

2025 Sustainability Report

A Foundation to the Future

المصرف العربي العراق
ARAB BANK IRAQ

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About This Report

This is Arab Bank Iraq's first Sustainability Report, presenting the bank's environmental, social, and governance performance for the period from its commencement of commercial operations in February 2025 to 31 December 2025. As this is a baseline reporting year, no comparative information from prior years is included; Arab Bank Iraq intends to build a consistent multi-year data series from its FY2026 report onward.

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (2021), reflecting Arab Bank Iraq's commitment to consistency, transparency, and comparability of disclosures as its sustainability reporting practice matures.

The reporting scope covers Arab Bank Iraq's operations from its Head Office and first branch in Baghdad, in line with the bank's scale of operations during the period. Given the bank's short operating history, several disclosures in this report are presented as qualitative or narrative baselines rather than fully quantified metrics; any such limitations, assumptions, or exclusions are noted within the relevant sections of the report.

This report has not been subject to independent external assurance. As Arab Bank Iraq's sustainability program and reporting practice mature, the bank will consider independent assurance for future reporting cycles.



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A Message from the CEO



Dear Stakeholders,

2025 marked a defining chapter in Arab Bank's history in Iraq, the re-establishment of a presence that first began in Baghdad, Erbil, and Mosul between 1945 and 1964. Nearly six decades later, Arab Bank Iraq opened its doors once again, this time as a fully licensed, independently capitalized institution built to serve the next generation of Iraqi businesses, families, and communities.

This report is a reflection of that beginning. As our first Sustainability Report, it does not describe a mature, multi-year program; it describes a bank still in its founding year, building the foundations upon which a responsible and sustainable institution will grow. We believe transparency about where we are today is the most credible starting point for the commitments, we intend to keep in the years ahead.

In our first year, we focused on the fundamentals: establishing our Head Office and first branch in Baghdad, building a team of 150 employees across our core business lines, and laying the governance structures; including our Board Charter and our Social and Corporate Governance and Sustainability Committee that will guide how we grow responsibly.

We also took our first steps into the communities we serve: celebrating the contributions of our female colleagues on International Women's Day, supporting regional dialogue on investment and sustainability, and standing alongside efforts to revitalize Al-Rashid Street, one of Baghdad's most storied commercial and cultural landmarks.

Even at this early stage, sustainability has already begun to shape how we think about our core business. We have articulated a clear risk appetite for the environmental and social dimensions of our lending, and we have started integrating climate-related risk into how we assess and manage risk across the bank. Looking ahead, we intend to direct our growth deliberately toward sectors central to a more sustainable economy; renewable energy, sustainable infrastructure, the circular economy, and socially impactful enterprises, so that sustainable finance becomes a defining feature of how Arab Bank Iraq grows, not an afterthought to it.

We are conscious that a bank in its first year of operation will not have all the answers, or all the data, that a more established institution can offer. Where this report reflects gaps, we have chosen to disclose them plainly rather than obscure them. We see this honesty as the right foundation for the credibility we hope to build with our regulators, our shareholders, our employees, and the communities we serve.

Looking ahead, we are committed to deepening every dimension of this report: strengthening our governance and risk management capabilities, expanding our community engagement beyond sponsorship toward more direct impact, and building the data and reporting systems that will allow us to track our progress year over year. Sustainability, for us, is not a separate ambition from good banking, it is inseparable from how we intend to grow: responsibly, transparently, and in service of the communities and economy we are proud to be part of once again.

We thank our employees, our shareholders, and the people of Iraq for their trust in these early days, and we look forward to reporting on our continued progress.

Sincerely,

Ziad Mohammed Ahmad Al Jamal
Chief Executive Officer

About Arab Bank Iraq

Arab Bank Iraq was established in 2024 as a private Iraqi joint-stock commercial bank, headquartered in Baghdad, and received its operating license from the Central Bank of Iraq in February 2025. As part of the licensing process, the bank increased its initial paid-up capital from IQD 250 billion to IQD 400 billion to meet the Central Bank's requirements, before officially commencing commercial operations later in the year.

The bank's ownership reflects a diversified, regionally-anchored shareholder base: Arab Bank plc (Jordan) holds 59.74% as the parent company, Arab National Bank (Saudi Arabia) holds 20.00%, and Al-Muhaidib Group (Saudi Arabia) holds 10.00% through its subsidiary, Isnad Company for Companies Management. The remaining shares have been offered to attract further domestic and international investors.

Supported by the Arab Bank Group's global network and regional expertise, and operating from its Head Office and first branch in Baghdad, Arab Bank Iraq is pursuing an ambitious expansion plan to open new branches in Basra, Erbil, and other major cities and provinces across Iraq. The bank's establishment also marks the re-establishment of Arab Bank Group's historic presence in the country, which dates back to 1945–1964 across Baghdad, Erbil, and Mosul — connecting the bank's regional legacy to its renewed role in Iraq's banking sector today.

Our Main Business Segments

Corporate and Institutional Banking	Providing corporate, mid-corporate, and institutional clients in Iraq with a full range of financial solutions and wholesale banking services, delivered through Arab Bank Iraq's branch network and digital channels.
Consumer Banking	An extensive range of retail and SME banking solutions for individuals and small businesses, delivered through Arab Bank Iraq's branch network and integrated digital banking channels, and designed to meet the needs of a diverse and growing customer base in Iraq.
Treasury	Drawing on Arab Bank Group's extensive expertise in managing market and liquidity risk, Arab Bank Iraq's Treasury function provides customers with dealing and advisory services, supported by the Group's broader systems and standards to help meet customer needs effectively.



Arab Bank Iraq Financial Highlights



Total Assets

IQD **493.5** bn

Showing a rapid increase of 79.2%



Net Income

Net loss **6.3** bn

reflecting costs typically associated with establishing new banking operations



Gross Loans

IQD **23.7** bn

100% performing (Stage 1) corporate credit



Capital Adequacy Ratio (CAR)

105.5 %

Well above regulatory requirements

ECONOMIC KEY PERFORMANCE INDICATORS

	UNIT	2025
Total Assets	bn Iraqi Dinar	493.5
Productive Assets	bn Iraqi Dinar	412.4
Bank Credit/Financing	bn Iraqi Dinar	23.6
Operating Income	bn Iraqi Dinar	26.1
Operating Expenses	bn Iraqi Dinar	31.8
Net Income	bn Iraqi Dinar	(6.3)
Minimum Capital Adequacy Ration (CAR)	%	12.5
Non-Earning Assets to Total Assets Ratio	%	16.4
Return on Assets (ROA)	%	-1.3
Return on Equity (ROE)	%	-2.8
Net Interest Margin (NIM)	%	1.2
Cost-to-Income (Efficiency) Ratio	%	122.1
Loan-to-Deposit Ratio (LDR)	%	9.5

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Sustainability Commitments at Arab Bank Iraq

Arab Bank Iraq's commitment to sustainability is rooted in the belief that responsible growth and long-term business success are inseparable. As a newly established bank, we see this first year not as a finished statement of our sustainability ambitions, but as the starting point from which a more mature approach will be built; grounded in measurement, transparency, and steady progress rather than in broad claims we cannot yet support with data.

In the near term, our commitment centers on building the foundations: establishing sound governance oversight of sustainability matters, understanding and beginning to measure our environmental footprint, embedding environmental and social considerations into how we assess risk and extend credit, and ensuring our people and the communities we serve are treated fairly and with respect. Over the longer term, we aim to build on this foundation by expanding the scope and depth of our sustainability practices; and directing a growing share of our business toward sectors that support a more sustainable economy.

Sustainability, for Arab Bank Iraq, is not treated as separate from how we manage risk; it is an extension of it. We expect that by integrating sustainability considerations into our lending, our operations, and our governance from the outset, we will build a more resilient institution, better positioned to manage the risks and capture the opportunities that come with operating responsibly in Iraq's economy.



Stakeholder Engagement

Arab Bank Iraq's approach to sustainability is shaped by engagement with stakeholders most relevant to its operations in Iraq. As a newly established bank, many of these engagement channels are still being built out, often drawing on the Arab Bank plc established practices and best examples in the sector, as a starting point.

In the following section we will outline our principal stakeholders, how we engage them, and the priorities most relevant to each group.



Stakeholder Engagement Map

Stakeholder Group	How we Engage Them	Their Priorities
Customers	Arab Bank Iraq website, complaint systems, branches and service centers, customer care, banking channels, social media, feedback tools and surveys, and annual reporting	Seamless and secure banking experience, access to finance, fair treatment
Investors & shareholders	Annual meetings, annual, semi-annual, quarterly reports, Secretary General, and investors relations website	Business continuity, governance, return on investment, and risk management
Government & Regulators	Regulatory filings and disclosures, audit and compliance reports, regulatory reviews, meeting, forums, and working groups	Compliance and ethical conduct, financial stability, and economic contribution
Employees	Regular meetings, internal communications, Human Resources Management System (HRMS), trainings and workshops	Career development, fair remuneration, diversity and inclusion, safe working environment
Communities we Work in	Still being developed	Support for social and environmental needs of the community

Materiality Assessment

Arab Bank Iraq's efforts and strategic priorities shall be informed by the wider context around us. We use a materiality assessment process to identify topics that are important to our stakeholders and are strategically significant to the business.

Arab Bank Iraq has not yet conducted its own formal materiality assessment, given its short operating history since commencing commercial operations in February 2025. For this first reporting period, the bank has instead adopted the material ESG topics identified through Arab Bank plc's Group-level materiality assessment, on the basis that Arab Bank Iraq operates within the same institutional context, ownership structure, and governance framework as the wider Arab Bank Group, and that the sustainability issues most relevant to a regional Arab banking institution are considered broadly applicable to its Iraq operations.

Arab Bank plc's materiality assessment is aligned with the GRI Standards (2021) and evaluates the bank's actual and potential impacts on the economy, the environment, and people, based on its operating context, a structured identification of ESG topics, stakeholder input, impact assessment, and prioritization, before validating and mapping the resulting topics to the bank's strategic themes.

The material topics identified through this process, and adopted by Arab Bank Iraq for FY2025, span governance, environmental, and social dimensions, and are organized under four strategic themes:

Operating Responsibility

- Direct Environmental Impact of Operations

Sustainable Finance

- Sustainable Finance

Empowering People & Communities

- Employees Wellbeing
- Diversity and Inclusion
- Learning and Development
- Human Rights
- Community Investment and Impact

Trust, Governance, & Integrity

- ESG Governance
- Risk Management
- Transparency & Trust

GOVERNANCE AND BUSINESS ETHICS

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Corporate Governance and ESG Oversight

Sound governance is the foundation of a resilient and trustworthy financial institution. As Arab Bank Iraq establishes its presence in the Iraqi banking sector, embedding strong governance practices from the outset; clear Board oversight, well-defined committee structures, and accountability for environmental, social, and governance (ESG) matters, is central to earning and maintaining the trust of regulators, shareholders, customers, and the communities in which the bank operates.

Arab Bank Iraq Board of Directors

The Board of Directors (BoD) is the highest governing body at Arab Bank Iraq and is responsible for the implementation of sound corporate governance across the bank. Its role includes setting the bank's long-term strategic objectives, overseeing the performance of senior executive management in executing those strategies, and ensuring that the interests of shareholders, depositors, employees, and other stakeholders are met. The Board certifies that internal control systems are effective and that the bank's activities align with the laws and regulations of the jurisdictions in which it operates, including the Central Bank of Iraq's ESG Code for Banks.

The Board's formal charter was approved on 27 October 2025. The Board is currently comprised of 9 members, of whom 5 are independent and 8 are non-executive/executive, selected based on their qualifications in finance, banking, and related fields of experience. The Board held 7 meetings during 2025.

The Board's ESG capability was further strengthened on 3 December 2025 with the election of a new Board member who is an accredited trainer specializing in environmental, social, and institutional governance practices in Iraq.

Board Committees

Arab Bank Iraq has established the following Board committees to support the Board in discharging its oversight responsibilities:

- Audit Committee- 3 members
- Risk Committee (established 28 January 2026) - 4 members
- Nomination and Remuneration Committee - 3 members
- Information Technology and Communications Governance (ITCG) Committee (established 28 January 2026) - 4 members
- ESG, Social and Corporate Governance and Sustainability Committee (ESGSC) - 4 members
- Board Credit Committee - 3 members.

While formal Board-level discussion of ESG topics has so far been informal, the Board has engaged with sustainability considerations in the context of encouraging the financing of environmentally friendly projects, such as renewable energy.

Additional information on the BoD is presented in the 2025 Annual Report.

Board Committees

Arab Bank Iraq recognizes the importance of equipping its Board with the knowledge needed to oversee ESG matters effectively. On 30 October 2024, Board members received an introductory session on the Central Bank of Iraq's ESG Standards Guide for Banks (2024). In 2025, a number of Board members also completed a training course on the responsibilities and characteristics of the Board of Directors, delivered through the Governance Institute of Directors (GIoD) — a nonprofit organization established in Iraq in 2016 as part of a global network of governance trainers established by the International Finance Corporation (IFC), and the first institution in Iraq specialized in institutional governance.

Building on this foundation, Arab Bank Iraq is committed to further strengthening its Board's ESG capabilities going forward. The ESGSC intends to approve an annual training and development plan for executive management covering ESG topics. This includes an introduction to ESG standards and institutional sustainability, environmental and social standards in the banking sector, governance standards for banks, ESG reporting, compliance and disclosure, and an introduction to green finance and ESG risk identification, with the aim to reinforce the bank's ongoing commitment to building ESG capability across the organization.

GOVERNANCE STRUCTURE AND COMPOSITION

	UNIT	2024
Total number of board of directors	Number	9
Gender		
Females	Number	1
Males	Number	8
Percentage of female members	%	11.1
Percentage of male members	%	88.9
Independence		
Number of independent members	Number	5
Percentage of independent members	%	55.6
Executives		
Executive members	%	11.1
Non-executive members	%	88.9
Board oversight on ESG	-	Yes
Total number of critical concerns communicated to the board	Number	0

ESG Governance at Arab Bank Iraq

Arab Bank Iraq's approach to ESG governance places ultimate accountability with the Board of Directors, supported by a dedicated committee structure and management-level capacity to carry that accountability into practice.

At the Board level, an ESG, Social and Corporate Governance and Sustainability Committee is responsible for overseeing the bank's ESG Guide and sustainability policy, preparing the bank's ESG and sustainability reporting for the Board's approval, and monitoring the bank's ESG-related commitments. ESG-relevant responsibilities are also distributed across the Board's other committees: the Risk Committee oversees the integration of environmental and social risk into the bank's overall risk management; the Audit Committee reviews the assurance and reporting process for ESG disclosures; the Nomination and Remuneration Committee links executive incentives to ESG performance; and the Information Technology and Communications Governance Committee oversees the systems and data infrastructure that ESG reporting depends on.

At the management level, the Board ensures the creation of a trained, adequately resourced team responsible for ESG and climate-related matters, accountable to the Board through the Managing Director, and tasked with the accurate assessment and reporting of the bank's sustainability performance.

Arab Bank Iraq's own Board Charter, approved on 27 October 2025, reflects this governance model, including the establishment of its ESGSC.

Risk Management

Risk is inherent in all aspects of a financial services business, so sound risk management practices are fundamental to long-term success. An informed and responsible approach to risk management is a core competency of Arab Bank Iraq and is fundamental to its long-term stability and resilience.

The bank manages risk through an Enterprise Risk Management (ERM) framework that integrates risk considerations into business strategy and day-to-day decision-making, overseen by the Board of Directors and its risk-related committees.

Three Lines of Defense

To ensure effective risk management and internal control across the organization, Arab Bank Iraq applies a Three Lines of Defense model, with each line playing a distinct but interrelated role.

Three-lines-of-defense model for risk control and oversight

1st Line
Business Lines and Treasury: The bank's strategic business lines and internal support and control units manage risk directly within their specific areas, whether credit or operational, while Treasury is responsible for managing market and liquidity risk. Each operates within formally delegated risk limits and is accountable for identifying, assessing, mitigating, and reporting on risks arising in the course of its activities.

2nd Line
Risk Management and Compliance: The Risk Management function is responsible for ensuring the bank has a robust system for identifying and managing risk, and for establishing risk frameworks consistent with the bank's overall strategy and risk appetite. The Compliance function challenges the first line, provides advice and guidance, and is responsible for ensuring the bank complies with applicable laws, regulations, and its own Code of Conduct.

3rd Line
Internal Audit: Independent from executive management and reporting to the Board Audit Committee, Internal Audit provides objective assurance that the bank's functions are operating in compliance with approved policies and procedures, and that an effective and efficient internal control environment is maintained across the bank.

Through this three-lines model, Arab Bank Iraq manages the full range of risks inherent to banking, including Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Information Security Risk, and Business Continuity Risk, in addition to Compliance, Anti-Money Laundering (AML), and strategic risk — all governed comprehensively within the bank's policies and frameworks.

Cybersecurity

As Arab Bank Iraq expands its digital banking services, information security and cybersecurity are central to protecting customer data, maintaining operational resilience, and preserving stakeholder trust. The bank's approach to cybersecurity is focused on protecting the confidentiality, integrity, and availability of its information assets, while mitigating risks such as cyberattacks, data breaches, fraud, and operational disruptions.

Arab Bank Iraq is building its cybersecurity approach in line with internationally recognized standards and industry best practices, supported by ongoing monitoring of the evolving threat landscape and a continued focus on strengthening technical controls as the bank's digital footprint grows.

ESG and Climate Risk

Arab Bank Iraq recognizes that managing ESG and climate risks is essential to protecting long-term financial stability, supporting sustainable economic development and safeguarding the interests of stakeholders. ESG and climate risks are increasingly perceived as material factors influencing credit, market, operational and reputational risk. As key enablers of the global financial system, banks must actively address these risks to not only maintain their competitive edge but also safeguard and foster positive change across industries and communities.

Arab Bank Iraq has integrated the Environmental and Social Risk Policy into its credit policy as a minimum requirement for related lines of business. This policy excludes financing activities or relationships involving significant harm to the environment or significant violations of social norms, for example, projects involving illegal logging or removal of primary forests, direct funding of new coal-fired power plants without near-total carbon emission controls, and projects at World Heritage sites without prior consensus from the relevant government and UNESCO. Social and environmental risk is assessed as part of the bank's credit due diligence process, with clients presenting higher environmental risk encouraged to improve their risk profile over time.

In line with the substance of environmental risks, Arab Bank Iraq applies the physical and transitional climate-related scenarios and shocks directed by the Central Bank of Iraq as part of its stress testing, assessing the potential impact of climate-related risks on the bank's exposures.

Conduct and Trust

Arab Bank Iraq is committed to conducting its business in compliance with the highest ethical standards, maintaining transparency and accountability across all of its operations. Arab Bank Iraq takes a proactive approach to ensuring good business conduct, strictly complying with applicable local and international policies and regulations.

Code of Conduct

The Code of Conduct (CoC) sets the foundation for Arab Bank Iraq's commitment to conducting business with integrity and in compliance with the highest ethical standards. The CoC is formally communicated to all employees and supported by awareness and training activities delivered by the Compliance Department. Employees are required to acknowledge the Code in accordance with the bank's applicable process. During FY2025, the Code of Conduct remained in effect and was communicated to employees through formal circulation and compliance awareness and training activities.

Supporting Policies

The Code of Conduct is reinforced by a comprehensive set of compliance policies and procedures. Below is a list of some of the policies:

Regulatory Compliance Framework and Policy: defines the bank's overall approach to identifying, managing, monitoring, and reporting compliance risk.
Anti-Bribery and Corruption Policy: defines controls for preventing and addressing bribery, corruption, and improper business practices.

Fraud and Corruption Prevention Manual: sets out controls and procedures for preventing, detecting, reporting, and addressing fraud and corruption risks.

KYC, AML/CFT Policy and Prevention Manual: establishes requirements for customer due diligence, transaction monitoring, and the prevention of money laundering, terrorist financing, and proliferation financing, including a risk-based approach to assessing these risks.

Sanctions and International Embargo Compliance Policy: establishes controls for screening and compliance with applicable sanctions and restrictive measures.

FATCA Policy: establishes requirements for customer identification, classification, and reporting in accordance with FATCA.

Whistleblowing Policy: establishes confidential channels and procedures for reporting suspected misconduct or violations.

Training and Awareness Policy: defines the bank's approach to compliance training and employee awareness.

Human Rights

Arab Bank Iraq's Code of Conduct sets clear expectations for the ethical and professional treatment of employees and stakeholders, reflecting the bank's broader commitment to conducting business responsibly and with respect for the rights and dignity of those it works with.

Whistleblowing

Arab Bank Iraq has an established whistleblowing mechanism, governed by its Whistleblowing Policy and supported by the Code of Conduct, which enables employees to report suspected misconduct, unethical behavior, or violations of applicable laws, regulations, or bank policies through designated reporting channels. Reports are received and recorded, subject to an initial review and assessment, and, where further investigation is warranted, referred to the bank's Ethics Committee — supported, where required, by an Investigation Committee — for follow-up in accordance with confidentiality requirements. During FY2025, employees were informed of the whistleblowing mechanism through Code of Conduct awareness and training activities. The framework also provides protection against retaliation for individuals who raise concerns in good faith.

A Compliance Culture

Arab Bank Iraq invests in building a strong compliance culture across the organization. During FY2025, compliance-related training was provided to employees, including induction training for new joiners, covering key topics such as compliance risk, Anti-Money Laundering (AML), Counter-Terrorist Financing (CFT), sanctions compliance, the Code of Conduct, and whistleblowing and reporting mechanisms.

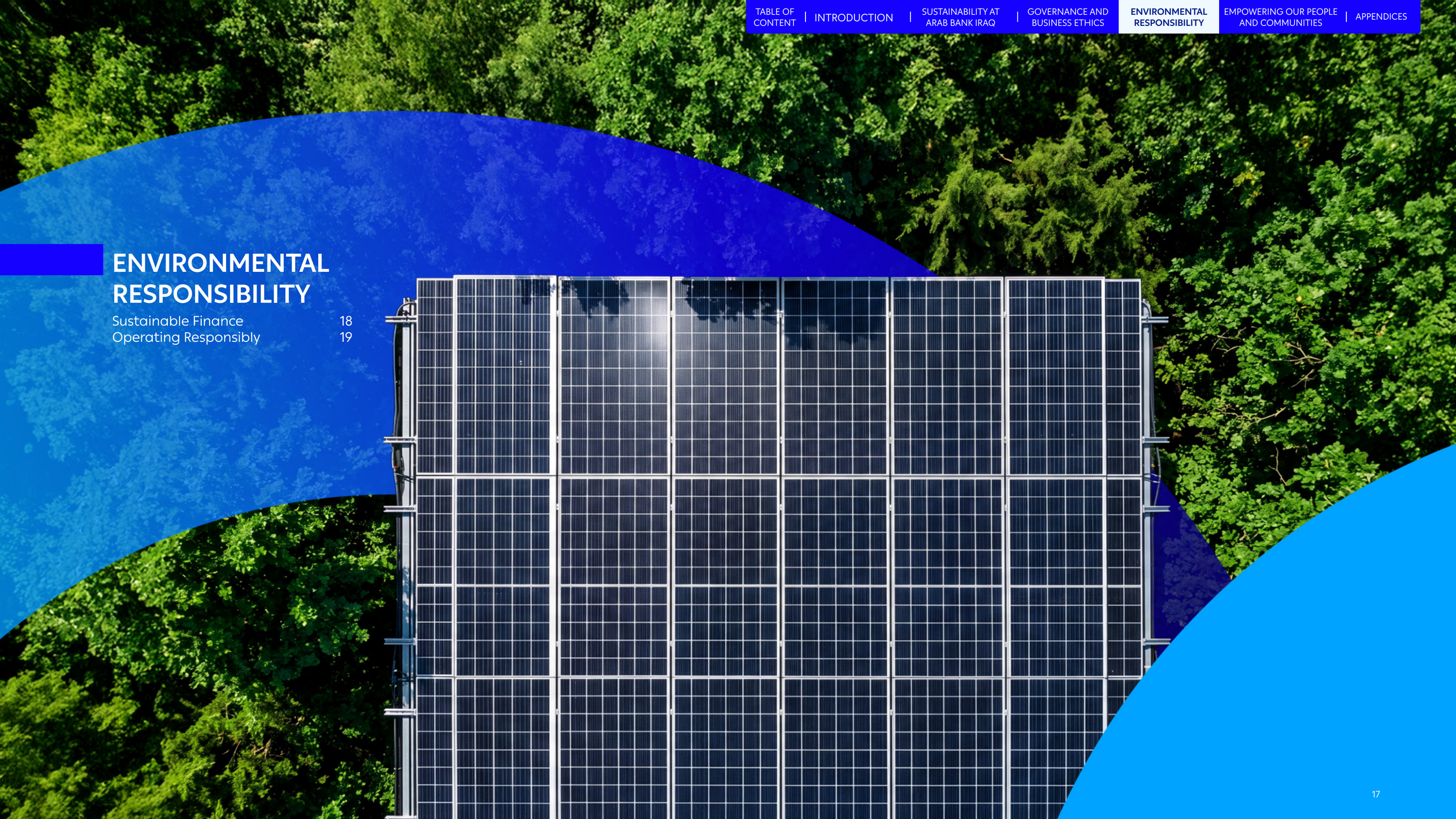
These efforts contributed to a clean compliance record for the bank during its first year of operations, with no confirmed incidents of corruption reported in FY2025.

BUSINESS ETHICS

	UNIT	2025
Number of incidents of corruption	Number	0
Number of confirmed incidents of corruption in which employees were dismissed or disciplined for corruption	Number	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	Number	0

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Sustainable Finance

We recognize the critical role financial institutions play in driving sustainable growth and advancing the transition to a more resilient economy. As providers of capital, we have the responsibility and the ability to influence the allocation of financial resources toward sustainable outcomes.

As a newly established institution, Arab Bank Iraq is still building out the full breadth of its sustainable finance offering. Even so, the Bank has taken early, deliberate steps to embed sustainability considerations into how it manages risk, allocates capital, and defines the sectors and clients it chooses to serve. These early steps lay the foundation for a more developed sustainable finance approach as the bank's operations, data, and product suite mature over the coming reporting cycles.

Embedding ESG Across Our Financial Solutions

Arab Bank Iraq's approach to sustainable finance begins with the integration of environmental and social considerations into its core credit and risk management practices. The bank has articulated a clear risk appetite statement covering environmental and social risks: Arab Bank Iraq will not engage in financing activities or relationships that fall under Category A in accordance with its Environmental and Social Risk Policy; that is, where there is evidence of significant harm to the environment or significant violations of social norms. This includes, but is not limited to, projects or activities in primary forests or that involve their removal, illegal logging, or the uncontrolled or illegal use of fire; direct funding for the construction or expansion of new coal-fired power plants, unless such facilities use technology focused on the complete or near-total elimination of atmospheric carbon emissions or there is prior consensus from the host government; and projects or activities located at World Heritage sites, unless there is prior consensus from both the government and UNESCO that operations will not adversely affect the site's outstanding universal value.

Social and environmental risks are assessed as part of the bank's credit due diligence process, including the severity of the environmental risk involved and a client's ability and willingness to introduce mitigation measures. Clients with a higher environmental risk profile are engaged and encouraged to move toward more sustainable business practices over time, supported by a range of mitigating options that may include adjusted risk pricing, stricter lending limits, additional insurance coverage, and, where necessary, a re-evaluation of the banking relationship.

Looking ahead, and in line with its commitment to driving sustainable finance, Arab Bank Iraq is actively expanding its focus toward key target sectors that are pivotal to the green and social transition. The bank's forward-looking strategy prioritizes capital allocation and partnerships within sustainability-driven industries, including renewable energy, sustainable infrastructure, circular economy initiatives, and socially impactful enterprises. By integrating rigorous ESG criteria into these target sectors, Arab Bank Iraq aims to mitigate transition risks while fostering long-term, resilient value creation.



Operating Responsibly

At Arab Bank Iraq, we are dedicated to minimizing our environmental footprint and advancing sustainable practices through environmentally responsible operations.

Our Approach to Responsible Operations

Reducing the environmental impact of our operations is a cornerstone of our commitment to sustainability. As a responsible financial institution, Arab Bank Iraq recognizes the importance of our operational practices in reducing our overall environmental footprint.

As a new bank, Arab Bank Iraq is only at the start of its journey; and we recognize that responsible growth means paying attention to our environmental footprint from the very beginning, not only once our operations have scaled. While our environmental impact today reflects a single office and a small operational footprint, we believe the discipline of measuring, understanding, and managing that impact should be established early, so that it grows alongside the bank rather than being addressed after the fact.

We believe the first step in managing our environmental footprint is measuring it. Our primary sources of energy—and consequently our main sources of greenhouse gas (GHG) emissions from operations—fall under three key categories: Scope 1 (direct energy consumption), which includes fuel used for back-up generators, company-owned vehicles, and fugitive emissions from ACs and Fire Extinguishers; Scope 2 (indirect energy consumption) from electricity consumption. This year, Arab Bank Iraq reported on its Scope 1 and Scope 2 greenhouse gas (GHG) emissions, covering the direct emissions from fuel used on-site and in company activities, and the indirect emissions associated with the electricity we purchase to power our operations, calculated in line with the GHG Protocol.

ENERGY CONSUMPTION FOR OPERATIONS

	UNIT	2025
Gasoline consumption	Liters	28,690
Diesel consumption	Liters	0
Heating diesel and standby electricity generators	Liters	59,621
Total electricity consumption from conventional hydrocarbon resources	kWh	1,582,150
Total energy consumption within the bank (direct and indirect)	GJ	29,684.9
Energy intensity (total energy consumption within the bank per full-time employee)	GJ/employee	197.9

EMISSIONS

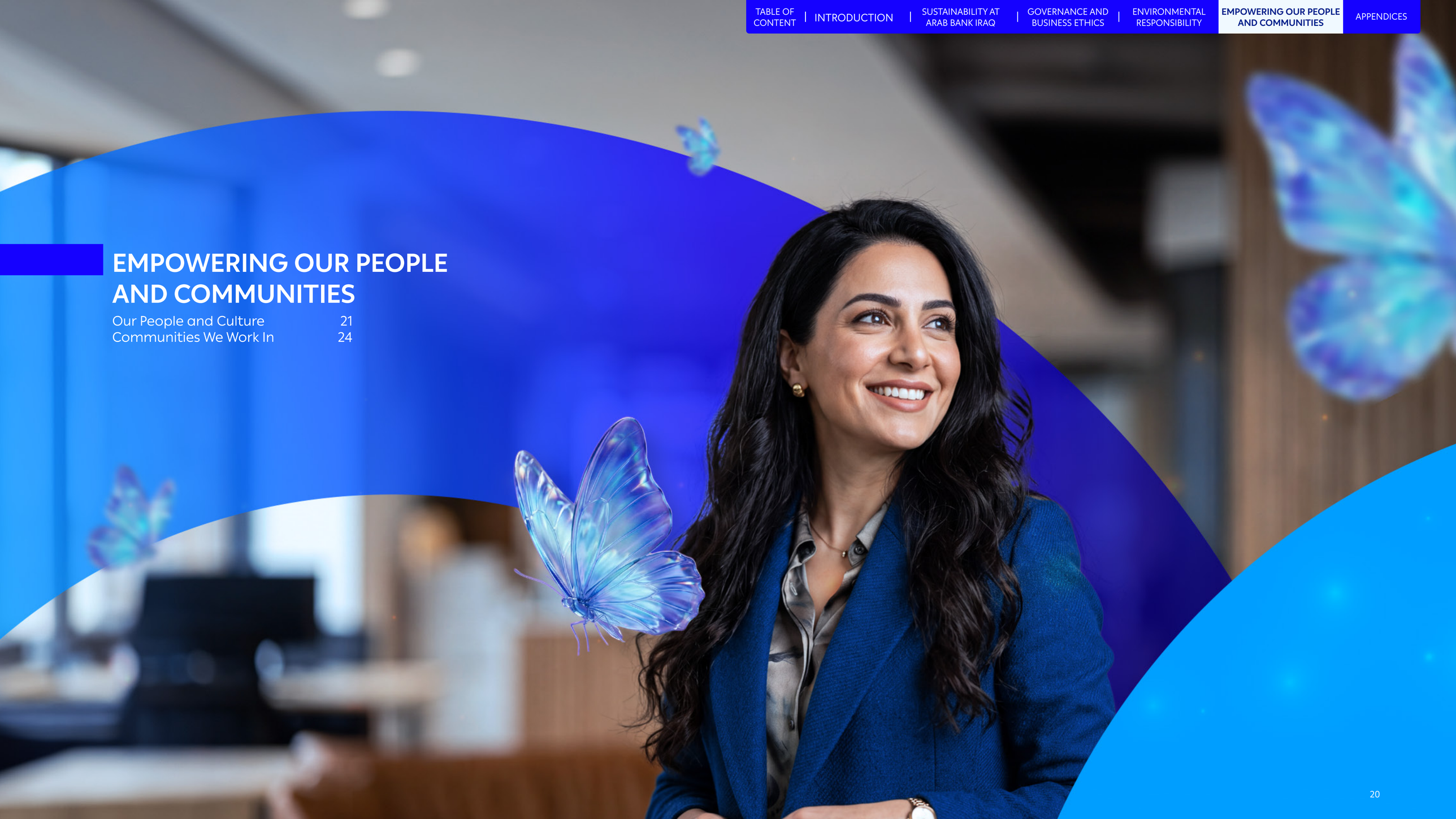
	UNIT	2025
Scope 1 GHG emissions – stationary combustion	tCO2e	161.47
Scope 1 GHG emissions – mobile combustion	tCO2e	63,17
Scope 1 GHG emissions – fugitive emissions	tCO2e	55.15
Scope 1 GHG emissions – total	tCO2e	216.62
Scope 2 GHG emissions	tCO2e	664.50
Total GHG emissions	tCO2e	1,097.74
GHG emissions intensity	tCO2e/Employee	7.32

Looking Ahead

This is a first step, and one we intend to build on. In future reporting cycles, we aspire to expand the scope of our environmental disclosures to include applicable Scope 3 categories, reflecting the broader emissions associated with our value chain as our operations and data systems mature. We also intend to begin reporting on other operational impacts, including our use of materials and the waste generated by our activities, as part of a more complete picture of our environmental footprint over time.

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Our People and Culture

Arab Bank Iraq is committed to cultivating a vibrant and diverse workforce that reflects the exceptional talent present in the markets we operate in. We prioritize empowering our employees by offering extensive training, professional development, and a stimulating work environment. By investing in our employees' growth and development, we ensure that individuals, teams, and the bank collectively prosper, contributing to a sustainable and successful future.

Diversity and Inclusion

At the end of 2025, Arab Bank Iraq's workforce comprised 94 male and 56 female employees, with women representing a meaningful share of both middle management (4 of 22 middle managers) and senior management (3 of 16 senior managers) positions. The workforce spans a broad range of age groups, from employees aged 18 to 29 through to those over 50, and the bank maintains a nationalization rate of 75% overall, and 44% within senior management. Equal opportunity and fair treatment are underpinned by the bank's Code of Conduct, which also sets out the bank's approach to preventing discrimination, harassment, bullying, and unfair treatment. No discrimination, harassment, or unfair-treatment complaints were reported during 2025.

DIVERSITY AND INCLUSION

	UNIT	2025
Total number of employees	Number	150
Gender		
Females	Number	56
Males	Number	94
By Contract		
Total number of employees with permanent contact	Number	143

DIVERSITY AND INCLUSION - continued

	UNIT	2025
By Contract - continued		
Total number of employees with temporary contact	Number	7
Total number of workers who are not employees and whose work is controlled by the bank		35
By Age Group		
18-29	Number	32
30-50	Number	106
Over 50	Number	12
Level		
Number of senior level employees	Number	16
Number of middle management employees	Number	22
Number of non-management employees	Number	104
Number of non-clerical employees	Number	8
Nationalization		
Nationalization rate of total employees	%	75
Nationalization rate for senior management	%	44
Females Representation by Level		
Female employees in senior management positions	%	19
Female employees in middle management positions	%	18

Employee Engagement and Experience

We believe that proactive engagement with all employees ensures that employees are committed to the bank goals and values, motivated to contribute to our success and able to enhance their own sense of wellbeing. Therefore, we work on engaging our employees through creating open and transparent communication channels.

Arab Bank Iraq operates under a set of internal policies that ensure a respectful and engaging work environment.

A company's turnover rate is often considered to be a proxy measure of employees' satisfaction. In 2025, the bank's turnover rate reached 6%.

TURNOVER

	UNIT	2025
Total employee turnover - voluntary	%	2.7
Total employee turnover - involuntary	%	0.7
Total employee turnover	%	3.3
By Gender		
Females	%	2.0
Males	%	1.0
By Age Group		
18-29	%	0.0
30-50	%	2.0
Over 50	%	1.3

NEW HIRES

	UNIT	2025
Total number of new employee hires	Number	84
Total number of new employee hires - females	Number	40
Total number of new employee hires - males	Number	44
Total number of new employee hires - 18-29	Number	22
Total number of new employee hires - 30-50	Number	62
Total number of new employee hires - over 50	Number	0

Remuneration, Equal Benefits, and Fair Employment Practices

Arab Bank Iraq offers its full-time employees a comprehensive benefits package, including medical insurance, annual and sick leave, social security, life insurance, training support, and access to loans and credit card facilities. The bank maintains salary scale and structured pay-approval processes designed to support fair and consistent pay for employees in similar roles. Maternity leave is available to employees in accordance with both Iraqi law and Arab Bank Iraq policy; during 2025, 25 females were entitled to parental leave, with four female employees taking leave and returning to work, all of whom remained employed twelve months later.

BENEFITS AND PAY

By Gender	UNIT	2025
Ratio of basic salary and remuneration of women to men	Ratio	0.62
Ratio of basic salary and remuneration of women to men by employment level - Senior Management	Ratio	0.82
Ratio of basic salary and remuneration of women to men by employment level - middle management	Ratio	0.79
Ratio of basic salary and remuneration of women to men by employment level - non-management	Ratio	1.0
Ratio of basic salary and remuneration of women to men by employment level - non-clerical	Ratio	NA
Entry Level Pay by Gender		
Entry Level wage to minimum wage for full time employees	%	2.5
Entry Level wage to minimum wage for full time female employees	%	1.1
Entry Level wage to minimum wage for full time male employees	%	1.4

PARENTAL LEAVE

	UNIT	2025
Total number of employees entitled for parental leave - females	Number	4
Total number of employees entitled for parental leave - males	Number	NA
Total number of employees that took parental leave - females	Number	4
Total number of employees that took parental leave - males	Number	NA
Total number of employees that returned to work after parental leave ended - females	Number	4
Total number of employees that returned to work after parental leave ended - males	Number	NA
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work - females	Number	3
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work - males	Number	NA
Return to work rate of employees that took parental leave - females	%	100
Return to work rate of employees that took parental leave - males	%	NA
Retention rates of employees that took parental leave - females	%	75
Retention rates of employees that took parental leave - males	%	NA

Learning and Development

Arab Bank Iraq requires all new employees to complete mandatory training delivered through the Arab Bank Group's e-learning platform, covering compliance, Anti-Money Laundering (AML), cybersecurity, information security, customer experience, and Code of Conduct. All employees are also included in the bank's regular performance review and career-development process. As the bank's operations continue to grow, Arab Bank Iraq intends to build out a broader learning and development program to further strengthen employee capability across the organization, including in ESG.

TRAINING

	UNIT	2025
Average hour of training per employee	Number	9.2
By Gender		
Average hours of training per employee - females	Number	9.4
Average hours of training per employee - males	Number	9.0
By Employment Level		
Average hours of training per employee - senior management	Number	9.6
Average hours of training per employee - middle management	Number	8.9
Average hours of training per employee - non-management	Number	9.2
Average hours of training per employee - non-clerical	Number	NA
Training Hours		
Total training hours provided	Hours	6.9
Total cost of trainings	000' USD	30.6

Our Community

As a newly established institution, the bank's approach to community engagement is still evolving, but it is anchored from the outset in a genuine commitment to shared value; supporting economic participation, protecting cultural heritage, and empowering the individuals who make up the communities it serves. Beyond delivering financial products and services, Arab Bank Iraq seeks to be a responsible and engaged corporate citizen, contributing to Iraq's broader social and economic development and building trust with the people and institutions around it.

Generating Direct and Indirect Economic Value

Arab Bank Iraq contributes to the development of the communities in which it operates through the direct and indirect economic value it generates and distributes. This is a simple equation: the bank generates revenue by providing essential banking products and services, and it distributes that revenue to those it relies on for its business. This distribution is reflected in the compensation and benefits provided to employees, the commercial transactions conducted with suppliers, the tax obligations met at all levels of government, and the returns generated for shareholders. Together, these flows are defined as "economic value distributed" and are used as a measure of a company's impact on the economy in which it operates.

As Arab Bank Iraq completed its first year of commercial operations in FY2025, the bank has not yet compiled a full breakdown of its economic value distributed. This will be developed and reported in future cycles as the bank's data systems and reporting practices mature.

Our Community Engagement

As a newly established bank building its presence in Iraq, Arab Bank Iraq's approach to community engagement centers on the sponsorship and support of community-based conferences, initiatives, and events. Rather than running standalone community programs at this early stage, the bank-has chosen to participate in and support platforms that connect it with the community, promote economic dialogue and inclusion, and celebrate the people who make the Bank what it is. This approach allows Arab Bank Iraq to build meaningful relationships and demonstrate its values while it continues to establish its institutional footprint in the market.

During FY2025, Arab Bank Iraq's community engagement activities included the following:

Celebrating and Recognizing Female Employees on International Women's Day

Believing in the essential role of women in the banking sector, Arab Bank Iraq organized a special initiative to celebrate and recognize its female employees on the occasion of International Women's Day. The initiative reflects the Bank's commitment to fostering a professional and inclusive work environment based on equality, appreciation, and respect for employees' contributions, and reaffirms its commitment to empowering women and encouraging their participation across different professional and leadership levels; supporting institutional capabilities, diversity in decision-making, and the bank's broader social sustainability agenda.

Supporting Riyada Bank for Development

As part of Arab Bank Iraq's commitment to supporting economic and social development and creating a sustainable impact within Iraqi society, the Bank has contributed to the capital of Riyada Bank, established as a banking initiative with social and economic objectives aimed at supporting broad segments of Iraqi society.

Arab Bank Iraq's contribution to the capital of Riyada Bank reflects its commitment to expanding its role in sustainable development and social responsibility, through participation in initiatives and projects that generate long-term social and economic impact besides the provision of banking services and financial products.

Sponsorship of the Investment, Energy and Sustainability Conference

As part of its efforts to strengthen its regional presence and contribute to economic dialogue, Arab Bank Iraq participated as a sponsor of the Investment, Energy and Sustainability Conference held in the Hashemite Kingdom of Jordan, engaging with discussions on investment, sustainable energy, economic development, and the future of regional markets. The Bank's participation reflects its commitment to responsible investment and sustainable economic planning, and its recognition of the growing importance of Environmental, Social, and Governance (ESG) principles in shaping the future of financial institutions.

Participation in the Al-Samaw'al Campaign to Revitalize Al-Rashid Street

As part of its commitment to financial inclusion, community engagement, and the preservation of Iraq's cultural heritage, Arab Bank Iraq participated in the Al-Samaw'al campaign to revitalize Al-Rashid Street, one of Baghdad's historic and economic landmarks. The Bank's involvement reflects its understanding that financial inclusion extends beyond providing banking services to supporting community initiatives that strengthen economic activity, social cohesion, and cultural identity, connecting the Bank's community engagement with broader goals of sustainable urban development and heritage preservation.



Appendices

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GRI Content Index

Prepared in accordance with GRI Standards for the period 1 January 2025 to 31 December 2025.

GRI 1 used	Foundation 2021

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), DIRECT ANSWERS, AND REASONS FOR OMISSIONS, IF APPLICABLE
THE ORGANIZATION AND ITS REPORTING PRACTICES		
GRI 2: General Disclosures 2021	2-1 Organizational details	6-7
	2-2 Entities included in the organization's sustainability reporting	4
	2-3 Reporting period, frequency and contact point	4
	2-4 Restatements of information	NA, First reporting period.
	2-5 External assurance	This report has not been subject to independent external assurance.
ACTIVITIES AND WORKERS		
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	6
	Disclosure 2-7 Employees	21-22
	Disclosure 2-8 Workers who are not employees	21
GOVERNANCE		
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	13
	2-10 Nomination and selection of the highest governance body	Not available, Arab Bank Iraq follows the Central Bank of Iraq ESG Code that includes clauses for nomination and selection of the highest governance body in the bank.
	2-11 Chair of the highest governance body	13, Annual Report 2025
	2-12 Role of the highest governance body in overseeing the management of impacts	13, 14
	2-13 Delegation of responsibility for managing impacts	13, 14
	2-14 Role of the highest governance body in sustainability reporting	13, 14
	2-15 Conflicts of interest	13, Annual Report 2025
	2-16 Communication of critical concerns	13, 14
	2-17 Collective knowledge of the highest governance body	13
	2-18 Evaluation of the performance of the highest governance body	13, Annual Report 2025
	2-19 Remuneration policies	Annual Report 2025
	2-20 Process to determine remuneration	Annual Report 2025
	2-21 Annual total compensation ratio	Annual Report 2025
STRATEGY, POLICIES AND PRACTICES		
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	5, 9
	2-23 Policy commitments	5, 9
	2-24 Embedding policy commitments	5, 9
	2-25 Processes to remediate negative impacts	5, 9
	2-26 Mechanisms for seeking advice and raising concerns	16
	2-27 Compliance with laws and regulations	16
	2-28 Membership associations	Newly established bank

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), DIRECT ANSWERS, AND REASONS FOR OMISSIONS, IF APPLICABLE
STAKEHOLDER ENGAGEMENT		
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	10
	2-30 Collective bargaining agreements	Arab Bank ensures the freedom of association of its employees and respect their right to associate with legal trade unions in Jordan. In compliance with internal regulations, any employees who is part of a trade union should declare it to his/her manager and Human Resources. 100% of employees are members in unions.
MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	11
	3-2 List of material topics	11
	3-3 Management of material topics	11
GOVERNANCE, BUSINESS ETHICS AND COMPLIANCE		
GRI 3: Material Topics 2021	3-3 Management of material topics	11, 13-16
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	16
	205-2 Communication and training about anti-corruption policies and procedures	16
	205-3 Confirmed incidents of corruption and actions taken	16
OPERATING RESPONSIBLY — DIRECT ENVIRONMENTAL IMPACT OF OPERATIONS		
GRI 3: Material Topics 2021	3-3 Management of material topics	11, 19
GRI 302: Energy 2016	302-1 Energy consumption within the organization	19
	302-2 Energy consumption outside of the organization	19
	302-3 Energy intensity	19
	302-4 Reduction of energy consumption	19
	302-5 Reductions in energy requirements of products and services	Not applicable, as the bank provide financial services and does not engage in sales of products that consume large amount of energy.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	19
	305-2 Energy indirect (Scope 2) GHG emissions	19
	305-3 Other indirect (Scope 3) GHG emissions	NA, the bank has not yet collected or reported data regarding Scope 3
	305-4 GHG emissions intensity	19
	305-5 Reduction of GHG emissions	NA
	305-6 Emissions of ozone-depleting substances (ODS)	Not Applicable, due to the nature of the bank's business, no ozone-depleting substances are generated.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not Applicable, due to the nature of the bank's business, no significant NOx or SOx emissions are generated.
DIVERSITY AND INCLUSION, EMPLOYEE WELLBEING		
GRI 3: Material Topics 2021	3-3 Management of material topics	11, 21
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	21
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	22
	401-3 Parental leave	22
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	14
	405-2 Ratio of basic salary and remuneration of women to men	22
GRI 406: Nondiscrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No legal action or incidents in relation to discrimination were reported in 2025.

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S), DIRECT ANSWERS, AND REASONS FOR OMISSIONS, IF APPLICABLE
LEARNING AND DEVELOPMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	11, 22
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	22
	404-2 Programs for upgrading employee skills and transition assistance programs	22
	404-3 Percentage of employees receiving regular performance and career development reviews	100% of employees receiving regular performance and career development reviews.
COMMUNITY INVESTMENT AND IMPACT		
GRI 3: Material Topics 2021	3-3 Management of material topics	11, 23
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	23
	413-2 Operations with significant actual and potential negative impacts on local communities	No operations with a significant actual or potential negative impact on our local communities were reported in 2024.
RISK MANAGEMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	11, 15
TRANSPARENCY AND TRUST		
GRI 3: Material Topics 2021	3-3 Management of material topics	11, 13-16
ESG GOVERNANCE		
GRI 3: Material Topics 2021	3-3 Management of material topics	11, 14
HUMAN RIGHTS		
GRI 3: Material Topics 2021	3-3 Management of material topics	11, 16