

National Bank of Iraq

Annual Report

2024



national bank
of iraq

List of contents

The logo of the National Bank of Iraq is centered on the page. It consists of three concentric circles. The innermost circle is a thick blue line. The middle circle is a thin blue line. The outermost circle is a thin grey line. The text "national bank" is written in a bold, black, sans-serif font across the middle of the innermost circle. Below it, the text "of iraq" is written in a smaller, black, sans-serif font.

national bank
of iraq

	Page No.
01 Announcement of invitation to attend the General Assembly meeting.....	04
02 Vision, mission and value.....	08
03 Chairman's speech.....	10
04 Financial ratios.....	16
05 Board of Directors Report.....	22
06 Audit Committee Report.....	58
07 Consolidated financial statements for the year ending December 31, 2024....	60
08 Additional Disclosures for Securities Commission Requirements.....	162



Announcement of
invitation to attend the
General Assembly
meeting





Announcement of invitation to attend the General Assembly meeting

To the honorable shareholders of the National Bank of Iraq

Best regards:

Based on the provisions of Article (87/Second) of Corporate Law No. (21) Of 1997 as amended and in implementation of the decision of the Bank's Board of Directors No. (05/2025) taken at its regular session No. (2) held on the date 29/01/2025, We hereby invite the shareholders of the bank to attend the General Assembly meeting, which will be held at exactly (10:00 am) on Thursday corresponding 03/27/2025 In the station hall / Baghdad / Uqba ibn Nafi Square to discuss the agenda items listed below and take the necessary decisions regarding them.

If the quorum is not met on the date specified above, the meeting will be postponed to the following week on Thursday 04/03/2025 at the time and place specified above.

Agenda:

1. Discussing the increase and election of the number of Board members from seven to nine, with the same number as reserves, due to the expiration of the current Board term, and amending Article Seven of the Articles of Association.
2. Discussing the replacement of Farqad Al-Salman & Partners Company as the bank's auditor due to the death of Mr. Farqad Hassan Ahmed Al-Salman, the company's principal shareholder. Ali Ghaleb & Partners Company will be appointed for the fiscal year ending December 31, 2024, in accordance with the decision of the Audit Committee dated December 5, 2024, emanating from the Board of Directors, and the approval of the Central Bank of Iraq pursuant to their letter No. 9/4/15162 dated December 16, 2024.
3. Discussing and approving the Board of Directors' report on the bank's activities for the fiscal year ending December 31, 2024.
4. Discussing and approving the auditor's report and the final accounts for the fiscal year ending December 31, 2024.
5. Review and approve the Audit Committee's report for the fiscal year ending December 31, 2024.
6. Discharge the Chairman and members of the Board of Directors from liability for the fiscal year ending December 31, 2024, determine their remuneration, and take the appropriate decision.

Announcement of invitation to attend the General Assembly meeting

7. Appoint the company's auditors for the fiscal year ending December 31, 2025, and determine their remuneration in accordance with the Professional Council's regulations.
 8. Discuss the profit distribution for the fiscal year ending December 31, 2024, and take the appropriate decision thereon.
 9. Discussing the increase of the capital of the National Bank of Iraq from (400,000,000,000 dinars) to (520,000,000,000 dinars) in accordance with the provisions of Article (55) / Second of the Iraqi Companies Law No. (21) of (1997) as amended, through the balance of retained earnings and distributing them as free shares to shareholders so that the authorized and paid-up capital becomes (520,000,000,000) dinars (five hundred and twenty billion Iraqi dinars) Amending Article Five of the Articles of Association of the National Bank of Iraq and taking the appropriate decision in this regard.
 10. Discussing the financing of opening (6) new branches from retained earnings and making the appropriate decision.
 11. Discussing the management agreement between the National Bank of Iraq and the Jordanian Capital Bank and taking the appropriate decision.
- We kindly request your attendance. If you are unable to do so, you may delegate another shareholder or appoint a third party with a power of attorney certified by a notary public. The delegations and powers of attorney must be deposited with the Securities Commission at least three days prior to the meeting date. You may obtain a copy of the meeting minutes from the bank's general management, taking into account the provisions of Article 91.
- We are pleased to welcome you with the warmest welcome and thank you with the utmost respect and appreciation.

Basim Khalil Al-Salem
Chairman of the Board
of Directors



Vision, Mission and Values



Vision, Mission and Values

Our vision

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

Our message

Building a strategic partnership with our clients based on trust, enabling them to conduct their banking business with ease and convenience by providing comprehensive and advanced banking and technological solutions and services.





Chairman's speech





Chairman's speech

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

Dear shareholders,

I extend my sincere gratitude and appreciation. It is my honor to present to you, on my own behalf and on behalf of my fellow Board members, the National Bank of Iraq's annual report for 2024, which includes the most notable achievements and outstanding financial results achieved.

2024 was an exceptional year on all fronts. We achieved significant accomplishments that reflect the bank's strength and resilience in the face of economic challenges, strengthening its presence as a leading financial institution in the Iraqi banking sector thanks to a clear strategic vision, prudent management, and a committed team. We continued to expand our services, strengthen our competitive position, and achieve strong financial performance that reflects the confidence of our clients and shareholders.

The Central Bank of Iraq's policy during 2024 was characterized by flexibility and rapid response to economic and political changes with the aim of containing these changes in the Iraqi economy, ensuring the preservation of the pillars of monetary stability and the stability of the exchange rate. The Central Bank also strengthened the role of the banking sector, preserved its strength, and enhanced the confidence of depositors and shareholders, preserving their rights.

Ladies and gentlemen,

This year witnessed an outstanding financial performance, with the bank achieving a net profit of 252 billion Iraqi dinars, compared to 190 billion Iraqi dinars in 2023. Net interest income increased from 100 billion Iraqi dinars to 166 billion Iraqi dinars, a growth rate of 66%. Total income also increased from 343 billion Iraqi dinars to 452 billion Iraqi dinars, a growth rate of 32%. This reflects the effectiveness of the bank's operations, which focus on basic banking services, most notably banking loans for individuals, large, medium, and small companies, and trade finance services for major companies operating in various productive sectors. This reflects the bank's contribution to economic development. Regarding customer deposits, their balance increased from 2.9 trillion Iraqi dinars to 3.5 trillion Iraqi dinars, an increase of 18%, reflecting depositors' confidence in the bank, which contributed to increasing the bank's share of total banking system deposits. It also reflects the diversity of the bank's services offered to its customers, such as interest rates on various deposits and prizes for opening Zanakeen savings accounts, which grant winners daily, weekly, monthly, and annual prizes.

As for direct credit facilities, they increased from 1.3 trillion Iraqi dinars to 1.8 trillion Iraqi dinars, a growth rate of 36%. This growth was a result of the expansion of loans granted to employees whose salaries are domiciled with the bank and the facilities granted to small, medium, and large enterprises.

The growth in various financial indicators led to the bank's assets growing from 3.9 trillion Iraqi dinars to 5.1 trillion Iraqi dinars, a growth rate of 29%. This asset size reflects the growing volume of banking business and the bank's increased market share in most of its activities.

During 2024, the bank's capital was increased to 400 billion Iraqi dinars, up from 300 billion Iraqi dinars, in response to instructions from the Central Bank of Iraq. The capital will be increased to 520 billion Iraqi dinars by 2025. The bank also witnessed a growth in its customer base of approximately 110,000 customers, reaching 320,000. The bank seeks to increase its customer base in the coming years, particularly through geographic expansion in the number of branches and ATMs. We added 104 ATMs, bringing our ATM network to 294. During 2024, four new branches were opened, bringing the total number of branches to 33, spread across Baghdad and several governorates. This includes one branch in the Kingdom of Saudi Arabia, which provides significant added value to Iraqi and Saudi companies in exchanging internal and external remittances, enhancing trade exchange between the two countries, and providing credit facilities and trade finance services.

Ladies and gentlemen,

As part of its ongoing efforts to develop its services, the bank has opened several advanced centers to ensure superior service to its large, medium, and small corporate clients, as well as other segments. These include additional centers for counting and sorting cash and a dedicated department for foreign transfers, ensuring exceptional service to our clients.

The National Bank of Iraq is proud to offer a variety of new products that meet the needs of its customers, strengthen their relationships with the bank, and promote the financial inclusion we strive to achieve. These products include the "Doctors' Account," an account dedicated to meeting the financial needs of the healthcare sector. We also launched the "Children's Account," which aims to enhance financial awareness among children. We also issued the "Infinite" credit card, which offers a wide range of exclusive benefits and services to its holders.

The bank also participated in the "My Account" project, which is related to the salary localization process for public sector employees in the Kurdistan Region of Iraq.

The bank began providing custodian services after obtaining official approvals from the Securities and Exchange Commission and the Iraq Stock Exchange. This service aims to protect Iraqi and foreign investors and provide them with a full range of investment services.

Ladies and gentlemen,

On the international cooperation front, we signed a \$50 million financing agreement with the United States International Development Corporation (DFC), and we strengthened our financial dealings with our correspondent banks around the world.

We are also committed to a comprehensive strategy focused on sustainability and digital transformation to better serve our customers. We have worked to keep pace with the latest technological developments and enhance information security and the efficiency of banking services. In this context, we implemented the T24 banking system from the Swiss company Temenos, which we launched in early 2024, and we also launched a new anti-money laundering management system (AML Sirion).

Ladies and gentlemen,

Regarding the bank's plans for 2025, construction work has been completed on five branches, which will be officially opened in the first quarter of 2025. We will continue to expand our branch network, which will be increased by six branches to reach 43 branches, and we will open 50 offices to promote services and attract deposits. We will also work to increase our ATM network to reach 400 ATMs, in addition to focusing on developing and marketing electronic banking services, increasing the bank's share in trade financing for large companies, expanding the salary localization project, financing small and medium-sized enterprises, and expanding the attraction of deposits from individuals, companies, and official government institutions, armed with the confidence the bank has gained in the banking sector, supported by its financial results and advanced services.

Ladies and gentlemen

In conclusion, I extend my sincere thanks to His Excellency the Governor of the Central Bank of Iraq and the bank's staff for their continued support and cooperation, which has contributed to the development of the banking sector and provided an environment conducive to growth and development.

I also extend my appreciation to the Securities and Exchange Commission, the Companies Registration Department, the Iraq Stock Exchange, the Iraqi Private Banks Association, and all the institutions that support the Iraqi economy.

To our dear customers, I express my sincere gratitude for your valuable trust and continued support, which inspires and propels us forward. I also 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, whose exceptional work spirit and remarkable dedication contributed to achieving outstanding results. Their dedication and loyalty have been the cornerstone of our continued success and growth. I would also like to express my deep gratitude to my fellow members of the Board of Directors for their dedicated and tireless efforts in leading the bank to continued success.

I ask God Almighty to bestow upon Iraq and its people the blessings of security and prosperity, and to be our supporter in all our steps.

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

Basim Khalil Al-Salem
Chairman of the Board
of Directors

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/ 2024)

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, 2024), 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.



The logo features a solid blue square on the left, followed by the text 'Q4' in a bold, black, sans-serif font. The 'Q' has a blue square at its bottom right corner, and the '4' has a blue square at its top right corner. Below 'Q4' is the text 'Financial ratios' in a smaller, black, sans-serif font.

Q4

Financial ratios



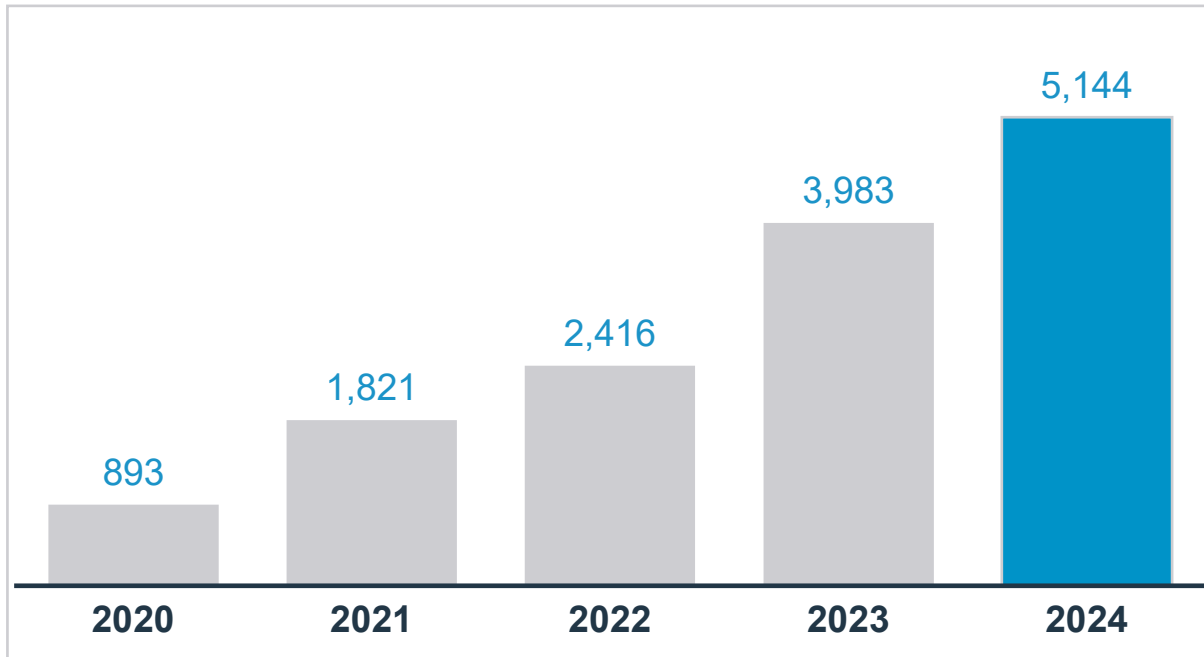
10:08 10:30 11:15 11:48 12:06

CWQT	▲	99.0	+99.0%
BOTJ	▼	-0.82	-0.82%
TRF	▼	-32.0	-32.0%
UIO	▲	+75.0	+75.0%
DZRD	▼	-34.0	-34.0%
VWQ	▼	-34.0	-34.0%
KNJ	▲	+56.0	+56.0%
PLMN	▼	-65.0	-65.0%
JJB	▲	+83.0	+83.0%

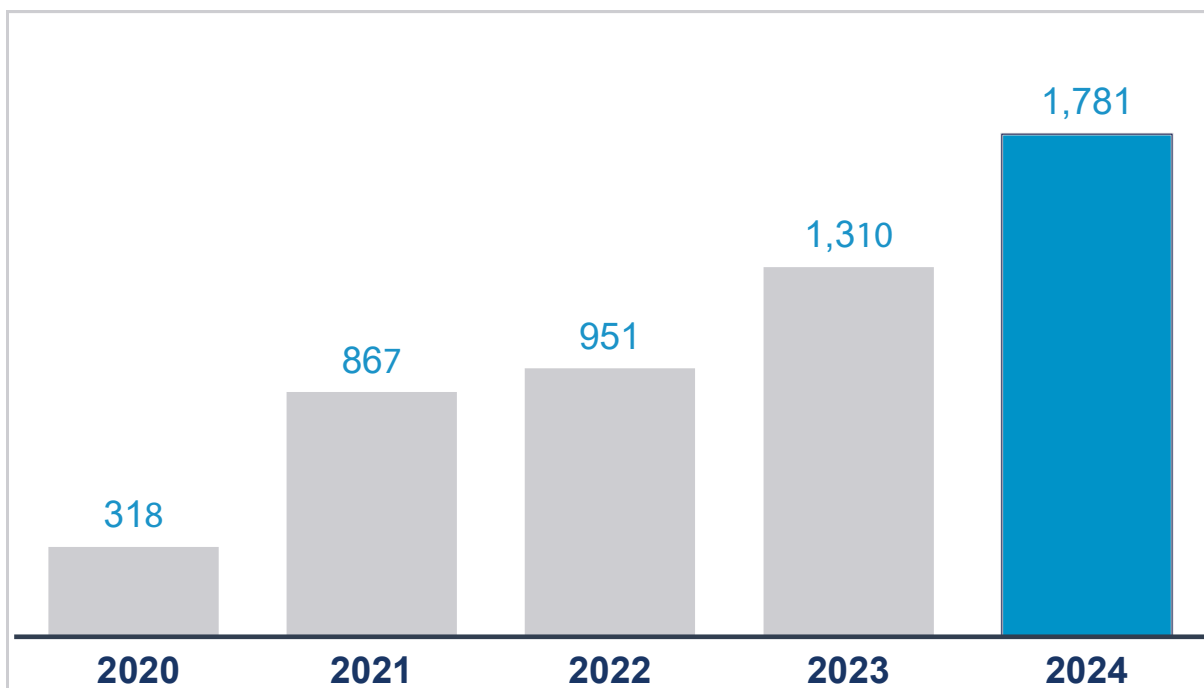


Assets

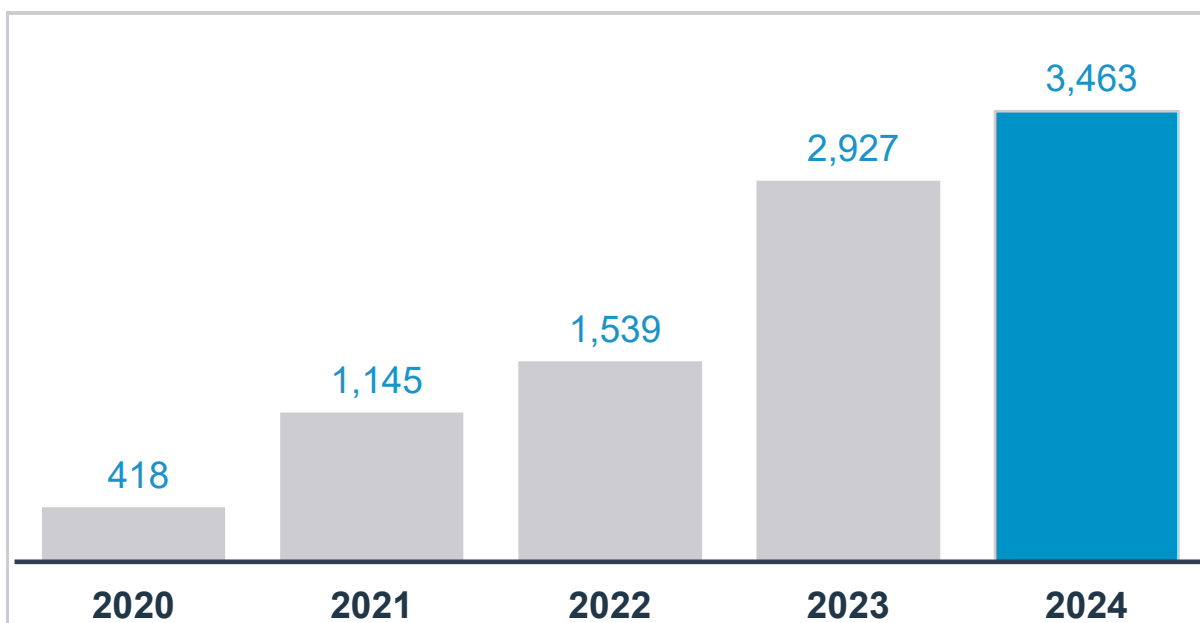
(IQD billions)

**Net Credit Facilities**

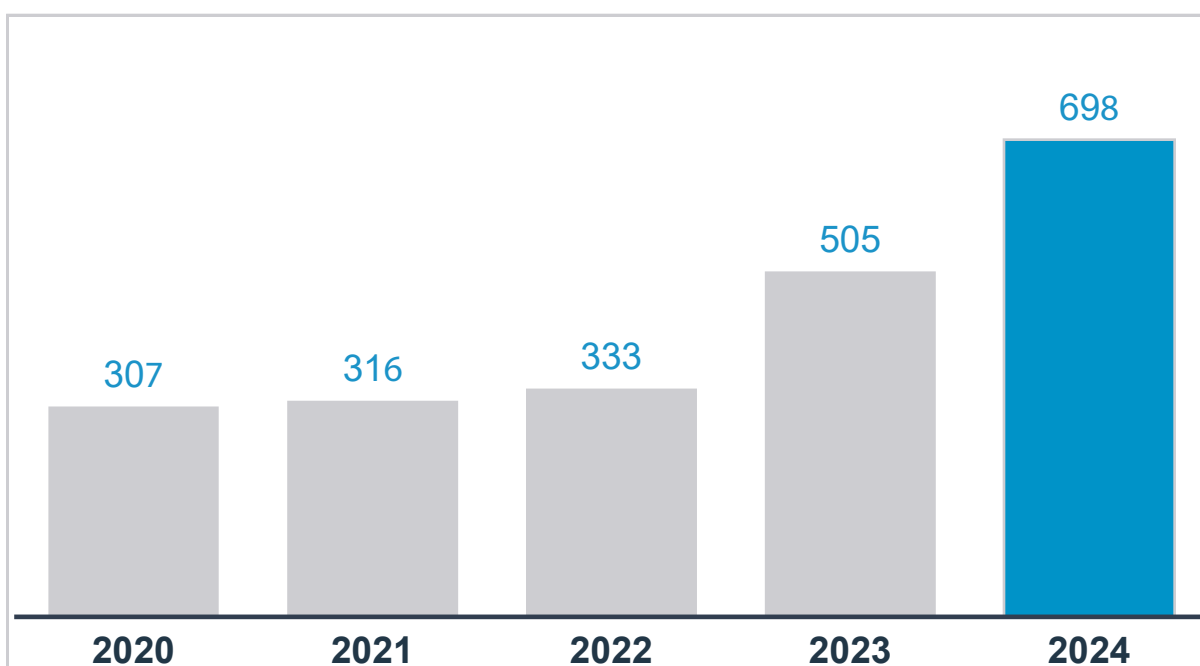
(IQD billions)



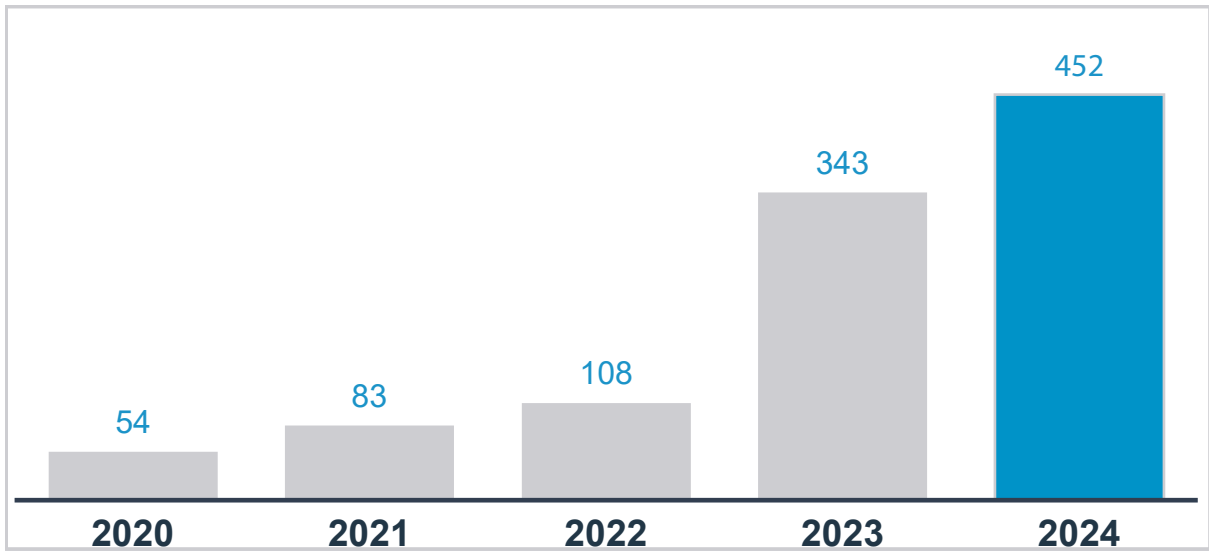
Customers Deposits
(IQD billions)



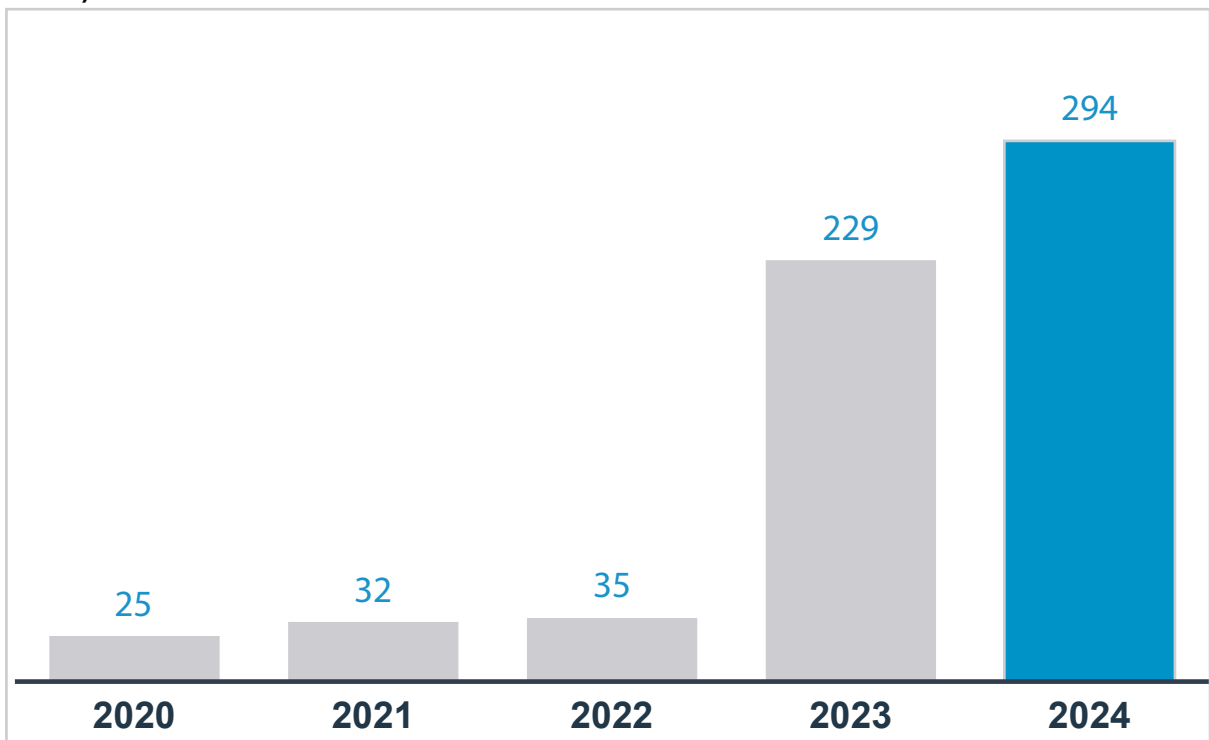
Equity
(IQD billions)



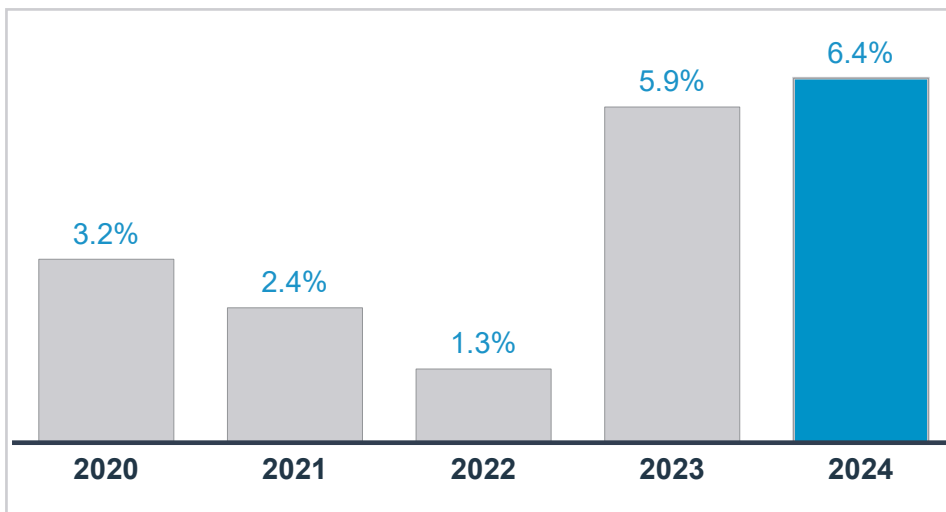
Total Revenue (IQD billions)



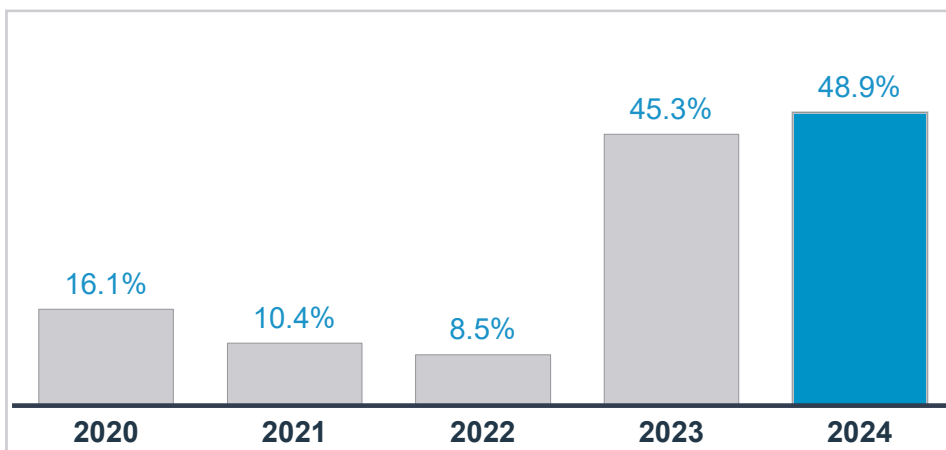
Income Before Tax (IQD billions)



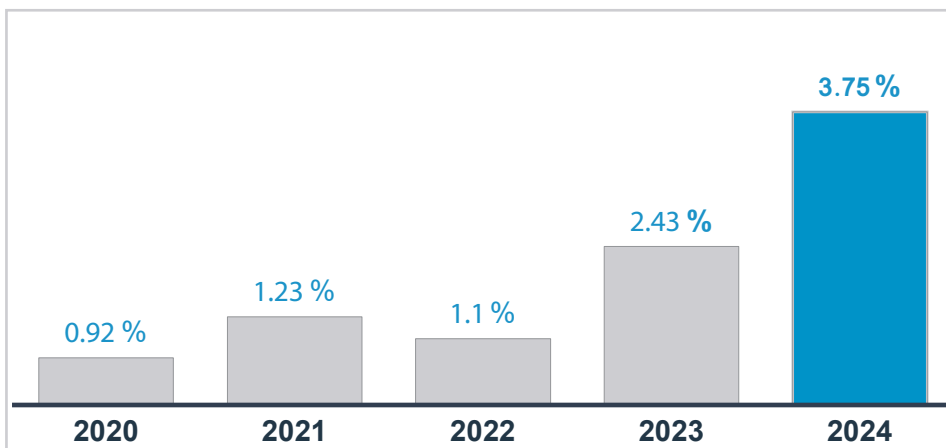
Return on Average Assets (Annualized)
(Before Tax)



Return on Average Equity (Annualized)
(Before Tax)



Share Price (Annualized)
(Before Tax)





Board of Directors Report





Board of Directors Report

The bank's ambitions to achieve its goals

Based on its strategic vision 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 Iraqi banking by implementing the best international banking services, developing products and services that serve various segments of society, and providing comprehensive financial solutions that enable them to develop their businesses and meet their needs with ease and speed.

The National Bank of Iraq's ambitions and objectives revolve around enhancing the competitive advantages of the bank's products and services by developing the infrastructure for electronic banking services and developing payroll services, given their significant importance in serving a wide segment of Iraqi society. The bank also seeks to enhance electronic payment services, whether through credit cards, prepaid cards, or online electronic services. The bank seeks to increase its customer base through this targeted development, in addition to expanding the geographical spread of the bank's branches to cover all Iraqi governorates.

Since mid-2017, the National Bank of Iraq has adopted a project to localize government employees' salaries. This project is based on an action plan aimed at reaching the largest possible number of government employees to achieve the bank's ambitions and objectives. The bank has also introduced a program to localize salaries of private sector employees, including those employed by local and foreign companies.

Bank branches

The bank provides its services through its widespread branches, which cover most Iraqi governorates, through 32 branches distributed across 15 different governorates:

Eleven branches in the capital, Baghdad: (Main branch, Al-Jadriya, Al-Mansour, Al-Kadhimiya, Al-A'dhamiya, Jamila, Baghdad Mall, Yarmouk, Zayouna, Dream City Mall, and Nakhil Baghdad). Nine branches are located in the northern region, distributed in: (Mosul, Kirkuk, Sulaymaniyah, Erbil, Al-Iskan, Dohuk, and Zakho). Five branches are located in the Middle Euphrates region, distributed in: (Karbala, Najaf, Hillah, and Anbar). Eight branches are located in the southern region, distributed in: (Basra, Umm Qasr, Al-Rumaila, Nasiriyah, Muthanna, Diwaniyah, and Umara).

In addition, the National Bank of Iraq branch in the Kingdom of Saudi Arabia continues to provide banking services to companies in both countries and facilitate banking transactions between Iraq and Saudi Arabia.

In addition to the above, the bank is working diligently to open new branches as part of its expansion plan for 2025 in the capital, Baghdad, and other governorates. This is to provide our services to the largest possible segment of customers in a distinctive manner. The bank aims to open 10 branches by 2025, in addition to establishing 50 customer service and sales offices distributed throughout Iraq's governorates.

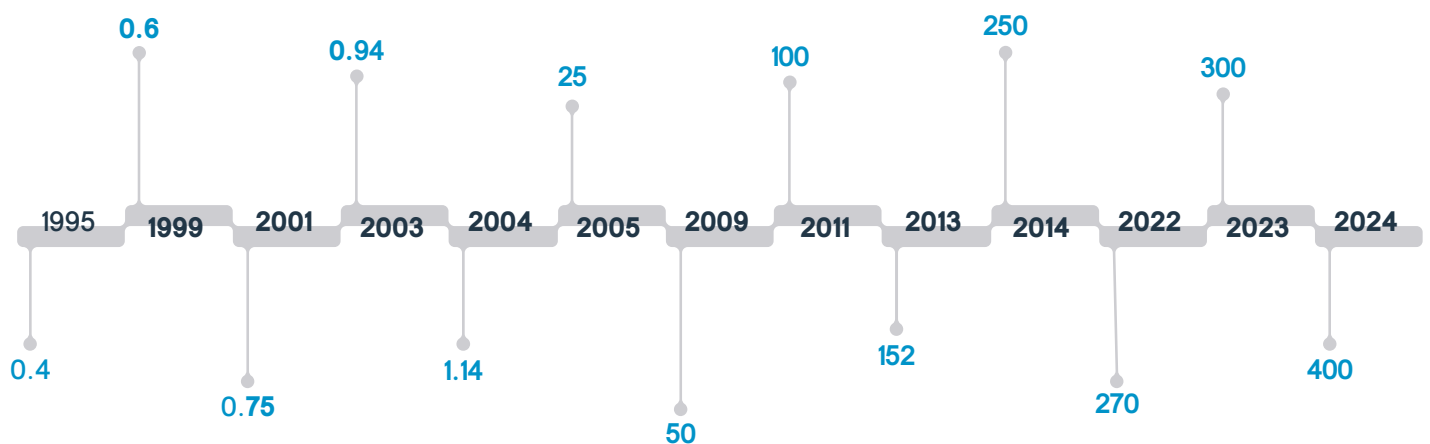
All of the above represents the Bank’s aspirations and approach to providing the best banking solutions that meet the requirements and needs of its various customer segments, supporting and enhancing the culture of savings among customers to attract the greatest value from deposits, and working to provide competitive banking facilities (personal loans of various types in addition to credit cards), while continuing to work to ensure expanding the service distribution base, specifically in governorates not served by branches or an ATM network, with the aim of providing the service in a new way and at the highest standards, in line with the National Bank of Iraq’s direction by enhancing electronic payment services through withdrawal outlets, urging customers to use these services, and expanding the branch network to provide the best services.

In the same context, National Bank of Iraq customers can link their bank accounts to the Zain Cash e-wallet through simple, smooth, and quick steps, providing customers with numerous options for withdrawals and purchases via the dedicated app for these services.

It is worth noting that the Elite Department, which cares for the segment of high-net-worth clients, has been restructured to become the Private Banking Business Department, which targets a specific segment of clients based on the volume of their existing transactions with the bank, and attracts new clients and classifies them as clients under conditions that depend on the volume of their transactions. In order to make this program a success, all necessary resources and distinguished human energies have been allocated to support the new department and provide innovative benefits that serve clients’ aspirations. This is the first of its kind in Iraq in terms of allocating specific service centers for clients of the Private Banking Business Department in Baghdad, Basra, Sulaymaniyah, and Erbil, equipped with all the means of luxury that suit the requirements of this segment of clients.

Our branches also actively participate in the development of corporate businesses, providing the necessary support and services to ensure the continued growth of these businesses and creating a unique experience that reflects the value 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		Stock Closing Price
			cash dividends	Free shares	
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
2020	307,294,926	24,707,854	20,000,000	-	0.92

The bank owns two subsidiaries as follows:

Company Name	Company type	Main activity	Company capital	the address	Ownership percentage
Iraqi Capital Brokerage Company	Limited Liability	A brokerage company for buying and selling securities	one billion Iraqi dinars	Baghdad	100%
Al-Ahly Al-Iraqi Company for the trade, sale and purchase of cars, machinery, and equipment	Limited Liability	Trading, selling and buying cars, machinery, machines and equipment	10 billion Iraqi dinars	Baghdad	51%

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

Management of large, medium and small corporate

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 large corporate and government sectors have been given the necessary attention to increase the volume of banking transactions with the bank. This is achieved by providing all advanced banking services and products that meet the needs of specialized companies in this sector and meet their large business volume, making the National Bank of Iraq their first and preferred choice.

During 2024, the Corporate Management Department continued to focus on attracting key current accounts and acquiring a significant portion of these companies' deposits, which will serve as a cornerstone in strengthening the bank's position and its ability to operate and lend these funds. This will ultimately translate into increased profitability through the expansion of hedging and financial derivatives services to the Corporate Management Department's clients. This will aim to mitigate currency, interest, and commodity price risks in accordance with banking standards and principles based on a sound understanding of the business environment.

In 2024, the management of large companies was able to continue increasing the operating profit of the credit portfolio by increasing the volume of direct facilities granted to new customers according to studied risks, and creating new products.

During 2024, the use of the bank's electronic business platform was enhanced. This platform, introduced to customers in the latter part of 2024, is designed for companies of all types and sizes and offers an innovative and comprehensive suite of banking solutions that enable these companies to conduct their daily internal and external banking operations electronically using the latest methods and means, in a secure manner, at any time and place.

Financing small and medium enterprises:

The Small and Medium Enterprises Department provides sound financial solutions by supporting small and medium enterprise owners to establish, develop and expand their projects and business activities through financing or lending operations with the aim of achieving economic growth, i.e., achieving expansion and development work and growing their businesses, while providing job opportunities to employ the workforce and reduce unemployment, in addition to providing programs for small and private projects and supporting and ensuring the success of these projects and targeting all different sectors (commercial, service, medical, educational, industrial, agricultural and technological).

- The first bank in Iraq to establish a specialized unit for financing small and medium-sized enterprises (SMEs) nationwide.
- Developing a concept for this category of projects in accordance with international standards and in line with the reality of the Iraqi market.
- Including most Iraqi governorates in financing operations.
- Raising the level of financial inclusion and banking culture among target groups (as most borrowers had their first banking experience with the bank).
- Creating a highly trained and experienced institutional cadre in this field, which has been reflected in the interest of international institutions and organizations in the National Bank of Iraq, placing it at the top of the list of all grants and projects received in Iraq.

Personal Banking Services Management

As part of the National Bank of Iraq's strategy to target individuals in its various segments and create new channels and products aimed at enhancing and opening up business areas that are consistent with the strategic direction of the bank's future plan, work has been done to continue offering products and services for individuals, which in turn target individual customers by attracting customers with transferred salaries in the public and private sectors, in addition to other different customer categories. This direction is consistent with the initiative of the Iraqi government and the Central Bank of Iraq regarding the transfer of salaries of employees in the public and private sectors within the salary localization project. Banking services have been provided to individuals since 2018, with a focus on creating competitive products and services that are compatible with and build the requirements and needs of customers by offering an integrated group of banking services. A localization customer base has been established and attracted, and new products have been provided through marketing and advertising campaigns that have left a significant impact on the Iraqi market and contributed to increasing banking competition to serve targeted customers. At the same time, we worked on re-launching individual products, including personal loans, credit cards, and savings products, in a new, competitive manner. Through this, the bank was able to attract a wider customer base while providing a distinguished level of service that matches the required speed in completing and executing transactions. In line with the bank's orientations that support the provision and development of electronic services, the ATM network was expanded to exceed a total of 265 ATMs distributed in vital locations and commercial centers within Baghdad and the main governorates to serve the customers of the National Bank of Iraq and customers of other banks. The bank also continued its orientation towards launching new services and focusing on electronic services.

In addition to the above, new, highly important and influential banking services have been launched, including new products, enhancing the customer experience and offering new benefits that meet the aspirations and needs of a large and important segment of customers.

Bank branch in the Kingdom of Saudi Arabia

The National Bank of Iraq branch in Riyadh commenced its banking operations in 2022. It provides corporate banking services in both countries and facilitates banking transactions between them.

The most important of these services are:

- Current accounts and deposits.
- Commercial transfers (outgoing and incoming).
- Enhance and deduct incoming credits.
- Direct credit facilities.

The role of the bank's 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. This agreement finances Iraqi companies' purchases from the Saudi market.

The bank's Product Development Department has witnessed significant transformations and growth in the delivery and improvement of existing and new products and services, driven by a team of inspired experts with a spirit of innovation and pioneering vision. This has contributed to strengthening the National Bank of Iraq's position in the Iraqi banking market. This has been achieved by launching innovative products targeting new segments that serve the business plan and enhance digital transformation, developing strategies to expand and retain the customer base, and increasing the bank's market share and achieving 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. It allows customers to safely and securely save their money without receiving financial returns. This account is offered to individuals who, for various reasons, prefer not to receive financial interest on their savings.

Localization account:

Dedicated to public and private sector employees receiving their salaries, our bank offers special offers for localization in ministries and government institutions, in addition to offers specifically for civil society organizations. Commissions and account limits for civil society organizations are determined by the offers provided.

Savings account:

A savings account is a basic account that allows customers to save their money safely and securely, while earning varying financial benefits depending on the deposit value and currency type (Iraqi dinars or USD). This account targets individuals seeking to invest in a safe and reliable manner without being exposed to the risks of investing in the market and projects.

Zenakin account:

An interest-free savings account with the chance to win a wide range of exciting gifts for National Bank of Iraq customers. The Zenakin account prizes are classified as the largest in the Iraqi banking market, as the account provides many prizes throughout the year that are distributed to winners on a daily, monthly, and annual grand prize basis based on the customer's balance, provided that the amount is kept for a period of no less than 30 days. The draw will be conducted through a lottery system among eligible customers, and the winner will be announced through the bank's official communication platforms. The account provides the advantage of being inclusive of all the various banking benefits and services provided by the National Bank of Iraq to its customers.

"AlAhli Child" - a savings account for children:

A savings account for minors who have not reached the legal age, established by their guardian or trustee, with the aim of encouraging parents to adopt a culture of saving and educating their children about the importance of investing from an early age to overcome any future difficulties, and they can use it after reaching the legal age.

Term Deposit Account:

A bank deposit account is a great investment opportunity, allowing customers to deposit cash into a secure financial portfolio with guaranteed and competitive interest rates. Bank deposit accounts are divided into non-interest-bearing fixed deposits and interest-bearing fixed deposits.

Gold Road Deposits:

An interest-free fixed deposit account. The customer is awarded gold fines based on the deposit value, the deposit's duration, and the deposit's currency. The bank provides the customer with a coupon for the outstanding lira. The customer, in turn, contacts the company with which the bank deals to receive the lira directly.

Certificates of Deposit:

Certificates of deposit (CDs) are among the most distinctive products in the banking sector, characterized by their clarity, ease, and comprehensiveness. These certificates are issued in various amounts and terms. They are considered a financial security issued at face value in exchange for customers' cash deposits, offering savings opportunities with guaranteed returns and multiple investment periods.

Personal loans:

A personal loan from the National Bank of Iraq is a flexible and effective financial solution based on a thorough understanding of customer needs. We strive to provide a superior banking experience through financing solutions that suit various financial lifestyle requirements.

Credit cards:

Credit card uses: cash withdrawal, online shopping, and purchases through points of sale.

Treasury and Investment Department

The Treasury, Financial Institutions and Investment Department at the National Bank of Iraq continued to play its key role in effectively managing the bank's assets and liabilities despite the numerous economic and political challenges facing Iraq. It excelled in managing the cost of funds, maintaining healthy profits, and maximizing interest margins.

Financial Institutions Department

The Financial Institutions Department achieved strong performance in 2024. The department's strong relationships with global correspondent banks, non-bank financial institutions, and sovereign entities, in addition to its global partnerships, provided new opportunities in local and international markets to offer a wide range of lending solutions across banking, lending, and trade services. The Financial Institutions Department played a prominent role in opening new channels for dealing with numerous banks and financial institutions, establishing new banking relationships, and strengthening and consolidating existing relationships through professional and transparent transactions. This was achieved by expanding the base of highly rated correspondent banks, enhancing the bank's ability to carry out its various activities within a group of more than 30 bank accounts.

The most important activities and major expansions that occurred during the year

- Increasing the bank's capital from (300) billion Iraqi dinars to (400) billion Iraqi dinars.
- Implementing the new banking system (Temenos - T24).
- Implementing mobile banking services for individuals.
- Obtaining the approval of the Central Bank of Iraq to invest in an insurance company.
- Signing a financing agreement with the US International Development Finance Corporation (DFC) to allocate \$50 million to provide financing to companies in Iraq.
- Signing a cooperation agreement with the German International Cooperation (GIZ) to support financial inclusion in Iraq.
- Renovating Baghdad Secondary College.
- Opening (4) new branches in various Iraqi governorates.
- Opening (15) accounts for government institutions.
- Opening (933) accounts for various Iraqi companies.
- Opening a new cash center in Karbala Governorate, bringing the number of main cash centers to 4 and 7 small counting centers.
- Increasing the number of electronic payment devices to 3,164 POS devices distributed among 1,841 merchants.
- Creating a new online system for companies that includes all financial and non-financial services, most notably (account statements of all kinds, internal and external transfers, auction transfers, salaries and merchant payments, documentary credits, and letters of guarantee).
- Obtaining ISO 9001:2015 certification for the foreign remittance service.
- Launching a housing loan product.
- Loans were granted and personal loan ceilings were increased, distributed among (53,073) customers.

The bank's future plans

- Increasing the bank's capital from (400) billion Iraqi dinars to (520) billion Iraqi dinars.
- Restructuring the National Bank of Iraq's Board of Directors.
- Commencing construction of a new building for the General Administration in Al-Jadriya.
- Commencing construction of an annex to the current General Administration in Al-Saadoun.
- Opening 10 new branches, targeting major areas and malls in all Iraqi governorates.
- Opening a network of sales and customer service offices covering various governorates.
- Obtaining a certificate of conformity for the Quality Management System according to the ISO 9001:2015 standard.
- Launching a comprehensive Green Trade Finance program.
- Preparing Environmental and Social (E&S) reports in accordance with the requirements of the Central Bank of Iraq and development financial institutions.
- Rehabilitating the Al-Mutamazat Girls' Secondary School in Al-Rusafa.

- Rehabilitating training centers under the auspices of the Supreme Council for Youth Support.
- Establishing the National Bank of Iraq Academy for Banking Training.
- Completing the Banking Ready program.
- Products to support women.
- Products to support youth.
- Products to support small and medium enterprises.
- Continued expansion of electronic payment services (POS).
- Continued expansion of ATMs across all Iraqi governorates.
- Continued expansion of the project to localize government employees' salaries.
- Continued expansion of the project to localize private sector employees' salaries.
- Continued expansion of loans to small and medium-sized enterprises.
- Continued expansion of business financing for large companies.
- Continued expansion of attracting government companies.
- Continued expansion of partnerships with international financial institutions to increase the bank's global presence.

Financial position analysis and financial indicators

First: Bank profitability analysis:

Consolidated Statement of Income

(In Million IQD)

Account	2024	Percentage of Total	2023	Percentage of Total	Growth Rate
Net interest income	166.253	36.8%	99.868	29.1%	66.5%
Net commissions income	276.045	61.1%	232.500	67.8%	18.7%
Other income	9.747	2.2%	10.789	3.1%	(9.7%)
Gross profit	452.045	100.0%	343.157	100.0%	31.7%
Employees' expenses	(37.268)	23.6%	(24.832)	21.7%	50.1%
Other expenses	(62.021)	39.2%	(43.086)	37.7%	43.9%
Depreciation and amortization	(23.265)	14.7%	(14.471)	12.7%	60.8%
Total Operating expenses	(122.554)	77.5%	(82.389)	72.2%	48.8%
Impairment of assets seized in settlement of debts	(3.333)	2.1%	(12.519)	11.0%	(73.4%)
Allowance for credit losses	(31.390)	19.9%	(19.054)	16.7%	64.7%
Miscellaneous provisions	(843)	0.5%	(209)	0.2%	302.9%
Total expenses	(158.120)	100.0%	(114.171)	100.0%	38.5%
Profit before tax	293.925		228.986		28.4%
Income tax	(41.577)	14.1%	(38.982)	17.0%	
Profit for the year	252.348		190.004		32.8%

• 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 (252,348) million dinars for the year ending December 31, 2024, compared to net profits after tax amounting to (190,004) million dinars for the year 2023.

• Net operating income:

The bank's outstanding performance enabled it to achieve net operating revenues of (452,045) million dinars for the year ending in December 2024, compared to (343,157) million dinars for the year 2023. This increase is due to the increase in all interest and commission items.

• Expenses:

Total expenses increased by (38.5%) to reach (158,120) million dinars for the year ending December 31, 2024, compared to (114,171) million dinars for the year 2023.

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	2024	Percentage of Total	2023	Percentage of Total	Growth Rate
Assets	5,144,233	100.0%	3,982,985	100.0%	29.2%
Cash and balances with central banks	1,864,210	36.2%	1,832,757	46.0%	1.7%
Cash with banks and financial institutions	365,983	7.1%	340,343	8.5%	7.5%
Direct credit facilities, Net	1,781,307	34.6%	1,309,948	32.9%	36.0%
Financial assets at fair value through other comprehensive income	4,421	0.1%	4,214	0.1%	4.9%
Financial assets at amortized cost	920,699	17.9%	364,135	9.1%	152.8%
Tangible and Intangible, Net	93,917	1.8%	83,376	2.1%	12.6%
Right_of_use asset	22,124	0.4%	17,993	0.5%	23.0%
Other assets	91,572	1.8%	30,217	0.8%	203.0%
Liabilities	4,446,728	100.0%	3,477,895	100.0%	27.9%
Due to banks and other financial institutions	27,259	0.6%	58,783	1.7%	(53.6%)
Customers' deposits	3,462,694	77.9%	2,926,569	84.1%	18.3%
Margin accounts	656,147	14.8%	266,772	7.7%	146.0%
Borrowing	161,500	3.6%	117,300	3.4%	37.7%
Lease liability	23,796	0.5%	18,951	0.5%	25.6%
Miscellaneous provisions	8,948	0.2%	46,289	1.3%	(80.7%)
Other liabilities	106,384	2.4%	43,230	1.2%	146.1%
Shareholders' Equity	697,505	100.0%	505,090	100.0%	38.1%
Paid in capital	400,000	57.3%	300,000	59.4%	33.3%
Reserves	297,505	42.7%	205,090	40.6%	45.1%

• Assets

Assets increased to reach (5,144,233) million dinars at the end of 2024, compared to (3,982,985) million dinars at the end of 2023, an increase of (29.2%).

• Cash and balances with the Central Bank

The balance of the cash and balances account with central banks increased by (1.7%) compared to the previous year, as the balance at the end of 2024 amounted to (1,864,210) million dinars, compared to (1,832,757) million dinars at the end of 2023. 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 (925,120) million dinars at the end of 2024, compared to (368,350) million dinars at the end of 2023, an increase of (151.2%).

Attached are the types of bank investments:

1. Financial assets at fair value through other comprehensive income:

(In Million IQD)

Items	2024	Percentage of Total	2023	Percentage of Total	Growth Rate
Shares of companies _ Not listed in financial markets	2.837	64.17%	2.837	67.33%	0%
Shares of companies _ Listed in financial markets	804	18.19%	765	18.16%	5%
Funds	780	17.64%	612	14.52%	27%
Total	4.421	100%	4.214	100%	4.91%

• Cash dividends amounted to 47,128 thousand Iraqi dinars, attributed to shares of companies in which the bank invests, as of December 31, 2024, compared to 7,187 thousand Iraqi dinars as of December 31, 2023.

2. Financial assets at fair value at amortized cost:

(In Million IQD)

Items	2024	Percentage of Total	2023	Percentage of Total	Growth Rate
Government bonds *	101.815	11.06%	94.793	26.03%	7.41%
Government bonds (Emaar /Injaz bonds) **	799.542	86.84%	250.000	68.66%	219.82%
Treasury Bills _ Other Governments ***	19.342	2.10%	19.342	5.31%	0.00%
Total	920.699	100.00%	364.135	100.00%	152.85%

* Starting in 2021, the bank began investing in Iraqi government bonds denominated in US dollars, traded on global markets. The average return on these bonds is 5.80%, with interest due semi-annually.

**The bank invested in Iraqi government bonds according to the following details:

- Investment in 2023 and 2024 in Iraqi dinar-denominated (Emaar) bonds issued by the Iraqi government, with a value of 400 billion Iraqi dinars. The average return on these bonds is 8% for a four-year term, with interest payable semi-annually.
- Investment in 2024 in Iraqi dinar-denominated (Injaz) bonds issued by the Iraqi government, with a value of 275 billion Iraqi dinars. The average return on these bonds is 8.5% for a four-year term, with interest payable semi-annually.
- Investment in 2024 in Iraqi dinar-denominated (Injaz) bonds issued by the Iraqi government, with a value of 100 billion Iraqi dinars. The average return on these bonds is 6.5% for a two-year term, with interest payable semi-annually.

- Investment in 2024 in Iraqi dinar-denominated (Binaa) bonds issued by the Iraqi government, with a value of 25 billion Iraqi dinars. The average return on these bonds is 7% for a two-year term, with interest payable semi-annually. The bonds were purchased at a discount.

*** During the year 2024, the bank, through its branch in the Kingdom of Saudi Arabia, invested in treasury bills issued by the Saudi government in Saudi riyals. The average return rate on these bills is 5.34% for a period of one year, with interest paid upon maturity.

• Direct credit facilities

Net direct credit facilities reached (1,781,307) million dinars at the end of 2024, after being (1,309,948) million dinars for the year 2023, an increase of (36%). 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 (27.9%) to reach (4,446,728) million dinars at the end of 2024, compared to (3,477,895) million dinars at the end of 2023.

• Deposits

Customer deposits increased by (18.3%) to reach (3,462,694) million dinars at the end of 2024 compared to (2,926,569) million dinars at the end of 2023 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 2024, totaling 966 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%.

- The Saudi Export-Import Bank granted the National Bank of Iraq a loan of up to \$75 million (equivalent to 98,250,000 Iraqi dinars) in November 2022, with an effective interest rate ranging from 3.75% to 4.00%.

- In 2024, the Arab Jordan Investment Bank - Qatar granted a loan to the Iraqi National Installment Company in the amount of \$4.75 million (equivalent to 6,222,500 thousand Iraqi dinars), in addition to a current overdraft ceiling of \$250 thousand (equivalent to 327,500 thousand Iraqi dinars), with the interest rate collected by the bank amounting to 8.4%.

- In 2024, the Bank of Baghdad granted a loan to the National Iraqi Bank for Installment Finance Company in the amount of 6 billion Iraqi dinars, in addition to a current overdraft ceiling of 600 million dinars. The interest rate collected by the bank amounted to 9.5%.

• Capital and reserves

Shareholders' equity (capital and reserves) increased by (38.1%) to reach (697,505) million dinars at the end of 2024 compared to (505,090) million dinars at the end of 2023, as the total reserves at the end of 2024 amounted to (297,505) 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 (1,319,959) million dinars at the end of 2024, compared to (683,645) million dinars for the year 2023, an increase of (93.1%), as shown in the table below:

(In Million IQD)

Items	2024	Percentage of Total	2023	Percentage of Total	Growth Rate
Letters of Guarantee	309.574	23.5%	231.881	33.9%	33.5%
Letters of Credit	1.010.385	76.5%	451.764	66.1%	123.7%
Total	1.319.959	100.0%	683.645	100.0%	93.1%

• Financial Ratios

Percentage of Total	Details	2024	2023
ROA	Net Profit / Assets average	5.53%	5.94%
ROE	Net Profit / Reserves and Capital average	41.97%	45.33%
EPS	Net Profit / Capital	63.09%	63.33%
Equity/Assets		13.56%	14.38%
NPLs Ratio	(After deducting the Interest in suspense)	4.05%	2.20%
Stage 3 provision coverage	(After deducting the Interest in suspense)	58.01%	44.66%
Basel III	According to the instructions of the Central Bank	25.52%	21.16%
LCR		150.80%	152.00%
NSFR		128.00%	148.00%

* Capital adequacy statement

The bank's capital adequacy ratio at the end of 2024 reached (25.52%) compared to (21.16%) for the year 2023, 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 2024 at a price of (3.75) 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 2024 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 (247) million dinars for the year 2024 compared to (359.5) million dinars for the year 2023.

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 (37.05) 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, 2024, 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.

* 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

Building	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:

The total expenditures for the purposes shown below amounted to (8,467) million Iraqi dinars to support the services provided to the bank:

(In Million IQD)

Items	2024	2023
Advertising and Promotion	5.561	3.013
Donations	566	877
Hospitality	827	440
Travel and Mission Expenses	1.513	1.780
Total	8.467	6.111

• Imports and exports:

No exports during fiscal year 2024.

Pursuant to Circular No. 9/2/635 of the Central Bank of Iraq, the National Bank of Iraq imported foreign currency (US dollars) on a one-time basis during 2024, as detailed below:

The amount-USD	Approval of the Central Bank of Iraq	Customs entry date
25,000,000	9/8/1079 on 24/01/2024	28/01/2024

• 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.



Part of our participation in the 47th Baghdad Exhibition



The National Bank of Iraq is the official sponsor of the Entrepreneurship Forum, which was held at the Nakheel Complex in Baghdad.



Part of the National Bank of Iraq's participation as a bronze sponsor in the 8th Annual Exhibition and Conference on Finance and Banking Services in Iraq, held under the auspices of the Iraqi Parliament's Finance Committee and the Central Bank of Iraq.



Under the generous patronage of Prime Minister Mohammed Shia Al-Sudani, and in cooperation with the Iraq Development Fund, the National Bank of Iraq participated as a main sponsor in the pioneering Digital Economy Forum in Baghdad.



Part of the first Ramadan Joy campaign from the National Bank of Iraq, in coordination with the Henrik Volunteer Team, to distribute Ramadan baskets to our honorable families in Mosul Governorate, amounting to 400 food baskets.



On the occasion of Mother's Day, we visited Dar Beit for the Care of the Sick and Marginalized to present Mother's Day gifts and celebrate with them.



Given the importance of digital transformation in Iraq, a workshop titled "Electronic Payment" was held by the Banking Awareness and Public Protection Department at Al-Mustaqbal University College.



The National Bank of Iraq participated in the first day of the Iraq International Oil, Gas, Engineering Equipment and Energy Exhibition, which was held at the Basra International Fairgrounds.



A view of the National Bank of Iraq being honored by the Securities Commission on the occasion of its twentieth anniversary.



A view of the National Bank of Iraq's honoring ceremony at a conference on the challenges facing Arab banks in complying with international laws and regulations and meeting the requirements of correspondent banks.



National Bank of Iraq receives the Excellence Award from Citi Bank

The National Bank of Iraq received the "Excellence Award" in recognition of its excellence in managing incoming and outgoing transfers.



Under the generous patronage of the Prime Minister, a financing agreement was signed with the American International Development Finance Corporation (DFC)



Part of our participation in the Iraq International Exhibition and Conference on Information and Communication Technology (ITEC)



The National Bank of Iraq is the gold sponsor of the "Electronic Payments Towards Financial Stability in Iraq" conference



The National Bank of Iraq is the silver sponsor of the World Investor Day Conference.



We signed a cooperation agreement with the German Organization for International Financial Cooperation in Iraq.



A side view of the National Bank of Iraq's sponsorship of the Iraqi Sumerian band's concert held in Mosul.



Signing an agreement between the National Bank of Iraq and the Pharmacists Syndicate



Part of the activity provided to more than 50 orphans by the Khair Al Nisa Association for Relief and Development.



Part of the event honoring the families of Iraqi press martyrs, presented by the National Bank of Iraq.



The National Bank of Iraq wins the 2024 Excellence in Financial and Technical Innovation and Digital Leadership Award, presented by the World Bankers Union.



Rehabilitation of Baghdad College High School



Some pictures of the school before and after the renovation.

الفروع الجديدة



Nakheel Complex



Baghdad Mall



Nasiriyah



Diwaniyah



Report of the Audit Committee
on the final accounts for the
fiscal year ending 31/12/2024





Report of the Audit Committee on the final accounts for the fiscal year ending 31/12/2024

Greetings and appreciation....

In implementation of the provisions of Article 24 of Banking Law No. 94 of 2004 and the approval of the General Authority of the Bank to form an Audit Committee from the members of the Board of Directors, Mr. (Khalil Ibrahim Abdul Karim) as Chairman and the membership of Mr. (Nabil Samir Makahla) and Mr. (Ali Mustafa Hassan), we are pleased to inform you that the Committee carried out its work with the joint auditors of our bank (Messrs. Adel Al-Hassoun and Partners Company and Messrs. Farqad Al-Salman and Partners Company for Auditing and Control of Accounts) throughout their work period in the bank. The Committee also audited the data and tables that it received from the executive management in the bank, including the monthly comparison tables of the balances of the cumulative trial balances and the tables of expenses and revenues sent to the Central Bank by the financial management in the bank and the reports submitted by the Internal Control Department and the Compliance Controller monthly and quarterly and audited the financial statements and final accounts of our bank for the year ending 12/31/2024 and the Board of Directors' report regarding them. We reviewed all the information and clarifications that were In our opinion, it is necessary to protect the rights of shareholders. Our work was in accordance with the applicable legislation and in accordance with the nationally recognized and established audit and review procedures, and based on the data, information and clarifications we obtained. We would like to state the following:

1. The annual report and the financial and accounting information it contains comprehensively reflect the bank's progress during the year subject to audit, and this information does not violate the provisions of prevailing financial laws and legislation.
2. The data has been organized in accordance with national and international accounting rules and applicable legislation, and is consistent with what the records show, and is organized in accordance with the requirements of the Central Bank of Iraq Law No. 56 of 2004, the amended Companies Law, the Banking Law No. 94 of 2004, and the applicable regulations and instructions, and to the extent that it includes financial indicators and data, it clearly and fairly expresses the bank's financial position and the results of its cash flows for the year ending 31/12/2024.
3. The Committee reviewed the joint report of the auditors (Messrs. Adel Al-Hassoun and Partners Company and Ali Ghaleb Al-Azzawi and Partners Company for Auditing and Control of Accounts), which addressed the bank's activities and confirmed the soundness of all its procedures, which were carried out based on international and national accounting standards and rules.
4. Through our review of the bank's accounts, we found no evidence that the bank had engaged in money laundering or terrorist financing operations, and that all operations were in compliance with Anti-Money Laundering Law No. 39 of 2015.

May God grant us success, Please accept my deepest appreciation.

Chairman of the Audit Committee

**to Members of the General Assembly
The National Bank of Iraq
(Private limited Company) – Baghdad
Auditor’s report**

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, 2024, 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, 2024. 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: 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.

The National Bank of Iraq (Private limited Company) – Baghdad Auditor's report

Second: Shareholders' Equity:

1- Capital increase:

The General Assembly of the bank, in its meeting on April 8, 2024, approved an increase in the bank's capital by distributing free stocks to shareholders worth 100,000,000,000 dinars, representing 33.33% of the bank's paid-up capital, bringing the total capital to 400,000,000,000 dinars. The increase was in compliance with the decision of the Central Bank of Iraq, dated July 18, 2023, to increase the capital of all banks operating in Iraq from 250 billion dinars to a maximum of 400 billion dinars by December 31, 2024.

2- Cash Dividends:

The General Assembly decided in its meeting on April 8, 2024, to distribute 20% of the bank's capital as profits, amounting to 60,000,000,000 dinars, based on the approval of the Central Bank of Iraq in letter number (9/4/10745) dated September 8, 2024.

3- Change in shareholders' equity

Shareholders' equity increased by 191,295,893,000 dinars compared to the previous year, representing an increase of 38%.

Third: The Bank's Activity During the Year Under Review:

The operating profit after tax for the year was 252,348,010,000 dinars for the bank and its subsidiaries, compared to a profit of 190,003,566,000 dinars for the previous year, showing an increase of 33%, as shown in the "Income Statement" (Statement B).

Fourth: 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 10 years, with the annual write-off not exceeding the bank's annual profits, the write-off balance as of December 31, 2024, was 41,970,138,000 dinars, with an annual installment of 8,002,297,000 dinars (Note 5).

The National Bank of Iraq (Private limited Company) – Baghdad Auditor's report

Fifth: 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.

Sixth: Financial investments:

The bank's financial investments include a portfolio of shares in listed and unlisted companies in the Iraq Stock Exchange, as well as Iraqi government bonds and construction bonds. It was noted that the ratio of investments to capital and retained earnings was 0.6%, which is lower than the required ratio of 20% as stipulated by the Central Bank of Iraq, excluding investments in Iraqi government bonds traded in USD and treasury bills issued by the Saudi government in Saudi Riyals.

Seventh: Credit facilities:

1- Non-performing credit facilities as of December 31, 2024 amounted to (92,336,113) thousand Iraqi dinars, after deducting the interest in suspense, which amounted to (16,909,436) thousand dinars, representing (4%) of the total direct credit facilities, noting that the provision for doubtful debts for non-performing credit amounted to (55,164,503) thousand dinars. We recommend the necessity of following up and collecting these overdue facilities and addressing the reasons for the delay in their payment.

2- The provision for expected credit losses on credit facilities as of December 31, 2024, was increased by 21,049,793,000 dinars, bringing the total provision balance at the year-end to 79,874,093,000 dinars (Note 7).

3- Based on the minutes of the General Assembly meeting held on April 16, 2023, decision number (10), it was approved to transfer 21,304,615,000 dinars of non-performing credit facilities from the balance sheet to off-balance-sheet non-performing facilities, fully covered by provisions and suspended interest. We recommend that the bank's management pursue all possible means of collecting these debts.

The National Bank of Iraq (Private limited Company) – Baghdad Auditor's report

Account's Name	Amount
Direct Credit Facilities	<u>21,304,615</u>
Interest in suspense	9,490,435
Provision	11,814,180
	21,304,615

Eighth: Other assets:

1- Other assets constitute (2%) of the total current assets, as the current year's balance increased over the previous year by an amount of (61,354,703) thousand dinars.

2- The Central Bank of Iraq deducted an amount of (30,000,000) thousand from the bank's accounts based on letter number (9/8/6295) dated May 23, 2024, regarding additional charges on external transfers. The bank considers these amounts as commission revenue, not as additional charges on the official exchange rate. The bank continues to address this matter with the Central Bank, and the amount has been recorded as "Other Assets / Withholdings ". We recommend continuing efforts to resolve this issue.

Ninth: Legal claims: -

According to the legal department's report on legal cases during 2024, the following cases were recorded:

Lawsuit Type	number
Lawsuits filed against the bank	<u>7</u>
The lawsuit filed by the bank	<u>11</u>

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

Tenth: Bank assets:

The bank's fixed assets, including real estate, are owned and registered in the bank's name with the relevant official departments, except for what was mentioned in "Fifth" above regarding the cars that the bank acquired as a result of the acquisition process and which are still registered in the name of the Lebanese Audi Bank/Iraq.

Eleven: 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 (26%) and the core capital ratio was (24%).

The National Bank of Iraq (Private limited Company) – Baghdad Auditor's report

Twelve: 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.

It should be noted that The consolidation was based on the trial balances of these two companies, as their audited financial statements by external auditors were not available as of the date of this report.

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

The results of this branch during the current year showed a net loss after income tax of 4,848,724 thousand IQD. As of the date of this report, the audited financial statements for this branch have not been issued by the external auditor. Therefore, the consolidation with the bank's branches in Iraq was based on the trial balance, which was not audited by us.

Fourteenth: 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 2024 amounted to 16,263,707 thousand USD, and the bank earned commissions of 151,077,530 thousand IQD.

Fifteenth: Seized Assets: -

The number of properties that were acquired by the bank on December 31, 2024 amounted to (50) properties, and their net value amounted to (4,236,912) thousand dinars, as shown in Note No. (12) "Other Assets", and according to the instructions of the Central Bank of Iraq, these properties must be disposed of within a maximum period of two years from the date of ownership, and the provision for the liquidation of the provisions for seized assets is calculated at different rates for a period of (6) years, based on the exception granted by the Central Bank of Iraq to the bank in its letter No. (9/2/17523) on November 26, 2020, and the bank has implemented these instructions starting from the financial statements for the year 2020. We recommend the necessity of disposing of these properties in accordance with the basic instructions of the Central Bank of Iraq to dispose of them within two years from the date of the acquisition.

The National Bank of Iraq (Private limited Company) – Baghdad Auditor's report

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: 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.

The National Bank of Iraq (Private limited Company) – Baghdad Auditor’s report

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 11% of capital and sound reserves as of December 31, 2024, which is within the 20% limit set by the Central Bank.

6- Foreign exchange Positions: -

The bank calculated its FX positions in accordance with Central Bank instructions. As of December 31, 2024, the position was 17%, classified as a long FX position, which is within the 20% regulatory limit.

7- Solvency and liquidity: -

A. The ratio of cash and bank balances to customer deposits is 37% (moderate level).

B. Liquidity Coverage Ratio (LCR) under Basel III: 151% (minimum required by CBI: 100%).

C. Net Stable Funding Ratio (NSFR) under Basel III: 128% (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.

The National Bank of Iraq (Private limited Company) – Baghdad Auditor's report

8- Implementation of IFRS 9: -

The bank complies with IFRS 9 in calculating Expected Credit Losses (ECL). Total provisions as of December 31, 2024, reached 88,484,998 thousand IQD. Details are as follows:

Account Name (IQD '000)	Provision Balance 2024/1/1	Change During the Year	Provision Balance 2024/12/31
Balances with banks – Note 5	127,541	258,127	385,668
Direct Credit Facilities – Note 7	58,824,973	21,049,120	79,874,093
Financial Assets at Amortized Cost – Note 8	-	322,699	322,699
Off-Balance Sheet Items – Note 17	6,144,399	1,758,139	7,902,538
the total	65,096,913	23,388,085	88,484,998

9- Other Liabilities: -

As shown in Note (19), other liabilities amounted to 64,063,958 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 367,805,135 thousand IQD, representing 20% 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: -

There is no credit concentration with any single client.

12- Liquidity gap: -

As of December 31, 2024, total credit facilities stood at 1,878,090,219 thousand IQD, mostly long-term (1-5 years), while client deposits are mostly short-term and on-demand. Total demand and savings accounts amounted to 2,674,918,606 thousand IQD, creating a negative liquidity gap and high associated risks.

13- Related Party Transactions:-

As of December 31, 2024, there were no credit facilities granted to related parties. All related party transactions are disclosed in Note (32).

14- The remuneration and transfers of the Board of Directors members during the current year amounted to (340,080) thousand dinars.

The National Bank of Iraq (Private limited Company) – Baghdad Auditor’s report

15- The share As per the latest report for 2024, the bank’s share price on the Iraq Stock Exchange was 3.75 IQD.

In our opinion, and based on the extent of our findings through our audit and in accordance with what is recorded in the Bank's records and the information and clarifications provided to us:

1- The bookkeeping system used by the Bank complies with the requirements of the bookkeeping regulations. In our estimation, it includes the recording of all the Bank’s assets, liabilities, expenses, and revenues. Additionally, the internal control system encompasses the necessary procedures to ensure the accuracy and reliability of these records to a degree that is commensurate with the size of the Bank’s operations.

2- the process of inventorying the fixed and cash assets was conducted properly and under our supervision, and the results of the inventory matched the supporting records. These assets were evaluated in accordance with the principles and standards adopted and followed in the previous year.

3- The annual report and the financial and accounting information it contains comprehensively reflect the bank’s progress during the year under audit, and does not include any violations of applicable laws and regulations.

4- The financial statements and final accounts have been prepared in accordance with applicable accounting principles and legal regulations. They are consistent with the Bank’s records and have been organized in accordance with the Companies Law, its relevant regulations and instructions, 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, 2024, 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

NATIONAL BANK OF IRAQ

Consolidated Statement of Financial Position

As At 31 DECEMBER 2024

	Notes	31 December 2024	31 December 2023
		IQD (000)	IQD (000)
Assets			
Cash and balances with central banks	4	1.864.209.530	1.832.757.355
Cash with banks and financial institutions	5	365.983.012	340.343.207
Financial assets at fair value through other comprehensive income	6	4.421.460	4.214.287
Direct credit facilities. Net	7	1.781.306.690	1.309.947.975
Financial assets at amortized cost	8	920.699.421	364.135.402
Property and equipment . Net	9	61.458.107	55.304.664
Intangible assets. Net	10	32.458.628	28.071.653
Right_of_use asset	11	22.124.241	17.993.190
Other assets	12	91.571.833	30.217.130
Total assets		5.144.232.922	3.982.984.863
Liabilities And Equity			
Liabilities			
Due to banks and other financial institutions	13	27.258.549	58.783.432
Customers' deposits	14	3.462.694.445	2.926.569.285
Margin accounts	15	656.147.163	266.772.045
Borrowing	16	161.500.173	117.300.374
Lease liability	11	23.796.380	18.950.940
Miscellaneous provisions	17	8.948.470	7.937.400
Income tax provision	18	42.318.851	38.342.710
Other liabilities	19	64.063.958	43.238.517
Total liabilities		4.446.727.989	3.477.894.703
Equity			
Shareholders' Equity			
Paid in capital	20	400.000.000	300.000.000
Statutory reserve	21	30.643.160	17.863.445
Expansion reserve		4.500.000	1.000.000
Foreign currency translation adjustments		286.385	286.385
Fair value reserve		123.467	59.398
Retained earnings	22	255.792.166	180.840.057
Net equity attributable to the Bank's shareholders		691.345.178	500.049.285
Non_controlling interest		6.159.755	5.040.875
Total liabilities and shareholders' equity		5.144.232.922	3.982.984.863

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 16/01/2025

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 Financial Statements

NATIONAL BANK OF IRAQ

Consolidated Statement of Income

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	31 December 2024	31 December 2023
		IQD (000)	IQD (000)
Interest income	23	227,798,067	151,650,938
Interest expense	24	(61,545,118)	(51,782,884)
Net interest income		166,252,949	99,868,054
Net commissions income	25	276,044,916	232,499,716
Net interests and commissions income		442,297,865	332,367,770
Net gains from foreign currency exchange	26	8,594,199	8,897,650
Other income	27	1,152,203	1,891,536
Gross profit		452,044,267	343,156,956
Employees' expenses	28	(37,267,702)	(24,831,763)
Depreciation and amortization	9.10.11	(23,264,778)	(14,471,062)
Other expenses	29	(62,021,387)	(43,086,307)
Impairment of assets seized in settlement of debts	12	(3,332,528)	(12,519,120)
Miscellaneous provisions	17	(842,781)	(209,234)
Total expenses		(126,729,176)	(95,117,486)
Profit before Allowance for credit losses		325,315,091	248,039,470
Allowance for credit losses	7	(31,390,381)	(19,053,669)
Profit before tax		293,924,710	228,985,801
Income tax	18	(41,576,700)	(38,982,235)
Profit for the year		252,348,010	190,003,566
Attributable to:		251,229,130	189,773,856
Bank's shareholders		1,118,880	229,710
Non - controlling interests		252,348,010	190,003,566
Basic and diluted earnings per share from profit for the year attributable to the Bank's shareholders	30	IQD 0.701	IQD 0.654

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 Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	31 December 2024	31 December 2023
		IQD (000)	IQD (000)
Profit for the year		252,348,010	190,003,566
Change in fair value of financial assets at fair value through other comprehensive income - equity instruments	6	64,069	1,365,455
Foreign currency translation adjustments		-	286,385
Total comprehensive income for the year		252,412,079	191,655,406
Attributable to:			
Bank's shareholders		251,293,199	191,425,696
Non - controlling interest		1,118,880	229,710
		252,412,079	191,655,406

Consolidated Financial Statements

NATIONAL BANK OF IRAQ

Consolidated Statement of Changes in Shareholder's Equity

FOR THE YEAR ENDED 31 DECEMBER 2024

	Paid in Capital	Statutory Reserve	Expansion reserve	Fair value reserve	Foreign currency transition 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)
31 December 2024									
Balance at 1 January	300,000,000	17,863,445	1,000,000	59,398	286,385	180,840,057	500,049,285	5,040,875	505,090,160
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	-	-	-
Dividends (Note 41)	-	-	-	-	-	(60,000,000)	(60,000,000)	-	(60,000,000)
Capital increase (Note 41)	100,000,000	-	-	-	-	(100,000,000)	-	-	-
Total balance before reserves transfer & dividends	400,000,000	17,863,445	1,000,000	123,467	286,385	272,071,881	691,345,178	6,159,755	697,504,933
Transfer to Expansion Reserve (Note 22)	-	-	3,500,000	-	-	(3,500,000)	-	-	-
Transfer to Statutory Reserve (Note 21)	-	12,779,715	-	-	-	(12,779,715)	-	-	-
Balance at 31 December 2024	400,000,000	30,643,160	4,500,000	123,467	286,385	255,792,166	691,345,178	6,159,755	697,504,933

	Paid in Capital	Statutory Reserve	Expansion reserve	Fair value reserve	Foreign currency transition 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)
31 December 2023									
Balance At 1 January	270,000,000	8,257,187	1,000,000	(1,306,057)	-	50,504,591	328,455,721	4,811,165	333,266,886
Foreign currency transition adjustments	-	-	-	-	286,385	-	286,385	-	286,385
Profit for the year	-	-	-	-	-	189,773,856	189,773,856	229,710	190,003,566
Net change in fair value of equity instrument included in financial assets through statement of comprehensive income	-	-	-	1,376,020	-	-	1,376,020	-	1,376,020
Transfer of gain on disposal of equity investment at fair value through other comprehensive income through return earning	-	-	-	(10,565)	-	10,565	-	-	-
Covering the shortage in Allowance for credit losses	-	-	-	-	-	(19,842,698)	(19,842,698)	-	(19,842,698)
Capital increase	30,000,000	-	-	-	-	(30,000,000)	-	-	-
Total balance before reserves transfer & dividends	300,000,000	8,257,187	1,000,000	59,398	286,385	190,446,315	500,049,285	5,040,875	505,090,160
Transfer to reserves	-	9,606,257	-	-	-	(9,606,257)	-	-	-
Balance at 31 December 2023	300,000,000	17,863,445	1,000,000	59,398	286,385	180,840,057	500,049,285	5,040,875	505,090,160

Consolidated Financial Statements

NATIONAL BANK OF IRAQ
Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	31 December 2024	31 December 2023
		IQD (000)	IQD (000)
Operating activities:			
Profit for the year before tax		293.924.710	228.985.801
Adjustments for Non-Cash items			
Depreciation and amortization	9.10.11	23.264.778	14.471.062
Provision for impairment and expected credit loss	7	31.390.381	19.053.669
Impairment of seized assets	12	3.332.528	12.519.120
Miscellaneous provisions	17	842.781	209.234
loses (gain) from sale of property and equipment		(188.521)	13.181
Cash flows from Operating activities before changes in assets and liabilities		352.566.657	275.252.067
Changes in assets and liabilities:			
Direct credit facilities		(492.407.835)	(389.234.100)
Other assets		(63.586.148)	14.879.347
Restricted balances at central bank		(64.828.420)	(401.879.573)
Customers' deposits		536.125.160	1.387.864.708
Cash margin		389.375.118	94.474.041
Other liabilities		18.483.698	22.082.496
Miscellaneous provisions paid		(1.589.851)	(5.840.256)
Net cash flows from operating activities before miscellaneous provisions income tax paid		674.138.379	997.598.730
Income tax paid	18	(38.701.640)	(8.133.071)
Net cash flows from operating activities		635.436.739	989.465.659
Investing Activities:			
purchase of financial assets at fair value through other comprehensive income		(181.340)	(466.721)
Proceeds from disposal of financial assets at fair value through other comprehensive income		40.930	66.281.419
Purchase of financial assets at amortized cost		(556.886.718)	(257.486.620)
Purchase of property and equipment		(16.038.991)	(13.624.053)
Proceeds from disposal of property and equipment		367.443	2.942.259
Purchase of intangible assets		(13.364.672)	(7.345.983)
Net cash flows used in investing activities		(586.063.348)	(209.699.699)
Financing Activities:			
Proceeds from borrowed funds		89.333.803	24.898.355
Repayment of borrowed funds		(45.134.004)	(57.953.625)
Cash dividends		(56.248.042)	(43.359)
Principle elements of lease payments		(5.276.281)	(6.429.382)
Net cash flows from financing activities		(17.324.524)	(39.528.011)
Net change in cash and cash equivalents		32.048.867	740.237.949
Effect of exchange rate changes on cash and cash equivalents		-	354.440
Cash and cash equivalents at 1 January		1.504.847.731	764.255.342
Cash and cash equivalents at 31 December	31	1.536.896.598	1.504.847.731

Consolidated Financial Statements

NATIONAL BANK OF IRAQ

Consolidated Statement of Income per Entity

FOR THE YEAR ENDED 31 DECEMBER 2024

	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	213,393,780	9,548,764	4,855,523	227,798,067
Interest expense	(56,180,552)	(4,798,933)	(565,633)	(61,545,118)
Net interest income	157,213,228	4,749,831	4,289,890	166,252,949
Net commissions income	274,365,290	1,916,577	(236,951)	276,044,916
Net interests and commissions income	431,578,518	6,666,408	4,052,939	442,297,865
Net gains from foreign currency exchange	8,590,623	3,576	-	8,594,199
Other income	1,149,886	-	2,317	1,152,203
Gross profit	441,319,027	6,669,984	4,055,256	452,044,267
Employees' expenses	(32,070,730)	(4,749,584)	(447,388)	(37,267,702)
Depreciation and amortization	(21,201,268)	(2,024,727)	(38,783)	(23,264,778)
Other expenses	(56,247,756)	(5,201,952)	(571,679)	(62,021,387)
Impairment of assets seized in settlement of debts	(3,332,528)	-	-	(3,332,528)
Miscellaneous provisions	(737,731)	(105,050)	-	(842,781)
Total expenses	(113,590,013)	(12,081,313)	(1,057,850)	(126,729,176)
Profit before Allowance for credit losses	327,729,014	(5,411,329)	2,997,406	325,315,091
Allowance for credit losses	(30,548,254)	(538,477)	(303,650)	(31,390,381)
Profit before tax	297,180,760	(5,949,806)	2,693,756	293,924,710
Income tax	(42,255,621)	1,101,082	(422,161)	(41,576,700)
Profit for the year	254,925,139	(4,848,724)	2,271,595	252,348,010

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 all banking and financial services related to its activities through its headquarters in Baghdad (Karrada district), its thirty-two branches spread across Iraq, and its branch in the Kingdom of Saudi Arabia, in addition to offering banking services and financial brokerage services.

The bank contributed to the establishment of a subsidiary specialized in financial leasing, "Al-Ahly Iraqi Company for Leasing, Machinery, and Equipment." The bank holds a 51% stake in the company's capital, and the company began its operations during the last quarter of 2022.

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. 2/2025 held on 29 January 2025.

(2) Summary of material accounting standards

(2-1) Basis of Preparation

The consolidated financial statements of the bank and its subsidiaries (Alraqi Capital Brokerage Company, for Trade, Sale and Purchase of Cars, Vehicles, Machinery and Equipment) have been prepared based on the trial balances of the companies as of 31 December 2024. 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 2024. 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%)).

The financial statements of the Bank's subsidiary are prepared for the same reporting year as the Bank, using consistent accounting policies.

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 Standards.

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. 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, 2023, except that the bank has applied the following amendments from January 1, 2024:

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.

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

1. 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.

2. 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.

3. 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 2024	31 December 2023
	IQD (000)	IQD (000)
Cash on hand	415.914.682	512.528.218
Balances with Central Bank:		
Current accounts	886.112.983	763.707.843
Time deposits with the Central Bank	174.332	59.084.054
Statutory reserved requirement *	558.360.248	492.915.587
LG margin reserve**	3.647.285	4.521.653
Total	1.864.209.530	1.832.757.355

* According to the instructions of the Central Bank of Iraq, the bank should calculate a statutory reserve of 18% of the current deposits balance , 13% for fixed deposits balance for all currencies.

** 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 2024	31 December 2023
	IQD (000)	IQD (000)
Balance at 1 January	1.832.757.355	720.746.567
New balances during the year	985.816.898	1.201.215.454
Settled balances	(954.364.723)	(89.204.666)
Total	1.864.209.530	1.832.757.355

(5) Cash with banks and financial institutions

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Current accounts	884.263	1.393.838	60.347.434	57.901.211	61.231.697	59.295.049
Margins Against LCs & LGs	-	-	201.106.975	169.143.394	201.106.975	169.143.394
Restricted Balances*	-	-	146.000.000	146.000.000	146.000.000	146.000.000
Provision against balances	-	-	(42.355.660)	(34.095.236)	(42.355.660)	(34.095.236)
Total	884.263	1.393.838	365.098.749	338.949.369	365.983.012	340.343.207

-Balances with non-interest bearing with banks and financial institutions amounted to IQD 233,968,068 thousand as at 31 December 2024 compared to IQD 212,501,871 thousand as at 31 December 2023.

*The balance of the provision for Restricted Balances as of 31 December 2024 amounted to IQD 41,970,138 thousand Iraqi dinars, compared to IQD 33,967,841 thousand Iraqi dinars as of 31 December 2023.

Disclosure of movement on balances with banks and financial institutions:

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)
Balance at 31 December	262.210.985	-	146.127.687	408.338.672

31 December 2023	Stage one	Stage two	Stage three	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	302.895.847	-	146.142.128	449.037.975
Additions during the year	66.222.793	-	-	66.222.793
Settled during the year	(140.807.884)	-	-	(140.807.884)
Foreign currency exchange rate adjustments	-	-	(14.441)	(14.441)
Balance at 31 December	228.310.756	-	146.127.687	374.438.443

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

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
Balance at 31 December	258.127	-	42.097.533	42.355.660

31 December 2023	Stage one	Stage two	Stage three	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	-	-	26.107.526	26.107.526
Additions during the year	-	-	7.987.710	7.987.710
Balance at 31 December	-	-	34.095.236	34.095.236

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

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Financial Assets with available market prices		
Shares with available market prices	804.261	765.118
Total Financial Assets with available market prices	804.261	765.118
Financial Assets with non-available market prices		
Shares with non-available market prices	2.837.377	2.837.377
Funds	779.822	611.792
Total Financial Assets with non-available market prices	3.617.199	3.449.169
Total financial assets at fair value through other comprehensive income	4.421.460	4.214.287

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

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Balance as at the beginning of the year	4.214.287	68.652.874
Additions	184.034	477.377
Disposals	(40.930)	(59.463.257)
Foreign currency exchange rate adjustments	-	(6.818.162)
change in fair value reserve	64.069	1.365.455
Balance at 31 December	4.421.460	4.214.287

(7) DIRECT CREDIT FACILITIES, NET

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Individuals (Retails)		
Overdrafts	341.263	33.883
*Loan and bills	1.213.356.392	808.907.905
Credit cards	3.608.954	2.222.832
Corporates		
Overdrafts	6.113.616	6.267.284
*Loan and bills	608.238.738	514.515.353
SMEs		
Overdrafts	32.814	-
*Loan and bills	46.398.442	48.819.185
Total	1.878.090.219	1.380.766.442
Less: Interest in suspense	(16.909.436)	(11.993.494)
Less: Impairment and ECL	(79.874.093)	(58.824.973)
Net direct credit facilities	1.781.306.690	1.309.947.975

* These amounts represent net balances after deducting interest and commissions received in advance amounting to IQD 300,396,904 thousand as at 31 December 2024 against IQD 219,719,356 thousand as at 31 December 2023.

- Non-performing credit facilities amounted to IQD 92,336,113 thousand, i.e. 4.92% of the total direct credit facilities as at 31 December 2024, as opposed to IQD 37,646,620 thousand, i.e. 2.73% of the total direct credit facilities as at 31 December 2023.

- Non-performing credit facilities less interest in suspense amounted 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, as opposed to IQD 30,502,092 thousand, i.e. 2.21% of the total direct credit facilities less interest in suspense as at 31 December 2023

The cumulative movement of direct credit facilities :

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)	-
Total balance	1.720.353.904	63.082.597	94.653.718	1.878.090.219

31 December 2023	Stage one	Stage two	Stage three	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	866.087.678	99.948.241	40.238.396	1.006.274.315
New facilities/ additions during the year	563.781.730	35.986.324	1.820.467	601.588.521
Settled facilities	(179.815.531)	(23.870.622)	(2.105.627)	(205.791.780)
Transfer (from)/ to stage 1. net	(41.736.351)	17.122.021	24.614.330	-
Transfer (from)/ to stage 2. net	4.629.316	(43.916.562)	39.287.246	-
Transfer (from)/ to stage 3. net	1.680.872	542.809	(2.223.681)	-
Changes resulting from amendments	(35.426.163)	(26.251.732)	61.677.895	-
Written off facilities	-	-	(21.304.614)	(21.304.614)
Total balance	1.214.627.714	85.812.211	80.326.517	1.380.766.442

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

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)
Net	13.644.882	63.643.589	2.585.623	79.874.093

31 December 2023	Retails	Corporates	SMEs	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	7.629.742	31.886.510	880.957	40.397.208
Loss on new facilities during the year	5.297.037	29.121.684	1.862.363	36.281.084
Recoverable from impairment loss on facilities paid	(1.972.009)	(3.720.927)	(346.203)	(6.039.139)
Transfer (from)/ to stage 1. net	(252.189)	3.999	244.816	(3.374)
Transfer (from)/ to stage 2. net	237.451	(3.999)	648.712	882.164
Transfer (from)/ to stage 3. net	14.738	-	(893.528)	(878.790)
Written off facilities	(1.189.473)	(10.624.707)	-	(11.814.180)
Net	9.765.297	46.662.560	2.397.117	58.824.973

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

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)
Total balance	13.511.027	11.198.563	55.164.503	79.874.093

31 December 2023	Stage one	Stage two	Stage three	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	7.951.612	12.615.548	19.830.048	40.397.208
Additions during the year	4.738.318	6.007.928	25.534.838	36.281.084
Recovered during the year	(3.034.533)	(715.134)	(2.289.472)	(6.039.139)
Written off facilities	-	-	(11.814.180)	(11.814.180)
Total balance	9.655.397	17.908.342	31.261.234	58.824.973

Interest in Suspense

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

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
Total balance	2.186.783	14.240.669	481.984	16.909.436

31 December 2023	Retails	Corporates	SMEs	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Balance as at the beginning of the year	2.172.193	12.677.795	71.296	14.921.284
Interest in suspense during the year	609.527	5.879.096	74.020	6.562.643
Interest in suspense written off	(1.591.388)	(7.899.045)	-	(9.490.433)
Total balance	1.190.332	10.657.846	145.316	11.993.494

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

	31 December 2024				31 December 2023
	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	20.724.150	21.319	303.650	21.049.119	11.177.525
Additional from provision for Off the statement of financial position items	1.317.900	440.239	-	1.758.139	(126.153)
Additional from provision of financial assets at amortized cost and balances with banks	503.907	76.919	-	580.826	-
Provision against balances (Note 5)	8.002.297	-	-	8.002.297	8.002.297
	30.548.254	538.477	303.650	31.390.381	19.053.669

(8) FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Financial Assets		
Government bonds *	101.815.340	94.792.987
Government bonds (Emaar /Injaz bonds) **	799.541.666	250.000.000
Treasury Bills - Other Governments ***	19.342.415	19.342.415
Total financial assets	920.699.421	364.135.402
Bonds and bills analysis:		
Fixed Income	920.699.421	364.135.402
Total	920.699.421	364.135.402

* During the year 2021, the Bank invested in Iraqi Government bonds in US dollar which are traded in the international markets, as these bonds were purchased at a discount and the average rate of return on these bonds is 5.80% and the interest is due on a semi annual basis.

** 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.

*** During the year 2024, 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 5.34%, and for a period of one year, interest is paid at maturity.

(9) PROPERTY AND EQUIPMENT

31 December 2024	Land	Buildings	Computers, Furniture & Fixtures	Vehicles	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
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)
Cost at 31 December	17.594.677	7.858.384	57.630.883	980.390	84.064.334
Accumulated Depreciation:					
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)
At 31 December	-	1.661.086	30.448.471	579.689	32.689.246
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
Net book value	17.594.677	6.197.298	37.265.431	400.701	61.458.107

* The increase in the additions to the "Computers, Furniture & Fixtures" item is due to the installation of more than 100 ATMs across various governorates of Iraq, in addition to the opening of 4 new branches during the current year.

31 December 2023	Land	Buildings	Computers, Furniture & Fixtures	Vehicles	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Cost at 1 January	18.778.491	7.944.899	34.557.648	751.943	62.032.981
Additions*	1.808.445	-	9.753.021	-	11.561.467
Disposals	(2.942.259)	-	(172.457)	-	(3.114.716)
Cost at 31 December	17.644.677	7.944.899	44.138.212	751.943	70.479.731
Accumulated Depreciation:					
At 1 January	-	1.007.231	15.180.569	436.278	16.624.078
Depreciation charge for the year	-	345.656	6.687.989	81.395	7.115.040
Disposals	-	-	(159.276)	-	(159.276)
At 31 December	-	1.352.887	21.709.282	517.673	23.579.842
Net book value	17.644.677	6.592.012	22.428.930	234.270	46.899.889
Advance payment to purchase property and equipment	-	-	8.404.775	-	8.404.775
Net book value	17.644.677	6.592.012	30.833.705	234.270	55.304.664

- The remaining cost to complete projects under implementation is estimated at approximately IQD 7,622,517 thousand as at 31 December 2024 against IQD 1,863,772 thousand as at 31 December 2023

- Property and equipment includes fully depreciated items of IQD 9,988,982 thousand as at 31 December 2024 against IQD 8,434,990 thousand as at 31 December 2023.

(10) INTANGIBLE ASSETS

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Cost at 1 January	8.403.019	10.523.945
Additions	25.995.089	1.649.413
Amortization of the year	(8.977.697)	(3.770.339)
Net book value	25.420.411	8.403.019
Advance Payment	7.038.217	19.668.634
Net book value	32.458.628	28.071.653

- Estimate of remaining cost to complete projects in progress approximately IQD 3,131,360 thousand as at 31 December 2024 (2023: IQD 3,511,471 thousand).

- Intangible assets comprise fully amortized item amounting to IQD 6,876,966 thousand as at 31 December 2024 (2023: IQD 5,945,875 thousand)

(11) Leases

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Balance as at the beginning of the year	17.993.190	12.588.645
Add: New contract during the year	8.782.248	11.602.949
Less :Amortization for the year	(4.588.417)	(3.585.684)
Less :Contracts canceled during the year	(62.780)	(2.612.720)
Ending Balance for the year	22.124.241	17.993.190

Lease liability

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Balance as at the beginning of the year	18.950.940	16.026.459
Add: New contract during the year	8.782.248	11.602.949
Less: annual payment value	(5.276.281)	(6.429.382)
Add: interest expense for the year	1.410.214	1.245.864
Less :Contracts canceled during the year	(70.741)	(2.143.916)
Foreign currency exchange rate adjustments	-	(1.351.034)
Ending Balance for the year	23.796.380	18.950.940

Consolidated Income Statement

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Interest expense	1.410.214	1.245.864
Amortization expense	4.588.417	3.585.684

(12) OTHER ASSETS

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Assets seized by the Bank. Net	4.236.912	9.341.168
Clearing accounts	3.042.613	-
Accrued interests and revenues	16.758.514	11.674.086
Prepaid expenses	4.791.018	3.898.213
Refundable deposits*	18.711.678	2.165.017
Accounts Receivable	1.371.516	448.774
Deferred tax assets - KSA Branch	1.983.631	882.549
Riyada Bank / Banks under establishment**	10.000.000	-
Withholdings***	30.000.000	-
Other	675.951	1.807.323
Total	91.571.833	30.217.130

* The item "Refundable deposits" includes an amount of IQD 16 billion dinars, representing the balance of Refundable deposits with the VISA Company.

** 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 balance represents an amount withheld by the Central Bank of Iraq, as per their letter number (6295/8/9), dated 23/05/2024. This amount refers to additional charges that the Central Bank considers to have been collected by the bank from customers for foreign transfers, as fees for processing and sorting. The bank is awaiting final instructions from the Central Bank of Iraq regarding this matter.

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

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Balance as 1 January	9.341.168	22.109.578
Disposals	(1.771.728)	(249.290)
Impairment losses	(3.332.528)	(12.519.120)
Total	4.236.912	9.341.168

Notes to the Consolidated Financial Statements

(13) DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2024			31 December 2023		
	Inside Iraq	Outside Iraq	Total	Inside Iraq	Outside Iraq	Total
Current and demand deposits	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Term Deposits	275,390	26,983,159	27,258,549	301,695	41,437,545	41,739,240
Total	275,390	-	27,258,549	-	17,044,192	17,044,192
				301,695	58,481,737	58,783,432

(14) CUSTOMERS' DEPOSITS

	31 December 2024				31 December 2023			
	Retails	Corporate	SMEs	Total	Retails	Corporate	SMEs	Total
Current and demand *deposits	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Saving accounts	328,023,885	2,025,411,858	64,381,276	2,417,817,019	238,615,801	1,937,354,394	-	2,175,970,195
Time deposits	236,444,475	20,621,849	35,263	257,101,587	156,964,997	7,439,250	452,053	164,856,300
Certificates of deposit	408,690,128	362,697,109	3,734,702	775,121,939	302,570,781	264,968,009	1,310,000	568,848,790
Total	12,653,900	-	-	12,653,900	12,394,000	4,500,000	-	16,894,000
	985,812,388	2,408,730,816	68,151,241	3,462,694,445	710,545,579	2,214,261,653	1,762,053	2,926,569,285

* 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 269,567,049 thousand as at 31 December 2024 compared to IQD 625,323,878 thousand as at 31 December 2023

- Corporate deposits include deposits for the Iraqi public sector amounted to IQD 259,115,367 thousand that represent 7.48% of the total deposits as on 31 December 2024, as opposed to IQD 124,254,985 thousand that represent 4.25% of the total deposits as on 31 December 2023.

- The value of non-interest bearing deposits amounted to IQD 2,562,090,006 thousand, represent 73.99% of total deposits as at 31 December 2024 as opposed to IQD 2,263,807,746 thousand, represent 77.35% of total deposits as at 31 December 2023.

- Deposits retained (restricted) amounted to IQD 469,048 thousand, represent 0.01% of the total deposits as at 31 December 2024, as opposed to IQD 25,084,054 thousand, represent 0.86% of the total deposits as at 31 December 2023.

(15) MARGIN ACCOUNTS

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Margins Against direct credit facilities	22.726.812	43.543.641
Margins Against LCs	532.961.400	110.560.547
Margins Against LGs	100.222.106	112.155.927
Other	236.845	511.930
Total	656.147.163	266.772.045

(16) BORROWING

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	At Maturity	5.0% - 3.8%	16% - 7%
Total	161.500.173					

31 December 2023	Amount IQD (000)	Number of Installments		Frequency of Instalments	Avr. Interest rate	Avr. Re.lending Interest rate
		Total	Outstanding			
Amounts borrowed from central banks	98.655.951	4.823	3.938	Quarterly payment	0.7% - 0%	5.1% - 0%
Amounts borrowed from foreign banks and financial institutions	18.644.423	4	4	payment at maturity	12.206% - 4.65%	13% - 6%
Total	117.300.374					

- The Central Bank of Iraq granted the National Bank of Iraq several loans during the year 2024 in the amount of IQD 966 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%.

- EXIM bank granted the Bank a loan with limit amounted to USD 75 million (equivalent to IQD 98,250,000 thousands) during November 2022 with interest rate between 3.75% to 4.00%.

* During the year 2024, the Arab Jordanian Investment Bank - Qatar granted a loan to Al-Ahli Iraqi Company amounted USD 4.75 million (equivalent to IQD 6,222,500 thousands) in addition to an overdraft limit of USD 250 thousands (equivalent to IQD 327,500 thousands), with interest rate 8.4%.

* During the year 2024, the Bank of Baghdad granted a loan to the Iraqi National Installment Company amounted IQD 6,000,000 thousands, in addition to an overdraft limit amounted IQD 600,000 thousands, with interest rate 9.5%.

(17) MISCELLANEOUS PROVISIONS

31 December 2024	Balance at the beginning of the year	Provided during the year	Transferred to income	Covered from retained earnings	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	209,233	737,732	-	-	946,965
End of service provision - NBI KSA	105,166	105,050	(111,249)	-	98,967
Provision for penalties of currencies auction	1,478,602	-	(1,478,602)	-	-
Total	7,937,400	2,600,921	(1,589,851)	-	8,948,470

31 December 2023	Balance at the beginning of the year	Provided during the year	Transferred to income	Covered from retained earnings	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	5,477,689	(126,153)	-	792,863	6,144,399
End of service provision - NBI Iraq	-	209,233	-	-	209,233
End of service provision - NBI KSA	-	105,166	-	-	105,166
Provision for penalties of currencies auction	7,318,858	-	(5,840,256)	-	1,478,602
Total	12,796,547	188,246	(5,840,256)	792,863	7,937,400

(18) INCOME TAX LIABILITIES**A- Movement on Income Tax Liability:**

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Balance as at the beginning of the year	38,342,710	7,128,345
Income tax charged for previous years/ settlements	358,930	1,004,726
Income tax payable / AL_Ahly Leasing Company	409,059	83,322
Income tax payable / Iraqi Capital Brokerage	10,457	-
Paid during the year	(38,701,640)	(8,133,071)
Charged for the year	41,899,335	38,259,388
Total	42,318,851	38,342,710

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

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Income tax charged for the current year	41,899,335	38,259,388
Income tax charged for previous years/ settlements	358,930	1,004,726
Deferred tax assets for the year	(1,101,081)	(365,201)
Income tax payable / AL_Ahly Leasing Company	409,059	83,322
Income tax payable / Iraqi Capital Brokerage	10,457	-
Total	41,576,700	38,982,235

- 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 2023 and issued its final report in May 2024

- 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 2024.

(19) OTHER LIABILITIES

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Dividends payable	7.885.043	4.133.085
Certified cheques	5.188.543	7.868.261
Accrued expenses *	4.322.584	3.929.622
Accrued Interest	7.457.769	6.309.753
Accounts payables	32.734.941	9.156.790
Accounts under reconciliation	2.927.803	24.957
Deceased clients balances	-	441.787
Amounts received for company registration	2.142.202	10.085.166
Others	1.405.073	1.289.096
Total	64.063.958	43.238.517

* 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.

(20) PAID IN CAPITAL

Paid in capital comprises of 400 billion shares (2024: 300 billion shares) at a par value of 1 Iraqi Dinar per share (2023: 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 continuation of deductions is permissible with the approval of the bank's General Assembly, provided that the mandatory reserve does not exceed 100% of the bank's paid-up capital.

(22) RETAINED EARNINGS

	31 December 2024		
	IQD (000)		
	Retained earnings from previous years	Retained earnings due to currency exchange rate adjustment (2020)	Total Balance
Balance at 1 January	180.840.057	-	180.840.057
Profit for the year	251.229.130	-	251.229.130
Transfer of gain on disposal of equity investment at fair value through other comprehensive income through return earning	2.694	-	2.694
Dividends	(60.000.000)	-	(60.000.000)
Capital increase	(100.000.000)	-	(100.000.000)
Transfer to reserves *	(16.279.715)	-	(16.279.715)
Balance at 31 December	255.792.166	-	255.792.166

* The amounts transferred from reserves include an amount of 3.5 billion Iraqi dinars, which was transferred to the expansion reserve account. This amount represents the financing for the opening of 7 branches, as per the approval of the bank's ordinary general assembly in its meeting held on April 8, 2024, and the approval of the Central Bank as per their letter number 7407/4/9, dated June 26, 2024.

	31 December 2023		
	IQD (000)		
	Retained earnings from previous years	Retained earnings due to currency exchange rate adjustment (2020)	Total Balance
Balance at 1 January	30.661.893	19.842.698	50.504.591
Profit for the year	189.773.856	-	189.773.856
Transfer of gain on disposal of equity investment at fair value through other comprehensive income through return earning	10.565	-	10.565
Capital increase	(30.000.000)	-	(30.000.000)
Transfer to reserves	(9.606.257)	-	(9.606.257)
*Covering the shortage in credit facilities provisions.	-	(19.842.698)	(19.842.698)
A.Provision for direct credit facilities	-	(19.064.422)	(19.064.422)
B.Provision for impairment of off_balance sheet items	-	(792.863)	(792.863)
C.Provision for impairment of balances with banks and FI	-	14.587	14.587
Balance at 31 December	180.840.057	-	180.840.057

(23) INTEREST INCOME

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Direct credit facilities Individuals (Retails)		
Loans and discounted bills	107.818.792	82.825.884
Credit Cards	437.184	344.124
Corporates		
Overdrafts	614.757	597.267
Loans and discounted bills SMEs	42.015.127	29.218.661
Loans and discounted bills Balances at Central Bank	1.404.711	2.308.305
Due from banks and other financial institution	10.586.337	21.542.159
Financial assets at amortized cost	6.926.923	3.433.240
Financial assets at fair value through other comprehensive income	57.994.236	10.662.481
	-	718.817
Total	227.798.067	151.650.938

_ The item "Interest on financial assets at amortized cost" item includes an amount of 1,034,880 thousand Iraqi dinars, representing interest on Treasury bills of the Kingdom of Saudi Arabia.

(24) INTEREST EXPENSE

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Customers' Deposits		
Current accounts	2.412.534	2.309.985
Saving accounts	7.643.573	4.895.940
Time deposits	46.055.225	37.300.013
Certificates of deposit	1.102.747	1.231.907
Due to banks and other financial institutions	851.641	821.201
Borrowing	1.922.347	1.616.666
Interest expense - Lease	1.410.214	1.258.225
Interest on term deposits with banks	146.837	2.348.947
Total	61.545.118	51.782.884

(25) NET FEES AND COMMISSIONS

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Commission Income		
Direct credit facilities	19.802.295	17.782.628
Indirect credit facilities	29.078.456	22.365.710
Bank transfers	37.074.636	69.985.095
* Auction Commission	151.077.530	93.374.441
Other commissions	72.731.978	51.828.314
Commission expense	(33.719.979)	(22.836.472)
Total	276.044.916	232.499.716

The Central Bank of Iraq, according to letter number (1083/11/5) dated (19/02/2023), issued instructions related to the regulations for external transfers through a special window for foreign exchange buy and sell transactions. In April 2023, the Central Bank granted several banks the ability to transfer amounts through their accounts with foreign banks by funding those accounts with limits set by the Central Bank.

Based on these instructions, the bank's purchase volume on behalf of customers from the currency window as of the end of December 2024 reached 16,263,707 thousand US dollars, generating commission revenues of 151,077,530 thousand Iraqi dinars.

(26) FOREIGN CURRENCY EXCHANGE GAINS

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Gain from revaluation	(55.172)	5.002.164
Revaluation earnings due to currency exchange rate adjustment	-	2.627.111
Gain from trading	8.649.371	1.268.375
Total	8.594.199	8.897.650

(27) OTHER INCOME

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Collection from written off facilities	38.510	139.805
Other	1.113.693	1.751.731
Total	1.152.203	1.891.536

(28) EMPLOYEES' EXPENSES

	31 December 2024					31 December 2023
	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	28.114.541	4.128.455	34.258	395.895	32.673.149	21.069.245
Bank's contribution to social security	1.617.667	185.197	4.200	13.035	1.820.099	1.388.405
Medical expenses	1.195.836	179.575	-	-	1.375.411	1.190.602
Training	800.417	6.116	-	-	806.533	382.059
Paid vacations _ End of service	342.269	250.241	-	-	592.510	801.452
Total	32.070.730	4.749.584	38.458	408.930	37.267.702	24.831.763

(29) OTHER OPERATING EXPENSES

	31 December 2024					31 December 2023
	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	21.274.015	327.265	2.630	244.846	21.848.756	12.714.800
Rent and bulling services	5.199.794	82.283	-	121.272	5.403.349	4.371.429
Internet and Communications	2.450.328	3.568.595	348	12.806	6.032.077	2.058.883
Subscriptions, licenses and fees	9.496.839	493.762	1.587	53.619	10.045.807	7.214.406
Advertising	5.507.578	41.357	-	12.323	5.561.258	3.013.300
Donation for others	565.582	-	-	-	565.582	876.935
Insurance	1.203.805	36.289	-	-	1.240.094	1.443.162
Maintenance	1.657.370	36.460	770	16.996	1.711.596	3.609.152
legal services	354.523	281.110	3.852	5.859	645.344	1.557.940
Transportation expense	524.324	6.395	-	2.510	533.229	417.490
Traveling	1.181.421	259.466	460	71.687	1.513.034	1.780.374
Fuel and Oil	863.598	-	-	2.544	866.142	711.256
Stationery	1.052.460	29.466	381	5.909	1.088.216	697.445
Hospitality	781.589	36.896	-	8.453	826.938	440.253
Capital Losses	-	-	-	-	-	214.503
Bonuses for non_employees	31.083	-	-	-	31.083	26.205
Expenses from previous years	152.682	-	-	-	152.682	18.107
Auditor's fees	247.000	-	-	-	247.000	259.500
Financial Statements Preparation fees	37.050	-	-	-	37.050	38.925
BOD transportation	340.080	-	-	-	340.080	396.460
Fines and compensations	2.120.392	-	-	-	2.120.392	320.999
Others	1.206.243	2.608	1.966	861	1.211.678	904.783
Total	56.247.756	5.201.952	11.994	559.685	62.021.387	43.086.307

(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 2024	31 December 2023
	IQD (000)	IQD (000)
Profit for the year	251.229.130	189.773.856
Weighted average number of shares during the year	358.333.333	290.000.000
	IQD/Fils	IQD/Fils
Basic and diluted earnings per share	0.701	0.654

(31) CASH AND CASH EQUIVALENTS

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

	31 December 2024	31 December 2023
	IQD (000)	IQD (000)
Cash and balances with Central Bank of Iraq	1.864.209.530	1.832.757.355
Restricted Cash and balances with the Central Bank of Iraq	(562.007.533)	(497.437.240)
Balances with banks and other financial institutions	262.338.672	228.438.443
Allowance for Balances with banks and other financial institutions	(385.522)	(127.395)
Deposits to banks and other financial institutions	(27.258.549)	(58.783.432)
Total	1.536.896.598	1.504.847.731

(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 2024	31 December 2023	31 December 2024	31 December 2023
	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

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 2024	31 December 2023
	IQD (000)	IQD (000)
Statement of financial position :		
Due from the parent bank	180,755,192	176,717,931
Due to parent bank	13,250,013	41,125,629
Fixed deposits	-	1,310,000
Income Statements:		
Credit Interest & Commissions	1,367,897	1,532,836
Dedit Interest & Commissions	6,332	821,201

* Most of the balances with the parent bank are represented in the US dollar currency, which amounts to 86% of the total balances.

- Credit interest rates on foreign currency deposits ranged from 3% during the year (2023: 3%)
- Debit interest rates on foreign currency deposits ranged from 6% during the year (2023: 6%)
- The Management agreement cost is 4% of the total income (2023: 5%)

(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)
31 December 2024				
Financial assets				
Financial assets at fair value through other comprehensive income	804,261	3,617,199	-	4,421,460
31 December 2023				
Financial assets				
Financial assets at fair value through other comprehensive income	765,118	3,449,169	-	4,214,287

(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 Bank 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 2024 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.
- 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
----------------------------	----------------------	------------------------

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.

Stage	CB Grade	Description
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.
	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 12 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 (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

- 90 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

- 90 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 (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 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:

- Reviewing all the bank's policies and procedures to highlight risks, mitigate such and define the appropriate controls prior approval.
- Conducting stress testing.
- 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:

Prepare for PCI DSS certification.

Develop plans and programs to protect the bank from all risks resulting from the loss or theft of information.

Updating the security event monitoring system to keep pace with the best international versions.

Developing a security awareness program for customers and bank employees.

Developing and updating a cyber security strategy and program in line with the bank's strategy.

Implementing and updating the governance framework for the [Information Security Department] in line with the COBIT 2019 framework.

Preparing security standards for different information systems.

Reviewing the effectiveness of the protection controls adopted in the bank's cyber security policy on an ongoing basis.

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:

31December 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	-

31December 2023	Increase in interest rate	Sensitivity of net interest income	Sensitivity of equity
Currency	%	IQD (000)	IQD (000)
US Dollar	1	491.054	-
Saudi Riyal	1	(30.555)	-

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 2024	31 December 2023
		Effect on profit and loss	
	%	IQD (000)	
US Dollar	5	618.329	27.328
Euro	5	63.288	11.504
Pound	5	869	10.001
YEN	5	3.457.459	17
SEK	5	15.780	169
AED	5	47.236	6.085
SAR	5	(127)	(103.186)
JOD	5	153	9.962
KWD	5	16	9

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 2024	%	IQD (000)	
Iraq Stock Exchange	5	-	40.213
31 December 2023	%	IQD (000)	
Iraq Stock Exchange	5	-	38.256

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

Notes to the Consolidated Financial Statements

The sensitivity of interest rates is as follows

The following analysis shows interest rate re-pricing or maturity dates; whichever is earlier

	Less than month	months 3 – 1	months 6 – 3	months 12 – 6	years 3 – 1	More than 3 year	Non-interest bearing	Total
31 December 2024	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Assets -								
Cash and balances at Central Banks	-	-	-	-	-	-	1,864,209,530	1,864,209,530
Due from banks and other financial institutions	245,676,467	-	-	-	-	-	120,306,545	365,983,012
Direct credit facilities .net	91,688,411	110,920,048	152,006,619	23,667,996	180,649,657	1,137,790,748	84,583,211	1,781,306,690
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	4,421,460	4,421,460
Financial assets at amortized cost	-	19,330,824	-	24,541,667	350,000,000	526,826,930	-	920,699,421
Property and equipment	-	-	-	-	-	-	61,458,107	61,458,107
Intangible assets	-	-	-	-	-	-	32,458,628	32,458,628
Right_of_use asset	-	-	-	-	-	-	22,124,241	22,124,241
Other assets	-	-	-	-	-	-	91,571,833	91,571,833
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
Liabilities -								
Due to banks and financial institutions	-	-	-	-	-	-	27,258,549	27,258,549
Customers' accounts	300,877,644	163,695,866	139,163,102	154,789,663	141,966,980	-	2,562,201,190	3,462,694,445
Margin accounts	-	-	-	-	-	-	656,147,163	656,147,163
Borrowing	-	4,524,852	19,839,061	13,529,255	-	43,830,018	79,776,987	161,500,173
Lease liability	-	-	-	-	-	-	23,796,380	23,796,380
Miscellaneous provisions	-	-	-	-	-	-	8,948,470	8,948,470
Income tax provision	-	-	-	-	-	-	42,318,851	42,318,851
Other liabilities	-	-	-	-	-	-	64,063,958	64,063,958
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	(1,183,377,993)	697,504,933
31 December 2023								
Total Assets	45,423,491	193,798,890	78,059,359	52,991,618	131,212,511	1,123,207,967	2,358,291,027	3,982,984,863
Total Liabilities	237,478,811	118,461,163	123,589,272	164,192,754	142,411,067	-	2,691,761,636	3,477,894,703
Interest rate sensitivity gap	(192,055,320)	75,337,727	(45,529,913)	(111,201,136)	(11,198,556)	1,123,207,967	(333,470,610)	505,090,160

Notes to the Consolidated Financial Statements

Concentration of foreign exchange risk:

	31 December 2024	US Dollar	Euro	Pound	Yen	SEK	EAD	SAR	JOD	KWD	Total
Assets											
Cash and balances with Central Banks	276,656,765	184,605	-	-	-	-	-	4,164,155	-	-	281,005,525
Due from banks and other financial	228,061,836	20,520,974	78,690	-	66,733	2,913	312,570	8,569,992	1,037,599	702,124	259,353,431
Direct credit facilities: net	124,037,940	26	-	-	-	-	-	82,808,998	-	-	206,846,964
Financial assets at fair value through other comprehensive income	779,822	-	-	-	-	-	-	-	-	-	779,822
Financial assets at amortized cost	101,826,930	-	-	-	-	-	-	19,330,825	-	-	121,157,755
Property and equipment	-	-	-	-	-	-	-	4,544,518	-	-	4,544,518
Intangible assets	-	-	-	-	-	-	-	2,229,694	-	-	2,229,694
Other assets	17,279,873	112,575	-	-	-	-	-	6,147,118	-	-	23,539,566
Total Assets	748,643,166	20,818,180	78,690	66,733	2,913	312,570	127,795,300	1,037,599	702,124	899,457,275	
Liabilities											
Deposit at bank and financial institutions	26,735,110	-	-	-	-	-	-	293,171	-	-	27,028,281
Customers' accounts	513,633,162	14,779,890	62,174	69,153	-	-	12,742	41,912,335	140,111	30	570,609,597
Margin accounts	120,252,632	4,834,091	-	-	-	-	-	17,729,476	-	701,764	143,517,963
Borrowing	70,643,166	-	-	-	-	-	-	-	-	-	70,643,166
Other liabilities	3,170,375	1,736	-	-	-	-	-	2,168,601	1	26	5,340,739
Total Liabilities	734,434,445	19,615,717	62,174	69,153	(2,420)	-	12,742	62,103,583	140,112	701,820	817,139,746
Net concentration in the statement of financial position	14,208,721	1,202,463	16,516	(2,420)	2,913	299,828	65,691,717	897,487	304	82,317,529	
31 December 2023											
Total Assets	747,378,552	9,475,635	420,240	9,493	3,207	203,812	68,402,617	20,385,117	700,558	846,979,231	
Total Liabilities	746,859,323	9,257,053	230,218	9,161	-	88,203	68,126,479	19,866,512	700,385	845,137,334	
Net concentration in the statement of financial position	519,229	218,582	190,022	332	3,207	115,609	276,138	518,605	173	1,841,897	

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 2024, the Bank maintains a legal reserve with the banking supervision authorities in the amount of IQD 558,360,248 thousand (2023: IQD492,915,587 thousand)

Notes to the Consolidated Financial Statements

1- The table below summarizes the undiscounted cash flows of the contractual obligations

	Less than 1 Month	1-3 months	3 - 6 months	6-12 months	1-3 Years	More than 3 Years	No fixed maturity	Total
31 December 2024	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Liabilities								
Deposit at bank and financial institutions	-	-	-	-	-	-	27,258,549	27,258,549
Customers' accounts	187,462,544	163,695,866	139,163,102	154,789,663	141,966,980	-	2,675,616,290	3,462,694,445
Margin accounts	103,184,219	104,398,649	143,675,986	110,892,154	182,411,258	2,165,693	9,419,204	656,147,163
Borrowing	-	4,524,852	19,839,061	13,584,806	11,607,980	111,943,474	-	161,500,173
Lease liability	-	-	-	-	-	-	23,796,380	23,796,380
Miscellaneous provision	-	-	-	-	-	-	8,948,470	8,948,470
Tax provision	-	-	-	-	-	-	42,318,851	42,318,851
Other liabilities	-	-	-	-	-	-	64,063,958	64,063,958
Total Liabilities	290,646,763	272,619,367	302,678,149	279,266,623	335,986,218	114,109,167	2,851,421,702	4,446,727,989
Total Assets Expected maturity	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

	Less than 1 Month	1-3 months	3 - 6 months	6-12 months	1-3 Years	More than 3 Years	No fixed maturity	Total
31 December 2023	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Liabilities								
Deposit at bank and financial institutions	-	-	-	-	-	-	58,783,432	58,783,432
Customers' accounts	55,732,957	118,169,238	123,342,255	146,087,274	142,411,066	-	2,340,826,495	2,926,569,285
Margin accounts	34,259,949	47,597,768	43,476,240	50,772,654	85,667,084	4,486,419	511,931	266,772,045
Borrowing	88,584	291,924	344,159	18,378,209	11,676,874	86,520,624	-	117,300,374
Lease liability	-	-	-	-	-	-	18,950,940	18,950,940
Miscellaneous provision	-	-	-	-	-	-	7,937,400	7,937,400
Tax provision	-	-	-	-	-	-	38,342,710	38,342,710
Other liabilities	-	-	-	-	-	-	43,238,517	43,238,517
Total Liabilities	90,081,490	166,058,930	167,162,654	215,238,137	239,755,024	91,007,043	2,508,581,425	3,477,894,703
Total Assets Expected maturity	45,423,491	193,798,890	78,059,359	52,991,618	131,212,511	1,123,207,967	2,358,291,027	3,962,984,863

(36) Off the statement of financial position items:

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
	1.109.667.686	235.226.263	1.344.893.949

31 December 2023	Less than one year	More than one year	Total
	IQD (000)	IQD (000)	IQD (000)
Letters of Credit	417.025.023	34.739.315	451.764.338
Ceilings are direct untapped credit facilities	4.433.508	7.160.909	11.594.417
Letters of Guarantee	162.853.507	69.027.042	231.880.549
	584.312.038	110.927.266	695.239.304

1) Credit Risk Exposures (after impairment provisions and suspended interest and before collateral held or other mitigation factors):

31 December 2023	31 December 2024	
IQD (000)	IQD (000)	
1.320.229.137	1.448.294.848	Statement of financial position items:
340.343.207	365.983.012	Balances at Central Banks
		Balances at banks and financial institutions
		Direct credit facilities
801.884.799	1.201.464.094	Retail
		Corporate & SMEs
461.122.687	489.986.786	Corporate
46.940.489	89.855.810	Small and medium enterprises (SMEs)
		Bonds and treasury bills:
364.135.402	920.699.421	Financial assets at amortized cost , net
4.214.287	4.421.460	Financial assets at fair value through other comprehensive income
11.674.086	16.758.514	Other assets
3.350.544.094	4.537.463.945	Total statement of financial position Items
		Off - statement of financial position items
231.880.549	309.573.788	Letters of guarantee
451.764.338	1.010.384.827	Export Letters of credit
11.594.417	24.935.334	Unutilized credit facilities
695.239.304	1.344.893.949	Total off - statement of financial position items
4.045.783.398	5.882.357.894	Total

• The table above represents the maximum limit of the Bank's credit risk exposure as of 31 December 2024 and 2023, 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 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
Past due:					
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	-	50.034.373
Non performing:					
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
Total	1.217.306.609	567.861.874	92.921.736	2.756.157.255	4.634.247.474
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
Net	1.201.464.094	489.986.786	89.855.810	2.756.157.255	4.537.463.945

31 December 2023	Retails	Corporates	SMEs	Banks and other Financial Institutions	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Low risk	742.555.688	240.463.750	53.120.635	2.040.596.119	3.076.736.192
Acceptable risk	52.311.774	139.167.658	7.771.406	-	199.250.838
Past due:					
Up to 30 days	6.923.033	4.663.786	20.181	-	11.607.000
From 31 to 60 days	45.388.741	134.503.872	7.751.225	-	187.643.838
Watch list	6.112.359	96.993.153	4.623.399	-	107.728.911
Non performing:					
Substandard debts	3.099.144	2.260.741	5.440.193	-	10.800.078
Doubtful debts	2.527.800	8.493.007	545.665	-	11.566.472
Bad debts	4.557.855	10.286.217	435.998	-	15.280.070
Total	811.164.620	497.664.526	71.937.296	2.040.596.119	3.421.362.561
Less: Interest in suspense	1.190.331	10.657.846	145.316	-	11.993.493
Less: Allowance for impairment losses	8.089.489	25.883.993	24.851.491	-	58.824.973
Net	801.884.800	461.122.686	46.940.489	2.040.596.119	3.350.544.094

- 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 4,014,584 thousand as at 31 December 2024 compared to IQD 4,124,037 thousand as at 31 December 2023. 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 7,609,187 thousand as of 31 December 2024 compared to IQD 76,455,628 thousand as of 31 December 2023

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	1,448,294,848	-	1,448,294,848
Due from banks and other financial institutions	31,261,385	334,721,627	365,983,012
Direct credit facilities, net:			
Retails	1,201,464,094	-	1,201,464,094
Corporate lending:			
Corporates	489,986,786	-	489,986,786
Small and medium enterprises	89,855,810	-	89,855,810
Bonds and Permissions			
Financial assets at amortized cost	799,541,666	121,157,755	920,699,421
Financial assets at fair value through other comprehensive income	3,641,638	779,822	4,421,460
Other assets	16,758,514	-	16,758,514
Total	4,080,804,741	456,659,204	4,537,463,945
Letters of guarantee	271,843,521	37,730,267	309,573,788
Export Letters of credit	353,827,619	656,557,208	1,010,384,827
Grand total 2024	4,706,475,881	1,150,946,679	5,857,422,560
Grand total 2023	3,096,596,184	937,592,797	4,034,188,981

The following table shows the distribution of collaterals measured at fair value over credit facilities:

31 December 2024	Retails	Corporates	SMEs	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Against collateral				
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
Non performing:				
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
Total	39.825.176	112.991.728	15.459.211	168.276.115
Comprising of:				
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
Total	39.825.176	112.991.728	15.459.211	168.276.115

31 December 2023	Retails	Corporates	SMEs	Total
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Against collateral				
Low risk	22.326.357	27.856.380	15.796.724	65.979.461
Acceptable risk	4.662.261	58.907.104	13.766.466	77.335.831
Watch list	231.225	40.034.276	853.320	41.118.821
Non performing:				
Substandard debts	110.000	735.840	4.396.974	5.242.814
Doubtful debts	-	3.606.976	474.523	4.081.499
Impaired	305.947	6.693.069	119.813	7.118.829
Total	27.635.790	137.833.645	35.407.820	200.877.255
Comprising of:				
Cash margins	2.946.976	40.588.150	8.515	43.543.641
Real Estate	24.688.815	94.610.958	35.399.305	154.699.078
Stock shares	-	2.634.536	-	2.634.536
Cars and vehicles	-	-	-	-
Total	27.635.791	137.833.644	35.407.820	200.877.255

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.

Notes to the Consolidated Financial Statements

4) Concentration in credit exposures based on economic sectors is as follows:

	Financial	Industrial	Commercial	Real estate	Agriculture	Services	Retails	Total
Economic sector	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Item								
Cash and balances at Central Banks	1,448,294,848	-	-	-	-	-	-	1,448,294,848
Due from banks and other Financial Institutions	365,983,012	-	-	-	-	-	-	365,983,012
Direct credit facilities, net	4,697,673	30,813,761	323,878,708	126,248,488	23,840,424	100,106,899	1,171,720,737	1,781,306,690
Bonds, Bonds and Permissions								
Financial assets at amortized cost	920,699,421	-	-	-	-	-	-	920,699,421
Financial assets at fair value through other comprehensive income	4,421,460	-	-	-	-	-	-	4,421,460
Other assets	16,758,514	-	-	-	-	-	-	16,758,514
Total 2024	2,760,854,928	30,813,761	323,878,708	126,248,488	23,840,424	100,106,899	1,171,720,737	4,537,463,945
Total 2023	2,040,596,119	85,443,931	276,479,011	66,728,057	20,340,716	92,681,581	768,274,679	3,350,544,094

5) Distribution of exposures by economic sectors

Total distribution of exposures by financial instrument subject to impairment

	Financial	Industrial	Commercial	Real estate	Agriculture	Services	Retails	Total
31 December 2024	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Consolidated statement of financial								
Cash and balances at Central Banks	1,448,294,848	-	-	-	-	-	-	1,448,294,848
Due from banks and other Financial Institutions	365,983,012	-	-	-	-	-	-	365,983,012
Direct credit facilities, net	4,697,673	30,813,761	323,878,708	126,248,488	23,840,424	100,106,899	1,171,720,737	1,781,306,690
Financial assets at amortized cost	4,421,460	-	-	-	-	-	-	4,421,460
Financial assets at fair value through other comprehensive income	920,699,421	-	-	-	-	-	-	920,699,421
Other assets	16,758,514	-	-	-	-	-	-	16,758,514
Total	2,760,854,928	30,813,761	323,878,708	126,248,488	23,840,424	100,106,899	1,171,720,737	4,537,463,945
Items outside the consolidated statement of financial								
Letter of Guarantees	106,002,146	32,405,994	70,566,717	77,461,891	-	23,137,040	-	309,573,788
Letter of credit	7,860,000	31,000,228	686,518,023	68,930,928	5,750,800	210,324,848	-	1,010,384,827
Total	113,862,146	63,406,222	757,084,740	146,392,819	5,750,800	233,461,888	-	1,319,958,615

(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

	Retail	Corporates	Treasury	Other	Total	
					31 December 2024	31 December 2023
					IQD (000)	IQD (000)
Total revenue	131,228,546	196,680,573	122,965,478	1,169,670	452,044,267	417,776,310
Impairment losses	(4,547,701)	(18,840,383)	(8,002,297)	-	(31,390,381)	(19,053,669)
Segment result	126,680,845	177,840,190	114,963,181	1,169,670	420,653,886	324,103,287
Unallocated expenses					(126,729,176)	(95,117,486)
Profit before tax					293,924,710	228,985,801
Income tax					(41,576,700)	(38,982,235)
Profit for the year					252,348,010	190,003,566
Segment assets	1,201,464,100	579,842,591	3,155,313,422	207,612,808	5,144,232,922	3,982,984,863
Segment liabilities	985,812,387	3,294,529,393	27,258,549	139,127,660	4,446,727,989	3,477,894,703
Capital expenditure	-	-	-	88,336	88,336	13,182
Depreciation and amortization	-	-	-	(23,264,778)	(23,264,778)	(14,471,062)

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 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Total revenue	437,812,498	409,427,532	14,231,769	8,348,777	452,044,267	417,776,310
Total assets	4,677,307,244	3,549,242,508	466,925,678	433,742,356	5,144,232,922	3,982,984,863
Capital expenditure	88,336	13,182	-	-	88,336	13,182

(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:

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)

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 2024	31 December 2023
	IQD (000)	IQD (000)
Primary capital items:		
Paid in capital	400.000.000	300.000.000
Reserves	30.521.002	17.859.869
Retained earning	4.544.592	(8.329.418)
annual profits not presented to the general assembly of the bank	171.742.356	115.990.744
Total other comprehensive income	194.794	131.246
Less		
Intangible Assets	25.391.650	8.392.643
Total Primary capital	581.611.094	417.259.799
Supplementary Capital		
Impairment losses according to IFRS9 – Stage 1 & 2	34.248.790	33.652.003
The maximum general reserve (1.25%)	24.721.982	20.530.383
Net Supplementary Capital Tier 2	24.721.982	20.530.383
Total Regulatory Capital	606.333.076	437.790.181
Total Risk weighted assets	2.375.587.603	2.068.887.306
Capital adequacy (%)	25.52%	21.16%
Primary Capital (%)	24.48%	20.17%

(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 2024	Within 1 year	More than 1 year	Total
	IQD (000)	IQD (000)	IQD (000)
Assets			
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
Total Assets	2.719.575.328	2.424.657.594	5.144.232.922
Liabilities			
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
Total Liabilities	4.099.262.746	347.465.243	4.446.727.989
Net	(1.379.687.418)	2.077.192.352	697.504.933

31 December 2023	Within 1 year	More than 1 year	Total
	IQD (000)	IQD (000)	IQD (000)
Assets			
Cash and balances at Central Banks	1,832,757,355	-	1,832,757,355
Due from banks and financial institutions	340,343,207	-	340,343,207
Direct credit facilities, Net	400,320,484	909,627,491	1,309,947,975
Financial assets at fair value through other comprehensive income	4,214,287	-	4,214,287
Financial assets at amortized cost	-	364,135,402	364,135,402
Property and equipment, net	-	55,304,664	55,304,664
Intangible Assets, net	-	28,071,653	28,071,653
Right_of_use asset	-	17,993,190	17,993,190
Other assets	22,095,041	8,122,089	30,217,130
Total Assets	2,599,730,374	1,383,254,489	3,982,984,863
Liabilities			
Due to banks and financial institution	58,783,432	-	58,783,432
Customers' accounts	2,813,979,188	112,590,097	2,926,569,285
Margin accounts	230,512,054	36,259,991	266,772,045
Loan of Central Bank of Iraq	19,102,876	98,197,498	117,300,374
Lease liability	-	18,950,940	18,950,940
Miscellaneous provision	-	7,937,400	7,937,400
Income tax liabilities	-	38,342,710	38,342,710
Other liabilities	43,238,517	-	43,238,517
Total Liabilities	3,165,616,067	312,278,636	3,477,894,703
Net	(565,885,693)	1,070,975,853	505,090,160

(40) Credit concentrations

There are no credit concentrations as of 31 December 2024.

(41) Distributed Dividends

The ordinary general assembly of the bank, in its meeting held on 8 April 2024, approved an increase in the bank's capital by distributing free shares to shareholders worth 100,000,000 thousand Iraqi dinars, representing 33.33% of the bank's paid-up capital, bringing the total capital to 400,000,000 thousand Iraqi dinars. In addition, the assembly approved the distribution of 60,000,000 thousand Iraqi dinars as cash dividends. The bank complied with the Central Bank's instructions issued in its meeting on July 18, 2023, which included a decision to increase the capital of all banks operating in Iraq from 250 billion to 400 billion Iraqi dinars, with a deadline of 31 December 2024.

(42) Credit granted to related parties

As of 31 December 2024, there are no credit facilities granted to related parties.

(43) LAWSUITS AGAINST THE BANK

As of 31 December 2024, there are 7 lawsuits filed against the bank and 11 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, 2023, the amount is 0 Iraqi dinars).

(44) COMPARATIVE FIGURES

The classification of comparative figures for the consolidated financial statements for the year ending 31 December 2024, is consistent with the classification of comparative figures for the consolidated financial statements for the year ending 31 December 2023.



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/5807 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.

Activities carried out by the bank

The National Bank of Iraq (NBI) provides distinguished services not only to Iraqi individuals and commercial companies, but also to regional and global commercial companies, relying on the bank's network of regional and international correspondents. Capital Bank, which owns approximately 62% of the bank's capital, serves as the National Bank of Iraq's gateway to global economies by facilitating internal and external transfers, providing credit ceilings, and supporting trade finance services.

Furthermore, the National Bank of Iraq, through Capital Investments, the investment arm of Capital Bank, can trade for its clients in regional and global markets. It also provides trading services for its clients on the Iraqi Stock Exchange through its wholly-owned subsidiary, Iraqi Money Company for Brokerage in Buying and Selling Securities Limited Liability Company. The National Bank of Iraq owns 51% of the National Company for Trading, Selling and Purchasing Cars, Machinery, and Equipment. The company provides loans for the purpose of purchasing cars, guaranteed by the domiciliation of their salaries at the National Bank of Iraq. The bank operates through a sophisticated core banking system to support its growth and serve its clients. Furthermore, the bank and its subsidiaries prepare their financial reports in accordance with international accounting standards, and their work is 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 auditing is an independent and objective activity that provides assurance and consulting services aimed at adding value to an organization and improving its operations. Internal auditing helps an organization achieve its objectives by adopting a systematic, organized approach to assessing and improving the effectiveness of governance, risk management, and regulatory systems.

Independence of the Internal Audit Department

To ensure independence, the Audit Department reports directly functionally to the Audit Committee of the Bank's Board of Directors, and administratively to the Bank's Managing Director. Executive tasks may not be assigned to the Internal Audit Department.

Scope of work of the Internal Audit Department

All operations and activities related to the bank's branches and departments, in addition to outsourced activities to external parties and its subsidiaries, in addition to all activities and operations related to information technology in the bank and related to the governance and management of information and associated technology and the governance of information technology security.

Main tasks

The Head of Audit and Internal Control is responsible to the Audit Committee for the following:

- Preparing and monitoring the implementation of the annual risk-based audit plan approved by the Audit Committee, and submitting a quarterly report on the results, including achievements and deviations.
- Reviewing the structure of the internal control and monitoring systems, conducting an annual assessment of the adequacy, effectiveness, and efficiency of the internal control and monitoring systems, and submitting recommendations regarding identified control gaps.
- Preparing and issuing an audit report that includes identified control gaps resulting from the implementation of audit programs across all activities and operations, and providing the necessary recommendations to improve these operations and avoid them in the future.
- Preparing periodic reports for executive management from the monitoring system, including observations based on work centers and their correction rates, in addition to including these percentages in the periodic reports submitted to the Audit Committee on the results of these follow-ups.
- Maintaining qualified audit staff who possess sufficient information, skills, knowledge, experience, and specialized professional certifications consistent with the requirements of the Internal Audit Charter, while allocating adequate allocations for training and development of the internal audit staff.
- Providing and informing the Audit Committee of any amendments to methods and/or best practices in the field of internal auditing.

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 2024:

- Carrying out comprehensive audits of the bank's branches and key departments and divisions with high/medium risks, according to the approved audit methodology.
- Automating the process of following up on the correction of discovered internal audit report observations.
- Intensifying efforts to reduce the percentage of existing audit observations to their lowest levels throughout 2024.
- Continuing to provide opinions, advice, and consultation on proposed policies and procedures before their adoption to ensure the presence of appropriate controls, in addition to reviewing any new operations, products, or activities.
- Providing the Internal Audit Department with qualified personnel to carry out the assigned tasks and implement the audit plan.
- Holding workshops and awareness sessions on recurring observations in audit reports and the mechanism for dealing with observations in Central Bank of Iraq inspection reports.

- Implementing the Central Bank of Iraq's requirements regarding the validity of procedures followed in reactivating dormant accounts on a monthly basis, in addition to preparing a comprehensive quarterly report on the bank's operations.
- The Internal Audit Department uses analytical tools to evaluate the effectiveness of control as part of its special audit processes, in addition to adapting audit methodologies such as continuous auditing and spot auditing in order to achieve efficiency and effectiveness in audit results.

External audit

The external auditor is appointed by the General Assembly based on the recommendation of the bank's Board of Directors. This is a process whereby the independent auditor examines the financial statements, accounting records, and the bank's compliance with disclosures. The objective is to provide an opinion on the fairness of the financial statements and accounts, as well as the bank's compliance with the disclosures specified by International Financial Reporting Standards (IFRS), Central Bank instructions, and other relevant legislation and directives. The Central Bank of Iraq has also issued instructions to effectively raise the level of external audit performance by having banks' accounts audited by two auditors using the joint audit method.

Financial management

The Finance Department is committed to providing all required services to the bank during 2024, fully complying with all regulatory requirements, and taking the strictest oversight measures on the bank's accounts in general, monitoring actual results against strategic plans, and identifying deviations. The Finance Department, in cooperation with other departments, successfully implemented the new banking system at the beginning of 2024 and transferred all data accurately. In addition, the Finance Department, in cooperation with relevant departments, provided assistance to complete the process of increasing the bank's capital to 400 billion Iraqi dinars. Regarding the implementation of electronic systems within the Finance Department's work, and in line with the strategic IT plan, a large number of internal and external financial reports have been automated, helping the bank's management and other departments make appropriate decisions and facilitate access to required information.

Compliance Management

During 2024, the Compliance Department at the National Bank of Iraq continued to protect the bank from any non-compliance risks and financial risks in terms of fines and reputational risks. It also ensured that the bank and its subsidiaries comply with the regulations, laws, and instructions issued by local regulatory authorities to avoid errors and violations. This was achieved through cooperation with executive departments and committees emanating from the Board of Directors. Our primary goal was to maintain a safe and sustainable work environment through effective risk management and enhancing compliance awareness among the bank's employees and subsidiaries.

The Compliance Department has taken a number of steps to enhance the level of banking compliance:

- Implementing and reflecting instructions and requirements issued by regulatory authorities on policies and procedures.
- Automating the department's systems and reports to enhance the bank's regulatory capabilities.
- Accepting new companies to participate in the currency auction in accordance with instructions issued by the Central Bank of Iraq, facilitation packages, and due diligence requirements.
- Preparing monthly awareness bulletins for bank employees, aimed at promoting a culture of compliance and increasing banking regulatory awareness.

Anti-Money Laundering and Terrorist Financing Department

The Anti-Money Laundering and Terrorist Financing Reporting Department is an independent oversight department authorized to implement the requirements of Anti-Money Laundering and Terrorist Financing Law No. 39 of 2015. It is responsible for ensuring that no banking transaction is conducted in violation of any law or instructions issued by regulatory authorities, international operating standards, or global developments. It reports to the Anti-Money Laundering and Terrorist Financing Office and the Audit Committee emanating from the Bank's Board of Directors.

The Anti-Money Laundering and Counter-Terrorism Financing Department has taken a number of steps to enhance the level of anti-money laundering:

- 1- Approval of the Central Bank of Iraq's semi-annual report.
- 2- Updating policies and procedures and aligning them with the approved organizational structure.
- 3- Expanding and expanding the organizational structure.
- 4- Completion of the Risk-Based Approach (RBAP) self-assessment and the initial risk appetite report.
- 5- Implementation of the action plan related to the self-report observations from the National Bank of Iraq and its subsidiaries.
- 6- Establishment of a unit within the Money Laundering Reporting Department dedicated to studying high-risk customers.
- 7- Commitment of the bank to submitting reports related to the Anti-Money Laundering (CTR) system, with the cancellation of the fine imposed on the bank.
- 8- Establishment of a special team to study and analyze shipping documents regarding ship tracking and shipping companies.
- 9- Obtaining a letter of thanks and appreciation from the Central Bank of Iraq for the Assistant Director of the Reporting Department for providing a training course for all Iraqi banks on "Due Diligence for Foreign Remittances."

Risk management

The overall system for managing, monitoring, mitigating, and adhering to the instructions of regulatory authorities and the Basel Committee is a comprehensive and shared responsibility across multiple entities within the bank, starting with the Board of Directors and its subcommittees, such as the Internal Risk Committee, as well as across all departments and branches of the bank.

The Risk Management Department is an independent department reporting directly to the Board of Directors' Risk Management Committee and to the Managing Director.

Its responsibilities focus on developing approved policies for identifying existing and potential risks (financial and non-financial) and how to address them. It also periodically submits reports and recommendations, contributing to the bank's achievement of its strategic objectives.

Risk Department Achievements in 2024:

Financial and operational risk management

- Updating the bank's credit, liquidity, market, concentration, and operational risk management policies, as well as reviewing the risk appetite limits to match the size and nature of the bank's business, to address risks that could hinder the achievement of its strategic objectives.
- Developing the bank's stress testing report, in line with the Central Bank of Iraq's instructions and recommendations, for all types of financial, market, operational, and concentration risks. Stress testing scenarios appropriate to the bank's current business size were reviewed, and their results were presented to the bank's Board of Directors, which approved them.
- Preparing the comprehensive risk report, which was approved in its unified form for all banks for the first time by the Central Bank of Iraq. The Central Bank responded in support of and adopted the recommendations issued by the Risk Management Department in the aforementioned report.
- Daily monitoring of key early warning indicators related to liquidity, concentration, and credit risks, as well as key risk indicators (KRIs) for operational risks, through periodic reports indicating any violations of the internally accepted risk limits set by the bank's Board of Directors or the Central Bank of Iraq, and following up on correcting them with the relevant authorities within the bank.
- Approving the implementation of a risk matrix for work centers within the bank's Risk Self-Assessment (RCSA) system across all work centers in the bank, relating to operational risks, noting the reliance on the outputs of control departments such as internal audit and compliance in constructing this matrix.
- Verifying the effectiveness of approved controls based on the risk self-assessment by conducting compliance checks across the bank's departments and branches.
- Regarding the business continuity plan:
 1. Updating the Business Impact Analysis (BIA) models for work centers to reflect the actual reality after the transition to a new banking system (T24), identifying critical processes that impact the quality of service provided to customers. Ensuring the necessary systems and requirements are in place to ensure the continuity of these processes in the event of any emergency or major events.
 2. The plan was updated and presented to the relevant committees, including all responsibilities necessary to ensure an effective response in the event of major incidents, with the aim of ensuring the continuity of the bank's business.
 3. Reviewing the business continuity plan at the National Bank of Iraq and its branch in Saudi Arabia, by moving and operating systems from the Disaster Recovery Center.
- Reviewing the bank's operating procedures to identify weaknesses resulting from inadequate internal procedures and subsequently adding the necessary controls to mitigate risks.
- Reviewing and assessing risks related to products before they are introduced to the market, with the aim of proactively anticipating any weaknesses that may require the implementation of controls and mitigating those risks. This procedure ensures a high level of customer service and protects the bank from reputational risks.
- Conducting training and awareness-raising on operational risks for new employees, thereby spreading the awareness required to achieve the bank's strategic objectives while adhering to general risk management methodologies.
- Completing the selection of a specialized company to implement the Expected Loss (ECL) calculation system in accordance with International Financial Instruments Standard No. 9 (IFRS 9).

Information Security and Cyber security Risk Management

- Achieving the highest standards of compliance with information and data security and protection by obtaining the ISO 27001:2022 certification. This certification enhances the efficiency of approved security operations and policies and confirms the bank's ability to protect its data and that of its customers from cyber risks. It also contributes to strengthening partners and stakeholders' confidence in its ability to manage information security professionally and sustainably.
- A Security Operations Center (SOC) team has been established and activated to continuously monitor and analyze cyber-attacks. A dedicated electronic platform has also been launched to record and track detected security incidents and direct them to the relevant authorities in the Information Technology Department. The relevant parties are automatically notified to ensure rapid response and improve the efficiency of handling security threats.
- Obtaining a license to renew the Payment Card Industry Data Security Standard (PCI DSS) certification after meeting all technical, operational, and infrastructure requirements for storing card data. This measure aims to ensure and enhance the security of cardholder data, in line with international standards and the instructions and regulations of the Central Bank of Iraq. This step confirms our commitment to providing the highest levels of security to our customers and enhancing confidence in our banking services.
- Enhancing the integrity and security of data and systems by conducting explorations and identifying security vulnerabilities across all IT resources, and ensuring rapid and effective intervention to address them. This contributes to maintaining the stability and effectiveness of the IT infrastructure and protecting the institution from potential threats.
- A comprehensive security awareness program was developed and implemented among National Bank of Iraq employees, enhancing their knowledge of secure practices in accordance with security policies and global best practices. The program also included customer bulletins to raise awareness of the importance of protecting their personal and banking data, contributing to building a culture of digital security among employees and customers.
- An information asset classification process was implemented for all work centers across the bank as part of the annual plan, with the aim of assessing and ensuring the basic characteristics of information (confidentiality, integrity, and availability). This classification helped determine the required security levels and implement appropriate preventative measures to protect sensitive assets. It also contributed to enhancing risk management.

Managing foreign transfer risks through the Central Bank of Iraq

- Identifying potential risks by modifying work procedures in accordance with instructions issued by regulatory authorities, to mitigate remaining risks. Additional fields were added to the workflow, such as a follow-up tab, to identify deficiencies. The results were more than satisfactory, and many of the observations were corrected.
- Employees in the department responsible for monitoring foreign transfer operations were involved in several courses and workshops to develop their skills and keep abreast of developments in foreign transfer operations.
- Monitoring and Auditing: As a result of the intensification of monitoring and escalation procedures, the correction rate in terms of visit reports and financial analysis of financial data increased significantly.

Credit Control and Review Department:

The Bank's Credit Monitoring and Review Department plays a pivotal role in ensuring the stability and soundness of the credit portfolio. The department strives to strike a delicate balance between risk management and enhancing the bank's sustainable growth opportunities. The department's mandate is based on carefully considered strategies and strict, carefully adopted regulatory frameworks, ensuring the highest levels of governance and compliance with banking policies and regulations. By adopting a proactive approach to credit risk analysis, the Credit Monitoring and Review Department examines all economic and financial indicators that may impact the performance of the loan portfolio. It also relies on advanced analytical tools to assess customers' financial position and determine their ability to meet their financial obligations under agreed terms. These analyses enable the Bank to detect any negative signals early, contributing to effective decisions to mitigate potential risks.

To enhance the accuracy and speed of credit transactions, the Credit Monitoring and Review Department continues to automate the necessary systems that enable rapid screening and evaluation processes, avoid errors, and reduce reliance on traditional manual procedures. These technologies contribute to enhancing the efficiency of credit approval processes, streamlining the customer experience and increasing the bank's flexibility in the face of changing market challenges. In addition, the Credit Monitoring and Review Department places great importance on the process of building precautionary provisions, which is 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 credit levels granted to customers. This policy aims to protect the rights of depositors and shareholders and prepare the bank to adapt to unexpected economic and financial changes.

The Credit Monitoring and Review Department's responsibilities also include monitoring ongoing developments in the economic and legal environment, with the aim of ensuring the bank's policies are aligned with the latest regulatory requirements, particularly the Central Bank's instructions. Within this framework, the Credit Monitoring and Review Department periodically reviews its credit policies and procedures and works to update them when necessary in line with evolving regulatory frameworks. In addition to its role in monitoring and analysis, the Credit Monitoring and Review Department is committed to enhancing the capabilities of its staff through specialized training and development programs that ensure employees remain up-to-date with the latest credit analysis and risk management methods. This contributes to building a competent team capable of dealing with the rapid changes in the financial market and ensuring the provision of the highest levels of credit service to customers.

With 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 and safety of the credit portfolio, supporting sustainable growth and achieving the bank's long-term strategic objectives.

Correspondent banks

BANK	SWIFT
.CITIBANK N.A	CITIUS33XXX
.JPMorgan Chase N.A	CHASUS33
Commerzbank	COBADEFFXXX
Intesa Sanpaolo	BCITITMMXXX
UBAF	UBAFFRPPXXX
BUNA	BUNNAEAAXXX
BANQUE SAUDI FRANSI	BSFRSARIXXX
CREDITBANK SAL	CBCBLBBEXXX
ABU DHABI ISLAMIC BANK	ABDIAEADXXX
.MASHREQBANK PSC	BOMLAEADXXX
Aktif Bank	CAYTTRISXXX
Sohar Bank	BSHROMRUXXX
BANK ALETIHAD	UBSIJOAXXXX

BANK	SWIFT
CAIRO AMMAN BANK	CAABJOAMXXX
HOUSING BANK	HBHOJOAXXXX
INVESTBANK	JIFBJOAMXXX
SAFWA	JDIBJOAMXXX
Jordan Kuwait Bank	JKBAJOAMXXX
Capital Bank of Jordan	EFBKJOAMXXX
ABC Jordan	ABCJJOAMXXX
Jordan Ahli Bank	JONBJOAXXXX

1. A- Names and addresses of branches inside Iraq


BRANCH EMAIL	landmark	Branch address	Branch name	#
MAIN.BRANCH@NBI.IQ	Next to the Unknown Soldier gas station	Al.Saadoun St. _ Al.Firdaws Sq.	Main	1
JADRIYAH.BRANCH@NBIRO.COM	Adjacent to Al.Rusafa Traffic Department	Al.Jadriya _ University St.	Al.Jadriya	2
JAMILA.BRANCH@NBI.IQ	AL-Ansar Mosque	Jamela _ Kamil AL.Ashtari St.	Jamela	3
ADHAMIAH.BRANCH@NBIQ.IQ	Near Antarah ibn Shaddad Square	Al.A'dhamiyah _ Omar bin Abdulaziz St.	Al.A'dhamiyah	4
MANSOUR.BRANCH@NBI.IQ	Near Rafidain Bank	Al Mansour _ Abu Jaafar Al Mansour St.	Al.Mansour	5
BAGHDADMALL.BRANCH@NBI.IQ	Baghdad Mall _ First Floor	Al.Harithiya _ Baghdad Mall	Baghdad Mall	6
KADHMIYA.BRANCH@NBI.IQ	Adjacent to Abdul Mohsen AL.Kadhimi Square	Al.Kadhimiya _ Abdul Mohsen AL.Kadhimi Sq.	Al.Kadhimiya	7
NAJAF.BRANCH@NBI.IQ	Near the Rawan intersection	Najaf _ AL.Zahour St.	Najaf	8
RAWAN.BRANCH@NBIRO.COM	Near Najaf City Mall	Najaf _ AL.Rawan St.	Rowan	9
KARBALA.BRANCH@NBI.IQ	Near the Tax Bridge	Karbala _ Complexes St.	Karbala	10
AL.MOSUL.BRANCH@NBI.IQ	AL-Hashimiya _ near AL-Abadi roundabout	Mosul. AL.Masarif neighborhood	Mosul	11
ERBIL.BRANCH@NBI.IQ	Ain Kawa intersection near Qala gas station	Erbil _ 100 St.	Erbil	12
ISKAN.BRANCH@NBIRO.COM	Near the housing tunnel	Erbil _ 60th St.	Eskan	13
SULYMANIA.BRANCH@NBI.IQ	Haj Ali Building _ near Muhammad Kolk Mosque	Sulaymaniyah _ Salem St.	Sulaymaniyah	14
SALIM.BRANCH@NBIRO.COM	Near the Ministry of Education representative office in Sulaymaniyah	Sulaymaniyah _ Salem St.	Salem	15
BASRA.BRANCH@NBI.IQ	Near Ibn Ghazwan Hospital	Algeria _ Basra	Basra	16
MANAWIBASHA.BRANCH@NBI.IQ	Near the National Church	Basra _ Manawi Pasha	Manawi Pasha	17
UMQASSER.BRANCH@NBI.IQ	Inside the customs complex	Basra _ Umm Qasr North Port	Umm Qasr	18
RUMAILEH.BRANCH@NBI.IQ	Adjacent to the Majal complex	Basra _ Southern Rumaila	Al.Rumaila	19
HILLAH.BRANCH@NBI.IQ	Near Zalatimo intersection	Babylon _ 40th St.	Hilla	20
ANBAR.BRANCH@NBIQ.IQ	Near AL-Fursan roundabout	Ramadi _ Exhibition St.	Anbar	21
ZAYOUNA.BRANCH@NBI.IQ	Near the Iraqi Fashion House	Zayouna _ Baghdad	Zayouna	22
ALYARMOUK.BRANCH@NBI.IQ	Four Streets _ Near AL-Ardun Square	Baghdad _ Yarmouk neighbourhood	Yarmouk	23
DREAMCITY.BRANCH@NBIQ.IQ	Dream City _ Ziona	Ziona _ Baghdad	Dream City	24
DOHOK.BRANCH@NBIQ.IQ	Kri Sur _ near Kashtiar Sweets	Dohuk	Dohuk	25
KIRKUK.BRANCH@NBIQ.IQ	Jerusalem Street	Kirkuk Governorate	Kirkuk	26


BRANCH EMAIL	landmark	Branch address	Branch name	#
NASIRIYAH.BRANCH@NBIQ.IQ	Near AL. Ambassador Mall	Nasiriyah Governorate	Nasiriyah	27
ZAKHO.BRANCH@NBIQ.IQ	Near Bidari Police Station	Dohuk - Zakho	Zakho	28
NAKHEELBAGHDAD.COMPLEX@NBI.IQ	AL.Sayyidiyah - Nakhil Baghdad Complex	Baghdad - AL.Saydiya	Baghdad palm trees complex	29
DIWANYA.BRANCH@NBI.IQ	Near the Princes' Tower	Diwaniyah - Umm Al Khail	Diwaniyah	30
ALMUTHANA.BRANCH@NBI.IQ	Mecca Company Building - next to Dar Al Salam Installment Company	Muthanna Governorate - AL.Bani Intersection	AL.Muthanna	31
AMARAH.BRANCH@NBI.IQ	Adjacent to the Shiite Endowment Diwan	Maysan Governorate - AL.Kafayat St.	Umara	32


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	NBIKSA@NBI.SA


3. Bank's Board of Directors


Name	Basim Khalil Salem Al Salem	
Position	Chairman of the Board of Directors	
Qualifications	Bachelor of Chemical Engineering with Honors _ University of London Imperial collage	
Experiences	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.	
Membership in Council Committees	Chairman of the Corporate Governance Committee.	
Date of appointment	2016/05/26	

Name	Jordan Capital Bank Represented by Mr. Samer Ibrahim Al.Aloul	
Position	Vice Chairman of the Board of Directors	
Qualifications	Bachelor of Economics / University of Michigan_USA	
Experiences	Mr. Samer has over 22 years of experience in the banking sector. having worked in several banks including Citibank and Standard Chartered Bank. before joining Bank Audi/Jordan. where his last position was Deputy General Manager. Following the merger of Bank Audi/Jordan with Jordan Capital Bank. he assumed the position of Head of Banking Business Management. He also previously served as Acting CEO of Jordan Capital Bank.	
Membership in Council Committees	Member of the Risk Management Committee. Member of the Nomination and Remuneration Committee	
Date of appointment	2016/05/26	

Name	Khalil Ibrahim Abdul Karim Al.Mashahdi	
Position	Board Member	
Qualifications	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.	
Experiences	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.	
Membership in Council Committees	Chairman of the Audit Committee	
Date of appointment	2018/11/11	

Name	Nabeel Samir Makahla	
Position	Board Member	
Qualifications	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.	
Experiences	He has over 25 years of experience in financial management and currently holds the position of CEO of Al Janabi Group.	
Membership in Council Committees	Chairman of the Nomination and Remuneration Committee, Member of the Audit Committee, Member of the Risk Management Committee, Member of the Corporate Governance Committee.	
Date of appointment	2020/10/14	

Name	Dr. Nagham Hussein Ne'ma Obaid AL.Mayah	
Position	Board Member	
Qualifications	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.	
Experiences	She has over 30 years of experience and is currently the Dean of the College of Business Economics at AL.Nahrain University.	
Membership in Council Committees	Member of the Risk Management Committee, Member of the Nomination and Remuneration Committee.	
Date of appointment	2020/10/14	

Name	Ali Mustafa Hassan	
Position	Board Member	
Qualifications	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).	
Experiences	Iraqi Ministry of Finance, Toyota Iraq, US Embassy, Black & Veatch, QICARD, EARTHLINK Telecom, DAI/USAID	
Membership in Council Committees	Member of the Audit Committee, Member of the Corporate Governance Committee	
Date of appointment	2021/11/18	



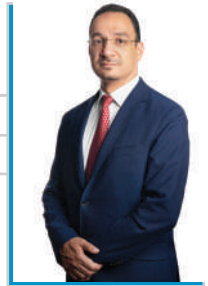
Name	Ayman Omran Abdullah Abu Dahim
Position	Board Member /Chief Executive Officer
Qualifications	<ul style="list-style-type: none"> • He holds a Bachelor's degree in Accounting from the University of Jordan and a Master's degree in Accounting and Administrative Sciences from the University of Southampton. .Britain. • 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).
Experiences	<ul style="list-style-type: none"> • 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. • 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. • 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 .
Membership in Council Committees	-
Date of appointment	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.

T	Name	Number of Board of Directors meeting (18) Number of meeting attendees	Number of Audit Committee meetings (18) Number of meeting attendees	Number of Risk Management Committee meetings (6) Number of meeting attendees	Number of Nomination and Remuneration Committee meetings (6) Number of meeting attendees	Number of Corporate Governance Committee meetings (1) Number of meeting attendees	Number of IT Governance Committee meetings (4) Number of meeting attendees	Number of Credit Committee meeting (7) Number of meeting attendees
1	Basim Khalil Salem Al Salem	18/18				1/1		7/7
2	Capital Bank of Jordan	18/18		6/6	5/5			7/7
3	Ayman Omran Abdullah Abu Dahim	18/18						7/7
4	Khalil Ibrahim Abdulkarim Al Mashahdi	18/18	18/18					
5	Nabeel Samir Makahla	18/18	18/18	6/6	5/5	1/1	4/4	
6	Ali Mustafa Hassan	18/18	18/18			1/1	4/4	
7	Dr. Nagham Hussein Al Moyah	18/18		6/6	5/5		4/4	

5.Executive Management Members

Name	Ayman Omran AbdullahhAbu Dahim
Position	Board Member /Chief Executive Officer
Qualifications	<ul style="list-style-type: none"> • 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. • 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).
Experiences	<ul style="list-style-type: none"> • 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. •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 ALDustour Newspaper Company. • 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.
Date of appointment	2018/04/15



Name	Aqeel Abdul Rahman Ezz El.Din
Position	Deputy Managing Director for Support
Qualifications	<ul style="list-style-type: none"> • Master of Business Administration from UQAM University / Canada. • Bachelor of Computer Engineering from the University of (UQAM) / Canada.
Experiences	<ul style="list-style-type: none"> • Has banking experience27year • 2021/3 _ To date, Head of Central Operations at the National Bank of Iraq. • 2021/3 – 2010/4 Deputy Managing Director, Head of Central Operations Department at Bank Audi / Baghdad. • Assistant Director of the Organization Department at Bank Audi / Lebanon.



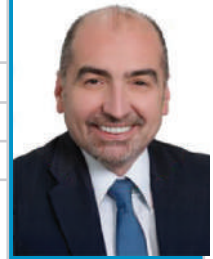
Name	Aws Ghazi Hussein Al.Shammari
Position	Deputy Chief Executive Officer for Government Relations and External Outreach Support
Qualifications	Bachelor's degree in Political Science / University of Baghdad
Experiences	<ul style="list-style-type: none"> • Has banking experience 20year • 2019/2_ To date, he is the Deputy Managing Director of the National Bank of Iraq. • 2019/1 –2014/4 Bank of Baghdad. • 2014/3 – 2010/3 Abu Dhabi Islamic Bank. • 2010/2 – 2009/2 Deputy General Manager at Sea Wood International Investment Corporation. • 2009/1 – 2006/6 Project Coordinator at Al Bayati Real Estate Investment Company. • 2006/5 – 2005/6 Head of Financial Collections Department at Dar El Salaam Bank. • 2005/5 – 2004/10 Banking Relations Manager at the National Islamic Bank.



Name	Maher Ezzat Khader Awali
Position	Head of Finance
Qualifications	<ul style="list-style-type: none"> • MBA / E.Business2015 from Mutah University, Jordan, in cooperation with Ohio University, USA • Specialized Diploma in Financial Analysis 2006 from the Jordanian Institute of Banking Studies • Bachelor of Science in Finance 2002 from Al.Zaytoonah University of Jordan
Experiences	<ul style="list-style-type: none"> • Has banking experience22year • 2019/5 to date Head of the Financial Department at the National Bank of Iraq. • 2019/4 – 2013/2 Director of Financial Control for Subsidiary Companies at Capital Bank of Jordan. • 2013/1 – 2010/2 Financial Manager at Capital Investments Company. • 2010/1 – 2008/8 several positions in the financial management at Capital Bank / Jordan. • 2008/7 – 2007/8 Financial Advisor at Ihtiraf Real Estate Investment Company / Jordan • 2007/3 – 2003/7 Several positions in the financial management at Cairo Amman Bank / Jordan • 2003/02 – 2002/01 Credit Officer at Ahli Microfinance Company / Jordan.



Name	Rami Talal Hosni AL.Khaffash
Position	Head of Retail Banking, Treasury and Investment
Qualifications	Bachelor's degree in Business Administration
Experiences	<ul style="list-style-type: none"> • Has banking experience22year. • 2024_2022 Jordan Capital Bank. • 2022_2005 Societe Generale Bank / Jordan.



Name	Ayman AL.Jaloudi
Position	Head of Internal Audit Department
Qualifications	Master's in commerce
Experiences	<ul style="list-style-type: none"> • 2024_ to date Head of the Internal Audit Department at the National Bank of Iraq • 2023_2015 Internal Audit Manager at Jordan Financial Bank • 2014_2006 Senior Auditor at Jordan Capital Bank • 2006_2000 Senior Auditor at Jordan Ahli Bank /Jordanian Capital Bank





Name	Aws Fawzi Mohammed Mahdi
Position	Head of Human Resources Department
Qualifications	<ul style="list-style-type: none"> • Master of Business Administration /Walden University • Bachelor of Earth Sciences / College of Science / University of Baghdad • Holder of a (SPHRI) certificate in Human Resources (one of only 1.200 people worldwide holding this certification).
Experiences	<ul style="list-style-type: none"> • He has 17 experience One year in human resources management. • 2021/8 _ to date Head of the Human Resources Department at the National Bank of Iraq • 2021/8 – 2020/2 Human Resources Manager at EarthLink Company / Baghdad. • 2020/2 – 2018/2 Human Resources Department Manager at Riyadh Group Company / Baghdad. • 2018/2 – 2016/9 Director of Human Resources and Administration Department at (BCI) Iraq. • 2016/9 _ 2014/3 Human Resources Manager at AL.Mansour Automotive Company / Baghdad. • 2014/3 – 2013/3 Training and Purchasing Supervisor at AL.Mansour Automotive Company • 2013/3 – 2011/9 Senior Training and Development Expert at Zain Iraq. • 2011/9 – 2009/1 Training and Development Expert at Zain Iraq. • 2009/1 – 2006/10 Customer Service Representative at Orascom Telecom

Resignation disclosure

T	Name	Job title	Resignation date
1	Anwar Taha Youssef	Compliance Monitor	2024/12/31

6. Names of major shareholders (more than 5%)

T	Name	Nationality	Number of shares	Pledged shares	percentage	The real beneficiary
1	Jordan Capital Bank Company	Jordanian	247.381.862.451	0	%61.85	Public joint stock company
2	Cairo Amman Bank	Jordanian	39.600.000.000	0	%9.9	Public joint stock company
3	Al Bawadi Al Khadra General Trading and Food Industries Company	Iraqi	33.296.338.153	0	%9.59	Public joint stock company
4	Arcadia LLC	Bahraini	20.000.000.000	0	%5	Palestine Telecommunications Company (Paltel)

7. There is no governmental protection or privileges enjoyed by the Bank or any of its products or services under laws, regulations, or otherwise.

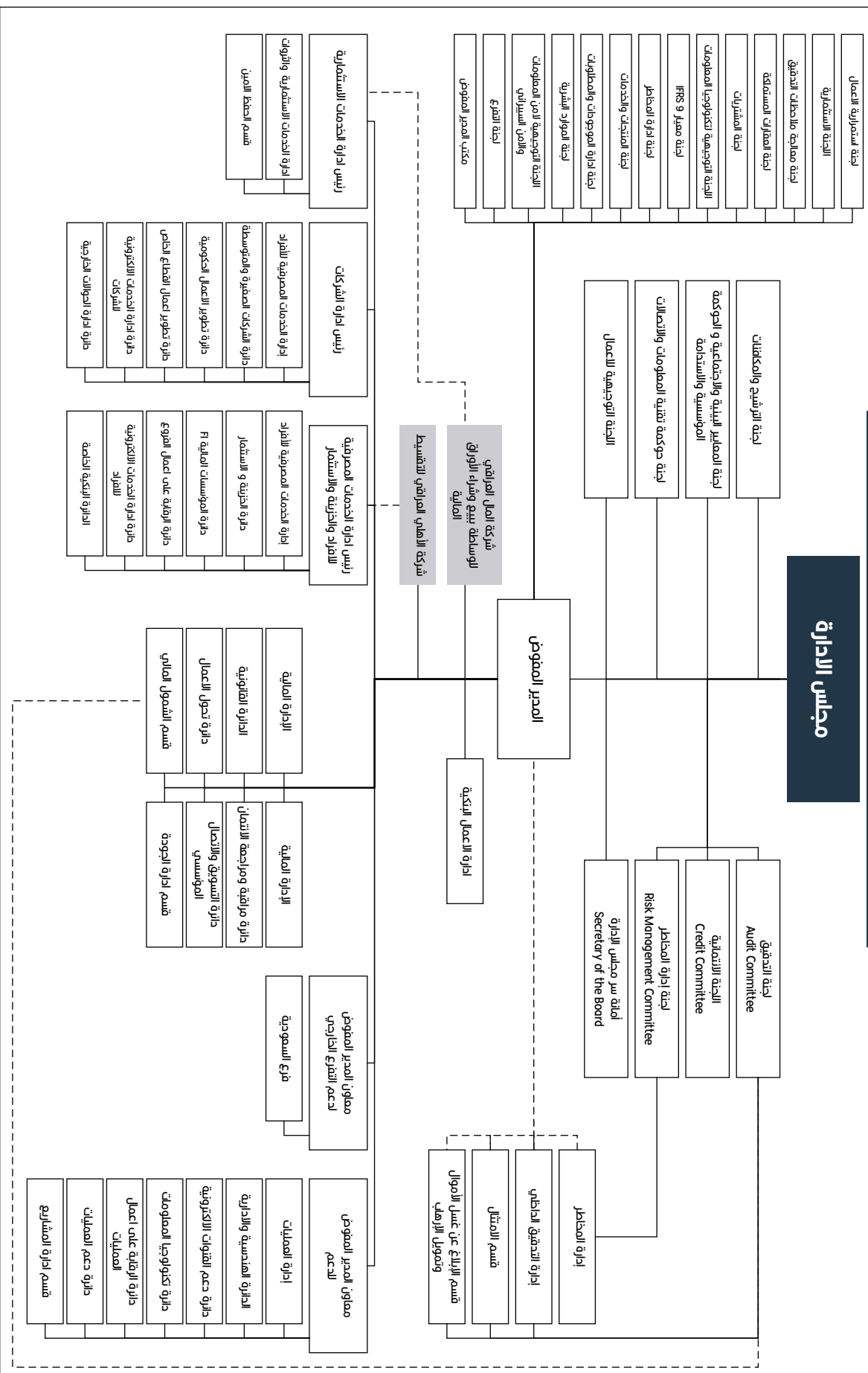
8. There are no decisions issued by the government, international organizations, or others that have a material impact on the bank's business, products, or competitiveness.

9. The bank's organizational structure

المصرف
الأهلي العراقي

الهيكل التنظيمي الرئيسي للمصرف الأهلي العراقي

مجلس الإدارة



10. Number of bank employees and their qualification categories

Classification of workers according to educational attainment	
Certificate	number
Master's	30
Bachelor's degree	1151
diploma	46
Higher Diploma	1
High school	11
Intermediate	8
Elementary	29
the total	1276

Classification of employees according to job grades		
Category	General Administration	Branches
Senior Executive Management - CEO	1	-
Senior Executive Management	10	-
Senior management	13	-
Middle management	79	35
Supervisory positions	189	71
employees	538	287
Supporting jobs	50	0
Iraqi Capital Brokerage Company	3	-
Employees of the Iraqi National Company for Trading, Selling and Buying Cars, Machinery, Equipment and Machinery	13	-

Training courses

Statement	Training courses	
Course Type	Number of participants	Number of courses
Courses inside Iraq within the bank	1171	63
Distance learning courses	6640	1444
Courses inside Iraq outside the bank	397	45
Courses outside Iraq	9	5
the total	8217	1557

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. The main types of risks that the bank may be exposed to:

- Credit risk: The risk that may result from the default or inability of a counterparty to fulfill its obligations to the bank, resulting in losses.
 - Market risk: The risk of fluctuations and changes in the fair value or cash flows of financial instruments as a result of changes in market prices, such as interest rates, currencies, and stocks. Market risk arises from open positions in interest rates, currencies, and investments in stocks and securities.
 - Liquidity risk: The risk that arises from the possibility of a bank being unable to provide the necessary funding in any (geographical location, currency, or time) to fulfill its obligations on their due dates, or to finance its activities without incurring high costs or losses.
 - Operational risk: The risk of losses resulting from the failure or inadequacy of internal procedures, human resources, systems, or from external events.
 - Concentration risks: Concentration risks arise as a result of the bank directing and employing its resources with a limited number of customers or relying on limited sources to obtain financing or other services necessary to carry out its activity, which could result in significant losses that could threaten the bank's ability to carry out and continue its main activities.
- Legal, strategic and reputational risks are also included within operational risks and for the purposes of managing them.

12. 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 2024.

13. 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 2024.

14. Analysis of the bank's financial position and business results:

It was included in the analysis of the Central Bank and financial indicators.

15. 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.

16. 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 12/31/2024	Position
Mr. Basim Khalil Salem Al Salem	488.592.303	Chairman of the Board of Directors
Jordan Capital Bank Company	247.381.862.451	Vice Chairman of the Board of Directors
Professor Khalil Ibrahim Abdul Karim AL.Mashahdi	9.148.089	Original member
Mr. Ayman Imran Abdullah Abu Dhaim	3.200	Original member/CEO
Mr. Nabeel Samir Makahla	3.200	Original member
Professor Ali Mustafa Hassan	3.200	Original member
Dr. Nagham Hussein Ne'ma Obaid	3.200	Original member

Reserve members	Number of shares owned as of 12/31/2024	Position
The honorable Raqiya Muhammad Hassan	160.000	Reserve Member
Mr. Neama Shaliba Ali	3.200	Reserve Member
Mr. Ali Mohammed Daoud	3.200	Reserve Member
The honorable Manar Muhammad Abd al-Halim	3.200	Reserve Member
Mr. Yasser Ibrahim Mohammed	3.200	Reserve Member

B- Number of securities owned by senior executive management employees

Name	Number of shares owned as of 31/12/2024	Position
Mr. Ayman Imran Abu Dhaim	3.200	CEO
Mr. Maher Ezzat Khader Awali	16.995.467	CFO

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 2024

Name	Position	Remuneration In Iraqi dinars
Mr. Basim Khalil AL.Salem	Chairman of the Board of Directors	40.000.000
Jordan Capital Bank	Vice Chairman of the Board of Directors	40.000.000
Professor Khalil Ibrahim Abdel Karim	Board Member	40.000.000
Mr. Ali Mustafa Hassan	Board Member	40.000.000
Mr. Nabeel Samir Makahla	Board Member	40.000.000
Dr. Nagham Hussein Ne'meh	Board Member	40.000.000
Mr. Ayman Imran Abu Dhaim	Board Member / CEO	40.000.000

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 2024 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.


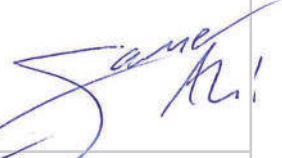




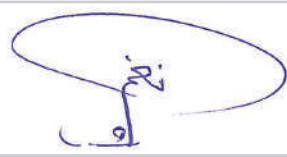
24. Land and real estate

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 2025.
2. The Board of Directors of the National Bank of Iraq acknowledges its responsibility for preparing the financial statements for the year ending 2024 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 Dhaim	Board Member / CEO	
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	

3. The Chairman of the Board of Directors, the CEO and the CFO acknowledge the validity, accuracy and completeness of the information and data contained in the National Bank of Iraq's annual report for the year 2024.

CFO	CEO	Chairman of the Board of Directors
Maher Ezzat Awali	Ayman Imran Abu Dhaim	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
Chief Executive Officer

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 outermost circle is a thin, light blue line. The middle circle is a slightly thicker, medium blue line. The innermost circle is the thickest and is a dark blue color. The text is centered within the innermost circle.

national bank
of iraq