



# Bank of Baghdad

(Private Shareholding Company)



# Bank of Baghdad

(Private Joint Stock Company)

Financial Statements (Reviewed)

March 31, 2023



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Review Report

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To The General Assembly of Bank of Baghdad  
Bank of Baghdad "Private Joint Stock Company" – Baghdad  
Auditors' Report  
**Chairman and Members of Board of Directors**  
**Bank of Baghdad "Private Joint Stock Company" – Baghdad**  
**Review Report on the Consolidated Condensed Interim Financial Statements**

**Introduction**

We have reviewed the interim financial statements of the Bank of Baghdad "Private Joint Stock Company" as of March 31, 2023. The Statement Condensed interim financial position statement as at March 31, 2023; interim statement of profit and loss; interim statement of comprehensive income; interim statement of changes in equity; interim statement of cash flows; and for the three-month period, their clarifications. The management of the bank is responsible for the preparation and fair presentation of interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reports." Our responsibility is to express a conclusion on these interim financial statements based upon our review.

**Scope of review**

In accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", we conducted our review. A review of interim financial statements consists of inquiries, primarily from persons responsible for financial and accounting matters. It also applies analytical and other review procedures. A review is substantially smaller in scope than an audit conducted in accordance with International Standards for Auditing. This does not enable us to ensure we become aware of all significant issues that might be identified in an audit. We do provide an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

**Other Matters**

- 1- Interim financial statements are prepared by the bank based on instructions from the Central Bank of Iraq regarding applying the International Accounting Standard "Interim Financial Reports," IAS 34.
2. The interim financial statements of the bank for the period from January 1, 2023, to March 31, 2023, are in accordance with the bank's books of accounts.

3. The bank's financial statements have been audited for the year ended March 31, 2022. A report was issued regarding them on April 19, 2023. We have been assigned to review the interim financial statements for 2022 by the bank's management and based on instructions from the Central Bank of Iraq.

### **Auditors**

Saad R. Jasim &co

Farqad Al-Salman B.Sc., FCCA

Chartered Accountant and Auditor

License No. 181

Member of the Iraqi Association of Certified  
Accountants

From of Farqad H. Al-Salman & Co,  
Public Accountants, Auditors & Tax  
Consultants

Baghdad on 12<sup>th</sup> of April 2023

Bank of Baghdad (Private Joint Stock Company)

Statement of Financial Position as at 31 March 2023 Statement (A)

<b>Assets</b>	<b>Note</b>	<b>March 31, 2023</b>	<b>Dec. 31, 2022</b>
		IQD (000) <b>(Reviewed)</b>	IQD(000) <b>(Audited)</b>
Cash and Balances with Central Banks	3	752.544.738	722.854.049
Balances at Banks and Financial Institutions	4	169.992.258	145.683.305
Investment in Associates	5	1.147.598	1.197.494
Financial Assets at Fair Value through OCI	5	2.367.155	2.378.166
Financial assets at Amortized Cost	6	715.579.827	664.735.996
Direct Credit Facilities - Net	7	68.911.352	89.496.407
Property and Equipment, Net	8	74.168.153	73.537.949
Intangible Assets	8	926.839	1.013.274
Right of use of leased assets	9/a	2.286.151	2.104.736
Other Assets	10	29.581.804	21.198.202
<b>Total Assets</b>		<b>1.817.505.875</b>	<b>1.724.199.578</b>
<b>Liabilities And Shareholders' Equity</b>			
<b>Liabilities</b>			
Banks and Financial Institutions' Deposit	11	978.295	857.122
Customers' Deposits	12	1.341.112.204	1.309.292.958
Cash Margin	13	15.074.575	15.194.507
Income Tax Provision	14	14.999.933	10.635.320
Miscellaneous Provisions	15	4.503.253	5.449.465
Borrowed Funds	16	33.114	579.381
Lease Liabilities	9/b	2.333.128	2.146.146
Other Liabilities	17	82.275.123	30.418.413
<b>Total Liabilities</b>		<b>1.461.309.625</b>	<b>1.374.573.312</b>
<b>Shareholders' Equity</b>			
Paid-up Capital	18	250.000.000	250.000.000
Statutory Reserve	D	19.011.961	18.003.470
Other Reserves	D	58.441	58.441
Fair Value Reserve	D	(3.565.299)	(3.504.393)
Foreign Currency translation	D	(13.462.776)	1.092.265
Retained Earnings	D	104.153.923	83.976.483
<b>Total Shareholders' Equity</b>		<b>356.196.250</b>	<b>349.626.266</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1.817.505.875</b>	<b>1.724.199.578</b>



*Jasim Hashim Alazzawi*  
Chief financial officer  
Jasim Hashim Alazzawi

*Basil Husam Aldeen Shakir Al-Dhahi*  
Chief Executive Officer  
Basil Husam Aldeen Shakir Al-Dhahi

Saad R. Jasim

Farquad Al-Salman B.Sc., FCCA

From of Saad Rashid & Co,  
Public Accountants, Auditors & Tax

From of Farquad H. Al-Salman & Co,  
Public Accountants, Auditors & Tax

Baghdad on 12<sup>th</sup> of April 2023

The accompanying notes from (1) to (35) from an integral part of financial statements must be read with them



Bank of Baghdad (Private Joint Stock Company)

Statement of Income For The Period Ended 31 March 2023

Statement ( B )

	Note	March 31 , 2023 IQD(,000) <b>Reviewed</b>	2022 IQD(,000) <b>Reviewed</b>
Interest income	19	12.230.827	11.612.362
Less: Interest expense	20	(2.695.659)	(2.286.830)
<b>Net- interest income</b>		<b>9.535.168</b>	<b>9.325.532</b>
Net-Commission income	21	16.984.600	11.660.187
<b>Net- interest and commission income</b>		<b>26.519.768</b>	<b>20.985.719</b>
Gain Foreign currencies	22	11.452.086	2.683.920
Cash dividends from financial assets at fair value through OCI	23	-	-
Other income	24	119.525	124.295
<b>Gross profit</b>		<b>38.091.379</b>	<b>23.793.934</b>
Employees' expenses	25	(3.270.793)	(3.588.315)
Other Expense	26	(3.075.694)	(2.180.059)
Depreciation and amortization	8,9	(677.676)	(452.848)
Other provisions expense	15	(300.000)	(125.000)
<b>Total Expenses</b>		<b>(7.324.163)</b>	<b>(6.346.222)</b>
<b>Profit before provision of credit losses</b>		<b>30.767.216</b>	<b>17.447.712</b>
Less: Expected Credit Losses expenses	27	(1.334.915)	(5.049.344)
<b>Profit before Income Tax</b>		<b>29.432.301</b>	<b>12.398.368</b>
Less : Income tax expenses	14	(4.364.613)	(3.107.451)
<b>Profit for the Peirod (C)AND (D)</b>		<b>25.067.688</b>	<b>9.290.917</b>
<b>Earnings per share for Period (IQD)</b>	28	<b>0.100</b>	<b>0.037</b>



*Jasim Hashim Alazzawi*  
Chief financial officer  
Jasim Hashim Alazzawi

*Basil Husam Aldeen Shakir Al-Dhahi*  
Chief Executive Officer  
Basil Husam Aldeen Shakir Al-Dhahi

The accompanying notes from (1) to (35) from an integral part of financial statements must be read with them

Bank of Baghdad (Private Joint Stock Company)

Statement of Comprehensive Income for The Period Ended 31 March 2023

Statement (C)

	Note	2023 IQD(,000) <b>Reviewed</b>	2022 IQD(,000) <b>Reviewed</b>
Profit for the Period – Consolidated Income statement	B	<b>25.067.688</b>	<b>9.290.917</b>
Change in Fair Value of Financial Assets at Fair Value Through Other Comprehensive Income	5	(60.906)	450.996
<b>Total Comprehensive Income for the Period</b>		<b>25.006.782</b>	<b>9.741.913</b>

The accompanying notes from (1) to (35) from an integral part of financial statements must be read with them





# Bank of Baghdad (Private Joint Stock Company)

## Statement of Changes in Equity for The Period Ended 31 March 2023 (D)

(Reviewed not Audited)

	Share Capital	Statutory Reserve*	Other Reserves	Foreign Exchange translation Differences	Changes in Fair value	Retained Earnings (Losses)	Total Shareholders' Equity
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>2023</b>							
Balance at 1 January	250,000,000	18,003,470	58,441	1,092,265	(3,504,394)	83,976,483	349,626,265
						-	-
		-					-
	250,000,000	18,003,470	58,441	1,092,265	(3,504,394)	83,976,483	349,626,265
Profit for the Period	-	-	-	-	-	25,067,688	25,067,688
Transfer to Reserves	-	1,253,384	-	-	-	(1,253,384)	-
Change in fair value					(60,906)		(60,906)
Cash Divided**						-	-
Translation FX	-	(244,894)	-	(14,555,041)	-	(3,636,863)	(18,436,798)
<b>Balances as at 31 March.</b>	<b>250,000,000</b>	<b>19,011,960</b>	<b>58,441</b>	<b>(13,462,776)</b>	<b>(3,565,300)</b>	<b>104,153,924</b>	<b>356,196,250</b>

\* Including Statutory reserve, Beirut branch, amounting IQD (269,165) thousand

The accompanying notes from (1) to (35) from an integral part of financial statements must be read with them



# Bank of Baghdad (Private Joint Stock Company)

## Statement of Changes in Equity for The Period Ended 31 March 2023 ( D )

	Share Capital	Statutory *Reserve	Other Reserves	Foreign Exchange translation Differences	Changes in Fair value	Retained Earnings (Losses)	Total Shareholders' Equity
	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)	IQD (000)
<b>2022</b>							
Balance at 1 January	250,000,000	15,405.776	58,441	1,092,265	(3,068.025)	45,641.421	309,129.878
Profit for the Period	-	-	-	-	-	9,290.917	9,290.917
Transfer to Reserves	-	464.546	-	-	-	(464.546)	-
Change in fair value	-	-	-	-	450.995	-	450.995
Adjusting Entries	-	-	-	-	-	-	-
Balances as at 31 March.	<u>250,000,000</u>	<u>15,870.322</u>	<u>58,441</u>	<u>1,092,265</u>	<u>(2,617.030)</u>	<u>54,467.792</u>	<u>318,871.791</u>

\* The settlement account constitutes the effect of consolidating the financial statements with the Baghdad brokerage company.

The accompanying notes from (1) to (35) from an integral part of financial statements must be read with them

## Bank of Baghdad (Private Joint Stock Company)

### Statement of Cash Flows for The Period Ended 31 March 2023 (E)

	Note	2023 IQD(.000) <b>Reviewed</b>	2022 IQD(.000) <b>Reviewed</b>
<b>Operating Activities:</b>			
Profit for the Period before Tax	B	29.432.301	12.398.368
<b>Adjustments to Non-cash Items:</b>			
Depreciations and Amortizations	8,9	677.676	452.848
Expected credit Losses	27	1.334.915	5.049.344
Miscellaneous Provisions	15	300.000	125.000
Financial interest- Leased assets	9	27.448	-
Effect of exchange rate fluctuations on cash and cash equivalents	22	(180.691)	-
Profit from the sale of Property and Equipment	24	-	-
<b>Cash Flows generated from Operating Activities before Changes in Assets and Liabilities</b>		<b>31.591.649</b>	<b>18.209.784</b>
Decrease (Increase) in Restricted Balances	29	(1.638.459)	1.190.467
Decrease (Increase) in Deposits with Banks and Financial Institutions more than 3 month		-	(80.300.000)
Decrease (Increase) in Net Direct Credit Facilities	7	3.695.899	5.912.134
Decrease (Increase) in Other Assets	10	(8.383.601)	(5.578.921)
Increase (Decrease) in Customers' Deposits	12	31.819.246	6.990.952
(Decrease) increase in Margin Accounts	13	(119.932)	(2.710.971)
Increase (Decrease) in Other Liabilities	17	52.115.664	789.799
Increase (Decrease) in Miscellaneous Provisions	15	(1.246.211)	(377.925)
<b>Net Cash Flows (Used in) generated Operating Activities before Income Tax</b>		<b>107.834.255</b>	<b>(55.874.681)</b>
Income Tax Paid		-	-
<b>Net Cash Flows Used in Operating Activities</b>		<b>107.834.255</b>	<b>(55.874.681)</b>
<b>Investing Activities:</b>			
(Purchase) of Financial Assets at Amortized Cost	6	(50.843.832)	11.645.757
(Purchase) of Property and Equipment	8	(1.101.800)	(1.027.270)
(Purchase) Sale of Financial Assets Through the Other Comprehensive Income Statement	5	-	-
Proceeds Sale of Property and Equipment	8	1.150	56.550
<b>Net Cash Flows (used in) from Investing Activities</b>		<b>(51.944.482)</b>	<b>10.675.037</b>
<b>Financing Activities:</b>			
Increase (Decrease) in Long-term Loans	16	(546.268)	(110.500)
Dividends and Changes in Equity		(228.953)	-
Lease liability payments	9/b	(187.169)	-
The impact of applying IFRS16	9/b	-	-
<b>Net Cash Flow from (in) Financing Activities</b>		<b>(962.390)</b>	<b>(110.500)</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>54.927.382</b>	<b>(45.310.144)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	22	180.691	(184.224)
Cash and Cash Equivalents at 1 January(beginning of the year)	29	627.805.556	827.462.456
<b>Cash and cash Equivalents at 31 March(end of the Period)</b>	<b>29</b>	<b>682.913.630</b>	<b>781.968.088</b>

The accompanying notes from (1) to (35) from an integral part of financial statements must be read with them

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023,

#### 1. General

Bank of Baghdad (the "Bank") is a Private Joint Stock Company incorporated in the State of Iraq under a license that is issued on 18 March 1992 by number (4512), listed on the Market of Iraq and is registered as a bank with the Central Bank of Iraq ("the CBI"). The Bank's registered address is Baghdad - Iraq. The paid-up capital is 250 billion Iraqi Dinars. As part of its activities, the Bank provides all financial and banking services. Those services are offered through its 33 branches in Iraq, and a branch in the Lebanese Republic.

#### 2. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

##### 2.1. Basis of preparation

International Financial Reporting Standards (IFRS) and their interpretations issued by Standards Interpretations Committee (SIC) in the International Accounting Standards Board (IASB) were used to prepare the Bank's financial statements. The accounting policies applied in the preparation of the financial statements for the present year are similar to those applied in the preparation of the financial statements for the year ended 31 March 2022.

The financial statements were prepared in accordance with the historical cost principle. This is with the exception of monetary assets at fair value through other comprehensive income that are stated at fair value at the date of the annual financial statements.

The Iraqi Dinar, which is the main currency of the company, presentation currency for financial statements, and all amounts have been rounded to the nearest Thousand IQD.

##### Financial Statements Consolidation Principles:

\*The consolidated financial statements include the financial statements of the bank and its subsidiaries.

Control is achieved when the Bank is able to control the finance and operating policies of its subsidiaries in order to benefit from their activities. In addition, any transactions, balances, income and expenses between the Bank and its subsidiaries are excluded.

\*The financial statements of the subsidiaries for the same fiscal year as the Bank are prepared under the same accounting policies applied by the Bank. Should the subsidiaries have accounting policies different from those applied by the Bank, necessary adjustments are made to the financial statements of the subsidiaries to conform to the accounting policies of the Bank.

\* Should the group lose control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other equity components. However, it recognizes any resulting profits or losses in profits or losses.

\*A decision was issued by the Companies Registrar Department with No. 7837 on the 28th of February 2023 regarding the write-off of Baghdad Brokerage Company.

\* As of 31 March 2023, the Bank owned the following subsidiaries:

Name of Subsidiary	Paid- Up Capital( IQD '000)	Nature of Business	Place of Operation	Bank's Ownership %	
				2023	2022
Al Ameen Insurance Company	5.000.000	Insurance	Iraq	49%	49%

The accompanying notes from (1) to (35) from an integral part of financial statements must be read with them

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### **2.2 Summary of key Accounting Policies Realization of Income and Recognition of Expenses**

Interest income is realized using the Effective Interest Method. This is with the exception of interests and commissions of nonperforming credit facilities that are not recognized as income. These are recorded in the interest and commissions in the suspense account.

- Expenses are recognized on an accrual basis.

- Commissions are recorded as income when providing related services, and the earnings from companies' shares are recognized when realized (approved by the Shareholders General Assembly).

#### **Accounting Estimates**

The preparation of financial statements and application of accounting policies demands the Bank's management to make estimates and judgments that affect the amounts of assets and financial liabilities. In addition, it requires the Bank to disclose contingent liabilities. Furthermore, these estimates and judgments affect income, expenses, provisions and other items of comprehensive income. To estimate the amount and timing of future cash flows, the Bank's management must make important judgments. These estimates are necessarily based on several assumptions and factors of different degrees of estimation and uncertainty. The actual results may differ from the estimates as a result of the changes arising from future circumstances of these estimates in future.

#### **A. Judgements:**

The following are the most important judgments that have a material effect on the amounts of assets and liabilities in the consolidated financial statements that were only applied in 2022 and the reclassification of financial assets: evaluate the business model in which the assets are held and determine whether the contractual conditions of the financial assets are (sppl) for the outstanding balances or not Developing new standards to determine whether the financial assets credits have dramatically decreased since its first recognition and determine a methodology for future aspirations and methods for measuring the expected credit loss.

#### **B. Estimates:**

The following are estimates of material risks to the financial statements as of March 2022 The Bank's management believes that its estimates in the financial statements, as detailed below, are reasonable:

- Provision for credit facilities impairment: The provision for loans is audited in line with principles set by the Central Bank of Iraq and in accordance with Regulation No. 4 for 2010. Furthermore, the Bank will adopt IFRS 9, which will affect these estimates.

- The loss resulting from the impairment of expropriated real estate is not recorded and is presented at historical cost.

- Tax Provisions: Each fiscal year carries the tax expenses incurred in that year in accordance with accounting regulations, laws and standards. To estimate any impairments in financial assets presented at cost, management periodically reviews them at cost and records them in the income statement.

- Litigation Provisions: To cover any litigation liabilities, provisions are created based on the opinion of the legal consultant of the Bank.

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

## **Bank of Baghdad (Private Joint Stock Company)**

### **Notes to Financial Statements for The Period Ended 31 March 2023**

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

##### **Cash and Cash Equivalents**

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

##### **Recognition of Financial Assets**

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

##### **Direct Credit Facilities**

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

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

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

##### **Financial Assets at Amortized Cost**

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

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

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

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

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

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

Investments in financial instruments are classified at fair value through the income statement, unless the Bank, at the time of purchase, decides to classify an investment that it retains for non-trading purposes at fair value through other comprehensive income.

These assets are recorded at fair value at the time of purchase (acquisition expenses are included in the income statement at the time of purchase) and are revalued later at fair value. The change in the fair value is stated in the income statement including the change in the fair value resulting from the differences from transferring items of non-financial assets in foreign currencies. In case these assets or part thereof are sold, the resulting profits or losses are recorded in the income statement.

Distributed dividends or accrued interest are recorded on the income statement.

#### **Financial assets at fair value through the statement of other comprehensive income**

The Bank may definitively choose, based on each financial instrument separately, to classify equity instruments at fair value through the other comprehensive income. This classification is not allowed if the investment in the equity instrument is for trading purposes.

These assets are stated at the time of purchase at fair value plus acquisition costs and are revalued later at fair value. The change in the fair value is stated in the comprehensive income statement under shareholders' equity, including the change in the fair value resulting from recording the differences from transferring noncash items in foreign currencies. In case these assets or part thereof is sold, the resulting profits or losses are recorded in the comprehensive income statement under shareholders' equity. Moreover, the balance of sold assets valuation reserve is transferred directly to retained profits and losses and not through the income statement. These assets are not subject to the impairment loss test and the dividends are recorded in the income statement.

#### **Fair Value**

- The Bank measures the financial instruments, such as financial derivatives and non-financial assets, at fair value at the date of the financial statements.
- The fair value represents the price that will be received when selling the assets or the price that will be paid to transfer a liability in a transaction organized between market participants.
- In the absence of the primary market, the most appropriate market for assets and liabilities is used.
- The Bank needs to have access to the primary market or the most appropriate market.
- The entity measures the fair value of the assets or liabilities using assumptions that the market participants will apply when pricing the assets. Otherwise, the measurement of the fair value of the non-financial assets takes into consideration the ability of the market participants to generate economic benefits by using the assets in the best way possible or selling them to another participant that will use them in such a way.
- The Bank applies appropriate valuation methods under the circumstances, provides sufficient information to measure the fair value, clarifies the use of directly observable inputs and minimizes the use of indirectly observable inputs.



## **Bank of Baghdad (Private Joint Stock Company)**

### **Notes to Financial Statements for The Period Ended 31 March 2023**

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#### **Impairment of Financial Assets**

The Bank reviews the values of financial assets stated in records at the date of the financial position statement to determine whether there are indicators of impairment of the same individually, or as a whole. In case there are such indicators, the recoverable value is assessed in order to determine the impairment loss.

The impairment amount is determined as follows:

- Impairment of financial assets that are stated at amortized cost: The difference between the value stated in the records and the current value of the expected cash flows discounted at the original price.
- The impairment is recorded in the income statement, in addition to recording any savings in the following period as a result of the previous impairment in financial debt instruments in the income statement.

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

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

##### **Offsetting**

The financial assets are offset against the financial liabilities, and the net amount is stated in the financial position statement only when binding legal conditions are established. This also applies when they are paid on offset basis or when asset realization and liabilities payment occur simultaneously.

##### **Property and Equipment:**

Property and equipment are stated at historical cost after deducting accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment includes cost incurred for replacing any component thereof, in addition to financing expenses of long-term construction projects, if the recognition conditions are met. All other expenses are stated in the income statement when accrued. Depreciation (except for lands, as they are not depreciable) is calculated using the straight line method in accordance with the expected useful life as follows:

	Useful Life (Years)
Buildings	33
Equipment, Devices and Furniture	5
Transportation	5
Electronic Systems	5

Any property and equipment item, or any significant part thereof, is written-off when it is disposed of or when there is no expected economic benefit from using the asset or disposing of it. Any profit or loss resulting from writing off the asset, which represents the difference between the asset disposal proceeds and asset net book value, is recorded in the income statement.

The remaining values, useful lives and depreciation methods of assets are Audited every fiscal year and, if necessary, adjusted later on.

##### **DE recognition of Financial Assets and Liabilities**

###### **Financial Assets**

The financial asset (or any part thereof or any part of a group of equivalent financial assets, where appropriate) is derecognized when:

- The right of receiving the cash flows from the asset lapses;
- The Bank retains the right to receive the cash flows from the asset, but in return, assumes the obligation to fully pay the cash flows without any material delay to a third party under "pay when paid" arrangement; or
- (A) Transfers all key risks and benefits of the asset, or (B) Does not transfer or retains all key risks and benefits of the asset but transfers control over the same.

When The Bank transfers the rights to receive the cash flows from the asset and does not transfer or retains all key risks and benefits of the asset, or transfers control over the same, the asset is recorded to the extent to which the Bank continues to control the same. The continuous control, which takes the form of a lien on the transferred asset, is measured at original book value of that asset or the maximum limit of the amount payable by the Bank, whichever is lower.

## **Bank of Baghdad (Private Joint Stock Company)**

### **Notes to Financial Statements for The Period Ended 31 March 2023**

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

##### **Financial Liabilities**

The financial liability is derecognized when exempted from the obligation related to liabilities, or when said obligation is cancelled or lapses. When replacing a financial liability with another from the same source of finance under significantly different terms, or when the terms of the current obligation are significantly amended, this replacement or amendment is dealt with as if it was a DE recognition of the original liability and accrual of a new one.

##### **Foreign Currencies:**

- Transactions conducted in foreign currencies during the year are recorded at the prevailing exchange rate as at the date of conducting the transactions.
- Balances of financial assets and liabilities are transferred at average foreign exchange rates as at the date of the financial statements, as issued by the Central Bank of Iraq and similar control bodies in the countries where the Bank operates.
- Nonfinancial assets and liabilities, stated at fair value at the date of determination of their fair value, are transferred in foreign currencies.
- Profits and losses resulting from transferring foreign currencies are recorded in the income statement.
- Differences from transferring assets and liabilities items in noncash foreign currencies (such as shares) are recorded as a part of the change in fair value.

##### **Provisions:**

Provisions are recognized when the Bank carries liabilities at the date of the financial position statement arising from prior events, where the payment of these liabilities is contingent and their value can be reliably measured.

##### **Income Tax**

Tax expenses represent accrued amounts of taxes and deferred taxes.

Accrued tax expenses are calculated based on taxable profits. The taxable profits differ from profits disclosed in the financial statements, because the disclosed profits include nontaxable income or expenses that are non-deductible in the current fiscal year, but deductible in subsequent years, or accumulated losses deductible for tax purposes, or items that are non-taxable or non-deductible for tax purposes.

Income tax is calculated as per the tax rates set under the laws, regulation and directives in force in Iraq.

Deferred taxes are taxes that are expected to be paid or recovered as a result of the temporary time differences between the value of the assets or liabilities in the financial statements and the value based on which the taxable profit is calculated.

##### **Assets Transferred to the Bank in Settlement of Outstanding Debts**

Assets transferred to the Bank are stated in the financial position statement under the "other assets" item at their transfer value, and are not revaluated at fair value to-date, nor is any impairment thereof recorded as a loss in the income statement or is any increase therein recorded as income.

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 2.3 Changes in Accounting Policies (Continued)

##### **International Financial Reporting Standards that had, or will have, a Financial Impact**

The International Accounting Standards Board "IASB" issued certain standards and amendments that became effective and a basis for studying and adopting them was developed, but were not adopted by the Bank for reasons related to the adoption of the same by the control bodies or the impact thereof. The following standards are the standards that, once applied, will impact the financial position, financial performance or disclosures of the Bank's financial statements. These standards will be applied once the impact thereof is adopted by the control bodies.

#### **1. IFRS (9) – Financial Instruments**

The bank has applied the international standard starting from 31 DEC. 2020 During July 2014, the IASB issued the final version of IFRS 9 (Financial Instruments), which will replace IAS 39 (Financial Instruments: Recognition and Measurement) and all previous versions of the IFRS 9. IFRS 9 combines all three accounting aspects related to financial instruments: Classification and measurement, impairment, and hedge accounting.

The new version of IFRS 9 is applied to annual periods starting from 1 January 2018 and permits early application. The standard is applied retrospectively, except for hedge accounting. Furthermore, IFRS 9 provides for exempting companies from adjusting the comparative figures.

Accordingly, the Bank has developed a special methodology for this standard, which is currently being Audited with the control and regulatory bodies to adopt it and reflect its impact in the financial statements.

A) The Bank has developed the working methodology through classification and measurement; as financial assets were classified and measured either at amortized cost or fair value through the comprehensive income statement – for both debt and equity instruments, or at fair value through the profit or loss statement, where financial assets were classified in accordance with IFRS 9 in general, based on the business model under which financial assets and the characteristics of their contracted cash flows are managed. The business models were divided into the following three categories in accordance with the Financial Reporting Standard and Guidance for Banks issued by the Central Bank of Iraq:

1. Financial instruments measured at amortized cost, if the following conditions are met:
  - If these assets are retained within the management's business model for future cash flows collection purposes.
  - If the contractual terms of these financial assets set a specific date for cash flows (the principal amount and interest on the outstanding amount).
2. Financial instruments at fair value through the other comprehensive income statements, if the following conditions are met:
  - If the purpose of retaining the financial asset within the business model is to obtain future cash flows and/or sell these financial assets.
  - If the contractual terms of these financial assets set a specific date for cash flows (the principal amount and interest on the outstanding amount).
3. Financial instruments at fair value through profit or loss: All the financial assets that are measured at amortized cost or fair value through the comprehensive income statement mentioned above must be measured at fair value through the consolidated income statement. The Bank may, irrevocably upon initial recognition, choose to classify and measure the financial assets that have met the conditions for measurement at fair value through the comprehensive income statement or at amortized cost as part of the financial assets at fair value through the consolidated income statement; if this would significantly minimize the potential lack of accounting consistency.

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

B) IFRS 9 (Financial Instruments) application methodology: Inputs, mechanisms and assumptions used in calculating expected credit losses:

- Assessing the significant increase in credit risk:

An assessment is carried out to determine whether credit risks have increased significantly since the date of creating the financial instrument, where the default risk over the expected life of the financial instrument is, at the end of each fiscal period, compared to the default risk at the date of creating the financial instrument; using the key concepts of the Bank's risk management processes.

The significant increase in credit risk is separately assessed once every three months for each credit risk exposure, based on a number of factors. If any of these factors indicate a significant increase in credit risk, the instrument is reclassified from stage 1 to stage 2:

1. Limits for better measurement of significance in credit risk were set based on the changes in default risk of the financial instrument compared to the date of creating the same.
2. In addition, qualitative factors were used to assess the results of the change in classification stages or to make adjustments to reflect the significant increase.
3. IFRS 9 (Financial Instruments) provides for the assumption of a significant increase in credit risk of defaulting financial instruments that are more than (30) days overdue.

The change between stage 2 and stage 3 depends on whether the financial instruments re defaulting as at the end of the fiscal period. The method of determining default of financial instruments in accordance with IFRS 9 is similar to the method of determining the occurrence of a default in accordance with Regulation 4 for 2010 (Regulation on Facilitating the Implementation of Banking Law No. 94 for 2004), as defined below.

- Macroeconomic factors, expected future events and the use of several scenarios:

The expected credit losses provision represents credit losses that should reflect an amount of the provision that is unbiased and dependent on several scenarios with different weights, which in turn relies on estimating several potential results, time value, and the credibility of the information on the previous events and current situations, as well as future predictions for the economic situation, as historical information and the current situation, in addition to expected future events based on reliable information for each stage of measurement, were taken into consideration and future information were applied, which required the Bank management to make significant judgments.

The possibility of default, assumed default loss, impact upon default and inputs used in stage 1 and stage 2 for the credit facilities impairment provision are designed on the basis of changing economic factors (or changes in macroeconomic factors) that are directly associated with the credit risk related to the portfolio.

Each macroeconomic scenario used in calculating the expected credit loss was linked to the changing macroeconomic factors.

Our estimates that were used in calculating the expected credit losses of the financial instruments classified for stages 1 and 2 using discounted weighted scenarios include future macroeconomic information for the next five years based on the forecasts of approved international and national bodies.

The basic scenario relies on macroeconomic forecasts (such as GDP growth rate, inflation growth rate, unemployment rate ... etc.). Changes in economic factors will be prepared based on potential alternative economic situations and additional changes, at least annually, as may be necessary.

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

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Furthermore, probabilities are measured based on best judgment relating to historical probability and the current situation. Probable scenarios are assessed on a bi-annual basis, and all scenarios are applied to all the portfolios that are exposed to expected credit losses.

#### - Definition of Default:

The definition of default used in measuring expected credit losses and in assessing change between stages is consistent with the definition of default used in Regulation 4 for 2010 (Regulation on Facilitating the Implementation of Banking Law No. 94 for 2004). The Banks defines default once it verifies that a customer may not be able to meet their obligations in full or is 90 days or more in default of repaying an amount of a facility. Furthermore, the customer and all the accounts controlled thereby are treated as one unit in terms of default and the highest default and risk is assigned thereto.

The definition of default: is designed properly such that it reflects the various characteristics of various types of assets. Overdrafts are considered immediately payable once the customer exceeds a certain limit or is notified of a limit lower than the currently repaid amount.

When assessing whether it is improbable that the borrower will settle their credit obligation, the Bank takes qualitative indicators into account. The information assessed depend on the type of asset involved. In corporate loans, for example, the qualitative indicator is the breach of warranties, which is inappropriate for retail loans.

Quantitative indicators, such as delay in payment or failure to settle another obligation to the counterparty, are key inputs in this analysis. The Bank also uses various sources of information, whether internally developed or obtained from external sources, to assess default.

#### - Expected Life:

When measuring expected credit losses, the Bank takes into consideration the future cash flows that it considers to be exposed to impairment risk. In addition, it takes into consideration all the contractual obligations for the expected life. The expected life of certain revolving credit facilities without a specified repayment date is measured on the basis of the period during which the Bank is exposed to credit risks that management cannot avoid.

New and revised IFRSs issued but not yet effective and not early adopted The Group did not apply the following new standards, amendments and interpretations which have been issued but are not yet effective

New standards, amendments and interpretations	Effective for annual periods beginning on or after
<p>IFRS 17 “Insurance contracts”: On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17 “Insurance Contracts”. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.</p> <p>The standard applies to annual periods beginning on or after 1 January 2023, and early application is permitted if it coincides with the application of IFRS 15 “Revenue from Contracts with customers” and IFRS 9 “Financial Instruments”</p> <p>IFRS 17 requires a current measurement model as estimates are premeasured in each reporting period. The measurement is based on discounted weighted cash flow bases, an adjustment for risk, and contractual services margin that represents unearned contract profits. A simplified premium allocation method is permitted for liabilities over the remaining coverage period if this method allows for a measurement method that is not materially different from the general model or if the coverage period extends for a year or less. However, claims incurred should be measured by reliance on risk-weighted, risk-adjusted and discounted cash flow bases.</p>	1 January 2023
Amendments to IAS 1, “Presentation of financial statements” on classification of liabilities. These minor amendments to IAS 1, “Presentation of financial statements” clarify that liabilities are classified as either current or non-current liabilities, depending on equities at the end of reporting period. The classification is not affected by the entity’s expectations or events subsequent to the reporting date (for example, receipt of a waiver or breach of an undertaking). The amendment also clarifies any reference to a “settlement” of liability as mentioned in the IAS	1 January 2023
The amendment to IAS 8 Accounting Policies. Clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023
The amendments to IAS 12 Income Taxes. Require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non- monetary assets sold or contributed to an associate or joint venture constitute a ‘business’ (as defined in IFRS 3 Business Combinations)	1 January 2023



#### 2-4 The Quantitative effect of applying IFRS9:

It is generally expected that impairment loss will increase and fluctuate more with respect to financial assets pursuant to IFRS 9 the implementation of this standard on 31 March 2023 resulted in a provision for ECL details as follows:

Details (IQD Thousand)	Balance as of March31,2023	Prov. ECL	remaining balance NON amortized as at March31,2023	Total Prov. Expenses as of March31,2023
Cash and balances with central banks	468.926.008	20.663.215	3.007.000	17.656.215
Balances with banks and financial institutions	172.641.047	2.648.789	-	2.648.789
Financial assets at fair value through the statement of other comprehensive income	3.514.753	-	-	-
Debt instruments as part of the financial assets at amortized cost portfolio	742.102.401	26.522.574	-	26.522.574
Direct credit facilities at amortized cost	140.388.194	54.856.819	11.643.000	43.213.818
Other assets	30.835.780	1.249.182	-	1.249.182
Indirect facilities	43.544.544	1.442.193	-	1.442.193
<b>Total</b>	<b>1.601.952.727</b>	<b>107.382.772</b>	<b>14.650.000</b>	<b>92.732.772</b>

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

Item (IQD Thousand)	Stage 1	Stage 2	Stage 3	Total	Shortage in Provisions	Balance as March 31,2023
Cash and balances with central banks	0	5.687.753	14.975.462	20.663.215	3.007.000	17.656.215
Balances with banks and financial institutions	161.031	2.453.517	34.241	2.648.789	-	2.663.768
Debt instruments as part of the financial assets at amortized cost portfolio	-	-	26.522.574	26.522.574	-	26.522.574
Direct credit facilities at amortized cost	827.058	1.484.372	52.545.389	54.856.819	11.643.000	43.213.819
Other assets	326	-	1.248.856	1,249.182	-	1,249.182
Indirect facilities	-	-	1,442,193	1,442,193	-	1,442.193
<b>Total</b>	<b>988.415</b>	<b>9.625.642</b>	<b>96.768.715</b>	<b>107.382.772</b>	<b>14.650.000</b>	<b>92.732.772</b>

## **2-5 IFRS (16) - Leases**

The International Accounting Standards Board issued International Financial Reporting Standard No. (16) “Leases” during January 2016, which defines the principles for recognition, measurement, presentation and disclosure of lease contracts.

According to these criteria, a lease is defined as a contract under which the right to control the use of an asset is granted for a period of time. This is in return for a specified amount of money called a rental fee. The right of control in this sense means that the lessee can utilize the asset in the manner it deems appropriate. It can also benefit economically from utilizing the asset. IFRS 16 requires the lessee to recognize, at the date of the lease agreement, the right to the asset. The lease date is the date the lessee controls the asset, whether by using or directing it. This date may differ from the lease commencement date which could be earlier. The asset (the right to use the asset) is measured at the beginning of the lease for all lease contracts with a duration of more than 12 months, unless the lease value is low and the lessee is required to recognize its right to use the asset, which is represented by the recognition of the leased asset and the resulting liability represented by lease payments and financing interest.

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 3. Cash and Balances with Central Banks

This item consists of the following:

	31 March 2023	31 Dec. 2022
	IQD (000)	IQD (000)
	Reviewed	Audited
Cash on Hand	301.274.945	175.715.907
Balances Central Banks*		
Current accounts and Demand Deposit	300.743.763	376.837.770
Statutory Cash Reserve **	167.694.334	183.646.872
Statutory cash Reserve of LG	487.911	345.922
<b>Total</b>	<b>770.200.953</b>	<b>560.830.564</b>
Less : Expected credit loss Provision	(17.656.215)	(16.692.422)
	<b>752.544.738</b>	<b>722.854.049</b>

. The following is the distribution of total balances with central banks according to the Bank's internal classification categories as at 31 March 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
Balance at the Beginning of the year	477.925.136	45.349.385	37.556.043	560.830.564
New Balance During the year	235.035.080	-	-	235.035.080
Paid Balance	(25.587.581)	-	-	(25.587.581)
Effect change rate exchange		(77.110)		(77.110)
<b>Total</b>	<b>712.960.216</b>	<b>45.272.275</b>	<b>11.968.462</b>	<b>770.200.953</b>

Disclosure of the Distribution of total balances with central banks according to the internal credit rating of the Bank:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	712.960.216	-	-	712.960.216
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	45.272.275	-	45.272.275
8	-	-	11.968.462	11.968.462
9	-	-	-	-
10	-	-	-	-
<b>Total</b>	<b>712.960.216</b>	<b>45.272.275</b>	<b>11.968.462</b>	<b>770.200.953</b>

The following is the movement on balances with central banks during the years ended 31 March 2022:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	-	10.885.476	5.806.946	16.692.422
Adjusted after the application of IFRS 9	-	-	-	-
Impairment loss on new balances during year	-	-	1.000.000	1.000.000
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	(6.161.516)	6.161.516	-
Re-Classification to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Bad Balances	-	-	-	-
Adjustments resulting from exchange rate change	-	(36.207)	-	(36.207)
Balance at the end of the year		5.687.753	11.968.462	17.656.215
Shortage in expected credit loss provision	-	3.007.000	-	3.007.000

Based on the Central Bank of Iraq letter No. 9/6/98 dated 3/3/2020 and its agreement to distribute the quantitative impact shortfall over (5 years). The shortfall item in the provision for expected credit losses amounting to (14.650) thousand dinars represents the amount covered during 2023.

\* The value of foreign currency balances with the Central Bank of Lebanon amounted to the equivalent of (10.800.479) thousand Iraqi dinars as of March 31, 2023 (March 31, 2022: an amount equivalent to (14.701.979) thousand Iraqi dinars) and given the prevailing economic conditions in the Lebanese Republic, the process of exploiting those balances in banking operations is limited (cash withdrawal is restricted).

\*\* The bank has balances with the Central Bank of Iraq branches in each of Sulaymaniyah and Erbil, amounting to 18,112,901 thousand Iraqi dinars and 27,234,470 thousand Iraqi dinars, respectively, as of March 31, 2022 (March 31, 2022) (18,112,901 thousand Iraqi dinars and 27,234,470 thousand Iraqi dinars, respectively). Due to the prevailing political and economic conditions in Iraq, the use of these funds in banking operations is restricted.

\*\*\* It includes the cash reserve balance with the Central Bank of Iraq and Lebanon. The legal reserve ratio in each of the Republic of Lebanon and the Republic of Iraq for the demand current account is 15% and 25% and the deposit account is 10% and 15% for each of them, respectively. As well as the sums of the letters of guarantee insurances, which have started to be withheld as insurances, at a rate of 7% of the net value of the letters of guarantee, according to the instructions of the Central Bank of Iraq issued on May 29, 2017, and amounted to (345,922) thousand Iraqi dinars as on March 31, 2022 for the purpose of meeting the deficit in the claimed letters of guarantee. The reserve ratio has been modified to become 3% of the value of the net letters of guarantee. This is according to instructions issued by the Central Bank of Iraq No. 2/9/510 on March 31, 2019.

\*\*\* Among the balances of central banks, balances with the Central Bank of Lebanon amount to (11.968.462) thousand Iraqi dinars, which is equivalent to (137.043.458) Lebanese pounds. While 2022 was (31,458,383) Iraqi dinars, equivalent to (32,481,858) Lebanese pounds.

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 4- Balances with Banks and financial Institutions

This item consists of the following:

	31 March 2023	31 Dec. 2022
	IQD (000)	IQD (000)
	Reviewed	Audited
Local banks and financial institutions	11.332.289	11.363.174
Foreign Banks and Financial Institutions*	89.258.758	56.683.898
Deposits with Banks and financial Inst.	72.050.000	80.300.000
<b>Total</b>	<b>172.641.047</b>	<b>148.347.072</b>
Less : Expected credit loss Provision	(2.648.789)	(2.663.768)
	<b>169.922.258</b>	<b>145.683.304</b>

The following is the distribution of deposits at banks and financial institutions according to the Bank's internal classification categories as at 31 March 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
Balance at the Beginning of the year	137.280.545	10.668.078	398.450	148.347.073
New Balance During the year	24.676.079	-	-	24.676.079
Paid Balance	-	(30.000)	(337.126)	(367.126)
Re-Classification to stage 1	(66.345)	66.345	-	-
Re-Classification to stage 2				
Re-Classification to stage 3				
Changes resulting from adjustments			(14.979)	(14.979)
Bad Balances				
Balance at the end of the year	161.890.279	10.704.423	46.345	172.641.047

Disclosure of the Distribution of total balances with Banks & financial Institutions according to the internal credit rating of the Bank:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	-	-	-	-
2	161.890.279	-	-	161.890.279
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	10.704.423	-	10.704.423
8	-	-	46.345	46.345
9	-	-	-	-
10	-	-	-	-
<b>Total</b>	<b>161.890.279</b>	<b>10.704.423</b>	<b>46.345</b>	<b>172.641.047</b>

The following is the distribution of deposits at banks and financial institutions according to the Bank's internal classification categories as at 31 March 2023

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	161.031	2.453.517	49.220	2.663.768
Adjusted after the application of IFRS 9	-	-	-	-
Impairment loss on new balances during year	-	-	-	-
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Bad Balances	-	-	-	-
Adjustments resulting from exchange rate change	-	-	(14.979)	(14.979)
Balance at the end of the year	161.031	2.453.517	34.241	2.648.789

## Notes to Financial Statements for The Period Ended 31 March 2023

### 5. Investments in Shares:

#### A) Investments in Associates

Name of subsidiary	Place	Bank's Ownership	March31 2023	Dec31 2022
			IQD (000)	IQD (000)
			<b>Reviewed</b>	<b>Audited</b>
Investments in Associates Listed				
Al Ameen Insurance Company	Iraq	49%	1.147.598	1.197.494
			<b>1.147.598</b>	<b>1.197.494</b>

\* The share valuation price for Al Ameen Insurance Company was IQD (0.480) per share as at March31, 2023, and IQD (0.480) per share as at 31 Dec. 2022.

#### B) Financial Assets at Fair Value Through Other Comprehensive Income

	31 March 2023 IQD (000)	31 Dec. 2022 IQD (000)
	<b>Reviewed</b>	<b>Audited</b>
Shares listed in an active market	1.288.157	1.299.168
Shares Unlisted *	1.078.998	1.078.998
	<b>2.367.155</b>	<b>2.378.166</b>

Cash dividends on financial assets at fair value through the list amounted to (0.000) Iraqi dinars.

\*\* Consider the availability of appropriate data to develop an appropriate evaluation approach. With regard to investments for which appropriate data is not available, the bank evaluates them in an amount of (zero)).

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

	31 March 2023 IQD (000) <b>Reviewed</b>	31 Dec. 2022 IQD (000) <b>Audited</b>
Balance at 1 January	<b>3.575.660</b>	<b>3.505.484</b>
Additions	–	506.544
Disposals	–	–
	<b>3.575.670</b>	<b>4.012.028</b>
Change in fair value reserve	(60.906)	(436.368)
Balance at 31 Dec.	<b>3.514.753</b>	<b>3.575.660</b>



## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

6. Financial Assets at Amortized Cost:	31 March 2023	31 Dec 2022
Financial Assets at Amortized Cost	IQD (000)	IQD (000)
	Reviewed	Audited
<b>Financial Assets Quoted in the Market:</b>		
Euro Bond & Government bonds - Iraq	441.284.687	473.397.372
Euro Bonds - Lebanese *	26.529.059	29.587.717
<b>Total Financial Assets Listed in the Market</b>	<b>467.813.746</b>	<b>502.985.089</b>
<b>Financial Assets Unlisted in the Market:</b>		
Government or Government-guaranteed Bonds	-	-
Government / Treasury bonds	274.288.655	191.740.046
<b>Total Financial Assets Unlisted in the Market</b>	<b>742.102.401</b>	<b>694.725.135</b>
Less : Expected credit loss Provision	(26.522.574)	(29.989.139)
<b>Net Financial Assets at Amortized Cost</b>	<b>715.579.827</b>	<b>664.735.996</b>

#### Analysis of Bonds and Bills:

	31 March 2023	31 Dec 2022
	IQD (000)	IQD (000)
	Reviewed	Audited
Financial Assets with Fixed Interest Rate	742.102.401	694.725.135
Financial Assets with Floating Interest Rate	-	-
<b>Total</b>	<b>742.102.401</b>	<b>694.725.135</b>

The financial assets at amortized cost accrue as follows:

	Less than 1 month	1 – 3 months	3 – 6 months	6 months to 1 year	1-5 years	More than 5 years	Total
	IQD (Thousand)	IQD (Thousand)	IQD (Thousand)	IQD (Thousand)	IQD (Thousand)	IQD (Thousand)	IQD (Thousand)
<b>2023</b>	-	-	100.000.000	375.000.000	240.579.827	26.522.574	<b>742.102.401</b>
<b>2022</b>	-	-	70.000.000	375.000.000	220.137.418	29.587.717	<b>694.725.135</b>

\*These are Eurobonds (in USD) issued by the Lebanese government. These bonds accrue between 2026 and 2027 with an interest rate of 6.6% and 6.75%. The Bank has been investing in these bonds since 2013.

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

The following is the disclosure of movement in the balance of debt instruments at fair value through other comprehensive income for the Period ended 31 March 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
Balance at the Beginning of the year	665.137.418	-	29.587.717	694.725.135
New Balance During the year	85.000.000	-	-	85.000.000
Paid Balance	(18.499.415)	-	-	(18.499.415)
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes resulting from adjustments	(16.064.660)	-	(3.058.659)	(19.123.319)
Bad Balances	-	-	-	-
<b>Total</b>	<b>715.573.343</b>	<b>-</b>	<b>26.529.058</b>	<b>742.102.401</b>

The following is a disclosure of the distribution of total debt instruments at fair value through other comprehensive income according to the Bank's internal classification categories as at 31 March 2022:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	715.573.343	-	-	715.573.343
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	-	-
9	-	-	26.529.058	26.529.058
10	-	-	-	-
<b>Total</b>	<b>715.573.343</b>	<b>-</b>	<b>26.529.058</b>	<b>742.102.401</b>

The following is the disclosure of movement in the balance of debt instruments at fair value through other comprehensive income for the years ended 31 March 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	302.115	-	29.687.024	29.989.139
Adjusted after the application of IFRS 9	-	-	-	-
Impairment loss on new balances during year	(302.115)	-	-	(302.115)
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Bad Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	(3.164.450)	(3.164.450)
Balance at the end of the year	-	-	26.522.574	26.522.574

## Notes to Financial Statements for The Period Ended 31 March 2023

### 7. Direct Credit Facilities

This item consists of the following:

	31 March 2023	31 Dec 2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Audited</b>
<b>Consumers (Retail)</b>	<b>20.118.954</b>	<b>21.064.540</b>
Loans*	20.118.631	21.064.540
Discounted Bills & Purchased Bills	—	—
Overdrafts	323	1.575
<b>Corporates:</b>	<b>120.269.242</b>	<b>126.309.710</b>
Loans	116.391.743	121.087.039
Discounted Bills & Purchased Bills	1.891.507	1.906.156
Overdrafts	1.985.990	3.316.515
	<b>140.388.194</b>	<b>147.374.250</b>
Less:		
Interest In Suspense (Note 7-B)	(28.263.024)	(15.168.162)
Expect Credit Losses Provision (Note 7B)	(43.213.818)	(42.709.681)
	<b>68.911.352</b>	<b>89.496.407</b>

\* The bank's individual facilities have been reclassified so that the facilities granted to individuals for commercial purposes or to merchants (individuals) are classified within corporate facilities so that the disclosure reflects the nature of the activity that corresponds to the granted facilities.

\*\* The loans granted appear net after deducting the interest received in advance, amounting to (623.814) thousand Iraqi dinars, as of March 31, 2023 (March 31, 2022: (542.607) thousand Iraqi dinars), which is the interest received in advance for loans in exchange for golden stocks and bills of exchange.

Non-performing credit facilities amounted to (118.402.647) thousand Iraqi dinars as of March 31, 2023, or 84% of the total balance of direct credit facilities, while (126.633.747) thousand Iraqi dinars, i.e. 86% in 2022.

- The non-working credit facilities, after deducting the outstanding interest, amounted to (90.139.621) thousand Iraqi dinars, i.e. (80%) of the credit facilities balance after deducting the interest, and it was (2022) the amount of (111.465.585) thousand Iraqi dinars, i.e. (76%) of the Credit facilities balance after deducting suspended interest.

- The total facilities of the Beirut branch amounted to the equivalent of (945.938) thousand Iraqi dinars, while the amount of (1.214.000) thousand Iraqi dinars in 2022.

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### A) Interest in Suspense

The movement on the interest in suspense was as follows:

31 March. 2023	Retail	Corporate	Total
	IQD	IQD	IQD
	(000)	(000)	(000)
Balance at 1 January	3.399.790	11.768.372	15.168.162
Additions	1.805	13.120.630	13.122.435
Redemptions	-	(27.573)	(27.573)
Balance at 31 March.	3.401.615	24.861.409	28.263.024

#### B) Provision for Credit Losses

The following is the movement on the balance of direct credit facilities on gross basis during the Period ended 31 Marchs 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	14.904.385	384.696	132.085.169	147.374.250
New Balances of the period	3.883.139	-	171.392	4.054.531
Paid Balances	(2.242.223)	(307.058)	(8.491.306)	(11.040.587)
Re-Classification to stage 1	118.218	9.814.009	(9.932.227)	-
Re-Classification to stage 2	(4.490.306)	(79.534)	4.569.839	-
Re-Classification to stage 3	222	-	(222)	-
Changes resulting from adjustments	-	-	-	-
Bad Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	-	-
Decrease in expected credit loss provision	-	-	-	-
Balance at the end of the year	12.173.435	9.812.113	118.402.645	140.388.194

Total cumulative direct credit facilities by credit stages are distributed according to the Bank's internal creditratings as of March 31, 2023 as follows

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	12.173.436	-	-	12.173.436
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	9.812.113	-	9.812.113
8	-	-	54.101.776	54.101.776
9	-	-	16.095	16.095
10	-	-	64.284.774	64.284.774
Total	12.173.435	9.812.113	118.402.645	140.388.194

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

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	827.058	1.484.437	45.398.187	47.709.681
Adjusted after the application of IFRS 9	-	-	789.139	789.139
Impairment loss on new balances during year	-	-	-	-
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Bad Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	(285.002)	(285.002)
Decrease in expected credit loss provision	-	-	(11.643.000)	(11.643.000)
Balance at the end of the year	827.058	1.484.372	40.902.388	43.213.818

Corporates:

The following is the movement on the expected credit loss provisions of direct credit facilities on collective basis during the Period ended 31 March 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	8.515	-	126.296.603	126.305.118
New Balances of the period	1.950.617	-	170.574	2.121.191
Paid Balances	(169.549)	-	(7.987.518)	(8.157.067)
Re-Classification to stage 1	317.663	(317.663)	-	-
Re-Classification to stage 2	-	10.129.776	(10.129.776)	-
Re-Classification to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Bad Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	-	-
Decrease in expected credit loss provision	-	-	-	-
Balance at the end of the year	8.515	-	108.349.883	120.269.242

Total direct credit facilities in the large and medium enterprises portfolio by credit stages are distributed according to the Bank's internal credit ratings as of March. 31, 2023 as follows:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	2.107.246	-	-	2.107.246
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	9.812.113	-	9.812.113
8	-	-	54.097.270	54.097.270
9	-	-	-	-
10	-	-	54.252.614	54.252.614
Total	2.107.246	9.812.113	108.349.883	120.269.242

### (Retail)

The following is the movement on the expected credit loss provisions of direct credit facilities on collective basis during the year ended 31 March 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the period	14.895.870	384.696	5.788.566	21.069.132
New Balances of the period	1.932.536	-	817	1.933.353
Paid Balances	(2.072.688)	-	(810.843)	(2.883.531)
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	(4.689.528)	4.689.528	-	-
Re-Classification to stage 2	-	(5.074.224)	5.074.224	-
Re-Classification to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Bad Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	-	-
Balance at the end of the year	10.066.190	-	10.052.764	20.118.954

Total direct credit facilities in the large and medium enterprises portfolio by credit stages are distributed according to the Bank's internal credit ratings as of March. 31, 2023as follows:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	10.066.190	-	-	10.066.190
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	4.506	4.506
9	-	-	16.095	16.095
10	-	-	10.032.163	10.032.163
<b>Total</b>	<b>10.066.190</b>	<b>-</b>	<b>10.052.764</b>	<b>20.118.954</b>

## Notes to Financial Statements for The Period 31 March 2023

### 8. Property and Equipment, Net\*

2023 March 31	Land IQD (thousand)	Buildings IQD (thousand)	Plant and Equipment IQD (thousand)	Computers, Furniture & Fixtures IQD (thousand)	Transportation IQD (thousand)	Systems IQD (thousand)	Decorations and Improvements** IQD (thousand)	Projects Under Construction* IQD (thousand)	Total IQD (thousand)
Beginning of year	26.864.614	28.980.303	1.077.318	11.085.697	701.930	3.630.921	1.877.440	21.736.119	95.954.343
Additions	-	-	-	50.162	-	-	-	1.062.872	1.113.034
Disposals	-	-	-	(860.664)	(153.145)	-	(27.668)	-	(1.041.477)
Transfer from Projects	-	-	-	-	-	-	-	-	-
Differences in Foreign	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-
Depreciation:		5.896.446	1.003.139	9.342.882	665.565	2.945.180	1.549.908		21.403.120
Beginning of year								-	
Additions for the year		228.276	4.258	185.943	603	34.914	58.392	-	512.387
Disposals		-	-	(829.683)	(120.701)	(34.661)	-	-	(984.599)
Reclassification		-	-	-	-	-	-	-	-
Differences in Foreign		-	-	-	-	-	-	-	-
End of Period	-	6.124.722	1.007.398	8.699.587	545.467	2.945.433	1.608.301	-	20.930.907
Net Book Value	26.864.614	22.855.581	69.921	1.575.608	3.318	685.488	241.473	22.798.990	75.094.992
Analysis of Projects Under Construction*	8.479	22.790.511	-	-	-	-	-	-	22.798.990

\*The land and buildings balance includes IQD (6,011,123) thousand, which is the value of the land and property of Beirut branch.

March 31, 2022	Land* IQD (thousand)	Buildings* IQD (thousand)	Plant and Equipment IQD (thousand)	Computers, Furniture & Fixtures IQD (thousand)	Transportation IQD (thousand)	Systems IQD (thousand)	Decorations and Improvements** IQD (thousand)	Projects Under Construction* IQD (thousand)	Total IQD (thousand)
Cost:									
Beginning of year	26.864.614	26.165.908	1.140.007	10.884.461	951.481	3.176.661	1.802.369	9.927.216	80.912.717
Additions	-	-	-	33.538	-	56.550	-	937.182	1.027.270
Disposals	-	-	-	-	-	-	-	(56.550)	(56.550)
Transfer from Projects under Construction	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-
Depreciation:									
Beginning of year	-	5.122.774	1.090.204	8.715.429	888.373	2.811.775	1.399.001	20.027.555	
Additions for the year	-	194.070	615	182.715	6.686	28.011	40.750	452.848	
Disposals	-	-	-	-	-	-	-	-	
Reclassification	-	-	-	-	-	-	-	-	
End of Period	-	5.316.844	1.090.819	8.898.144	898.059	2.839.786	1.439.751	-	20.480.403
Net Book Value	26.864.614	20.849.064	49.188	2.019.855	56.422	393.425	362.618	10.807.848	61.403.034
Analysis of Projects Under Construction*	212.593	10.595.255	-	-	-	-	-	-	10.807.848

\*The land and buildings balance includes IQD (6,011,123) thousand, which is the value of the land and property of Beirut branch.



## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

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

Items	Beginning of year	Additions	Transfer / Reclassification	End of Period
	IQD (000)	IQD (000)	IQD (000)	IQD (000)
Mosul Branch	36.600	-	-	36.600
Kirkuk Branch	22.252	-	-	22.252
Head Office*	20.581.379	1.062.871	-	21.644.250
Adhmiah branch	94.487	-	-	-
Basrah branch	603.049	-	-	603.049
Najaf Branch	259.447	-	-	259.447
Al-Sulmanih branch	138.905	-	-	138.905
Total	21.736.119	1.062.871	-	22.798.990

Among the balance is the cost of the land on which the building is being built, amounting to IQD (8.479) dinars, in accordance with the approval of the Central Bank of Iraq No. 9/2/25434 IN 7/11/2020.

8/C Intangible Assets March 31, This item consists of computer software's and Decoration which are amortized at an annual rate ranging 20%, the details are as follows

	31 March ,2023	31 Dec,2022
	IQD (000)	IQD (000)
Balance at the Beginning of Year	1.013.274	768.253
Additions during for Period	-	531.100
Amortization for Period	(86.435)	(284.312)
Foreign currencies differences	-	-
Balance at the End of the year	926.839	1.013.274

#### 9 / ROU

Balance at the end of the year:

	31 March 2023	31 Dec 2022
	IQD (000)	IQD (000)
Balance at Jan 1	<b>Reviewed</b> 2.104.736	<b>Audited</b> 2.495.427
Additions	346.704	-
Disposals	(165.289)	(390.691)
Balance at March 31	2.286.151	2.104.736

#### 9/ LL

Balance at the end of the year:

	31 March 2023	31 Dec 2022
	IQD (000)	IQD (000)
Balance at Jan 1	<b>Reviewed</b> 2.146.146	<b>Audited</b> 2.504.121
Additions	346.704	-
Payment	(187.169)	(419.224)
Interest Financial	27.448	61.249
Balance at March 31	2.333.128	2.146.146

## 10. Other Assets

This item consists of the following:

	31 March 2023	31 Dec 2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Audited</b>
Legal Fees	470.452	477.132
Margins with others	4.172.552	3.289.944
Prepayments for Ownership or Acquisition of Land	–	–
Prepaid Expenses	4.419.572	4.125.064
Accrued Income and Interest	16.365.588	9.404.999
Governmental Accounts Receivable	1.459.424	2.339.016
Dawn payments for Investment Purposes	–	–
Other Accounts and Balances Receivable	3.699.815	2.816.024
Stolen Cash and other Amounts***	37.247.029	38.545.894
Provisions for Stolen Cash and Accounts Receivable (9A & 9B)	(37.251.824)	(38.364.994)
Total other Assets	30.830.987	22.447.384
Less: Expected credit Loss Provision	(1.249.182)	(1.249.182)
Net other Assets	<b>29.581.804</b>	<b>21.198.202</b>

### 9A) Analysis of the Provisions for Stolen Cash and Accounts Receivable:

	31 March 2023	31 Dec 2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Audited</b>
Provisions for Stolen Cash and Check	37.251.824	38.364.994
Total Provision for Stolen Cash and other Amounts	<b>37.251.824</b>	<b>38.364.994</b>

### 9B) The movement on the provisions for stolen cash and accounts receivable was as follows:

	31 March. 2023	31 Dec 2022
	IQD (Thousand)	IQD (Thousand)
	<b>Audited</b>	<b>Audited</b>
Balance at 1 January	38.364.994	38.971.873
Additions	–	10.000
Recovered Stolen Amounts	(1.113.170)	(616.879)
Balance at 31 March.	<b>37.251.824</b>	<b>38.364.994</b>

The following is the movement on the expected credit loss provisions of direct Other Assets on collective basis during the year ended 31 March 2023:

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the Year	21.186.077	-	1.261.307	22.447.384
New Balances of the period	5.637.787	-	2.905.706	8.543.493
Paid Balances	-	-	-	-
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Bad Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	(159.891)	(159.891)
Decrease in expected credit loss provision	-	-	-	-
<b>Total Balance at the end of Period</b>	<b>26.823.864</b>	<b>-</b>	<b>4.007.122</b>	<b>30.830.986</b>

Disclosure of the Distribution of total balances with Other Assets according to the internal credit rating;

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
1	26.823.864	-	-	26.823.864
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	4.007.122	4.007.122
9	-	-	-	-
10	-	-	-	-
<b>Total</b>	<b>26.823.864</b>	<b>-</b>	<b>4.007.122</b>	<b>30.830.986</b>

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

Item (IQD Thousand)	Stage 1 IQD (000)	Stage 2 IQD (000)	Stage 3 IQD (000)	Total IQD (000)
The Balance at the beginning of the Year	326	-	1.248.856	1.249.182
New Balances of the period	-	-	-	-
Paid Balances	-	-	-	-
Recovered from impairment loss	-	-	-	-
Re-Classification to stage 1	-	-	-	-
Re-Classification to stage 2	-	-	-	-
Re-Classification to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Bad Balances	-	-	-	-
Adjustments resulting from exchange rate -	-	-	-	-
Decrease in expected credit loss provision	-	-	-	-
<b>Total Balance at the End of Year</b>	<b>326</b>	<b>-</b>	<b>1.248.856</b>	<b>1.249.182</b>

\*\*\* During the past years, as a result of operational risks and conditions of instability, the bank was exposed to a number of thefts, with a total value equivalent to (38,360,199) thousand Iraqi dinars, as the bank's management took a decision to cover these thefts with provisions amounting to 100% of the total thefts. These thefts were recorded as receivables, and the collection procedures are being followed up according to legal methods. The last of these amounts was the theft of a safe and a cashier in the Qurna branch in Basra during the year 2018. The table below shows the most important of these thefts: -

Year	Branch	31 March 2023	31 Dec 2022
		IQD (Thousand) <b>Reviewed</b>	IQD (Thousand) <b>Audited</b>
2018	Al Qurnah Branch Robbery	622.306	622.306
2015	Irbil Branch Robbery	34.256.968	34.256.968
2014	Mosul Branch Robbery	974,777	974,777
2011	Al-Sanak Branch Robbery	1.195.455	1.195.455
2003 – 2017	Robberies, Fund Shortage, Altered Checks	1.310.693	1.310.693
<b>Total</b>		<b>38.360.199</b>	<b>38.360.199</b>

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

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

	31 March 2023	31 December 2022
	IQD (000)	IQD (000)
	Reviewed	Audited
Current and Demand Accounts	978.295	857.122
Savings Accounts		
Time Deposits		
<b>Total</b>	<b>978.295</b>	<b>857.122</b>

The balance of IQD (978.295) thousand IQD as at 31 March 2023, IQD (863,909) thousand IQD as at 31 Dec 2022)

#### 12. Customers' Deposits

This Item consists of the following:

<b>2023</b>	Retail	Corporate	Total
	IQD	IQD	IQD
	(000)	(000)	(000)
Current and Demand Accounts	197.041.436	683.488.515	<b>880.529.951</b>
Savings Accounts	322.585.819	25.349.539	<b>347.935.358</b>
Time Deposits	13.101.983	99.544.912	<b>112.646.895</b>
	<b>532.729.238</b>	<b>808.382.966</b>	<b>1.341.112.204</b>

  

<b>2022</b>	Retail	Corporate	Total
	IQD	IQD	IQD
	(000)	(000)	(000)
Current and Demand Accounts	213.966.560	606.236.238	<b>820.202.798</b>
Savings Accounts	347.356.540	26.576.716	<b>373.933.256</b>
Time Deposits	16.364.818	98.792.086	<b>115.156.904</b>
	<b>577.687.918</b>	<b>731.605.040</b>	<b>1.309.292.958</b>

\*The value of non-interest-bearing deposits amounted to (880.529.951) thousand Iraqi dinars, i.e. (66%) of the total deposits and current and demand accounts as of March 31, 2023, compared to an amount of (820.202.799 thousand dinars) and a rate of (63%) as in Dec 31, 2022).

\*\* deposits restricted amounted IQD (13.107) thousand Iraqi dinars, or (0.001%) of the total deposits as of March 31, 2023, and IQD (553.498) thousand Iraqi dinars, or (0.018%) of the total deposits. On Dec 31, 2022

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 13. Cash Margins

This Item consists of the following:

	31 March 2023	31 Dec 2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Audited</b>
Cash Margin against Indirect credit Facilities	886.655	73.983
Cash Margins Against Letters of Credit	14.187.920	15.120.524
Cash Margins Against Letters of Guarantee	–	–
Other Cash Margins	–	–
	<b>15.074.575</b>	<b>15.194.507</b>

#### 14. Income Tax

##### A) Income Tax Provision

The movement on the income tax provision was as follows:

	31 March 2023	31 Dec 2022
	IQD (000)	IQD (000)
	<b>Reviewed</b>	<b>Audited</b>
Balance at 1 January	10.635.320	7.168.178
Income Tax Paid During the Period	–	(7.168.178)
Accrued Income Tax	4.364.613	10.635.320
Balance at 31 March	<b>14.999.933</b>	<b>10.635.320</b>

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### B) Income Tax

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

	31 March. 2023	31 Dec 2022
	IQD (000)	IQD (000)
	Reviewed	Audited
Pretax Accounting Profit (Loss)	29.865.353	61.668.179
Non-taxable Revenue	(2.403.445)	(10.510.758)
Non-deductible Expenses	1.635.516	19.744.711
Taxable Profit	<b>29.097.424</b>	<b>70.902.132</b>
Accrued Income Tax Rate in Iraqi (15%)	4.364.613	10.635.320
Accrued Income Tax Rate in Lebanese ( 17%)	–	–
	<b>4.364.613</b>	<b>10.635.320</b>

#### C) Income Tax

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

	31 March 2023
	IQD (000)
Accounting profit (Loss)	<b>29.865.353</b>
<b>Non-deductible Expenses</b>	
Fines and Compensations	–
Miscellaneous Provisions	300.000
Income Tax(previous year)	–
Settlements Employee Income Tax previous years	–
Provision for Credit Facilities	1.334.914
<b>Total of Non-deductible Expenses</b>	<b>1.635.516</b>
<b>Non-taxable Revenue</b>	
Rent Income (Subject to Real Estate Tax)	(68.565)
Non-taxable Investment Income (Profits from Companies and Bonds)	–
Interest of Iraqi Government's Bonds (Eurobond)	(2.332.575)
Recoverable Income from Previous Years	(2.305)
<b>Non-taxable Profits</b>	<b>(2.403.445)</b>
Taxable Profit	29.097.424
<b>Accrued Income Tax Payable by the Bank</b>	<b>4.364.614</b>
Less or Add : Income Tax Accrued and Paid for Foreign Branches	–
<b>Accrued Income Tax</b>	<b>4.364.614</b>

\*\* The amount of the tax was calculated according to the Iraqi tax law and at the rate of 15% of the tax profit after deducting the expenses rejected from tax and the revenues that are not subject to taxes, with regard to the bank branch in the Lebanese Republic. Only in the event that the branch achieves profits, the tax is approved according to the tax law in the Lebanese Republic and is deducted from the tax due. According to the opinion of the management and the bank's tax advisor, it is sufficient to meet the tax liabilities as of that date.

\*\* The tax accounting for the fiscal year 2022 was completed, and the due tax was paid according to the receipt (204489 H) on 6/2/2022

\*\*\* The tax calculation for the fiscal year 2022 was completed for the bank's branch in the Lebanese Republic, and the tax was paid according to the receipt numbered (R) on 8/25/2022. As for the 2022 tax, the provision was not calculated because the tax authority in Lebanon recognized the expected credit losses on Financial instruments as a fully taxable expense.

\*\*\*\* Pursuant to the law under which the bonds were issued and in which their interests were exempted from all taxes and fees due on them during the fiscal year in which they were realized.



## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 15. Other Provisions

	31 March 2023	31 Dec 2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Audited</b>
Indirect credit facilities Provision	1.417.622	1.442.193
Foreign Currencies auction allocations provision	1.611.712	1.997.887
End-of-service Indemnity Provisions	1.365.657	1.901.123
Provisions for lawsuits	27.962	27,962
Miscellaneous Provisions	72.020	80,300
	<b>4.503.253</b>	<b>5.449.465</b>

#### A) Miscellaneous Provisions

This movement on the miscellaneous provisions is as follows:

	31 March 2023	31 Dec 2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Audited</b>
Balance at 1 January	5.449.465	6.583.550
Additions*	300.000	730.988
Transferred from the Provision	(898.508)	(1.865.073)
Reclassified from Other Liabilities	–	–
Foreign currencies differences	(347.704)	–
Balance at 31 March	<b>4.503.253</b>	<b>5.449.465</b>

\* During 2018, pursuant to the Central Bank of Iraq letter No. 9/2/21231 dated 13/9/2018, a fine of IQD 10,670,878 thousand was imposed on the Bank for the year 2012 regarding amounts with which the Bank entered the currency sale and purchase window during 2012, paid monthly IQD (125 ,000) thousand.

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 16. Long-Term Loans

This item consists of the following:

	31 March 2023	31 Dec 2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Audited</b>
Banque du Liban Loan	33.114	579.381
	<b>33.114</b>	<b>579.381</b>

\*Based on the terms of the BDL signed with the Bank of Baghdad, about Credit and Borrower Clint's

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 17. Other Liabilities

This item consists of the following:

	31 March 2023	31 Dec. 2022
	IQD (000)	IQD (000)
	Reviewed	Audited
Certified Checks	7.923.279	7.378.303
Balances Compensations of Deceased Clients	4.696.096	5.803.406
Dividends Payable	3.298.989	3.527.943
Cash Margins to Others	13.860.787	5.507.690
Balances realistic to Insurance Bureau*	1.653.000	1.683.000
ATM Services Payables	7.507.574	1.842.166
Accrued Expenses	879.760	471.834
Customer Outward Transfers Balances	37.524.282	535.357
Accounts Payables	549.656	588.509
Amount Received for Companies Registration	654.098	609.398
Accrued Stamps Fees	28.016	49.093
Accrued Interest	2.112.602	429.883
Other**	1.586.983	1.991.831
	<b>82.275.123</b>	<b>30.418.413</b>

\*According to Central Bank of Iraq Letter No. 9/3/321 on 8/23/2022, to allocate an account for the amounts reserved for the Insurance Bureau, which belong to insurance companies

\*\* - The balance represents deductions from Employees for others' accounts (tax and guarantee) and other credit accounts (tenants' receivables).

#### 18. A) Paid – Up Capital

The authorized capital of the Bank is IQD 250.000 million as of December 31, 2022 and 2021. - The authorized capital of the Bank is IQD 250.000 million by year end, divided into 250.000 million shares at a par value of IQD 1 each

#### B). Reserves

##### - Statutory Reserve

In accordance with the Iraqi Companies Law, a (minimum) of 5% of the annual income after tax is to be deducted as a statutory reserve. The accumulated amounts of this account may not exceed 50% of the Bank's capital. Furthermore, it is not allowed to distribute the statutory (obligatory) reserve or any resulting proceeds from the same to shareholders. It is allowed however to continue deducting with the approval of the General Assembly of the Bank, provided that the statutory reserve does not exceed 100% of the Bank's capital. In Beirut branch, 10% of net profit after tax is deducted as statutory reserve.

##### - Voluntary Reserves

These include other miscellaneous reserves approved by the General Assembly, whether for purposes related to banking risks or other purposes; such as the expansion reserve.

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 19. Interest Income

This item consists of the following:

	The Period Ended 31 March	
	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
<b>Consumer Facilities (Retail)</b>	<b>523.318</b>	<b>1.629.838</b>
Loans and Bills	520.702	1.627.179
Current Accounts Receivable	2.616	2.659
<b>Corporate Facilities</b>	<b>247.092</b>	<b>1.397.561</b>
Loans and Bills	246.881	1.393.545
Current Accounts Receivable	211	4.016
<b>Financial Assets at Amortized Cost*</b>	<b>1.064.038</b>	<b>872.638</b>
<b>Balances and Deposits with Banks and Financial Institutions</b>	<b>10.396.379</b>	<b>7.712.326</b>
	<b>12.230.827</b>	<b>11.612.363</b>

#### Financial Assets at Amortized Cost\*

This item consists of the following:

	The Period Ended 31 March	
	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
<b>Government and Government-guaranteed Bonds</b>	<b>3.602.917</b>	<b>3.201.367</b>
Government Bonds - Iraq	3.603.569	3.201.367
Government Bonds - Lebanon	(652)	-
Government-guaranteed and Treasury bonds	2.333.188	-
Belding Bonds – Iraq Finance Ministry	<b>4.460.274</b>	<b>4.510.959</b>
	<b>10.396.379</b>	<b>7.712.326</b>

## 20. Interest Expenses

The details of this item are as follows:

	The Period Ended 31 March 2023	
	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
Savings Accounts	1.611.947	1.601.780
Time Deposit Accounts	1.083.712	685.050
Deposits guarantees fees	104.419	–
LL Interest	27.448	–
	<b>2.695.659</b>	<b>2.286.830</b>

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The period Ended 31 March 2023

#### 21. Net Commission Income

The details of this item are as follows:

	The Period Ended 31 March	
	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
Bank Transfers' Commissions*	14.888.796	9.941.090
Direct Credit Facilities Commissions	40.351	39.860
Indirect Credit Facilities Commissions	310.951	268.996
Customer Accounts Management Commission	1.654.856	1.264.302
Other Commissions	792.061	684.800
<b>Total Commissions and Fees</b>	<b>17.687.015</b>	<b>12.199.048</b>
Commissions Expenses	(702.415)	(538.861)
<b>Net Commissions and Fees</b>	<b>16.984.600</b>	<b>11.660.187</b>

\* The Bank's income from accessing the currency purchase of the Central Bank of Iraq was IQD (zero).

#### 22. Net Foreign Currency Profits

The details of this item are as follows:

	The Period Ended 31 March	
	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
Profits from Purchase/Sale of Currency	8.262.019	2.868.144
Profits from Valuation	3.190.067	(184.224)
	11.452.086	2.683.920

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 23. Investment Income

	The Period Ended 31 March	
	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
Cash Dividends from Financial Assets at Fair Value		
Through Comprehensive Income	-	-
<b>Total Income from Investment</b>	<b>-</b>	<b>-</b>

#### 24. Other Income

	The Period Ended 31 March	
	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
Income Recoverable from Previous Years	1.155	12.367
estate rental income	68.565	63.650
Property and Equipment*	-	-
Revenue from telephone, post and swift	48.655	29.330
Other Revenue	1.150	18.948
Gain Compensations Equipment and Property	-	-
	<b>119.525</b>	<b>124.295</b>

\*estate rental income

	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
Al-Mansour	58.065	32.150
Al-Ameen	500	1.500
Dohok	10.000	30.000
<b>Total</b>	<b>23.855</b>	<b>63.650</b>

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 25. Employees' Expenses

This item consists of the following:

	The Period Ended 31 March	
	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
Employees' Salaries and Benefits	3.058.041	3.201.622
Employees' Bonuses	-	-
Bank's Contribution to Social Security	212.708	224.625
Employee Income Tax	-	973
Employee Insurance	44	5.593
Employee Training	-	155.502
	<b>3.270.793</b>	<b>3.588.315</b>



## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 26. Other operating Expenses

	The Period Ended 31 March	
	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
Fines and Compensations	600	625
Rents and Services	45.048	200.478
Professional and Consulting Services	24.925	21.790
Maintenance	475.690	379.286
Advertising	25	330
Communications and Internet	62.418	68.910
Other services	1.530	-
Government Fees and Expenses	777.632	183.563
Fuel and Oil Expense	68.001	6.602
Transportation	110.222	103.348
Subscriptions, Licenses and Fees	163.451	272.527
Stationery	150.263	74.559
Legal Services	48.277	21.311
Water and Electricity	30.628	31.593
Donations	18.000	18.000
Supplies and Services	774.365	414.684
Hospitality	3.173	3.343
Audit fees	37.616	28.468
Insurance	181.814	153.260
Travel Expense	100.741	179.754
Other	1.275	17.628
	<b>3.075.694</b>	<b>2.180.059</b>

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 27. Financial Assets Expected Credit Losses Expenses

The details of this item consist of the following:

	The Period Ended 31 March	
	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
Central banks and Balances on financial institutions	1.000.000	1.083.000
Other Banks	–	–
Direct facilities at amortized cost	–	2.419.219
Financial assets at amortized cost	334.915	1.484.375
Off-Balance sheet items	–	–
Other assets	–	62.750
	<b>1.334.915</b>	<b>5.049.344</b>

#### 28. Earnings per Share

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

	The Period Ended 31 March	
	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
Net Profit for the Period	25.067.688	9.290.917
Weighted Average of the number of Shares (Thousand)	250,000,000	250,000,000
	Dinar. Fills	Dinar. Fills
Basic Earnings per Share from the Period Profit	<b>0.100</b>	<b>0.037</b>

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 29. Cash and Cash Equivalents

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

	The Period Ended 31 March	
	2023	2022
	IQD	IQD
	(000)	(000)
	<b>Reviewed</b>	<b>Reviewed</b>
Cash and balances with Central Banks maturing within 3 months	770.200.952	794.179.530
Add: Balances with banks and other financial institutions maturing within 3 months	172.641.047	61.382.785
Less: Banks and financial institutions' deposits maturing within 3 months	(978.295)	(867.685)
Statutory Cash Reserve	(168.182.245)	–
Restricted Balances	(70.462.827)	(71.643.542)
Credit losses provision	(20.305.003)	(1.083.000)
	<b>682.913.930</b>	<b>781.968.088</b>

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 30. Transactions with related parties

The Bank considers the major shareholders, higher management, and companies that have significant share of ownership as related parties. During the year, transactions were conducted with these parties represented by deposits, granted credit facilities, cash margins, accounts receivable and other liabilities as follows:

	Subsidiaries of Major Shareholders, Directors and their Relatives	Directors, Major Shareholders and Associates	Executive Management	Other Parties	2023	2022
Balance Sheet Items	IQD (Thousand)	IQD (Thousand)	IQD (Thousand)	IQD (Thousand)	IQD (Thousand)	IQD (Thousand)
<b>Assets:</b>						
Net Credit Facilities	-	-	-	-	-	-
Due From Banks and Other Financial Institutions	346.062 68.802	3,231.144 82.058		72,050.000 1,711.186	75,627.206 1,862.045	77,815.236 5,259.010
Fixed and Other Assets*	933.833	182.315	-	903.374	2,019.522	5,259.010
<b>Liabilities:</b>						
Due to Banks and Financial Institutions	658.229	-	-	641	658.870	742.225
Customers' Deposits	15,278.181	5,321.911	-	-	20,600.092	14,679.699
Cash Margins	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-
<b>Off-Balance Sheet items</b>						
Letters of Guarantee	-	-	-	18,672.247	18,672.247	19,494.441
<b>Income Statement Items:</b>					<b>For Period 2023</b>	<b>2022</b>
Interest and Commissions Income	3,454	617		944.259	948.330	3,146.624
Interest and Commissions Expenses	(413)	-	-	(421.494)	(421.907)	(1,656.578)
Other Income	-	6,000	-	-	6,000	1,500
Operating Expenses	(229.096)	(179.946)	-	-	(409.042)	(434.718)
Employee salary	-	-	(369.971)	-	(369.971)	(1,583.564)

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

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

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 31. Fair Value of Financial instruments:

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

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

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>IQD</b>	<b>IQD</b>	<b>IQD</b>	<b>IQD</b>
<b>2023</b>	<b>(Thousand)</b>	<b>(Thousand)</b>	<b>(Thousand)</b>	<b>(Thousand)</b>
Investments in Associates	1.147.598	–	–	<b>1.147.598</b>
Financial Assets at Fair Value though Other Comprehensive Income	1.288.157	–	1.078.998	<b>2.367.155</b>
<b>2022</b>	<b>IQD</b>	<b>IQD</b>	<b>IQD</b>	<b>Total</b>
	<b>(Thousand)</b>	<b>(Thousand)</b>	<b>(Thousand)</b>	<b>IQD</b>
				<b>(Thousand)</b>
Investments in Associates	1.558.279	–	–	<b>1.558.279</b>
Financial Assets at Fair Value though Other Comprehensive Income	1.319.202	–	1.078.998	<b>2.398.201</b>

#### 32. Fair value of financial assets and liabilities that are not presented at fair value in the financial statements.

There is no material difference between the fair value and the book value of the financial assets and liabilities that appear at book value at the end of period 2023 and 2022.

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 33. Capital Management

The Bank manages its capital structure and makes the necessary amendments to it in light of changes in business conditions. The Bank did not make any amendments to the objectives, policies and procedures relating to the capital structure during the current and previous years.

The Bank manages its capital on a fixed basis to cover the risks associated with its activities. This process includes measuring capital adequacy in accordance with the ratios set by the Central Bank of Iraq.

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

During Sep. 2022, there were no changes in the Bank's policies, regulations and capital management methods.

#### Capital Adequacy

	2023	2022
	IQD	IQD
	(000)	(000)
<b>Tier 1 Capital</b>		
Paid-up Capital	250,000,000	250,000,000
Disclosed Reserves Adequacy	717.378	15,464,217
Retained Profits (Losses)	27.317.604	17.171.680
Profits before approval	53.154.485	45.641.421
Profits of Period	25.067.688	
Net OCI (Accumulated) from applied IFRS9	(60.906)	(3.068.025)
Investments in Banks and Financial Institutions	(1.147.598)	(1.334.574)
Intangible Assets (Programs and Systems)	(926.839)	(393.425)
Provision for end of severance pay	(1.373.907)	-
Miscellaneous Provisions	(14.650.000)	(45.263.081)
<b>Total Tier 1 Capital</b>	<b>338.097.905</b>	<b>236.095.813</b>
<b>Tier 2 Capital</b>		
Balances provisions on instruments insert stage1		
1.25% from total RWA	3.118.098	5.455.028
<b>Total Tier 2 Capital</b>	<b>3.118.098</b>	<b>5.455.028</b>
<b>Total Tier 1 and Tier 2 Capital</b>	<b>341.216.003</b>	<b>241.550.841</b>
<b>Total Credit risk</b>	<b>249.447.804</b>	<b>436.402.219</b>
<b>Total Market Risks</b>	<b>117.450.788</b>	<b>128.563.227</b>
<b>Total Operating Risks</b>	<b>159.696.274</b>	<b>114.657.972</b>
<b>Total</b>	<b>526.594.866</b>	<b>679.623.418</b>
<b>Capital Adequacy %</b>	<b>64.8%</b>	<b>35.54%</b>
	<b>12.5%</b>	<b>12.5%</b>

The accompanying notes from N.1 to N.35 are an integral part of these financial statements

## Bank of Baghdad (Private Joint Stock Company)

### Notes to Financial Statements for The Period Ended 31 March 2023

#### 34. Contingent Liabilities and Commitments

##### Credit Liabilities and Commitments

	2023	2022
	IQD ( 000 )	IQD ( 000 )
Letters of Guarantee	42.657.889	40.865.290
Letters of Credit	886.655	1.077.222
	<u>43.544.544</u>	<u>41.942.512</u>

#### 35. Litigation against The Bank

There are no significant lawsuits filed against the Bank of Baghdad as at 31 March 2023. Management believes no provisions need to be created for this purpose.