

BANK OF BAGHDAD
(A PRIVATE JOINT STOCK COMPANY)
BAGHDAD - IRAQ

CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31st 2012

STATEMENT (C)

	Year Ended December 31st	
	2012 ID (000)	2011 ID (000)
Profit as per attached Statement (B) -		
<u>Cash Flow from Operational Activities</u>		
Depreciation and amortization	3.045.652	2.822.612
Debtors and debit balances current & saving accounts	(9.867.087)	26.416
Creditors and credit balances	347.350.038	(105.319.407)
	9.880.622	(4.280.148)
Net Cash Flow From Operatinal Activities	350.409.225	(106.750.527)
 <u>Cash Flow from Investment Activities</u>		
Investment	(53.662.968)	(55.925.933)
Monetary Credit	2.380.945	31.018.083
Fixed assets	(1.419.737)	(5.677.497)
Projects under Construction	(10.860.019)	(903.300)
Net Cash Flow From Investment Activities	(63.561.779)	(31.488.647)
 <u>Cash Flow from Non-Operational Activities</u>		
Caipal	62.100.000	12.900.000
Reserves	(19.566.369)	(13.026.195)
Provisions	—	1.500.000
Settlement of Tax	(4.014.145)	(2.541.789)
Net Cash Flow From Finance Activities	38.519.486	(1.167.984)
Net Cash Flow	355.004.434	(114.434.893)
Add: balance of cash at beginning of the year	457.387.463	571.822.356
Cash balance as of year end	812.391.897	457.387.463

BANK OF BAGHDAD
(A PRIVATE JOINT STOCK COMPANY)
BAGHDAD - IRAQ

Profit and Loss & Appropriation Account
For The Year Ended December 31st 2012

STATEMENT (B)

Account No.	Account Code No.		Year Ended December 31st	
			Current year	Previous year
			ID (000)	ID (000)
		Revenues from current operations		
13	43	Revenues from services' activities	165.872	92.504
14	44	Revenues from operational activities	46.262.114	48.229.699
15	46	Revenues from investments	16.155.034	7.190.058
			62.583.020	55.512.261
		Deduct : Expenses of current operations		
16	34	Banking operations' expenses	9.686.983	8.535.391
6	37	Depreciation and amortization	3.045.652	2.822.612
17	31-33	Administrative expenses	18.517.049	16.335.421
			31.249.684	27.693.424
		Profit from current operations	31.333.336	27.818.837
		Add: Non-operational and Other Income		
18	48	Non-operational income	—	10,378
18	49	Other income	148.300	105.555
			148.300	115.933
		Less :Non-Operational & Other Expenses		
19	38	Non-Operational expenses	1.438,505	2.663.726
20	39	Other expenses	405.629	298.779
			1.844.134	2.962.505
		Pre-Tax Profit For The Year	29.637.502	24.972.265
		To Be Distributed As Follows:		
		Provision for "Corporation Tax"	4.538.125	4.014.145
		Statutory Capital Reserve	1.254.968	1.047.906
		Retained Earnings	23.844.409	19.910.214
			29.637.502	24.972.265

BANK OF BAGHDAD
(A PRIVATE JOINT STOCK COMPANY)
BAGHDAD - IRAQ

Balance Sheet
As Of December 31st 2012

STATEMENT (A)

Account No.	Account Code No.		December 31st	
			2012	2011
			ID (000)	ID (000)
SOURCES OF FINANCE				
Short Terms Sources				
7	25	Current and deposit accounts	1,046,719,009	699,368,971
11	22	Provisions	22,047,348	21,523,368
8	26	Creditors and credit balances	24,635,779	14,755,157
			1,093,402,136	735,647,496
Long Terms Sources				
9	211	Share Capital -Paid up	175,000,000	112,900,000
10	22	Reserves	32,252,848	26,719,840
		Shareholders' Equity	207,252,848	139,619,840
		Total sources of finance	1,300,654,984	875,267,336
Off Balance Sheet Items				
		Bank's obligations towards the banking operations (after deducting deposits)	631,648,041	629,135,774

For Bank of Baghdad (A Private Joint Stock Company) - Baghdad - Iraq

Accounts Manager
 Nadia Ismail Ibrahim
 M / 19567

Managing Director
 Adnan Kanaan Chalabi

Chairman of The Board
 Issam Ismail Shiereef

Subject To My Report No.(5) as of March 17th 2013

Ali Muhammad Hamodi Al Tuhafi

Public Accountants & Auditors

Licens No. 277/ Baghdad

Baghdad - March 7th 2013

BANK OF BAGHDAD
(A PRIVATE JOINT STOCK COMPANY)
BAGHDAD - IRAQ

Balance Sheet
As Of December 31st 2012

STATEMENT (A)

Account No.	Account Code No.		December 31st	
			2012	2011
			ID (000)	ID (000)
		ASSETS		
		Current Assets		
1	18	Cash	812.391.897	457.387.463
2	15	Investments	239.128.048	185.465.080
	14	Monetary Credits		
3	144	Discounted commercial instruments	10.145.751	4.124.042
4	14 except 144	Credits and advances	137.255.287	145.657.941
			147.401.038	149.781.983
	16	Debtors and debit balances		
5		Debit balances	58.486.852	48.619.765
			1.257.407.835	841.254.291
		Fixed assets		
6	11& 12	Existing-book value (after deduction of depreciation and amortization)	43.247.149	34.013.045
		Total of assets	1.30.0654.984	875.267.366
		Off-Balance Sheet Items		
12	19	Client's obligations toward banking operations (after deductions of deposits)	631.648.041	629.135.774

Opinion

Subject to the information and explanations which were presented to us, the financial statements of the bank, as well as Management report attached there to, were in conformity with the statutory requirements, and to what had been reviled as indicators of the banks "performance", the balance sheet does reveal a true and fair view of the financial position as of December 31st 2012, and the results of its activities, and its cash flow for the year then ended.

Ali Muhammad Hamoudi Altuhafi
Public Accountant & Auditor

License number: 277 / Baghdad

Baghdad – March 17th 2013

Fifth - Provision for Devaluation of Investments:-

The book value of those investments was lower than the market price as per last session held during 2012 at Iraq Stock Exchange, consequently no provisions was considered to that effect.

Sixth - Provision for Doubtful Debts:-

No increment was incurred as to the forward balance for "provision for doubtful debit" as of December 31st 2012 amounting to ID(Million) 17,000, as in accordance with the terms indicated by guide lines issued by Central Bank of Iraq, that amount was considered to be adequate for such purpose.

Seventh-Currency Exchange Rate:-

All transactions during the year related to foreign currencies which involved assets, liabilities, expenses, and revenues during the year ended December 31st 2012 were converted by the official rate of exchange during the said year, which was ID 1,166 to each US\$.

Eighth - Money Laundering and Financing of Terrorism:-

Through out our examination of the books and records of the Bank and the nature of the banking operations which were conducted during the year under audit, there were no indications that there were banking operations related to "money laundering" or to "financing of terrorist activities".

Ninth - Capital Adequacy

Through out our inspection of the books of accounts and the records of the Bank, it appears that the percentage of "Capital adequacy" had amounted during the year under audit as 55%, in accordance with Article 16 of the Banking Law No. 94 for the year 2004.

Subject to our opinion and to the results of our examination to what has been included in the financial records of the Bank and in accordance to the information and explanations given to us:-

- (1) - The accounting books and records used by the Bank were in conformity with the requirements of the book-keeping regulations which had included, in our opinion, the recording of all assets, liabilities, revenues and expenses of the bank. Also the internal control system which was adopted during the year under audit had included the necessary procedures which would guarantee the accuracy of the financial statements, as those procedures were appropriate with the volume of the Bank's operations.
- (2) - The physical inventory count for both "fixed assets" and " cash in hand" were carried out by the Bank, and under our supervision, as the results of such count were in agreement with the concerned subsidiary ledgers, yet those assets were valued in accordance with the generally accepted standards, which were applied in previous years.
- (3) - The annual Management Report does reveal in a comprehensive manner the activities of the bank during the year under audit , as it does not contain any violations to current laws and legislation.
- (4) - The financial statements had been prepared in accordance with the requirements of prevailing legislation and generally accepted accounting standards, and it is in agreement results shown in the books of accounts of the bank, as it was prepared within the requirements of the Companies Law and its related instructions, as well as the requirements of Central Bank of Iraq.

NUMBER :(5)
DATE: 17/3/2013

TO MEMBERS OF
BANK OF BAGHDAD
(PRIVATE JOINT STOCK COMPANY)
BAGHDAD - IRAQ

Auditor's Report

We have examined the balance sheet of The Bank of Baghdad (Private Joint Stock Co.) - Baghdad as of December 31st 2012 and the profit & loss and appropriation accounts for the year then ended, as well as the Annual Report which was prepared in accordance with the requirements of Banking Law No. (94) for 2004 and Iraqi Companies Law No. (21) for 1997 and its related instructions and guide lines.

We had obtained the information and explanations which in our opinion were necessary for accomplishing our assignment which was conducted in accordance with the prevailing legislation, and the generally accepted accounting standards which had included the necessary tests for the activities of the bank that falls within our domain, as we would like to indicate the following explanatory remarks:-

First - Share Capital:-

The share capital of the bank was increased from ID (112/9) Billion to ID (175) Billion, the increment of ID (62,100) Billion is in accordance with the Registrar of Companies resolution dated December 13th 2012.

Second - The Bank's Operations during the year:-

The profit achieved as a result of the Bank's operation during the year ended December 31st 2012 had amounted to ID (Million) (29,638), thus creating an increase of ID (Million) (4,665), from the previous year.

Third - Cash flow:-

The banks achieved an increase in its cash flow during the year ended December 31st 2012 of ID (Million) (355,004) and as indicated in statement (C), we list below details of such an increment:-

	<u>ID Million</u>
Increase in activities incurred under statement (B) attached	29.638
Add:	
Cash flow from operational activity	350.409
Cash flow from investments 'activity	(63.562)
Cash flow from Finance activity	38.519
Net of cash flow during the year	<u>355.004</u>

Fourth - Confirmation as to investment in joint stock companies

Despite the fact that Management of the Bank had requested the confirmation as to the balance of investments in the shares of joint-stock private companies as of December 31st 2011, but the percentage of such confirmation received had amounted only to 22%.

BANK OF BAGHDAD
(Private Joint Stock Co.)
Baghdad – Iraq

Independent Auditor's Report
&
Financial Statements
December 31st 2012

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ALI MUHAMMAD HAMODI ALTUHAFI
BUREAU

Independent Auditor's Report
&
Financial Statements
For the period
December 31ST 2012

BANK OF BAGHDAD
(PRIVATE JOINT STOCK CO.)
BAGHDAD – IRAQ
FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31ST 2012

