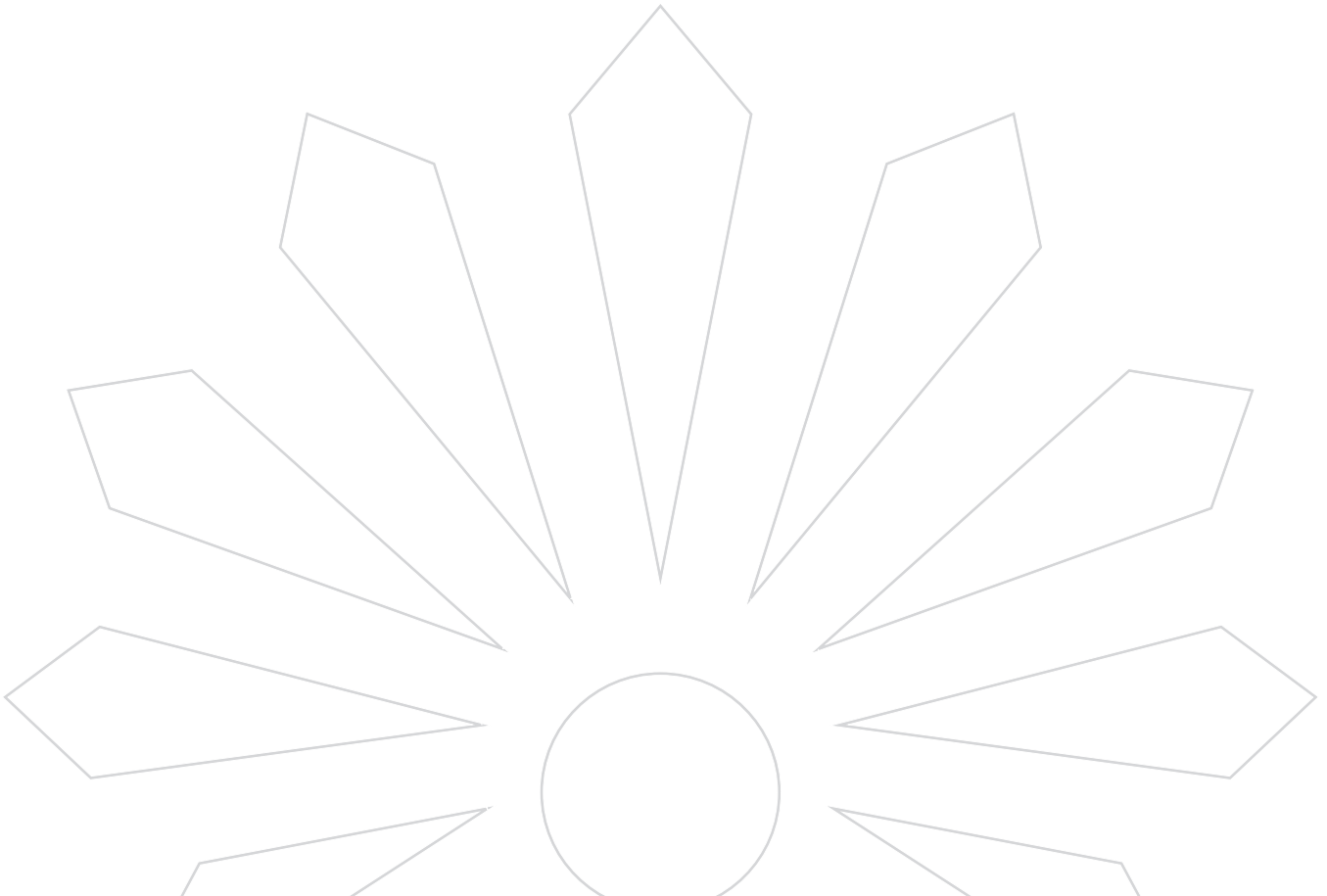


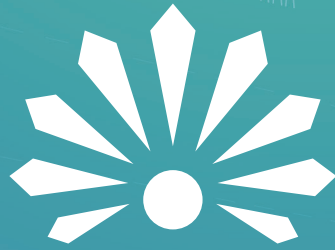


Mashreq al-Arabi Bank
مصرف المشرق العربي

الاسلامي للاستثمار

ANNUAL REPORT
2023





CHAIRMAN'S WORD



Chairman's word
In the name of God the most Merciful, the most Compassionate
And prayers and peace be upon the best messengers, our master Muhammad and
his good and pure family
Ladies and Gentlemen, Shareholders of our Bank
Peace be upon you and God's mercy and blessings

I am pleased to present to you, on behalf of myself and my fellow Board members, the annual report of Al-Mashreq Al-Arabi Islamic bank Containing its Financial Results and Consolidated Financial Statements for the year ended In addition to the 31/12/2023 future plans that the bank is looking forward to implementing. Last year, the bank established a solid infrastructure to move towards broader horizons of excellence and success Based on a successful strategy aimed at maximizing the notable and tangible achievements achieved in enhancing The distinguished position of the bank at the level of Islamic banks in Iraq. Today, we are moving forward at a strong pace, relying on principles based on creativity, innovation, and anticipating the future.

In order to continue our leadership in Islamic banking, this has been demonstrated in our implementation of a series of initiatives, especially in The field of tourism investment by contributing to the opening of the Al-Khornaq Palace Hotel in Najaf Governorate In addition to agricultural investment by contributing to the opening and development of Fayd Al-Qassim Mill, to continue Thus, our bank rises to the level of aspirations and expectations of our valued customers by using a scientific methodology

centered on:

Information extracted by our work teams with the aim of updating and aligning our services and products with aspirations

Customer needs are constantly changing and diversifying.

Dear shareholders...

Because we work in an environment characterized by its dynamism and constant changes, we have been keen to follow a risk-taking policy

Clear and flexible to ensure that we continue our steady steps, and that the real progress achieved by the bank is a result

For the solid foundations that we have built to move towards success and excellence, and what increases our confidence and optimism as we look to the future

It was achieved to raise the Arab Mashreq Islamic Bank to the top of Islamic banks operating in Iraq

This is done by completing the increase of its capital and reaching 250,000,000,000 two hundred and fifty billion. Iraqi dinar, which reflects on the consistency and stability of operations and the bank's ability to achieve its goals Strategy.

Gentlemen...

In 2024, we will continue to work on the same approach, looking forward to more cooperation with institutions and banks

We have reaped the benefits through support

Pioneering and in a distinguished position due to its diverse range of initiatives and activities

Our belief in the importance of solidarity and solidarity as two important principles emanating from Islamic Sharia to preserve

On the integrity of the societal fabric.

In conclusion

He extends his sincere thanks to the bank's management and employees for their efforts and dedication to achieving these distinguished results

Under these difficult circumstances

I also cannot fail to extend my sincere thanks to the Central Bank of Iraq and to His Excellency the Governor in particular

We are deeply grateful for their continued cooperation with us and for their great role in supervising the organisation, support and motivation

The banking sector and providing reasons for growth and development for it.

I also cannot fail to extend my sincere thanks to the Securities Commission, the Companies Registration Department, and the Iraqi Stock Exchange

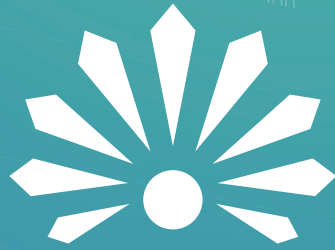
Securities, the Iraqi Private Banks Association, and our bank's auditors. I also thank my contributors

The Bank is grateful for their continued support, trust, and support for us and my fellow board members

For their contribution to drawing up the bank's strategy and continuous supervision of its performance, and to all of the bank's valued customers

For their trust in us, I ask God Almighty to protect Iraq and its people. May God grant success

Sadiq Kazem Al , Mashat
Chairman of Board of Directors



BOARD OF DIRECTORS' REPORT





Al-Mashreq Al-Arabi Islamic bank
Private joint stock company - Baghdad
In the name of God, the Most Gracious, the Most Merciful
Board of Directors report

A brief overview of the bank and capital developments:

The bank was established as a private joint stock company with a capital of (100) billion Iraqi dinars. Pursuant to the Certificate of Incorporation No. S.A./000089976-01 dated 3/10/2017 and practice it work by the license granted by the central bank of Iraq by its book no 9/3/4628 dated on 9/4/2018 and at the date 28/11/2018 the bank has increase the capital with the first payment during the year 2019 with an amount (50) billion and the increase of the capital with the second payment during the year (2020) reaching the amount of (200) billion iarqi dinar and the third payment during the year (2022) the capital of the bank reached (250) billion Iraqi dinar.

The bank's main activities and objectives:

The bank carries out all Islamic banking activities that the modern Islamic banks practice and taking the consideration of applying the whole Islamic sharia in all banking activities from opening current accounts and saving investment accounts and giving Islamic finance from murabaha and sharing and other things And meet customers' requirements through opening documents of credit And banking guarantees and the operation of external financing through the window of selling and buying foreign currency from the central bank of Iraq and one of the main goals is to Expansion in field of Islamic financing through the improving the Services and the bank products Provided by the bank through expand the bank branches by opening branches in Iraqi governorates Which meets the needs of customers under the supervision of the Central Bank of Iraq and in accordance with the Iraqi Banking Law no 94 for the year 2004 and the companies law no 21 for the year 1997 Amended and the Islamic bank no 43 for the year 2015 and the law of Anti money laundering and terrorist financing no 39 for 2015.

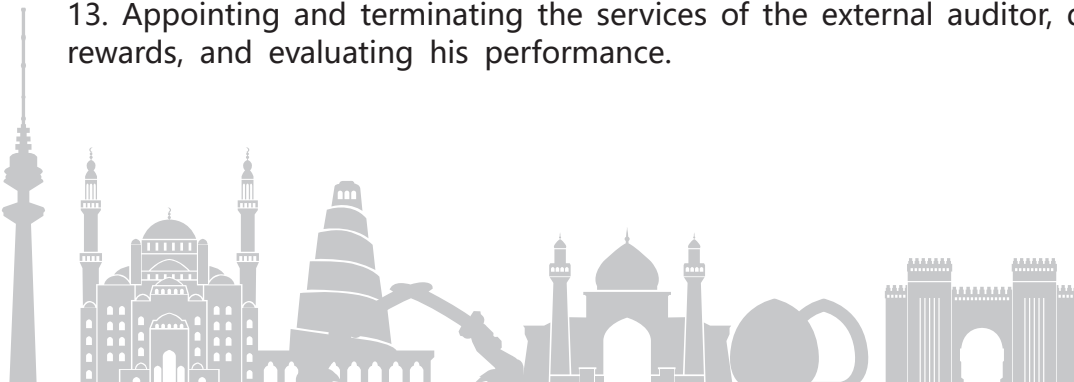
One of the main goals and aspirations that the Board of Directors seeks is to build a large, established and solid institution based on strong and solid foundations and a sound and rational banking base. It is always keen on the optimal application of all laws, regulations and instructions that govern banking work. In order to achieve a solid institutional entity capable of facing all economic, political and security circumstances and challenges and avoiding acute and rapid risks, far from speculation. It is also keen to apply the principles of corporate governance to rise to the level of large international banks and banks with a distinguished reputation. It carries out its work that falls within its responsibilities to achieve the necessary accuracy and adequacy. For the bank's financial data and information, which will be mentioned in this report regarding the internal control and oversight activities and systems, the Council undertakes the following tasks:





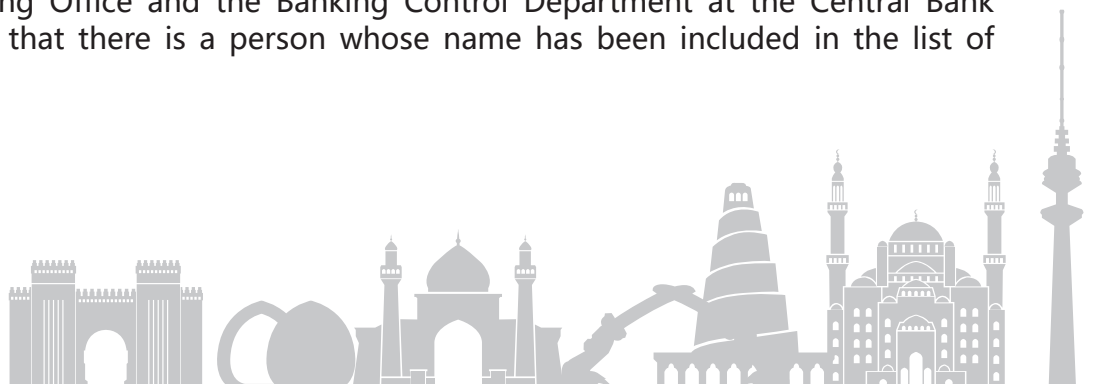
Board of Directors:

1. Approving plans for the bank, including the vision, mission, goals, strategic objectives, and core values in light of the directives of the General Authority, then directing the executive management to implement the plans while monitoring, evaluating, and amending their performance if necessary to ensure the implementation of those plans.
2. Supervising the executive management and following up on its performance, ensuring the soundness of the bank's financial conditions and solvency, and adopting appropriate policies and procedures for periodic supervision and control of the bank's performance.
3. Adopting a policy to monitor and review the performance of executive management, by setting "Key Performance Indicators (KPI), (Key Performance Result. KPR) to determine, measure and monitor performance and progress towards achieving the bank's institutional goals.
4. Ensure that the bank has work policies, plans and procedures, including all its activities, that are in line with relevant legislation, that they have been circulated at all administrative levels, and that they are reviewed regularly.
5. Challenge the bank's "Core Values," draw clear lines of responsibility and accountability for all the bank's activities, and establish a high culture of ethical standards, integrity, and professional behavior for the bank's administrators.
6. Bearing responsibility for the soundness of all the bank's procedures, including its financial conditions and reputation, and responsibility for implementing the requirements of the Central Bank, as well as the requirements of the supervisory authorities and other regulatory bodies related to its work, and taking into account stakeholders, and that the bank is managed within the framework of legislation and within the internal policies of the bank, and that effective oversight is constantly available on Bank activities.
7. Follow up on the implementation of the General Authority's decisions.
8. Submitting the bank's final accounts and financial statements and a comprehensive report on the results of implementing the annual plan to the General Assembly for discussion and approval.
9. Ensure compliance with international standards in all bank activities and operations.
10. Discussing and approving annual plans and budgets related to the bank's activities and following up on their implementation.
11. Forming Board of Directors committees and selecting their members from among Board members or others.
12. Approving the selection of candidates to fill executive management positions, evaluating and following up on their performance periodically, supervising and holding them accountable, and obtaining from them a clear explanation of the subject of accountability.
13. Appointing and terminating the services of the external auditor, determining his fees and rewards, and evaluating his performance.





14. Approving the bank's internal control and oversight systems and reviewing them annually, and ensuring that the internal auditor (and the Sharia internal auditor in Islamic banks) and in coordination with the external auditor (i.e. the auditor) review these systems at least once a year, and the council must include in the bank's annual report what confirms The adequacy of these systems.
15. Ensuring the independence of the external auditor (auditor) initially and continuously.
16. Adopting an effective strategy for risk management, and monitoring its implementation, as it includes the level of acceptable risks, ensuring that the bank is not exposed to high risks, and that the board is familiar with the bank's operational work environment and the risks associated with it, and that it ensures the existence of necessary and sufficient tools and infrastructure to manage risks in the bank, It is capable of identifying, measuring, controlling and monitoring all types of risks to which the bank is exposed.
17. Ensure that the bank applies the basic principles of "good management," as stated in the "Rules of Good Management and the Internal Control System" contained in Instructions No. (4) of (2010).
18. Ensuring the presence of sufficient and reliable "Management Information Systems (MIS)" that cover all the bank's activities.
19. Spreading the culture of governance in the bank and encouraging all employees and executive management to apply its practices and attend training courses in this regard, in addition to working to ensure that the bank encourages its clients to apply the rules of governance in their institutions, in addition to verifying that the bank's credit policy includes the application of corporate governance for its clients, especially those Companies, so that risks are assessed based on their strengths and weaknesses, depending on their practices in the field of corporate governance.
20. Ensure that the bank is in line with the sustainability standards (Principles) mentioned in Appendix No. (1) of this guide.
21. Take measures to create a clear separation between the powers of shareholders, who have "qualified tenure," on the one hand, and "executive management," on the other hand, with the aim of enhancing sound corporate governance, and accordingly find appropriate mechanisms to limit the influence of shareholders, who have "qualified tenure." "Eligible."
22. Adopting an organizational structure for the bank that defines a clear administrative hierarchy.
23. Determine the executive powers related to the bank's work, whether the authorized director or the executive management, whether for banking operations, granting credit, or signing transfers, checks, guarantees, guarantees, borrowing, mortgages, and letters of guarantee).
24. Approving a succession plan for the bank's executive management and reviewing it annually.
25. Ensure that the Executive Management is informed of the official website of the Anti-Money Laundering Office regarding the lists of freezing terrorist funds on a daily basis, and to inform the Anti-Money Laundering Office and the Banking Control Department at the Central Bank immediately in the event that there is a person whose name has been included in the list of freezing terrorist funds.





26. The performance of the Council as a whole must be evaluated at least once a year, and the results of the evaluation must be presented to the General Assembly, by relying on a system to evaluate the Council's work, provided that this system includes, as a minimum, the following:

A- Setting specific goals, and defining the Council's role in supervising the achievement of these goals, in a way that can be measured periodically.

B- Determine key performance indicators for the authorized director and the executive management (Key Performance Indicators, KPIs & KPRs) can be extracted from the bank's strategic objectives and annual work plans and used to measure the performance of executive management periodically.

C- Communication between the Board and shareholders, and the necessity of periodic communication.

D- Periodic Board meetings with executive management.

E- The member's role and tasks in Council meetings and the extent of his commitment to attendance, as well as comparing his performance to the performance of other members. "Feedback" must also be obtained from the concerned member, with the aim of improving the evaluation process.

F- The bank must provide the Central Bank with information related to the members of the boards or bodies of directors and the executive departments of its subsidiaries inside and outside Iraq, on a semi-annual basis, as well as when any amendment occurs to it.

G- The Board of Directors must supervise the quality of disclosure, transparency, and information about all of the bank.

Board of Directors Structure

The bank's board of directors consists of seven original members and six reserve members. They have long and extensive banking, economic, and commercial experience. They were chosen and elected by the bank's general assembly from among a number of candidates after taking into account the instructions and directives of the Central Bank of Iraq in this regard. The resignation of Mr. (Abdul Hussein Ali Hassoun) from his position as managing director of the bank was accepted and the appointment of Mr. Managing Director (Ahmed Najm Abd) as managing director of the bank. During the year (2023) the bank's board of directors held (7 meetings) to discuss and study the topics presented to it regarding the bank's activities. He made a number of decisions and recommendations related to the work and activities of the bank, and neither they nor the parties related to them had any dealings with the bank except for normal banking business.

The following is information about the Chairman and members of the original Board of Directors as of 31/12/2023





A brief overview of the members of the Board of Directors:



Sadiq Kazem Al-Mashat
Chairman of Board of Directors
Born in Baghdad (1954)
Bachelor's degree in Management and Economics

He worked in the commercial sector since 1971, and his work in the industrial sector developed since 1975. He graduated in commercial, financial and banking work and held administrative positions in a large group of companies.
A member elected by the Central Bank of Iraq in the committee charged with developing and facilitating the work of the government banking sector with the private sector.



Ghadeer Mohammed Al-Attar
Deputy Chairman of the Board
Born in Baghdad (1979)
Bachelor's degree in political science

He worked in the economic, commercial, industrial and tourism fields in several fields by holding leadership positions in several effective companies in the Iraqi economy, where he served as managing director of the Taj Al-Qaythara Travel and Tourism Company, managing director of Nour Al-Bedaya Company for General Contracting, and deputy managing director of the Arab Automotive and Machinery Manufacturing Company.





A brief overview of the members of the Board of Directors:



Ahmed Najm Abd
Commissioner Director
Born in Baghdad (1971)
Bachelor's degree
in Management and
Economics

Banking experience extending to 18 years, which began at Al Bilad Islamic Bank as a member of the founding committee in 2006 and in the Financial Management and Accounts Department. One of the founding directors International Development Bank from 2010 until 2023 and held several positions in management Accounts Department and Assistant Managing Director Board of Directors Advisor. In addition to experience in commercial work and management of commercial companies since 1998. Managing Director of the Arab Levant Islamic Bank since July 2023



Alaa Samawi Al-Zubaidi
Member of the Board of
Directors
Born in Baghdad (1954)
Higher diploma in
banking administration

He began working in the field of banking supervision and auditing at Rafidain Bank as head of the Financial Supervision Authority for a period of 5 years. He moved on to work in the same specialty at Al-Rashid Bank for a period of (7) years. After that, he was appointed as head of the Financial Supervision Authority at the Central Bank for the year (1993-1994) and continued his banking career in a capacity A retired expert in the Financial Supervision Bureau (2016) and then head of the Sharia Board at the International Islamic Bank.



Abdul Hussein Ali
Al-Mundhiri
Member of the Board of
Directors
Born in Baghdad (1960)
Bachelor of Accounting

Banking experience of up to (27) years and he continues to submit his bids in the field of Islamic banking, where he began working as Director of Internal Control at Al-Rafidain Bank, reaching the position of Assistant General Manager of Al-Rafidain Bank, then Director of the Beirut Branch of Al-Rafidain Bank, and concluding his achievements in the government sector, he served as General Manager of Al-Nahrain Islamic Bank. After his retirement from government service, he devoted himself to supporting the private sector, especially the Islamic banking sector, where he worked as a consultant for Islamic banks in Iraq.



A brief overview of the members of the Board of Directors:



Rashad Khudair Waheed Salman
Member of the Board of Directors
(Born in Baghdad (1962
Doctorate in Administrative and
Banking Sciences

Banking experience of up to (20) years. He started working as a branch manager and reached the general manager of the Commercial Bank.

He also worked as a member of the Board of Directors of Rafidain Bank.

He was assigned to manage several private banks and government departments.

He worked as regional director for Amman, Jordan in the Hashemite Kingdom of Jordan.



Practical experience for (38) years,
starting with working as an expert in
the office of the Ministry of Labor and
Social Affairs and good

Experience in the social protection network, leading to working as the General Director of Information Technology in the Social Protection Authority in the Ministry. He is also a member of the Iraqi Iraqi Engineers Association with a degree (certified) since the year (1984).



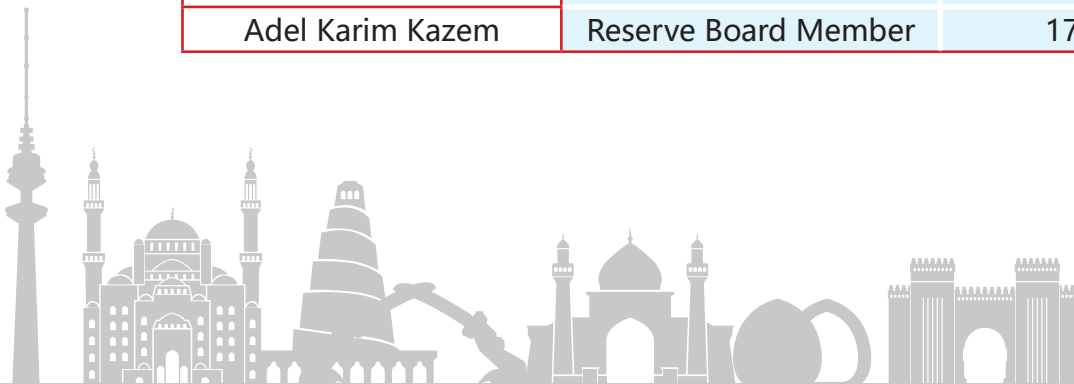


In addition to the above, we show below a table with the names of the main members of the Board of Directors and the shares owned by each of them as of (12/31/2023):

Name	Position	Number of Shares
Sadiq Kazem Baqir	Original board member	23,774,800,000
Ghadeer Muhammad Abdul Hussein	Original board member	19,397,000,000
Alaa Samawi Kazem	Original board member	512,200,000
Abdul Hussein Ali Hassoun	Original board member	50,000
Ahmed Najm Abd	Original board member	3,100,000,000
Gamal Abdel Rasoul gaaieb	Original board member	2,000
Rashad Khudair is waheed	Original board member	2,000

Below is a table of the names of the reserve members of the Board of Directors and the shares owned by each of them as of (12/31/2023):

Name	Position	Number of Shares
Baqir Kazem Baqir	Reserve Board Member	24,010,000,000
Wissam Farhan Muhammad	Reserve Board Member	100,000,000
Firas Abdullah Najm	Reserve Board Member	151,950,000
Zuhair Abdul Rasoul Daoud	Reserve Board Member	247,000,000
Muhammad Ali Hussein Hassoun	Reserve Board Member	50,000
Adel Karim Kazem	Reserve Board Member	176,900,000





Committees formed in the Board of Directors:

1. Audit Committee:

In the context of seeking a flexible management model, the Audit Committee was formed to support the Board of Directors in many areas and to assume the tasks and duties granted according to its charter, which is considered a delegation from the Board of Directors to the committee to carry out the tasks mentioned therein, which is consistent with the laws, decisions and rulings in force. This Governance Guide has clarified the tasks and duties. What the committee carries out in detail, as well as how it is formed, the conditions for holding its meetings, the quorum that must be available to hold these meetings, and how it takes its decisions. The committee was formed of the following:

- A- Alaa Samawi Kazem, President
- B- Rashad Khudair Waheed, member
- C- Muhammad Ali Hussein, member

2. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee emerges from the Board of Directors to assist it with the tasks mentioned therein, which are consistent with the applicable laws, decisions and rulings. Based on what is stated in the Governance Guide, the committee has tasks and duties. The Guide also clarifies how it is formed, the conditions for its holding and meetings, the legal quorum that must be available to hold its meetings, and the mechanism for making decisions. Given that the staff The bank is considered one of the basic pillars on which the bank relies in its advancement and achieving its goals that it aspires to. One of the committee's basic tasks is to prepare policies related to employees and determine the bank's needs for competencies at the level of executive management, as well as to prepare policies related to compensation and salaries of employees, members of the board of directors and the executive management. The committee was formed from Gentlemen:

- A- Zuhair Abdel Rasoul, President
- D- Sadiq Kazem Baqir, member
- C- Abdul Hussein Ali Hassoun, member
- D- Ghadeer Muhammad Abdul Hussein, member





3- Governance Committee:

It includes all the methods and procedures for how the Board and the bank's executive management manage all activities and work centers, and thus represents the framework that organizes and governs the relationships between working employees, board members, shareholders, and stakeholders, and how to interact between all these parties in supervising the bank's operations to reach the goals that lead to the interest of the bank. And to exploit all available resources and increase the effectiveness of the bank's internal and Sharia control systems. The committee consists of three people, including the Chairman of the Board. The committee was formed of the following:

- A- Abdul Hussein Ali Hassoun, President
- B- Sadiq Kazem Baqir, member
- C- Gamal Abdel Rasoul gaaieb as a member

4- Risk Management Committee:

The Risk Management Committee is linked to the Board of Directors and is concerned with studying the potential risks of various contracts and activities that may be exposed to risks such as liquidity, interest rates, exchange rates, credit, and legal matters, in addition to market risks and operational risks. The importance of risk management lies in understanding the various positive and negative aspects of all banking services that affect the institution from During the periodic review of policies and procedures, following them up, and working to amend them whenever necessary, in a manner commensurate with the bank's activity, work, and risks, the committee was formed of the following:

- A- Rashad Khudair Wahid, President
- B- Ghadeer Muhammad Abd al-Hussein, member
- C- Zuhair Abdul Rasoul Daoud, member
- D- Gamal Abdel Rasoul gaaieb as a member

5- Supreme Credit Committee:

Forming a higher credit committee for large amounts that exceed the authority of the authorized director. The committee was formed with the following members:

- A- Abdul Hussein Ali Hassoun, Chairman of the Committee
- B- Sadiq Kazem Baqir, committee member
- C- Ahmed Najm Abd, committee member
- D- Zuhair Abdel Rasoul Daoud, committee member





Executive Management:

The Executive Management, headed by the Director delegated responsibility for implementing the plans, policies and procedures drawn up and decided by the Board of Directors and following up on their implementation as best as possible, seeks essentially and with all the means and tools it has to achieve the most complete and best implementation of the decisions and recommendations issued by the Board of Directors in light of the laws, regulations and instructions in this regard. We confirm the bank's full commitment to all instructions and directives issued by the Central Bank of Iraq and its commitment to Banking Law No. (94) of 2004, the amended Companies Law No. (21) of (1997), the Money Laundering and Terrorist Financing Law No. (39) of (2015), and the Islamic Banking Law No. 43) of 2015 and the instructions issued pursuant thereto.

In order to achieve optimal performance of the work entrusted to the executive management with accuracy, high flow and smoothness, many committees were formed in the bank to study various activities according to specialization and submit recommendations, proposals and studies to the relevant committees formed by the Board of Directors. Formation of committees for the Managing Director: (29) committees.

Bank employees, their qualifications, benefits, and privileges:

During the course of its work, the bank emphasizes building a sound and solid base of competencies and experienced personnel in banking and supporting, strengthening and developing expertise by involving them in scientific and practical training courses and internal and external workshops to ensure the achievement of quality, accuracy and leadership in banking work. It aims to raise the efficiency of the performance of its employees and motivate them to make efforts. Doubling as it seeks to achieve this by relying on a solid and advanced system for granting employees incentives, rewards, and perks, and paying attention to the distinguished among them. Below we show some information related to employees:

1. The number of employees in the bank (permanent staff) at the end of the year 2022 reached (124) members. Wages, allowances and bonuses were paid in the amount of (1,336,255,000) dinars. The employee income tax paid by the bank during the year amounted to about (68,620,621) dinars, and many employees were also involved. Workers in training courses with the aim of developing accounting capabilities and capabilities and preparing financial statements in accordance with international standards and advanced banking systems.





A list of the names of the bank's main employees and their job titles during the year (2023):

Employee Name	Career Title
Ahmed Najm Abdel	Authorized Director
Asrar Abdul Hussein Muhammad	Assistant Director, First Commissioner
Aws Ali Shaker Nassif	Director of the Internal Sharia Control and Audit Department
Zeina Mowafaq Abdel Majeed	Director of Sharia Compliance and Compliance Monitoring Department
Rouaa Majid Mahmoud Muhammad	Director of the Risk Management Department
Saja Ghazi Rashid Mustafa	Director of the Financial Department
Motar Obaid Seribet Nasser	Director of the Branch Affairs Department
Ali Saad Ismail Khalil	Credit Department Manager
Suhad Waadullah Muhammad Hameed	Director of the International Department
Haider Hadi Ahmed Kammouna	Director of Banking Relations Department
Ali Saad Hamoudi Saeed	Director of the Legal Department
Sarah Taha Abdel Qader Hamdi	Director of the Banking Awareness Department
Anas Abdul Hamid Salman	Director of Banking Operations Department
Haider Muhammad Musa Ali	Director of the Information Technology Department
Ahmed Ali Mohsen Alawi	Director of the Banking Services Department
Omar Imad Kazem Khudair	Director of the Investment and Treasury Department
Raghad Karam Abdel Qader	Director of the Human Resources and Administrative Department
Omar Riyadh Abbas Alwan	Director of the Information Security Department

2. Below is a detailed list of the courses held and participated in during the year (2023):

the course place	Number of courses workshops	number of participants
Central Bank of Iraq	16	16
ABC Company	2	2
IQDC Company	1	1
Internal training	2	2
Association of Banks	2	2
Dubai	1	1
GAFM Company	8	8



3. Below is a list of the names and addresses of five of the bank's permanent employees who received the highest income during the year:

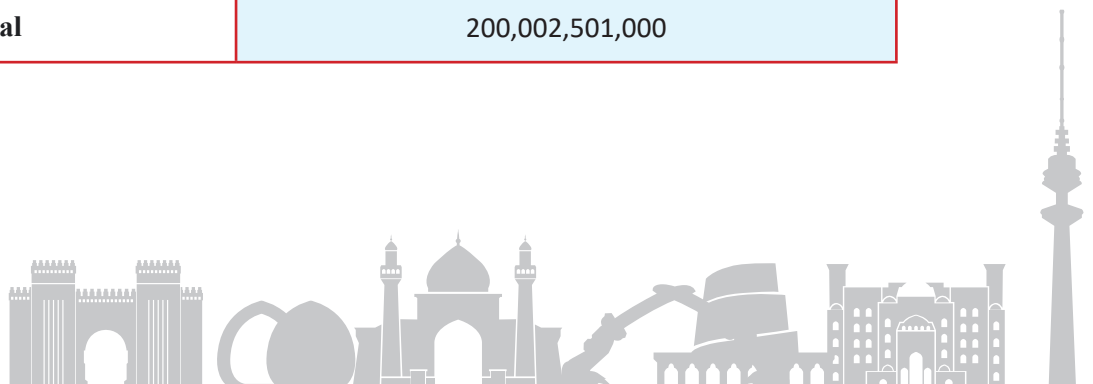
Name	Career Title
Ahmed Najm Abdel	Commissioner Director
Asrar Abdul Hussein Al-Basri	Assistant Director, First Commissioner
Ahmed Sami Mahdi Hussein	Assistant Director for Information Technology Affairs
Saja Ghazi Rashid	Director of the Financial Department
Ali Saad Ismail	Credit Department Manager

4. Below is an illustrative table for the distribution of employees in the bank according to administrative and technical levels at the end of this year.

Financial indicators for the year (2023)¹. The development that has taken place in the bank's management and the work to develop and prepare the infrastructure has been reflected in the bank's accounts and assets. The reason for this is due to the bank's adherence to sound methods, policies and procedures since the beginning of its establishment. Current accounts and deposits have reached approximately (29,899,363,000) dinars, which indicates that the bank Work began according to correct and sound indicators.

2. The bank achieved a profit for this year amounting to approximately (14,949,791,000) dinars.
3. The bank's total assets as of (31/12/2023) amounted to (401,560,229,000) dinars.
4. Below is a statement showing the details of the money as of (12/31/2023)

Account name	Balance / thousand dinars
Balances with the Central Bank of Iraq	143,231,095,000
Cash in hand	22,376,342,000
Cash at local and foreign banks	34,395,064,000
Total	200,002,501,000





Bank activity:

Since its establishment, the bank has sought to follow a sober and well-studied credit policy based on scientific and practical foundations within the framework of Islamic Banking Law No. (43) of 2015 and in accordance with the provisions of tolerant Islamic Sharia, as the bank carries out all Islamic activities practiced by contemporary banks, taking into account financing according to all financing tools. Islamic banking, including Murabaha, Musharaka, Mudaraba, Istisna, and meeting customers' requirements for opening documentary credits and external financing operations through the window for buying and selling foreign currency from the Central Bank of Iraq. The bank also seeks to expand Islamic financing operations by developing and improving Islamic banking services and products And expanding its customer base by opening branches in the governorates of Iraq that meet the needs of customers and under the supervision and control of the Central Bank of Iraq and in accordance with the Banking Law No. (94) of the year (2004), the Companies Law No. (21) of the year (1997) as amended, and the Islamic Banking Law No. (43) of the year (2015) and Anti-Money Laundering and Terrorism Financing Law No. (39) of (2015).

Electronic banking system:

The bank uses a comprehensive, advanced, global electronic system in carrying out its work and various daily activities to achieve speed, accuracy and streamlined work and to ensure the provision of the best banking services to the bank's customers and its public. A number of other systems have been introduced into the work, especially with regard to the work of the Money Laundering and Terrorist Financing Reporting Department, as well as for building reports. What is required of the bank management and regulatory authorities, particularly the Central Bank of Iraq, in addition to the systems linking the banking system and the Iraqi payments system.

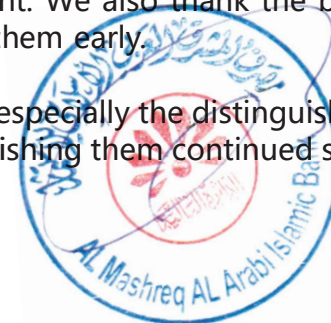
Conclusion:

In conclusion, the Bank's Board of Directors can only extend its sincere thanks and praise to everyone who contributed to achieving the results included in this report.

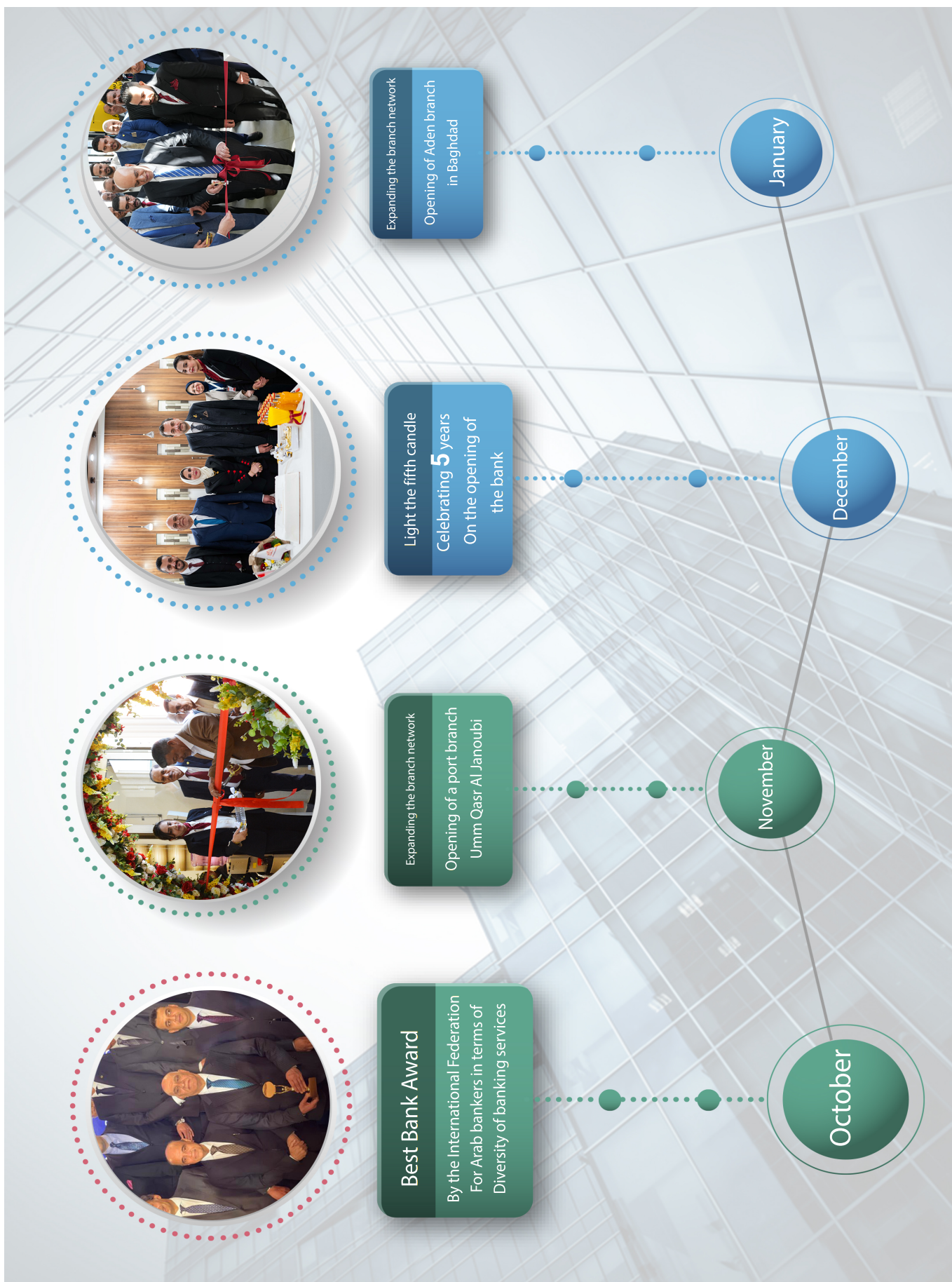
We extend our special thanks and appreciation to everyone who contributed to supporting the bank's progress and provided it with support and support in various fields, especially the Central Bank of Iraq and the Company Registration Department. We also thank the bank's auditors for their efforts in auditing the accounts and completing them early.

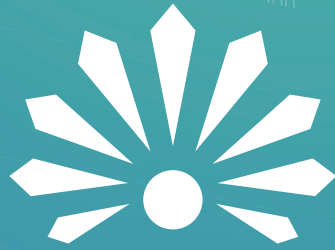
We also extend our thanks to all the bank's employees, especially the distinguished ones, for their efforts in achieving the results included in this report, wishing them continued success.

And from God help and success...



Sadiq Kazem Al , Mashat
Chairman of Board of Directors





SHARIA SUPERVISORY BOARD REPORT FOR THE YEAR 2023





**In the name of God the most Merciful, the most Compassionate
Sharia Supervisory Board report for the year 2023
Al-Mashreq Al-Arabi Islamic bank**

Praise be to the Lord of the Worlds, and prayers and peace be upon our Prophet Muhammad and his good and pure family

To the respected shareholders of Al-Mashreq Al-Arabi Islamic bank...

May God's peace, mercy, and blessings be upon you...

In accordance with the letter of appointment from the General Authority of the Bank appointing the Fatwa and Sharia Supervision Board of the Mashreq Arab Islamic Bank, we present the following report:

We have monitored the principles used and the contracts related to the transactions and applications proposed by the bank for the previous period. We have carried out the necessary monitoring to express an opinion on whether the bank has adhered to the provisions and principles of Islamic Sharia in its transactions and banking services. Our responsibility is limited to expressing an independent opinion on our monitoring of the operations, and in preparing a report for you. We conducted our monitoring which included examining the documentation and procedures followed by the bank on a test basis for each type of operation.

We have planned and implemented our monitoring in order to obtain all the information and explanations that we considered necessary to provide us with sufficient evidence to give reasonable assurance that the bank did not violate the provisions and principles of Islamic Sharia.

In our opinion:

The contracts, operations and transactions concluded by the bank during the year ending 2023, which we reviewed, were carried out in accordance with the provisions and principles of Islamic Sharia.

We ask God Almighty to grant us guidance ...

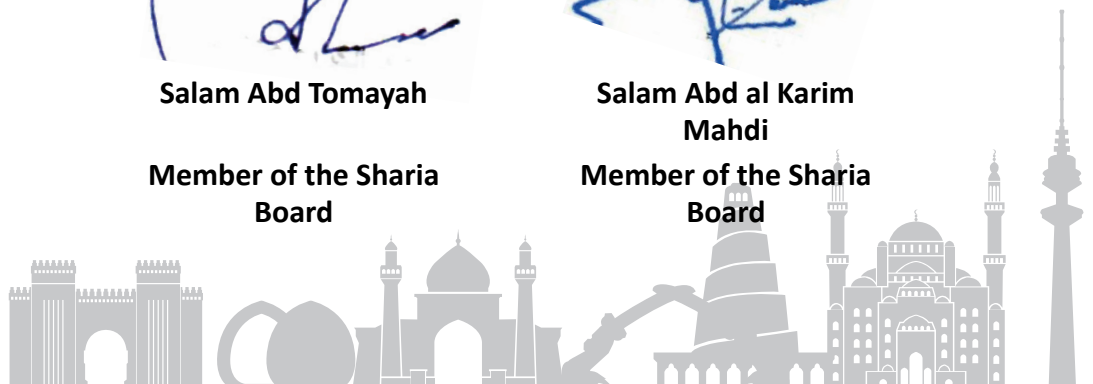
Peace, mercy and blessings of God.

Dr. Jassim Mazal lafta
Chairman of the Sharia
Board

Qasim Kazem Jalab
Member of the Sharia
Board

Salam Abd Tomayah
Member of the Sharia
Board

Nagah minshar jabar
Executive Member
Salam Abd al Karim
Mahdi
Member of the Sharia
Board





Adel Ismaal Hassan Alshaiby
Chartered accountant & Auditor
Member of the Iraqi certified accountants Association

Nihad Shiaa Obaid Al, Saidi
Chartered accountant & Auditor
Member of the Iraqi certified accountants Association

REF No:30/32/2024

Baghdad Date on:1/2/2024

To Messrs.' : Chairman and members of the Board of Directors of the Al-Mashreq Al-Arabi Islamic bank (P.S.C), respected
M / A report on the review of the interim condensed financial statements

S/Auditor's report

We have audited the attached consolidated financial statements of the Al-Mashreq Al-Arabi Islamic bank (PJSC), which consist of the consolidated statement of financial position as of December 31, 2023, and the consolidated statements of income, comprehensive income, cash flows, and changes in equity for the year ended At that date, the notes to the consolidated financial statements, including a summary of the most important accounting policies.

In our opinion, the attached consolidated financial statements present fairly, in all material respects, the consolidated financial position as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of opinion

The audit process was conducted in accordance with international auditing standards. Our responsibilities under these standards are more detailed in the auditors' responsibilities for auditing the consolidated financial statements contained in this report. We are independent from the bank in accordance with the Code of Ethics for Professional Accountants issued by the International Ethical Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethical Conduct for Accountants. professionals, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are those matters that, according to our professional judgment, were the most material during the audit of the consolidated financial statements for the year ending December 31, 2023. They were studied within the scope of the audit of the consolidated financial statements as a whole, in order to express our opinion on these statements, and we do not express an opinion. Separately, for each of these cases described below, details are provided of how it was addressed in the audit process in that context.

We have fulfilled our responsibilities mentioned in the auditors' responsibilities section regarding auditing the consolidated financial statements contained in this report, in addition to all matters related thereto. Accordingly, our audit included performing procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures to address the cases referred to below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



1-Applying international accounting standards and the standards of the Accounting and Auditing Organization:

Al-mashreq Al-arabi Islamic Investment Bank has implemented international accounting standards for the fourth year in a row.

As for Islamic financing instruments, the relevant controls have been applied, guided by the standards of the Accounting and Auditing Organization for Islamic Institutions contained in the Central Bank of Iraq letter 9/3/289 dated 8/1/2018, as follows:

International Financial Reporting Standard No. (9) IFRS

The bank has applied Financial Reporting Standard No. (9) and the required allocations have been calculated to meet the changes occurring in expected credit losses (for Islamic financing and cash) guided by the directives of the Central Bank of Iraq contained in its letter No. 3/6/466 dated 26/12/2018 (Guiding Instructions for Preparing Lists Finance for banks) as for the expected credit losses resulting from pledged credit, exposure to default (EAD) was calculated using credit transfer transactions (letters of guarantee of various types 50%) in light of the regulatory controls for the capital adequacy standard in accordance with Basel requirements (second off-balance sheet items). As stated in the book of the Central Bank of Iraq above (Determining the method for calculating expected credit losses - Paragraph 7) The bank adopted the Loss Given Default (LGD) ratio for the first stage at 45% and 100% for the second and third stages without taking into consideration the risk reducers (guarantees provided), as most customer guarantees were within the first stage it is an instrument, a bill of exchange, and a real estate mortgage, which means that the loss percentage under the assumption of default (LGD) must be 100% and not 45% as assumed in the methodology and applied in the calculation process. The results of the application were consistent with the requirements of Financial Reporting Standard No. (9), and the amounts required to be allocated to meet the requirements were reversed. Credit losses are as follows:

A- Expected credit losses on Islamic cash financing were increased by an amount so that the balance became (2,747,020) thousand dinars, while it was (2,508,632) last year.

B- Expected credit losses on cash held at foreign banks have been increased by an amount so that the balance becomes (431,025) thousand dinars, while last year it was (221,846).

C- Expected credit losses on pledged credit were increased by an amount so that the balance became (1,503,404) thousand dinars, while it was (1,007,461) last year.





2-Cash:

The cash balance amounted to (200,002,501) thousand dinars as of December 31, 2023, while it was (177,553,356) thousand dinars as of December 31, 2022 and we have the following:

A - The cash balance in the bank's vaults amounted to (22,376,342) thousand dinars as of December 31, 2023 according to the records and inventory, while it was (43,160,471) thousand dinars on December 31, 2022, a decrease of (48%) over the previous year.

B - The cash balance at the Central Bank of Iraq amounted to (143,231,095) thousand dinars as of December 31, 2023, which is identical to the statements of the Central Bank of Iraq, while it was (115,253,183) thousand dinars on December 31, 2022, an increase of (24%) for the previous year.

C - The cash balance with local banks amounted to (13,274,825) thousand dinars as of December 31, 2023, which is identical to the statements received from the banks, while it was (12,404,286) thousand dinars on December 31, 2022, an increase of (6%) over last year.

D - The cash balance at banks and external financial institutions amounted to (21,551,264) thousand dinars as of December 31, 2023, while it was (6,957,262) thousand dinars as of December 31, 2022, an increase of (209%) over the previous year.

E - An allowance for expected credit losses on the cash balance in banks and external institutions was calculated in the amount of (431,025) thousand dinars, based on the instructions issued by the Central Bank of Iraq in this regard.

F - The percentage of cash in foreign banks on December 31, 2023 amounted to (8.588%) of capital and sound reserves.

G - The bank relied on SWIFT issued by foreign banks for reconciliation purposes on 31/12/2023.

H - The cash assets in foreign currencies as of December 31, 2023 were evaluated on the basis of the following exchange rates:

seq	Currency	The foreign currency exchange rate
1	Dollar	US dollar is 1310 dinars per dollar
2	UAE dirhams	dinars per dirham 357,705
3	euros	1450
4	Indian rupees	15.77
5	yuan	183.616559
6	JPY	9.5
7	Swedish Krona	120.947



3-Islamic financing:

A- The balance of Islamic financing granted by the bank on December 31, 2023 amounted to (67,956,941) thousand dinars, in addition to amounts whose balance amounted to (54,845,609) thousand dinars as of 31/12/2023, representing the bank's Murabaha initiative for small and medium projects, housing, and the good loan. Iraqi Central Bank.

B- The guarantees provided by customers are a personal guarantee in addition to a promissory note and a real estate mortgage.

C- The ratio of Islamic financing to the volume of deposits reached (148%) after excluding Central Bank financing.

D- The provision for expected credit losses amounted to (2,747,021) thousand dinars as of 31/12/2023, as the aforementioned provision was calculated based on the instructions of the Central Bank of Iraq contained in its letter No. 3/6/466 on 26/12/2018 in accordance with International Financial Reporting Standard No. 9) (IFRS, which is more than what is calculated according to Instructions No. (4) of 2010 issued by the Central Bank of Iraq, amounting to (2,746,175) thousand dinars.

E- The total Islamic financing granted to the largest (20) customers amounted to (82,787,284) thousand dinars, representing (67%) of the volume of Islamic financing granted, which amounted to (122,802,550) thousand dinars at the date of the financial statements.

4- Pledged credit:

A- The pledged credit balance (net) on December 31, 2023 amounted to (75,116,225) thousand dinars, compared to the amount of (50,349,562) thousand dinars on December 31, 2022, an increase of (24,766,663) thousand dinars, an increase of (49%) percent.

B- An allowance for expected credit losses was calculated for the pledged credit issued in the amount of (1,503,404) thousand dinars.

C- The ratio of pledged credit issued to capital and sound reserves reached 30%.

D- The balance of the pledged credit issued is represented as follows, as stated in paragraph (29)

of the clarifications attached to the final accounts:

Type of credit pledge	Balance as of 31/12/2023 (thousand dinars)
Letters of credit	18,894,435
Letters of guarantee	85,381,950
Total	104,276,385





E - Guarantees: The guarantees obtained for issuing letters of guarantee are cash deposits, a check, a promissory note, and a real estate mortgage for some of them that need this.

G- Through our audit of the documentary credits files, we did not see the final accounts of the companies (Sama Al-Gharbia Company, Zamzam Spring Trading Company, Al-Bilad United Company, Distribution Factory, Tabarak International Company).

H- During our audit of the remittance, we did not see the final accounts of the companies (Al-Hilal Company, Cybral Company, Smart Home Company, Sama Al-Gharbiyya Company, Sur Al-Madmar Company, Dur Al-Thamar Company).

5-Financial investments:

The balance of investments in the subsidiary companies amounted to (20,000,000) thousand dinars on December 31, 2023, which represents the entire capital of the two companies, Nakheel Mashreq and Al-Mashreq Gateway, as detailed below:

Name	Company capital (thousand dinars)	Contribution amount (Thousand dinars)
Nakheel Mashreq	10,000,000	10,000,000
Al-Mashreq Gateway	10,000,000	10,000,000
Total	/	20,000,000

B - The bank's contribution to the establishment of the Iraqi Deposit Insurance Company in the amount of (750,000) thousand dinars, the contribution to the Bank of Lebanon and Almahjar in the amount of (789,474) thousand dinars, and the contribution to the National Takaful Company in the amount of (550,000) thousand dinars.

C - A plot of land was purchased for the amount of (5,860,000) thousand dinars, with an area of (7,800) meters in Hasawat al-Shamiya District 47, Anbar Governorate, serial number 83/37379, with (28) residential houses built on it, according to a contract dated 29/5/2022, and the registration procedures are still incomplete and have not been completed. We are aware of the existence of economic and technical feasibility studies.

D- Residential units were purchased for the amount of (6,930,000) in the Makki complex in Diyala Governorate, and we did not know of the existence of economic and technical feasibility studies.





6- Other assets

The balance of other assets amounted to (20,756,079) thousand dinars on 31/12/2023, compared to (18,211,826) thousand dinars at the end of 2022, and they include:

A. The balance of non-current activity receivables amounting to (5,985,965) thousand dinars represents payments to two general trade companies for contracts concluded with them to import goods to the bank.

B. Within the insurance balance of others:

1-An amount of (6,604,999) thousand dinars as deposits of documentary credits in foreign banks.

2-An amount of (4,044,454) thousand dinars in insurance from Switch Master Company.

3. An amount of (210) thousand dinars in insurance from Asia Company.

4. An amount of (2,788,562) thousand dinars for Western Union insurance.

5. The amount of (1,000) consultant Jihad's insurance.

7- Customer deposits, savings deposits, and cash deposits:

The account balance of customer deposits, savings deposits, and cash insurance at the date of the financial statements amounted to (74,954,751) thousand dinars, compared to (47,860,266) thousand dinars for the previous year, an increase of (27,094,485) thousand dinars, with an increase rate of (56%). Below are the details of the aforementioned accounts:

A- The balance of credit current accounts on December 31, 2023 amounted to (45,794,591) thousand dinars, compared to (28,749,919) thousand dinars on December 31, 2022, an increase of (17,044,672) and an increase of (37%).

B- The balance of insurance for letters of guarantee and documentary credits amounted to (29,160,160) thousand dinars as of 31/12/2023, while it was (19,110,347) thousand dinars as of December 31, 2022, an increase of (10,049,813), an increase of (34%).





8- Income statement:

A- The bank achieved a profit of (14,949,791) thousand dinars before tax for the year subject to the audit, compared to a profit of (4,262,841) thousand dinars for the previous year.

B- The balance of income from Murabaha and Islamic financing amounted to (7,016,510) thousand dinars on the date of the financial statements, compared to the amount of (2,861,071) thousand dinars on December 31, 2022, an increase of (244%).

C- The balance of revenue from fees and commissions from banking operations amounted to (14,970,931) thousand dinars on the date of the financial statements, compared to (6,131,491) thousand dinars on December 31, 2023, an increase of (144%). Below are some of those revenues, for example.

Details	Amount 2023 (thousand dinars)	Amount 2022 (thousand dinars)
Commission for letters of guarantee	3,178,912	3,407,297
Credit revenues	1,924,400	1,178,700
Various banking commissions	1,202,715	732,799
Other bank commissions	460,388	712,296
Revenue of gold bullion	1,040,120	0
Revenue certificates	1,625,519	0
Foreign remittance income	1,710,461	0
Deposit income	1,026,667	0
Card department profits	1,867,251	13,181
Investment profits of subsidiaries	877,627	0
Total	14,914,060	6,044,273

D- The revenue from buying and selling foreign currencies on December 31, 2023 amounted to (2,052,531) thousand dinars, while in the previous year it was (1,736,270) thousand dinars, and this revenue constitutes (8.5%) of the bank's total revenues for the current year.

E- Employee salaries, wages, and benefits at the date of the financial statements amounted to (1,653,342) thousand dinars, compared to (1,392,556) thousand dinars on December 31, 2022, an increase of (19%), representing the increase by appointing new employees and employee bonuses.

F - Operating expenses at the date of the financial statements amounted to (9,152,975) thousand dinars, compared to the amount of (6,557,857) thousand dinars on December 31, 2022, an increase of (40%). The increase in expenses represents the expansion of activity.





9- Currency Auction Window Revenue:

The balance of the bank's purchases from the foreign currency selling window for the period from 2/1/2023 to 31/12/2023 amounted to (\$680,711) according to the bank's records, distributed as follows:

Details	Amount dollar
Remittance purchases	21,223
Credit purchases	40,028
Purchases for the purposes of exchange companies	601,560
Bank cash auction purchases	17,900
Total	680,711

10- Lawsuits:

A. Lawsuits filed by the bank against others:

The number of lawsuits reached (10) lawsuits, with a total amount of (4,116,500,664) thousand dinars, and below are their details:

Seq	Lawsuits type	num	Total dinar
1	Ongoing lawsuits	9	4,099,672,998
2	Cases in which decisions were issued and in favor of the bank	1	16,827,666
	Total	10	4,116,500,664

B. Lawsuits filed by others against the bank

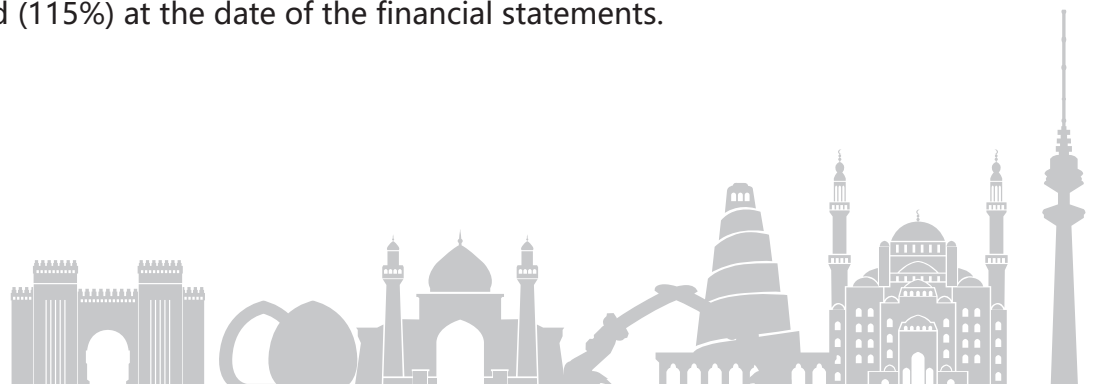
One case in which a decision was issued in favor of the bank on 16/11/2023, and the employee, Haider Hadi, was restored to his position.

11- Capital adequacy ratio:

The capital adequacy ratio reached (143.55%) as of December 31, 2023, as it is higher than the minimum required by the Central Bank of Iraq (12%).

12- Liquidity ratio:

The liquidity ratio reached (115%) at the date of the financial statements.





13. Compliance Controller:

A- According to what we have seen from the compliance reports submitted to us during the audited year and studied, they were prepared in accordance with the instructions of the Central Bank of Iraq.

B-The department follows up the observations of the Central Bank of Iraq related to business control and the results of the office audit of the bank and works to liquidate them according to what we have seen from the bank's answers to the audit results sent to the Central Bank of Iraq and there are some observations included by the inspection committees and were answered and deviations were corrected and avoided.

C-The bank updates customer data through the KYC form in cooperation with the Money Laundering Reporting Department, and (60%) of updating customer data has been completed in order to determine the bank's compliance with the Money Laundering Law No. 39 of 2015 as well as the application of due diligence.

14- Internal control and internal Sharia audit:

We reviewed the annual plan of the Internal Control Department and the reports prepared by this department and submitted to us during the year subject to audit, and we have the following in view of that:

A-The annual plan prepared by the Internal Control Department and approved by the Board of Directors was brief and limited and not detailed and comprehensive for the bank as a whole, which requires developing broader plans that suit the size and activity of the bank and cover all the bank's branches and general administration.

B-The implementation rate of the annual plan reached 80% of the plan approved by the Board of Directors, and we believe that the audit plan requires expansion, especially in the direction of auditing the credit portfolio and the guarantees provided in its regard.

C-The Director of the Internal Control Department was involved in two courses during the year held by the Center for Banking Studies, Training Department.

15- Money Laundering and Terrorist Financing Reporting Section:

A-The bank has taken adequate measures to prevent money laundering and terrorist financing, and these measures are being implemented in accordance with the provisions of the Money Laundering and Terrorist Financing Law No. 39 of 2015 and the regulations and instructions issued by the Central Bank of Iraq. We have reviewed the reports of the Money Laundering and Terrorist Financing Reporting Department sent to the Central Bank of Iraq and prepared in accordance with to the law and instructions issued by the Central Bank of Iraq, and by directing a group of inquiries, the bank responded with the following memorandum to the Money Laundering Department's letter:

A-1-The anti-money laundering and terrorist financing (AML) system is equipped by (ICSFS).

A-2 -The electronic system for money laundering and terrorist financing is linked to the bank's accounting system.

A-3-ICSFS was contracted to link the anti-money laundering system with the Central Bank of Iraq.



A-4-The electronic system includes the minimum required scenarios, amounting to (25) applied scenarios.

A-5-International ban lists are automatically updated twice every 24 hours according to the AML system, in addition to manually entering entities identified by local regulatory authorities into the blacklist.

A-6-The department relies on manual classification to classify the bank's clients according to risks.

A-7-The volume of monthly alerts according to the system reached approximately 300 alerts.

B-A guide was prepared for the policies and procedures of the Money Laundering and Terrorist Financing Section, which included:

- Stages of the money laundering process.
- The importance of combating money laundering and terrorist financing.
- The responsibility of the Director of the Money Laundering and Terrorist Financing Reporting Department.
- The responsibility that falls on the money laundering and terrorist financing reporting department at the bank.
- Penalties incurred by the bank.
- Know your customer (KYC) principle.
- Due diligence work procedures.

Other information contained in the bank's annual report for the year 2023

The other information contained in the bank's annual report for the year 2023, other than the financial statements, is the responsibility of the Board of Directors, and we obtained the data contained in the annual report before the date of this report.

Our opinion on the consolidated financial statements does not include other information, and we make no assurance in this regard.

In connection with the audit of the consolidated financial statements, it is our responsibility to read the other information specified above when it becomes available, and in doing so, we take into account whether such other information is materially inconsistent with the consolidated financial statements or with our knowledge obtained through the audit process or appears to contain material misinformation. If we conclude

Based on the work we performed on other information that we obtained prior to the date of the audit report, it contains material misstatement of information, so we must disclose that fact. We did not notice anything that should be disclosed in this regard.

Board of Directors' responsibilities regarding the consolidated financial statements



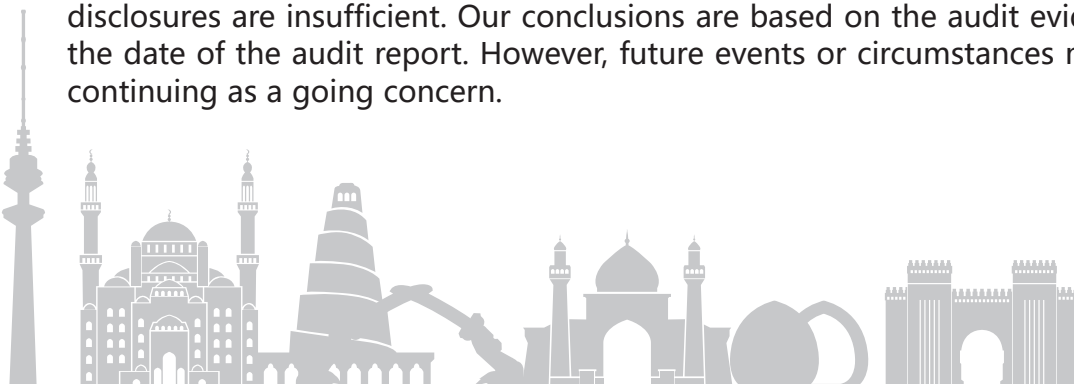


The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for the system of internal control that the Board of Directors deems necessary to prepare consolidated financial statements that are free of material misstatements, whether resulting from fraud or error. When preparing the consolidated financial statements, the Board of Directors is responsible for evaluating the bank's ability to operate as a going concern, and disclosing, where possible, matters related to the going concern principle, including the use of the continuity accounting principle when preparing the consolidated financial statements, unless it is the intention of the Board of Directors. Liquidating the bank, stopping its operations, or not having any other protective alternative but to do so.

Auditors' responsibilities regarding auditing the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high-level assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect material misstatement when it exists. Misstatements may occur as a result of fraud or error and are considered material, whether individually or together, could have an impact on the economic decisions taken by users of these consolidated financial statements. As part of the audit process in accordance with International Auditing Standards, we exercise professional diligence and maintain professional skepticism at all stages of the audit, and we also do the following:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not discovering a material error resulting from fraud are greater than that resulting from an error, as fraud may include collusion, forgery, approved omission, misrepresentation or violation of the internal control system.
- We have understood the internal control system related to auditing in order to design appropriate audit procedures under the circumstances, not to express an opinion on the effectiveness of the bank's internal control system.
- Evaluate the appropriateness of accounting policies followed and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Ensure the appropriateness of the Board of Directors' use of the continuity principle in accounting, and based on the audit evidence obtained, whether there is a fundamental uncertainty related to events or circumstances that may cast fundamental doubts about the bank's ability to continue as a going concern. If we conclude that there is material form, we should indicate in the audit report the relevant disclosures in the consolidated financial statements or amend our opinion if such disclosures are insufficient. Our conclusions are based on the audit evidence we obtained up to the date of the audit report. However, future events or circumstances may lead to the Bank not continuing as a going concern.





- Evaluating the overall presentation, structure and content of the consolidated financial statements, including the disclosures therein and whether the consolidated financial statements represent transactions and events that achieve fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information about the company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and completion of the audit of the bank and we alone are responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the Audit Committee with evidence of our commitment to ethical requirements related to independence, and we inform it of all relationships and other matters that affect our independence and what would preserve this independence.

From those matters communicated with the Audit Committee, we identify the matters that are most important in the audit of the consolidated financial statements for the current year and which represent the main audit matters. We provide clarification regarding these matters in the audit report unless laws or regulations prohibit disclosure of that matter, or in very rare cases in which that matter is not disclosed in our report as the expected negative effects of disclosure may outweigh the public benefit resulting from it.



Adel Ismael Hassan Alshaiby
Chartered accountant & Auditor
Member of the Iraqi certified
accountants Association



Nihad Shiaa Obaid Al, Saidi
Chartered accountant & Auditor
Member of the Iraqi certified
accountants Association





FINANCIAL STATEMENTS





Al-Mashreq Al-Arabi Islamic bank P. s. c
Statement of financial position
As on 31 December 2023

Statement	2023 review IQ dinar (thousands)	2022 Audited IQ dinar (thousands)
Assets		
Cash and balances with the central bank and financial institutions	165,607,437	158,413,654
Balances with banks and other financial institutions	34,395,064	19,139,702
Gold coins	86,555	4,985,208
Stock investment in companies	34,879,474	27,949,474
(Islamic financing (net	120,055,529	117,491,718
(Property, buildings and equipment (at book value	17,480,728	17,286,346
Intangible assets	2,494,061	1,628,230
Projects under implementation	5,805,302	5,545,845
other assets	20,756,079	18,211,826
Total assets	401,560,229	370,652,003
Liabilities and Shareholders' Equity		
Short-term liabilities and sources of financing		
Customer deposits	45,794,591	28,749,919
Current accounts	1,566,551	1,149,444
Cash Insurance	29,160,160	19,110,347
Miscellaneous customizations	1,503,405	1,007,462
Income tax provision	2,254,690	612,198
Long-term loans / central bank loan / initiative	46,139,679	47,096,409
other liabilities	11,149,951	21,560,123
Total liabilities	137,569,027	119,285,902
Shareholders' Equity		
paid Capital	250,000,000	250,000,000
Legal reserve	936,252	301,497
retained earnings	14,863,254	3,475,676
retained losses	(1,808,304)	(2,411,072)
Total Shareholders' Equity	263,991,202	251,366,101
Total Liabilities and Shareholders' Equity	401,560,229	370,652,003


Saja Ghazi Rashid

Executive Director of the Accounting and
Finance Sector


The Accountant

Mohammad Aref Ahmed
M/33085


**Asrar Abd Alhussain
Mōhammad**


Assistant Managing Director




**Sadiq Kazem
Al, Mashat**
 Chairman of Board of Directors

Subject to our report No. 30/32/2024 dated 1/2/2024


Adel Ismael Hassan Alshaiby
Chartered accountant & Auditor
 Member of the Iraqi certified accountants
Association


Nihad Shiaa Obaid Al, Saidi
Chartered accountant & Auditor
 Member of the Iraqi certified
accountants Association



Al-Mashreq Al-Arabi Islamic bank P. s. c
Income Statement
As on 31 December 2023

Statement	2023 review IQ dinar (thousands)	2022 Audited IQ dinar (thousands)
Revenues from ongoing operations:		
Islamic Banking Revenues	7,016,510	2,861,071
Fees and commission revenues	14,970,931	6,131,491
Revenues from buying and selling foreign currencies	62,794	91,866
Foreign Exchange Auction Window Revenue	2,052,531	1,736,270
Other Revenue	000	000
Total Operating Income	24,102,766	10,820,698
Operating expenses		
Salaries and wages	1,653,342	1,392,556
Banking Operations Expenses	2,295,879	1,237,516
General and administrative expenses	2,984,785	2,474,115
Consumption & Amortization	1,006,082	763,249
Transfer Expenses	1,212,887	690,421
Total Operating expenses	9,152,975	6,557,857
net income before tax	14,949,791	4,262,841
Income tax decreases	(2,254,690)	(612,198)
Net profit for the period after tax	12,695,101	3,650,643
Total comprehensive income for the year	12,695,101	3,650,643



Saja Ghazi Rashid
 Executive Director of
 the Accounting and
 Finance Sector

The Accountant
 Mohammad Aref Ahmed
 M/33085

Asrar Abd Alhussain Mohammad
 Assistant Managing Director

Sadiq Kazem Al , Mashat
 Chairman of Board of
 Directors





ANNUAL REPORT 2023





Al-Mashreq Al-Arabi Islamic bank P. s. c
Statement of shareholders equity for the year ended
As on 31 December 2023

2023	paid Capital IQ dinar (thousands)	Legal reserve IQ dinar (thousands)	other reserves IQ dinar (thousands)	retained earnings IQ dinar (thousands)	retained losses IQ dinar (thousands)	Total IQ dinar (thousands)
Balances as of January 1, 2023	250,000,000	301,497	-	3,475,676	(2,411,072)	251,366,101
Total comprehen- sive income for the year	-	634,755	-	12,060,346	-	12,695,101
Adjustments during the year	-	-	-	(70,000)	-	(70,000)
Adjustments during the year	-	-	-	(602,768)	602,768	-
Balances as on December 31, 2023	250,000,000	936,252	-	14,863,254	(1,808,304)	263,991,202
Balances as of January 1, 2022	200,000,000	118,965	-	2,260,335	(3,013,840)	199,365,460
Capital Increase	50,000,000	-	-	-	-	50,000,000
Total comprehen- sive income for the year	-	182,532	-	3,468,111	-	3,650,643
Decreases during the year	-	-	-	(602,768)	602,768	-
Decreases during the year	-	-	-	(1,607,565)	-	(1,607,565)
Adjustment during the year	-	-	-	(50,002)	-	(50,002)
Adjustment during the year	-	-	-	7,565	-	7,565
Balances as of December 31, 2022	250,000,000	301,497	-	3,475,676	(2,411,072)	251,366,101

The Decreases represent From the retained earnings account amounting to (602,768) based on the decision of the General Assembly held on 6/10/2023 to extinguish part of the retained loss.

The Adjustment represent The Board of Directors' remuneration amounting to (70,000) based on the decision of the General Assembly held on 6/10/2023.

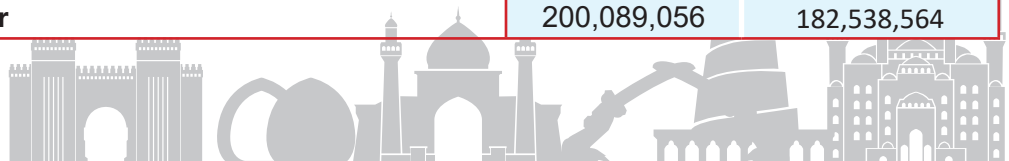


Al-Mashreq Al-Arabi Islamic bank P. s. c

Statement of Cash Flows

As on 31 December 2023

Statement	2023 Review IQ Dinar (thousands)	2022 Audited IQ Dinar (thousands)
Cash flows from operating activities:		
Net profit (loss) for the year before tax	14,949,791	4,262,841
Amendments to non-cash items	-	-
Consumption & Amortization	1,006,082	763,249
Miscellaneous customizations	495,943	(1,571,823)
Cash flow used in operating activities before change in operating assets and liabilities	16,451,816	3,454,267
Change in assets and liabilities		
Islamic financing	(2,563,811)	(82,799,200)
other assets	(2,544,253)	(1,550,347)
Customer deposits	17,044,672	7,424,341
Current accounts	417,107	(2,745,766)
Cash Insurance	10,049,813	11,113,048
other liabilities	(10,410,172)	7,869,885
Net cash flow from (used) operating activities before tax	28,445,172	(57,233,772)
Tax paid	(612,198)	(416,468)
Net cash flow from operating activities after tax	27,832,974	(57,650,240)
:investing activities		
investments in companies	(6,930,000)	(5,860,002)
Buying Property, buildings and equipment	(779,245)	(16,966,818)
Selling Property, buildings and equipment	-	38,825
Depreciation provision adjustments	-	-
Projects under implementation	(259,461)	14,328,014
Intangible assets	(1,287,046)	(1,333,988)
:Net cash flow from investing activities	(9,255,752)	(9,793,969)
Financing activities		
Proceeds from capital increase	-	50,000,000
Change in the Central Bank of Iraq loan	(956,730)	39,855,708
Adjustments to retained earnings	(70,000)	(50,002)
Net cash flows from financing activities	(1,026,730)	89,805,706
The change in cash and cash equivalents during the year	17,550,492	22,361,497
cash at the beginning of the year	182,538,564	160,177,067
cash at the end of the year	200,089,056	182,538,564





1. Legal status and main activities

Information about the bank

The Mashreq Arab Islamic Bank was established with a capital of 100 billion Iraqi dinars according to the certificate of incorporation numbered (M.S.C./01000089976) dated 3/10/2017, and it operated as an Islamic bank under the license granted by the Central Bank of Iraq in its letter numbered 8264/3/9. On 9/4/2018 and began its work through the main branch according to the letter of the Central Bank of Iraq No. 27527/3/9 on 28/11/2018.

The capital was increased from 100 billion dinars to 150 billion dinars by issuing 50 billion shares in accordance with the provisions of Companies Law No. 21 of 1997, and this increase took place on 10/2/2023 as stated in the letter of the Companies Registration Department No. 3916.

The bank has been allowed to practice banking business, taking into account the provisions of the effective Central Bank of Iraq and banking laws, the Islamic Banking Law No. (43) of 2015, and the Anti-Money Laundering and Terrorist Financing Law No. (39) of 2015, provided that it is subject to the control and supervision of the Central Bank of Iraq. This was stated in a letter. Central Bank of Iraq No. 8264/3/9 dated April 9, 2018.

The bank carries out all Islamic banking activities practiced by contemporary Islamic banks, taking into consideration the application of the provisions of tolerant Islamic Sharia in all banking fields, including opening current and savings accounts and granting Islamic financing such as Murabaha, Musharaka, Mudaraba, and Istisna', and meeting customers' requirements such as opening documentary credits and external transfer operations. Through the foreign currency buying and selling window at the Central Bank of Iraq.

One of the bank's main objectives is to expand Islamic financing operations by developing and improving the banking services and products provided by the bank and expanding its customer base by opening branches in the governorates of Iraq that meet the needs of customers and under the supervision and control of the Central Bank of Iraq in accordance with the Iraqi Banking Law No. 94 of 2004 and the Law Companies No. 21 of 1997, Islamic Banking Law No. 43 of 2015, and Money Laundering and Combating Terrorism Law No. 39 of 2015

2. Important accounting policies

Principles of preparing financial statements

The bank's financial statements were prepared in accordance with the International Financial Reporting Standards and the interpretations issued by the International Financial Reporting Interpretations Committee emanating from the Sharia Islamic Accounting Standards Board and in accordance with the historical cost principle, with the exception of financial assets at fair value through other comprehensive income and financial assets at fair value through the consolidated income statement, which It is stated at fair value at the date of the financial statements. The Iraqi dinar is the presentation currency of the financial statements, which represents the functional currency of the bank, and all amounts are presented in Iraqi dinars.



Basis for consolidation of consolidated financial statements

The consolidated financial statements include the bank's financial statements, as of December 31, 2023, the assets, liabilities, and results of the bank's business (general management and bank branches). There are two companies affiliated with the bank with a 100% ownership percentage, and their accounts have been consolidated with the bank's accounts. The bank's management continued to apply the accounting policies followed in preparing the financial statements in accordance with Islamic accounting standards, which were approved in application to the financial statements.

International Financial Reporting Standards, new interpretations and amendments issued but not yet effective

-International Accounting Standard No. (1) Presentation of Financial Statements - (Amendments)

These modifications include limited improvements focused on the following:

- Intrinsicity
- Classifications and grouping
- The structure of the explanations
- Disclosure of accounting policies
- Display items of other comprehensive income resulting from investments that follow the equity method, if any.

These amendments are not expected to affect the financial position or financial performance of the bank, and the bank does not expect these amendments to have a material impact on the bank's financial statement explanations.

- International Accounting Standard No. (16) Property and Equipment:

Long-term tangible assets contribute substantially to helping the bank carry out its main activities, especially those used in conducting business. Since assets provide benefits for more than one period, the cost of these assets is capitalized and their costs are distributed over the period of their useful life, which is called depreciation and the use of the straight-line method. The objectives of this standard and its application to financial statements:

- 1-The timing of their recognition and registration
- 2- Depreciation expense.
- 3- Addressing the decline in its value in the periods following ownership.





Important accounting policies:

The accounting policies followed in preparing these financial statements were based on Islamic accounting standards, with the exception of the application of new standards and changes effective from 1/1/2023 according to the instructions of the Central Bank of Iraq.

- International Financial Reporting Standard No. (9) Financial Instruments:-

The International Accounting Standards Board issued amendments to financial instruments in International Financial Reporting Standard No. (9), in implementation of the instructions of the Central Bank of Iraq to apply the standard to financial statements as of 1/1/2022.

Islamic banks apply the standard with regard to the part related to expected credit loss, and otherwise they are committed to applying the requirements of Islamic Accounting Standard No. (25) Investment in Instruments and Shares and Islamic Accounting Standard No. (30) Impairment of Assets and Credit Losses, which replaced Islamic Accounting Standard No. (11) Provisions. And reserves.

A draft was issued to implement Standard No. (30) by the Accounting and Auditing Organization for Islamic Institutions (AAOIFI). This standard aims to clarify the accounting rules and principles for asset impairment and credit losses, including current and expected losses. This standard also presents the classification of financial assets and exposure to credit risks, and the standard also shows the most prominent international approaches followed in the field of impairment of financial assets in accordance with Sharia principles and provisions. Islamic Financial Accounting Standard No. (30) covers many of the topics found in International Standard No. (9) in terms of similarities and differences between them and the extent of their overlap in calculating and applying the expected credit loss approach. The most important features of applying International Standard No. (9) are the following:

- Early recognition of credit losses.
- Establishing a loss allowance for all credit risks.
- Potential fluctuations due to changes in 12-month economic conditions which need to be considered in forecasts of economic conditions Futurism.
- Compatibility and harmonization of financial reports with credit risk management systems.

A committee was formed consisting of directors of the following departments:

The Financial Department, the Islamic Finance Department, the Risk Management Department, the Internal Audit Department and the Information Technology Department, and under the supervision of the bank's Board of Directors for the purpose of ensuring and successfully implementing International Accounting Standard No. (9) Financial Instruments, where the committee developed a plan approved and certified by the Board of Directors for the purpose of implementing the standard. And develop a system for calculating expected credit loss. The bank has prepared a methodology for calculating expected credit losses for financial instruments according to the business model below:



- Financial assets at amortized cost:-

They are the financial assets that the bank's management, in accordance with its business model, aims to keep in order to collect contractual cash flows, which are represented by payments of principal and the return on the outstanding debt balance. These assets are recognized upon purchase at cost plus acquisition expenses, and bonuses are amortized using the effective return method, as a restriction on or to calculate the return. Any provisions resulting from a decrease in their value that leads to the inability to recover the asset or part of it are deducted, and any decrease in its value is recorded in income list. The amount of impairment of these assets represents the difference between the value recorded in the records and the present value of expected cash flows discounted at the original return rate. It is not permissible to reclassify any assets from this item except in the cases specified in the International Financial Reporting Standard. In the event that any of these assets are sold before their maturity date, the result of the sale will be recorded in the income statement in a separate item and this will be disclosed in accordance with the requirements of international accounting standards.

- The fundamental increase in the transition between the three stages: -

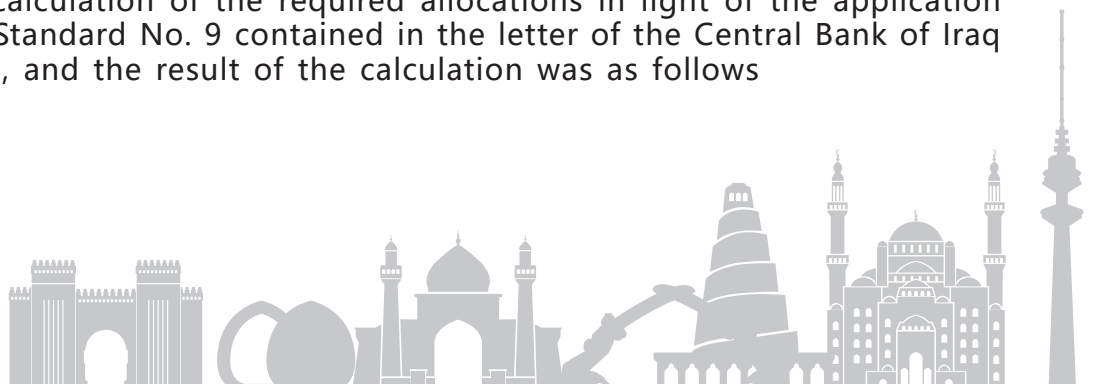
The stages of calculating the customer's expected credit losses go through several stages, based on studying the creditworthiness and determining the significant increase in risk to move between the stages of the planned business model and according to the following stages:

- The first stage: expected credit losses over a period of 12 months. A portion of the expected credit losses over a lifetime related to events that are likely to occur in payment default during the next 12 months (expected cash flows) is recognized according to a time period of no less than 30 days.
- The second stage: Expected credit losses over a lifetime are non-impaired. Credit losses over a lifetime are proven to be non-credit impairable based on a time period of no less than 89 days.
- The third stage: Expected credit losses over a lifetime are impaired. Expected credit losses are recorded over a lifetime, and returns are suspended and proven on the basis of cash receipts, as they are evaluated as credit-impaired, which has a harmful effect on the future cash flows of those financial assets according to the time periods from 90-180 / 181-359 / 360 and above.

Financial liabilities:-

A financial liability is derecognised when the obligation associated with the liability is released, canceled or expires. When a financial obligation is replaced by another from the same financing entity and according to fundamentally different terms, or in the event of a fundamental modification to the terms of an existing obligation, this exchange or modification is treated as an exclusion of the original obligation and the realization of a new obligation.

The bank applied the calculation of the required allocations in light of the application of Financial Reporting Standard No. 9 contained in the letter of the Central Bank of Iraq 9/6/466 on 26/12/2018, and the result of the calculation was as follows





The provision required to be calculated for Islamic financing (Murabaha)	The required allocation for pledged credit / dinars	The required allocation for balances with financial institutions / dinar	Total / dinar
2,747,020,574	1,503,404,523	431,025,279	4,681,450,376

The quantitative impact of applying the above-mentioned standard was calculated as follows:

statement	Islamic cash financing (Murabaha) / dinar	Pledged credit / dinar	Balances with financial institutions / dinar
The allocation to be calculated on 12/31/2023	2,747,020,574	1,503,404,523	431,025,279
Decrease: The allocation balance on 1/1/2023	2,508,632,598	1,007,461,873	221,846,091
Quantitative impact of implementing the standard on 12/31/2023	238,387,976	495,942,650	209,179,188

T

he additions required to cover the increase in allocations have been transferred from foreign currency valuation profits with the full quantitative effect required to be applied on 31/12/2023 as follows:

Change in Islamic financing/Murabaha	238,387,976
Change in investments/shares	-
Change in credit covenant	495,942,650
Change in balances with financial institutions	209,179,188
Net change	943,509,814

As will be mentioned in Notes No. (7) and (14) attached to the financial statements.



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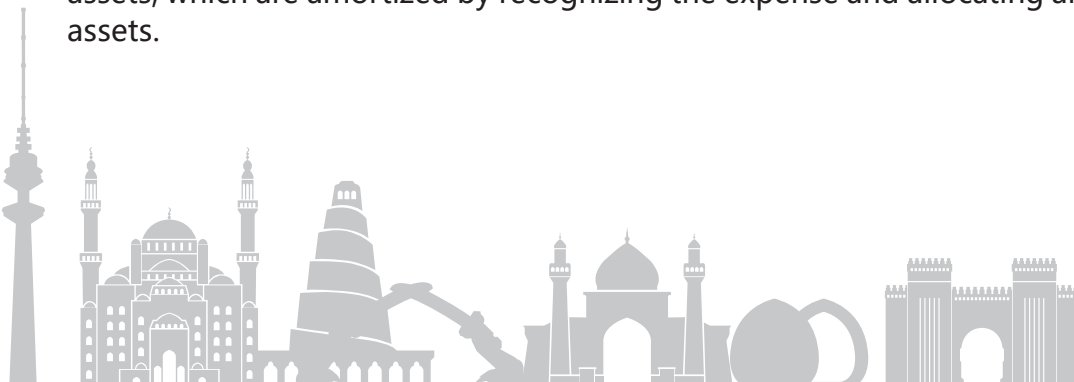


- International Accounting Standard No. 27 (Consolidated Financial Statements and Investment in Subsidiaries):

Investment and financing activities are considered the backbone of Islamic banks, as they contribute to achieving the economic development of the country and in accordance with the provisions and principles of Islamic Sharia. One of the prerequisites for the success of investment activity is the presence of an integrated plan that helps in monitoring and evaluating performance and making rational investment decisions in accordance with a set of standards, indicators and strategic policies. Based on the bank's orientation to use its financial resources in a way that ensures achieving returns with low risks and contributing to the revitalization of the country's economic sector, it is moving toward establishing strategic investment projects that achieve a set of goals at the same time, and then contributing to the capital of the two companies, Nakheel Al-Mashreq Trading Company and the Mashreq Gate Consulting Company. This contribution is considered an investment. long term, This contribution is subject to International Standard No. (27) Investment in subsidiaries by owning more than 50% of the shares and is accounted for using the ownership method. This method is based on recording investments at cost upon purchase.

- International Accounting Standard No. 38 (Intangible Assets):

Intangible assets represent one of the important resources of the bank, as these assets are considered the main source. These assets are characterized by the fact that they do not have a tangible physical presence. They are non-financial assets (non-monetary) whose useful life is considered more than one period. It can be defined as an identifiable non-monetary asset that does not have a physical presence and is controlled by the bank as a result of past events such as internal development or as a result of the acquisition and use of an asset that will bring future economic benefits such as the modern electronic systems used as well as the costs of pre-operation training and the programs used to operate these systems, which can be defined as The basis for measuring these assets, and these assets are treated accounting through amortization. Our bank has used this standard by covering establishment expenses and pre-operating expenses as intangible assets, which are amortized by recognizing the expense and allocating an allowance for intangible assets.





Sector information

The business sector represents a group of assets and operations that together provide products or services that are subject to risks and returns that differ from those related to other business sectors. The geographical sector is related to the provision of products or services in a specific economic environment that is subject to risks and returns that differ from those related to sectors operating in other economic environments.





Use estimates

Preparing consolidated financial statements and applying accounting policies requires bank management to make estimates and judgments that affect the amounts of financial assets and liabilities and the disclosure of potential liabilities. These estimates and judgments also affect revenues, expenses and allocations, as well as other comprehensive income items. In particular, the bank's management issues important judgments and judgments to estimate the amounts and timing of future cash flows. The aforementioned estimates are based on multiple assumptions and factors, which have varying degrees of estimation and uncertainty, and the actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future.

The bank's management believes that its estimates in the consolidated financial statements are reasonable and detailed as follows:

- Taxes due. The fiscal year is charged with its appropriate taxes in accordance with local regulations and laws applied by the financial authority and accounting standards.
- Management periodically re-estimates the useful lives of property and equipment for the purposes of calculating annual depreciations and amortizations based on the general condition of those assets and estimates of the expected useful lives in the future. An impairment loss (if any) will be recorded in the consolidated income statement according to the instructions of the sectoral authority.
- The management periodically reviews the financial assets, if any, in the future, which are shown at cost, to estimate any decline in their value, and the decline is taken into account in the consolidated income statement for the year.

Future policy of direct credit facilities

- Credit facilities are shown net after deducting the provision for cash credit risks and the provision for doubtful debts. As for the outstanding returns and commissions, they are reserved in a special provision for those who have stopped paying.
- A provision for cash credit risks is established if it becomes clear that the amounts due to the bank cannot be collected and when there is objective evidence that an event has negatively affected the future cash flows of direct credit facilities and when this decrease can be estimated, and the amount of the decrease is recorded as an expense in the consolidated income statement.
- Returns and commissions on non-productive credit facilities granted to customers are suspended in accordance with the instructions of the Central Bank of Iraq.
- The credit facilities allocated to them are written off in the event that the measures taken to collect them are ineffective by deducting them from the allocation in accordance with the Companies Law, and any surplus in the allocation is transferred to another type of allocation according to the Central Bank's latest instructions.
- The amount of the expected credit loss allowance (cash - pledge) is returned when obligations are paid by some customers to a miscellaneous allocations account, according to the instructions of the Central Bank of Iraq.



Cash and its equivalent

It is cash and cash balances that depend on the maturity scale according to the letter of the Central Bank of Iraq No. 9/6/48 dated 4/2/2022 and includes: cash, balances with the Central Bank, balances with banks and governmental, local and foreign banking institutions.

The accounting policy used for property, buildings and equipment

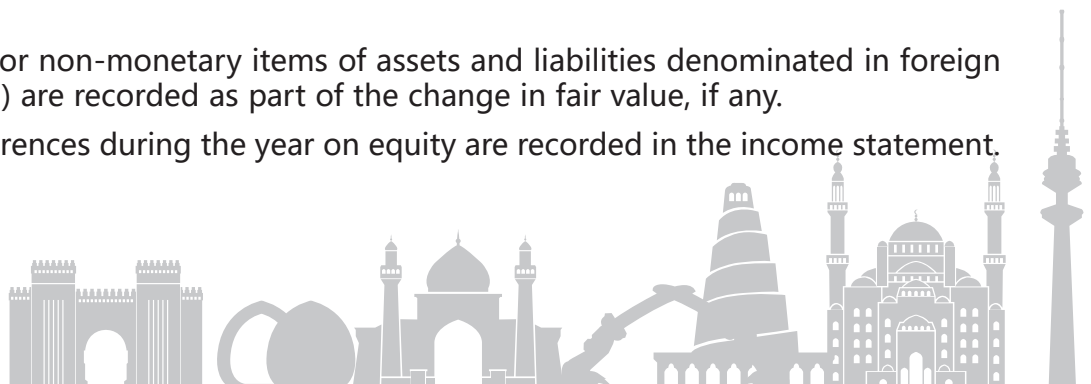
Property and equipment are stated at historical cost less accumulated depreciation. The cost of property and equipment includes the cost incurred to replace any components of the property and equipment and financing expenses for long-term construction projects if the recognition conditions are met. All other expenses are recognized in the consolidated income statement when incurred. Depreciation is calculated (with the exception of land, as land does not disappear, but its cost is completely reduced in the event of natural disasters) using the straight-line method according to the expected useful life as follows:

Asset	Useful life / (years)
Buildings	30-50
Equipment, appliances and furniture	5
Means of transport	5
Electronic systems	5

Any item of property and equipment and any significant parts thereof are not written off except upon disposal or when there is no expected economic benefit from using or disposing of the asset. Any profit or loss resulting from the write-off of the asset is recorded, which represents the difference between the proceeds from disposal and the net book value. For the asset, in the consolidated income statement. The remaining values of the assets, useful lives and methods of depreciation are reviewed in each fiscal year and amended later if necessary.

foreign currency

- Transactions that take place in foreign currencies during the year are recorded at the prevailing exchange rates as on the date of the transactions, except for the exchange rate determined by the Central Bank of Iraq and resulting from the currency sale window.
- Balances of financial assets and financial liabilities are converted at intermediate foreign currency rates as of the date of the financial statements, as issued by the Central Bank of Iraq, which the bank adhered to when preparing the financial statements.
- Non-financial assets and liabilities denominated in foreign currencies and shown at fair value are translated on the date their fair value is determined.
- Gains and losses resulting from foreign currency translations during the year are recorded in the income statement.
- Translation differences for non-monetary items of assets and liabilities denominated in foreign currencies (such as stocks) are recorded as part of the change in fair value, if any.
- Currency exchange differences during the year on equity are recorded in the income statement.





Allocations

Provisions are recognized when the bank has obligations at the date of the statement of financial position arising from past events, and the settlement of the obligations is probable and their value can be measured reliably.

Income tax

Taxes represent the amounts of taxes due, and taxes due are calculated on the basis of taxable profits. Taxable profits differ from profits declared in the financial statements because declared profits include non-taxable revenues or non-deductible expenses according to the instructions of the financial authority.

Income tax is calculated according to the tax rates prescribed under the laws, regulations and instructions in force in Iraq, amounting to 15% for corporate income tax, as shown in Note No. 18.

Clearing

Offsetting is carried out between financial assets and financial liabilities and the net amount is shown in the statement of financial position only when the binding legal conditions are met, and also when they are paid on the basis of offsetting or when the assets are realized and the liabilities are paid at the same time.

Financial guarantees

The bank provides financial guarantees in the ordinary course of business. Financial guarantees consist of documentary credits, letters of guarantee and acceptance papers. Financial guarantees are included in the financial statements at fair value among other liabilities. Subsequent to the listing date, financial guarantees are measured at the initial fair value, less, Any credit amounts that may result from financial guarantees are included in the income statement under "financing losses." Any creditable financial guarantees are included in the income statement under "net fees and commissions" when the guarantees are disposed of, canceled, or expire.





3. Definitions

The following terms are used in the financial statements and their definitions are defined as follows:

Share

It is a contract between the bank and the customer under which they participate in a specific investment project, existing or new, or in the ownership of a specific asset, either on an ongoing basis or for a limited period during which the bank makes several arrangements with the customer to sell to him parts of his share in the project gradually until it ends with the customer owning a share. Full participation (diminishing participation), profits are shared according to the contract concluded between the two parties, and they bear the loss in proportion to their shares in the participation capital.

Murabaha

It is a contract under which the bank sells to the customer an in-kind asset, a commodity, or a stock that it owns and is in possession of (actually or virtually), in exchange for a selling price consisting of the purchase cost and an agreed-upon profit margin.

ordering to make

It is a contract between the bank (the manufacturer) and the dealer (the istisna) under which it sells an item that it manufactures for it, so that they agree on its exact specifications, the price of the sale, its term, and the date of delivery. The manufacturing and necessary materials are the responsibility of the bank. The bank develops (manufactures) the item subject to the manufacturing contract itself or through a contracting contractor. With him and then delivers it to the customer with the same agreed upon specifications on the agreed upon delivery date.

Lease

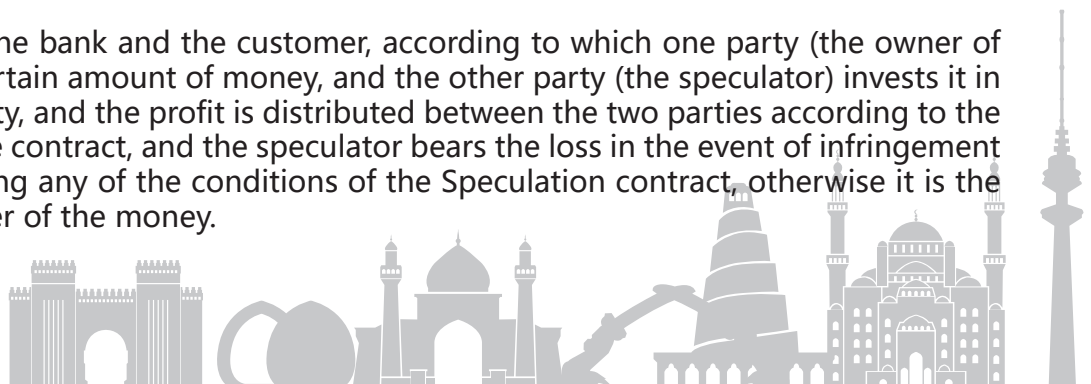
A contract under which the bank (the lessor) leases to the customer (the lessee) an in-kind asset (or service) specific to itself (owned by the bank or leased) or described in the liability, for a known period and in exchange for specific rental installments. The lease of an in-kind asset may end with the lessee owning the leased asset through an independent contract transferring ownership.

The good loan

Good loan is non-profit financing that aims to enable the borrower to use the money for a certain period, provided that he repays the same loan amount when, He postponed the loan without taking any profit or any consideration on that loan.

Speculation

It is a contract between the bank and the customer, according to which one party (the owner of the money) provides a certain amount of money, and the other party (the speculator) invests it in a specific project or activity, and the profit is distributed between the two parties according to the shares agreed upon in the contract, and the speculator bears the loss in the event of infringement or negligence. /Or violating any of the conditions of the Speculation contract, otherwise it is the responsibility of the owner of the money.





The Acting

It is a contract between the bank and the customer, whereby one party (the principal - the principal) provides the other (the agent) with an amount of money and assigns him to invest it according to conditions.

And specific items. The agent's commission is set in a lump sum, and anything in excess of a a specific percentage of the expected profit may be added to it as an incentive profit for the agent.

For good performance, the agent shall bear the loss in the event of infringement, negligence, or violation of any of the terms and conditions of the agency contract, otherwise it shall be borne by the principal.

Instruments

Documents of equal value that represent common shares in the ownership of a specific asset (leased, or will be leased, whether existing or described in the future), or in the ownership of rights resulting from the sale of an existing asset after the sukuk holders own it, or in the ownership of a commodity owed, or in the ownership of projects. It is managed on the basis of speculation or participation, and in all of these cases, the sukuk holders own their common share of the leased assets, or of the rights or goods owed, or of the assets of the company's or speculation projects.

4. Cash and balances with the Central Bank

Statement	2023 Thousands dinar	2022 Thousands dinar
Cash in safe		
Cash on hand	22,376,342	43,160,471
Total	22,376,342	43,160,471
:Balances at the Central Bank of Iraq		
Current accounts	,127,546,154	110,385,883
Reserve letters of guarantee	4,358,974	1,795,541
Mandatory deposits	11,325,967	3,071,759
total	143,231,095	115,253,183
Total	165,607,437	158,413,654

* Cash in the fund and current accounts do not pay any returns according to Islamic Sharia.

The bank must maintain mandatory deposits with the Central Bank of Iraq. These mandatory deposits are not available for use in, The bank's daily operations cannot be withdrawn except with the approval of the Central Bank of Iraq.



5. Balances and deposits with banks and other financial institutions

Statement	2023 Thousands dinar	2022 Thousands dinar
Current accounts - local banks and institutions	13,274,825	12,404,286
Current accounts - banks and external institutions	21,551,264	6,957,262
Decrease: Allowance for expected credit losses	(431,025)	(221,846)
Total	34,395,064	19,139,702

An allowance for expected credit losses has been established in accordance with International Standard No. (9)

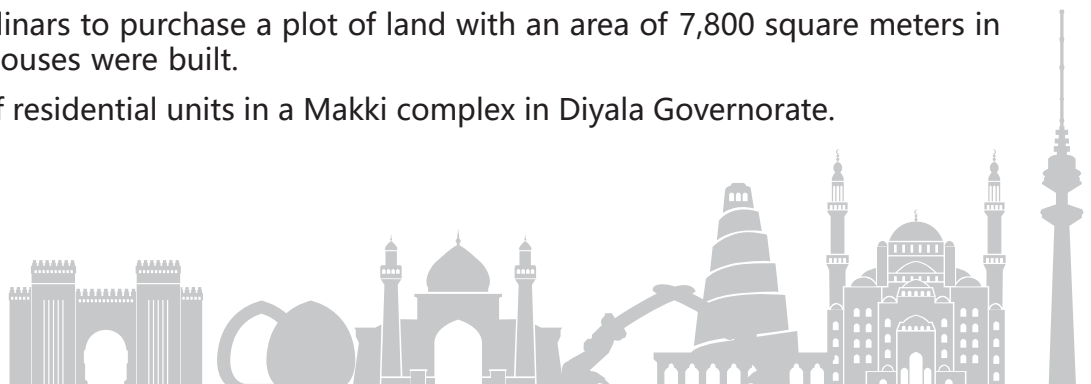
Within the balance of current accounts of banks and local institutions are deposits amounting to (10) billion dinars in the World Bank and (2) billion dinars in the Al-Nahrain Bank.

6. Stock investments in companies:

Statement	2023 Thousands dinar	2022 Thousands dinar
Long term investments	34,879,474	27,949,474
Total	34,879,474	27,949,474

The investments represent the following:

- 1- (10,000,000) thousand dinars investment in Mashreq Gate Company
- 2- (10,000,000) thousand dinars investment in Nakheel Al-Mashreq Company
- 3-(750,000) thousand dinars investment in the Iraqi Deposit Insurance Company.
- 4- (789,474) thousand dinars investment in the Lebanon and al mahjer Bank.
- 5- (550,000) thousand dinars investment in the National Takaful Company
- 6- (5,860,000) thousand dinars to purchase a plot of land with an area of 7,800 square meters in District 47, on which 28 houses were built.
- 7- (6,930,000) Purchase of residential units in a Makki complex in Diyala Governorate.





7.1 Islamic finance

Statement	2023 Thousands dinar	2022 Thousands dinar
Murabahat		
Murabaha/individuals	64,372,531	62,540,996
Murabahat initiative for small and medium enterprises/Central Bank	51,511,141	49,580,549
Salary localization Murabaha	1,961,288	2,430,093
Murabaha is a promise to purchase	1,623,122	1,623,123
Housing Murabaha	1,019,141	1,086,547
Good loan	2,315,327	2,739,043
Total Islamic financing	122,802,550	120,000,351
*Provision for impairment in Islamic financing	(2,747,021)	(2,508,633)
Net Islamic financing	120,055,529	117,491,718

The impairment allowance for Islamic financing was calculated according to International Standard No. (9).

7.2 Islamic financing – impairment allowance for Islamic financing:

Below is the movement on the impairment allowance for Islamic financing as follows:

Statement	2023 Thousands dinar	2022 Thousands dinar
Balance as of January 1	2,508,633	1,227,077
Additions during the year	238,388	1,281,556
Balance as of December 31	2,747,021	2,508,633

The additions to the buildings account represent an amount of (245,620) thousand dinars, the final payment for the general administration headquarters and the main branch and the construction of a new room for the accounting department. • Additions to the machinery and equipment account represent an amount of (108,196) thousand dinars, the purchase of a solar system, money meters, and the purchase of cameras and UPS batteries.

• Additions to the office furniture and equipment account represent an amount of (425,045) thousand dinars, purchasing office equipment, curtains, cooling devices, sensors, and external display screens.



- Additions to the land account in the amount of (4,958,499) thousand dinars represent a transfer from the account of projects under implementation during the period, which represents the land of the bank's general administration building.
- Additions to the buildings account in the amount of (8,299,961) thousand dinars represent a transfer from the account of projects under implementation during the period, which represents the general administration building of the bank, and the amount of (2,761,383) thousand dinars represents the purchase of the Karbala property and its reconstruction, and the amount of (100,000) thousand dinars paid to complete the procedures for the administration building.
- Additions to the means of transportation account in the amount of (69,998) thousand dinars represent the transfer of the car from the account of projects under implementation and the purchase of a car.
- Additions to the machinery and equipment account represent the purchase of two ATMs, the purchase of solar energy, the purchase of a generator, and the purchase of other machines.
- Additions to the account of furniture and office equipment represent the purchase of furniture for the bank.
- The additions represent the number and templates for purchasing a weapon (2) and purchasing a system

8.1-Property and equipment

Statement	lands thousands Dinar	Buildings thousands Dinar	Machinery and equipment thousands Dinar	Means of trans- portation and transfer thousands Dinar	Numbers and tem- plates thousands Dinar	Office fur- niture and equipment thousands Dinar	Total Iraqi Dinar
Balances as of January 1, 2023	4,958,499	11,161,344	821,427	69,998	39,056	1,059,938	18,110,262
Additions during the year	-	245,620	108,196	-	384	425,045	779,245
Exclusions during the year	-	-	-	-	-	-	-
Balances as at the end of the year	4,958,499	11,406,964	929,623	69,998	39,440	1,484,983	18,889,507
Accumulated consumption							
Balance as at 1/1	-	142,674	266,163	7,000	5,809	402,270	823,916
Depreciations/ amortizations are added for the cur- rent year	-	225,517	158,282	13,999	7,813	179,252	584,863
Settlements during the year	-	-	-	-	-	-	-
The balance of the allowance at the end of the year	-	368,191	424,445	20,999	13,622	581,522	1,408,779
Book value as of December 31, 2023	4,958,499	11,038,773	505,178	48,999	25,818	903,461	17,480,728





9. Intangible assets

Statement	Establishment expenses	Systems and software	Decorations, fixtures and partitions	cards	Leasehold improvements	Total
thousands Dinar	thousands Dinar	thousands Dinar	thousands Dinar	thousands Dinar	thousands Dinar	thousands Dinar
Balance as of 1/1/2023	82,638	395,588	95,004	82,303	972,694	1,628,230
Additions during the year	512,280	727,445	43,752	3,569	-	1,287,046
Amortization for the current year	(15,907)	(183,293)	(18,929)	(15,843)	(187,243)	(421,215)
Balance as of 31/12	579,011	939,740	119,830	70,029	785,451	2,494,061

Represents additions

- An amount of (512,280) from the projects under implementation account to the establishment expenses of the Umm Qasr branch and the Aden branch.
- An amount of (727,445) from the projects under implementation account (179,759) to the systems and software account, and an amount of (547,686) represents the purchase of programs and archiving systems.
- An amount of (43,752) for decoration works for the external drainage, making glass partitions, purchasing glass door accessories, and purchasing an electronic lock.
- An amount of (3,569) customs clearance of diamond cards.

10. Projects under implementation

Statement	Lands and buildings	Means of transport and transportation	Systems and software	Branch opening expenses	Total
thousands Dinar	thousands Dinar	thousands Dinar	thousands Dinar	thousands Dinar	thousands Dinar
Balance as of 1/1/2023	3,499,290	73,360	1,843,195	130,000	5,545,845
Additions during the year	-	64,190	359,771	648,384	1,072,345
Adjustment during the year	-	-	(179,759)	(633,129)	(812,888)
Balance as of 31/12	3,499,290	137,550	2,023,207	145,255	5,805,302



Additions Represents

- 1- Means of transportation: Amount of (114,190) Purchase of a Patrol car.
- 2- Systems and Software: An amount of (359,771) for an agreement to provide professional services for calculating Standard 9 and paying subscriptions to a companya zain show.
- 3-As for adjustments, the amount (179,759) was transferred to the establishment expenses, programs and systems account.
- 4-Expenses for opening branches: An amount of (648,384) expenses for opening the Najaf and Federation of Industries branches.
- 5- As for the settlements, the amount is (633,129) thousand dinars for the transfer of an amount of (416,942) thousand dinars from the Umm Qasr branch to the assets, and for the transfer of the amount of (214,898) thousand dinars from the Aden branch to the assets, and the amount of (1,286) thousand dinars was transferred to an advance account for the purposes of activity.





11. Other assets

Statement	2023 Thousands dinar	2022 Thousands dinar
Current activity debits/individuals	60,062	30,402
Current activity debits/ Companies	112,060	11,960
Debits are non-current activity	5,985,965	8,090,027
(Insurance for others (external credits	13,439,225	8,277,232
Advance for activity purposes	53,756	101,372
Employee advances	355,824	297,852
Prepaid expenses	18,836	10,833
Judicial expenses	13,509	9,466
Suspended account/MasterCard transactions	137,986	86,278
pos devices inventory	1,965	
Bullion deposits	-	1,242,542
Temporary Remittances/Western	-	10,457
Fixed asset inventory	-	43,405
Receivables from exchange rate fluctuations	464,799	-
Debtors of letters of guarantee	111,948	-
Reciprocal accounts receivable	144	-
Total	20,756,079	18,211,826







12. A- Customer deposits

Statement	2023 Thousands dinar	2022 Thousands dinar
Credit current accounts - banks	904	930
Current accounts - companies	34,656,339	22,303,069
Current accounts- individuals	9,991,564	6,352,955
Investment deposits - individuals	1,145,784	92,965
Total	45,794,591	28,749,919

12. B- Accounts of a current nature

Statement	2023 Thousands dinar	2022 Thousands dinar
Bills drawn on the bank	696,281	330,411
Checks drawn on the bank	791,324	641,106
Suspended clearing instruments	-	7,200
Central bank inquiry	425	125
Branch remittance drawn on the bank	78,521	168,762
Western outgoing Remittances	-	1,840
Total	1,566,551	1,149,444
Final Total (A+B)	47,361,142	29,899,363

13. Cash insurances

Statement	2023 Thousands dinar	2022 Thousands dinar
Insurance against letters of guarantee	22,595,543	13,026,103
Insurance against credits	6,564,617	6,084,244
Total	29,160,160	19,110,347





14. Miscellaneous customizations

Statement	2023 Thousands dinar	2022 Thousands dinar
Balance as of January 1	-	1,978,409
Additions during the year	-	-
Decrease during the year	-	(1,978,409)
Balance as of December 31	-	-

Statement	2023 Thousands dinar	2022 Thousands dinar
<u>Income tax provision/direct deduction</u>		
Balance as of January 1	-	85,000
Additions during the year	-	-
Decrease during the year	-	(85,000)
Balance as of December 31	-	-

Statement	2023 Thousands dinar	2022 Thousands dinar
Provision for undertaking obligations		
Balance as of January 1	1,007,462	515,876
Additions during the year	495,943	491,586
Balance as of December 31	1,503,405	1,007,462
Total	1,503,405	1,007,462

15.1 Provision for income tax

Statement	2023 Thousands dinar	2022 Thousands dinar
Balance as of January 1	612,198	416,468
Income tax due for the year 2022	294,339	612,198
payments during the year 2022	(906,537)	(416,468)
Income tax due for the year 2023	2,254,690	-
Balance as of December 31	2,254,690	612,198





15.2 Income tax provision settlement statement

Statement	Thousands dinar	Thousands dinar
Net profit according to the income statement- b		14,949,791
:Add: Non-net taxable expenses		
Donations to others	0	
Compensation and fines	474,409	
Bonuses for non-workers	143,955	
Risks of cash and commitments	734,331	
Risks of external bank expenses	209,179	
Total expenses that are not taxable		1,561,874
Net profit after additions		16,511,665
Decrease: Tax-exempt revenues		
Investment profits of subsidiaries	(877,627)	
(of the accumulated deficit (50% of the current year's profit 20%	(602,768)	
Total income exempt from tax		(1,480,395)
(Amount of taxable profit (tax profit		15,031,270
(Tax rate (15%		15%
The amount of tax generated		2,254,690

Clarifications:-

* The tax amount was calculated in accordance with the Iraqi tax law at a rate of (15%) of the taxable profit. The amount was calculated in accordance with the tax instructions.

* Previous year's tax has been paid.

16. Central Bank of Iraq initiative loan

Statement	2023 Thousands dinar	2022 Thousands dinar
Central Bank of Iraq Initiative Loan	46,139,679	47,096,409
Total	46,139,679	47,096,409

* This amount represents the initiative of the Central Bank of Iraq for the purpose of lending to citizens for the purpose of Murabaha for small and medium enterprises and housing.



17. Other liabilities

Statement	2023 Thousands dinar	2022 Thousands dinar
Revenue received in advance	7,707,111	11,449,958
Administrative expenses payable	90,000	77,000
Demands received/currency auction transaction adjustments/ MasterCard	1,790,590	994,160
Stamp duty due	-	30
Increase in cashier	4,676	1,915
Gold bullion deposits	-	1,242,542
Government sector creditors	94,026	66,330
Private sector suppliers	19,026	6,099,959
Deductions from third party members/social security	2,295	167
Card balance	407,016	-
Amounts received for registering companies	676,000	-
Central bank commissions	13,500	-
Total	11,149,951	19,960,123





18. Paid-in capital

The paid-up capital of Al-Mashreq Al-Arabi Islamic bank was increased in two stages:

- The first stage: The bank was established with a capital of (100,000,000,000) Iraqi dinars according to the establishment certificate numbered (M.S.C./01000089976) dated 10/3/2017, and it operated as an Islamic bank under the license granted by the Central Bank of Iraq in its letter numbered 8264/3. /9 on 9/4/2018 and began its work through the main branch according to the letter of the Central Bank of Iraq No. 27527/3/9 on 28/11/2018.
- The second stage: The capital was increased from 100 billion dinars to 150 billion dinars by issuing 50 billion shares in accordance with the provisions of Companies Law No. 21 of 1997, and this increase took place on 10/2/2022 as stated in the letter of the Companies Registration Department No. 3916.
- The third stage: The capital was increased from 150 billion dinars to 200 billion by issuing 50 billion shares in accordance with the provisions of Companies Law No. 21 of 1997, and this increase took place on 17/3/2022 as stated in the letter of the Companies Registration Department No. 9343.
- The fourth stage: The capital was increased from 200 billion dinars to 250 billion by issuing 50 billion shares in accordance with the provisions of Companies Law No. 21 of 1997, and this increase took place on 7/6/2023 as stated in the letter of the Companies Registration Department No. 20668.





19. Reserves

Mandatory reserve

According to the Iraqi Companies Law, 5% (as a minimum) of the year's income after taxes is deducted as a mandatory reserve. The amounts accumulated for this account may not exceed 50% of the bank's capital, and the mandatory reserve or any returns resulting from it may not be distributed to shareholders. The deduction may continue with the approval of the bank's general assembly, provided that the mandatory reserve does not exceed 100% of the bank's capital.

Other reserves

Other reserves include the reserve for expansion of the bank's activities and the social responsibility reserve, which are determined by the bank's board of directors.

20. Islamic banking revenues

Statement	2023 Thousands dinar	2022 Thousands dinar
Profits realized from Murabaha	5,249,700	2,345,554
(Other realized profits (central bank loan	1,185,642	481,221
Localization profits	446,748	34,296
Profit from a promise to purchase	133,880	-
Car Murabaha profits	540	-
Total	7,016,510	2,861,071







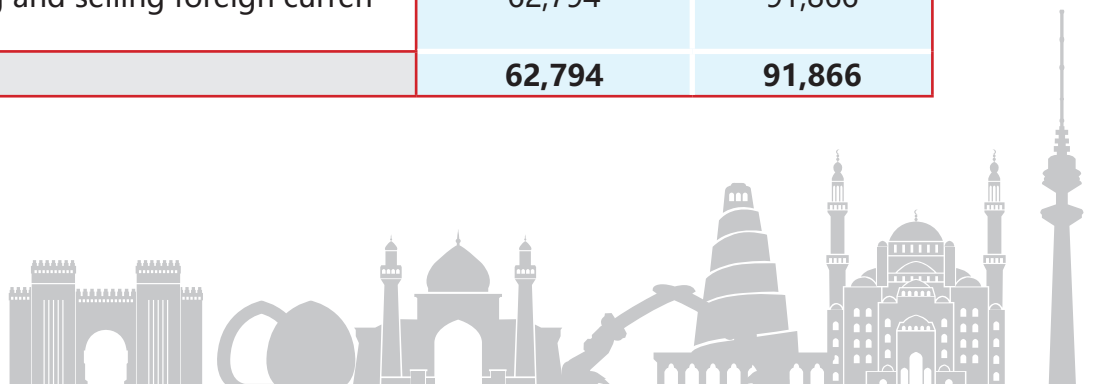
21. Fee and commission income, net

Statement	2023 Thousands dinar	2022 Thousands dinar
Credit commissions		
Letters of guarantee commission	3,178,912	3,407,297
Credit revenues	1,924,400	1,178,700
Earnings from the ATM exchange	249	738
Various banking commissions	1,202,715	732,799
Other bank commissions	460,388	712,296
Postage fees	16,244	11,721
Revenue of gold bullion	1,040,120	-
Revenue from certificates of deposit	1,625,519	-
Foreign Remittance income	1,710,461	-
Exchange office revenue	24,808	-
Deposit income	1,026,667	-
Cards department income	1,867,251	13,181
Investment profits of subsidiaries	877,627	-
Sales of banking publications	15,570	74,759
Total fee and commission income	14,970,931	6,131,491
Decrease : Paid receivable commissions	—	—
Total	14,970,931	6,131,491

Clarification: Investment profits of subsidiaries represent the profits received during the year from the two companies, Nakheel Levant Company, amounting to (362,627) and Al mashreq Gate Company (515,000).

22. (A) Revenues from buying and selling foreign currencies

Statement	2023 Thousands dinar	2022 Thousands dinar
Income from buying and selling foreign currencies	62,794	91,866
Total	62,794	91,866





22. (B) Foreign currency auction window revenue

Statement	2023 Thousands dinar	2022 Thousands dinar
Currency auction window revenue for credits	468,166	1,000,937
Currency remittance auction window revenues	212,236	136,312
Revenues from the currency auction window/ banking companies	1,192,960	527,290
Cash auction revenue - bank share	179,169	71,731
Total	2,052,531	1,736,270

The bank's purchases from the foreign currency buying and selling window from the Central Bank of Iraq during the year 2023 amounted to the following:

Statement	Purchases amounts			Sold amounts			Net revenue / thousand dinars
	Purchase volume/ dollar	Purchase price/di- nar	Purchase volume/ dinar	Sales volume/ dollar	Sales price / dinar	Purchase volume/ dinar	
Remittances							
Remittance auction	21,223	1310	27,802,919	21,223	1,320	28,015,155	212,236
Total remittance	21,223	1310	27,802,919	21,223	1,320	28,015,155	212,236
Bank share	17,900	1310	23,449,000	17,900	1,320	23,628,000	179,169
Total bank share	17,900	1310	23,449,000	17,900	1,320	23,628,000	179,169
Credits	23,425	1310	30,686,987	23,425	1,320	30,921,238	400,282
	9,814	1310	12,857,355	9,814	1,320	12,955,503	
	6,788	1310	8,892,710	6,788	1,320	8,960,594	67,883
Total credits	40,028	1310	52,437,053	40,028	1,320	52,837,336	468,166
Banking companies	412,950	1310	540,964,500	412,950	1,320		1,080,571
	102,620	1310	134,432,200	102,620	1,320		
	85,990	1310	112,216,950	85,990	1,320	112,388,930	112,388
Total banking companies	601,560	1310	675,396,700	601,560	1,320	789,246,720	1,192,960
Total	680,711						2,052,531



23. Other revenues

Statement	2023 Thousands dinar	2022 Thousands dinar
Other revenue	-	-
Total	-	-

24. Staff costs

Statement	2023 Thousands dinar	2022 Thousands dinar
Salaries and wages	1,038,020	902,032
Extra work fees	375	1,832
Incentive bonus	129,683	67,533
Compensatory allowances	307,757	263,557
Training and qualification of employees	43,229	37,039
Other allocations	24,225	28,360
Social Security share	110,053	92,203
Total	1,653,342	1,392,556

25. Banking operations expenses

Statement	2023 Thousands dinar	2022 Thousands dinar
Paid bank commissions	755,781	707,993
valuation Currency differences	596,588	343,736
Risks of cash and commitments	734,331	185,787
Risks of external bank expenses	209,179	-
Total	2,295,879	1,237,516





26. General and administrative expenses

Statement	2023 Thousands dinar	2022 Thousands dinar
Fuel and oils	48,926	103,972
Supplies and supplies	145,072	175,139
Stationery	190,704	196,247
Staff equipment	-	30,842
Water and electricity	40,995	56,793
Maintenance expenses	237,248	27,874
Research and consulting services	120,364	55,406
Advertising	82,262	204,580
Publish and print	57,252	80,071
hospitality	22,045	23,825
parties	800	18,001
Conferences and seminars	23,752	28,000
Transportation expenses	92,371	108,693
Travel and delegation	206,895	153,834
Communications expenses	91,295	136,655
Cards department expenses	729,832	244,706
Rental expenses	167,385	94,383
Subscriptions	319,957	380,719
Insurance premiums	1,413	1,413
Bonuses for non-workers	143,955	126,569
legal services	11,076	28,804
Audit/auditor fees	90,000	95,000
Other operating expenses	161,186	102,589
Total	2,984,785	2,474,115

27. Consumption & Amortization

Statement	2023 Thousands dinar	2022 Thousands dinar
Depreciation of buildings	225,517	142,674
Depreciation of machinery and equipment	158,282	144,546
The Depreciation of means of transportation	14,000	7,000
The Depreciation of furniture and office equipment	179,251	184,108
The Depreciation of numbers and templates	7,813	4,346
Amortization of intangible assets	421,219	280,575
Total	1,006,082	763,249



28. Transfer and other expenses

Statement	2023 Thousands dinar	2022 Thousands dinar
Compensation and fines	474,409	291,628
Miscellaneous taxes and fees	456,028	146,590
Special service expenses	282,450	249,050
Donations to others	-	3,048
Capital losses	-	105
Total	1,212,887	690,421

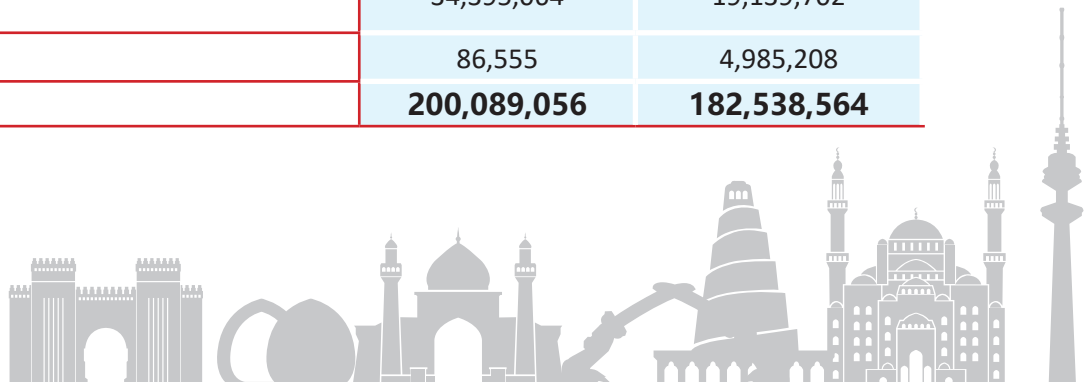
29. Pledged obligations, their counterparties, and the insurances received in respect of each of them:

Statement	2023 Thousands dinar	2022 Thousands dinar
Documentary Credits	18,894,435	10,259,614
Decreases : Documentary Credit Insurance	(6,564,617)	(6,084,244)
	12,329,818	4,175,370
Obligations for letters of guarantee	85,381,950	59,223,827
Decreases: Insurance for letters of guarantee / dinar	(22,595,543)	(13,049,635)
	62,786,407	46,174,192
Added: Other in-kind deposits in the bank's custody	-	-
Total pledged obligations, net, transferred to the financial position	75,116,225	50,349,562

30. Cash and cash equivalents

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

Statement	2023 Thousands dinar	2022 Thousands dinar
Cash and balances with the central bank	165,607,437	158,413,654
Balances with banks and other financial institutions	34,395,064	19,139,702
Gold coins	86,555	4,985,208
Total	200,089,056	182,538,564





CONSOLIDATED FINANCIAL STATEMENTS

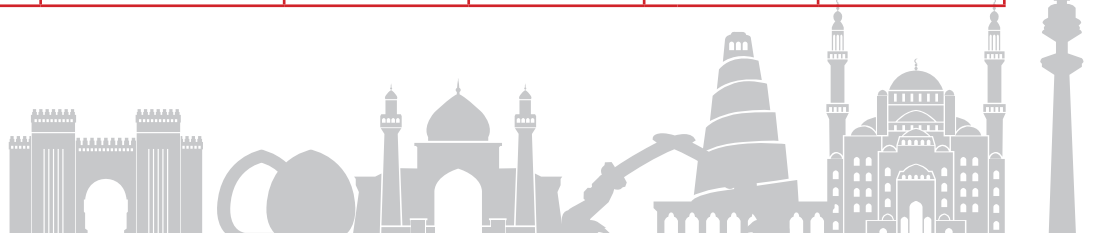




Al-Mashreq Al-Arabi Islamic bank P. s. c

Consolidated statement of financial position Statement (A)As on 31 /12/ 2023

	clarification	Al-Mashreq Al-Arabi Islamic bank Thousand dinar audited	Nakheel .Al-Mashreq co Thousand dinar un audited	Mashreq .co Thousand dinar un audited	Modifica- tions	Final Total
Assets						
Cash and balances with the central bank	4	165,607,437	2,654,503	3,034,454	-	171,296,394
Balances and deposits with banks and other financial institutions	5	34,395,064	133,199	566	(133,765)	34,395,064
Gold coins	-	86,555	-	-	-	86,555
Stock investments in companies	6	34,879,474	-	-	(20,000,000)	14,879,474
(Islamic financing (net	7	120,055,529	-	-	-	120,055,529
Property and equipment (at book value	8	17,480,728	20,149	10,484	-	17,511,361
Intangible assets	9	2,494,061	71,619	43,938	-	2,609,618
Projects under implementation	10	5,805,302	000	-	-	5,805,302
Other assets	11	20,756,079	2,484,873	7,157,292	-	30,398,244
Stock of goods for sale/cars	-	-	597,688	-	-	597,688
Documentary credits for purchasing materials	-	-	7,123,399	-	-	7,123,399
Total Assets		401,560,229	13,085,430	10,246,734	(20,133,765)	404,758,628
Liabilities and equity						
Customer deposits	12	47,361,142	-	-	(133,765)	47,227,377
Cash insurances	13	29,160,160	-	-	-	29,160,160
Various customizations	14	1,503,405	-	-	-	1,503,405
Income tax provision	15	2,254,690	53,817	29,863	-	2,338,370
Central Bank of Iraq loan	16	46,139,679	-	-	-	46,139,695
Other liabilities	17	11,149,951	2,721,660	30,871	-	13,9,2,482
Total Liabilities		137,569,027	2,775,477	60,734	(133,765)	140,271,473
equity rights						
paid Capital	c	250,000,000	10,000,000	10,000,000	(20,000,000)	250,000,000
Mandatory reserve	c	936,252	34,309	35,591	-	1,006,152
Retained earnings	c	14,863,254	288,714	161,229	-	15,313,197
Rotated sacrum	c	(1,808,304)	(13,070)	(10,820)	-	(1,832,194)
Total equity rights		263,991,202	10,309,953	10,186,000	(20,000,000)	264,487,155
Total Liabilities and equity rights		401,560,229	13,085,430	10,246,734	(20,133,765)	404,758,628
Against the obligations held by the bank (off-balance sheet accounts		75,116,225	-	-		75,116,225





Saja Ghazi Rashid

Executive Director
of the Accounting
and Finance Sector

The Accountant

Mohammad
Aref Ahmed

M/33085

Asrar Abd Alhussain
Mohammad

Assistant
Managing Director



Sadiq Kazem

Al , Mashat

Chairman of Board
of Directors

Subject to our report No. 30/32/2024 dated 1/2/2024



Adel Ismael Hassan Alshaiby

Chartered accountant & Auditor

Member of the Iraqi certified accountants Association



Nihad Shiaa Obaid Al, Saidi

Chartered accountant & Auditor

Member of the Iraqi certified accountants Association





Al-Mashreq Al-Arabi Islamic bank P. s. c
Consolidated statement of comprehensive income Statement
b) As on 31 /12/ 2023)

	clarification	Al-Mashreq Al-Arabi Islamic bank Thousand dinar audited	Nakheel Al-Mashreq co Thousand dinar un audited	Mashreq .Gate co Thousand dinar un audited	Modifications	Final Total
Operating income:						
Islamic banking revenues	20	7,016,510	-	-	-	7,016,510
Fee and commission income, net	21	14,970,931	-	-	-	14,970,931
Revenues from buying and selling foreign currencies	22	2,115,325	-	-	-	2,115,325
Other income		000	1,477,799	292,975	-	1,770,774
Total Operating income		24,102,766	1,477,799	292,975	-	25,873,540
Operating expenses:						
Staff costs	24	1,653,342	51,095	49,494	-	1,753,931
Provision for cash credit impairment	2,7	-	-	-	-	-
Banking operations expenses	25	2,295,879	-	-	-	2,295,879
General and administrative expenses	26	2,984,785	1,029,237	20,925	-	4,034,947
Depreciation and amortization	27	1,006,082	38,688	23,467	-	1,068,237
Transfer and other expenses	28	1,212,887			-	1,212,887
Total Operating expenses		9,152,975	1,119,020	93,886	-	10,365,881
Profits for the year before tax		14,949,791	358,779	199,089	-	15,507,659
Income tax	2,15	(2,254,690)	(53,817)	(29,863)	-	(2,338,370)
Profits for the year after tax		12,695,101	304,962	169,226	-	13,169,289
Other comprehensive income items for the year		-	-	-	-	-
Total comprehensive income for the year	c	12,704,983	304,962	169,226	-	13,169,289

Clarifications:

1. The amount of the adjustments (133,765) thousand dinars from the cash balance represents amounts belonging to the subsidiaries deposited with the Mashreq Al-Arabi Islamic Bank.
2. The amount of adjustments (20,000,000) thousand dinars from the investment balance represents the amount of capital of the subsidiaries in which the bank has invested.
3. The amount of the amendments represents (133,765) thousand dinars from the balance of customers' deposits, amounts belonging to the subsidiary companies deposited with the Mashreq Al-Arabi Islamic Bank.
4. The amount of adjustments (20,000,000) thousand dinars from the capital balance represents the amount of capital of the subsidiaries in which the bank has invested.



CONSOLIDATED FINANCIAL STATEMENTS





Report (Audit Committee) Al-Mashreq Al-Arabi Islamic bank For the fiscal year ending 31/12/2023

Dear members of the General Authority of the Al-Mashreq Al-Arabi Islamic bank...

Greeting...

Based on the provisions of Banking Law No. (94) of 2004 and the approval of the General Assembly in its meeting held on 11/17/2023 to elect and form an audit committee from the gentlemen whose names are listed below:

- 1- Alaa Samawi Kazem / Chairman
- 2- Rashad Khudair Wahid / Member
- 3- Muhammad Ali Hussein / member

The committee held its periodic meetings and issued quarterly reports on its meetings, which included the bank's various activities, its final statements and accounts, and the reports attached to them as of 12/31/2023. The committee's tasks also include monitoring the safety and integrity of the bank's financial statements, developing and implementing a contracting policy with auditors, and ensuring the independence and review of systems. Financial Sharia control and oversight and risk management, in addition to reviewing, implementing and supervising the Sharia internal control systems and policy to ensure the proper performance of its work, as well as supervising the Anti-Money Laundering and Terrorism Financing Office, which is linked to the Council and is responsible for implementing special operations policies and the tasks and duties resulting from that, including preparing periodic reports on its activity. ,

We would like to highlight the most prominent work carried out by the committee during the year 2023:

- 1- Review the financial department reports and ensure that the standard ratios are within the limits of acceptable ratios.
- 2- The results of the comprehensive examination were reviewed to evaluate the bank within Camel standards.
- 3- A meeting was held with the bank's auditors to discuss the results of the activity and the most important elements of the bank's revenues, especially in light of the Central Bank's instructions regarding revenues generated as a result of changing the exchange rate and the disposal of these revenues, as well as ensuring that the cash credit examination is calculated in light of Standard No. (9).
- 4- Review the measures taken by the bank regarding the localization of salaries to reach the best ways to serve customers and provide the best Islamic services in accordance with technological progress in the field of providing Islamic banking services, such as ATMs and issuing electronic cards, as well as providing advances to customers for the purpose of purchasing a housing unit.





5- The committee reviewed the credit schedule up to 31/12/2023, and the committee confirmed that there were no credit violations up to the aforementioned date, and the committee recommended monitoring that, as well as monitoring the due credits and following up on their collection.

6- The committee reviewed the revenues and expenditures for the fiscal year ending on 12/31/2023, and we show the following:

A. The revenues generated by the bank as of 31/12/2023 amounted to (24,102,766,000) dinars, and upon reviewing the details of these revenues, we note the following:

B. Total expenses before tax amounted to (9,152,975,000) dinars as of 31/12/2023, and the most prominent expenses were employee salaries, which amounted to (1,653,343,000) dinars, and administrative expenses amounting to (2,984,785,000) dinars.

C. The bank achieved a profit of (12,254,690,000) dinars, and this requires the bank to develop a policy for distributing profits.

7- The balance of cash and balances at the Central Bank amounted to (165,607,437,000) billion dinars as of 31/12/2023, which requires the administration to work to use an important part of this amount in the field of Islamic financing and investments in stocks, companies and partnerships with the aim of achieving profits for the bank and increasing the return on capital. the money.

Please accept our deepest thanks and appreciation....

Alaa Samawi Kazem
Chairman of the Audit Committee

