

The Role of IFRS S1 in Enhancing the Disclosure of Sustainability-Related Risks and Opportunities: An Analytical Study of the Bank of Baghdad

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Abstract. *This study examines the effect of IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information, on the provision of information concerning sustainability-related risks and opportunities, and the role of such disclosure in strengthening stakeholder decision-making and achieving sustainable performance. The study applies an empirical analysis to the Bank of Baghdad for the period 2020-2024. To achieve this objective, the study adopts a descriptive-analytical approach based on the Bank's financial data and sustainability reports. The findings indicate that the Bank maintains strong liquidity and credit indicators, reflecting a prudent risk-management policy, while simultaneously capitalizing on sustainability opportunities, particularly those associated with digital transformation. These practices have positively affected profitability indicators and asset growth. The study concludes that compliance with IFRS S1 disclosure requirements enhances stakeholder confidence and supports strategic decision-making. It recommends extending this experience across the banking sector to promote business sustainability. This necessitates the continuous improvement of auditing practices and the ongoing evolution of accounting and regulatory frameworks to keep pace with the rapid technological advancements in the domain.*

Keywords: *IFRS S1, Disclosure of Sustainability, Accounting, Bank of Baghdad.*

1. INTRODUCTION

The contemporary business sector is undergoing a fundamental transformation characterized by intensifying competition, rapidly accelerating technological developments, and complex global challenges. Within this environment, sustainability has emerged as an indispensable foundation for ensuring the long-term survival and prosperity of organizations. Success is no longer measured solely by financial profitability; it also encompasses an organization's ability to balance economic, social, and environmental dimensions.

Research Problem

As global attention increasingly shifts toward sustainability and environmental and social responsibility, stakeholders-including investors, regulators, and society-have become more concerned with obtaining accurate and reliable information on sustainability-related risks and opportunities. The research problem arises from the inadequacy of the information disclosed in financial reports to enable management and stakeholders to address risks and capitalize on

opportunities. Accordingly, the principal research question is: How does IFRS S1 provide the disclosures required regarding the risks and opportunities associated with achieving corporate sustainability?

Research Objective

The study aims to explain the role of applying IFRS S1 sustainability disclosure requirements in enhancing the quality of financial reporting and improving stakeholder decisions, with the Bank of Baghdad examined as an applied case study.

Research Methodology

The theoretical component of the study adopts a deductive approach to identify the principal research dimensions and formulate the hypotheses, whereas the applied component uses an inductive, descriptive, and analytical approach to test those hypotheses. Research Population and Sample: The banking sector was selected because of its importance to the economy, and the Bank of Baghdad was chosen as the study sample for the period 2020-2024 because its financial data and sustainability reports were available.

Previous Studies

Table(1) shows previous studies

Item	Details
1. Title	Evaluation of Singapore's Sustainability Reporting Alignment with the IFRS S1 Standards
Author(s) and Year	(Sun, Z., 2024) [1]
Publication Type	Published Research
Research Objective	To summarize the timing of various countries' preparations for the implementation of IFRS S1, as well as their respective positions.
Key Findings	1. Risk management—a critical and fundamental aspect of sustainability—appears to be limited in current reports, which may reflect the challenges companies face with the recently issued standard. This research contributes to understanding the gaps in existing reporting practices and provides a reference framework that can significantly assist companies in enhancing their sustainability efforts. 2. IFRS S1 offers companies a reference for developing subsequent sustainability reporting frameworks that comply with the requirements of the standard. Furthermore, this framework facilitates the adoption of best practices, thereby enabling companies to effectively improve their sustainability strategies.
Key Recommendations	This research provides a reference for improving future sustainability reporting and encourages economic entities to align more closely with IFRS S1 to meet the growing demand from investors for transparent and standardized sustainability disclosures.
2. Title	The Effect of Financial Performance and Corporate Governance on the Extent of Sustainability Reporting Disclosure
Author(s) and Year	(Arrum, Safitri, & Sapriia, 2023) [2]
Publication Type	SINOMICS JOURNAL
Research Objective	To analyze the determinants of sustainability reporting disclosure, categorized as financial performance and corporate governance. Financial performance includes firm size, profitability, leverage, and

	liquidity; corporate governance includes the board of directors and the audit committee. The data used are in the form of annual sustainability report statements.
Key Findings	- Data analysis revealed varying results. - Firm size exhibits a significant effect on sustainability reporting. - Profitability exhibits a non-significant effect on sustainability reporting.
Key Recommendations	Further research is recommended to expand the scope of the research topic beyond listed companies, potentially extending to other sustainability reporting award recipients.
3. Title	The Effect of Integrated Reporting on Integrated Thinking Between Risk, Opportunity, and Strategy and the Disclosure of Risks and Opportunities
Author(s) and Year	(Moolman, Oberholzer, & Steyn, 2016) [3]
Publication Type	Journal Article
Research Objective	Integrated reporting requires a new form of disclosure to provide a comprehensive view of the organization.
Key Findings	The purpose of this research was to assess whether integrated reporting has an impact on the integration of risks and opportunities into strategy.
Key Recommendations	Further research may be conducted to determine the extent to which tools and software are needed to streamline the process of linking strategy, risks, and opportunities in order to enhance integrated thinking.

The preceding studies Table (1) represent a cumulative body of knowledge through which the researcher was able to arrive at scientific facts and novel insights. The current research focuses on analyzing the impact of IFRS S1 on corporate disclosure of opportunities and risks, thereby adding a new dimension to the field of sustainability disclosure in accordance with modern international accounting standards.

2. LITERATURE REVIEW

2.1.1. IFRS S1 STANDARD

On June 26, 2023, the International Sustainability Standards Board (ISSB) issued its Sustainability Disclosure Standards, heralding a new era in financial reporting. The first standard, IFRS S1, pertaining to the general requirements for disclosure of sustainability-related financial information, establishes the foundational framework that specifies a comprehensive set of sustainability-related financial disclosures. The standard mandates that an entity disclose information regarding all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects. The phrase "affect the entity's prospects" refers to the potential impact on the entity's cash flows, access to finance, or cost of capital over the short, medium, or long term [4], [5].

IFRS S1 aims to provide an overarching framework of general principles for disclosing material information about all sustainability-related risks and opportunities to which the entity is exposed, thereby enabling investors to evaluate companies effectively [6]. The standard further stipulates that the information to be disclosed must be useful to users of financial reports –whether existing or potential investors, lenders, or other creditors- who are making decisions about providing resources to the entity [7].

Consequently, the objective of sustainability reporting is to enhance transparency and accountability, improve decision-making processes, and bolster corporate reputation. Sustainability reports may also exert a tangible influence on corporate financial performance, as empirical evidence suggests a positive association between sustainability disclosure and operational, financial, and Market Performance [8]. Moreover, IFRS S1 encourages organizations to publish integrated reports that combine financial and non-financial information, a requirement that has prompted diverse interpretations within the professional literature.

2.1.2. COMPONENTS AND REQUIREMENTS OF IFRS S1

The IFRS S1 [9] identified a set of core components and requirements underlying the standard, which are articulated as follows:

Governance: Users of general-purpose financial reports should be able to understand how sustainability-related risks and opportunities are monitored and addressed through sustainability-related financial disclosures in the governance domain [10]. Accordingly, economic entities are required to provide detailed information about the governance body responsible for overseeing sustainability-related opportunities and risks, as well as the extent of management's involvement in these processes[11]. The elements to be disclosed include the identity of the body or individual charged with oversight, how their responsibilities are reflected in the entity's policies, the means by which they ensure that adequate skills and competencies are available, how they are informed about sustainability-related risks and opportunities, and the methods by which they oversee the entity's strategy and risk management policies [12].

Strategy: Users of financial reports should be cognizant of sustainability-related risks and opportunities in order to comprehend how they might affect the entity's business model, strategy, cash flows, access to finance and cost of capital over the short, medium, and long term [13]. This component addresses material sustainability-related risks and opportunities and requires the entity to define its short-term, medium-term, and long-term time horizons within the report, given that the entity's dependencies, impacts and interactions with stakeholders give rise to risks and opportunities. Consequently, disclosures should identify the concentration of risks and opportunities across the value chain and their effects on the entity's business model[14], noting that the time horizon covered varies according to industry characteristics, the expected life of capital investments and the planning horizons employed [15].

Risk management: the objective of sustainability-related financial disclosures concerning risk management is to provide information about the processes employed by economic entities to identify, assess, and manage sustainability-related risks and opportunities [16]. Therefore, the entity must disclose the processes it uses to identify sustainability-related risks and opportunities, as well as those applied to manage such risks and opportunities. This includes the entity's approach to evaluating the likelihood and magnitude of the impact of sustainability-related risks [9].

Metrics and targets: The objective of sustainability-related financial disclosures with respect to key performance indicators (KPIs) and targets is to equip users with an understanding of how the entity measures, monitors and manages its material sustainability-related risks and opportunities [17]. To this end, entities are required to identify metrics that are applicable to their business model and to the sustainability-related risks or opportunities they face, and to disclose these metrics alongside the targets they have established to manage them[18].

2.2. THE CONCEPT OF SUSTAINABILITY ACCOUNTING

The concept of sustainability accounting emerged during the 1990s when Gray [19] introduced three approaches to sustainability accounting, namely, sustainable cost accounting, natural capital inventory accounting and input-output analysis. Its intellectual roots are embedded in both financial and managerial accounting, and it is applicable at both the macroeconomic level (across nations) and the microeconomic level (across firms). By the end of the 1990s, sustainability accounting became widely referred to as triple bottom line (TBL) accounting, which aims to report on the economic, social, and environmental impacts arising from corporate activities. A significant milestone in the history of sustainability accounting was the World Summit on Sustainable Development, held in Johannesburg in 2002, which resulted in the issuance of Sustainability Accounting Guidelines [20].

Environmental accounting and sustainability accounting are considered evolutionary developments of traditional accounting, as they are embedded within the conventional accounting system that respects the informational needs of corporate Management [21]. Sustainability accounting represents an accounting framework that supports decision-making processes at all managerial levels while simultaneously aligning with the requirements of external stakeholders[22], for whom accounting information constitutes an integral component of external reporting [23]. With respect to the historical evolution of accounting information systems, the discipline has been categorized into three distinct specializations: traditional accounting, environmental accounting, and sustainability accounting. Traditional accounting predominantly focuses on the economic and financial dimensions of the organization, whereas environmental accounting concentrates on environmental issues and examines the economic implications of the entity's environmentally related core activities. Within both systems, social issues are addressed only marginally. In contrast, sustainability accounting comprehensively encompasses all three pillars of sustainable development –environmental, economic, and social- as well as their interrelationships [24].

The field has evolved from early-stage research in the 1990s to mainstream business practice, although standardization continues to pose an ongoing challenge. Key areas of practice include carbon footprinting, water consumption, waste generation, and supply chain sustainability [25]. Sustainability accounting constitutes an integral subsystem of the corporate information system, employing accounting methods designed to provide high-quality information that supports and advances the entity toward the achievement and reporting of sustainability objectives. Sustainability accounting information is communicated to users and contributes to the realization, evaluation, and development of corporate sustainability [26].

Sustainability accounting is regarded as a complementary and progressive extension of financial accounting, enabling the simultaneous evaluation of financial and sustainability information to provide a comprehensive view of corporate performance across all forms of capital – including environmental, human, social, and governance-related issues- for the purpose of creating long-term financial and non-financial value. Despite this integrative role, sustainability accounting has also exerted a significant influence on various other branches of accounting [27].

Sustainability accounting has been defined as a system for collecting, recording, processing, analyzing, and presenting information regarding the financial impacts arising from environmental and social factors, as well as the environmental and social impacts of the economic system (e=g=, company, factory, workplace, etc.), and the interrelationships among the environmental, social, and economic aspects of business [26].

Similarly, [28] defines sustainability accounting as the process of collecting, analyzing, and reporting sustainability-related information. Historically, the discipline originated in the 1970s as a

complement to traditional financial reporting through the integration of environmental and social reporting.

2.3. ACCOUNTING DISCLOSURE OF OPPORTUNITIES AND RISKS UNDER IFRS S1

2.3.1. DISCLOSURE

Disclosure is defined as the process of disseminating economic information-whether financial or non- financial, quantitative or otherwise- pertaining to the financial position and performance of the entity [29]. Attention to accounting disclosure in financial reporting has increased significantly in developing countries, owing to the pressing need for accurate and credible financial data that enables these nations to keep pace with global progress [30].

The factors influencing the extent of disclosure in financial reports can be categorized into several dimensions: factors relating to the societal environment in which financial reports are prepared, factors pertaining to the financial information subject to disclosure, and factors associated with the economic entity itself. The presence of a sound legal framework, effective internal controls, independent regulatory bodies, and a stable economic environment can contribute substantially to enhancing the quality of accounting disclosure and preserving market transparency and investor confidence [31].

Forward-looking information disclosure has been defined as the dissemination of information about future projections that enable users to evaluate the prospective performance of economic entities, including the assessment of opportunities and risks, management strategies and forecasted data concerning the operations of economic entities [32].

Sustainable performance disclosure is defined as the disclosure of reports published by the entity for external and internal users, in which a comprehensive picture of the entity's position and its economic, social and environmental activities is presented [33].

2.3.2. RISKS

Risk is regarded as one of the most significant phenomena in economic sciences, particularly in financial disciplines, given its pervasive presence in the daily lives of individuals and in the business sector. Individuals and commercial entities alike are concerned with understanding risk, its dimensions and its implications, as well as with preventing or mitigating it, or accepting a level of risk that yields satisfactory income under normal circumstances [34].

Risk is defined as the potential for loss or reduction of income resulting from unforeseen changes in the conditions of economic activity. Financial risks can be categorized into three types [35]: the risk of adapting to the financial environment, the risk of financial resource allocation, and the risk of cooperation with financial stakeholders [36], [37]. Various risk classifications exist; for instance, financial portfolio theory classifies risks into systematic and unsystematic risks [38].

Ryan defines risk as random variability (both upward and downward) in the future economic performance of the firm given the available information [39].

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) defines downside risk as events that may prevent value creation or erode existing value and upside risk as events that may offset negative impacts or represent opportunities [40]. In this definition, risk is used to denote negative outcomes. However, risk taking may also lead to positive outcomes. A third perspective posits that risk is inherently associated with the uncertainty surrounding outcomes [41].

3. MATERIALS AND METHODS

3.1. MATERIALS

Research Population and Sample: The banking sector was selected because of its importance to the economy, and the Bank of Baghdad was chosen as the study sample for the period 2020-2024 because its financial data and sustainability reports were available.

The Bank of Baghdad (the Bank) is an Iraqi private joint-stock company established on 18 February 1992 under Incorporation License No. 4512 as the first private Iraqi bank. Its head office is located in Baghdad. The Bank's fully paid capital amounted to IQD 400 billion as at 31 December 2024, compared with IQD 300 billion during 2021-2023. The increase was approved by the General Assembly on 18 May 2024 through the issuance of 100 billion bonus shares, each with a nominal value of IQD 1. The Bank conducts all banking and financial activities related to its business through its head office in the Karrada district of Baghdad, 35 branches distributed throughout Iraq, and one branch in the Lebanese Republic (Beirut Branch). It also provides exchange and other financial services, and its shares are fully listed on the Iraq Stock Exchange. The condensed interim financial statements were approved by the Bank's Board of Directors at Meeting No. 2 in February 2025. (Bank of Baghdad)

3.2. METHODS

The Bank's Contribution to Sustainability

In accordance with the Bank's strategy and objectives for 2019-2023, the Bank seeks to satisfy sustainable-development criteria. During the preceding two years, it achieved several objectives focused on decent work, quality education, equal opportunity, economic growth, the reduction of illicit financial flows, the prevention of financial crime, gender equality, and support for institutions and associations serving society. The Bank also aspires to exert an indirect impact, through financial-sustainability activities, on the achievement of all 17 Sustainable Development Goals, drawing on the diversity of its activities and customer base. Table (2) summarizes the principal achievements across the seven strategic areas previously incorporated into the Bank's sustainability strategy and objectives.

4. RESULTS AND DISCUSSION

4.1. RESULTS

Effect of Risks and Opportunities on the Sustainable Performance of the Bank of Baghdad

The Bank established its Risk Management Department in 2016. The Department reports to the Risk Management Committee of the Board of Directors and is responsible for identifying, measuring, analysing, and reporting risks. The Bank manages potential risks by identifying appropriate methods, procedures, and measures for mitigating or confronting them in accordance with leading international and domestic standards and applicable banking practices. The Risk Management Department is responsible for developing and refining suitable strategies, monitoring their implementation, and reporting permitted and potential risk limits to the Board of Directors through continuous and timely reports. The Bank uses the Nucleus risk-assessment system and promotes a risk culture throughout the institution by implementing a risk-appetite framework, complying with internationally accepted practice limits, and establishing comprehensive policies to measure and manage risk through avoidance, mitigation, transfer, or acceptance using applicable quantitative and qualitative methods in accordance with prevailing laws and instructions. The Department also monitors inherent risks and exposures arising from operational activities at all organizational levels through key risk indicators, risk-control self-assessment, and incident

management. These tools provide the principal means of identifying and prioritizing risk, since the success of banking operations depends substantially on the effectiveness of the risk-management function.

The researcher found that the Bank of Baghdad discloses all categories of risk in its published annual financial reports and in the sustainability reports issued from 2020 onward. Such disclosure strengthens stakeholder confidence and supports the Bank's achievement of sustainable performance. It therefore supports the first research hypothesis-that sustainability accounting standards provide the disclosures required by management and stakeholders to address risks and capitalize on opportunities in pursuit of sustainable economic, environmental, and social performance-and rejects the second hypothesis. Risks are presented in the reports through tables, as discussed below [42].

4.1.1. Credit Risk

Credit risk is presented in several tables. The first table reports the maximum expected credit exposure at the end of each financial year without taking into account collateral or other credit-risk mitigates related to financial assets. It is based on on-balance-sheet and off-balance-sheet balances, including amounts held with the Central Bank, balances with companies and individuals, other assets, and investments in other companies. The second table presents collateral and other credit enhancements that reduce the exposures reported in the first table by allocating fair values against credit exposures. The third table classifies credit exposures by risk grade, including weak, very weak, moderate, acceptable, relatively acceptable, potentially increasing risk, and risk requiring special attention. Suspended interest and impairment allowances are deducted from the aggregate amount to determine the net balance for each category according to its risk grade. The fourth table distributes total credit exposures by geographic location. The fifth table reports credit risk associated with assets and liabilities and distributes total credit exposures by financial instrument and economic sector[42].

Risk management is a fundamental factor in the Bank's success. The Bank applies methods and procedures to prepare for financial and non-financial risks, while engaging stakeholders in determining the materiality of environmental, social, and governance matters and in identifying threats and opportunities that may have either adverse or favourable effects [43].

4.1.2. Market Risk

Market risk arises from fluctuations in interest rates, exchange rates, and the fair value of cash flows associated with financial instruments recognized both within and outside the statement of financial position. The Bank reports and discloses these risks through three tables:

The first table addresses changes in interest rates that affect the fair value of cash flows. The Bank continuously monitors these changes and applies hedging techniques to manage the interest-rate risk gap. Percentage changes in interest rates are analysed by foreign currency to determine the sensitivity of interest income and the resulting profit or loss.

The second table addresses foreign-currency risk arising from changes in exchange rates, which may generate gains or losses that affect equity.

The third table presents the risk associated with changes in the Bank's share prices and the effects on profit or loss and equity.

4.1.3. Liquidity Risk

Liquidity risk reflects the possibility that the Bank may be unable to finance or settle its obligations when they fall due. Management seeks to avoid this risk by diversifying funding sources, managing the maturity profile of assets and liabilities, and maintaining sufficient cash and cash-equivalent balances for operational requirements. The Bank reports liquidity risk in its annual financial statements as follows (Bank of Baghdad Annual Financial Reports, 2020-2024, Risk Management section): a table presents undiscounted liabilities according to contractual maturity, ranging from less than one month to five years, consistent with the preparation of the Bank's financial statements. The reported categories include:

- Deposits with banks and other financial institutions, and customer deposits (individuals and companies).
- Various provisions, income-tax provisions, and right-of-use liabilities relating to leased assets.
- Cash margins and borrowed funds.
- Other liabilities.

The aggregate of these items represents total liabilities. This amount is deducted from total assets to determine the liquidity gap. A positive result indicates that the Bank can cover its obligations for up to five years, whereas a negative result indicates an inability to meet those obligations. During the period covered by the study, the researcher found that the liquidity gap remained positive, indicating the absence of a material liquidity shortfall and reflecting sustainable performance in the Bank's management of liquidity levels.

The foregoing analysis shows that, throughout the study period, the Bank of Baghdad disclosed all material risks associated with banking activities and sought to comply with international standards, Basel Committee requirements, the COSO framework, and the instructions of the Central Bank of Iraq when preparing to address and hedge against such risks. This strengthens stakeholder confidence and reflects the Bank's sustainable performance.

The annual financial reports and sustainability reports issued by the Bank of Baghdad during the study period also disclose opportunities that the Bank utilized, and that had a positive effect on its operating results. These opportunities included investment in low-risk government bonds; expansion of electronic services to meet customer needs; recruitment of experienced and competent human resources; participation of employees in training programs to improve their banking knowledge and skills; keeping pace with developments in international accounting and regulatory standards; and directing funds toward community support and sustainable social development through credit initiatives. The Bank also provided loans that supported environmental protection and contributed to mitigating climate change. The following activities reflect the Bank's sustainable-performance indicators and strengthen stakeholder confidence in light of the disclosures contained in its published financial and sustainability reports, including the matters addressed by IFRS S1. Table (3) presents the volume and growth rate of deposits at the Bank of Baghdad for 2020-2024; amounts are stated in thousands of Iraqi dinars.

Table (3) indicates that deposit balances and their year-on-year growth rates increased throughout the period covered by the study. This demonstrates the Bank's ability to attract funding through different types of deposits, which in turn supports the expansion of investment and the coverage of short- and long-term obligations. It also reflects the Bank's ability to avoid short-term liquidity risk and meet its commitments. Transparent disclosure in the annual reports further strengthens stakeholder confidence. Table (4) presents total assets and their growth rates at the Bank of Baghdad for 2020-2024; amounts are stated in thousands of Iraqi dinars.

Assets represent the economic resources controlled by the Bank and its position in relation to competitors. The substantial growth in assets during the study period indicates the Bank's success in deploying funds and selecting investment areas characterized by relatively low risk and acceptable returns. The Bank achieved increasing growth despite unstable global and domestic economic and political conditions. This reflects its capacity to achieve sustainable performance, strengthen its relationship with stakeholders, and disclose its activities transparently in accordance with international and domestic disclosure requirements and sound governance practices. Table (5) presents the average return on assets of the Bank of Baghdad for 2020-2024..

Table (5) shows a continuing increase in the Bank's average return on assets. This reflects sound and sustainable performance relative to competitors in the banking industry and the effective deployment of investments without risks of material significance to performance. Table (6) presents net profit after tax at the Bank of Baghdad for 2020-2024; amounts are stated in thousands of Iraqi dinars.

The Bank's adoption of transparent disclosure, including the reporting of net profit after tax, demonstrates its ability to utilize assets efficiently and avoid material risks during the years covered by the study. This reflects sustainable performance through the generation of substantial net income for shareholders, owners, and management. Such performance strengthens stakeholder confidence, supports the retention of existing customers and investors, and attracts new investors, depositors, and shareholders. Table (7) presents the average return on equity of the Bank of Baghdad for 2020-2024.

The Bank achieved a continuous increase in return on equity, reflecting sustained growth with controlled risk. Preserving and increasing owners' equity is an indicator of the success of the Bank's operations generally and of management specifically. This is particularly important because management and owners may have conflicting interests. The Bank's results therefore indicate sustainable performance and enhance stakeholder confidence. Table (8) presents the Bank's capital adequacy ratio for 2020-2024.

Capital adequacy ratios indicate the extent to which the Bank complies with international standards, Basel III requirements, and the instructions of the Central Bank of Iraq, which prescribe a minimum ratio of 12% to protect the interests of owners and creditors and ensure that provisions are adequately covered under adverse conditions. The table shows that the Bank's capital adequacy ratios were very high, reflecting achievement of its objectives and the availability of sufficient resources to cover shareholder rights, other obligations, cash margins, and various provisions while preserving the Bank's reputation. Transparent disclosure of these ratios in periodic financial and sustainability reports supports sustainable performance in the banking market and strengthens stakeholder support. Table (9) presents the liquidity coverage ratio for the Bank of Baghdad for 2020-2024.

Table (9) demonstrates that the Bank of Baghdad maintained excellent liquidity coverage ratios throughout the study period. These ratios reflect the Bank's capacity to respond to emergencies and indicate a sound financial position, supported by strong net profit, substantial asset growth, and increased owners' equity.

4.2. DISCUSSION

The results indicate sustainable-performance outcomes, reinforce the Bank's position and competitive strength in the banking industry, and contribute to confidence among all stakeholder groups.

Credit Risk Analysis: Credit risk is one of the most significant risks facing banks. Analysis of the Bank's financial data indicates that it applies a prudent credit-granting policy and provides clear disclosures on expected credit-loss allowances. This reflects compliance with disclosure requirements and strengthens the confidence of depositors and investors in the soundness of the Bank's financial position.

Opportunity Analysis: The Bank's performance has not been limited to risk management; it has also capitalized on available opportunities, particularly in digital transformation and electronic banking. The data indicate growth in revenue generated from digital services, which represents a positive sign that technology-related sustainability opportunities are being utilized to enhance long-term profitability.

The preceding review of the indicators and ratios achieved by the Bank during the study period demonstrates sustainable performance arising from compliance with international and domestic financial standards and sustainability standards, particularly through transparent disclosure in the Bank's annual financial and sustainability reports. These results demonstrate achievement of the research objectives and confirm the significance of the study. They also support the first research hypothesis-that sustainability accounting standards provide the disclosures required by management and stakeholders to address risks and capitalize on opportunities in pursuit of sustainable economic, environmental, and social performance-and reject the second hypothesis.

4. CONCLUSIONS

The issuance and application of international accounting standards generally, and sustainability disclosure standards such as IFRS S1 specifically, have become essential to the continuity and sustainability of economic entities in a highly competitive environment.

The financial analysis of the Bank of Baghdad shows that disclosure of liquidity and credit risks was not merely a routine procedure; rather, it contributed to confidence in the strength of the Bank's financial position.

The findings indicate that capitalizing on sustainability opportunities, such as digital transformation, positively affects profitability indicators, demonstrating a direct relationship between sustainability disclosure and financial performance.

The new disclosure standards provide a common and comprehensible language between management and stakeholders, thereby reducing information uncertainty and supporting strategic decision-making.

Based on the previous results and conclusions, the current study can offer the following recommendations.

1. Other Iraqi banks should be encouraged to adopt IFRS S1.
2. Accounting personnel should receive appropriate training on the requirements of the new disclosure standard.
3. Electronic systems for collecting sustainability data should be further developed.

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Figures and Tables

Table (2). Summary of the principal achievements in sustainable development

Strategic Focus and Value-Creation Areas	Actual 2023	Planned 2024
Sustainable Finance: Substantial investment is required to achieve society's sustainability objectives. Through sustainable financing and investment, the Bank can meet community needs, support customers, mitigate environmental, social, and governance risks, and avoid stranded assets.	Approximately IQD 4,216 million was provided to finance agricultural and green-zone projects. In addition, loans of approximately IQD 13,555 million were granted to different segments of society under the Golden Facilities program, and a further IQD 170 million was provided to employees of private-sector companies.	Increase sustainable financing to 10%, provide green loans, and establish climate targets for the credit portfolio in alignment with the Paris Agreement on climate change.
Entrepreneurship: Entrepreneurs play a vital role in driving growth and innovation for sustainable solutions. By empowering and supporting entrepreneurship, the Bank can promote growth and positive impact, attract new customers, and strengthen its value proposition for existing customers.	The Bank supported the establishment of small and medium-sized enterprises, assisted large companies in implementing diverse activities, and served associations and non-profit organizations.	The Bank plans to increase by 30% the number of large institutions, small and medium-sized enterprises, associations, and organizations served, compared with a 20% increase in 2023.
Financial Confidence: Personal financial resources are a concern for many people. By promoting financial confidence and sound financial practices among the next generation, the Bank can support financial literacy and strengthen its value proposition for these customer segments.	During 2023, the Bank supported retail customers, including students, persons with limited educational attainment, and customers with humanitarian needs such as medical treatment, travel, and research-related purposes.	The Bank plans to increase the number of retail customers served by 30%, compared with 20% in 2023, in order to improve financial literacy and expand banking participation in the country.
Governance and Integrity: By combating financial crime and strengthening responsibility and sustainability across the value chain, the Bank can make a significant social contribution. Control and integrity are essential throughout all business operations	The Bank continued to train and prepare employees in risk management, compliance, anti-money laundering, and internal audit through regular internal and external training programs.	The Bank continues to promote a risk culture and plans to provide additional training for employees and customers, while further developing internal-audit, compliance, and anti-money-laundering mechanisms.

to rebuild trust and avoid financial losses.		
Employee Well-Being: By focusing on workforce diversity and employee well-being, supporting healthy and inclusive workplaces, encouraging employee participation in skills development, and supporting talented and high-performing personnel, the Bank can reduce costs and avoid ineffective recruitment.	Women accounted for more than 33% of leadership positions, compared with 12% in 2020. The Bank reported 42 female employees, while women represented approximately 50% of total employees in 2020. An annual salary increase of 6% was granted to support employees in response to living conditions, compared with 7% in 2020.	The Bank plans to maintain the proportion of women in leadership positions and increase women to 50% of the total workforce, compared with 20% in 2020. It also plans to adjust employee salaries and grant additional annual increases based on strong performance.
Environmental Footprint: Achieving the objectives of the Paris Agreement on climate change requires the efforts of all stakeholders to reduce carbon dioxide emissions. Reducing resource consumption and the Bank's environmental footprint also improves cost efficiency.	In previous years and up to the present, the Bank contributed to reducing harmful gas emissions by implementing a branch-relocation and consolidation plan, including the closure of selected branches.	The Bank plans to complete its relocation plan, operate within shared premises where appropriate, close additional branches, reduce harmful emissions, and rationalize resource use.
Adaptation: Technology directly reduces costs and the Bank's environmental impact by providing digital services that save time, lower operating costs, and enhance competitiveness.	During 2022, the Bank activated several electronic systems, established a domestic data center after previously hosting it in a neighboring country, and launched additional electronic services for customers.	The Bank plans to expand investment in digital operations and data-security protection under its strategy extending through 2023.

Source: Prepared by the researcher.

Table (3). Deposit volume and growth rate for the research sample

Year	Total Deposits	Growth Rate (%)
2020	1072372065	33.7
2021	1157462988	8
2022	1309292958	13
2023	2170254205	66
2024	2679348533	23.5

Source: Prepared by the researcher based on the Bank of Baghdad annual financial reports for 2020-2024.

Table (4). Total assets and growth rate for the research sample

Year	Total Assets	Growth Rate (%)
2020	1420000000	25.3
2021	1539808656	8
2022	1724199578	12
2023	2748497945	6
2024	3545961264	29

Source: Prepared by the researcher based on the Bank of Baghdad annual financial reports for 2020-2024.

Table (5). Average return on assets for the research sample

Year	Ratio (%)
2020	1.42
2021	2.0
2022	3.7
2023	6
2024	8

Source: Prepared by the researcher based on the Bank of Baghdad sustainability reports for 2020-2024

Table (6). Net profit after tax for the research sample

Year	Net Profit after Tax	Growth Rate (%)
2020	20200000	176.8
2021	29980000	48
2022	53154485	77
2023	155781991	125
2024	306832365	96.96

Source: Prepared by the researcher based on the Bank of Baghdad annual financial reports for 2020-2024

Table (7). Average return on equity for the research sample

Year	Ratio (%)
2020	7.3
2021	10
2022	32.5
2023	38
2024	42

Source: Prepared by the researcher based on the Bank of Baghdad sustainability reports and annual financial reports for 2020-2024.

Table (8). Capital adequacy ratio for the research sample

Year	Capital Adequacy Ratio (%)
2020	28.6
2021	34
2022	51.82
2023	67.54
2024	43

Source: Prepared by the researcher based on the Bank of Baghdad annual financial reports and sustainability reports for 2020-2024.

Table (9). Liquidity coverage ratio for the research sample

Year	Liquidity Coverage Ratio (%)
2020	269
2021	303
2022	272
2023	190
2024	280

Source: Prepared by the researcher based on the Bank of Baghdad financial and sustainability reports for 2020-2024.