentation of the consolidated financial statements to ensure they are free from material misstatement, whether due to error or fraud. This responsibility also includes selecting and applying appropriate accounting policies and using suitable accounting estimates.

#### **Auditor's Responsibility:**

Our responsibility is to provide an independent technical opinion on the consolidated financial statements presented to us in accordance with local and international auditing standards. These standards require us to plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. The audit includes an examination, on a test basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements for the year ending December 31, 2025. It also includes an evaluation of the accounting principles used. We believe that our audit provides a reasonable basis for the opinion we express, and we present the following clarifications and observations:

#### **First: Requirements of the Board of Auditing and Accounting Profession:**

The financial statements and information were submitted in accordance with Circular No. (18) dated 22 January 2025 issued by the Board regarding the requirements for completing financial statement audits.

## **Second: The Bank's Application of International Accounting Standards:**

the bank has prepared its consolidated financial statements in accordance with international accounting standards based on the instructions of the Central Bank of Iraq, which require the transition from local accounting standards to international accounting standards. We would like to note that the bank adopted the historical cost principle for real estate and equipment and did not perform a revaluation of these assets based on their fair value.

## **Third: Shareholders' Equity:**

### **1- Capital increase:**

The General Assembly approved, in its meeting held on 27 March 2025, an increase of the Bank's capital through the distribution of free stocks amounting to IQD 120,000,000 thousand, bringing the total capital to IQD 520,000,000 thousand. The procedures related to this increase were completed per the Ministry of Trade / Companies Registrar letter No. (14659) dated 13 May 2025.

### **2- Cash Dividends:**

The General Assembly also approved, in its meeting on 27 March 2025, the distribution of dividends at 20% of the Bank's capital, amounting to IQD 80,000,000 thousand, based on the approval of the Central Bank of Iraq per letter No. (9/5/6541) dated 29 June 2025.

## **Fourth: The Bank's Activity During the Year Under Review:**

The Bank and its subsidiaries achieved net profit after income tax of IQD 308,525,290 thousand during the year, compared to IQD 252,348,010 thousand in the previous year – an increase of 22%, as shown in Statement (B) "Consolidated Income Statement."

## **Fifth: Restricted cash balances:**

In accordance with the approval of the Central Bank of Iraq in letter number (9/2/17523) dated November 26, 2020, regarding the write-off of restricted cash balances resulting from the acquisition of Bank Audi, amounting to 100,000,000 USD (146,000,000,000 dinars) over 15 years, with the annual write-off not exceeding the bank's annual profits, the write-off balance as of December 31, 2025, was 49,972,435 thousand dinars, with an annual installment of 8,002,297,000 dinars (Note 5).

**Sixth: Seized cars:**

Regarding the seven vehicles the bank acquired as a result of the acquisition, the procedures for transferring ownership to the bank's name at the General Traffic Department are still ongoing at the date of this report. We recommend expediting the completion of these ownership transfer procedures.

**Seventh: Financial investments:**

The Bank's investment portfolio consists of listed and unlisted shares on the Iraq Stock Exchange, as well as Iraqi government bonds and construction bonds.

The ratio of investments to regulatory capital and reserves is 20%, which is equal to the maximum limit set by the Central Bank of Iraq. This calculation excluded investments in Iraqi government bonds denominated in USD and Saudi government treasury bills.

**Eighth: Credit facilities:**

1- Total credit facilities as of 31 December 2025 amounted to IQD 2,911,330,255 thousand, with an allowance for doubtful debts of IQD 101,564,304 thousand, increased during the year by IQD 21,690,211 thousand.

2- Non-performing loans amounted to IQD 109,480,659 thousand, representing 3.76% of total direct credit facilities.

We recommend intensifying collection efforts and addressing the causes of delays.

**Ninth: Other assets:**

Other assets represent 3% of total current assets, increasing by IQD 52,491,861 thousand from the previous year.

**Tenth: Legal claims:**

According to the legal department's report on legal cases during 2025, the following cases were recorded:

Lawsuit Type	number
Lawsuits filed against the bank	7
The lawsuit filed by the bank	87

The management's legal consultation considers it unlikely that the bank will incur any financial obligations related to these cases.

#### **Eleventh: Bank assets:**

All fixed assets, including real estate, are registered under the Bank's name, except for vehicles referenced in Section Five, still registered under Bank Audi Lebanon / Iraq.

#### **Twelfth: Capital adequacy: -**

Based on the decision of the Central Bank of Iraq No. (110) for the year 2022, which includes approval of the regulatory guidelines for capital adequacy for commercial banks in accordance with Basel II & III requirements, and after reviewing the accounting records, the nature of the bank's operations during the audit year, and the reports prepared to calculate capital adequacy, the regulatory capital adequacy ratio was (23.91%).

#### **Thirteenth: Consolidated financial statements: -**

The attached financial statements are consolidated statements of the National Bank of Iraq (a private limited company) with the two companies listed below:

- 1- Iraqi Capital Brokerage Company, in which the bank owns 100% of its capital, amounting to 1,000,000 dinars.
- 2- Al-Ahli Iraqi (National Iraqi Installments Company) Company for Trading, Selling, and Purchasing Cars, Machinery, and Equipment Limited Liability Company, in which the bank owns 51% of its capital, amounting to 10,000,000 dinars.
- 3- United International Insurance Company, in which the Bank owns 51% of its capital amounting to (5,000,000) thousand IQD, and the acquisition was completed at the end of December 2025 (Note 42).
- 4- Iraq Electronic Gate Company for Financial Services, in which the Bank owns 51% of its capital amounting to (10,000,000) thousand IQD, and the acquisition was completed at the end of December 2025 (Note 40).
- 5- Digital Future Company for Electronic Distribution Services and General Trading Ltd., in which the Bank owns 51% of its capital amounting to (1,000,000) thousand IQD, and the acquisition was completed at the end of December 2025 (Note 41).

It is worth noting that the consolidation was based on the trial balances of these companies due to the absence of audited financial statements issued by their external auditors. Also, the consolidation for the three companies acquired at the end of the current year was performed only at the statement of financial position level, without including their income statements, since the acquisitions were completed at the end of December 2025.

**Fourteenth: The bank's branch in the Kingdom of Saudi Arabia (KSA): -**

The branch's results during the current year showed a loss amounting to (1,711,246) thousand IQD after income tax. As of the date of this report, the audited financial statements for this branch have not yet been issued by its external auditor. Consolidation with the Bank's branches in Iraq was therefore performed based on the branch's trial balance, which was not audited by us.

**Fifteenth: Foreign Currency Auction Window:**

The total amount of purchases made by the bank on behalf of clients through the currency auction window until the end of December 2025 amounted to 17,828,267 thousand USD, and the bank earned commissions of 162,124,929 thousand IQD.

**Sixteenth: Anti-Money Laundering and Terrorist Financing:**

upon reviewing the bank's accounting records and its operations during the audited year, we found no indications of unreported transactions related to money laundering or terrorist financing. The bank reported several suspicious cases related to three types of banking activities to the AML/CFT Office during the year. The bank has taken adequate measures to prevent money laundering or terrorism financing and is implementing these measures according to the regulations and directives of the Central Bank of Iraq.

The National Bank of Iraq adopts the following measures to combat anti money laundering and terrorist financing:

1- OFAC Search Engine: Includes local and international watchlists, integrated with the bank's systems, used to automatically screen new clients before opening accounts, review existing accounts daily/monthly, and screen any incoming/outgoing transfers. The blacklists are continuously updated.

2- CBS Search Engine: Used for credit inquiries of clients.

3- AML Profiling Electronic System: Linked to internal systems, monitors transactions based on predefined scenarios to generate daily/monthly alerts. The scenarios required by the Central Bank are included in this system.

4- T24 Banking System: Contains a field for classifying customers by risk rating, integrated with the AML profiling system.

### **Seventeenth: Compliance Reports: -**

We reviewed the compliance department's reports submitted to the Central Bank and the bank's Board of Directors. Management has made serious efforts to fully comply with the Central Bank's laws and regulations related to the bank's activities during the audited year. Periodic reports were submitted on time and in the required formats.

### **Eighteenth: Banking Sector Reform Path: -**

According to the minutes of the Bank's Board of Directors meeting dated 27/8/2025, session number (13), the Board issued Resolution (77/2025) to continue operating in its current form without resorting to merger or liquidation.

### **Nineteenth: Other Disclosures:**

#### **1- Implementation of Corporate Governance Guidelines: -**

We reviewed the bank's performance regarding corporate governance guidelines. In our opinion, the bank complies overall with quantitative and qualitative requirements based on the Balanced Scorecard Model. The board and management are committed to applying governance rules, especially regarding disclosure and transparency practices.

#### **2- Results of the office audit by the Central Bank of Iraq:**

We reviewed the Central Bank's communications regarding the audit of quarterly budgets submitted by the bank and followed up on the corrective actions and other procedures required by the Central Bank, including quarterly internal audit department reports.

#### **3- Correspondence with the Central Bank of Iraq:-**

Upon reviewing the bank's correspondence file with the Central Bank (monthly and quarterly reports), we found no material issues affecting the adequacy of information sent to the Central Bank.

#### **4- Bank's Recordkeeping Systems:**

The bank relies on electronic systems for financial transaction recording in accordance with the T24 system. All accounting records are kept electronically. Documents are maintained in hard copy and stored securely.

### 5- Balances with correspondent banks:-

Balances with foreign correspondent banks represented 18% of capital and sound reserves as of December 31, 2025, which is within the 20% limit set by the Central Bank.

### 6- Foreign Currency Positions:-

The Bank calculated the foreign currency position according to CBI instructions and the required schedules. The position amounted to (16%) as of 31/December/2025, which is a long FX position, and does not exceed the 20% limit of regulatory capital and reserves.

### 7- Solvency and liquidity: -

- A. The ratio of cash and bank balances to customer deposits is 57.6% (moderate level).
- B. Liquidity Coverage Ratio (LCR) under Basel III: 111% (minimum required by CBI: 100%).
- C. Net Stable Funding Ratio (NSFR) under Basel III: 111% (minimum required by CBI: 100%).

These ratios are very close to standard benchmarks, indicating no significant concern regarding the bank's ability to meet its obligations toward depositors in the future.

### 8- Implementation of IFRS 9: -

The bank complies with IFRS 9 in calculating Expected Credit Losses (ECL). Total provisions as of December 31, 2025, reached 161,337,832 thousand IQD. Details are as follows:

Account Name (IQD '000)	Provision Balance 1/1/2025	Change During the Year	Provision Balance 31/12/2025
Balances with banks – Note 5	42,355,660	8,135,071	50,490,731
Direct Credit Facilities – Note 7	79,874,093	21,690,211	101,564,304
Financial Assets at Amortized Cost – Note 8	322,699	28,070	350,769
Off-Balance Sheet Items – Note 17	7,902,538	1,029,490	8,932,028
<b>the total</b>	<b>130,454,990</b>	<b>30,882,842</b>	<b>161,337,832</b>

#### 9- Other Liabilities: -

As shown in Note (19), other liabilities amounted to 274,374,634 thousand IQD as of year-end. All accounts making up this balance were reviewed, focusing on material amounts.

#### 10- Top 20 Borrowers:-

The top 20 clients granted credit facilities received a total of 436,590,439 thousand IQD, representing 15% of the total credit facilities. This indicates a high concentration of credit. We recommend increasing client diversification and granting lower individual credit limits

#### 11- Credit concentrations: -

Credit concentration for Dima Ne Manak Industrial Investment Ltd. amounted to (10.19%) of regulatory capital and reserves. The CBI approved the excess limit per its letter No. (9/5/5236) dated 20/5/2025, provided it does not exceed 15%.

#### 12- Liquidity gap: -

Based on reviewing cash credit facilities totaling (2,911,330,255) thousand IQD as of December 31, 2025, it was noted that most of these facilities have maturities between one and five years. Meanwhile, most customer deposits (current and savings accounts) totaling (4,128,287,600) thousand IQD are payable on demand. This indicates that the Bank grants long-term credit financed by short-term deposits, resulting in a negative liquidity gap.

#### 13- Related Party Transactions:-

As of 31 December 2025, cash and contingent credit facilities granted to related parties totaled (71,305,751) thousand IQD, representing (13.38%) of regulatory capital and reserves (Note 45).

#### 14- Board of Directors' Remunerations:

Board compensation and allowances during the year amounted to (598,900) thousand IQD.

#### 15- Share Price:

The Bank's share price on the Iraq Stock Exchange according to the last bulletin for 2025 was (4,770 IQD).

#### **Twentieth: Central Bank Penalty:**

According to the CBI letter No. (9/8/9170) dated 8/9/2025, the Central Bank settled amounts previously deducted as additional charges on customer external transfers.

An amount of (27,612,176) thousand IQD was refunded, and (2,388,624) thousand IQD was recorded as penalties under "Fines and Compensation" in expenses.

#### **Twenty-First: Subsequent Events:**

According to CBI letter No. (9/5/287) dated 12/1/2026, an additional net penalty of (5,156,073) thousand IQD was imposed related to discrepancies in customs declaration fines previously charged by the CBI for the year 2012. This amount was deducted from the Bank's account at the CBI and recorded under penalties in the income statement as subsequent events. Management will follow up with the Central Bank.

#### **According to our opinion, based on our examination and the records of the Bank and the information and explanations provided to us:**

- 1- The bookkeeping system used by the Bank complies with the requirements of the bookkeeping regulations and includes, in our estimation, the recording of all Bank assets, liabilities, expenses, and revenues. The internal control system includes necessary procedures to ensure the accuracy of these data to a degree appropriate to the Bank's activity size.
- 2- The inventory of fixed assets and cash was properly conducted under our supervision, and the results matched the subsidiary records. These assets were valued in accordance with the principles applied in the previous year.
- 3- The annual report and its financial and accounting information reflect the Bank's activities during the audit year and do not contain anything contrary to applicable laws and regulations.
- 4- The financial statements were prepared in accordance with accounting principles and applicable laws and agree with the Bank's records and are prepared in accordance with the Companies Law and the regulations issued thereunder, and the Banking Law.

## Opinion

Based on the clarifications and observations provided in this report, we believe that the consolidated financial statements of the National Bank of Iraq (Private limited Company) and the accompanying management report are consistent with the records and meet the legal requirements, and that, to the extent that they contain performance indicators, they clearly and fairly express the consolidated financial position of the bank as of December 31, 2025, and the consolidated results of the bank's activities and its consolidated cash flows for the year ending on the same date.



**Adel Mohammed Al-Hassoun**  
From Adel Al-Hassoun & Partners  
Certified Public Accountants and  
Consultants (Partnership)



**Ali Ghalib Abbas Al-Azzawi**  
Certified Public Accountant and Auditor  
From Ali Ghalib Al-Azzawi & Partners for  
Auditing and Accounting (Partnership)

**Baghdad on 16th of Jan. 2025**



# Consolidated Financial Statements

As of December 31, 2025

**National Bank**  
of Iraq

## Consolidated Statement of Financial Position

## NATIONAL BANK OF IRAQ

## Consolidated Statement of Financial Position

As At 31 DECEMBER 2025

	Notes	31 December 2025	31 December 2024
		IQD (000)	IQD (000)
<b>Assets</b>			
Cash and balances with central banks	4	1,722,961,574	1,864,209,530
Cash with banks and financial institutions	5	563,950,069	365,983,012
Financial assets at fair value through other comprehensive income	6	5,145,362	4,421,460
Direct credit facilities, Net	7	2,786,399,800	1,781,306,690
Financial assets at amortized cost	8	979,053,084	920,699,421
Property and equipment , Net	9	88,707,940	61,458,107
Intangible assets, Net	10	192,287,083	32,458,628
Right-of-use asset	11	29,287,449	22,124,241
Other assets	12	144,063,694	91,571,833
<b>Total assets</b>		<b>6,511,856,055</b>	<b>5,144,232,922</b>
<b>Liabilities And Equity</b>			
<b>Liabilities</b>			
Due to banks and other financial institutions	13	157,673,529	27,258,549
Customers' deposits	14	3,970,614,071	3,462,694,445
Margin accounts	15	888,554,284	656,147,163
Borrowing	16	161,010,844	161,500,173
Lease liability	11	30,495,445	23,796,380
Miscellaneous provisions	17	17,202,624	8,948,470
Income tax provision	18	57,154,852	42,318,851
Other liabilities	19	274,374,634	64,063,958
<b>Total liabilities</b>		<b>5,557,080,283</b>	<b>4,446,727,989</b>
<b>Equity</b>			
<b>Shareholders' Equity</b>			
Paid in capital	20	520,000,000	400,000,000
Statutory reserve	21	46,010,860	30,643,160
Expansion reserve		7,500,000	4,500,000
Foreign currency translation adjustments		286,385	286,385
Fair value reserve		795,320	123,467
Retained earnings	22	344,345,448	255,792,166
<b>Net equity attributable to the Bank's shareholders</b>		<b>918,938,013</b>	<b>691,345,178</b>
<b>Non-controlling interest</b>		<b>35,837,759</b>	<b>6,159,755</b>
<b>Total liabilities and shareholders' equity</b>		<b>6,511,856,055</b>	<b>5,144,232,922</b>


  
Basim Khalil Al.Salem  
Chairman of the Board of Directors


  
Ayman Imran Abu Dhaim  
CEO

  
Maher Ezzat Awali  
CFO

  
Nawar Zeyad Tareq  
Finance Management  
Membership ID:29682

refer to our report dated 4/2/2026

  
Ali Ghalib Abbas Al.Azzawi  
Certified Public Accountant and Auditor  
From Ali Ghalib Al.Azzawi & Partners for  
Auditing and Accounting (Partnership)

  
Adel Mohammed Al.Hassoun  
From Adel Al.Hassoun & Partners  
Certified Public Accountants and  
Consultants (Partnership)

## Consolidated Statement of Financial Position

**NATIONAL BANK OF IRAQ**  
**Consolidated Statement of Income**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	31 December 2025	31 December 2024
		IQD (000)	IQD (000)
Interest income	23	307,285,292	227,798,067
Interest expense	24	(79,604,772)	(61,545,118)
<b>Net interest income</b>		<b>227,680,520</b>	<b>166,252,949</b>
Net commissions income	25	297,063,643	276,044,916
<b>Net interests and commissions income</b>		<b>524,744,163</b>	<b>442,297,865</b>
Net gains from foreign currency exchange	26	25,960,403	8,594,199
Other income	27	667,462	1,152,203
<b>Gross profit</b>		<b>551,372,028</b>	<b>452,044,267</b>
Employees' expenses	28	(49,611,158)	(37,267,702)
Depreciation and amortization	9.10.11	(26,861,901)	(23,264,778)
Other expenses	29	(81,966,323)	(62,021,387)
Impairment of assets seized in settlement of debts	12	(4,236,912)	(3,332,528)
Miscellaneous provisions	17	(70,272)	(842,781)
<b>Total expenses</b>		<b>(162,746,566)</b>	<b>(126,729,176)</b>
<b>Profit before Allowance for credit losses</b>		<b>388,625,462</b>	<b>325,315,091</b>
Allowance for credit losses	7	(30,882,842)	(31,390,381)
<b>Profit before tax</b>		<b>357,742,620</b>	<b>293,924,710</b>
Income tax	18	(49,217,330)	(41,576,700)
<b>Profit for the year</b>		<b>308,525,290</b>	<b>252,348,010</b>
:Attributable to			
Bank's shareholders		306,920,982	251,229,130
Non - controlling interests		1,604,308	1,118,880
		<b>308,525,290</b>	<b>252,348,010</b>
		IQD	IQD
Basic and diluted earnings per share from profit for the year attributable to the Bank's shareholders	30	0.653	0.701



Basim Khalil Al.Salem  
Chairman of the Board of Directors



Ayman Imran Abu Dhaim  
CEO



Maher Ezzat Awali  
CFO



Nawar Zeyad Tareq  
Finance Management  
Membership ID:29682

## Consolidated Statement of Financial Position

## Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	31 December 2025	31 December 2024
		IQD (000)	IQD (000)
<b>Profit for the year</b>		308,525,290	252,348,010
Change in fair value of financial assets at fair value through other comprehensive income - equity instruments	6	671,853	64,069
<b>Total comprehensive income for the year</b>		<b>309,197,143</b>	<b>252,412,079</b>
:Attributable to			
Bank's shareholders		307,592,835	251,293,199
Non - controlling interest		1,604,308	1,118,880
		<b>309,197,143</b>	<b>252,412,079</b>

## Consolidated Statement of Financial Position

## NATIONAL BANK OF IRAQ

## Consolidated Statement of Changes in Shareholder's Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

	Paid in Capital	Statutory Reserve	Expansion reserve	Fair value reserve	Foreign currency translation adjustments	Retained earnings	Equity attributable to the Bank's shareholders	Non-controlling interests	Total equity
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>31 December 2025</b>									
<b>Balance at 1 January</b>	<b>400,000,000</b>	<b>30,643,160</b>	<b>4,500,000</b>	<b>123,467</b>	<b>286,385</b>	<b>255,792,166</b>	<b>691,345,178</b>	<b>6,159,755</b>	<b>697,504,933</b>
Balances due to acquisition	-	-	-	-	-	-	-	28,073,696	28,073,696
Profit for the year	-	-	-	-	-	306,920,982	306,920,982	1,604,308	308,525,290
Net change in fair value of equity instrument included in financial assets through statement of comprehensive income	-	-	-	671,853	-	-	671,853	-	671,853
Dividends (Note 44)	-	-	-	-	-	(80,000,000)	(80,000,000)	-	(80,000,000)
Capital increase (Note 44)	120,000,000	-	-	-	-	(120,000,000)	-	-	-
<b>Total balance before reserves transfer &amp; dividends</b>	<b>520,000,000</b>	<b>30,643,160</b>	<b>4,500,000</b>	<b>795,320</b>	<b>286,385</b>	<b>362,713,148</b>	<b>918,938,013</b>	<b>35,837,759</b>	<b>954,775,772</b>
Transfer to Expansion Reserve (Note 22)	-	-	3,000,000	-	-	(3,000,000)	-	-	-
Transfer to Statutory Reserve (Note 21)	-	15,367,700	-	-	-	(15,367,700)	-	-	-
<b>Balance at 31 December 2025</b>	<b>520,000,000</b>	<b>46,010,860</b>	<b>7,500,000</b>	<b>795,320</b>	<b>286,385</b>	<b>344,345,448</b>	<b>918,938,013</b>	<b>35,837,759</b>	<b>954,775,772</b>
<b>31 December 2024</b>									
<b>Balance At 1 January</b>	<b>300,000,000</b>	<b>17,863,445</b>	<b>1,000,000</b>	<b>59,398</b>	<b>286,385</b>	<b>180,840,057</b>	<b>500,049,285</b>	<b>5,040,875</b>	<b>505,090,160</b>
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	251,229,130	251,229,130	1,118,880	252,348,010
Net change in fair value of equity instrument included in financial assets through statement of comprehensive income	-	-	-	66,763	-	-	66,763	-	66,763
Transfer of gain on disposal of equity investment at fair value through other comprehensive income through return earning	-	-	-	(2,694)	-	2,694	-	-	-
Covering the shortage in Allowance for credit losses	-	-	-	-	-	(60,000,000)	(60,000,000)	-	(60,000,000)
Capital increase	100,000,000	-	-	-	-	(100,000,000)	-	-	-
<b>Total balance before reserves transfer &amp; dividends</b>	<b>400,000,000</b>	<b>17,863,445</b>	<b>1,000,000</b>	<b>123,467</b>	<b>286,385</b>	<b>272,071,881</b>	<b>691,345,178</b>	<b>6,159,755</b>	<b>697,504,933</b>
Transfer to Expansion Reserve	-	-	3,500,000	-	-	(3,500,000)	-	-	-
Transfer to Statutory Reserve	-	12,779,715	-	-	-	(12,779,715)	-	-	-
<b>Balance at 31 December 2024</b>	<b>400,000,000</b>	<b>30,643,160</b>	<b>4,500,000</b>	<b>123,467</b>	<b>286,385</b>	<b>255,792,166</b>	<b>691,345,178</b>	<b>6,159,755</b>	<b>697,504,933</b>

## Consolidated Statement of Financial Position

## Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	31 December 2025	31 December 2024
		IQD (000)	IQD (000)
<b>Operating activities:</b>			
Profit for the year before tax		357.742.620	293.924.710
<b>Adjustments for Non-Cash items</b>			
Depreciation and amortization	9.10.11	26.861.901	23.264.778
Provision for impairment and expected credit loss	7	30.882.842	31.390.381
Impairment of seized assets	12	4.236.912	3.332.528
Miscellaneous provisions	17	70.272	842.781
loses (gain) from sale of property and equipment		(307.582)	(188.521)
<b>Cash flows from Operating activities before changes in assets and liabilities</b>		<b>419.486.965</b>	<b>352.566.657</b>
Changes in assets and liabilities:			
Direct credit facilities		(1.026.783.321)	(492.407.835)
Other assets		(56.543.273)	(63.586.148)
Restricted balances at central bank		(207.872.019)	(64.828.420)
Customers' deposits		507.919.626	536.125.160
Cash margin		232.407.121	389.375.118
Other liabilities		207.130.917	18.483.698
Miscellaneous provisions paid		(61.577)	(1.589.851)
<b>Net cash flows from operating activities before miscellaneous provisions income tax paid</b>		<b>75.684.439</b>	<b>674.138.379</b>
Income tax paid	18	(42.549.588)	(38.701.640)
<b>Net cash flows from operating activities</b>		<b>33.134.851</b>	<b>635.436.739</b>
<b>Investing Activities:</b>			
purchase of financial assets at fair value through other comprehensive income		(52.049)	(181.340)
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	40.930
Purchase of financial assets at amortized cost		(58.381.733)	(556.886.718)
Purchase of property and equipment		(22.536.202)	(16.038.991)
Proceeds from disposal of property and equipment		367.443	367.443
Purchase of intangible assets		(170.059.210)	(13.364.672)
<b>Net cash flows used in investing activities</b>		<b>(250.661.751)</b>	<b>(586.063.348)</b>
<b>Financing Activities:</b>			
Proceeds from borrowed funds		85.439.275	89.333.803
Repayment of borrowed funds		(85.928.604)	(45.134.004)
Cash dividends		(75.084.262)	(56.248.042)
Principle elements of lease payments		(8.406.032)	(5.276.281)
Non controlling interests from the capital of the subsidiary company		28.073.696	-
<b>Net cash flows from financing activities</b>		<b>(55.905.927)</b>	<b>(17.324.524)</b>
Net change in cash and cash equivalents		(273.432.827)	32.048.867
Cash and cash equivalents at 1 January		1.536.896.598	1.504.847.731
<b>Cash and cash equivalents at 31 December</b>	31	<b>1.263.463.771</b>	<b>1.536.896.598</b>

## Consolidated Statement of Financial Position

**NATIONAL BANK OF IRAQ**  
**Consolidated Statement of Income per Entity**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	National Bank of Iraq branches of the Republic of Iraq	National Bank of Iraq Saudi Arabia branch	Subsidiary companies	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Interest income	290.800.131	8.471.569	8.013.592	307.285.292
Interest expense	(75.943.996)	(1.849.444)	(1.811.332)	(79.604.772)
<b>Net interest income</b>	<b>214.856.135</b>	<b>6.622.125</b>	<b>6.202.260</b>	<b>227.680.520</b>
Net commissions income	294.970.280	2.132.585	(39.222)	297.063.643
<b>Net interests and commissions income</b>	<b>509.826.415</b>	<b>8.754.710</b>	<b>6.163.038</b>	<b>524.744.163</b>
Net gains from foreign currency exchange	26.008.365	(47.962)	-	25.960.403
Other income	601.332	-	66.130	667.462
<b>Gross profit</b>	<b>536.436.112</b>	<b>8.706.748</b>	<b>6.229.168</b>	<b>551.372.028</b>
Employees' expenses	(45.472.823)	(3.133.994)	(1.004.341)	(49.611.158)
Depreciation and amortization	(24.547.001)	(2.139.618)	(175.282)	(26.861.901)
Other expenses	(76.597.806)	(4.876.486)	(492.031)	(81.966.323)
Impairment of assets seized in settlement of debts	(4.236.912)	-	-	(4.236.912)
Miscellaneous provisions	65.330	(135.602)	-	(70.272)
<b>Total expenses</b>	<b>(150.789.212)</b>	<b>(10.285.700)</b>	<b>(1.671.654)</b>	<b>(162.746.566)</b>
<b>Profit before Allowance for credit losses</b>	<b>385.646.900</b>	<b>(1.578.952)</b>	<b>4.557.514</b>	<b>388.625.462</b>
Allowance for credit losses	(30.015.461)	(188.678)	(678.703)	(30.882.842)
<b>Profit before tax</b>	<b>355.631.439</b>	<b>(1.767.630)</b>	<b>3.878.811</b>	<b>357.742.620</b>
Income tax	(48.648.951)	56.384	(624.763)	(49.217.330)
<b>Profit for the year</b>	<b>306.982.488</b>	<b>(1.711.246)</b>	<b>3.254.048</b>	<b>308.525.290</b>

## Notes to the Consolidated Financial Statements

### (1) GENERAL INFORMATION

National Bank of Iraq (the Bank) is an Iraqi private shareholding company established on 2 January 1995 under license No. M.SH/ 582, and its main office is in Baghdad.

The Bank provides its banking services through its main branch located in Baghdad, and through its forty one branches inside Iraq and its branch in Saudi Arabia and its subsidiaries, namely the Iraqi Capital Brokerage Company (100% owned) and Al-Ahly Al-Iraqi Company for the trade, sale and purchase of cars, machinery, and equipment (51% owned).

As of 31 December 2025, the Bank acquired a 51% equity stake in Iraq Electronic Gate For Financial Services Company (LLC). The Bank also acquired a 51% equity stake in Digital future company for electronic distribution services and general trading LLC. In addition, the Bank acquired a 51% equity stake in Union International Insurance Company (Ltd).

The shares of National Bank of Iraq are listed in Iraqi stock Exchange.

Financial statements were approved by the Board of Directors at its meeting No. 3/2026 held on 9 February 2026.

### (2) Summary of material accounting standards

#### (2-1) Basis of Preparation

The consolidated financial statements of the bank and its subsidiaries (Iraqi Capital Brokerage Company (owned 100%) and Al-Ahly Al-Iraqi Company for Trade, Sale and Purchase of Cars, Vehicles, Machinery and Equipment (owned 51%) and Iraq Electronic Gate For Financial Services Company (LLC) (owned 51%) and Digital future company for electronic distribution services and general trading LLC (owned 51%) and Union International Insurance Company (Ltd) (owned 51%) have been prepared based on the trial balances of the companies as of 31 December 2025. These are adjusted in accordance with the requirements of International Financial Reporting Standards (IFRS).

The consolidated financial statements are presented in Iraqi Dinars (IQD) which is the functional currency of the Bank.

#### (2-2) Material accounting policies information

##### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2025. The subsidiaries is fully consolidated from the date on which control is transferred to the bank. Control is achieved when the Bank has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, all balances, transactions, income, and expenses between the Bank and the subsidiary are eliminated in full. The consolidated financial statements include assets, liabilities and operating results of the Bank and its subsidiary. The consolidated financial statements include the assets, liabilities and results of the Bank's business (headquarter and branches in Iraq) and the Bank's branch in the Kingdom of Saudi Arabia, and the assets, liabilities and results of the operations of the subsidiaries (Iraqi Capital Brokerage Company (owned 100%) and Al-Ahly Al-Iraqi Company for Trade, Sale and Purchase of Cars, Vehicles, Machinery and Equipment (owned 51%) and Iraq Electronic Gate For Financial Services Company (LLC) (owned 51%) and Digital future company for electronic distribution services and general trading LLC (owned 51%) and Union International Insurance Company (Ltd) (owned 51%). The financial statements of the Bank's subsidiary are prepared for the same reporting year as the Bank, using consistent accounting policies.

## Notes to the Consolidated Financial Statements

The result of operations of the subsidiary are consolidated in the consolidated statement of income from the acquisition date which is the date on which control over the subsidiary is gained by the Bank. The results of operations of the disposed subsidiary are consolidated in consolidated statement of income up to the disposal date which is the date of the bank loses control over the subsidiary.

### Segment information

- A business segment is a group of assets and processes that is jointly engaged in providing products or services that are subject to risks and rewards, which are different from those related to other business segments. These segments are measured in accordance with the reports used by the Delegated Director and the Chief Decision Maker of the Bank.

- A geographical segment is associated with the provision of products or services in a particular economic environment that is subject to risks and rewards different from those related to segments operating in other economic environments.

### Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and cash balances with banks and financial institutions that mature within three months, less banks and financial institutions deposits that mature within three months.

### Financial assets at fair value through other comprehensive income

- These assets represent investments in equity instruments for the purpose of maintaining them over the long term. They are recognized at fair value plus acquisition expenses upon purchase and are subsequently re-evaluated at fair value. Change in fair value is included in the consolidated statement of comprehensive income and equity, including the change in fair value arising from the translation differences on non-monetary items denominated in foreign currencies. In the event of the sale of these assets or part thereof, the resulting gain or loss is recognized in the consolidated statement of comprehensive income and in equity. The balance reserve of the asset valuation is transferred directly to retained earnings and losses, rather than through the consolidated statement of income.

- Financial any assets should not be reclassified from / to this item except in the circumstances specified in IFRS Accounting Standardss.

- These assets are not subject to impairment testing.

- The distributed dividends are recognized in the consolidated statement of income.

### Fair value

- The fair value is defined as the price that will be received to sell any of the assets or pay for transferring any of the liabilities in an orderly transaction between market participants on the date of measurement, regardless of whether the price can be achieved directly or whether it is estimated thanks to another valuation method. When estimating the fair value of any of the assets or liabilities, the bank takes into consideration when determining the price of any of the assets or liabilities whether market participants should take those factors into consideration at the measurement date. Fair value is determined for measurement and / or disclosure purposes in these financial statements according to those principles, except for those related to measurement procedures that are similar to fair value procedures and are not fair value such as fair value as used in International Accounting Standard No. (36).

- If an asset or a liability measured at fair value has a bid price and an ask price, the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### Financial instruments

#### Initial Recognition and Measurement:

Financial assets and financial liabilities are recognized when the bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to the fair value of the financial assets or financial liabilities, or deducted from them, as necessary, upon initial recognition, and the transaction costs directly related to the acquisition of financial assets are also recorded. Or financial liabilities at fair value through income statement directly in the income statement. If the transaction price differs from the fair value at initial recognition, the bank addresses this difference as follows:

- If the fair value is established at a specified price in an active market for identical assets or liabilities or based on a valuation technique that uses only observable inputs in the market, the difference in income is recognized using initial recognition (i.e. income on the first day);
- In all other cases, the fair value is adjusted to match the transaction price (i.e. the first day's income will be deferred by being included in the initial carrying amount of the asset or liability).

After initial recognition, the deferred income will be taken to the statement of income on a logical basis, only to the extent that it arises from a change in a factor (including time) that market participants take into account when pricing the asset or liability or when the recognition is revoked of this tool.

## Financial assets

### A) Initial Recognition

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Transaction costs that are directly attributable to the acquisition of financial assets designated at fair value through income are recognized in the consolidated statement of income.

### B) Subsequent measurement

All recognized financial assets that fall within the scope of IFRS Accounting Standard 9 (later) are required to be measured at amortized cost or fair value based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets, specifically the following:

- The financing instruments maintained in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are only principal and interest payments on the principal outstanding, are subsequently measured at amortized cost;
- Funding instruments held within the business model that aims to both collect contractual cash flows and sell debt instruments, which have contractual cash flows that are only principal and interest payments on the principal amount outstanding, and are subsequently measured at fair value through other comprehensive income
- All other financing instruments (such as debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through the statement of income.

However, the bank can choose for that to be irrevocable after initial recognition of the financial asset on a per-asset basis, as follows:

- The bank can make the irreversible selection by including subsequent changes in the fair value of the investment in non-held property rights for trading or a possible replacement recognized by the buyer within the business merger to which the IFRS Accounting Standard 3 applies, in other comprehensive income
- The bank can determine indefinitely the financing instruments that meet the amortized cost or fair value criteria through other comprehensive income as measured by the fair value from the statement of profits or losses if that abolishes or significantly reduces the inconsistency in accounting (referred to as the value option Fair).

### C) Debt instruments at amortized cost or fair value through other comprehensive income

For the purposes of testing principal and interest principal payments (SPPI), the asset is the fair value of the financial asset upon initial recognition. This principal amount may change over the life of the financial asset (for example, if the principal is repaid). Interest consists of the allowance for the time value of money, the credit risk associated with the principal amount outstanding during a specified period of time and other basic lending options and risks, as well as the profit margin. An evaluation of principal and interest payments is made on the principal amount in the currency in which the financial asset is denominated.

The contractual cash flows that represent principal and interest payments on the principal amount outstanding are consistent with the underlying financing arrangement. Contractual terms that involve exposure to risks or fluctuations in contractual cash flows that are not linked to the primary financing arrangement, such as exposure to changes in stock prices or commodity prices, do not lead to contractual cash flows that are only payments of principal and interest. Also, the granted or acquired financial asset can be a basic financing arrangement regardless of whether it is a loan in its legal form.

#### **D) Business Model Assessment**

The bank adopts more than one business model to manage its financial instruments that reflect how the bank manages its financial assets in order to generate cash flows. The bank's business models determine whether the cash flows will result from collecting contractual cash flows or selling financial assets, or both.

The bank considers all relevant information available when conducting an evaluation of the business model. However, this assessment is not performed on the basis of scenarios that the bank does not reasonably expect to occur, such as so-called "worst-case" or "stress-case" scenarios. The bank also takes into account all available relevant evidence such as the following:

- The policies and objectives announced for the portfolio and the application of those policies whether the management strategy focuses on obtaining contractual revenue, maintaining a specific rate of profit, and matching the period of financial assets with the period of financial liabilities that finance those assets or achieving cash flows through the sale of assets.
- How to assess the performance of the business model and the financial assets held in this business model and inform key management personnel about this; and
- Risks that affect the performance of the business model (and the financial assets present in that model), and in particular the way those risks are managed.
- How to compensate business managers (for example, whether compensation is based on the fair value of assets under management or on contractual cash flows collected).

Upon initial recognition of the financial asset, the bank determines whether the recently recognized financial assets are part of an existing business model or whether it reflects the beginning of a new business model. The bank reassesses its business models in each reporting period to determine whether the business models have changed since the previous period.

When the debt instrument measured at fair value through other comprehensive income is derecognized, the cumulative gain / loss previously recognized in other comprehensive income in equity is reclassified to the consolidated statement of income. In contrast, for equity investment measured at fair value through other comprehensive income, the cumulative gain / loss previously recognized in other comprehensive income is not subsequently reclassified to the consolidated statement of income but rather is transferred directly within equity.

Debt instruments that are subsequently measured at amortized cost or fair value through other comprehensive income are subject to a impairment test.

### **E) Financial assets - assess whether contractual cash flows are payments of principal and interest only:**

For the purposes of this evaluation, "principal amount" is defined as the fair value of a financial asset at the date of the initial recognition. "Interest" is defined as the consideration of the time value of money, the credit risk associated with the principal of the amount outstanding during a specific time period, and other underlying borrowing costs (such as liquidity risk and administrative costs), as well as a profit margin.

In assessing whether contractual cash flows are only payments of principal and interest, the bank has considered the contractual terms of the instrument. This includes assessing whether the financial assets involve a contractual period that can change the timing or amount of contractual cash flows and therefore the condition does not meet payments only for principal and interest. In making this assessment, the bank considers:

- Emergency events that change the amount or timing of cash flows.
- Prepaid features and the possibility to extend.
- Conditions that define the bank's claim for cash flows from a specified asset.

### **F) Fair Value Financial Assets through Profit or Loss**

The fair value financial assets through profit or loss are:

- \*Assets with contractual cash flows that are not principal and interest payments on the outstanding principal amount, or
- \*Assets held within a business model other than those held to collect contractual cash flows or held for collection and sale, or
- \*Assets classified at fair value through profit or loss using the fair value option.

These assets are measured at fair value, with any gains or losses resulting from remeasurement recognized in the consolidated income statement.

### **G) Reclassification**

If the business model in which the bank maintains financial assets changes, the financial assets that were affected will be reclassified. The classification and measurement requirements relating to the new category are applied prospectively from the first day of the first reporting period after the change in the business model that results in the reclassification of the bank's financial assets. Changes in contractual cash flows are considered within the framework of the accounting policy related to the amendment and exclusion of the financial assets shown below.

#### H) Impairment of financial assets - calculation of expected credit losses:

- The Bank recognizes loss allowances for expected credit loss on The following financial instruments that are not measured at fair value through The consolidated statement of income:

- Balances and deposits with banks and banking institutions.
- Direct credit facilities (loans and advances to customers).
- Financial assets at amortized cost (debt instrument securities).
- Financial assets at fair value through the statement of other comprehensive income - debt instruments
- Exposures off the balance sheet subject to credit risk (financial guarantee contracts issued).

Impairment loss is not recognized in equity instruments.

With the exception and notes Impairment losses are Purchased or Originated rating-Impaired' (POCI) financial assets (which are considered separately below), ECL are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that can be realized within 12 months after the reporting date, referred to in Stage 1.
- 12-month ECL, i.e. lifetime ECL that result from those possible default events over the age of the financial instrument, referred to in Stage 2 and Stage 3.

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL are measured at an amount equal to the 12-month ECL.

ECL are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive, which arise from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For the limits not utilized, the expected credit loss is the difference between the present value of the difference between the contractual cash flows due to the Bank if the borrower withdraws the financing and the cash flows that the Bank expects to receive if the financing is utilized.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the instrument holder, the customer or any other party.

All other financial assets, with the exception of debt instruments carried at amortized cost, are subsequently measured at fair value.

The Bank measures ECL on an individual basis, or on the portfolio basis that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a portfolio basis.

When calculating credit losses for credit exposures, the results are compared according to International Financial Reporting Standard (IFRS) No. 9 with Instruction No. 94 of 2004 issued by the Central Bank of Iraq for each stage separately, and the more conservative result is taken.

**Credit-impaired financial assets:**

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty faced by borrower or issuer.
- Breach of contract, for example, default or delay in payment.
- The Bank grants the borrower a waiver for economic or contractual reasons related to the borrower's financial difficulty.
- The disappearance of an active market for that financial asset because of financial difficulties.
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes possibility of a backstop if amounts are overdue for 90 days or more. However, cases where the asset's impairment is not recognized after (90) days of maturity, are supported by reasonable information.

**Purchased or originated credit-impaired (POCI) financial assets:**

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognizes all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognized in the consolidated statement of income. A favourable change for such assets creates an impairment gain.

### **Definition of default:**

The definition of default is deemed critical to the determination of ECL. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECL and the identification of a significant increase in credit risk as shown below.

- The Bank considers the following as an event of default:

- The borrower defaults for more than 90 days on any significant credit obligation to the Bank.
- The borrower is unlikely to pay his credit obligations to the of the Bank in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment of another obligation to the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

### **Significant increase in credit risk:**

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Bank will not consider that financial assets with 'low' credit risk at the reporting date did not have a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate financing, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, that can be obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as taking into consideration various internal and external sources of actual and forecast economic information. For retail financing, forward looking lending information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- The remaining lifetime PD at the date of reporting.
- The remaining lifetime PD at a point in time that was estimated based on facts and circumstances at the initial recognition of the exposure.

The PDs are considered forward-looking, and the Bank uses the same methodologies and data used to measure the expected credit loss provisions.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Bank considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 40 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

### Modification and de-recognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The bank renegotiates loans with customers who face financial difficulties to increase collection and reduce the risk of default. The terms of repayment of the loan are facilitated in cases where the borrower has made all reasonable efforts to pay under the original contractual terms, and an important risk of default or default has occurred and it is expected that the borrower will be able to fulfil the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The bank has a waiting policy that applies to corporate and individual lending.

When a financial asset is modified, the bank assesses whether this amendment leads to de-recognition. As per the Bank's policy, the modification leads to de-recognition when it causes a significant difference in the terms

- Qualitative factors, such as the non-existence of contractual cash flows after modification as SPPI, change in currency or change in the counterparty, or extent of change in interest rates, maturity, or covenants. If this does not clearly indicate a fundamental modification
- Conducting a quantitative evaluation to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows in accordance with the revised terms, and deduct both amounts based on the original effective interest

In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of de-recognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on de-recognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated as credit-impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in de-recognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.
- The remaining PD at the reporting date based on the revised terms.

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in de-recognition, the estimate of PD reflects the Bank's ability to collect the modified cash flows taking into account the bank's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to de-recognition, the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then, the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset. The Bank derecognizes a financial asset only when the contractual rights to the asset's cash flows expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/ loss that had been recognized in OCI and accumulated in equity is recognized in the consolidated statement of income, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/ loss previously recognized in OCI is not subsequently reclassified to the consolidated statement of income.

#### **Write-offs**

Financial assets are written off when there is no reasonable expectation of recovery, such as the customer not participating in a payment plan with the Bank. The Bank classifies the funds or amounts due for write-off after exhausting all possible payment methods and taking the necessary approvals. However, if the financing or receivable is written off, the Bank continues the enforcement activity to try to recover the outstanding receivables, which are recognized in the consolidated statement of income upon recovery.

### Presentation of expected credit loss allowances in consolidated financial statements

- For financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- For debt instruments measured at FVTOCI: no loss allowance is recognized in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;
- Loans commitments and financial guarantee contracts: as a provision.
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

### Property and equipment

- Property and equipment are stated at cost, less the accumulated depreciation and any impairment. Property and equipment (excluding lands) are depreciated when they are ready for use through straight-line method over their expected useful lives using the following annual percentages:

	%
Buildings	2
Equipment, tools and furniture	20
Vehicles	20

- The value of an item of property and equipment is written down to its recoverable amount if its net carrying amount is greater than its recoverable amount. Decrease is recognized in the consolidated statement of income.
- The useful lives of property and equipment are reviewed at the end of each year, and if the expectations of the useful lives differ from the estimates made previously, then the change in the estimate for subsequent years is recognized as a change in the estimates.
- Property and equipment are de-recognized when disposed of or when there is no expected future benefits from their use or disposal.

### Intangible assets

Intangible assets are classified on the basis of their estimated lifetime for a definite or indefinite period. Intangible assets that have a definite lifetime are amortized during this lifetime and are recognized in the consolidated statement of income. For intangible assets that have an indefinite lifetime, their impairment is reviewed at the date of the consolidated financial statements and any impairment is recognized in the consolidated statement of income.

Intangible assets resulting from the Bank's business are not capitalized and are recognized in the consolidated statement of income in the same period.

Any indications of impairment in the value of intangible assets statements the consolidated financial statements date are reviewed. Furthermore, the estimated useful life of those assets are reviewed, and any adjustment is made in the subsequent periods.

Intangible assets include computer software and systems. The management of the Bank estimates the lifetime of each item, and the assets are amortized on a straight-line basis at 20%.

### Leases

The Bank has implemented IFRS Accounting Standard (16) "Leases" that have replaced existing guidance on leases, including IAS (17) "Leases" and IFRIC (4) "Determining whether an arrangement contains a lease", SIC (15) "Operating lease -incentives" and SIC (27) "Evaluating the substance of transactions involving the legal form of a lease".

The bank has chosen to use the simplified and permitted approach under IFRS Accounting Standard 16 when applying IFRS Accounting Standard 16 for the first time on individual operating leases (for each lease separately). The right to use the leased assets has been generally measured with an amount of the lease obligation by using the interest rate upon application for the first time.

The Bank determines whether the contract is a lease or includes lease. A contract is considered a lease or includes a lease if it includes transferring control of a specific asset for a specific period in exchange for a consideration according to the definition of a lease in the standard.

### Bank as a lessee

On the date of signing the contract, or on the date of the revaluation of the contract that contains the lease elements, the bank distributes the entire value of the contract to the contract components in a proportional manner consistent with the value. Note that the bank has decided with regard to lease contracts that include land and building as one item.

The bank recognizes the right of use and the lease liabilities at the beginning of the lease. The right of use is measured at the initial recognition at cost, which includes the initial value of the lease contract obligation adjusted for the lease payments that took place on or before the start of the contract, in addition to any initial direct costs that have been achieved and any expected costs related to removing the asset or returning the asset to its position prior to the contract, Minus the effect of any rental incentives that have been received.

The right to use asset is subsequently amortized using the straight-line method from the date of the beginning of the contract, considering the useful life of either the lease term or the remaining life of the leased asset, whichever is less. The useful life of the leased asset is estimated on the basis of the property and equipment useful life. The value of the right to use asset is periodically reduced to reflect the lower value (if any) and is modified to reflect the effect of the amendments on the item of obligations related to lease contracts.

The liabilities associated with the lease are measured at the initial recognition at present value of the unpaid and discounted lease payments at the date of the lease using the interest rate implicit in the lease contract, and if it is not possible to determine it, the borrowing rate used by the bank is used. Usually the borrowing rate used by the bank is used.

The Bank determines the average borrowing rate from analysing his loanes from different external sources and some adjustments to reflect the lease conditions and leased asset type.

The lease obligations include the net present value of the following lease payments:

- Fixed payments (including embedded fixed payments) less receivable lease incentives.
- Variable lease payments that do not depend on index or rate.
- Amounts expected to be paid by the lessee under the residual value guarantees.
- The purchase option if the lessee is reasonably sure of exercising this option.
- Payments for lease termination penalties, if the lease terms contain this option.

The liabilities related to lease contracts are measured at amortized costs using the effective interest method, the liability is remeasured when there is a change in the future lease payments as a result of change in a specific percentage of indicator, and when there is a change in the management estimates for the lease payments under the minimum payments. or when there is a change in the Bank's plan in terms of purchase option renew or termination of the contract.

When lease liabilities are measured using that method the effect is recognized on right of use, and when the right of use is fully amortized the effect is recognized in the statement of income.

#### **Short-term leases and leases for low-value assets:**

The Bank chose not to recognise the right of use assets and lease obligations for short-term leases for items with a 12-month lease term or less and the low-value leases. The Bank recognises the lease payments associated with these contracts as operating expenses on a straight-line basis over the lease term.

There were no financing leases with the Bank as per the requirements of IAS (37) "Leases".

'Assets held as other assets are classified as operating leases and are not recognised in the statement of financial position of the Bank. The amounts paid under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease. The lease incentives recognised were an integral part of the total lease expense, over the term of the lease.

#### **Assets seized in settlement of debts**

In certain cases, the Bank may close out transactions by acquiring assets in settlement of debts. The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the loan (net of impairment losses) at the date of exchange. These assets are recorded in "Other assets". It is the Bank's policy to dispose of such repossessed properties in an orderly manner. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

#### **Impairment of non-financial assets**

The carrying value of the bank's non-financial assets is reviewed at the end of each fiscal year except for the deferred tax assets, to determine whether there is an indication of impairment. In the event of an indication of impairment, the amount recoverable from these assets will be estimated.

If the carrying amount of the assets exceeds the recoverable amount from those assets, the impairment loss is recorded in those assets.

The recoverable amount is the higher of an asset's fair value -less costs to sale - and the value in use.

All impairment losses are taken to the consolidated statement of income and other comprehensive income.

The impairment loss for goodwill is not reversed. For other assets, the impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that was determined after the depreciation or amortization has taken place if the impairment loss is not recognized.

## Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through income statement or other financial liabilities.

### A) Financial liabilities at fair value through income statement

Financial liabilities are classified at fair value through the statement of profits or losses when financial liabilities (1) are held for trading or (2) are classified at fair value through the statement of income. A financial liability is classified as held for trading if:

- It was primarily incurred for the purpose of repurchasing it in the short term; or
- At initial recognition, this is part of the portfolio of specific financial instruments that are managed by the bank and which have a modern pattern of profit taking in the short term; or
- It is a non-specific and effective derivative as a hedging instrument.

A financial liability other than a financial liability held for the purpose of trading or the possible consideration that a buyer may pay as part of a business combination at fair value is determined through the statement of income upon initial recognition if:

- This classification would substantially eliminate or reduce the inconsistency of the measurement or recognition that might otherwise arise; or
- The financial obligation was part of the group of financial assets, financial liabilities, or both, whose performance is managed and evaluated on a fair value basis, in accordance with the documented risk or investment management strategy of the bank, and information related to the formation of the group was provided internally on this basis; or
- If the financial obligation forms part of a contract that contains one or more derivatives, and IFRS Accounting Standard 9 allows a fully hybrid contract (compound) to be determined at fair value through the statement of income.

Financial liabilities are stated at fair value through the statement of income at fair value, and any gains or losses arising from re-measurement are recognized in the statement of income to the extent that they are not part of a specific hedge relationship. The net profit / loss recognized in the statement of income includes any interest paid on financial liabilities and is included in the item "net income from other financial instruments at fair value through the statement of income.

However, in respect of non-derivative financial liabilities designated at fair value through the statement of income, the amount of the change in the fair value of the financial liabilities that resulted from changes in the credit risk of those liabilities is included in other comprehensive income, unless recognition of the effects of changes in credit risk arises Liabilities in other comprehensive income to create or increase accounting inconsistencies in the consolidated statement of income. The remaining amount of changes in the fair value of the liability is recognized in the consolidated statement of income, and changes in the fair value attributable to the credit risk of the financial liabilities recognized in other comprehensive income are subsequently reclassified as income. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

With regard to loan obligations issued and financial guarantee contracts classified at fair value through the statement of income, all gains and losses are included in the consolidated statement of income.

When determining whether recognition of changes in the credit risk of liabilities in other comprehensive income will create or increase the accounting mismatch in the consolidated statement of income, the bank assesses whether it expects to offset the effects of changes in the credit risk of the liabilities in the consolidated statement of income. A change in the fair value of another financial instrument that was measured at fair value through the consolidated statement of income.

### **B) Other financial liabilities**

Other financial liabilities, including deposits and loans, are initially measured at fair value, net of transaction costs. Other financial liabilities are then measured at amortized cost, using the effective interest method.

The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest expenses over the relevant period. An effective interest rate is the rate that exactly discounts estimated future cash payments during the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount at initial recognition to obtain details on the effective interest rate.

### **C) Derecognition**

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

When replacing an existing debt with a new debt from a new lender, the existing debt would be de-recognized in the financial statements, with the difference between the carrying amount and the fair value of the consideration paid recognized in income. However, when modifying or exchanging a debt while keeping the original lender, the IFRS Accounting Standards have specific guidance on whether the transaction results in a de-recognition or is accounted for differently. This analysis is driven by the question whether the modification is “substantial” or whether the original debt has been replaced by another debt with “substantially” different terms.

### **Provisions**

Provisions are recognized when the bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **Income Tax**

Income tax expenses represent amounts of income tax payable and deferred income tax.

Payable income tax expenses are calculated based on taxable profits. Taxable profits are different from profits disclosed in the consolidated financial statements, as disclosed profits include revenue that is not subject to income tax, expenses that are not recognisable in the financial year but in subsequent years or accumulated losses that are accepted in terms of income tax or items that are not taxable or recognisable for income tax purposes.

Income tax is calculated as per the income tax rates established by the laws, regulations and instructions applicable in the Republic of Iraq.

Deferred income tax is the income tax expected to be paid and recovered as a result of temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value based on which income tax profit is calculated. Deferred income tax is calculated using the liability method in the consolidated statement of financial position. Deferred income tax is accounted for in accordance with the income tax rates expected to be applied when the income tax liability is settled or the deferred income tax asset is realized.

Deferred income tax assets and liabilities are reviewed at the date of the consolidated financial statements and written down when it is not probable to utilize income tax assets partially or fully.

### **Equity instruments**

Equity instruments are any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. The equity instruments issued by the bank are recognized according to the returns received, after deduction of direct issuance costs.

#### **A) Share capital**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognized at the proceeds received, net of direct issue costs.

### **Offsetting**

Financial assets and liabilities are offset and net amounts are reported in the consolidated statement of financial position, only when legally enforceable rights are established and when such amounts are settled on a net basis, or when assets and liabilities are settled simultaneously.

### **Foreign currencies**

Foreign currency transactions are recorded during the year at the rates prevailing at the date of the transactions.

Monetary assets and liabilities balances are translated into respective functional currencies at average rates of exchange prevailing, which are declared by the Central Bank of Iraq at the statement of financial position date.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Any gains or losses in foreign currencies are taken to the consolidated statement of income.

Exchange differences for non-monetary assets and liabilities in foreign currencies (such as equity instruments) are recorded as part of the change in fair value.

### Net interest income

Interest income and expense for all financial instruments with the exception of those classified as held for trading or measured or those determined at fair value through the consolidated statement of income in "net interest income" as "interest income" and "interest expenses" are recognised in the consolidated statement of income using the effective interest method. Interest on financial instruments measured at fair value through the consolidated statement of income is also included in the fair value movement during the period. The effective interest rate (EIR) is the rate that discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses). For financial assets originated or purchased and are credit-impaired, the EIR reflects the ECL in determining the future cash flows expected to be received from the financial asset. Interest expenses also include the value of the interest against the lease obligations.

### Net commissions income

Commissions' net income and expense include fees other than those that are an integral part of EIR. The commissions included in this part of the Bank's consolidated statement of income also include commissions charged for the loan service, non-use commissions related to loan obligations when this is unlikely to result in a specific arrangement for lending and commissions of co-financing loans. Expense commission related to the services is recognised when service is rendered

Contracts with clients that result in recognition of financial instruments, part of which may be related to IFRS Accounting Standards (9) or (15), in which case commissions are recognised in the part related to IFRS Accounting Standard (9) and the remainder is recognised according to the IFRS Accounting Standard (15).

### Foreign exchange gains and losses

The carrying amount of financial assets recorded in foreign currency is determined and translated at the rates prevailing at the end of each reporting period. More specifically:

- Financial assets measured at amortized cost that are not part of a specific hedging relationship, it recognizes the difference in currency in the statement of profits or losses; and
- Debt instruments measured at fair value through other comprehensive income that are not part of a specific hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in the statement of income. Other exchange differences in other comprehensive income are recognized in the investment revaluation reserve; and
- Financial assets measured at fair value through the statement of profits or losses that are not part of a specific hedge accounting relationship, exchange differences from income are recognized in the statement of income;
- Equity instruments measured at fair value through comprehensive income, exchange rate differences in other comprehensive income are recognized in the investment revaluation reserve.

**Net income of financial instruments at fair value through the consolidated statement of income:**

Net income from financial instruments at fair value through the consolidated statement of income includes all gains and losses resulting from changes in the fair value of financial assets and financial liabilities at fair value through the consolidated statement of income. The Bank has elected to present the movement at the full fair value of the assets and liabilities at fair value through the consolidated statement of income in this item, including interest income, expenses and related stock dividends.

**Dividends income:**

Dividends income is recognised when the right to receive payment is established, being the date preceding the dividends of listed shares, and usually the date on which the shareholders agree to dividends of unlisted shares.

The dividends distribution in the consolidated statement of income depends on the classification and measurement of the shares, i.e.:

- With regard to equity instruments held through the consolidated statement of income, dividend income is included in the consolidated statement of income under the item of profit (loss) of financial assets at fair value through the consolidated statement of income.
- In the case of equity instruments classified as fair value through other comprehensive income, dividends are included in the consolidated statement of income as dividend from financial assets at fair value through other comprehensive income.
- In the case of equity instruments unclassified as fair value through other comprehensive income, dividends are included in the consolidated statement of income as dividend from financial assets at fair value through statement of income.

**Employees' benefits****Employees' short term benefits**

Employee's short term benefits are recognized as expenses when providing related services. The commitment relating to the amount expected to be paid is recognized when the Bank has a current legal or constructive obligation to pay for the previous services provided by the employee and the obligation can be estimated reliably.

**Employees' other long-term benefits**

The Bank's net liabilities in relation to employees' benefits are the amount of future benefits that employees have received for their services in the current and previous periods. Those benefits are deducted to determine their present value. The remeasurement is recognized in the consolidated statement of income in the period in which it arises.

**Earning per share**

Earnings per share are calculated for basic and diluted shares related to ordinary shares. The basic earnings per share is calculated by dividing the profit or loss for the year attributable to the shareholders of the bank by the weighted average number of ordinary shares during the year. The profit per diluted share is calculated by adjusting the profit or loss for the year attributable to the shareholders of the bank and the weighted average number of ordinary shares so that the effect on the share's portion of the earnings of all ordinary shares traded during the year is shown and their return is likely to decline.

### (3) Changes in accounting policies and disclosures

#### (3-1) Changes in accounting policies

The accounting policies followed in preparing the consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2024, except that the bank has applied the following amendments from January 1, 2025:

#### A. New Standards, Amendments, and Interpretations Applied by the Bank:

1. Amendments to International Accounting Standard (IAS) No. 16: Lease Liabilities in Sale and Leaseback Transactions: The International Accounting Standards Board (IASB) issued amendments in September 2022 to IAS 16, aiming to establish requirements for "seller-lessees" to use in measuring lease liabilities arising from sale and leaseback transactions. These amendments ensure that "seller-lessees" do not recognize any profits or losses related to the right of use they retain. The amendments will be applied retrospectively from January 1, 2024, for sale and leaseback transactions entered into after the initial application date of IFRS 16. Early application is permitted, provided full disclosure is made. The bank does not expect these amendments to have a material impact on its financial statements.
2. Amendments to International Accounting Standard (IAS) No. 1: Classification of Liabilities between Current and Non-Current: The IASB issued amendments in January 2020 and October 2022 to paragraphs (69) to (76) of IAS 1 to clarify requirements for classifying liabilities as current or non-current. These amendments clarify the definition of "right to defer settlement," specify that the classification of liabilities is unaffected by the likelihood of the entity exercising its right to defer, and require disclosures when there is uncertainty about the right to defer settlement, depending on future compliance with covenants. The amendments will be applied retrospectively from January 1, 2024. The bank is currently evaluating the impact of these amendments on its current practices, including whether any existing loan agreements may require renegotiation. These amendments are not expected to have a material impact on the bank's consolidated financial statements.
3. Supplier Financing Arrangements - Amendments to IAS (7) and IFRS (7): In May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to clarify the characteristics of supplier financing arrangements and require additional disclosures. These amendments aim to help users of the financial statements understand the impact of supplier financing arrangements on the entity's obligations, cash flows, and liquidity risks. These amendments will be applied from January 1, 2024. Early application is allowed, provided disclosure is made. These amendments are not expected to have a material impact on the bank's financial statements.
4. Impairment of Non-Exchangable Currencies – Amendments to IAS No. 21 (Effects of Changes in Foreign Exchange Rates): In August 2023, the IASB issued amendments to IAS 21, explaining how to assess the ability to exchange a currency and determining the exchange rate when such a currency is not exchangeable. The amendments also require disclosures about how the inability to exchange a currency affects or is expected to affect the entity's financial performance, financial position, and cash flows. These amendments will be applied from January 1, 2025. Early application is allowed, provided disclosure is made. The bank does not expect these amendments to have a material impact on its financial statements.

### B. New IFRS Standards and Amendments Issued but Not Yet Effective:

1. IFRS No. 18: Presentation and Disclosure in Financial Statements: The IASB issued IFRS 18 in April 2024, which replaces IAS 1, providing new requirements for presentation in the profit or loss statement, including defining subcategories and requiring entities to classify all income and expenses into one of five categories: operating, investing, financing, income tax, and discontinued operations. The new standard also requires disclosure of newly defined performance measures, and it includes changes to the classification of cash flows. The amendments will be applied retrospectively from January 1, 2027. The bank is currently assessing the impact of these amendments on its financial statements and notes.
2. IFRS No. 19: Disclosures for Non-Publicly Accountable Subsidiaries: In May 2024, the IASB issued IFRS 19, allowing qualifying entities to apply reduced disclosure requirements while continuing to apply recognition, measurement, and presentation requirements under other IFRS standards. This standard will apply from January 1, 2027. Early application is permitted, provided disclosure is made. The bank does not expect this standard to have a material impact on its financial statements.

These are the new and amended standards that the bank will implement starting on their respective mandatory adoption dates, and they are not expected to materially affect the bank's consolidated financial statements.

### (3-2) Critical Accounting Estimates and Judgements, and key sources of estimation uncertainty

The preparation of consolidated financial statements and the application of accounting policies require the Bank's management to make judgments, estimates and assumptions that affect the amounts of financial assets and financial liabilities as well as the disclosure of potential obligations. These estimates and assumptions also affect revenues, expenses and provisions in general and expected credit losses as well as changes in fair value that appear in the consolidated statement of comprehensive income and within shareholders' equity. In particular, the Bank's management is required to issue significant judgments and assumptions to estimate the amounts and timing of future cash flows. The aforementioned estimates are necessarily based on assumptions and multiple factors that have varying degrees of judgment and uncertainty, and actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future.

Estimates, assumptions and judgments are reviewed periodically, and the effect of a change in estimates is recorded in the financial period in which the change occurs if the change affects only that financial period. The effect of a change in estimates is recorded in the financial period in which the change occurs and in future financial periods if the change affects both the financial period and future financial periods. The Bank's management believes that its estimates within the consolidated financial statements are reasonable and detailed as follows:

#### Impairment in seized assets

Impairment of seized assets is calculated based on recent real estate valuations and approved by accredited valuers for the purpose of calculating the impairment of assets seized. The Impairment is reviewed yearly.

#### Tangible and Intangible assets useful lives

Useful life for property and equipment is reviewed each year. If expected useful life is different from the previous one, the difference is adjusted prospectively as a change in accounting estimate.

### **Income Tax**

The bank is subject to income tax and therefore this requires judgment in determining the income tax provision. The bank recognizes income tax liabilities based on its expectations of whether the tax audit will result in any additional tax. If the final tax estimate is different from what was recorded, then the differences will affect the current income tax in the year in which these differences are found.

### **Legal provision**

Legal provisions are taken for lawsuits raised against the Bank based on the Bank legal advisor's opinion.

### **End of service provision**

End of service provision is calculated according to the Bank's internal policies which represents the Bank's obligations towards its employees .

### **Assets and liabilities that are stated at cost**

Management reviews, on a regular basis, the assets and liabilities that are stated at cost to estimate impairments, if any. Impairment losses are recognized in the consolidated statement of income for the year.

### **Provision for expected credit loss**

The Bank's management is required to use significant judgments and estimates to estimate future cash flows amounts and timings, and estimate the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses (Note 35)

### **Business model assessment**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence, including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

### **Significant increase in credit risk**

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS Accounting Standards 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account qualitative and quantitative reasonable and supportable forward looking information. Estimates used by the Bank's management, which are related to the significant change in credit risk that lead to a change in classification within the three stages (1, 2, and 3).

### **Establishing groups of assets with similar credit risk characteristics**

When the expected credit losses are measured on a collective basis, the financial instruments are grouped based on common risk characteristics (such as the type of instrument, the degree of credit risk, the type of collateral, the initial recognition date, the remaining year of maturity date, the industry, the borrower's geographic location, etc.). The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

### **Re-segmentation of portfolios and movement between portfolios**

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECL, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differ.

### **Models and assumptions used**

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL, Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

#### **a) Classification and measurement of financial assets and liabilities**

- The Bank classifies financial instruments or components of financial assets upon initial recognition, either as a financial asset, financial liability, or an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. Reclassification of a financial instrument in the consolidated financial statements is subject to its substance rather than its legal form.
- The Bank determines the classification upon initial recognition as well as a reassessment of that determination, if possible and appropriate, at the date of each consolidated statement of financial position.
- When measuring financial assets and liabilities, some of the Bank's assets and liabilities are remeasured at fair value for the purposes of preparing financial reports. When estimating the fair value of any of the assets or liabilities, the Bank uses the observable available market data. In the absence of Level 1 inputs, the Bank performs the assessments using professionally qualified independent evaluators. The Bank works in close cooperation with qualified external evaluators to develop appropriate valuation techniques and data on the fair value estimation model.

## **b) Fair value of financial instruments**

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

### **Lease extension and termination options**

- Extension and termination options are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

### **Determination of lease term**

- In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or years after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

### **Key sources of estimation uncertainty**

The following are key estimations that the management has used in the process of applying the of the Bank's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Establishing the number and relative weightings of forward-looking scenarios for each type of types product/ Market and determining the forward looking information relevant to each scenario

When measuring ECL, the Bank uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

**(4) CASH AND BALANCES WITH CENTRAL BANK**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Cash on hand	414,144,730	415,914,682
<b>Balances with Central Bank:</b>		
Current accounts	535,577,097	886,112,983
Time deposits with the Central Bank	3,492,970	174,332
Statutory reserved requirement *	761,915,657	558,360,248
LG margin reserve**	7,831,120	3,647,285
<b>Total</b>	<b>1,722,961,574</b>	<b>1,864,209,530</b>

\* According to the Central Bank of Iraq's instructions issued on 12 May 2025 regarding the required reserve ratios, the table below shows the new approved ratios:

		31 December 2025		31 December 2024	
		Iraqi dinar and other currencies	US dollar	Iraqi dinar and other currencies	US dollar
Privet sector	Current Deposits	∕18	∕20	∕18	∕18
Deposits	Savings and term Deposits			∕13	∕13
Government sector	Current Deposits	∕20	∕20	∕22	∕18
Deposits	Savings and term Deposits			∕22	∕13

\*\* According to Central Bank of Iraq Instructions dated 29 May 2017, it was started to retain amounts of the letters of guarantee deposit, which represents 7% of the total value of letters of guarantee. These amounts shall be retained with the Central Bank of Iraq for the purpose of meeting the deficit in the coverage of the claimed and unpaid letters of guarantee and cannot be disposed of by the Bank, The reserve ratio has been adjusted to become 3% of the value of the net letters of guarantee according to the instructions issued by the Central Bank No. 510/9/2 dated 30 December 2019.

**Disclosure of the movement on cash and balances at central bank in relation to expected credit loss (all balances within stage one) :**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Balance at 1 January	1,864,209,530	1,832,757,355
New balances during the year	257,749,639	985,816,898
Settled balances	(398,997,595)	(954,364,723)
<b>Total</b>	<b>1,722,961,574</b>	<b>1,864,209,530</b>

**(5) CASH WITH BANKS AND FINANCIAL INSTITUTIONS.**

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Current accounts	108,403,999	884,263	83,421,301	60,347,434	191,825,300	61,231,697
Fixed Deposits	1,000,000	-	-	-	1,000,000	-
Margins Against LCs & LGs	-	-	275,615,500	201,106,975	275,615,500	201,106,975
Restricted Balances*	-	-	146,000,000	146,000,000	146,000,000	146,000,000
Provision against balances	-	-	(50,490,731)	(42,355,660)	(50,490,731)	(42,355,660)
<b>Total</b>	<b>109,403,999</b>	<b>884,263</b>	<b>454,546,070</b>	<b>365,098,749</b>	<b>563,950,069</b>	<b>365,983,012</b>

- Balances with non-interest bearing with banks and financial institutions amounted to IQD 303,545,852 thousand as at 31 December 2025 compared to IQD 233,968,068 thousand as at 31 December 2024.
- The balance of the provision for Restricted Balances as of 31 December 2025 amounted to IQD 49,972,435 thousand Iraqi dinars, compared to IQD 41,970,138 thousand Iraqi dinars as of 31 December 2024.

**Disclosure of movement on balances with banks and financial institutions:**

31 December 2025	Stage one	Stage two	Stage three	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	262,210,985	-	146,127,687	408,338,672
Additions during the year	263,702,078	-	-	263,702,078
Settled during the year	(57,599,950)	-	-	(57,599,950)
<b>Balance at 31 December</b>	<b>468,313,113</b>	<b>-</b>	<b>146,127,687</b>	<b>614,440,800</b>

31 December 2024	Stage one	Stage two	Stage three	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	228,310,756	-	146,127,687	374,438,443
Additions during the year	98,850,081	-	-	98,850,081
Settled during the year	(64,949,852)	-	-	(64,949,852)
<b>Balance at 31 December</b>	<b>262,210,985</b>	<b>-</b>	<b>146,127,687</b>	<b>408,338,672</b>

**Disclosure of movement on provision for impairment on balances with banks and financial institutions:**

31 December 2025	Stage one	Stage two	Stage three	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	258,127	-	42,097,533	42,355,660
Additions during the year	132,774	-	8,002,297	8,135,071
<b>Balance at 31 December</b>	<b>390,901</b>	<b>-</b>	<b>50,099,830</b>	<b>50,490,731</b>

31 December 2024	Stage one	Stage two	Stage three	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	-	-	34,095,236	34,095,236
Additions during the year	258,127	-	8,002,297	8,260,424
<b>Balance at 31 December</b>	<b>258,127</b>	<b>-</b>	<b>42,097,533</b>	<b>42,355,660</b>

**(6) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
<b>Financial Assets with available market prices</b>		
Shares with available market prices	2,443,744	804,261
<b>Total Financial Assets with available market prices</b>	<b>2,443,744</b>	<b>804,261</b>
<b>Financial Assets with non-available market prices</b>		
Shares with non-available market prices	1,869,747	2,837,377
Funds	831,871	779,822
<b>Total Financial Assets with non-available market prices</b>	<b>2,701,618</b>	<b>3,617,199</b>
<b>Total financial assets at fair value through other comprehensive income</b>	<b>5,145,362</b>	<b>4,421,460</b>

**Disclosure of movement on financial assets at fair value through other comprehensive income:**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Balance as at the beginning of the year	4.421.460	4.214.287
Additions	52.049	184.034
Disposals	-	(40.930)
Foreign currency exchange rate adjustments	-	-
change in fair value reserve	671.853	64.069
<b>Balance at 31 December</b>	<b>5.145.362</b>	<b>4.421.460</b>

**(7) DIRECT CREDIT FACILITIES, NET**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
<b>Individuals (Retails)</b>		
Overdrafts	712,772	341,263
Loan and bills*	1,856,480,736	1,213,356,392
Credit cards	5,258,324	3,608,954
<b>Corporates</b>		
Overdrafts	6,469,622	6,113,616
Loan and bills*	921,756,473	608,238,738
<b>SMEs</b>		
Overdrafts	664	32,814
Loan and bills*	120,651,664	46,398,442
<b>Total</b>	<b>2,911,330,255</b>	<b>1,878,090,219</b>
Less: Interest in suspense	(23,366,151)	(16,909,436)
Less: Impairment and ECL	(101,564,304)	(79,874,093)
<b>Net direct credit facilities</b>	<b>2,786,399,800</b>	<b>1,781,306,690</b>

\* These amounts represent net balances after deducting interest and commissions received in advance amounting to IQD 458,352,770 thousand as at 31 December 2025 against IQD 300,396,904 thousand as at 31 December 2024.

- Non-performing credit facilities amounted to IQD 109,480,659 thousand, i.e. 3.76% of the total direct credit facilities as at 31 December 2025, as opposed to IQD 92,336,113 thousand, i.e. 4.92% of the total direct credit facilities as at 31 December 2024.

- Non-performing credit facilities less interest in suspense amounted to IQD 86,114,509 thousand, i.e. 2.98% of the total direct credit facilities less interest in suspense as at 31 December 2025, as opposed to IQD 75,426,677 thousand, i.e. 4.05% of the total direct credit facilities less interest in suspense as at 31 December 2024

**The cumulative movement of direct credit facilities according to the presentation requirements of the Central Bank of Jordan :**

31 December 2025	Stage one	Stage two	Stage three	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	1,720,353,904	63,082,597	94,653,718	1,878,090,219
New facilities/ additions during the year	1,401,553,457	15,268,018	12,287,982	1,429,109,457
Settled facilities	(379,098,677)	(10,346,319)	(6,424,425)	(395,869,421)
Transfer (from)/ to stage 1, net	(45,136,886)	37,852,383	7,284,503	-
Transfer (from)/ to stage 2, net	30,910,914	(39,437,217)	8,526,303	-
Transfer (from)/ to stage 3, net	3,057,911	4,228,166	(7,286,077)	-
<b>Total balance</b>	<b>2,731,640,623</b>	<b>70,647,628</b>	<b>109,042,004</b>	<b>2,911,330,255</b>

31 December 2024	Stage one	Stage two	Stage three	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	1,214,627,714	85,812,211	80,326,517	1,380,766,442
New facilities/ additions during the year	814,822,860	8,782,176	11,195,510	834,800,546
Settled facilities	(309,635,964)	(10,762,997)	(17,077,808)	(337,476,769)
Transfer (from)/ to stage 1, net	(22,080,795)	15,447,819	6,632,976	-
Transfer (from)/ to stage 2, net	20,491,550	(38,439,569)	17,948,019	-
Transfer (from)/ to stage 3, net	2,128,539	2,242,957	(4,371,496)	-
<b>Total balance</b>	<b>1,720,353,904</b>	<b>63,082,597</b>	<b>94,653,718</b>	<b>1,878,090,219</b>

The movement of allowance for credit losses of direct credit facilities is as follow :

31 December 2025	Retails	Corporates	SMEs	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	13,644,882	63,643,589	2,585,623	79,874,093
Loss on new facilities during the year	16,551,111	16,627,002	4,003,771	37,181,884
Recoverable from impairment loss on facilities paid	(3,178,935)	(11,601,816)	(710,922)	(15,491,673)
Transfer (from)/ to stage 1, net	1,060,461	4,839,050	96,802	5,996,313
Transfer (from)/ to stage 2, net	40,728	(3,866,594)	64,512	(3,761,354)
Transfer (from)/ to stage 3, net	(1,101,190)	(972,455)	(161,314)	(2,234,959)
<b>Net</b>	<b>27,017,057</b>	<b>68,668,776</b>	<b>5,878,472</b>	<b>101,564,304</b>

31 December 2024	Retails	Corporates	SMEs	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	9,765,297	46,662,560	2,397,117	58,824,973
Loss on new facilities during the year	6,906,126	27,149,379	1,034,169	35,089,674
Recoverable from impairment loss on facilities paid	(3,026,541)	(10,168,350)	(845,663)	(14,040,554)
Transfer (from)/ to stage 1, net	22,393,387	(2,302,439)	(14,114,607)	5,976,341
Transfer (from)/ to stage 2, net	(11,605,014)	28,777,813	(633,661)	16,539,138
Transfer (from)/ to stage 3, net	(10,788,373)	(26,475,374)	14,748,268	(22,515,479)
<b>Net</b>	<b>13,644,882</b>	<b>63,643,589</b>	<b>2,585,623</b>	<b>79,874,093</b>

**The cumulative movement of allowance for credit losses of direct credit facilities :**

31 December 2025	Stage one	Stage two	Stage three	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	13,511,027	11,198,563	55,164,503	79,874,093
Additions during the year	11,494,127	4,874,617	20,813,140	37,181,884
Recovered during the year	(7,981,324)	(742,700)	(6,767,649)	(15,491,673)
<b>Total balance</b>	<b>17,023,830</b>	<b>15,330,480</b>	<b>69,209,994</b>	<b>101,564,304</b>

31 December 2024	Stage one	Stage two	Stage three	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	9,655,397	17,908,342	31,261,234	58,824,973
Additions during the year	6,876,550	1,785,836	26,427,288	35,089,674
Recovered during the year	(3,020,920)	(8,495,615)	(2,524,019)	(14,040,554)
<b>Total balance</b>	<b>13,511,027</b>	<b>11,198,563</b>	<b>55,164,503</b>	<b>79,874,093</b>

**Interest in Suspense**

The movement of interest in suspense on direct credit facilities is as follow:

31 December 2025	Retails	Corporates	SMEs	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	2,186,783	14,240,669	481,984	16,909,436
Interest in suspense during the year	1,397,145	4,492,743	566,827	6,456,715
<b>Total balance</b>	<b>3,583,928</b>	<b>18,733,412</b>	<b>1,048,811</b>	<b>23,366,151</b>

31 December 2024	Retails	Corporates	SMEs	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	1,190,332	10,657,846	145,316	11,993,494
Interest in suspense during the year	996,451	3,582,823	336,668	4,915,942
<b>Total balance</b>	<b>2,186,783</b>	<b>14,240,669</b>	<b>481,984</b>	<b>16,909,436</b>

- The provision for impairment and the expected credit losses on financial assets:

	31 December 2025				31 December 2024
	National Bank of Iraq branches of the Republic of Iraq	National Bank of Iraq Saudi Arabia branch	Subsidiary companies	Total	Total
	IQD (000)				IQD (000)
Additional from provision of direct credit facilities	21,008,002	3,506	678,703	21,690,211	21,049,119
Additional from provision for Off the statement of financial position items	773,396	256,094	-	1,029,490	1,758,139
Additional from provision of financial assets at amortized cost and balances with banks	231,766	(70,922)	-	160,844	580,826
Provision against balances (Note 5)	8,002,297	-	-	8,002,297	8,002,297
	<b>30,015,461</b>	<b>188,678</b>	<b>678,703</b>	<b>30,882,842</b>	<b>31,390,381</b>

(8) FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
<b>Financial Assets</b>		
Government bonds	109,710,669	101,815,340
Government bonds (Emaar /Injaz bonds) *	850,000,000	799,541,666
Treasury Bills - Other Governments **	19,342,415	19,342,415
<b>Total financial assets</b>	<b>979,053,084</b>	<b>920,699,421</b>
Bonds and bills analysis:		
Fixed Income	979,053,084	920,699,421
<b>Total</b>	<b>979,053,084</b>	<b>920,699,421</b>

\* The bank has invested in Iraqi government bonds as per the following details:

Investment in 2023 and 2024 in ""Emaar"" bonds issued by the Iraqi government in Iraqi Dinars, valued at 400 billion IQD. The average yield on these bonds is 8% with a four-year term, and interest is paid semi-annually.

Investment in 2024 in ""Injaz"" bonds issued by the Iraqi government in Iraqi Dinars, valued at 275 billion IQD. The average yield on these bonds is 8.5% with a four-year term, and interest is paid semi-annually.

Investment in 2024 in ""Injaz"" bonds issued by the Iraqi government in Iraqi Dinars, valued at 100 billion IQD. The average yield on these bonds is 6.5% with a two-year term, and interest is paid semi-annually.

Investment in 2024 in ""Bina"" bonds issued by the Iraqi government in Iraqi Dinars, valued at 25 billion IQD. The average yield on these bonds is 7% with a two-year term, and interest is paid semi-annually. These bonds were purchased at a discount.

Investment in 2025 in ""Watanya"" bonds issued by the Iraqi government in Iraqi Dinars, valued at 75 billion IQD. The average yield on these bonds is 10% with a four-year term, and interest is paid semi-annually. These bonds were purchased at a discount.

\*\* During the year 2025, the bank, through its branch located in the Kingdom of Saudi Arabia, invested in treasury bills issued by the Saudi government in Saudi riyals, and the average rate of return on these bills is 4.69%, and for a period of one year, interest is paid at maturity.

**(9) PROPERTY AND EQUIPMENT**

31 December 2025	Land	Buildings	Computers, Furniture & Fixtures	Vehicles	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>Cost:</b>					
Cost at 1 January	17,594,677	7,858,384	57,630,883	980,390	84,064,334
Additions*	-	-	13,171,708	381,810	13,553,518
Disposals	-	-	(309,598)	-	(309,598)
Additions due to acquisition	-	-	32,007,441	186,070	32,193,511
<b>Cost at 31 December</b>	<b>17,594,677</b>	<b>7,858,384</b>	<b>102,500,434</b>	<b>1,548,270</b>	<b>129,501,765</b>
<b>Accumulated Depreciation:</b>					
At 1 January	-	1,661,086	30,448,471	579,689	32,689,246
Depreciation charge for the year	-	343,925	11,132,115	148,921	11,624,961
Disposals	-	-	(241,128)	-	(241,128)
Additions due to acquisition	-	-	15,701,061	85,388	15,786,449
<b>At 31 December</b>	<b>-</b>	<b>2,005,011</b>	<b>57,040,519</b>	<b>813,998</b>	<b>59,859,528</b>
Net book value	17,594,677	5,853,373	45,459,915	734,272	69,642,237
Advance payment to purchase property and equipment	-	-	19,065,703	-	19,065,703
<b>Net book value</b>	<b>17,594,677</b>	<b>5,853,373</b>	<b>64,525,618</b>	<b>734,272</b>	<b>88,707,940</b>

\* The increase in the additions to the "Computers, Furniture & Fixtures" item is due to the installation of more than 130 ATMs across various governorates of Iraq, in addition to the opening of 9 new branches during the current year.

31 December 2024	Land	Buildings	Computers, Furniture & Fixtures	Vehicles	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>Cost:</b>					
Cost at 1 January	17,644,677	7,944,899	44,138,212	751,943	70,479,731
Additions	-	-	14,101,242	259,505	14,360,747
Disposals	(50,000)	(86,515)	(608,571)	(31,058)	(776,144)
<b>Cost at 31 December</b>	<b>17,594,677</b>	<b>7,858,384</b>	<b>57,630,883</b>	<b>980,390</b>	<b>84,064,334</b>
<b>Accumulated Depreciation:</b>					
At 1 January	-	1,352,887	21,709,282	517,673	23,579,842
Depreciation charge for the year	-	346,166	9,259,424	93,074	9,698,664
Disposals	-	(37,967)	(520,235)	(31,058)	(589,260)
<b>At 31 December</b>	<b>-</b>	<b>1,661,086</b>	<b>30,448,471</b>	<b>579,689</b>	<b>32,689,246</b>
Net book value	17,594,677	6,197,298	27,182,412	400,701	51,375,088
Advance payment to purchase property and equipment	-	-	10,083,019	-	10,083,019
<b>Net book value</b>	<b>17,594,677</b>	<b>6,197,298</b>	<b>37,265,431</b>	<b>400,701</b>	<b>61,458,107</b>

- The remaining cost to complete projects under implementation is estimated at approximately IQD 4,178,559 thousand as at 31 December 2025 against IQD 7,622,517 thousand as at 31 December 2024
- Property and equipment includes fully depreciated items of IQD 14,644,057 thousand as at 31 December 2025 against IQD 9,988,982 thousand as at 31 December 2024.

**(10) INTANGIBLE ASSETS**

31 December 2025	Computer Software & Systems	Goodwill *	Total
	IQD (000)	IQD (000)	IQD (000)
Cost at 1 January	25.420.411	-	25.420.411
Additions	3.113.159	154.073.733	157.186.892
Amortization of the year	(8.819.341)	-	(8.819.341)
Additions due to acquisition	7.484.763	-	7.484.763
<b>Net book value</b>	<b>27.198.992</b>	<b>154.073.733</b>	<b>181.272.725</b>
Projects in progress	10.461.585	-	10.461.585
Additions due to acquisition	552.773	-	552.773
<b>Net book value</b>	<b>38.213.350</b>	<b>154.073.733</b>	<b>192.287.083</b>

31 December 2024	Computer Software & Systems	Goodwill *	Total
	IQD (000)	IQD (000)	IQD (000)
Cost at 1 January	8.403.019	-	8.403.019
Additions	25.995.089	-	25.995.089
Amortization of the year	(8.977.697)	-	(8.977.697)
<b>Net book value</b>	<b>25.420.411</b>	-	<b>25.420.411</b>
Projects in progress	7.038.217	-	7.038.217
<b>Net book value</b>	<b>32.458.628</b>	-	<b>32.458.628</b>

\* As a result of the acquisitions of Iraq Electronic Gate For Financial Services Company and Digital future company for electronic distribution services and general trading and Union International Insurance Company , the Group recognized intangible assets in the form of goodwill amounting to IQD 129,948,071 thousand, IQD 22,368,751 thousand, and IQD 1,756,911 thousand, respectively (Notes 40, 41, and 42).

- Estimate of remaining cost to complete projects in progress approximately IQD 2,436,641 thousand as at 31 December 2025 (2024: IQD 3,131,360 thousand).

- Intangible assets comprise fully amortized item amounting to IQD 11,299,862 thousand as at 31 December 2025 (2024: IQD 6,876,966 thousand)

**(11) Leases****Right-of-use asset**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
<b>Balance as at the beginning of the year</b>	<b>22,124,241</b>	<b>17,993,190</b>
Additions due to acquisition	1,724,071	-
<b>Beginning Balance 1 January</b>	<b>23,848,312</b>	<b>17,993,190</b>
Add: New contract during the year	12,024,570	8,782,248
Less :Amortization for the year	(6,417,568)	(4,588,417)
Less :Contracts canceled during the year	(167,865)	(62,780)
<b>Ending Balance for the year</b>	<b>29,287,449</b>	<b>22,124,241</b>

**Lease liability**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
<b>Balance as at the beginning of the year</b>	<b>23,796,380</b>	<b>18,950,940</b>
Additions due to acquisition	1,520,990	-
<b>Beginning Balance 1 January</b>	<b>25,317,370</b>	<b>18,950,940</b>
Add: New contract during the year	12,024,570	8,782,248
Less: annual payment value	(8,406,032)	(5,276,281)
Add: interest expense for the year	1,736,011	1,410,214
Less :Contracts canceled during the year	(176,474)	(70,741)
<b>Ending Balance for the year</b>	<b>30,495,445</b>	<b>23,796,380</b>

**Consolidated Income Statement**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Interest expense	1,736,011	1,410,214
Amortization expense	6,417,568	4,588,417

**(12) OTHER ASSETS**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Assets seized by the Bank, Net	-	4,236,912
Clearing accounts	6,925,807	3,042,613
Accrued interests and revenues	19,588,838	16,758,514
Prepaid expenses	23,213,957	4,791,018
Refundable deposits*	80,234,766	18,711,678
Accounts Receivable	1,637,390	1,371,516
Deferred tax assets - KSA Branch	2,169,131	1,983,631
Riyada Bank / Banks under establishment**	10,000,000	10,000,000
Withholdings***	-	30,000,000
Other	293,805	675,951
<b>Total</b>	<b>144,063,694</b>	<b>91,571,833</b>

\* The item "Refundable deposits" includes an amount of IQD 18.3 billion dinars, representing the balance of Refundable deposits with the VISA Company.

Refundable deposits item represent the funds that are related to acquired subsidiary (55.6) billion dinars as of 31 Dec 2025.

\*\* This amount represents the amount of the contribution to the establishment of Ryadah bank according to the decision of the Board of Directors of the Central Bank of Iraq regarding the initial approval to establish the Riyada Bank with a capital of (35) billion Iraqi dinars.

\*\*\* The Central Bank of Iraq returned the amounts deducted during the third quarter of 2025, after deducting an amount of 2.3 billion Iraqi dinars, which represents 10% of the total amounts deducted from customers as counting and sorting fees.

\* The following is the movement of the seized assets by the bank:

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Balance as 1 January	4.236.912	9.341.168
Disposals	-	(1.771.728)
Impairment losses	(4.236.912)	(3.332.528)
<b>Total</b>	<b>-</b>	<b>4.236.912</b>

**(13) DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS**

	31 December 2025			31 December 2024		
	Inside Iraq	Outside Iraq	Total	Inside Iraq	Outside Iraq	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Current and demand deposits	914,783	121,013,278	121,928,061	275,390	26,983,159	27,258,549
Term Deposits	-	35,745,468	35,745,468	-	-	-
<b>Total</b>	<b>914,783</b>	<b>156,758,746</b>	<b>157,673,529</b>	<b>275,390</b>	<b>26,983,159</b>	<b>27,258,549</b>

**(14) CUSTOMERS' DEPOSITS**

	31 December 2025				31 December 2024			
	Retails	Corporate	SMEs	Total	Retails	Corporate	SMEs	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Current and demand deposits*	547,411,735	2,034,673,079	121,354,118	2,703,438,932	328,023,885	2,025,411,858	64,381,276	2,417,817,019
Saving accounts	302,030,944	36,273,010	822,868	339,126,822	236,444,475	20,621,849	35,263	257,101,587
Time deposits	608,017,946	309,801,519	10,228,852	928,048,317	408,690,128	362,697,109	3,734,702	775,121,939
Certificates of deposit	-	-	-	-	12,653,900	-	-	12,653,900
<b>Total</b>	<b>1,457,460,625</b>	<b>2,380,747,608</b>	<b>132,405,838</b>	<b>3,970,614,071</b>	<b>985,812,388</b>	<b>2,408,730,816</b>	<b>68,151,241</b>	<b>3,462,694,445</b>

\* The amount of cash Margin includes the Cash against currency auction (the bank's customers entering the foreign currency auction sale window), amounted of IQD 72,960,712 thousand as at 31 December 2025 compared to IQD 269,567,049 thousand as at 31 December 2024

- Corporate deposits include deposits for the Iraqi public sector amounted to IQD 651,103,533 thousand that represent 16.3% of the total deposits as on 31 December 2025, as opposed to IQD 259,115,367 thousand that represent 7.48% of the total deposits as on 31 December 2024.

- The value of non-interest bearing deposits amounted to IQD 2,891,249,144 thousand, represent 72.82% of total deposits as at 31 December 2025 as opposed to IQD 2,562,090,006 thousand, represent 73.99% of total deposits as at 31 December 2024.

- Deposits retained (restricted) amounted to IQD 35,061,965 thousand, represent 0.88% of the total deposits as at 31 December 2025, as opposed to IQD 469,048 thousand, represent 0.01% of the total deposits as at 31 December 2024.

## (15) MARGIN ACCOUNTS

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Margins Against direct credit facilities	87,503,844	22,726,812
Margins Against LCs	592,902,565	532,961,400
Margins Against LGs	170,801,749	100,222,106
Other	37,346,126	236,845
<b>Total</b>	<b>888,554,284</b>	<b>656,147,163</b>

## (16) BORROWING

31 December 2025	Amount IQD (000)	Number of Installments		Frequency of Instalments	Avr. Interest rate	Avr. Re-lending Interest rate
		Total	Outstanding			
Amounts borrowed from central banks	59,007,983	4,657	2,412	Quarterly payment	0.7% - 0%	5.1% - 0%
Amounts borrowed from Local banks and financial institutions	27,353,062	22	22	Monthly payment	9.50%	16% - 15%
Amounts borrowed from foreign banks and financial institutions	74,649,799	29	29	payment at maturity	8.40% - 3.75%	16% - 7%
<b>Total</b>	<b>161,010,844</b>					

31 December 2024	Amount IQD (000)	Number of Installments		Frequency of Instalments	Avr. Interest rate	Avr. Re-lending Interest rate
		Total	Outstanding			
Amounts borrowed from central banks	79,776,987	4,080	3,078	Quarterly payment	0.7% - 0%	5.1% - 0%
Amounts borrowed from Local banks and financial institutions	5,493,814	5	5	Monthly payment	9.50%	16% - 15%
Amounts borrowed from foreign banks and financial institutions	76,229,372	59	59	payment at maturity	5.0% - 3.8%	16% - 7%
<b>Total</b>	<b>161,500,173</b>					

- The Central Bank of Iraq granted the National Bank of Iraq several loans during the year 2025 in the amount of IQD 1,066,470 million as part of CBI's plan to grant loans to commercial banks in order to achieve economic and social development through granting loans for supporting small and medium projects with low interest rate between 0.0% to 5.1% according to the loan amount.
- The International Development Finance Corporation (DFC) granted the Bank a loan with a limit of USD 50 million (equivalent to IQD 65.50 billion) during the year 2024 with interest rate 5%.

## (17) MISCELLANEOUS PROVISIONS

31 December 2025	Balance at the beginning of the year	Provided during the year	Transferred to income	Additions due to acquisition	Balance at the end of the year
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Provisions for expected losses of off-statement of financial position items	7,902,538	1,029,490	-	-	8,932,028
End of service provision	1,045,932	720,347	(711,653)	938,252	1,992,878
Other Provision	-	-	-	6,277,719	6,277,719
<b>Total</b>	<b>8,948,470</b>	<b>1,749,837</b>	<b>(711,653)</b>	<b>7,215,971</b>	<b>17,202,624</b>

31 December 2024	Balance at the beginning of the year	Provided during the year	Transferred to income	Additions due to acquisition	Balance at the end of the year
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Provisions for expected losses of off-statement of financial position items	6,144,399	1,758,139	-	-	7,902,538
End of service provision - NBI Iraq	314,399	842,782	(111,249)	-	1,045,932
Provision for penalties of currencies auction	1,478,602	-	(1,478,602)	-	-
<b>Total</b>	<b>7,937,400</b>	<b>2,600,921</b>	<b>(1,589,851)</b>	<b>-</b>	<b>8,948,470</b>

## (18) INCOME TAX LIABILITIES

### A- Movement on Income Tax Liability:

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Balance as at the beginning of the year	42,318,851	38,342,710
Income tax charged for previous years/ settlements	241,194	358,930
Income tax payable / Al-Ahly Leasing Company	624,763	409,059
Income tax payable / Iraqi Capital Brokerage	-	10,457
Income tax payable / Saudi Arabia Branch	129,116	-
Income tax payable / Iraq Electronic Gate	6,444,962	-
Income tax payable / Digital Future Company	1,510,825	-
Income tax payable / International Union Insurance Company	26,972	-
Paid during the year	(42,549,588)	(38,701,640)
Charged for the year	48,407,757	41,899,335
<b>Total</b>	<b>57,154,852</b>	<b>42,318,851</b>

**B- Income tax in the consolidated income statement represents the following::**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Income tax charged for the current year	48,407,757	41,899,335
Income tax charged for previous years/ settlements	241,194	358,930
Deferred tax assets for the year	(185,500)	(1,101,081)
Income tax payable / Saudi Arabia Branch	129,116	-
Income tax payable / Al-Ahly Leasing Company	624,763	409,059
Income tax payable / Iraqi Capital Brokerage	-	10,457
	<b>49,217,330</b>	<b>41,576,700</b>

- The statutory income tax rate on banks' profits is 15% as applicable in Iraq.
- The General Authority for Taxes has reviewed the Bank's statements for the year 2024 and issued its final report for that year during March 2025.
- In the opinion of the management and the tax advisor, the provision for income tax expense is sufficient to meet tax liabilities as at 31 December 2025.

**(19) OTHER LIABILITIES**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Dividends payable	12,800,781	7,885,043
Certified cheques	21,823,701	5,188,543
Accrued expenses *	4,754,843	4,322,584
Accrued Interest	18,958,296	7,457,769
Accounts payables	33,739,601	32,734,941
Accounts under reconciliation**	79,698,027	2,927,803
Installments due on investment account ***	32,946,500	-
Amounts received for company registration ****	68,529,795	2,142,202
Others	1,123,090	1,405,073
<b>Total</b>	<b>274,374,634</b>	<b>64,063,958</b>

\* The "Accrued expenses" account includes all amounts representing actual expenses for which invoices have not been received from suppliers. The bank has provided for these expenses and recorded them in the profit and loss accounts according to the accrual accounting principle, as these expenses are related to the period of the financial statements.

\*\* The 'Accounts Under Settlement' item includes an amount of (IQD 57.7) billion, representing the balance of accounts under settlement related to the operations of the acquired subsidiaries as of December 31, 2025, related to electronic payment.

\*\*\* The 'Installments Due on Investment Account' item represents the deferred payment related to the acquisition of each of the following: Iraq Electronic Gate in the amount of (27.8) billion Iraqi dinars, and Digital Future in the amount of (5.1) billion Iraqi dinars.

\*\*\*\* Includes amounts received for the purpose of capital increase, in addition to the subscription and registration of companies, in accordance with the Central Bank of Iraq circular No. 560/2/9 dated 2023/10/8, in which a ceiling of (500) million Iraqi dinars was set as a minimum for the capital of companies deposited with the Central Bank of Iraq, while amounts that are less than the mentioned limit are deposited in the banks in which the subscription takes place.

## (20) PAID IN CAPITAL

Paid in capital comprises of 520 billion shares (2025: 400 billion shares) at a par value of 1 Iraqi Dinar per share (2024: 1 Iraqi Dinar per share).

## (21) STATUTORY RESERVE

According to the Iraqi Companies' Law, 5% as a minimum of the annual profit after tax should be transferred to the statutory reserve, this reserve should not exceed 50% of the Bank's Capital and is not available for distribution to shareholders, The Bank may resolve to discontinue such annual transfers when the reserve equals the paid in capital.

## (22) RETAINED EARNINGS

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Balance at 1 January	255,792,166	180,840,057
Profit for the year	306,920,982	251,229,130
Transfer of gain on disposal of equity investment at fair value through other comprehensive income through return earning	-	2,694
Dividends	(80,000,000)	(60,000,000)
Capital increase	(120,000,000)	(100,000,000)
Expansion reserve *	(3,000,000)	(3,500,000)
Statutory Reserve	(15,367,700)	(12,779,715)
<b>Balance at 31 December</b>	<b>344,345,448</b>	<b>255,792,166</b>

\* An amount of (3) billion Iraqi dinars was transferred to the Expansion Reserve Account, representing the financing for the opening of (6) branches, in accordance with the approval of the Bank's Ordinary General Assembly in its meeting held on March 27, 2025, and the approval of the Central Bank through their letter No. 5656/4/9 dated 2025/5/28.

**(23) INTEREST INCOME**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
<b>Direct credit facilities</b>		
<b>Individuals (Retails)</b>		
Loans and discounted bills	149,259,601	107,818,792
Credit Cards	708,084	437,184
<b>Corporates</b>		
Overdrafts	977,131	614,757
Loans and discounted bills	61,162,619	42,015,127
<b>SMEs</b>		
Loans and discounted bills	3,214,185	1,404,711
Balances at Central Bank	862,573	10,586,337
Due from banks and other financial institution	12,446,916	6,926,923
Financial assets at amortized cost	78,654,183	57,994,236
<b>Total</b>	<b>307,285,292</b>	<b>227,798,067</b>

The item "Interest on financial assets at amortized cost" item includes an amount of 907,750 thousand Iraqi dinars, representing interest on Treasury bills of the Kingdom of Saudi Arabia.

**(24) INTEREST EXPENSE**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Customers' Deposits		
Current accounts	2,465,946	2,412,534
Saving accounts	7,849,571	7,643,573
Time deposits	58,079,181	46,055,225
Certificates of deposit	2,705,079	1,102,747
Due to banks and other financial institutions	2,642,684	851,641
Borrowing	3,239,506	1,922,347
Interest expense - Lease	1,736,011	1,410,214
Interest on term deposits with banks	886,794	146,837
<b>Total</b>	<b>79,604,772</b>	<b>61,545,118</b>

**(25) NET FEES AND COMMISSIONS**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Commission Income		
Direct credit facilities	32,388,288	19,802,295
Indirect credit facilities	30,983,697	29,078,456
Bank transfers	11,109,361	37,074,636
Auction Commission *	162,124,929	151,077,530
Other commissions	88,892,810	72,731,978
Commission expense	(28,435,442)	(33,719,979)
<b>Total</b>	<b>297,063,643</b>	<b>276,044,916</b>

the bank's purchase volume on behalf of customers from the currency window as of the end of December 2025 reached 17,828,267 thousand US dollars, generating commission revenues of 162,124,929 thousand Iraqi dinars.

**(26) FOREIGN CURRENCY EXCHANGE GAINS**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Gain from revaluation	286,826	(55,172)
Gain from trading	25,673,577	8,649,371
<b>Total</b>	<b>25,960,403</b>	<b>8,594,199</b>

**(27) OTHER INCOME**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Collection from written off facilities	132,758	38,510
Other	534,704	1,113,693
<b>Total</b>	<b>667,462</b>	<b>1,152,203</b>

**(28) EMPLOYEES' EXPENSES**

	31 December 2025					31 December 2024
	National Bank of Iraq branches of the Republic of Iraq	National Bank of Iraq Saudi Arabia branch	Iraqi Capital Brokerage Company	Al-Ahly Al-Iraqi Company	Total	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Salaries and benefits	40.552.121	2.661.077	88.366	887.545	<b>44.189.109</b>	<b>32.673.149</b>
Bank's contribution to social security	2.164.047	179.994	3.422	24.023	<b>2.371.486</b>	<b>1.820.099</b>
Medical expenses	1.282.938	193.406	-	985	<b>1.477.329</b>	<b>1.375.411</b>
Training	812.219	4.961	-	-	<b>817.180</b>	<b>806.533</b>
Paid vacations - End of service	661.498	94.556	-	-	<b>756.054</b>	<b>592.510</b>
<b>Total</b>	<b>45.472.823</b>	<b>3.133.994</b>	<b>91.788</b>	<b>912.553</b>	<b>49.611.158</b>	<b>37.267.702</b>

**(29) OTHER OPERATING EXPENSES**

	31 December 2025					31 December 2024
	National Bank of Iraq branches of the Republic of Iraq	National Bank of Iraq Saudi Arabia branch	Iraqi Capital Brokerage Company	Al-Ahly Al-Iraqi Company	Total	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Consulting and Professional services	19.377.344	754.251	2.550	126.590	<b>20,260,735</b>	<b>21,848,756</b>
Rent and bulling services	6.614.917	86.932	-	88.059	<b>6,789,908</b>	<b>5,403,349</b>
Internet and Communications	3.700.217	2.346.276	380	17.077	<b>6,063,950</b>	<b>6,032,077</b>
Government licenses and fees	11.035.867	986.106	1.570	34.235	<b>12,057,778</b>	<b>10,045,807</b>
Advertising	10.784.772	127.421	-	8.859	<b>10,921,052</b>	<b>5,561,258</b>
Donation for others	3.533	-	-	-	<b>3,533</b>	<b>565,582</b>
Insurance	1.083.115	12.174	-	-	<b>1,095,289</b>	<b>1,240,094</b>
Maintenance	4.566.822	22.672	860	26.706	<b>4,617,060</b>	<b>1,711,596</b>
legal services	3.224.167	217.598	3.750	35.172	<b>3,480,687</b>	<b>645,344</b>
Transportation expense	771.326	4.834	-	6.088	<b>782,248</b>	<b>533,229</b>
Traveling	1.897.231	150.620	3.500	108.493	<b>2,159,844</b>	<b>1,513,034</b>
Fuel and Oil	864.520	-	-	8.466	<b>872,986</b>	<b>866,142</b>
Stationery	1.076.511	19.011	350	4.874	<b>1,100,746</b>	<b>1,088,216</b>
Hospitality	493.746	10.998	38	11.312	<b>516,094</b>	<b>826,938</b>
Capital Losses	-	-	-	-	<b>-</b>	<b>-</b>
Bonuses for non-employees	48.643	-	-	-	<b>48,643</b>	<b>31,083</b>
Expenses from previous years	554	-	-	-	<b>554</b>	<b>152,682</b>
Auditor's fees	200.000	-	-	-	<b>200,000</b>	<b>247,000</b>
Financial Statements Preparation fees	30.000	-	-	-	<b>30,000</b>	<b>37,050</b>
BOD transportation	598.900	-	-	-	<b>598,900</b>	<b>340,080</b>
Fines and compensations	8.236.905	-	-	-	<b>8,236,905</b>	<b>2,120,392</b>
Others	1.988.716	137.593	635	2.467	<b>2,129,411</b>	<b>1,211,678</b>
<b>Total</b>	<b>76.597.806</b>	<b>4.876.486</b>	<b>13.633</b>	<b>478.398</b>	<b>81,966,323</b>	<b>62,021,387</b>

\* The Central Bank of Iraq deducted an amount of 5,156,074 thousand Iraqi dinars, according to their letter No. 287/5/9 dated 2026/01/12, which represents a penalty related to the customs declarations for the year 2012. The Bank's management will follow up on the matter with the Central Bank of Iraq.

The Central Bank of Iraq deducted an amount of 2,388,624 thousand Iraqi dinars, which represents a 10% penalty on the total amounts deducted from customers as counting and sorting fees for the year 2023.

### (30) EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year.

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Profit for the year	306,920,982	251,229,130
Weighted average number of shares during the year	470,000,000	358,333,333
	IQD/Fils	IQD/Fils
<b>Basic and diluted earnings per share</b>	0.653	0.701

### (31) CASH AND CASH EQUIVALENTS

Cash and cash equivalents appearing in the consolidated statement of cash flows consist of the following:

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
Cash and balances with Central Bank of Iraq	1,722,961,574	1,864,209,530
Restricted Cash and balances with the Central Bank of Iraq	(769,746,777)	(562,007,533)
Balances with banks and other financial institutions	468,440,800	262,338,672
Allowance for Balances with banks and other financial institutions	(518,297)	(385,522)
Deposits to banks and other financial institutions	(157,673,529)	(27,258,549)
<b>Total</b>	<b>1,263,463,771</b>	<b>1,536,896,598</b>

### (32) RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of the Bank and its following subsidiaries:

	Percentage of Ownership		Investment cost	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Iraqi Capital Brokerage Company	% 100	% 100	1,000,000	1,000,000
Al-Ahly Al-Iraqi Company for the trade, sale and purchase of cars, machinery, and equipment	% 51	% 51	5,100,000	5,100,000
Union International Insurance Company (Ltd)	% 51	-	2,550,000	-
Iraq Electronic Gate For Financial Services Company (LLC)	% 51	-	5,100,000	-
Digital future company for electronic distribution services and general trading LLC	% 51	-	510,000	-

The Bank entered into transactions with the parent bank (Capital Bank) in the ordinary course of business at commercial interest and commission rates.

- The following related party transactions took place during the years:

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
<b>Statement of financial position :</b>		
Due from the parent bank	286,029,600	180,755,192
Due to parent bank	26,071,989	13,250,013
<b>Income Statements:</b>		
Credit Interest & Commissions	1,197,630	1,367,897
Dedit Interest & Commissions	12,835	6,332

\* The Bank's Ordinary General Assembly, in its meeting held on March 27, 2025, approved the management agreement between the Bank and Capital Bank of Jordan, at a rate of 3% of net profit.

### (33) FAIR VALUE OF FINANCIAL INSTRUMENTS

These financial instruments include cash balances, deposits with banks and central banks, direct credit facilities, other financial assets, customers' deposits, banks' deposits and other financial liabilities

The fair values of financial instruments are not materially different from their carrying value

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

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.

The following table shows the breakdown of the financial instruments at fair value and according to the above hierarchy:

	First Level	Second Level	Third Level	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>December 2025 31</b>				
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income	2,443,744	2,701,618	-	5,145,362
<b>December 2024 31</b>				
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income	804,261	3,617,199	-	4,421,460

### (34) RISK MANAGEMENT

The Bank follows a comprehensive strategy within the best practices in risk management (credit risk, operating risk, market risk, liquidity risk, interest rate risk, concentration risk, information security, etc.) to maintain the Bank's position and profitability.

The Bank's overall risk management system, follow-up and mitigation, compliance with the directives of the regulators and the Basel Committee, is a comprehensive and shared responsibility among multi-parties in the Bank and its committees, such as the Risk Committee, the Audit Committee and the Compliance Committee, as well as the Bank's various internal committees such as the Internal Risk Management Committee, Asset and Liability committee, Credit Committees, as well as all the Bank's Departments and branches.

The Risk Management Department, an independent and specialized department of the Bank, concentrates its functions according to the approved risk management and credit policies in identifying, managing, measuring and reporting as necessary and yearly the existing and potential risks (financial and non-financial), alongside with adopting and applying the requirements of Basel Committee and the Central Bank of Iraq regulations and the best practices in the field of risk management and measurement. Risk management also participates in assessing the Bank's ability, and adequacy and the distribution of capital to achieve its strategic objectives and identify the requirements for managing and controlling the associated risks. The main principles and corporate governance of the Bank's risk management, which are in line with regulatory directives and the complexity of its operations, are as follows:

1. The Board of Directors and its Risk Committee review and adopt risk appetite limits at all levels of risk and risk management policies to keep abreast of developments and growth in the Bank's business and expansion of its services, and to ensure that the Bank's risk management strategy and guidelines are applied.
2. The Chief Executive Officer is responsible for the risk management, associated practices within the Bank's activity structure, and is the Chairman of the Internal Risk Management Committee.
3. The Chief Risk Officer is responsible for managing risks and the associated practices within the bank's activities structure, and submitting periodic reports to the risk management committee of the Board of Directors.
4. The risk management philosophy at the Bank is based on knowledge, experience, the judgment capability of the supervisory management, and the availability of a clear authority matrix set by the Board of Directors.
5. Continuously developing the risk management systems and taking on the necessary steps and measures needed to make sure that the Bank is in compliance with the new international standards, namely the requirements of Basel III and IFRS 9.

6. The Risk Department manages the Bank's risks according to a comprehensive centralized methodology, with the presence of systems that assist in managing these risks, and by providing various business units at the Bank with the methodologies and tools that are necessary for achieving an efficient and proper management of all types of risks. The Risk Department, which is headed by the Chief Risk Officer, is linked to the Board's Risk Management Committee. There is also a dotted link that connects the Chief Risk Officer with the Chief Executive Officer.
7. Risk management at the Banl is the responsibility of all employees.
8. The role of the Asset and Liability Committee in planning optimal capital utilization, assets and liabilities and continuous monitoring of liquidity risk and market risk
9. The Internal Audit Department provides independent confirmation of the compliance of business units with risk management policies and procedures and the effectiveness of the Bank's risk management framework
10. The Chief Financial Officer (CFO) is responsible for identifying the financial risks, as well as monitoring and maintaining the quality and soundness of financial information, and ensuring the accuracy and integrity of the disclosed financial statements.
11. The Head of the Compliance Department is responsible for ensuring that the Bank complies with all the relevant regulations, legislation and laws, especially those issued by the regulatory authorities.

**During 2025 the Bank has worked on several primary principles in risk management, mainly on the following:**

1. Update risk policies including credit, market, liquidity, concentration and operational risk. Also, risk appetite limits were reviewed to reflect the size and importance of the Bank's activities and to face any risk preventing us from achieving the strategic targets.
2. Apply an improved risk matrix to all business units of the Bank at the "RCSA" system relying also on the outcome of other control units like audit and compliance regular reports.
3. Develop a new "Stress Tests" report based on the new CBI instructions in this regard for all types of risks. Scenarios were reviewed to reflect the current size of business of the Bank and the results were reviewed and approved by the Board of Directors.
4. Prepare for the first time the new comprehensive risk report which template was imposed by the Central Bank on all banks. Feedback from CBI was positive and they adopted the recommendations included in the report by the Risk Department.
5. Daily follow-up on "early warning signs" through KRI's for principal risks like liquidity, credit, concentration which include breaches over the appetite limits approved by the BOD and remedial with concerned parties is followed-up.
6. Concerning "Business Continuity Plan":
  - A- update BIA's for all business units that reflects the current situation after the migration to a new core system T24 to identify the critical operations that affects the quality of the service provided by the Bank and that need its systems to be available in the DR location to insure the continuity of these services in case of a disaster.

- B- Update the plan and get all the necessary approvals from the concerned committees to insure no interruption in the Bank's services in case of a disaster and all responsibilities are well allocated and clear to everyone within the Bank.
- C- Execute the test of the BCP plan for both NBI and the KSA branch by moving all critical systems to the Disaster Recovery location and test them before going back to the main Data Center.
7. Review the renewed procedures of the Bank to detect the weakness points in our internal processes and accordingly add new controls to mitigate the related risks.
8. Review and assess the risks of the new products to be issued by the Bank to detect any possible future weakness that needs to be addressed with additional controls to be added to preserve high quality service and prevent any reputational risk.
9. Conduct training and awareness sessions to the new employees at the Bank to explain the operational risk concept to facilitate the adherence of these employees to the strategic goals of the Bank with minimal risk associated.
10. The Bank obtained the ISO 27001:2022 certificate for information security management, which indicates that it has put in place a system to manage risks related to the security of data owned by the Bank and a proof that the information security management is aligned with best practices.
11. Create and activate the "SOC" (Security Operation Center) and hire the team to monitor and assess on a continuous basis all threats coming from cyber attacks. Also a platform was created to electronically register and follow-up on discovered security incidents which are automatically directed to the concerned IT unit to apply remedial measures on the spot.
12. Renewal of the PCI DSS license related to the credit card data security after fulfilling all needed infrastructure, technical and operational requirements for the storage of all the cards data. This will enhance the security of the cards owners data according to the international standards and the instructions of CBI.
13. Information asset classification has been conducted for all business units at the Bank. The purpose is to assess and classify the information by secrecy, safety and availability. It will help to define the level of security required and apply the necessary measures to protect the sensitive assets.
14. Enhance the protection and safety of the data and systems in place by executing penetration tests on all IT resources to explore any security gap existing to insure a rapid and effective intervention to close these gaps and protect the bank and its infrastructure.
15. Develop a wide and inclusive awareness program to inform NBI employees about the best practice in the information security field and how to protect their personal and banking data, a periodic awareness bulletin is sent to employees and clients to build a digital safety culture among them.

**For the year 2025, the Bank is planning to work on several primary principles in risk management, mainly on the following:**

1. Review and update of the risk matrix of all business units on "RCSA" CARE system to reflect the effective business situation based on the evolution the work environment.
2. Reviewing the results of the Compliance test based on the updated risk matrix of the bank's entities and setting controls and following up the implementation by the bank's branches and departments.
3. Conducting comprehensive tests and assessments to ensure the continuity of bank operations and updating the Business Continuity Plan in line with the updates and advancements within the bank
4. The BCP test in 2025 and the move to DR site to be executed over a period of not less than 1 week to test the readiness of the Bank to keep its services running in case of a disaster.
5. Completing the establishment of an alternative business site through which critical operations can be conducted in the event of disasters
6. Regular review of the policies and procedures related to the business units according to its maturities.
7. Staff training and awareness on the culture of operational risk and business continuity plan
8. Evaluating the bank's operating and new systems based on the pre- approved methodology
9. Finish acquiring the new system to calculate ECL as per IFRS9 methodology after reaching an agreement with a vendor during 2024.
10. Acquire ISO 22301 certificate related to Business Continuity Management BCM as required by the Central Bank.
11. Assess the information security and cyber-security risk and the effectiveness of the controls in place, and to propose additional controls if needed to mitigate any risk and reach acceptable levels.
12. Detection of possible security and cyber-security incidents which could result in leaking important secret personal information and data and affect the reputational risk of the Bank.
13. Update and improve the risk's policies and procedures in compliance with the CBI instructions and the evolving bank situation, in addition to continuously improving the risk reports.
14. Update the information security and cybersecurity policies and procedures and make sure of the effectiveness of these policies & procedures and the respect of the information security framework.
15. Update the assets classification and make sure all business units respect the controls of these classifications.
16. Review the authority matrix of all systems at the Bank and the respect of the users' authorities allocated to them.
17. Work on applying ICAAP at the Bank according to CBI's instructions to be issued during this year.

### (35-1) Credit risk management

Credit risk is the risk of suffering financial loss, should any of the Bank's customers fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from loans and advances, loan commitments arising from such lending activities, trade finance and treasury activities but can also arise from financial guarantees, letter of credit, endorsements and acceptances. The Bank is also exposed to other credit risks arising from investments in debts instruments, derivatives as well as settlement balances with market counterparties.

Credit risk is one of the largest risks emanating from the Bank's business of extending Loans and Advances (including loan commitments, LCs and LGs) and carrying out investment in securities and debts; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralized in a risk management department which reports regularly to the Risk Management Committee.

The Bank generally manages Credit Risk through:

- A clear and comprehensive policy for managing credit risk in addition to approved credit policies.
- Setting clear and specific limits for credit risks level that are set by the Board of Directors and then circulated to the different business units.
- Adopting the concept of credit committees to ensure that the credit decisions are not made on individual or subjective basis.
- Having a clear criteria for selecting clients, the target market and the acceptable level of credit.
- A comprehensive and thorough financial and credit analysis covering the various aspects of risk for each clients and/or credit processes.
- The results of Moody's Credit Rating System in determining each client's risk classification.
- Reviewing and analyzing the quality of the credit portfolio periodically, according to specific performance indicators.
- Evaluating and monitoring constantly to avoid high credit concentration, and implementing the required remedial actions.
- Adopting early warning indicators and recognition of possible risks in the credit portfolio while revising them on a regular basis.
- Effective management and follow up of the preservation of the legal documentation process and collateral administration to ensure that there are no negative indicators or regress that may necessitate the undertaking of pre-emptive or safety actions.
- Periodical revision, or when necessary, of all extended credit facilities on individual basis to ensure that there are no negative indicators or regress that necessitate the undertaking of pre-emptive or safety actions.

**Key Credit Risk Management Methods:**

**1- Loans and advances (including loan commitments, LCs and LGs)**

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using the concept of Expected Loss which requires the following measures:

- Probability of Default (PD)
- Loss Given Default (LGD)
- Exposure at Default (EAD)

Under IFRS 9 expected loss is replaced by expected Credit Loss (ECL), which is based on macro adjusted PD, LGD & EAD measures. Additionally it also captures deterioration and lifetime likelihood of defaults.

**2- Credit risk grading**

In line with the basic principles of Credit Risk Management Principle, the availability of an internal credit rating system for clients is an essential element in the process of measuring credit risk, assessing the quality of the credit portfolio and determining its credit risk structure.

The international credit rating system (Moody's) has been implemented at the bank's level and after conducting the necessary checks on the results and outputs. This system helps the bank in:

Measuring customer risk scores, and improving the process of collecting and evaluating quantitative and qualitative information that can be relied upon in the risk measurement methodology

Collecting and analyzing historical and projected financial data in order to analyze the historical and expected financial performance and cash flows of clients, in addition to performing Sensitivity Analysis based on many factors and expected strategies

The process of monitoring the terms and financial covenants contained in loan agreements

Conducting sectoral analysis and comparisons of the financial statements of clients of similar companies in the same sector based on the available system database

The system is based on two dimensions , the first: the customer risk (Obligor Risk Rating), which reflects the degree of the customer's creditworthiness in isolation from the guarantees provided, and is linked to the Probability of default(PD%), the second: Facility risk and calculation (LGD%) / loss Upon default and (EAD) credit exposure upon default, using a set of rating models that reflect the nature and activities of the bank's clients, as follows:

SMEs Non - Financial Model	SMEs Financial Model	Corporate Rating Model
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The outputs of the (Moody's) rating system are translated into various grades of risk that distinguish between customers on the basis of their credit risk, The number of risk grades is 10 main grades / 20 grades with subgrades for the classification models associated with corporate clients. Individual customers (Retail) have 8 risk scores, financial institutions and countries have 8 degrees.

With regard to corporate clients, the classification system evaluates financial and non-financial (Business) aspects, as follows:

Financial evaluation: which is based on an analysis of clients' financial statements, and includes:

Operating related financial ratios (operations)

Liquidity ratios

Financial ratios related to the capital structure

Debt Service Financial Ratios

Non-financial evaluation: which depends on qualitative factors about the customer, and includes:

Industry risks

Management quality

The customer's experience and experience in his activity and dealing with banks (Company Standing).

On the other hand, the system uses the Scorecard methodology in some of the classification models used, such as the classification models for individual customers, financial institutions, and sovereign, which include evaluation of various financial and non-financial factors in line with the nature of each of them.

The process of preparing a credit rating (Rating Process), which is part of the credit process in the bank, is subject to procedures and policies that control and ensure the quality of the entered data and review it, classify all credit facilities customers, and update the degree of customer risk in line with changes and any negative indicators, due to the importance of the outputs of the rating system in support The credit decision-making process.

the Bank use specific internal rating models tailored to the various industry segments/counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data input into the model.

The credit grades are calibrated such that risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between a 6 and 8 rating grade is higher than the difference in the PD between a 3 and 5 rating grade.

The Risk Rating system for performing assets ranges from 1 to 10, each grade being associated with a Probability of Default ("PD"). Non-performing clients are rated 8, 9, and 10 corresponding to Substandard, Doubtful, Loss classifications and Write-off.

Internal Credit rating for corporate and SMEs:

Stage	CB Grade	Description
1	1	High-quality assets, and the change in economic conditions does not lead to destabilization of the borrower's financial conditions. Profits are stable and the type of activity is highly desirable. The borrower is financially strong, has high liquidity and has a high ability to fulfill debt obligations. It has successful management. The company is a pioneer and has a high ability to enter the market.
	2	High-quality assets, and the change in economic conditions does not lead to destabilization of the borrower's financial conditions. Profits are stable and the type of activity is highly desirable. The borrower is financially strong, has high liquidity and has a high ability to fulfill debt obligations. It has successful management. The company is a pioneer and has a high ability to enter the market.
	3	Liquidity and assets are very good, and the ability to service debt is strong. The management is very good and the company is a market leader, very strong in its market share.
	4	Performance and financial situation compared to the normal situation of the industry is good. Stable cash flow that covers debt service requirements. Industry and economic fluctuations can pose a certain risk, positive conditions for the industry are higher than negative conditions, and the borrower's position is strong compared to the same industry. The existence of alternative financing sources is available, but not as it is with the third classification.
	5	The risk score is above average. It requires a medium degree of supervision and attention from the lender. Currently, the client's payments are reasonable, but the decline in economic conditions calls for attention. The borrower covers his obligations and the profits are stable. In the long run, either debt protection is neither high nor weak.
2	6	The customer should be studied in depth, the degree of coverage of assets and profits is unstable and modest. The degree of protection is low and uncertain during difficult financial periods resulting from the instability of the economy and surrounding industry conditions. Oversight is required in this classification to ensure that adequate protection is in place. The financial leverage ratio is high, relying heavily on external financing. Debt service is a little average.
2	7	There are weaknesses. In general, this type of borrower is undesirable and represents an unsecured credit risk. The liquidity ratio is ineffective and there is little possibility of a deterioration in the business cycle. A decrease in financial indicators such as cash auditing and an increase in the financial leverage ratio, despite the decrease in financial indicators, and the cash flow remaining sufficient to service the debt, but it remains at a high risk level for paying obligations. Legacy problems with compliance and slow response to payment, breach of a loan contract concluded, unreasonable payment schedule, problem controlling collateral, management changes or unwanted decisions, deterioration in industry or economic conditions.
3	8	The customer's ability to fulfill his financial obligations is currently insufficient
	9	The possibility of not collecting the entire debt and losing part of the principal is very likely
	10	There is no chance of debt collection

Internal credit rating for retail:

Stage	CB Grade	Description
1	A	Performing and assume the lowest level of credit risk.
	B	Performing - high quality and low credit risk.
2	C	performing - moderate credit risk, require monitoring.
3	D	Non-performing - high credit risk.
	E	Non-performing - very high credit risk.
	F	Non-performing - very high credit risk (bad debt)

The internal credit rating of the balances and deposits of banks and banking institutions is based on the degrees of external risks through approved rating agencies (Moody's, S&P, Fitch)

Stage	Internal Risk rating
1	from (AAA) to(B-)
2	from (CCC) to(C)
3	D

### 3- Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition of a facility as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The identification of SICR is measured via a change in one year probability of default between the date of inception of facility and the date of IFRS 9 ECL run.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring the ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).
- All government and government-guaranteed financial instruments have been taken into account in the calculation of total expected credit losses.

### 4- Significant increase in credit risk (SICR)

the Bank considers a financial asset to have experienced a significant increase in credit risk when a significant change in one year probability of default occurs between the origination date of a specific facility and the IFRS 9 ECL run date.

## Quantitative criteria

### Corporate loans:

For corporate loans, if the borrower experiences a significant increase in probability of default which can be triggered by the following quantitative factors:

- Operating Performance
- Operating Efficiency
- Debt Service
- Liquidity Assessment
- Capital structure

### Retail:

For Retail portfolio, if the borrowers meet one or more of the following criteria:

- Adverse findings for an account/ borrower as per credit department data;
- Loan rescheduling before 30 Days Past Due (DPD);
- Accounts overdue between 30 and 90 days

### Treasury:

- Significant increase in probability of default of the underlying treasury instrument;
- Significant change in the investment's expected performance & behavior of borrower (collateral value, payment holiday, payment to income ratio etc.).

### - Qualitative criteria:

#### Corporate loans:

For corporate loans, if the borrower experiences a significant increase in probability of default, which can be triggered by the following Default Risk Indicator's (DRI):

- Past Due
- Net Worth Erosion
- Fraudulent Activity
- Mandatory Restructure
- Financial Covenants Breach
- Significant Operations Disruption

For corporate loans, if the borrower experiences a significant increase in probability of default which can be triggered by the following qualitative factors:

- Management
- Industry Outlook
- Financial Conduct
- Income Stability
- Lifecycle Stage
- Auditor Information

### Backstop:

If the borrower is more than 30 days past due on its contractual payments a backstop is applied and the financial asset is considered to have experienced a significant increase in credit risk.

## 5- Definition of default and credit-impaired assets

the Bank defines a financial corporate, retail and investment instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

### - Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

### - Qualitative criteria:

According to the Basel definition, default is considered to have occurred with regard to particular obligors when either one of the following events have taken place:

- The Bank considers that the obligor is unlikely to pay its credit obligation to the Bank in full without recourse by the Bank to actions like liquidating security (if held).
- The Bank puts the credit obligation on a non-accrued status.
- The Bank makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Bank taking on the exposure.
- The Bank sells the credit obligation at a material credit-related economic loss.
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness or postponement of principal, interest and other fees.
- The Bank has filed for the obligor's bankruptcy or similar order in respect of the obligor's credit obligation to the Banking Group.
- The obligor is past due more than 90 days on any material credit obligation to the Banking Group.

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) throughout the Bank's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of twelve months. This period of twelve months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different cure definitions.

The Bank applies a three-stage approach to measuring ECL on financial instruments accounted for at amortized cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

#### i) Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized.

#### ii) Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized.

iii) Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. This uses the same criteria as under IAS 39, the Bank’s methodology for specific provisions remains unchanged. For financial assets that have become credit impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount.

**6- Measuring ECL – Explanation of inputs, assumptions and estimation techniques**

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since the initial recognition of a specific facility or whether an asset is considered credit-impaired. The Bank has adopted a forward exposure method for computing the ECL for each facility. The bank has opted for a monthly granular computation of PD, EAD and LGD.

- Probability of default (PD):

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

- Loss given default (LGD):

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

The Bank estimates the following haircuts for its main collaterals:

Collateral Type	LGD%
Cash Margin, government guarantee	0%
Qualified Banking Guarantees, Other external qualified guarantors	0% - 25%
Stocks and financial Assets	70%
Real Estate	20%
Listed and internationally recognized securities	25%

### - Exposure at default (EAD):

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the effective interest rate or an approximation thereof.

Lifetime expected credit losses are expected credit loss resulting from all probable default events over the expected lifetime of the financial instrument. Expected credit losses are the probability-weighted average of credit losses and the weighing factor is the Probability of Default (PD) for a lifetime.

the Bank has implemented a risk rating model since 2014 which has enabled the Bank to collect historical risk ratings since 2014 and build point in time credit transition matrices for the last 4 years.

This has enabled the bank to derive a credit index using the historical transition matrices. The credit index correlates with specific macro-economic factors, which have been statistically, established through regression models.

These models were used to forecast future credit transitions using Moody's research macro-economic forecast under the IFRS 9 scenarios i.e. upwards and downwards.

- The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortizing products and bullet repayments loans, this is based on the contractual repayments owed by the borrower over a 12 month period or lifetime basis.

- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining committed limit by the time of default.

**the Bank has adopted a workout methodology for LGD computation. For the Corporate segment, the Bank has developed the LGD framework using more than 10 years of data.**

- The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.
- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and prices.
- Forward-looking economic information is also included in determining the 12-month and lifetime PD.
- There have been no significant changes in estimation techniques or significant assumptions made during the year.

### **7- Importance of staging criteria**

- Staging is based on the assessment of relative movement in the credit quality of the loans from the time of initial recording.
- Loans in stage 3 are those loans for which the bank has objective evidence of impairment. Accordingly, specific provision is recorded for such exposures.
- Stage transfer is triggered by assessing the relative change in credit risk (measured using lifetime risk of default) and not by the absolute credit risk at the reporting date.
- 30 days past due is the last resort.

**Bank management's main definition and criteria for significant increase in credit risk (stage 2) includes the following parameters:**

#### **For exposures (credit facilities) to corporate customers**

- above 30 days past due
- Downgrade by 3 main notches of the risk rating
- Customer is classified as (6,7).
- Customer is classified under watchlist, restructured, rescheduled.

#### **For exposures (credit facilities) to retail customers**

- above 30 days past due
- Customer is classified under watchlist, restructured, rescheduled.
- Customer is classified as (C).

\* For exposures '(Deposits balances) with banks and financial institutions and 'For exposures to (Financial assets) at amortized cost and at fair value through the statement of comprehensive income

- External risk rate ranges from CCC to C

The Bank's definition and criteria for the significant increase in credit risk (stage 3) include the following criteria:

**For exposures (credit facilities) to corporate customers**

- 89 days and above past due.
- Customer is classified as (8,9,10).
- Restructured and Rescheduled two or more times during the year
- Customer is classified under non-performing.

**For exposures (credit facilities) to retail customers**

- 89 days and above past due.
- Customer is classified under non-performing
- Customer is classified as (F)
- Restructured and Rescheduled two or more times during the year

\* For exposures (Deposits balances) with banks and financial institutions and 'For exposures to (Financial assets) at amortized cost and at fair value through the statement of comprehensive income

- External risk rate ranges from D

## 8- Forward looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio, Below is the weights of used scenarios:

- Baseline 60%                      - Upside 0%                      - Downside 40%

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Bank's Economics team on a quarterly basis and provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out of the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate (e.g. for unemployment or a long run average growth rate (e.g. GDP) over a period of two to five year). The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

## 9- Sensitivity analysis

The Bank has calculated ECL at an individual financial instrument level, hence does not require any grouping of financial instruments in the process of loss calculation.

The most significant assumptions affecting the ECL allowance in respect of retail and wholesale credit portfolios are as follows:

- Interest rate
- Unemployment
- Inflation

The Bank has performed a sensitivity analysis on how ECL on the credit portfolio will change if the key assumptions used to calculate ECL change by a certain percentage, In reality there will be interdependencies between the various economic inputs and the exposure to sensitivity will vary across the economic scenarios.

## 10- IFRS 9 Governance

This section describes the roles and responsibilities of the Committees and groups, specific to the IFRS 9 process at the Bank.

### - BOARD OF DIRECTORS ("BOARD" or "BoD")

The Board will be responsible for:

- Approving the IFRS 9 Framework, models, and methodologies used that has been recommended by RMC,
- Approval of the policies, assumptions and models used for applying the standard.
- Approving changes that may impact the business models, strategies, ECL measurement, rating system, pricing, and collaterals of the credit products or assets under IFRS 9 scope
- Ensuring that the bank manages credit risks within best practices

### - RISK MANAGEMENT COMMITTEE ("RMC")

The Risk Management Committee will be responsible for:

- Reviewing and recommending the IFRS 9 framework to the BoD,
- Reviewing the implementation of IFRS 9 and ensuring the appropriate steps for compliance,
- Reviewing and approving the periodic regulatory reports in accordance to the Standard.
- Recommending adjustments to the business models, framework, methodology and policies and procedures

### - AUDIT DEPARTMENT COMMITTEE

- Reviewing the methodology and assumptions to ensure compliance
- Ensure the Bank's overall compliance with the Standard
- Ensure appropriate levels of expected credit losses relative to the Bank's profile.

### - INTERNAL RISK MANAGEMENT COMMITTEE ("IRMC")

The Internal Risk Management Committee will be responsible for:

- Overlooking and approving the periodic reporting's according to the standards.
- Making the necessary recommendations to the Risk Committee of the Board of Directors
- Recommending adjustments to the business models, framework, methodology and policies and procedures to the RMC.

### - IFRS 9 COMMITTEE

- Reviewing and approving the cutomers' stages
- Recommending to override customers' stage with justifications and in line with central bank regulations

### - RISK MANAGEMENT DEPARTMENT ("RMD")

The Chief Risk Officer and his/her respective personnel in the RMD will be responsible for:

- Developing and update the framework and methodology to be implemented by the Bank.
- Creating the expected credit loss models in compliance with the standard.
- Coordinate between the different departments and units to manage the implementation of IFRS 9.

**- FINANCIAL CONTROL DEPARTMENT ("FCD")**

FCD will be responsible for:

- Creating the business models
- Classifying and measuring the financial assets
- Reflecting the IFRS 9 impact on the Bank's financials.

**- CREDIT CONTROL DEPARTMENT**

- Identifying the stages of each customer and calculate the expected credit loss for each customer
- Updating customer information for IFRS 9 calculations to comply with the classified stage
- Create required reports

**- INTERNAL AUDIT DEPARTMENT**

- Reviewing the IFRS 9 framework and the roles and responsibilities to ensure the compliance with the standard
- Ensure that the bank implements all IFRS 9 requirements
- Ensure the bank maintain sufficient ECL allowances

**Operational risk**

Operational risk is defined as the risk of loss Caused by failure or inadequacy of internal procedures, human elements, systems or external events. Management has considered that this definition includes legal risks, strategic risks and reputation risks in order to manage this type of risk.

Due to the comprehensive definition of operational risk and the Bank's keenness to keep abreast of continuous changes in the work environment and technology, and to introduce all new banking services and products, an operational risk policy has been designed and developed to cover all Bank's departments, branches and subsidiaries by including the basic principles and aligning the objectives of Risk management policy with the Bank's key strategic objectives.

Moreover, several methodologies have been adopted and implemented to activate the role of operational risk management, which requires identifying, evaluating, following up and mitigating the operational risks of each department / unit / branch according to the following Basel Committee's instructions :

1- Control & Risk Self - Assessment (CRSA) through holding workshops; based on analyzing the approved procedures and audit reports, thus identifying risks and controls and determining the control gap through the risk matrix. In this framework, a model is prepared under the name of "Compliance test" in which CRSA is being conducted by the head / manager of department / branch or their representatives.

2- Control gap: The acceptable percentage for control weaknesses resulting in a gap within tolerable limits .

3- Compliance test: Tests, usually done by the staff of the entity in question to determine the degree of adhering to controls set by bank.

4- The bank has a comprehensive insurance program targeting all departments in head quarter and branches, which can be exposed to risks with high impact losses. The risks are evaluated through:

A- The nature of the department's work.

B - External events / wars / terrorism / all kinds of natural disasters.

5- Update and enhance the bank's Business Continuity Plan.

Based on this, the continuity and effectiveness of operational risk management is an integral part of all stakeholders' responsibilities in the Bank from all levels through:

- 1- Complying with CRSA according to schedule and without delay.
- 2- Presenting the results of controls' evaluation tests transparently and accurately.
- 3- Reporting and disclosing of any losses or operational events without delay or hesitation.
- 4- Adopting and implementing the recommendations of Operational Risk Unit (Mitigations / recommendations / remedial actions) that mitigate the risks identified through workshops / reporting of events or operational losses / control checks.
- 5- Board of Directors, related committees and senior management have important roles in supporting operational risk unit to be part of the bank's daily activities and methodologies.

In order to guarantee this, the operational risk management team is eager to promote the culture of operational risk management and raise awareness of the significance of business continuity plan by hosting training sessions for each department. Additionally, they aim to establish a productive working relationship between the concerned departments and the operational risk unit, facilitating the reporting of any irregularities or shortcomings to Risk Committees so that appropriate action can be taken. Ultimately, this will result in the development of a risk profile at the level of each department, unit, and branch, and consequently at the bank as a whole.

In addition to the above, operational risk management ensures:

- 1- Reviewing all the bank's policies and procedures to highlight risks, mitigate such and define the appropriate controls prior approval.
- 2- Conducting stress testing.
- 3- Continuous development of systems used to manage operational risks.

#### **Information Security:**

The responsibility of the Information Security / Risk Management Unit is to maintain the confidentiality, availability and accuracy of information at the bank level through:

- 1- Prepare for PCI DSS certification.
- 2- Develop plans and programs to protect the bank from all risks resulting from the loss or theft of information.
- 3- Updating the security event monitoring system to keep pace with the best international versions.
- 4- Developing a security awareness program for customers and bank employees.
- 5- Developing and updating a cyber security strategy and program in line with the bank's strategy.
- 6- Implementing and updating the governance framework for the [Information Security Department] in line with the COBIT 2019 framework.
- 7- Preparing security standards for different information systems.
- 8- Reviewing the effectiveness of the protection controls adopted in the bank's cyber security policy on an ongoing basis.
- 9- Supervision, follow-up and review of the process of classifying information assets at the level of the bank's departments, their importance, and the persons authorized to use and access them in accordance with the procedures and policies of the bank.

## Market Risk

Market risk is the risk of fluctuation and changes in the fair value or the cash flows from financial instrument due to changes in market prices, interest rates, currency rates, and equity prices, these risks are monitored based on specific policies and procedures carried out through specialized committees and concerned business units.

1. Interest rate risk
2. Exchange rate risk
3. Stock price risk.

The Bank follows financial and investment policies to manage potential market risks within a specific strategy. Through the Internal Risk Management Committee, the Bank's Asset and Liability Management Committee is responsible for identifying market risks and providing guidance on acceptable risks and policy.

And with the existence of the market risk unit and provided with qualified and trained human cadres and entrusted with the tasks of managing this type of risk within the following bases:

1. A system of policies and procedures approved by the Board of Directors and the Central Bank of Iraq
2. Prepare a market risk policy that includes the principles of defining, managing, measuring and monitoring this type of risk and adopting it by the concerned committees
3. Prepare a matrix of control reports to manage and monitor market risks.
4. Prepare a matrix of control reports to manage and monitor market risks :
  - A. Sensitivity analysis
  - B. Basis Point analysis
  - C. Stress Testing
  - D. Stop Loss Limit reports
  - E. Monitoring the investment limits of the bank
  - F. Monitor and revaluation the portfolio at fair value through other comprehensive income

### 1- Interest rate Risk:

Interest rate risk arises from the possible impact of changes in interest rates on the Bank's profits or the fair value of financial instruments. The Bank is exposed to interest rate risk due to the possible interest rate mismatch or gap between assets and liabilities valued at different time intervals, or the revision of the interest rates at a given time interval. The Bank manages these risks by reviewing the interest rates on assets and liabilities on a regular basis

The Assets and Liabilities Management Policy includes limits for interest rate sensitivity. The Asset and Liability Committee evaluates the interest rate risk through periodic meetings and examines the gaps in the maturities of assets and liabilities and the extent by which it is affected by the current and expected interest rates, while comparing it with the approved limits, and implementing hedging strategies when needed.

### Interest Rate Risk Reduction Methods:

The Asset and Liability Committee, through periodic meetings convened for this purpose, evaluates the assets and liabilities maturity gaps, and the extent of their exposure to the impacts of current and expected interest rates are examined. In addition, solutions are proposed to reduce the impact of these risks.

Balancing due dates of assets and liabilities; the management of the Bank seeks to harmonize the impact of interest rates changes within the assets and liabilities maturity categories to mitigate any negative impact that may arise from fluctuations in interest rates

### Interest Rate Gaps

The Bank mitigates any gaps in interest rates through a circular that adjusts interest rates on its assets and liabilities that links and balances the maturities and interests. The sensitivity of statement of income is represented by the effect of the possible expected changes in interest rates on the Bank's profits for one year. It is calculated based on the financial assets and liabilities that carry a variable interest rate as at 31 December 2024

#### - Interest rates Hedging

The bank seeks to obtain long-term financing to meet its long-term investments at fixed interest rates as much as possible. In order to confront any changes in the interest rates of sources of funds, the bank makes short-term investments.

The sensitivity of the income statement is the effect of the assumed possible changes in interest rates on the bank's profits for one year, and is calculated on financial assets and liabilities that carry a variable interest rate as of December 31:

31 December 2025	Increase in interest rate	Sensitivity of net interest income	Sensitivity of equity
Currency	%	IQD (000)	IQD (000)
US Dollar	1	492,361	-
Saudi Riyal	1	1,094,650	-

31 December 2024	Increase in interest rate	Sensitivity of net interest income	Sensitivity of equity
Currency	%	IQD (000)	IQD (000)
US Dollar	1	(30,321)	-
Saudi Riyal	1	1,043,821	-

## 2- Currency Risk

Foreign currency risk is the risk of change in the value of financial instruments as a result of change in foreign currency rates, The Iraqi Dinar is the functional currency of the Bank, The Board sets position limits for each foreign currency in the Bank, these positions are monitored on daily basis, and hedging strategies are adopted to ensure that the foreign currency positions held are within the approved limits.

The following table illustrates the consolidated income statement sensitivity as a result of possible reasonable changes in the currency prices while assuming that all other variables remain constant

Currency	Change in currency exchange rate	31 December 2025	31 December 2024
		Effect on profit and loss	
	%	IQD (000)	
US Dollar	5	(4,410,504)	618,329
Euro	5	141,625	63,288
Pound	5	22,646	869
YEN	5	14,142	3,457,459
SEK	5	125	15,780
AED	5	10,351	47,236
SAR	5	4,695,912	(127)
JOD	5	69,365	153
KWD	5	44	16

## 3- Equity Price Risk

Equity price risk arises from the change in the fair value of equity investments; The Bank manages this risk by distributing its investments over various geographic and economic sectors. Some of the Bank's investments are listed on the Iraq Stock Exchange.

The following table illustrates the consolidated income statement sensitivity and the accumulative change in fair value as a result of possible reasonable changes in the equity prices while assuming that all other variables remain constant

Market	Increase in equity price	Effect on profit and loss	Effect on equity
31 December 2025	%	IQD (000)	
Iraq Stock Exchange	5	-	122,187
31 December 2024	%	IQD (000)	
Iraq Stock Exchange	5	-	40,213

In the event of an opposite change in the indicator, the effect will be for the same amount but in an opposite direction.

The sensitivity of interest rates is as follows  
The following analysis shows interest rate re-pricing or maturity dates, whichever is earlier

31 December 2025	Less than month	months 3 - 1	months 6 - 3	months 12 - 6	years 3 - 1	More than 3 year	Non-interest bearing	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>Assets -</b>								
Cash and balances at Central Banks	-	-	-	-	-	-	1,722,961,574	1,722,961,574
Due from banks and other financial institutions	-	-	-	-	1,000,000	-	562,950,069	562,950,069
Direct credit facilities ,net	123,010,939	197,732,194	229,248,602	113,513,657	289,376,621	1,740,290,415	93,227,372	2,786,399,800
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	5,145,362	5,145,362
Financial assets at amortized cost	-	19,379,369	-	100,000,000	784,673,715	75,000,000	-	979,053,084
Property and equipment	-	-	-	-	-	-	88,707,940	88,707,940
Intangible assets	-	-	-	-	-	-	192,287,083	192,287,083
Right-of-use asset	-	-	-	-	-	-	29,287,449	29,287,449
Other assets	-	-	-	-	-	-	144,063,694	144,063,694
<b>Total Assets</b>	<b>123,010,939</b>	<b>217,111,563</b>	<b>229,248,602</b>	<b>213,513,657</b>	<b>1,075,050,336</b>	<b>1,815,290,415</b>	<b>2,838,630,543</b>	<b>6,511,856,055</b>
<b>Liabilities -</b>								
Due to banks and financial Institutions	371,861	-	30,000,000	5,000,000	373,607	-	121,928,061	157,673,529
Customers' accounts	266,558,326	134,517,496	168,223,770	286,920,052	209,392,056	13,734,675	2,891,267,696	3,970,614,071
Margin accounts	-	-	-	-	-	-	888,554,284	888,554,284
Borrowing	-	12,994,646	29,868,108	8,459,830	21,127,065	29,553,212	59,007,983	161,010,844
Lease liability	-	-	-	-	-	-	30,495,445	30,495,445
Miscellaneous provisions	-	-	-	-	-	-	17,202,624	17,202,624
Income tax provision	-	-	-	-	-	-	57,154,852	57,154,852
Other liabilities	-	-	-	-	-	-	274,374,634	274,374,634
<b>Total Liabilities</b>	<b>266,930,187</b>	<b>147,512,142</b>	<b>228,091,878</b>	<b>300,379,882</b>	<b>230,892,728</b>	<b>43,287,887</b>	<b>4,339,985,579</b>	<b>5,557,080,283</b>
<b>Interest rate sensitivity gap</b>	<b>(143,919,248)</b>	<b>69,599,421</b>	<b>1,156,724</b>	<b>(86,866,225)</b>	<b>844,157,608</b>	<b>1,772,002,528</b>	<b>(1,501,355,036)</b>	<b>954,775,772</b>
<b>31 December 2024</b>								
Total Assets	337,364,878	130,250,872	152,006,619	48,209,663	530,649,657	1,664,617,678	2,281,133,555	5,144,232,922
Total Liabilities	300,877,644	168,220,718	159,002,163	168,318,918	141,966,980	43,830,018	3,464,511,548	4,446,727,989
Interest rate sensitivity gap	36,487,234	(37,969,846)	(6,995,544)	(120,109,255)	388,682,677	1,620,787,660	(1,183,377,994)	697,504,933

**Concentration of foreign exchange risk:**

31 December 2025	US Dollar	Euro	Pound	Yen	SEK	AED	CHF	SAR	JOD	KWD	Total
<b>Assets</b>											
Cash and balances with Central Banks	321,908,196	1,187,399	-	-	-	-	-	7,602,917	-	-	330,698,512
Due from banks and other financial Direct credit facilities, net	344,154,366	18,529,539	503,997	332,610	2,372	284,487	232	7,823,602	1,403,841	111,363	373,146,409
Financial assets at fair value through other comprehensive income	110,638,054	-	-	-	-	-	-	77,208,400	-	-	187,846,454
	831,871	-	-	-	-	-	-	-	-	-	831,871
Financial assets at amortized cost	110,024,483	-	-	-	-	-	-	19,379,369	-	-	129,403,852
Property and equipment	-	-	-	-	-	-	-	3,425,043	-	-	3,425,043
Intangible assets	-	-	-	-	-	-	-	2,051,787	-	-	2,051,787
Other assets	45,685,002	127,283	54	-	-	1	-	6,004,100	-	-	51,816,440
<b>Total Assets</b>	<b>933,241,972</b>	<b>19,844,221</b>	<b>504,051</b>	<b>332,610</b>	<b>2,372</b>	<b>284,488</b>	<b>-</b>	<b>123,495,218</b>	<b>1,403,841</b>	<b>111,363</b>	<b>1,079,220,368</b>
<b>Liabilities</b>											
Deposit at bank and financial institutions	123,498,447	-	-	-	-	-	-	467,744	-	-	123,966,191
Customers' accounts	572,496,630	14,497,186	73,775	63,917	-	87,818	-	18,950,756	85,902	138	606,256,122
Margin accounts	234,871,129	2,654,186	0	-	-	-	-	18,334,872	-	110,378	255,970,565
Borrowing	71,216,966	-	-	-	-	-	-	-	-	-	71,216,966
Other liabilities	11,477,894	1,984	-	-	-	-	-	-	-	5	11,479,883
<b>Total Liabilities</b>	<b>1,013,561,066</b>	<b>17,153,356</b>	<b>73,775</b>	<b>63,917</b>	<b>-</b>	<b>87,818</b>	<b>-</b>	<b>37,753,372</b>	<b>85,902</b>	<b>110,521</b>	<b>1,068,889,727</b>
<b>Net concentration in the statement of financial position</b>	<b>(80,319,094)</b>	<b>2,690,865</b>	<b>430,276</b>	<b>268,693</b>	<b>2,372</b>	<b>196,670</b>	<b>-</b>	<b>85,741,846</b>	<b>1,317,939</b>	<b>842</b>	<b>10,330,641</b>
<b>31 December 2024</b>											
<b>Total Assets</b>	<b>748,643,166</b>	<b>20,818,180</b>	<b>78,690</b>	<b>66,733</b>	<b>2,913</b>	<b>312,570</b>	<b>-</b>	<b>127,795,300</b>	<b>1,037,599</b>	<b>702,124</b>	<b>899,457,275</b>
<b>Total Liabilities</b>	<b>734,434,445</b>	<b>19,615,717</b>	<b>62,174</b>	<b>69,153</b>	<b>-</b>	<b>12,742</b>	<b>-</b>	<b>62,103,583</b>	<b>140,112</b>	<b>701,820</b>	<b>817,139,746</b>
<b>Net concentration in the statement of financial position</b>	<b>14,208,721</b>	<b>1,202,463</b>	<b>16,516</b>	<b>(2,420)</b>	<b>2,913</b>	<b>299,828</b>	<b>-</b>	<b>65,691,717</b>	<b>897,487</b>	<b>304</b>	<b>82,317,529</b>

### Liquidity risk

These risks arise from the possibility that the Bank will not be able to provide the necessary financing in any time currency location to perform its obligations on due dates or finance its activities without incurring high costs or losses due to any of the following:

1- Selling the bank's assets at low prices, which leads to lower expected returns and lower financial profits at the bank.

2- The Bank's willingness to meet high costs to meet its liabilities, which leads to increased costs and consequently lower profits expected by the Bank

The impact of liquidity risk on the Bank is determined by identifying the liquidity of its assets and the ability of the Bank to convert liquid or semi-liquid assets to cash with minimal losses in terms of price declines.

The Bank must provide assets that can be sold at a price close to the underlying value, The liquidity risk to which the Bank may be exposed may be divided into:

#### A. Funding Liquidity Risk:

Which is the risk that the Bank will not be able to transfer assets to cash - such as collection of receivables - or to obtain financing to settle obligations

#### B. Market Liquidity Risk:

Which is the risk that the Bank will not be able to sell the asset in the market or sell it with a significant financial loss due to poor liquidity or market demand

Liquidity management is carried out by the Treasury and Investment Department. Liquidity risk management, measurement and monitoring are carried out in accordance with specific policies, procedures and contingency financing plan, through the Internal Risk Management Committee and the Asset Liability Management Committee (ALCO), which monitors liquidity and distribution Strategic plan for each of the Bank's assets and liabilities either on or outside the statement of financial position in coordination with the Treasury and Investment Manager. Liquidity risk management is carried out within the following set of parameters

1- A set of policies and procedures adopted by the committees that define the principles, definition, management, measurement and monitoring of liquidity risks.

2- Liquidity crisis management plan which includes:

- a) Specialized procedures to manage the liquidity crisis
- b) A specialized committee to manage the liquidity crisis
- c) A plan to provide liquidity in case of emergency
- d) Analysis of the Bank's liquidity position, based on liquidity reports that include:
  - The maturity profile of assets and liabilities
  - Customer deposits with The Bank in Iraqi dinars and foreign currency.
  - liquidity Indicators Report.
  - Stress Testing.

The Treasury and Investment Department, in coordination with the Market Risk Unit, diversifies funding sources and matches its maturity dates, and maintains sufficient liquid assets, in order to mitigate liquidity risk. Accordingly, this is accomplished through:

**- Analysis of maturity and maturity of assets and liabilities**

The Bank also monitors the liquidity of its assets and liabilities as well as any changes in its assets and liabilities on a daily basis. The Bank, through its Asset and Liability Management Committee, seeks to align the maturity profile of assets and liabilities with those identified in the Bank's policy.

**- The policy also includes an emergency liquidity plan**

The Asset and Liability Management Committee makes recommendations regarding the liquidity risk management policy and procedures, developing regulations to implement effective controls and reporting liquidity risk, compliance with controls and policies, as well as providing analytical resources to senior management, including monitoring all technical developments related to measurement and management Liquidity risk and appropriate application thereof

**- Geographical distribution and sectoral distribution**

The Bank's assets and liabilities are regularly distributed between local and external investments based on more than one financial and capital market, the distribution of facilities across different sectors and geographical regions, and the matching of corporate and financial sector financing. The Bank also seeks to diversify sources of funding and benefits.

**- Cash reserves with the banking supervision author:**

As at 31 December 2025, the Bank maintains a legal reserve with the banking supervision authorities in the amount of IQD 761,915,657 thousand (2024: IQD 558,360,248 thousand)

1- The table below summarizes the undiscounted cash flows of the contractual obligations

31 December 2025	Less than 1 Month	months 1-3	6 - 3 months	months 6-12	Years 1-3	More than 3 Years	No fixed maturity	Total
<b>Liabilities</b>								
<b>Deposit at bank and financial institutions</b>								
Customers' accounts	371.861	-	30.000.000	5.000.000	373.607	-	121.928.061	157.673.529
Margin accounts	115.271.766	134.517.496	168.223.770	286.920.052	209.392.056	13.734.675	3.042.554.256	3.970.614.071
Borrowing	42.922.825	90.090.837	47.723.121	317.044.398	189.555.088	150.912.281	50.305.734	888.554.284
Lease liability	103.950	13.009.229	29.882.134	9.476.981	38.374.896	70.163.654	-	161.010.844
Miscellaneous provision	-	-	-	-	-	-	30.495.445	30.495.445
Tax provision	-	-	-	-	-	-	17.202.624	17.202.624
Other liabilities	-	-	-	-	-	-	57.154.852	57.154.852
<b>Total Liabilities</b>	<b>158.670.402</b>	<b>237.617.562</b>	<b>275.829.025</b>	<b>618.441.431</b>	<b>437.695.647</b>	<b>234.810.610</b>	<b>3.594.015.606</b>	<b>5.557.080.283</b>
<b>Total Assets Expected maturity</b>	<b>123.010.939</b>	<b>217.111.563</b>	<b>229.248.602</b>	<b>213.513.657</b>	<b>1.075.050.336</b>	<b>1.815.290.415</b>	<b>2.838.630.543</b>	<b>6.511.856.055</b>

31 December 2024	Less than 1 Month	months 1-3	6 - 3 months	months 6-12	Years 1-3	More than 3 Years	No fixed maturity	Total
<b>Liabilities</b>								
<b>Deposit at bank and financial institutions</b>								
Customers' accounts	187.462.544	-	-	-	-	-	27.258.549	27.258.549
Margin accounts	103.184.219	163.695.866	139.163.102	154.789.663	141.966.980	-	2.675.616.290	3.462.694.445
Borrowing	-	104.398.649	143.675.986	110.892.154	182.411.258	2.165.693	9.419.204	656.147.163
Lease liability	-	4.524.852	19.839.061	13.584.806	11.607.980	111.943.474	-	161.500.173
Miscellaneous provision	-	-	-	-	-	-	23.796.380	23.796.380
Tax provision	-	-	-	-	-	-	8.948.470	8.948.470
Other liabilities	-	-	-	-	-	-	42.318.851	42.318.851
<b>Total Liabilities</b>	<b>290.646.763</b>	<b>272.619.367</b>	<b>302.678.149</b>	<b>279.266.623</b>	<b>335.986.218</b>	<b>114.109.167</b>	<b>2.851.421.702</b>	<b>4.446.727.989</b>
<b>Total Assets Expected maturity</b>	<b>337.364.878</b>	<b>130.250.872</b>	<b>152.006.619</b>	<b>48.209.663</b>	<b>530.649.657</b>	<b>1.664.617.678</b>	<b>2.281.133.555</b>	<b>5.144.232.922</b>

**(36) Off the statement of financial position items:**

31 December 2025	Less than one year	More than one year	Total
	IQD (000)	IQD (000)	IQD (000)
Letters of Credit	852.007.438	182.904.218	1.034.911.656
Ceilings are direct untapped credit facilities	183.831.261	28.926.942	212.758.203
Letters of Guarantee	157.511.947	293.243.907	450.755.854
	<b>1.193.350.646</b>	<b>505.075.067</b>	<b>1.698.425.713</b>

31 December 2024	Less than one year	More than one year	Total
	IQD (000)	IQD (000)	IQD (000)
Letters of Credit	856.197.695	154.187.132	1.010.384.827
Ceilings are direct untapped credit facilities	9.333.621	15.601.713	24.935.334
Letters of Guarantee	244.136.370	65.437.418	309.573.788
	<b>1.109.667.686</b>	<b>235.226.263</b>	<b>1.344.893.949</b>

**1) Credit Risk Exposures (after impairment provisions and suspended interest and before collateral held or other mitigation factors):**

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
<b>Statement of financial position items:</b>		
Balances at Central Banks	1.308.816.844	1.448.294.848
Balances at banks and financial institutions	563.950.069	365.983.012
Direct credit facilities		
Retail	1.831.839.998	1.201.464.094
<b>Corporate &amp; SMEs</b>		
Corporate	840.833.076	489.986.786
Small and medium enterprises (SMEs)	113.726.726	89.855.810
<b>Bonds and treasury bills:</b>		
Financial assets at amortized cost , net	979.053.084	920.699.421
Financial assets at fair value through other comprehensive income	5.145.362	4.421.460
Other assets	19.588.838	16.758.514
<b>Total statement of financial position Items</b>	<b>5.662.953.997</b>	<b>4.537.463.945</b>
<b>Off - statement of financial position items</b>		
Letters of guarantee	450.755.854	309.573.788
Export Letters of credit	1.034.911.656	1.010.384.827
Unutilized credit facilities	212.758.203	24.935.334
<b>Total off - statement of financial position items</b>	<b>1.698.425.713</b>	<b>1.344.893.949</b>
<b>Total</b>	<b>7.361.379.710</b>	<b>5.882.357.894</b>

• The table above represents the maximum limit of the Bank's credit risk exposure as of 31 December 2025, without taking into consideration the collateral and the other factors which will decrease the Bank's credit risk.

• For the statement of financial position items, the exposure in the above table is based on the balances as appeared on the consolidated statement of financial position, in addition to the related accrued interests.

2) Credit exposures are classified by the level of risks according to the following table:

31 December 2025	Retails	Corporates	SMEs	Banks and other Financial Institutions	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Low risk	8.039.671	223.871.613	27.344.103	2.876.554.197	3.135.809.584
Acceptable risk	1.810.030.839	588.542.731	73.811.667	-	2.472.385.237
<b>Past due:</b>					
Up to 30 days	61.140.238	191.334.719	13.358.308	-	265.833.265
From 31 to 60 days	-	82.571.794	-	-	82.571.794
Watch list	21.662.297	39.947.008	8.599.668	-	70.208.973
<b>Non performing:</b>					
Substandard debts	4.184.183	-	1.412.885	-	5.597.068
Doubtful debts	4.226.137	3.059.122	3.796.136	-	11.081.395
Bad debts	14.308.705	72.805.621	5.687.869	-	92.802.195
<b>Total</b>	<b>1.862.451.832</b>	<b>928.226.095</b>	<b>120.652.328</b>	<b>2.876.554.197</b>	<b>5.787.884.452</b>
Less: Interest in suspense	3.583.928	18.733.412	1.048.811	-	23.366.151
Less: Allowance for impairment losses	27.017.023	68.668.808	5.878.473	-	101.564.304
<b>Net</b>	<b>1.831.850.881</b>	<b>840.823.875</b>	<b>113.725.044</b>	<b>2.876.554.197</b>	<b>5.662.953.997</b>

31 December 2024	Retails	Corporates	SMEs	Banks and other Financial Institutions	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Low risk	1.533.644	8.751.280	32.213	2.756.157.255	2.766.474.392
Acceptable risk	1.195.061.363	448.413.192	81.928.041	-	1.725.402.596
<b>Past due:</b>					
Up to 30 days	1.186.955.028	344.298.556	75.475.412	-	1.606.728.996
From 31 to 60 days	7.964.404	21.688.028	5.296.580	-	34.949.012
Watch list	4.170.615	42.846.144	3.017.614	-	50.034.374
<b>Non performing:</b>					
Substandard debts	4.479.835	253.610	1.826.154	-	6.559.599
Doubtful debts	3.815.568	15.263.736	4.837.783	-	23.917.087
Bad debts	8.245.584	52.333.912	1.279.931	-	61.859.427
<b>Total</b>	<b>1.217.306.609</b>	<b>567.861.874</b>	<b>92.921.736</b>	<b>2.756.157.255</b>	<b>4.634.247.475</b>
Less: Interest in suspense	2.197.666	14.231.468	480.302	-	16.909.436
Less: Allowance for impairment losses	13.644.849	63.643.620	2.585.624	-	79.874.093
<b>Net</b>	<b>1.201.464.094</b>	<b>489.986.786</b>	<b>89.855.810</b>	<b>2.756.157.255</b>	<b>4.537.463.945</b>

- Includes credit exposures, facilities, balances and deposits with banks, bonds, treasury bills and any assets with credit exposures
- The entire balance of the debt is due in the event of the maturity of one installment or interest
- The current account is receivable if the ceiling exceeds

### Rescheduled loans

Are those debts that were previously classified as non-performing credit facilities and were removed from non-performing credit facilities under a fundamental schedule and were classified as subordinated debt amounting to IQD 794,557 thousand as at 31 December 2025 compared to IQD 4,014,584 thousand as at 31 December 2024. The outstanding debt balance represents the debts that have been settled whether they are still classified under the contract or transferred to a worker.

### Restructured loans

Restructuring refers to the rearrangement of credit facilities in terms of adjustment of instalment's, extension of the life of credit facilities, postponement of certain instalments or extension of the grace year and other related obligations, and amounted to the value of IQD 8,928,855 thousand as of 31 December 2025 compared to IQD 7,609,187 thousand as of 31 December 2024.

### 3) Credit exposure based on geographic distribution is as follows:

Geographical area	Inside Iraq	Outside Iraq	Total
	IQD (000)	IQD (000)	IQD (000)
Cash and balances at Central Bank	1.308.816.844	-	1.308.816.844
Due from banks and other financial institutions	31.261.385	532.688.684	563.950.069
<b>Direct credit facilities, net:</b>			
Retails	1.831.839.998	-	1.831.839.998
<b>Corporate lending:</b>			
Corporates	840.833.076	-	840.833.076
Small and medium enterprises	113.726.726	-	113.726.726
<b>Bonds and Permissions</b>			
Financial assets at amortized cost	850.000.000	129.053.084	979.053.084
Financial assets at fair value through other comprehensive income	4.313.491	831.871	5.145.362
Other assets	19.588.838	-	19.588.838
<b>Total</b>	<b>5.000.380.358</b>	<b>662.573.639</b>	<b>5.662.953.997</b>
Letters of guarantee	413.025.587	37.730.267	450.755.854
Export Letters of credit	378.354.448	656.557.208	1.034.911.656
<b>Grand total 2025</b>	<b>5.791.760.393</b>	<b>1.356.861.114</b>	<b>7.148.621.507</b>
<b>Grand total 2024</b>	<b>4.706.475.881</b>	<b>1.150.946.679</b>	<b>5.857.422.560</b>

The following table shows the distribution of collaterals measured at fair value over credit facilities:

31 December 2025	Retails	Corporates	SMEs	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>Against collateral</b>				
Low risk	17.227.893	87.380.506	12.861.015	117.469.414
Acceptable risk	39.237.074	238.005.298	19.615.272	296.857.644
Watch list	1.977.268	14.265.343	1.846.191	18.088.802
<b>Non performing:</b>				
Substandard debts	198.171	-	547.134	745.305
Doubtful debts	302.996	815.926	2.812.377	3.931.299
Impaired	269.181	14.476.674	1.380.018	16.125.873
<b>Total</b>	<b>59.212.583</b>	<b>354.943.747</b>	<b>39.062.007</b>	<b>453.218.337</b>
<b>Comprising of:</b>				
Cash margins	14.267.542	46.158.300	7.961.140	68.386.982
Real Estate	21.383.679	268.437.567	31.100.866	320.922.112
Stock shares	-	14.172.115	-	14.172.115
Cars and vehicles	23.561.362	26.175.766	-	49.737.128
<b>Total</b>	<b>59.212.583</b>	<b>354.943.748</b>	<b>39.062.006</b>	<b>453.218.337</b>

31 December 2024	Retails	Corporates	SMEs	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>Against collateral</b>				
Low risk	10.550.811	11.459.195	997.765	23.007.771
Acceptable risk	28.655.851	81.535.724	10.991.031	121.182.606
Watch list	113.309	8.935.053	593.788	9.642.150
<b>Non performing:</b>				
Substandard debts	299.721	346.606	398.727	1.045.054
Doubtful debts	104.625	1.715.873	1.588.521	3.409.019
Impaired	100.859	8.999.277	889.379	9.989.515
<b>Total</b>	<b>39.825.176</b>	<b>112.991.728</b>	<b>15.459.211</b>	<b>168.276.115</b>
<b>Comprising of:</b>				
Cash margins	8.515.601	14.161.575	49.637	22.726.813
Real Estate	19.230.890	83.412.153	15.409.574	118.052.617
Stock shares	-	12.013.611	-	12.013.611
Cars and vehicles	12.078.685	3.404.389	-	15.483.074
<b>Total</b>	<b>39.825.176</b>	<b>112.991.728</b>	<b>15.459.211</b>	<b>168.276.115</b>

For the purposes of filling out the table above, the value of the collateral is included, taking into account that the amount of debt is not greater than the amount of the debt for each individual customer.

## 4) Concentration in credit exposures based on economic sectors is as follows:

Economic sector	Financial	Industrial	Commercial	Real estate	Agriculture	Services	Retails	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>Item</b>								
Cash and balances at Central Banks	1,308,816,844	-	-	-	-	-	-	1,308,816,844
Due from banks and other Financial institutions	563,950,069	-	-	-	-	-	-	563,950,069
Direct credit facilities, net	49,245	47,542,603	563,117,826	170,714,206	23,264,410	183,061,958	1,798,649,552	2,786,399,800
<b>Bonds, Bonds and Permissions</b>								
Financial assets at amortized cost	979,053,084	-	-	-	-	-	-	979,053,084
Financial assets at fair value through other comprehensive income	5,145,362	-	-	-	-	-	-	5,145,362
Other assets	19,588,838	-	-	-	-	-	-	19,588,838
<b>Total 2025</b>	<b>2,876,603,442</b>	<b>47,542,603</b>	<b>563,117,826</b>	<b>170,714,206</b>	<b>23,264,410</b>	<b>183,061,958</b>	<b>1,798,649,552</b>	<b>5,662,953,997</b>
<b>Total 2024</b>	<b>2,760,854,928</b>	<b>30,813,761</b>	<b>323,878,708</b>	<b>126,248,488</b>	<b>23,840,424</b>	<b>100,106,899</b>	<b>1,171,720,737</b>	<b>4,537,463,945</b>

### 5) Distribution of exposures by economic sectors

Total distribution of exposures by financial instrument subject to impairment

	31 December 2025								Total IQD (000)
	Financial IQD (000)	Industrial IQD (000)	Commercial IQD (000)	Real estate IQD (000)	Agriculture IQD (000)	Services IQD (000)	Retails IQD (000)	Total IQD (000)	
<b>Consolidated statement of financial</b>									
Cash and balances at Central Banks	1,308,816,844	-	-	-	-	-	-	-	1,308,816,844
Due from banks and other Financial institutions	563,950,069	-	-	-	-	-	-	-	563,950,069
Direct credit facilities, net	49,245	47,542,603	563,117,826	170,714,206	23,264,410	183,061,958	1,798,649,552	-	2,786,399,800
Financial assets at amortized cost	5,145,362	-	-	-	-	-	-	-	5,145,362
Financial assets at fair value through other comprehensive income	979,053,084	-	-	-	-	-	-	-	979,053,084
Other assets	19,588,838	-	-	-	-	-	-	-	19,588,838
<b>Total</b>	<b>2,876,603,442</b>	<b>47,542,603</b>	<b>563,117,826</b>	<b>170,714,206</b>	<b>23,264,410</b>	<b>183,061,958</b>	<b>1,798,649,552</b>	<b>5,662,953,997</b>	
<b>Items outside the consolidated statement of financial</b>									
Letter of Guarantees	153,984,611	56,462,217	101,735,963	97,285,180	40,000	41,247,883	-	-	450,755,854
Letter of credit	-	25,210,644	382,527,018	97,210,140	21,615,000	508,348,854	-	-	1,034,911,656
<b>Total</b>	<b>153,984,611</b>	<b>81,672,861</b>	<b>484,262,981</b>	<b>194,495,320</b>	<b>21,655,000</b>	<b>549,596,737</b>	<b>-</b>	<b>-</b>	<b>1,485,667,510</b>

6) Credit exposures according to the Central Bank of Iraq instructions number 94/2004 are in conformity with IFRS 9

Item	IFRS Accounting Standards																			
	According to the Central Bank of Iraq instructions number 94/2004					Stage one					Stage two					Stage three				
	Gross	Interest in suspense	Net	Provision		Gross	Expected credit loss	Interest in suspense	Gross	Expected credit loss	Interest in suspense	Gross	Expected credit loss	Interest in suspense	Gross	Expected credit loss	Interest in suspense	Gross	Expected credit loss	Interest in suspense
Performing loans	2.731.640.623	-	2.731.640.623	-		2.731.640.623	23.020.143	-												
Watch list	70.208.973	-	70.208.973	705.772								70.208.973	11.569.127	-						
<b>Non performing:</b>																				
Substandard debts	5.597.068	166.930	5.430.138	1.452.412																
Doubtful debts	11.081.395	845.373	10.236.022	15.913.012																
Bad debts	92.802.196	22.353.848	70.448.348	37.512.414																
<b>Total</b>	<b>2.911.330.255</b>	<b>23.366.151</b>	<b>2.887.964.104</b>	<b>55.583.610</b>		<b>2.731.640.623</b>	<b>23.020.143</b>	<b>-</b>	<b>70.208.973</b>	<b>11.569.127</b>	<b>-</b>	<b>109.480.659</b>	<b>66.975.034</b>	<b>-</b>	<b>109.480.659</b>	<b>66.975.034</b>	<b>-</b>	<b>15.249.966</b>	<b>15.249.966</b>	<b>-</b>

## (37) Segment Information

### 1. Information about bank activities

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

**Retail:** Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and funds transfer facilities.

**Corporate:** Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers.

**Corporate finance:** Principally arranging structured financing, and providing services relating to privatizations, IPOs, and mergers and acquisitions.

**Treasury:** Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations.

These segments are the basis on which the Bank reports its segment information

	Retails	Corporates	Treasury	Other	31 December 2025	31 December 2024
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Total revenue	177,044,819	222,008,100	151,651,646	667,463	551,372,028	452,044,267
Impairment losses	(13,294,875)	(9,430,822)	(8,157,145)	-	(30,882,842)	(31,390,381)
Segment result	163,749,944	212,577,278	143,494,501	667,463	520,489,186	420,653,886
Unallocated expenses					(162,746,567)	(126,729,176)
Profit before tax					357,742,620	293,924,710
Income tax					(49,217,330)	(41,576,700)
<b>Profit for the year</b>					308,525,290	252,348,010
Segment assets	1,855,935,557	930,464,245	3,271,110,089	454,346,164	6,511,856,055	5,144,232,922
Segment liabilities	1,457,460,625	3,562,718,572	157,673,529	379,227,557	5,557,080,283	4,446,727,989
Capital expenditure	-	-	-	-	-	88,336
Depreciation and amortization	-	-	-	(26,861,901)	(26,861,901)	(23,264,778)

### 2. Geographical Information

This sector represents the geographical distribution of the Bank's activities. The Bank conducts its activities mainly in the Republic of Iraq, which represents the local business. The Bank also carries out international activities outside Iraq. The Bank's revenues and assets and capital expenditures by geographical segment are as follows:

	Inside Iraq		Outside Iraq		Total	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Total revenue	537,140,258	437,812,498	14,231,770	14,231,769	551,372,028	452,044,267
Total assets	5,947,636,270	4,677,307,244	564,219,784	466,925,678	6,511,856,055	5,144,232,922
Capital expenditure	-	88,336	-	-	0	88,336

### (38) Capital Management

The Bank maintains adequate capital to face the risks associated with its various activities. The extent of capital adequacy is monitored through the ratios developed by the Basel Committee and adopted by the Central Bank of Iraq

Central Bank of Iraq in its meeting held on 18 July 2023 issued a decision to increase the capital of all banks operating in Iraq to IQD 400 billion Maximum of 31 December 2024

According to the instructions issued by the Central Bank of Iraq during the year 2020 to start implementing the Basel III instructions instead of the Basel I instructions.

The bank is committed to maintaining rates that exceed the minimum capital adequacy requirements of 12.5% according to the instructions of the Central Bank of Iraq (8% according to the Basel International Committee).

The bank manages the capital structure and makes the necessary adjustments to it in alignment of changes in business conditions. The bank did not make any other adjustments to the objectives, policies and procedures related to capital restructuring during the current and previous year.

#### A description of what is considered capital

As per the Central Bank of Iraq instructions to the Basel III standard, the regulatory capital consists of the following:

1. Tier 1: which aims to ensure the continuity of the bank's work, which consists of:

- Common Equity Tier 1, which mainly includes: (paid capital, undisclosed retained earnings (losses) from previous years, annual profits / period not presented to the general assembly of the bank, legal and voluntary reserves, net items of other comprehensive income (change) Accumulated fair value), minority interests (non-controlling parties) allowed to be recognized within the (CET1), where it is mainly deducted (period / annual losses, goodwill and intangible assets, deferred tax assets, treasury shares, shortage of required provisions, Inability to calculate end-of-service benefits.
- Additional Tier 1, which mainly includes: (non-cumulative permanent preference shares, minority interest (non-controlling parties) allowed to be recognized within the (AT1)

2. Tier 2, which is used to support the primary capital (continuous and supplementary), which consists of: (sub-loans, general provision for loans and regular credit facilities, with a maximum limit of 1.25% of the total credit assets weighted by risk weights when applying the standard method and is represented in the provisions made for the exposures listed in The first and second stage when applying International Accounting Standard No. 9.

#### The regulatory requirements of the capital

The capital adequacy ratio is calculated according to the simple method (the standard method) according to the instructions of the Central Bank of Iraq based on the decisions of the Basel Committee, and the following is the capital adequacy ratio compared to the previous year.

## The following are the capital adequacy ratios:

	31 December 2025	31 December 2024
	IQD (000)	IQD (000)
<b>Primary capital items:</b>		
Paid in capital	520.000.000	400.000.000
Reserves	46.427.216	30.521.002
Retained earning	35.448.694	4.544.592
annual profits not presented to the general assembly of the bank	234.560.742	171.742.356
Total other comprehensive income	867.622	194.794
<b>Less</b>		
Intangible Assets	19.688.596	25.391.650
The amount exceeding 10% of the company's paid up capital for each investment separately (shares)	120.845.098	-
<b>Total Primary capital</b>	<b>696.770.580</b>	<b>581.611.094</b>
<b>Supplementary Capital</b>		
Impairment losses according to IFRS9 – Stage 1 & 2	42.244.891	34.248.790
The maximum general reserve (1,25%)	28.091.794	24.721.982
<b>Net Supplementary Capital Tier 2</b>	28.091.794	24.721.982
<b>Total Regulatory Capital</b>	<b>724.862.374</b>	<b>606.333.076</b>
<b>Total Risk weighted assets</b>	<b>2.914.091.485</b>	<b>2.375.587.603</b>
<b>Capital adequacy (%)</b>	<b>24.87%</b>	<b>25.52%</b>
<b>Primary Capital (%)</b>	<b>23.91%</b>	<b>24.48%</b>

**(39) Maturity analysis of assets and liabilities**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

31 December 2025	Within 1 year	More than 1 year	Total
	IQD (000)	IQD (000)	IQD (000)
<b>Assets</b>			
Cash and balances at Central Banks	1,722,961,574	-	1,722,961,574
Due from banks and financial institutions	563,950,069	-	563,950,069
Direct credit facilities, Net	756,732,765	2,029,667,035	2,786,399,800
Financial assets at fair value through other comprehensive income	5,145,362	-	5,145,362
Financial assets at amortized cost	-	979,053,084	979,053,084
Property and equipment, net	-	88,707,940	88,707,940
Intangible Assets, net	-	192,287,083	192,287,083
Right-of-use asset	-	29,287,449	29,287,449
Other assets	36,926,128	107,137,566	144,063,694
<b>Total Assets</b>	<b>3,085,715,898</b>	<b>3,426,140,157</b>	<b>6,511,856,055</b>
<b>Liabilities</b>			
Due to banks and financial institution	157,673,529	-	157,673,529
Customers' accounts	3,858,023,974	112,590,097	3,970,614,071
Margin accounts	852,294,293	36,259,991	888,554,284
Loan of Central Bank of Iraq	52,472,294	108,538,550	161,010,844
Lease liability	-	30,495,445	30,495,445
Miscellaneous provision	-	17,202,624	17,202,624
Income tax liabilities	-	57,154,852	57,154,852
Other liabilities	274,374,634	-	274,374,634
<b>Total Liabilities</b>	<b>5,194,838,724</b>	<b>362,241,559</b>	<b>5,557,080,283</b>
<b>Net</b>	<b>(2,109,122,826)</b>	<b>3,063,898,598</b>	<b>954,775,772</b>

31 December 2024	Within1 year	More than 1 year	Total
	IQD (000)	IQD (000)	IQD (000)
<b>Assets</b>			
Cash and balances at Central Banks	1.864.209.530	-	1.864.209.530
Due from banks and financial institutions	365.983.012	-	365.983.012
Direct credit facilities, Net	462.866.285	1.318.440.405	1.781.306.690
Financial assets at fair value through other comprehensive income	4.421.460	-	4.421.460
Financial assets at amortized cost	-	920.699.421	920.699.421
Property and equipment, net	-	61.458.107	61.458.107
Intangible Assets, net	-	32.458.628	32.458.628
Right-of-use asset	-	22.124.241	22.124.241
Other assets	22.095.041	69.476.792	91.571.833
<b>Total Assets</b>	<b>2.719.575.328</b>	<b>2.424.657.594</b>	<b>5.144.232.922</b>
<b>Liabilities</b>			
Due to banks and financial institution	27.258.549	-	27.258.549
Customers' accounts	3.350.104.348	112.590.097	3.462.694.445
Margin accounts	619.887.172	36.259.991	656.147.163
Loan of Central Bank of Iraq	37.948.719	123.551.454	161.500.173
Lease liability	-	23.796.380	23.796.380
Miscellaneous provision	-	8.948.470	8.948.470
Income tax liabilities	-	42.318.851	42.318.851
Other liabilities	64.063.958	-	64.063.958
<b>Total Liabilities</b>	<b>4.099.262.746</b>	<b>347.465.243</b>	<b>4.446.727.989</b>
<b>Net</b>	<b>(1.379.687.418)</b>	<b>2.077.192.352</b>	<b>697.504.933</b>

**(40) Acquisition of Iraq Electronic Gate For Financial Services Company (LLC)**

As of 31 December 2025, the Bank acquired a stake in Iraq Electronic Gate for Financial Services LLC, with a contribution amounting to 51%. All requirements and regulatory approvals from the supervisory authorities necessary to complete the acquisition were finalized on 31 December 2025.

The table below presents a summary of the net fair value of the acquired assets and liabilities as of the close of business on 31 December 2025.

	31 December 2025	Adjustments resulting from the purchase price allocation study	Total
	IQD (000)	IQD (000)	IQD (000)
<b>Assets</b>			
Cash and balances with Central Bank	100.819.733	-	100.819.733
Property and equipment , Net	14.595.671	-	14.595.671
Intangible assets, Net	8.008.258	129.948.070	137.956.328
Other assets	65.215.700	-	65.215.700
<b>Total assets</b>	<b>188.639.362</b>	<b>129.948.070</b>	<b>318.587.432</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Cash margins	37.073.565	-	37.073.565
Other liabilities	111.589.411	-	111.589.411
<b>Total Liabilities</b>	<b>148.662.976</b>	<b>-</b>	<b>148.662.976</b>
<b>Net fair value of the business acquired at the date of acquisition</b>	<b>39.976.386</b>	<b>129.948.070</b>	<b>169.924.456</b>
<b>Non-controlling interest</b>	<b>(20.387.956)</b>	<b>-</b>	<b>(20.387.956)</b>
<b>The purchase price paid for the acquisition</b>	<b>(149.536.500)</b>	<b>-</b>	<b>(149.536.500)</b>
<b>Result from the acquisition</b>	<b>(129.948.070)</b>	<b>129.948.070</b>	<b>-</b>

### **Result from the acquisition**

The result from acquisition is classified under intangible assets - Goodwill (note 10) and the provisional pending completion of the Purchase Price Allocation (PPA) study.

### **Study of the purchase price agreement**

Given the recent timing of the acquisition, the Purchase Price Allocation (PPA) study has not been completed as of the date of preparing these financial statements.

Accordingly, the Purchase Price Allocation study will be conducted during the subsequent period, Completion of the Purchase Price Allocation study may result in adjustments to the carrying amounts of the acquired assets and liabilities, including intangible assets or goodwill (if any), which may impact the financial results and financial position of subsequent periods. These effects will be disclosed upon completion and formal approval of the study.

### **Acquisition transaction expenses**

During the period ended 31 December 2025, the Bank incurred costs related to the acquisition of a 51% stake in Iraq Electronic Gate for Financial Services LLC. These costs included merger related expenses and other fees associated with financial and legal advisors. The total costs amounted to approximately IQD 1,959,866 thousand.

#### (41) Acquisition of Digital future company for electronic distribution services and general trading (LLC)

As of 31 December 2025, the Bank acquired a stake in Digital future company for electronic distribution services and general trading (LLC), with a contribution amounting to 51%. All requirements and regulatory approvals from the supervisory authorities necessary to complete the acquisition were finalized on 31 December 2025.

The table below presents a summary of the net fair value of the acquired assets and liabilities as of the close of business on 31 December 2025.

	31 December 2025	Adjustments resulting from the purchase price allocation study	Total
	IQD (000)	IQD (000)	IQD (000)
<b>Assets</b>			
Cash and balances with Central Bank	9.682.733	-	9.682.733
Property and equipment , Net	1.797.480	-	1.797.480
Intangible assets, Net	29.278	22.368.751	22.398.029
Other assets	10.998.187	-	10.998.187
<b>Total assets</b>	<b>22.507.678</b>	<b>22.368.751</b>	<b>44.876.429</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
<b>Other liabilities</b>			
Total Liabilities	12.015.333	-	12.015.333
<b>Net fair value of the business acquired at the date of acquisition</b>	<b>12.015.333</b>	<b>-</b>	<b>12.015.333</b>
	<b>10.492.345</b>	<b>22.368.751</b>	<b>32.861.096</b>
<b>Non-controlling interest</b>	<b>(5.351.096)</b>	<b>-</b>	<b>(5.351.096)</b>
<b>The purchase price paid for the acquisition</b>	<b>(27.510.000)</b>	<b>-</b>	<b>(27.510.000)</b>
<b>Result from the acquisition</b>	<b>(22.368.751)</b>	<b>22.368.751</b>	<b>-</b>

### **Result from the acquisition**

The result from acquisition is classified under intangible assets - Goodwill (note 10) and the provisional pending completion of the Purchase Price Allocation (PPA) study.

### **Study of the purchase price agreement**

Given the recent timing of the acquisition, the Purchase Price Allocation (PPA) study has not been completed as of the date of preparing these financial statements.

Accordingly, the Purchase Price Allocation study will be conducted during the subsequent period, Completion of the Purchase Price Allocation study may result in adjustments to the carrying amounts of the acquired assets and liabilities, including intangible assets or goodwill (if any), which may impact the financial results and financial position of subsequent periods. These effects will be disclosed upon completion and formal approval of the study.

### **Acquisition transaction expenses**

During the period ended 31 December 2025, the Bank incurred costs related to the acquisition of a 51% stake in Digital future company for electronic distribution services and general trading LLC. These costs included merger related expenses and other fees associated with financial and legal advisors. The total costs amounted to approximately IQD 360,553 thousand.

**(42) Acquisition of Union International Insurance Company (Ltd)**

As of 31 December 2025, the Bank acquired a stake in Union International Insurance Company (Ltd), with a contribution amounting to 51%. All requirements and regulatory approvals from the supervisory authorities necessary to complete the acquisition were finalized on 31 December 2025.

The table below presents a summary of the net fair value of the acquired assets and liabilities as of the close of business on 31 December 2025.

	31 December 2025	Adjustments resulting from the purchase price allocation study	Total
	IQD (000)	IQD (000)	IQD (000)
<b>Assets</b>			
Cash and balances with Central Bank	5.713.980	-	5.713.980
Property and equipment , Net	13.941	-	13.941
Intangible assets, Net	-	1.756.911	1.756.911
Other assets	3.821.832	-	3.821.832
<b>Total assets</b>	<b>9.549.753</b>	<b>1.756.911</b>	<b>11.306.664</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
<b>Other liabilities</b>			
Total Liabilities	4.972.020	-	4.972.020
<b>Net fair value of the business acquired at the date of acquisition</b>	<b>4.972.020</b>	<b>-</b>	<b>4.972.020</b>
	<b>4.577.733</b>	<b>1.756.911</b>	<b>6.334.644</b>
<b>Non-controlling interest</b>	<b>(2.334.644)</b>	<b>-</b>	<b>(2.334.644)</b>
<b>The purchase price paid for the acquisition</b>	<b>(4.000.000)</b>	<b>-</b>	<b>(4.000.000)</b>
<b>Result from the acquisition</b>	<b>(1.756.911)</b>	<b>1.756.911</b>	<b>-</b>

### **Result from the acquisition**

The result from acquisition is classified under intangible assets - Goodwill (note 10) and the provisional pending completion of the Purchase Price Allocation (PPA) study.

### **Study of the purchase price agreement**

Given the recent timing of the acquisition, the Purchase Price Allocation (PPA) study has not been completed as of the date of preparing these financial statements.

Accordingly, the Purchase Price Allocation study will be conducted during the subsequent period, Completion of the Purchase Price Allocation study may result in adjustments to the carrying amounts of the acquired assets and liabilities, including intangible assets or goodwill (if any), which may impact the financial results and financial position of subsequent periods. These effects will be disclosed upon completion and formal approval of the study.

### **Acquisition transaction expenses**

During the period ended 31 December 2025, the Bank incurred costs related to the acquisition of a 51% stake in Union International Insurance Company LTD. These costs included merger related expenses and other fees associated with financial and legal advisors. The total costs amounted to approximately IQD 170,291 thousand.

#### **(43) Credit concentrations**

The credit concentration for one of the Bank's customers reached (10%) of the Bank's capital and reserves, and the Bank obtained the approval of the Central Bank of Iraq on the Bank's request to increase the customer's credit exposure, according to their letter No. 5236/5/9 dated 2025/05/20.

#### **(44) Distributed Dividends**

The ordinary general assembly of the bank, in its meeting held on 27 March 2025, approved an increase in the bank's capital by distributing free shares to shareholders worth 120,000,000 thousand Iraqi dinars, representing 30% of the bank's paid-up capital, bringing the total capital to 520,000,000 thousand Iraqi dinars. In addition, the assembly approved the distribution cash dividends at a rate of (20%) of the Bank's capital amounting to 400 billion Iraqi dinars, with a value of 80 billion Iraqi dinars.

#### **(45) Credit granted to related parties**

The total credit granted to related parties amounted to (71,305,751) thousand Iraqi dinars as of December 31, 2025 (0:2024), and represents direct and indirect facilities.

#### **(46) LAWSUITS AGAINST THE BANK**


As of 31 December 2025, there are 7 lawsuits filed against the bank and 87 lawsuits in favor of the bank. According to the bank's management and legal advisor, it is unlikely that any liabilities will arise from these cases, noting that the bank's legal position is strong (as of December 31, 2024, the amount is 0 Iraqi dinars).

#### **(47) COMPARATIVE FIGURES**

The classification of comparative figures for the consolidated financial statements for the year ending 31 December 2025, is consistent with the classification of comparative figures for the consolidated financial statements for the year ending 31 December 2024.

The logo consists of three concentric circles. The innermost circle is a bright cyan color, the middle one is a slightly darker cyan, and the outermost one is a very light cyan. The text is centered within the innermost circle.

**National Bank**  
of Iraq

A decorative graphic consisting of several concentric, semi-transparent blue circles of varying shades, centered in the lower half of the page. The circles overlap and create a sense of depth and movement.

**Additional data for  
SEC requirements**

## Additional data for SEC requirements

**A. Chairman's speech (mentioned above).**

**B. Board of Directors Report (mentioned above).**

### 1. General information

#### Establishment of the bank

The National Bank of Iraq was established pursuant to the establishment license numbered M.Sh/5802 dated 02/1/1995 with a capital of 400 million Iraqi dinars. The Central Bank of Iraq approved on 28/3/1995 its practice of banking as an investment bank under the name (National Bank for Agricultural Investment and Finance). On 08/04/1995, the bank commenced its operations.

On 25/10/1997, a decision was made to amend the articles of association to include comprehensive banking practice, and the Central Bank of Iraq approved the amendment in writing dated 01/10/1998.

In order to implement the objectives and practices necessary to achieve comprehensive banking and to increase customer requests for credit of various types, and in view of the issuance of instructions by the Board of Directors of the Central Bank of Iraq obligating banks to work on increasing their capital, the bank's capital has been gradually increased to reach (50) billion Iraqi dinars by the end of the year 2010.

The Central Bank of Iraq issued a decision in its session held on September 27 and 28, 2010, to raise the capital of all banks operating in Iraq to a maximum of (250) billion Iraqi dinars on June 30, 2013.

In compliance with the instructions of the Central Bank of Iraq, the capital of the National Bank of Iraq was increased to (250) billion Iraqi dinars gradually, as the General Assembly of the Iraqi Bank met and decided on 23/11/2013 to approve the increase of capital from (152) billion dinars to (250) billion Iraqi dinars, so that the capital was increased by offering (98) billion shares for public subscription, which closed on January 7, 2014, and the subscription took place during the period with the full value of the shares with a total amount of (98) billion Iraqi dinars, and the approval of the Registrar of Companies was obtained according to their letter No. 5500 dated 24/02/2014 and according to the requirements of the Central Bank of Iraq.

The General Assembly of the National Bank of Iraq met and decided on 02/08/2022 to approve an increase in capital from (250) billion dinars to (270) billion Iraqi dinars, through the distribution of free shares amounting to (8%) of the bank's capital, with a value of (20) billion Iraqi dinars.

The General Assembly of the National Bank of Iraq met and decided on 04/16/2023 Approval to increase the capital from (270) billion dinars to (300) billion Iraqi dinars, through the distribution of free shares amounting to (approximately 11%) of the bank's capital, with a value of (30) billion Iraqi dinars.

The General Assembly of the National Bank of Iraq met and decided on 08/04/2024 Approval of an increase in capital from (300) billion dinars to (400) billion Iraqi dinars, through the distribution of free shares amounting to ((approximately 33%) of the bank's capital, amounting to (100) billion Iraqi dinars.

The General Assembly met and decided on 27/03/2025 to approve increasing the capital from 400 billion dinars to 520 billion dinars through distributing free shares representing 30% of the Bank's capital amounting to 120 billion dinars.

## Activities carried out by the bank

The National Bank of Iraq provides distinguished services not only to individuals and Iraqi commercial companies, but also to regional and international commercial companies through relying on the Bank's regional and international correspondent network.

Capital Bank, which owns approximately 62% of the Bank's capital, serves as the gateway for the National Bank of Iraq to open up to global economies by facilitating domestic and international transfers, providing credit limits, and supporting trade finance services.

Moreover, through Capital Investments (the investment arm of Capital Bank), the National Bank of Iraq can trade on behalf of its clients in regional and international markets. In addition, it provides trading services for its clients in the Iraq Stock Exchange through its wholly owned subsidiary Capital Invest Iraqi Brokerage Company (LLC).

The National Bank of Iraq also owns 51% of Al Ahli Iraqi Company for Trading and Selling Cars, Vehicles, Machinery, and Equipment, which provides loans for purchasing vehicles secured by payroll domiciliation with the Bank.

The Bank also owns 51% of United International Insurance Company, which provides insurance services to individuals and companies.

The Bank owns 51% of Iraq Electronic Gate Company for Financial Services, and 51% of Digital Future Company for Electronic Distribution, Systems, and Software Services.

The Bank operates through an advanced core banking system to support its growth and customer service. The Bank and its subsidiaries prepare their financial reports in accordance with International Accounting Standards and are audited by accredited local and international auditors.

## Internal control and monitoring environment

### Internal control and monitoring systems

Given the importance of the internal control environment, the Board of Directors is responsible for ensuring that the Bank's key policies are designed to provide effective internal control for risk management within the defined risk appetite. Accordingly, it has adopted an integrated framework for internal controls. This framework can provide reasonable assurance of the effectiveness of the Bank's controls and the efficiency of their implementation.

In this context, the Executive Management has developed an integrated framework in accordance with the directives and guidelines of the Central Bank of Iraq regarding the internal control system. These internal controls begin with corporate governance, which defines the roles and responsibilities assigned to the members of the Board of Directors and its subcommittees. All relevant parties in the Bank are also making diligent and integrated efforts to increase the efficiency and effectiveness of the control environment in all operations through continuous reviews and the creation of new control departments and units to ensure consistency and integration of procedures in order to address any weaknesses that may occur in the regulatory environment.

## Internal Audit

Internal audit is an independent and objective activity that provides assurance and consulting services aimed at adding value to the institution and improving its operations. Internal audit helps the institution achieve its objectives by adopting a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes.

### Independence of the Internal Audit Department

The Internal Audit Department enjoys full independence from executive management and reports directly to the Audit Committee of the Bank's Board of Directors, ensuring objectivity and neutrality in evaluations. Administratively, the department reports to the Bank's CEO, and it is prohibited from being assigned any executive tasks.

The Internal Audit Department contributes to achieving the Bank's objectives by following a systematic approach to evaluating and improving the effectiveness of risk management, control, and governance processes. Internal audit activities follow internationally approved audit standards, enabling the department to provide independent assurance regarding the operations of the Bank's departments and branches in alignment with approved policies and procedures and ensuring an effective internal control environment.

The department submits its reports to the Audit Committee and to the CEO, in addition to the concerned departments and branches, and follows up on the implementation of agreed corrective actions.

### Scope of work of the Internal Audit Department

The scope covers all operations and activities of the Bank's branches and departments, in addition to outsourced activities and the Bank's subsidiaries. It also covers all IT-related activities, information governance, technology management, and IT security governance.

## Main tasks

### The Head of Audit and Internal Control is responsible to the Audit Committee for the following:

- Preparing and following up the implementation of the annual risk based audit plan approved by the Audit Committee and submitting a quarterly report of the results including achievements and deviations.
- Preparing and issuing audit reports that include identified control gaps resulting from implementing audit programs on all activities and operations and providing the necessary recommendations to improve these processes and prevent recurrence in the future.
- Preparing monthly reports of existing and outstanding observations (MIT) and submitting them to executive management through the follow up system. These reports include existing observations at work centers and their correction rates, in addition to including these ratios and results in the periodic reports submitted to the Audit Committee.
- Maintaining qualified audit staff with sufficient information, skills, knowledge, experience, and specialized professional certifications in line with the internal audit charter and allocating adequate resources for training and developing the internal audit team.
- Providing and informing the Audit Committee of any modifications to methods or best practices in the field of internal audit.

## Permissions

- The charter, approved by the Board of Directors and the Internal Audit Committee, governs the internal audit activities, which stipulate and define the mandate, approach, authority, and responsibilities of the Internal Audit Department within the Bank. The charter was prepared taking into account the internal audit guidelines and standards issued by the Institute of Internal Auditors. To enable the Head of Internal Audit and Control and the staff of the Internal Audit Department to carry out their assigned duties, they have been granted the following powers:

- Unrestricted access to reports, records, operations, and all assets of the Bank and its subsidiaries.
- Communication with all managers and employees of the Bank and its subsidiaries.
- Free communication with the Chairman of the Board of Directors, the Chairman and members of the Audit Committee, the External Auditor, and the Compliance Officer of the Bank.
- Request assistance from any employee of the bank or its subsidiaries when conducting the audit process, and request assistance from any expert from outside the bank. If an expert from outside the bank is needed, this shall be done after prior approval from the Audit Committee.

## The most important achievements of the Audit Department during 2025:

- Updating the organizational structure of the Internal Audit Department and having it approved by the Audit Committee, making it specialization-based to ensure enhanced efficiency and quality in audit work. The department was divided into five main specializations: Credit Audit, Operations & Compliance Audit, Financial Audit, Retail Banking Audit, and Information Technology Audit.
- Strengthening the Internal Audit Department with qualified human resources holding specialized professional certifications in various fields (CIA, CMA, CPA, CISA, CISM), ensuring higher efficiency and quality in audit execution and achieving the highest governance and control standards.
- Conducting comprehensive audit missions on the Bank's branches and major departments and units with medium and high risk, according to the approved audit methodology and committee approval, ensuring adherence to regulatory standards and governance.
- Upgrading the automated system (Teammate Plus) used for tracking audit observations and control gaps identified in internal audit reports, enhancing internal control effectiveness and improving corrective action quality.
- Intensifying efforts during 2025 to reduce the percentage of outstanding audit observations to the lowest levels through issuing monthly MIT reports via the automated follow-up system, covering outstanding observations at work centers and improving timeliness of remediation.
- Continuing to provide consulting services and reviewing policies before approval to ensure proper control frameworks, in addition to reviewing any new processes, products, or activities.
- Conducting workshops and awareness sessions to address recurring observations in internal audit reports and explaining how to handle Central Bank of Iraq inspection report notes.
- Implementing CBI requirements related to validating the accuracy of procedures followed in re-activating dormant accounts monthly, in addition to preparing the comprehensive quarterly report on the Bank's activities, as well as reviewing requests for company establishment and capital increase according to CBI requirements.
- Using analytical tools to evaluate control effectiveness as part of specialized audit operations, as well as adopting audit methodologies such as Continuous Audit and Spot Audit to improve audit effectiveness and efficiency.

### External audit

The external auditor is appointed by the General Assembly based on the recommendation of the Bank's Board of Directors. External audit is conducted by an independent auditor who examines the financial statements, accounting records, and the Bank's compliance with disclosures, to provide an opinion on the fairness of the financial statements and the Bank's compliance with International Financial Reporting Standards (IFRS), Central Bank of Iraq regulations, and other relevant laws and instructions.

The Central Bank of Iraq issued instructions to raise the effectiveness of external audit, requiring that bank accounts be audited by two audit firms according to the Joint Audit method.

### Internal Audit Management Plans and Activities for 2026

Internal Audit will continue during 2026 to strengthen the effectiveness and efficiency of the Bank's internal control and monitoring environment, implementing the risk based annual audit plan with a focus on medium and high risk activities and operations in line with CBI requirements and approved professional standards.

The department will work on developing audit methodologies and tools, expanding the application of modern auditing techniques, and enhancing automated follow up of audit observations and control gaps through the Teammate Plus system after completing upgrades – improving follow up quality and remediation rates.

The department will contribute to improving remediation ratios through applying Root Cause Analysis, addressing underlying causes, and strengthening preventive measures.

The department will continue improving staff competencies and strengthening its advisory role through reviewing new policies, processes, and products prior to approval, in addition to supporting regulatory requirements and promoting control awareness within the Bank.

### Financial management

The Financial Department was committed to providing all required services to the Bank during 2025, fully adhering to providing all required documents to supervisory bodies, in addition to implementing maximum control procedures over the Bank's accounts in general and monitoring actual results against strategic plans and identifying variances.

The department successfully implemented a new procurement and payments system by the end of 2025 in collaboration with other departments, enhancing accuracy and speed of processing transactions. Additionally, it assisted in completing the process of increasing the Bank's capital to 520 billion Iraqi dinars.

Regarding the application of electronic systems in financial management and in line with the IT strategic plan, a large set of internal and external financial reports was automated, helping management and departments make informed decisions and easily access required information.

### Compliance Management

The Compliance Department at the National Bank of Iraq maintained throughout 2025 its commitment to protecting the Bank from non compliance and financial risks, such as fines and reputational risks, ensuring compliance with regulations issued by supervisory authorities to avoid errors and violations. This was achieved through coordination with executive departments and Board committees.

The main goal was to maintain a safe and sustainable work environment through effective risk management and promoting compliance awareness among Bank employees and subsidiaries.

The Compliance Department took a number of steps to strengthen the level of banking compliance:

- Implementing and reflecting instructions and requirements issued by regulatory bodies into internal policies and procedures.
- Automating departmental systems and reports to enhance the Bank's control capabilities.
- Accepting new companies to participate in the currency auction in accordance with CBI instructions, facilitation packages, and due diligence requirements.
- Preparing monthly awareness bulletins for Bank staff to enhance compliance culture and banking awareness.

### Anti-Money Laundering and Terrorist Financing Department

The Anti-Money Laundering and Counter Terrorism Financing Reporting Department is an independent control department responsible for implementing the requirements of Anti Money Laundering and Counter Terrorism Financing Law No. 39 of 2015, and is responsible for ensuring that no financial banking transaction in violation of any law, regulation, or global standards is processed. The department reports to the Anti Money Laundering and Counter Terrorism Financing Office and to the Audit Committee of the Bank's Board of Directors.

The Anti Money Laundering and Counter Terrorism Financing Department has taken a number of steps that strengthen the level of AML/CFT control:

1. Adoption of the semi annual report required by the Central Bank of Iraq.
2. Updating policies and procedures and aligning them with the approved organizational structure.
3. Increasing and expanding the organizational structure.
4. Completing the self assessment (Risk Based Approach) and the Risk Appetite declaration report.
5. Implementing the Action Plan related to observations from the Bank's and subsidiaries' self assessment reports.
6. Establishing a unit within the AML Reporting Department dedicated to reviewing high risk customers.
7. The Bank complied with submitting CTR reports under the AML system, and the fine previously imposed on the Bank was canceled.
8. Establishing a special team to study and analyze shipping documents related to vessel tracking and shipping companies.
9. Receiving a letter of appreciation for the Deputy Manager of the AML Reporting Department from the Central Bank of Iraq for delivering a training course to all Iraqi banks regarding (Due Diligence for Foreign Transfers).

## Risk management

The overall system for risk management, monitoring, mitigation, and compliance with regulatory authorities and the Basel Committee is a comprehensive and shared responsibility across multiple entities in the Bank—beginning with the Board of Directors and its sub-committees, such as the Internal Risk Committee, in addition to all departments and branches of the Bank.

The Risk Management Department is an independent department connected directly to the Risk Management Committee (a Board committee) and indirectly to the CEO.

Its core tasks focus on setting approved policies for identifying existing and potential risks (financial and non-financial), determining how to deal with them, and submitting the necessary reports and recommendations periodically to help the Bank achieve its strategic objectives.

### Risk Department Achievements in 2025:

#### Financial and operational risk management

- Updating the policies of credit risk, liquidity risk, market risk, concentration risk, and operational risk, in addition to reviewing Risk Appetite limits in line with the Bank's business size and nature to address risks that may hinder achieving strategic objectives.
- Developing the Bank's Stress Testing Report in line with CBI instructions and notes for all types of risks-financial, market, operational, and concentration risks. Appropriate stress testing scenarios were reviewed based on current business size, and results were presented to the Board of Directors, which approved them.
- Preparing the Comprehensive Risk Report, which was adopted for the first time in a standardized format across all banks by the Central Bank of Iraq. The CBI responded with full approval and endorsement of the recommendations issued by Risk Management in that report.
- Daily monitoring of key early warning indicators related to liquidity risk, concentration risk, credit risk, and main risk indicators (DHC).
- Preparing a plan to monitor market risk, particularly observing exchange rate movement ("loss operations") on a weekly basis.
- Continuing to develop and update monthly market and liquidity reports to meet risk reporting requirements, reviewing emergency liquidity funding plans, and updating them annually to control negative impacts across all types of risks and ensure sound management.
- Contributing to strengthening the reliability of workflow procedures and linking them with multi source control to support sustainable and resilient control procedures.
- Contributing to enhancing the culture of continuous updating of operational risk profiles and linking them to actual operational conditions at work centers, supporting the Bank's readiness to transition to a more mature risk management model in 2026.
- Enhancing the inclusiveness of field inspections and improving the quality of compliance examinations to ensure the safety of operations and reliability of control reports at branch level.
- Strengthening analytical foundations that link risk indicators to performance indicators to improve the Bank's ability to identify risks that may hinder strategic objectives and address them proactively.

- Enhancing the Bank's ability to respond to emergencies and ensure continuity of critical services for customers in the Saudi market according to the highest regulatory and supervisory standards.
- Supporting more accurate budgeting and classification of technical systems by applying objective assessments reflecting the true criticality of systems.
- Establishing a structured framework for prioritizing workflow review procedures, ensuring attention is directed toward processes with the greatest institutional and risk impact.

### **Information Security and Cyber security Risk Management**

- Achieving the highest standards of compliance with information security and data protection by renewing the ISO 27001:2022 certification, which enhances the efficiency of adopted security operations and policies, and confirms the Bank's ability to protect its data and customer data from cyber threats. This strengthens partner and stakeholder confidence in the Bank's ability to manage information security professionally and sustainably.
- Obtaining the renewal license for the PCI DSS certification related to payment card data security after meeting all technical, operational, and infrastructure requirements for storing card data-ensuring maximum security for cardholders and fully complying with global standards and CBI instructions.
- Strengthening the safety and security of data and systems through identifying and detecting vulnerabilities across all IT assets and ensuring rapid, effective remediation to maintain IT infrastructure stability and protect the institution from potential threats.
- Developing and implementing a comprehensive security awareness program for Bank employees to enhance their knowledge of safe practices in accordance with security policies and global best practices. It also included customer facing awareness campaigns for protecting personal and banking data, building a strong culture of digital safety.
- Implementing an information asset classification process across all work centers within the annual plan to evaluate confidentiality, integrity, and availability requirements, ensuring proper protection levels and applying preventive actions for sensitive assets—supporting improved risk management.

### Managing foreign transfer risks through the Central Bank of Iraq

Contributing to developing the quality and structure of customer data by investing in improving banking procedures and systems and expanding their functional capabilities to support optimal data usage for compliance and risk management.

This enabled the Bank to strengthen the reliability of customer identification data (KYC), transforming it from procedural requirements into a dynamic database that supports analysis, filtering, and decision making—aligned with the Bank’s institutional direction toward improving system readiness for control requirements and future expansion.

### Main Types of Risks That the Bank May Be Exposed To

- **Credit Risk:** Risks arising from the failure or inability of the counterparty to fulfill its obligations toward the Bank, leading to losses.
- **Market Risk:** Risks associated with fluctuations in fair value or cash flows of financial instruments resulting from changes in market prices, such as interest rates, currencies, or equity prices. These risks arise from open positions in interest rates, currencies, and investments in equities and securities.
- **Liquidity Risk:** Risks arising from the Bank’s inability to provide necessary funding at any (geographical location, currency, or time) to meet its obligations at maturity or to finance its operations without incurring high costs or losses.
- **Operational/Process Risk:** Risks of losses resulting from failure or inadequacy of internal processes, people, systems, or from external events.
- **Concentration Risk:** Risks arising from allocating the Bank’s resources to a limited number of customers or relying on limited sources of funding or services essential for operations, which can lead to significant losses threatening the Bank’s ability to continue its main activities.
- **Information Security Risk:** Risks arising from breaches, leaks, or loss of sensitive data or unavailability or manipulation of information due to cyberattacks, malware, weak security controls, or human error. These risks may lead to financial, legal, or reputational damage.

Legal, strategic, and reputational risks are also classified under operational risks for management purposes.

### **Credit Control and Review Department:**

The Credit Control and Review Management at the Bank plays a central role in ensuring the stability and soundness of the credit portfolio. The department seeks to achieve a precise balance between risk management and strengthening opportunities for sustainable growth of the Bank. The department bases its tasks on carefully designed strategies and strict regulatory frameworks, ensuring the highest levels of governance and compliance with banking policies and regulations.

Through a proactive approach in analyzing credit risks, the Credit Monitoring and Review Department studies all economic and financial indicators that may affect the performance of the loan portfolio. It relies on advanced analytical tools to assess the financial status of customers and determine their ability to fulfill their financial obligations in accordance with agreed terms. These analyses enable the Bank to detect any negative signals early, contributing to taking effective decisions to limit potential risks.

The Credit Monitoring and Review Department, aiming to enhance the accuracy and speed of credit processes, continues automating the necessary systems that allow rapid checking and evaluation processes, ensuring avoidance of errors and reducing reliance on traditional manual procedures. These technologies contribute to improving the efficiency of credit approval operations, making the customer experience smoother and increasing the Bank's flexibility in facing changing market challenges.

Additionally, the Credit Monitoring and Review Department places great importance on building prudential provisions, which are an essential part of its credit policy. These provisions are determined based on in-depth studies that take into account the nature of risks and the levels of credit granted to customers. This policy aims to ensure the protection of depositor and shareholder rights and prepare the Bank to cope with unexpected economic and financial changes.

The tasks of the Credit Monitoring and Review Department also include monitoring ongoing developments in the economic and legal environment to ensure the Bank's credit policies align with the latest regulatory requirements, especially those of the Central Bank of Iraq. In this context, the department conducts periodic reviews of its policies and procedures and updates them when necessary in line with evolving regulatory frameworks.

In addition to its oversight and analytical role, the department is committed to enhancing the capabilities of its staff through specialized training and development programs that ensure employees remain familiar with the latest credit analysis and risk management techniques. This contributes to building a competent team capable of dealing with the rapidly shifting financial market and ensuring the highest levels of credit service quality.

Through this comprehensive role, the Credit Monitoring and Review Department represents the Bank's first line of defense against potential risks. It continuously works to improve the quality of the credit portfolio and strengthen its safety, supporting sustainable growth and achieving the Bank's long-term strategic objectives.

## Correspondent banks

No.	CORRESPONDENT NAME	SWIFT CODE
1	CITIBANK N.A.	CITIUS33XXX
2	JPMorgan Chase N.A.	CHASUS33
3	Commerzbank	COBADEFFXXX
4	Intesa Sanpaolo	BCITITMMXXX
5	UBAF	UBAFFRPPXXX
6	BUNA	BUNNAEAAXXX
7	BANQUE SAUDI FRANSI	BSFRSARIXXX
8	CREDITBANK SAL	CBCBLBBEXXX
9	ABU DHABI ISLAMIC BANK	ABDIAEADXXX
10	MASHREQBANK PSC.	BOMLAEADXXX
11	Aktif Bank	CAYTTRISXXX
12	Sohar Bank	BSHROMRUXXX
13	BANK ALETIHAD	UBSIJOAXXXX
14	CAIRO AMMAN BANK	CAABJOAMXXX
15	HOUSING BANK	HBHOJOAXXXX
16	INVESTBANK	JIFBJOAMXXX
17	SAFWA	JDIBJOAMXXX
18	Jordan Kuwait Bank	JKBAJOAMXXX
19	Capital Bank of Jordan	EFBKJOAMXXX
20	ABC Jordan	ABCJJOAMXXX
21	Jordan Ahli Bank	JONBJOAXXXX
22	Agricultural Bank of China-Dubai Branch	ABOCAEAAXXX

## 2. A- Names and addresses of branches inside Iraq

#	Branch name	Branch address	landmark	Branch email
1	Main	Al-Saadoun Street - Al-Firdaws Square	Next to the Unknown Soldier gas station	<a href="mailto:Main.Branch@NBI.IQ">Main.Branch@NBI.IQ</a>
2	Al-Jadriya	Al-Jadriya - University Street	Adjacent to Al-Rusafa Traffic Department	<a href="mailto:Jadriyah.Branch@nbiq.com">Jadriyah.Branch@nbiq.com</a>
3	Jamela	Jamela - Kamil Al-Ashtari Street	Al-Ansar Mosque	<a href="mailto:Jamila.Branch@NBI.IQ">Jamila.Branch@NBI.IQ</a>
4	AL-A'dhamiyah	Al-A'dhamiyah - Omar bin Abdulaziz Street	Near Antarah ibn Shaddad Square	<a href="mailto:Adhamiyah.Branch@nbiq.iq">Adhamiyah.Branch@nbiq.iq</a>
5	AL-Mansour	Al Mansour - Abu Jaafar Al Mansour Street	Near Rafidain Bank	<a href="mailto:Mansour.Branch@NBI.IQ">Mansour.Branch@NBI.IQ</a>
6	Baghdad Mall	Al-Harithiya - Baghdad Mall	Baghdad Mall - First Floor	<a href="mailto:BaghdadMall.Branch@NBI.IQ">BaghdadMall.Branch@NBI.IQ</a>
7	AL-Kadhimiya	Al-Kadhimiya - Abdul Mohsen AL-Kadhimi Square	Adjacent to Abdul Mohsen AL-Kadhimi Square	<a href="mailto:Kadhmiya.Branch@NBI.IQ">Kadhmiya.Branch@NBI.IQ</a>
8	Najaf	Najaf - Al-Zahour Street	Near the Rawan intersection	<a href="mailto:Najaf.Branch@NBI.IQ">Najaf.Branch@NBI.IQ</a>
9	Rowan	Najaf - Al-Rawan Street	Near Najaf City Mall	<a href="mailto:Rawan.Branch@nbiq.com">Rawan.Branch@nbiq.com</a>
10	Karbala	Karbala - Complexes Street	Near the Tax Bridge	<a href="mailto:Karbala.Branch@NBI.IQ">Karbala.Branch@NBI.IQ</a>
11	Mosul	Mosul, Al-Masarif neighborhood	Al-Hashimiya - near AL-Abbadi roundabout	<a href="mailto:Al.Mosul.Branch@NBI.IQ">Al.Mosul.Branch@NBI.IQ</a>
12	Erbil	Erbil - 100 Street	Ain Kawa intersection near Qala gas station	<a href="mailto:Erbil.Branch@NBI.IQ">Erbil.Branch@NBI.IQ</a>
13	Eskan	Erbil - 60th Street	Near the housing tunnel	<a href="mailto:iskan.Branch@nbiq.com">iskan.Branch@nbiq.com</a>
14	Sulaymaniyah	Sulaymaniyah - Salem Street	Haj Ali Building - near Muhammad Kolk Mosque	<a href="mailto:Sulymania.Branch@NBI.IQ">Sulymania.Branch@NBI.IQ</a>
15	Salem	Sulaymaniyah - Salem Street	Near the Ministry of Education representative office in Sulaymaniyah	<a href="mailto:Salim.Branch@nbiq.com">Salim.Branch@nbiq.com</a>
16	Basra	Algeria - Basra	Near Ibn Ghazwan Hospital	<a href="mailto:Basra.Branch@NBI.IQ">Basra.Branch@NBI.IQ</a>
17	Manawi Pasha	Basra - Manawi Pasha	Near the National Church	<a href="mailto:ManawiBasha.Branch@NBI.IQ">ManawiBasha.Branch@NBI.IQ</a>
18	Umm Qasr	Basra - Umm Qasr North Port	Inside the customs complex	<a href="mailto:UmQasser.Branch@NBI.IQ">UmQasser.Branch@NBI.IQ</a>
19	AL-Rumaila	Basra - Southern Rumaila	Adjacent to the Majal complex	<a href="mailto:Rumaileh.Branch@NBI.IQ">Rumaileh.Branch@NBI.IQ</a>
20	Hilla	Babylon - 40th Street	Near Zalatimo intersection	<a href="mailto:Hillah.Branch@NBI.IQ">Hillah.Branch@NBI.IQ</a>

#	Branch name	Branch address	landmark	Branch email
21	Anbar	Ramadi - Exhibition Street	Near AL-Fursan roundabout	<a href="mailto:anbar.branch@nbiq.iq">anbar.branch@nbiq.iq</a>
22	Ziona	Ziona - Baghdad	Near the Iraqi Fashion House	<a href="mailto:Zayouna.Branch@NBI.IQ">Zayouna.Branch@NBI.IQ</a>
23	Yarmouk	Baghdad - Yarmouk neighbourhood	Four Streets - Near AL-Ardun Square	<a href="mailto:ALYarmouk.Branch@NBI.IQ">ALYarmouk.Branch@NBI.IQ</a>
24	Dream City	Ziona - Baghdad	Dream City - Ziona	<a href="mailto:dreamcity.branch@nbiq.iq">dreamcity.branch@nbiq.iq</a>
25	Dohuk	Dohuk	Kri Sur - near Kashtiar Sweets	<a href="mailto:dohok.branch@nbiq.iq">dohok.branch@nbiq.iq</a>
26	Kirkuk	Kirkuk Governorate	Jerusalem Street	<a href="mailto:kirkuk.branch@nbiq.iq">kirkuk.branch@nbiq.iq</a>
27	Nasiriyah	Nasiriyah Governorate	Near AL- Ambassador Mall	<a href="mailto:nasiriyah.branch@nbiq.iq">nasiriyah.branch@nbiq.iq</a>
28	Zakho	Dohuk - Zakho	Near Bidari Police Station	<a href="mailto:zakho.branch@nbiq.iq">zakho.branch@nbiq.iq</a>
29	Baghdad palm trees complex	Baghdad - Al-Saydiya	Al-Sayyidiyah - Nakhil Baghdad Complex	<a href="mailto:nakheelbaghdad.complex@nbi.iq">nakheelbaghdad.complex@nbi.iq</a>
30	Diwaniyah	Diwaniyah - Umm Al Khal	Near the Princes' Tower	<a href="mailto:diwanya.branch@nbi.iq">diwanya.branch@nbi.iq</a>
31	Al-Muthanna	Muthanna Governorate - Al-Bani Intersection	Mecca Company Building - next to Dar Al Salam Installment Company	<a href="mailto:almuthana.branch@nbi.iq">almuthana.branch@nbi.iq</a>
32	Amara	Maysan Governorate - Al-Kafayat Street	Adjacent to the Shiite Endowment Diwan	<a href="mailto:amarah.branch@nbi.iq">amarah.branch@nbi.iq</a>
33	Mass City Branch	Erbil - Mass City Complex	Mass City Complex	<a href="mailto:masscity.branch@nbi.iq">masscity.branch@nbi.iq</a>
34	Iraq Gate Branch	Baghdad - Al-Zawra	Baghdad - Iraq Gate Complex	<a href="mailto:Iraq-Gate.Branch@NBI.IQ">Iraq-Gate.Branch@NBI.IQ</a>
35	Baghdad AL-Jadida Branch	Baghdad - Baghdad AL-Jadida - Near Dijla Mall	Baghdad - Al-Samarrai Street near Dijla Mall	<a href="mailto:baghdadaljadida.branch@NBI.IQ">baghdadaljadida.branch@NBI.IQ</a>
36	Al-Jazaer Branch	Basra - Al-Jazaer	Next to Ibn Ghazwan Hospital	<a href="mailto:aljazair.branch@nbi.iq">aljazair.branch@nbi.iq</a>
37	Hay Al-Jamea Branch	Hay Al-Jamea - Baghdad	Near Royal Hospital	<a href="mailto:Hay-ALjamea.Branch@NBI.IQ">Hay-ALjamea.Branch@NBI.IQ</a>
38	Time Square Branch	Time Square Mall - Basra	Time Square Mall - Basra	<a href="mailto:TIMESQUAREMALL.BRANCH@NBI.IQ">TIMESQUAREMALL.BRANCH@NBI.IQ</a>
39	Al-Arasat Branch	Al-Arasat - Al-Karrada	Near AL-Uroosh Car Trading Company	<a href="mailto:Arasatbranch@NBI.IQ">Arasatbranch@NBI.IQ</a>
40	Al-Shaab Branch	Al-Shaab - Baghdad	Near Ishtar Mall	<a href="mailto:ALShaabBranch@NBI.IQ">ALShaabBranch@NBI.IQ</a>
41	AL- Alelam Branch	Baghdad - AL-I'lam	AL-Badala Street	<a href="mailto:Hay-Alelam.branch@nbi.iq">Hay-Alelam.branch@nbi.iq</a>

**2. b- Names and addresses of branches outside Iraq.**

#	Branch name	Branch address	landmark	Branch email
1	Kingdom of Saudi Arabia	Saudi Arabia - Riyadh	Al-Uruba Road - Al-Ulaya District - King Abdullah Financial District	<a href="mailto:INFO-KSA@NBI.IQ">INFO-KSA@NBI.IQ</a>

**2. c- Names and addresses of offices inside Iraq.**

#	Branch name	Branch address	landmark	Branch email
1	Al-Nasim Office	Al-Nasim Complex – Baghdad	Boulevard Al- Nasim Complex	<a href="mailto:Nasim-Complex.branch@nbi.iq">Nasim-Complex.branch@nbi.iq</a>
2	Al-Doura Office	Baghdad – Al Doura	Baghdad – Al Doura	<a href="mailto:dora.office@nbi.iq">dora.office@nbi.iq</a>
3	Palestine Street Office	Baghdad – Beirut Square	Baghdad – Beirut Square	<a href="mailto:Palestine.street@nbi.iq">Palestine.street@nbi.iq</a>

3. Bank's Board of Directors



<b>Name</b>	<b>Basim Khalil Salem Al Salem</b>
<b>Position</b>	Chairman of the Board of Directors
<b>Qualifications</b>	Bachelor of Chemical Engineering with Honors - University of London Imperial collage
<b>Experiences</b>	He served as Chairman of the Board of Directors of the Social Security Corporation from 2005 to 2009, then Chairman of the Board of Directors of the Association of Banks in Jordan from 2012 to 2015. He also served as Minister of Finance from 2009/2 to 2009/12, then Minister of Labor from 2005 to 2009, Chairman of the Board of Directors of the Jordan Capital Bank from 2010 to date, and Chairman of the Association of Banks in Jordan from 2020/04/01 to date.
<b>Membership in Council Committees</b>	Chairman of the Environmental, Social, and Corporate Governance Committee
<b>Date of appointment</b>	2016/05/26



<b>Name</b>	<b>Khalil Ibrahim Abdul Karim Al-Mashahdi</b>
<b>Position</b>	Vice Chairman of the Board of Directors
<b>Qualifications</b>	He holds a Bachelor's degree in Law from the College of Law at the University of Baghdad, and a Bachelor's degree in Statistics from the College of Administration and Economics at Al-Mustansiriya University.
<b>Experiences</b>	He previously worked as the Accounts Department Manager at the North Poultry Meat Preparation Company. He currently works as a legal advisor for the Spanish company Life Hospital, Iraq branch, a legal advisor for the Union Land General Trading Company, and as the Managing Director of the Iraqi Office for Consulting and Construction, Iraq branch.
<b>Membership in Council Committees</b>	Chairman of the Nomination and Remuneration Committee, Member of the Risk Management Committee
<b>Date of appointment</b>	2018/11/11

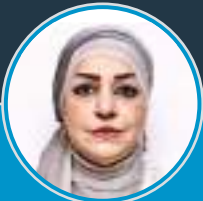


<b>Name</b>	<b>Jordanian Capital Bank, represented by Mr. "Mohammad Ali" Khaldoun Al-Husari"</b>
<b>Position</b>	Board Member
<b>Qualifications</b>	Bachelor's Degree in Economics / University of Michigan – United States of America
<b>Experiences</b>	Mr. "Mohammad Ali" possesses extensive experience in the banking sector. He is the founder of Jordanian Capital Bank and served as Chief Executive Officer and Chairman of the Board (2007–1995). He is a Non-Executive Director at Hikma Pharmaceuticals and a Board Member of the Microfund for Women.
<b>Membership in Council Committees</b>	-
<b>Date of appointment</b>	2025/03/27



<b>Name</b>
<b>Position</b>
<b>Qualifications</b>
<b>Experiences</b>
<b>Membership in Council Committees</b>
<b>Date of appointment</b>

<b>Nabeel Samir Makahla</b>
Board Member
He holds a Bachelor's degree in Accounting from Yarmouk University in Jordan, a Senior Executive Leadership Program from the United States of America, a Master's degree in Business Administration from the United States of America, and professional CPA certificates.
He has over 25 years of experience in financial management and currently holds the position of CEO of Al Janabi Group.
Chairman of the Internal Audit Committee, Member of the Risk Management Committee, Member of the Information and Communications Technology Governance Committee, Member of the Nomination and Remuneration Committee
2020/10/14



<b>Name</b>
<b>Position</b>
<b>Qualifications</b>
<b>Experiences</b>
<b>Membership in Council Committees</b>
<b>Date of appointment</b>

<b>Dr. Nagham Hussein Ne'ma Obaid Al-Mayah</b>
Board Member
She holds a Bachelor's degree in Business Administration from the University of Baghdad, a Master's degree in Business Administration from the University of Baghdad, and a PhD in Business Administration from the University of Baghdad.
She has over 30 years of experience and is currently the Dean of the College of Business Economics at Al-Nahrain University.
Member of the Nomination and Remuneration Committee, Member of the Risk Management Committee, Member of the Environmental, Social, and Corporate Governance and Sustainability Committee
2020/10/14



<b>Name</b>
<b>Position</b>
<b>Qualifications</b>
<b>Experiences</b>
<b>Membership in Council Committees</b>
<b>Date of appointment</b>

<b>Ali Mustafa Hassan</b>
Board Member
He holds a Master's degree in Information Systems Management - United Kingdom, a Bachelor's degree in Control and Systems Engineering - Iraq, in addition to many professional certificates (CISSP-CISA-CISM-GRCP).
Iraqi Ministry of Finance, Toyota Iraq, US Embassy, Black & Veatch, QICARD, EARTHLINK Telecom, DAI/USAID
Chairman of the Information and Communications Technology Governance Committee, Member of the Environmental, Social, and Corporate Governance and Sustainability Committee, Member of the Risk Management Committee
2021/11/18



<b>Name</b>
<b>Position</b>
<b>Qualifications</b>
<b>Experiences</b>
<b>Membership in Council Committees</b>
<b>Date of appointment</b>

<b>Mahmoud Raouf Karim</b>
Board Member
PhD in Business Administration – Jinan University / Lebanon.
Businessman, KAR Group of Companies, and Member of the Governance Institute for Directors (GIOD) – Baghdad and Erbil, affiliated with the International Finance Corporation (IFC).
-
2025/03/27



<b>Name</b>
<b>Position</b>
<b>Qualifications</b>
<b>Experiences</b>
<b>Membership in Council Committees</b>
<b>Date of appointment</b>

<b>Samer Ibrahim Al Aloul</b>
Board Member
Bachelor’s Degree in Economics / University of Michigan – United States of America
Mr. Samer possesses more than 22 years of experience in the banking sector, having worked in several banks including Citibank and Standard Chartered Bank, until he joined Bank Audi / Jordan (formerly) where his last position was Deputy General Manager. After the merger of Bank Audi / Jordan with Capital Bank of Jordan, he assumed the position of Head of Corporate Banking, and he previously served as Acting Chief Executive Officer of Capital Bank of Jordan.
Chairman of the Risk Committee, Member of the Audit Committee
2025/03/27



<b>Name</b>
<b>Position</b>
<b>Qualifications</b>
<b>Experiences</b>
<b>Membership in Council Committees</b>
<b>Date of appointment</b>

<b>Ayman Omran Abdullahh Abu Dahim</b>
Board Member /Managing Director
<ul style="list-style-type: none"> <li>•He holds a Bachelor's degree in Accounting from the University of Jordan and a Master's degree in Accounting and Administrative Sciences from the University of Southampton.-Britain.</li> <li>•He holds a number of specialized international professional certificates, the most important of which is a certified public accountant.(CPA)And a certified management accountant(CMA)Certified Financial Manager(CFM).</li> </ul>
<ul style="list-style-type: none"> <li>•Mr. Ayman has approximately 30 years of experience in banking, auditing, investments, and financial management. He began his career with one of the world's largest audit firms, Price water house Coopers.-Jordan. He also held several administrative positions in a number of financial institutions before joining Capital Bank Group/Jordan as Chief Financial Officer in 2011, where he served as Head of Financial Control for the Social Security Investment Fund.-The investment arm of the Social Security Corporation in Jordan. He also served as Head of Financial Supervision at the Arab Islamic International Bank and Acting Head of the Financial and Banking Studies Unit at the Banking Institute, affiliated with the Saudi Central Bank.</li> <li>•Mr. Ayman represented the General Organization for Social Security as a board member in both Capital Bank-Jordan, Housing Bank for Trade and Finance-Jordan, Jordan Dubai Islamic Bank, Unified Launch Center Company, and Al-Dustour Newspaper Company.</li> <li>•Mr. Ayman was also a member of the Board of Governors of the Iraq Stock Exchange. Currently, Mr. Ayman is a member of the Board of Directors of Capital Investments Company.-Dubai .</li> </ul>
-
2018/04/15

4. The number of meetings of the Board of Directors and its committees, and the number of times each member attended these meetings.

#	Name	01/01/2025 - 26/03/2025						
		Number of Board Meetings (5) Number of Attendances	Number of Audit Committee Meetings (2) Number of Attendances	Number of Risk Management Committee Meetings (2) Number of Attendances	Number of Nomination and Remuneration Committee Meetings (1) Number of Attendances	Number of Environmental, Social, and Corporate Governance (ESG) Committee Meetings (-) Number of Attendances	Number of Information Technology Governance Committee Meetings (-) Number of Attendances	Number of Credit Committee Meetings (2) Number of Attendances
1	Mr. Basem Khalil Salem Al-Salem	5/5				N/A		2/2
2	Capital Bank of Jordan	5/5		2/2	1/1			2/2
3	Mr. Ayman Omran Abdullah Abu Dhaim	5/5						2/2
4	Professor Khalil Ibrahim Abdul Kareem Al-Mashahdi	5/5	2/2					
5	Mr. Nabil Sameer Ali Makantleh	5/5	2/2	2/2	1/1	N/A	N/A	
6	Mr. Ali Mustafa Hassan Al-Sheikhi	5/5	2/2			N/A	N/A	
7	Dr. Nagham Hussein Ne'mah Obeid Al-Miyahi	5/5		2/2	1/1			N/A

27/03/2025 - 31/12/2025								
#	Name	Number of Board Meetings (14) Number of Attendances	Number of Audit Committee Meetings (9) Number of Attendances	Number of Risk Management Committee Meetings (7) Number of Attendances	Number of Nomination and Remuneration Committee Meetings (4) Number of Attendances	Number of Environmental, Social, and Corporate Governance Committee Meetings (3) Number of Attendances	Number of Information Technology Governance Committee Meetings (8) Number of Attendances	Number of Credit Committee Meetings (7) Number of Attendances
1	Mr. Basem Khalil Salem Al-Salem	14/14			4/4	3/3	3/3	7/7
2	Capital Bank of Jordan	14/14						7/7
3	Mr. Ayman Omran Abdullah Abu Dhaim	14/14						7/7
4	Professor Khalil Ibrahim Abdul Kareem Al-Mashahdi	14/14		7/7	4/4			7/7
5	Mr. Nabi Sameer Ali Mankanleh	14/14	9/9	7/7	4/4		3/3	
6	Mr. Ali Mustafa Hassan Al-Sheikhi	14/14		7/7		3/3	3/3	
7	Mrs. Rula Faleh Ali	14/8	9/5	7/4		3/2		
8	Mr. Samer Ibrahim Al-Aloul	14/14	9/9	7/7				7/7
9	Mr. Mahmoud Raouf Kareem	14/12						

## 5.Executive Management Members



<b>Name</b>	<b>Ayman Omran Abdullahh Abu Dahim</b>
<b>Position</b>	Board Member /CEO
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>• He holds a Bachelor's degree in Accounting from the University of Jordan and a master's degree in accounting and administrative sciences from the University of Southampton.-Britain.</li> <li>• He holds a number of specialized international professional certificates, the most important of which is a certified public accountant.(CPA)And a certified management accountant(CMA)Certified Financial Manager(CFM).</li> </ul>
<b>Experiences</b>	<ul style="list-style-type: none"> <li>• Mr. Ayman has approximately 30 years of experience in banking, auditing, investments, and financial management. He began his career with one of the world's largest audit firms, PricewaterhouseCoopers.-Jordan. He also held several administrative positions in a number of financial institutions before joining Capital Bank Group/Jordan as Chief Financial Officer in 2011, where he served as Head of Financial Control for the Social Security Investment Fund.-The investment arm of the Social Security Corporation in Jordan. He also served as Head of Financial Supervision at the Arab Islamic International Bank and Acting Head of the Financial and Banking Studies Unit at the Banking Institute, affiliated with the Saudi Central Bank.</li> <li>• Mr. Ayman represented the General Organization for Social Security as a board member in both Capital Bank-Jordan, Housing Bank for Trade and Finance-Jordan, Jordan Dubai Islamic Bank, Unified Launch Center Company, and Al-Dustour Newspaper Company.</li> <li>• Mr. Ayman was also a member of the Board of Governors of the Iraq Stock Exchange. Currently, Mr. Ayman is a member of the Board of Directors of Capital Investments Company.-Dubai.</li> </ul>
<b>Membership in Council Committees</b>	-
<b>Date of appointment</b>	15/04/2018



<b>Name</b>	<b>Aqeel Abdul Rahman Ezz El-Din</b>
<b>Position</b>	Deputy CEO for Support
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>• Master of Business Administration from UQAM University / Canada.</li> <li>• Bachelor of Computer Engineering from the University of (UQAM) / Canada.</li> </ul>
<b>Experiences</b>	<ul style="list-style-type: none"> <li>• Has banking experience27year</li> <li>• 3/2021 - To date, Head of Central Operations at the National Bank of Iraq.</li> <li>• 4/2010 – 3/2021 Deputy Managing Director, Head of Central Operations Department at Bank Audi / Baghdad.</li> <li>• Assistant Director of the Organization Department at Bank Audi / Lebanon.</li> </ul>



<b>Name</b>	<b>Aws Ghazi Hussein Al-Shammari</b>
<b>Position</b>	Deputy CEO for Government Relations and External Outreach Support
<b>Qualifications</b>	<p>Bachelor's degree in Political Science / University of Baghdad</p> <ul style="list-style-type: none"> <li>• Has banking experience 20year</li> <li>• 2/2019- To date, he is the Deputy Managing Director of the National Bank of Iraq.</li> </ul>
<b>Experiences</b>	<ul style="list-style-type: none"> <li>• 4/2014– 1/2019 Bank of Baghdad.</li> <li>• 3/2010 – 3/2014 Abu Dhabi Islamic Bank.</li> <li>• 2/2009 – 2/2010 Deputy General Manager at Sea Wood International Investment Corporation.</li> <li>• 6/2006 – 1/2009 Project Coordinator at Al Bayati Real Estate Investment Company.</li> <li>• 6/2005 – 5/2006 Head of Financial Collections Department at Dar El Salaam Bank.</li> <li>• 10/2004 – 5/2005 Banking Relations Manager at the National Islamic Bank.</li> </ul>



<b>Name</b>	<b>Maher Ezzat Khader Awali</b>
<b>Position</b>	Chief Finance Officer
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>• MBA / E-Business2015 from Mutah University, Jordan, in cooperation with Ohio University, USA</li> <li>• Specialized Diploma in Financial Analysis 2006 from the Jordanian Institute of Banking Studies</li> <li>• Bachelor of Science in Finance 2002 from Al-Zaytoonah University of Jordan</li> </ul>
<b>Experiences</b>	<ul style="list-style-type: none"> <li>• Has banking experience22year</li> <li>• 5/2019 to date Head of the Financial Department at the National Bank of Iraq.</li> <li>• 2/2013 – 4/2019 Director of Financial Control for Subsidiary Companies at Capital Bank of Jordan.</li> <li>• 2/2010 – 1/2013 Financial Manager at Capital Investments Company.</li> <li>• 8/2008 – 1/2010 several positions in the financial management at Capital Bank / Jordan.</li> <li>• 8/2007 – 7/2008 Financial Advisor at Ihtiraf Real Estate Investment Company / Jordan</li> <li>• 7/2003 – 3/2007 Several positions in the financial management at Cairo Amman Bank / Jordan</li> <li>• 01/2002 – 02/2003 Credit Officer at Ahli Microfinance Company / Jordan.</li> </ul>



<b>Name</b>	<b>Rami Talal Husni Al-Khuffash</b>
<b>Position</b>	Chief of Retail Banking Services, Treasury, and Investment
<b>Qualifications</b>	Bachelor's Degree in Business Administration
<b>Experiences</b>	<p>Possesses 22 years of banking experience.</p> <ul style="list-style-type: none"> <li>• 2022 – 2024: Capital Bank of Jordan.</li> <li>• 2005 – 2022: Societe Generale Bank / Jordan.</li> </ul>



<b>Name</b>	<b>Ayman Al-Jaloudi</b>
<b>Position</b>	Chief of Internal Audit Department
<b>Qualifications</b>	Master's in commerce
<b>Experiences</b>	<ul style="list-style-type: none"> <li>• 2024- to date Head of the Internal Audit Department at the National Bank of Iraq</li> <li>• 2015-2023 Internal Audit Manager at Jordan Financial Bank</li> <li>• 2006-2014 Senior Auditor at Jordan Capital Bank</li> <li>• 2000-2006 Senior Auditor at Jordan Ahli Bank /Jordanian Capital Bank</li> </ul>

### List of Major Resignations During 2025

#	Name	Job title	Resignation Date
1	Ahmed Tahseen Abbas Maala	Deputy CEO / Investment Banking Services and Wealth Management	30/01/2025
2	Elie Najib Kanaan Kanaan	Chief of Risk Management	30/11/2025
3	Ali Falah Hadi	Head of Marketing Department	20/06/2025
4	Aws Fawzi Mohammed Mahdi	Head of Human Resources Management	31/08/2025
5	Mustafa Basheer Abdulrahman Al-Khudair	Head of Information Technology Management	11/09/2025

## 6. Names of major shareholders (more than 5%)

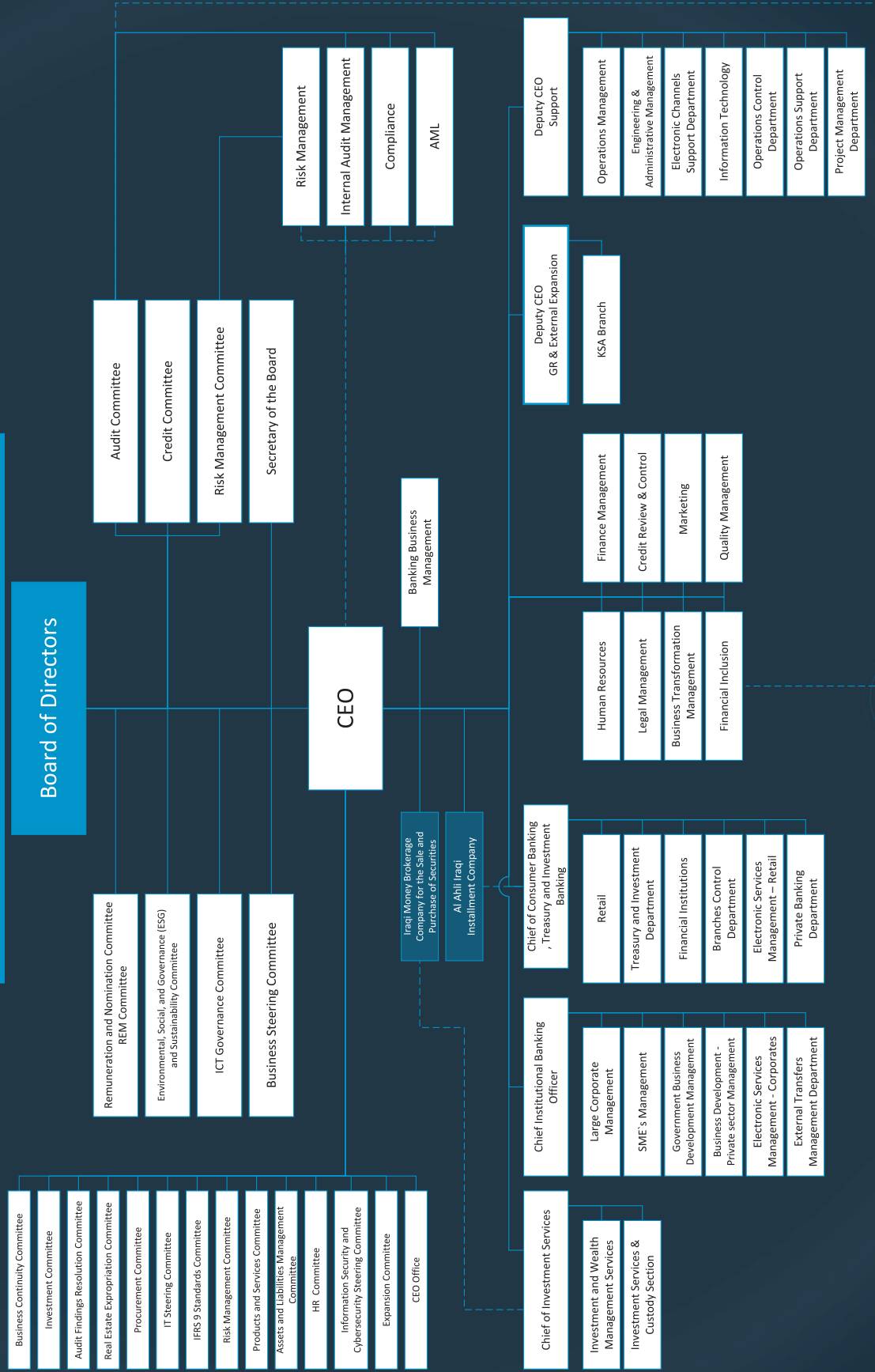
#	Name	Nationality	Number of shares	Pledged shares	percentage	The real beneficiary
1	Jordan Capital Bank Company	Jordanian	321,596,421,186	0	%61.85	Public joint stock company
2	Cairo Amman Bank	Jordanian	51,480,000,000	0	%9.9	Public joint stock company
3	Al Bawadi Al Khadra General Trading and Food Industries Company	Iraqi	44,761,271,469	0	%8.61	Public joint stock company
4	Arcadia LLC	Bahraini	26,000,000,000	0	%5	Palestine Telecommunications Company (Patel)

7. There is no governmental protection or privileges enjoyed by the Bank or any of its products or services under laws, regulations, or otherwise.

8. There are no decisions issued by the government, international organizations, or others that have a material impact on the bank's business, products, or competitiveness.

9. The bank's organizational structure

Main Organizational Structure of National Bank of Iraq



## 10. Number of bank employees and their qualification categories

Classification of workers according to educational attainment	
Certificate	number
Master's	41
Bachelor's degree	1514
diploma	61
High school	11
Intermediate	7
Elementary	28
<b>the total</b>	<b>1663</b>

Classification of employees according to job grades		
Category	General Administration	Branches
Senior Executive Management - CEO	1	.
Senior Executive Management	11	.
Senior management	21	.
Middle management	109	39
Supervisory positions	284	87
employees	710	327
Supporting jobs	44	0
'Iraqi Money Company employees	2	.
Employees of the Iraqi National Company for Trading, Selling and Buying Cars, Machinery, Equipment and Machinery	13	-

Training courses		Statement
Number of courses	Number of participants	Course Type
134	2021	Courses inside Iraq within the bank
614	5215	online learning courses
7	74	Courses outside Iraq
<b>755</b>	<b>2095</b>	<b>the total</b>

Since human resources are the key element in the bank's success, the bank offers many benefits to its employees, the most important of which are health insurance for employees and their families, life insurance for employees, loans for employees with special interest rates (housing loans, personal loans and advances, car loans, in addition to interest-free emergency loans), financial incentives linked to the employee's annual performance, in addition to training for the bank's employees inside and outside Iraq.

### 11. Bank activities and achievements

It was included in the Board of Directors' report in a separate and independent item, supported by figures and a description of the important events that the bank experienced during 2025.

### 12. The financial impact of events of a non-recurring nature that do not fall within the bank's main activity

The Bank has no financial impact from non-recurring events that occurred during 2025.

### 13. Analysis of the bank's financial position and business results:

It was included within the analysis of the financial position and the financial indicators.

### 14. Important future developments and the bank's future plan

The bank's future developments, projects, strategic directions, and the Board of Directors' expectations for the bank's business results are outlined in the bank's 2025 future plan.

### 15. Statement of the number of securities issued by the bank

#### A. Number of shares owned by board members

Original members	Number of shares owned as of 31/12/2025	Position
Mr. Basim Khalil Salem Al Salem	635,596,994	Chairman of the Board of Directors
Capital Bank of Jordan	321,596,421,186	Vice Chairman of the Board of Directors
Professor Khalil Ibrahim Abdul Karim Al-Mashahdi	11,892,516	Original member
Mr. Ayman Imran Abdullah Abu Dahim	4,160	Original member
Mr. Nabeel Samir Makahla	4,160	Original member
Professor Ali Mustafa Hassan	4,160	Original member
Dr. Nagham Hussein Ne'ma Obaid	4,160	Original member
Mr. Samer Ibrahim Al-Aloul	3,852	Original member
Mr. Mahmoud Raouf Kareem	2,600	Original member

Reserve members	Number of shares owned as of 31/12/2025	Position
Mr. Sharif Abdul Ali Al-Battat	50,662,119	Reserve Member
Ms. Raqiya Mohammed Hassan	208,000	Reserve Member
Mr. Ali Mohammed Dawood	4,160	Reserve Member
Ms. Manar Mohammed Abdul Halim	4,160	Reserve Member
Mr. Tamer Mohammed Suleiman Ghazala	2,600	Reserve Member
Mrs. Manar Nizar Mahmoud Al Abidi	3,852	Reserve Member

#### B. Number of securities owned by senior executive management employees

Name	Number of shares owned as of 31/12/2025	Position
Mr. Ayman Imran Abu Dahim	4,100	Managing Director
Mr. Maher Ezzat Khader Awali	26,100,000	Head of Finance

## 17. Benefits and remuneration enjoyed by members of the Board of Directors and senior executive management

### Remuneration enjoyed by members of the Board of Directors during the year 2025

Name	Position	Remuneration In Iraqi dinars
Mr. Basim Khalil Al-Salem	Chairman of the Board of Directors	50,000,000
Jordan Capital Bank	Vice Chairman of the Board of Directors	50,000,000
Professor Khalil Ibrahim Abdel Karim	Board Member	50,000,000
Mr. Ali Mustafa Hassan	Board Member	50,000,000
Mr. Nabeel Samir Makahla	Board Member	50,000,000
Dr. Nagham Hussein Ne'meh	Board Member	50,000,000
Mr. Ayman Imran Abu Dahim	Board Member / Managing Director	50,000,000

## **18. Donations, grants, community service contributions, travel, hospitality, and advertising expenses**

### **A. Donations:**

Details of donation expenses are included in the consolidated financial statements.

### **B. Advertising and publicity expenses**

Details of advertising and publicity are included in the consolidated financial statements.

### **C. Travel and hospitality expenses**

Details of travel and hospitality expenses are included in the consolidated financial statements.

## **19. Data on contracts, projects and engagements concluded by the bank with allied or subsidiary companies, the chairman of the board of directors, members, managing director or any of the bank's employees:**

### **A. Contracts**

No Contracts with affiliated or subsidiary companies.

### **B. Audit contracts**

Details of the audit firm contracts are included in the Board of Directors' report included in the consolidated financial statements.

## **20. Reserve balances and uses**

Details of the reserve balance and its uses are provided in the financial analysis of the bank's results within the consolidated financial statements.

## **21. The bank's annual financial statements**

The Bank's 2025 annual financial statements, audited by the Bank's auditors (Ali Ghaleb Al-Azzawi & Partners Company) and (Adel Al-Hassoun & Partners Company), are included in the consolidated financial statements.

## **22. Bank auditors' report.**

The bank's auditors' report, which indicates that the audit procedures were conducted in accordance with the instructions and requirements of the International Financial Reporting Standards, in addition to the requirements and provisions of the Companies Law and the Iraqi Banking Law, is included in the introduction to the bank's financial statements within the consolidated financial statements.

## **23. Cases and lawsuits**

Details of cases and lawsuits are included in the consolidated financial statements.

## **24. Land and real estate**

Details of lands and real estate are included in the consolidated financial statements.

## 25. Declarations

In accordance with the disclosure instructions issued by the Securities and Exchange Commission:

1. The Board of Directors of the National Bank of Iraq acknowledges, to the best of its knowledge and belief, that there are no material matters that may affect the continuity of the bank's operations during 2026.
2. The Board of Directors of the National Bank of Iraq acknowledges its responsibility for preparing the financial statements for the year ending 2025 and that the bank has an effective control system.

Board Member	Position	the signature
Mr. Basim Khalil Al-Salem	Chairman of the Board of Directors	
Jordan Capital Bank	Vice Chairman of the Board of Directors	
Mr. Ayman Imran Abu Dahim	Board Member / Managing Director	
Professor Khalil Ibrahim Abdel Karim	Board Member	
Mr. Nabeel Samir Makahla	Board Member	
Mr. Ali Mustafa Hassan	Board Member	
Dr. Nagham Hussein Ne'meh	Board Member	
Mr. Samer Ibrahim Al-Aloul	Board Member	
Mr. Mahmoud Raouf Kareem	Board Member	

3. The Chairman of the Board of Directors, the Managing Director and the Director of the Finance Department acknowledge the validity, accuracy and completeness of the information and data contained in the National Bank of Iraq's annual report for the year 2025.

CFO	CEO	Chairman of the Board of Directors
Maher Ezzat Awali	Ayman Imran Abu Dahim	Basim Khalil Al-Salem
		

**26. Anti-Money Laundering and Counter-Terrorist Financing Regulations**

- A. The bank is committed to implementing the electronic system, which includes the minimum required scenarios.
- B. The bank is committed to periodically and automatically updating the blacklists specified within the electronic system.
- C. The bank is committed to classifying customers according to their risk level within the electronic system.
- D. The bank is committed to implementing a system for monitoring financial transactions within customer accounts based on the established scenarios.

**27. Corporate Governance:**

Dear Shareholders, Please be informed that the National Bank of Iraq's Corporate Governance Guide has been posted on the bank's homepage (website). You can access it through the following link:

<https://www.nbi.iq>



**Basim Khalil Al-Salem**  
Chairman of the Board of Directors



**Ayman Omran Abu Dhaim**  
Managing Director



**Ali Ghaleb Abbas Al-Azzawi**  
Chartered Accountant and Auditor  
From Ali Ghaleb Al-Azzawi and Partners Company (Liability)



**Adel Mohammed Al-Hassoun**  
From Adel Al-Hassoun and Partners Company  
Chartered Accountants and Consultants (Liability)



The logo consists of three concentric circles. The innermost circle is a bright cyan color, the middle one is a slightly darker cyan, and the outermost one is a very light cyan. The text is centered within the innermost circle.

**National Bank**  
of Iraq



The logo features the text "National Bank of Iraq" centered within a white circle. This circle is surrounded by a thick, dark blue double-line border. The entire design is set against a light gray circular background that has a subtle gradient and a soft drop shadow.

**National Bank**  
of Iraq