

Nasik Islamic Bank
(Public-private Joint stock company)
For investment and finance
The Financial Statements for the Fiscal Year Ended
31. 12.2023

17/09/2024

**Ihsan Shamran Alyasiri
& His Partner Sundus Saadi Alroznamache
for Monitoring And Auditing Accounts, A
Joint-Venture Company**

**Seal
Ihsan Shamran Alyasiri
&
His Partner Sundus Saadi Alroznamache
For Monitoring And Auditing Accounts, A
Joint-Venture Company**

**No.: 1/22
Date:18.03.2024**

**Dear Sirs Nasik Islamic Bank for Investment and Finance -Public- Private
Joint Stock Company**

Sub/ Auditor's Report

Walsalam Ealaykum Warahmat Allah Wabarakatuh

Based on your letter no. M/404 dated 27.02.2024, pursuant to the letter of the Central Bank of Iraq numbered 9/4/2033 dated 13.02.2024, in addition to our assignment to assist in preparing the financial statements of your bank and expressing an opinion thereon, we have examined the balance sheet of your esteemed bank as on 31.12.2023 and the accounts of the result of the activity and the data and reviews related to it for the year ended on that date, and the annual report of the bank We have done what is necessary, in cooperation with you, in preparing the information and clarifications that, in our opinion, were necessary to perform our mission, In accordance with the applicable legislation and in accordance with the nature of the task entrusted to establish and conduct the recognized audit procedures, which included the necessary tests for aspects of the bank's activities that fall within our jurisdiction. We have the following notes and clarifications:

1-The bank was established as a Public- Private Joint Stock Company during the year 2020 pursuant to the approval of the Central Bank of Iraq No. 9/3/4625 on 05.03.2020 and the approval of the Company Registration Department No.1/ 88992 on 13.02. 2019.

2 - The process of inventorying the assets and cash in hand was carried out by the bank, given that we were assigned the task after the date of the inventory, and we received the records of the inventory that took place on 31.12.2023.

3-Bank statements have been approved for the purpose of matching confirmation of bank account balances as on 31.12.2023.

4-The bank maintains daily entries and accounting records in paper and electronic form, where an automated accounting system is used to record transactions, and have been reviewed the correctness and integrity of the inputs and outputs of the system used

5-The bank achieved a net income of (5439466087) dinars (five billions four hundred and thirty-nine million and four hundred and sixty-six thousand and eighty-seven dinars).

6- The bank carries out its activities in accordance with the business rules applicable in Islamic banks and approved legal and professional legislation, and its practices are appropriate to the applicable compliance requirements.

7- The bank faces a problem in completing tax accounting with *the General Commission Taxes*, despite its efforts with it, as the authority refuses to receive the tax amounts due according to the initial accounts prepared by the bank, and refrains from promoting its customers' transactions related to its activity, citing that it is waiting for the completion of the audit of the financial statements from the *Federal Board of Supreme Audit*.

8- The bank has not completed opening its branches, although it has begun the procedures for opening a branch in Najaf Al-Ashraf, and is awaiting completion the necessary approvals to launch it. Also began opening an office *in The National Board of Pensions State Pension Fund*, and is awaiting the completion of the necessary approvals to launch it.

9-The change in the foreign currency exchange rate at the beginning of February 2023 had effects on the outcome of the bank's activity. The bank was exposed to a loss due to the devaluation of its assets in foreign currency and their revaluation accordingly in the amount of (5.2) billion dinars, while it achieved revenue in the amount of (4.9) billion dinars from the foreign currency valuation differences resulting from the revaluation its obligations in that currency. It also achieved revenues from buying and selling foreign currency in the amount of (802) million dinars. The Central Bank promised to compensate the banks that were unable to

sell their dollar assets purchased through the Auction for the period from 5-7 February 2023, with the difference between the old price and the new price, and the bank in waiting to settle its correspondence with the Central Bank to obtain compensation amounting to approximately (367) million dinars.

10 - With regard to currency positions /dollar, the system currently prepares an end-of-day closing entry when the purchase of dollars from the Central Bank of Iraq is achieved by fixing the currency valuation difference revenues with the difference between the initial purchase price (1305 dinar to the dollar) and the official purchase price (1310 dinars to the dollar), while it prepares an entry at the end of the day after selling the dollar with losses in currency exchange differences (5 dinars per dollar) for the difference between the two prices (1310 and 1305) and thus cancels the effect of the first entry.

These two entries do not affect the outcome of the activity, but we suggest correcting the system to make buying at the real cost and selling at the real price to avoid regulating such entries.

11-We noticed that your bank set an allocation for operational risks from the total revenues generated from the previous year at a rate of (5%), with an annual increase of (1%) of the balance of the allocation for the previous year, based on paragraph (18) of Risk management controls in Islamic banks issued by the Central Bank in 2018. We believe that this principle should be modified so that the allocation is built on the basis of the accumulation of the percentage by increasing or decreasing it according to the revenue achieved in the previous year and not based on the specialization of the first year in which revenues were achieved (which is a proposal for the Central Bank).

12- The number of lawsuits filed by third parties against the bank is eight lawsuits, while there are no lawsuits filed from the bank against third parties.

13- The bank adopted International Financial Reporting Standard No. (9) in calculating expected credit losses based on the letter of Central Bank of Iraq, Banking Supervision Department, No. /9/6 /466 on 26.12.2018.

Based on the above and according to the best information we have obtained, we would like to state the following:

- The records book used by the bank is consistent with the requirements of the valid book system that applicable, and in our estimation, all information related to its assets, liabilities, expenses and profit.
- The annual report and the information it contained reflected the bank's progress during the year of the audit, and it did not include anything that contravened the provisions of prevailing laws and legislation.
- The financial statements are organized in accordance with applicable accounting rules and legislation and are fully consistent with what the records show.

Subject to what was stated above, and according to our opinion, and through our examination of what is recorded in the bank's records, and in accordance with the clarifications provided to us, the attached Balance sheet expresses the reality of the financial center of the bank on 31.12.2023 and that the result accounts show the result of its activity for the year ending on the same date. .

Thank you for your precious trust...with appreciation...

signature

Ihsan Shamran Alyasiri
chartered accountant and auditor,
member of the Iraqi Society of Certified
Public Accountants, managing director,
18.03.2024

Seal

Ihsan Shamran Alyasiri
& His Partner Sundus Saasdi Alroznamache
For Monitoring And Auditing Accounts, A
Joint-Venture Company

**Nasik Islamic Bank for Investment and Finance -Public- Private Joint Stock
Company -statement of financial position as in /31/December/2023**

Assets	Clarifications	Amounts in dinars 31.12.2023	Amounts in dinars 31.12.2022
Cash and balances with central banks	7-1	377,153,550,973	109,436,129,801
cash in hand	7-2	6,547,728,498	6,469,263,510
Balances with banks and local & foreign banking institutions	7-3	714,768,019	604,850,068
Net deferred sales receivables	10	21,506,460,037	11,743,402,582
Net of Financial assets at fair value by other comprehensive income	9	1,300,000,000	1,300,000,000
Financial assets at amortized cost by income statement	9-1	89,925,000,000	39,960,000,000
Intangible assets at net	11	758,829,216	617,460,871
Property and equipment (at book value)	11-1	3,880,389,086	4,320,122,072
Projects under implementation	11-1	84,581,250	17,196,600
stock	11	44,122,807	0
Other assets	11-2	<u>1,694,465,068</u>	<u>448,201,496</u>
Total of assets		<u>503,609,894,954</u>	<u>174,916,600,000</u>
<u>Liabilities and property rights: -</u>			
Liabilities:			
Financial & banking institutions deposits		----	
Customer deposits	12-1	59,483,902,088	20,568,363,082
Cash insurance	12-3	237,584,742	250,456,262
Borrowed money	14-4	4,227,709,000	4,981,986,000

Miscellaneous Allocations	15	76,770,217	82,304,226
Income tax provision	14	867,546,417	51,626,504
Other liabilities	12-5	<u>286,455,692,706</u>	<u>1,070,924,070</u>
Total of liabilities		<u>351,349,205,170</u>	<u>27,005,660,144</u>
Property rights: -			
Paid capital	16	150,000,000,000	150,000,000,000
Share premium 4329511822	16-1	231,177,309	0
Legal reserve		0	0
other reserves		0	0
Cumulative change in book value		4,392,368,865	292,550,194
Retained earnings / (accumulated loss)	16-1	(2,362,856,390)	(2,381,610,338)
Total property rights		152,260,689,784	<u>147,910,939,856</u>
Total liabilities and property rights		503,609,894,954	<u>174,916,600,000</u>
Off-budget accounts	17	26,948,065,411	11,892,507,080

Signature of
Financial Director
Ahmed Imad
Hameed

Signature of
Managing Director
Dr. Abdul Hafidh Abdul Lateef

Signature of
Chairman of Board of
Directors
Dr. Sadiq Rashid Hussein

Subject to our report no. (T1 /22) dated on 18.03.2024

signature
Ihsan Shamran Alyasiri
chartered accountant and auditor,
member of the Iraqi Society of Certified
Public Accountants, managing director,
18.03.2024

Seal
Ihsan Shamran Alyasiri
& His Partner Sundus Saasdi Alroznache
For Monitoring And Auditing Accounts, A
Joint-Venture Company

**Nasik Islamic Bank for Investment and Finance -Public- Private Joint Stock
Company -statement of comprehensive revenue as in /31/December/2023**

1-list of income	Clarifications	Amounts in dinars 31.12.2023	Amounts in dinars 31.12.2022
<u>Details</u>			
Deferred sales revenues	4-4	2,683,874,493	289,541,764
Profits paid on banking operations		0	0
Net of revenues of sales		2,683,874,493	289,541,764
Net of revenue of commission	4-1	292,747,812	355,342,457
Revenues sales of foreign currencies	4-2	801,997,178	280,290,000
Revenue from foreign currency valuation differences	4-2	4,986,180,187	200,709,371
Net of foreign currency revenues		5,788,177,365	480,999,371
financial investments	4-3	2,404,814,529	2,293,287,668
Revenues of financial assets at amortized cost / Certificates of Deposit	4-3	2,916,675,782	0
Other revenues	4-5	67,485,411	75,882,256
Total revenues		14,153,775,392	3,495,053,516
Personnel expenses	4-6	1,280,595,103	1,223,255,605
Depreciation and amortization	4-9	320,339,225	302,290,283
Operational, administrative and other expenses	4-8	1,669,133,019	1,360,024,007
Foreign exchange differences valuation losses	4-7	5,211,704,884	8,967,167

Risk of direct and indirect expected credit losses	4-7	196,601,593	215,760,773
Risk of operating losses and other risks	4-7	35,935,481	40,578,983
Total expenses		8,714,309,305	3,150,876,818
Net income through the year (loss/profit) before tax		5,439,466,087	344,176,698
Expected Income Tax of 15% ratio	4-7	815,919,913	51,626,504
Net income after tax distributed as follows: -		4,623,546,174	292,550,194
Capital reserve		231,177,309	0
Expansion's reserve		0	0
Distributable surplus (obtaining approval to extinguish a percentage of the accumulated deficit) before distribution		4,392,368,865	292,550,194
2-Other comprehensive income statement 31/12/2023			
annual distributable profit			
Change in the fair value of financial assets at fair value through other comprehensive income		0	0
Profits and losses resulting from foreign currency valuation differences		0	0
Profits and losses arising from the revaluation of assets		0	0
Total of net of comprehensive income		0	0
Total net other comprehensive income 31/12/2023		4,392,368,865	292,550,194

**Nasik Islamic Bank for Investment and Finance -Public- Private Joint Stock Company -statement of Change
in property rights as in /31/December/2023**

Physical year 2022	Subscribed Capital Amounts in dinars	Share premium	Reserves			Accumulative change in fair value	Retained earnings Amounts in dinars	Total property rights Amounts in dinars
			Legal	Other	General banking risks			
Balance at the beginning of the year 01.01.2023	150,000,000,000	0	0	0	0	(2,089,060,144)	147,910,939,856	
Capital increase								
Total revenues and expenses) recognized directly in equity Through other comprehensive income								
Registry modifications						(273,796,246)	(273,796,246)	
Net of comprehensive income during the year						4,392.368,865	4,392,368,865	
Converted to reserves						231,177,309	231,177,309	
Dividends profits								
Balance at the end of the year 31.12.2023	150,000,000,000					2,260,689,784	152,260,689,784	

Physical year 2022	Subscribed Capital	Share premium	Reserves				Accumulative change in fair value	Retained earnings	Total property rights
			Legal	Other	General banking risks				
	Amounts in dinar						Amounts in dinars	Amounts in dinars	
Balance at the beginning 01.01.2022	150,000,000,000						(2,716,361,437)	147,283,638,563	
Capital increase									
Total revenues and (expenses) recognized directly in equity									
Old settlements							334,751,099	334,751,099	
Net of income through the year							292,550,194	292,550,194	
Converted to reserves									
Dividends									
Balance at the end of the year .31.12 2022	150,000,000,000						(2,089,060,144)	147,910,939,856	

**Nasik Islamic Bank for Investment and Finance -Public- Private Joint Stock
Company -statement of Cash flow as in /31/December/2023**

<u>Operational activities</u>	Amounts in dinars	Amounts in dinars
	31.12.2023	31.12.2022
(Loss) profit for the year before tax	5,439,466,087	344,176,698
Adjustments for non-cash items:		
Consumptions & amortizations	320,339,226	302,290,283
expectable credit loss provision	0	0
Valuation differences of the sale of property and equipment	0	0
Losses of foreign exchange differences	225,524,697	0
Income tax provision	0	51,626,504
Other Miscellaneous provisions	76,770,217	1,560,701
Cash flows from operational activities before changes in assets and liabilities	355,477,489	355,477,489
Net cash profits or loss	6,062,100,227	699,654,187
Change in assets and liabilities		
Change in net of deferred receivable account	(9,763,057,454)	(9,738,624,466)
Change in other assets	(1,246,263,573)	(27,056,323)
Change in customer deposits	38,915,539,006	6,922,101,816
Change in Cash insurance	(12,871,520)	25,271,159
Change in other liabilities	285,384,768,636	1,055,720,150
Net cash flow used in operating activities before tax	313,278,115,095	(1,762,587,664)
Paid taxes		

Net cash flow used in operating activities	319,340,215,322	(1,062,933,477)
<u>Investing activities</u>		
Change in financial assets at amortized cost	0	0
Change in financial assets at fair value	(49,965,000,000)	0
Change in property and equipment	(557,870,489)	(258,443,631)
Change in intangible assets	(141,368,345)	(99,765,274)
Net of cash flow form investment activities	(50,664,238,834)	(358,208,905)
<u>Financing activities</u>		
Proceeds from the capital increase	0	0
Change in borrowed money	(754,227,000)	3,037,346,000
Retained earnings- fixed quarterly differences	(15,895,377)	231,498,091
Dividends	0	0
Net cash flow (used in) from financing activities	(770,172,377)	3,268,844,091
Net (decrease) increase in cash and cash equivalents	267,905,804,111	1,847,701,709
Cash and what equivalent it at the beginning of the period	116,510,243,379	114,662,541,670
Cash and what equivalent it at the end of the period at net	384,416,047,490	116,510,243,379
Cash on balance before Subtract the provision	384,416,393,323	116,510,243,379

Nasik Islamic Bank for Investment and Finance -Public- Private Joint Stock Company - clarifications about the Bank's Financial Statements as in /31/December/2023

1- General information:

Nasik Islamic Bank for Investment and Finance is an Iraqi mixed joint stock incorporation that was established in 2019 under the certificate of incorporation No (C.R. 01 - 000088992) dated 13/02/2019, its general administration is located in Baghdad/Al-Saadoun Street, and its fully paid-up capital of (150) billion Iraqi dinars (the minimum required for the establishment of the bank according to the instructions of the Central Bank of Iraq) according to the Islamic Bank Act no.(43) for the year (2015) article (1/4).The bank started its banking business in 20.08.2020 according to the approve of central bank of Iraq no.9/3/8892 in 20.07.2020 Its activity is limited to its main branch in Baghdad.

2- Important Accounting Policies:

The bank's financial statements were prepared and presented in accordance with the Islamic Accounting and Auditing Standards (AAOIFI) and the accompanying interpretations issued by the Accounting and Auditing Organization for Islamic Institutions in accordance with the provisions of Islamic Sharia and the Islamic Banking Law. No. (43) Of 2015 and International Financial Reporting Standards (IFRS).

All purchased assets have been recorded at historical cost in accordance with the historical cost principle, knowing that it is equal to their fair value to date. The effect of banking transactions is recognized when they occur and proven by relying on the accrual principle, which is the basis for the bank gaining the right to collect and recognize revenues, as well as the principle of matching expenses with revenues with the termination financial period, adopting the annual fixed installment depreciation method based on the life of the fixed asset, adopting a policy of disclosing the risks of the credit portfolio and investment funds, and the risks of assets and liabilities in foreign currency in accordance with Financial Reporting Standard No. (9), and the policy of using historical cost as a basis for determining the rights of absolute investment account holders, etc. Such as restricted investment accounts and the like, as well as the policy of disclosing

potential liabilities not recorded in the financial position, off-balance sheet accounts of all kinds, as well as disclosing changes in accounting policies, as well as disclosing the policy of distributing profits to shareholders and joint profits with Investment account holders, as well as disclosure of operations with related parties in the bank, including the relationship with subsidiaries companies and natural and legal persons.

- Functional currency

The Iraqi dinar is the currency in which the financial statements are presented and represents as base currency of the bank with which the rest of the foreign currencies are measured the bank's basic financial statements, in accordance with International Standard No. (34), as 31.12.2023, include the statement of financial position and statement Comprehensive income, cash flow statement, ownership rights statement and accompanying explanations, as the reports contain comparative data from the year 2022.

3- Standards and their interpretations

The bank has adopted the preparation and presentation of its financial statements in accordance with the AAOIFI Islamic Accounting and Auditing Standards (AAOIFI) and some of the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) that must be adhered to in accordance with Islamic Banking Law No. (34) For the year 2015 and the instructions issued by the relevant sectoral authorities in a manner that does not conflict with the provisions of Islamic Sharia in preparing and presenting data and accompanying explanations:

*Financial Accounting Standard No. (1): Public presentation and disclosure in the financial statements) four basic statements just currently) According to what is stated in the concepts of financial accounting for Islamic banks/ statement of financial accounting no. (2).

*Islamic Accounting Standard No. (27) Allocations and Reserves.

* Islamic Accounting Standard No. (21) Transactions and operations in foreign currency to prove the effects of changes in foreign currency exchange rates

- * International Financial Reporting Standard (16) Real estate, machinery, and equipment in proving the value of fixed assets.
- * Islamic Accounting Standard No. (30) For decrease in the value of Assets (Reserve Standard) and is read in accordance with Standard No. 35.
- * International Standard No. (38) Intangible assets in proving its value.
- * International Standard No.(19) in proving employee benefits such as wages, allocations, and rewards.
- * International Financial Reporting Standard No. (9) Financial Instruments.
- * International Financial Reporting Standard No. (36) Decreasing value of assets.
- * Islamic Accounting Standard No. (34) Interim Statements starting from the year 2022.

4-Achieving revenue and recognizing expenses:

The bank's revenues amounted to (14,153,775,392) dinars as of 31/12/2023 based on the accrual basis, including (5,321,490,311) dinars revenues from financial assets at amortized cost.

Expenses amounting as in 31/12/2023 to (8,714,309,305) dinars The result of the activity before tax amounted to (5,439,466,087) dinars were Employee expenses amounted to (1,280,595,103), which included transportation employees and bonuses, in addition to wages, allowances and security shares.

The notes from the sequence 1-19 attached to the financial statements are considered a part of them and should be read along with it.

**Nasik Islamic Bank for Investment and Finance -Public- Private Joint Stock
Company – clarifications about the Bank’s Financial Statements as in
/31/December/2023**

4-1 Credit commissions	Amount in dinar 31.12.2023	Amount in dinar 31.12.2022
Crediting banking activity commission	163,182,885	257,401,271
Bank transfer commission	121,632,777	84,509,205
Direct and indirect facility commissions	0	
Other miscellaneous commissions	7,932,150	13,431,981
net commission	292,747,812	355,342,457
4-2 foreign currency revenue		
	31.12.2023	31.12.2022
Revenue from foreign currency valuation differences	4,986,180,187	200,709,371
Revenue from buying and selling foreign currency (Currency Auction)	801,997,178	280,290,000
Total	5,788,177,365	480,999,371
4-3 Income from financial assets at amortized cost		
	31.12.2023	31.12.2022
Income from financial investments at amortized cost/ Financial investments	2,404,814,529	2,293,287,668
Income from financial investments at amortized cost/ Certificates of deposit	2,916,675,782	0
Total	5,321,490,311	2,293,287,668
4-4 Revenue from deferred sales receivables	2,683,874,493	289,541,764

5-4 other Revenues	31.12.2023	31.12.2022	
Revenue from commercial paper discounts	0	0	
Miscellaneous loan revenues	0	0	
Revenue from internal letters of guarantee	60,934,586	75,882,258	
Other miscellaneous revenues	6,550,825	0	
Total	67,485,411	75,882,258	
4-6 Personnel expenses			
	31.12.2023	31.12.2022	
Nominal salaries and bonuses	919,384,630	874,366,566	
Miscellaneous provisions	270,804,363	260,250,104	
Allowances for vacations granted	3,569,455	753,250	
employee benefits	0	0	
Contribution to Social Security	86,836,653	87,885,685	
Total	1,280,595,101	1,223,255,605	
4-7 statement			
	Ratio	31.12.2023	31.12.2022
A- Losses in evaluating foreign currency/dollar differences	-	5,211,704,884	8,967,167
B- The risk of expected direct and indirect financing losses	0,001	196,601,593	215,760,773
c-risk of annual operating	0,01	584,773	578,983
d-losses of decreasing expected financial investment value	0,001	35,000,000	40,000,000
e- expenses of expected tax	0,15	815,919,913	51,626,504
f-losses of other expected financial provisions	0,001	350,708	0

4-8-A administration & operation expenses	31.12.2023	31.12.2022
Maintenance Services	41,390,670	50,489,450
Consulting Services	92,174,999	60,000,000
Advertising, publishing, and printing	63,716,470	38,139,340
Hospitality and celebrations	7,619,978	30,232,000
Telecom	29,700,814	64,854,900
Debit bank commissions	76,973,000	41,647,313
Transfer of workers	4,619,350	6,694,820
Transportation of goods and merchandise	197,577,710	72,077,500
Insurance company premiums deposit	466,000	972,000
Borrowing expenses from the central bank	9,980,000	75,900,000
Travel and dispatch	2,050,000	800,000
Subscriptions and affiliations	261,251,057	125,654,997
Legal services	12,297,500	13,178,000
Banking services	725,000	19,393,353
Fuel and oils	19,422,150	33,771,502
Educational books	0	300,000
My clothes	0	1,227,000
Supplies and supplies	27,615,600	16,418,600
Stationery	6,880,500	6,241,500
Water and electricity	705,400	436,240
Training and qualification fees	12,183,000	14,952,200
Auditing fees	11,574,000	39,407,000

expense of loss of Gold sale	4,788,250	0
Other operating expenses	1,487,141	3,254,500
Total	885,198,589	716,042,215

Nasik Islamic Bank for Investment and Finance -Public- Private Joint Stock Company
– clarifications about the Bank’s Financial Statements as in /31/December/2023

4-8- B- Other expenses	31.12.2023	31.12.2022
Donations and grants to others	73,910,000	73,305,000
Bonuses for non-employees	8,775,000	15,259,166
Rewards for workers	24,900,000	20,675,000
Compensation and fines	158,123,324	2,419,318
Losses in evaluating foreign currency/dollar differences	355,700,000	288,000,000
Special service expenses	127,200,000	221,000,000
Miscellaneous taxes and fees	23,642,800	21,137,500
Incidental expenses	19,806	2,185,808
Other service expenses	11,663,500	0
Total	783,934,430	643,981,792

4-9 Depreciation and amortization	31.12.2023	31.12.2022
Building consumption	30,910,306	30,597,153
Depreciation of machinery and equipment	14,339,878	14,119,600
Depreciation of transportation value	3,463,120	5,773,560
Depreciation of Transportation	180,958,656	178,483,203
Depreciation of furniture and office equipment	299,671,960	228,973,516
Amortization of intangible assets	90,667,265	73,316,767
Total amortizations and Depreciation	320,339,225	302,290,283

The notes from the sequence 1-19 attached to the financial statements are considered a part of them and should be read along with it.

Nasik Islamic Bank for Investment and Finance -Public- Private Joint Stock Company – clarifications about the Bank’s Financial Statements as in /31/December/2023

5-Financial assets through other comprehensive income:

The statement of other comprehensive income shows the changes for financial instruments purchased for the purpose of trading and held for a certain period and financial instruments that affect ownership rights, in addition to the resulting differences in the valuation of the foreign currency held () dinar.

6- Use estimates:

Preparing financial statements and applying accounting policies requires the bank’s management to make estimates and judgments that affect assets and liabilities in order to disclose potential liabilities. These estimates also have an impact on revenues, expenses, and allocations. As well as in other comprehensive income items

*The obsolescence allowance is estimated at a percentage for assets periodically in accordance with International Standard No. (16) Paragraph (75) thereof, and the impairment loss in the value of the assets, if any, is recorded in the income statement.

*The annual operational risk allocation was taken based on what was stated in the risk management controls for Islamic banks for the year 2018 Paragraph (18) thereof, at a rate of (%5) of the total revenues generated for the previous year.

* An allowance was taken for financial instruments, represented in the credit portfolio in accordance with the application of international standard No. (9), investments at fair value and other financial instruments, (cash and other assets in foreign currencies), and on potential liabilities (letters of guarantee) recorded outside the items of the financial position.

7- Cash and cash equivalents (cash equivalents):

It is the cash balances of cash and its equivalents that are due within (30) days which include cash in treasury, balances with the central bank, balances with local and foreign banks and other financial institutions after the allocation is reduced in accordance with the application of International Standard No. (9), restricted balances and temporary deposits with banks and other financial institutions. Which is worth more than (30) a day of the total cash balance as of the date.

Cash balances as of 31/12/2023 at the Central Bank, net, amounted to (377,153,550,973) dinars, including the deposit reserve (4,018,790,980) dinars, representing 15% of the total current deposits and deposits of a current nature in dinars and dollars, with an amount of 5% of the total savings deposits as well as the amount of (286,113,486,154) billion dinars and the remainder from the second increase in our bank's capital Dinars for increasing the capital of AL-Janoob Bank (260) the net cash balance in the fund in the dinar and dollar currencies amounted to (6,547,728,498) dinars, and the net cash balances in banks and other financial institutions were (714,768,019) dinars, of which (357,452,860) dinars were the equivalent of foreign currency at foreign correspondent banks and an amount of (357,315,159) dinars with local banks and financial institutions in the dinar and dollar currencies.

7-1Cash In Hand and Balances at Central Bank of Iraq and with banks and financial institutions:

7-1Balances at Central Bank of Iraq	31.12.2023	31.12.2022
Balances at Central Bank of Iraq	373,086,073,276	106,348,657,378
Legal deposits at the Central Bank (legal cover)	4,018,790,980	3,017,337,880
Insurance of Letters of Guarantee	48,686,717	70,134,543
Provision for cash in foreign currency / Provision for other financial instruments	0	0
Total	377,153,550,973	109,436,129,801

7-2Cash in Hand	31.12.2023	31.12.2022
Cash in local currency at the bank's branches	4,193,698,250	4627,221,750
Cash in foreign currency at the bank's branches	847,014,560	1,391,753,760
Gold/gold bullion	0	450,288,000
Remittances on the way	1,507,359,947	0
Cash at Automated Teller Machines	0	--
Total	6,548,072,757	6,469,263,510
Provision of foreign currency \provision of bother financial instruments	(344,259)	0
Total	6,547,728,498	6,469,263,510

7-3Cash At Bank and Other Banking Institutions	31.12.2023	31.12.2022
Cash at local banks	238,965,758	197,831,542
Cash at foreign banks	357,453,283	407,018,527
Cash at local financial institutions	118,350,552	0
Total	714,769,593	604,850,069
Provision of foreign currency \provision of bother financial instruments	(1,574)	0
Total at net	714,768,019	604,850,069

8- Fair Value:

Value represents the price that would be obtained when selling an asset or that would be paid to settle a liability, and value is measured Fair value through major approved markets. In the absence of the main market, the most appropriate market is used. Bank measures financial instruments, non-financial assets and liabilities at the date of the financial statements using appropriate revaluation methods that are appropriate to the circumstances and sufficient information to measure them at fair value according to the main market price, which generates valuation burdens and differences that appear in the income statement.

9- Investments:

The total balance of investments as of 31/12/2023 reached (91,225,000,000) dinars, consisting of (1,300,000,000) dinars about investing in shares at fair value (the Iraqi Deposit Guarantee Company and the National Takaful Company at a price of one dinar per share and investments at amortized cost, it amounted to (89,925,000,000) dinars, which are three medium-term investment deposits with Al-Janoob Islamic Bank in the amount of (40,000,000,000) dinars, with revenues amounting to (2,404,814,529) dinars, and speculation with the Supreme Hajj Commission umrah is at an amount of (35,000,000,000) dinars for two months, with a return of 25% of the expected profits, and a provision has been made for them at a rate of (0.001) in accordance with International Financial Reporting Standard No. (9), as well as an amount of (15,000,000,000) dinars for investments with the Central Bank of Iraq at revenues of deposit from Islamic certificates amounted which amounted (2,916,675,782).

9-1Statement	Amounts in dinars	
	31.12.2023	31.12.2022
Investments at amortized cost through the income statement	75, 000,000,000	40,000,000,000
Provision for decrease in the value of expected financial investments	(75, 000,000)	(40,000,000)
Islamic certificates of deposit	15, 000,000,000	0
Total	91,225,000,000	41,260,000,000

10- Credit facility for(deferred sales receivables):

The bank has cash financing granted as deferred sales, the total of which amounted to net (21,506,460,036) dinars as of 31/12/2023, varied between Murabaha of car, soft loan initiative, financing for private projects, and financing for private projects with advance profits after deducting the total Which is consistent with the application of International Standard No. (9)

Note that the expected allocation is calculated in accordance with the instructions of the Central Bank of Iraq in this regard according to their circulars numbered 9/2/231 on 6/9/2020 in accordance with International Standard No. (9) And Instructions No. (4) Of 2010, whichever is higher.

Cash financing is classified into three stages in accordance with International Financial Reporting Standard No. (9) And in accordance with the instructions of the Central Bank of Iraq.

- The first stage: represented by government loans and non-accrued direct working credit financing.

- The second stage: It is represented by direct operating credit financings whose credit risk indicators have increased significantly since initial recognition and defaulted after (90) days, noting that the bank does not have financings classified within this stage.

- The third stage: represented by non-performing direct credit financings that are more than (365) days past due, noting that there are no the bank has financings classified within this stage.

Allocations for pledged and cash credit risks are reviewed annually pursuant to what mentioned above, taking into account the guarantees provided that are easy to liquidate, in order to calculate an impairment allowance for them, if any.

Statement	Amounts in dinars	Amounts in dinars
	31.12.2023	31.12.2022
Cash credit financing	22,271,971,278	12,441,656,645
Unrealized accrued return	(317,371,818)	(449,416,230)
provision of decrease cash credit financing	0	0
Provision for expected cash liability risks	(448,139,423)	(284,837,833)
Net cash credit financing	21,506,460,037	11,743,402,582

11 - Fixed assets and other assets

Property, equipment and fixed assets are stated at book value (3,880,389,086) dinars after deducting the impairment allowance the accumulated amount of (1,082,370,529) dinars and the accumulated impairment losses, if any.

The balance of the credit card stock amounted to (44,122,807) dinar.

The balance of property and equipment under construction in the Projects under Implementation Account reached (84,581,250) dinars for the project of opening branches and offices of our bank (Najaf Branch /Directorate of Public Pension).

As for the intangible assets, their net value reached (758,829,216) dinars immediately after amortization. The depreciation and amortization of tangible and intangible fixed assets is calculated according to the ratios approved by the bank based on paragraph (75) of International Standard No. (16) (The principle of a fixed installment) in proportion to the productive life of the fixed asset.

Fixed assets	Depreciation ratio	Shelf life (number of years)
lands	-----	-----
buildings	2%	50 years
machinery and equipment	10%	10 years
Modes of transportation and transportation	10%	10 years
fixed assets	15%	7 years
intangible assets	10%	10 years

1-11 fixed assets as in 31.12.2021				Amounts in dinars			
Details	Lands	Buildings	machinery and equipment	Modes of transportation	Furniture & Office devices	Total	intangible assets
cost as in 01.01.2023	1,627,564,148	1,406,675,303	141,196,000	34,631,200	1,688,937,046	4,899,003,696	617,460,871
Additions during the year			25,936,000		37,819,919	63,755,919	232,035,610
Adjustments for amendment depreciation							
Depreciation	(1)					(1)	
Assets transferred from projects							
amortization of deferred expenses							(90,667,265)

cost as in 31. 12.2023	1,627,564,148	1,406,675,302	167,132,000	34,631,200	1,726,756,965	4,962,759,615	758,829,216
Provision for accumulated depreciation							
Provision as in 01.01.2023		121,803,332	36,391,688	6,821,873	413,864,731	578,881,624	
Depreciation of current year		30,910,306	14,339,879	3,463,120	180,958,655	299,671,960	
Accumulated depreciation adjustments		39,554,330	22,242,706	24,048,871	187,971,038	273,816,945	
Provision as in 31.12.2023		1,082,370,529	782,794,424	34,333,864	72,974,273	192,267,968	
Book value	3,880,389,086	943,962,541	297,337	94,157,727	1,214,407,333	1,627,564,148	
Projects under implementation	-----	-----	-----	-----	84,581,250	84,581,250	

fixed assets as in 31.12.2022				Amounts in dinars			
Details	Lands	Buildings	machinery and equipment	Modes of transportation	Furniture & Office devices	Total	intangible assets
cost as in 01.01.2022	1,627,564,148	1,375,505,302	141,196,000	129,385,200	1,678,336,226	4,951,986,876	517,695,597
Additions during the year	-----	31,170,000	-----		10,600,820	41,770,820	83,786,480
Less / cost of written-off							89,295,561
Assets transferred from projects	-----		-----	(94,754,000)		(94,754,000)	-----
amortization of deferred expenses							(73,316,767)
cost as in 31. 12.2022	1,627,564,148	1,406,675,303	141,196,000	34,631,200	1,688,937,046	4,899,003,696	617,460,871
Provision for accumulated depreciation							
Provision as in 01.01.2021		130,760,509	44,514,794	25,097,184	423,352,567	623,725,054	
Depreciation of 2021		30,597,153	14,119,600	5,773,560	178,483,203	228,973,516	

Accumulated depreciation adjustments		(39,554,330)	(22,242,706)	(24,048,871)	(187,971,039)	(273,816,946)	
Provision as in 31.12.2021		121,803,332	36,391,688	6,821,873	413,864,731	578,881,624	
Book value 31.12.2021	1,627,564,148	1,284,871,967	104,804,312	27,809,327	1,275,072,315	4,320,122,072	
Projects under implementation					17,169,600	17,169,600	

The balance of other assets, net, amounted to (1,694,465,069) dinars after subtracting the provision of (0.001) in accordance with the application of international standard No. (9), including (1,632,348,978) income due from investments at amortized cost with an expected return of 5% annually in deposits Investment with the Al-Janoob Islamic Bank and income from Islamic certificates of deposit with the Central Bank of Iraq for 14 days. The bank's policy is consistent with International Standards No. (16) and No. (36) regarding the revaluation of real estate and lands in terms of the mechanism and mandatory period for adopting them in the revaluation of (3-5) years from the date of purchase or the date of their last evaluation, since they were purchased and used in the year 2020 and was re-evaluated on 31/21/2023 through the relevant official authorities and the real estate expert's estimates, and the management's approval was obtained to take the average of the two evaluation prices, and the difference in the re-evaluation amount was recorded in the records in the first quarter of 2024.

	Amounts in dinars	Amounts in dinars
11-2 Other assets	31.12.2023	31.12.2022
Expropriated buildings as a result of debt settlement		0
Current activity receivables	19,122,000	615,577
Reciprocal accounts receivable	0	0
Accrued and undeceived revenues	1,632,348,978	400,136,984
Prepaid expenses	36,303,216	47,448,935
Cash differences	6,695,750	0
Judicial transfers	0	0
Predecessor of activity purposes	0	0
Affiliate advances	0	0
Total	1,694,469,944	448,201,496
Provision of cash in foreign currency\provision of other assets	(4,875)	0
Total at net	1,694,465,069	448,201,496

12 - Deposits, obligations and payables:

The balance of total deposits as of 13/12/2023 amounted to (59,483,902,088) dinars, which includes current deposits of the government sector in the dinar and dollar currencies, and private sector deposits (companies and individuals), as well as deposits of a current nature represented by a stamp duty the tax, guarantee, and foreign currency auction deposits also include savings deposits and accounts of employees working at the bank. The balances of payables amounted to (290,920,986,448) dinars as of 31/12/2023, represented by the total amount of borrowing from third parties / Central Bank initiative for soft loans, in addition to insurance letters of guarantee issued, as well as the balance of the total other debt obligations, including the amount of the increase in the capital of Al-Janoob Islamic Bank (260) billion dinars.

	Amounts in dinars	Amounts in dinars
12-1 Customers' current deposits, other deposits and accounts of a current nature	31.12.2023	31.12.2022
A-Current accounts		
Credit current accounts / government sector / local currency	40,519,425,011	9,731,154,460
Credit current accounts / government sector / foreign currencies	8,154,692,399	3,382,995,214
Credit Current Accounts/Cooperative Sector/Local Organization	116,965,495	40,077,000
Credit current accounts/cooperative sector/local organizations/foreign currency	2,030,500	29,294,900
Credit/private sector/corporate current accounts	10,104,929,496	3,290,061,954
Credit Current Accounts/Private/Corporate/Foreign Currency	56,409,504	39,442,732
Credit for current accounts/individuals	372,287,200	1,250,713,615
Credit to current accounts/individuals/foreign currencies	31,252,670	86,566,320
Credit to current accounts/individuals/employees	45,182,022	51,434,448
Current accounts/stamp duty by dinar	948,400	1,919,338
Current accounts/ Foreign currency auction deposits	0	2,629,800,000
Current accounts/deductions on behalf of others	22,336,691	18,398,901
Total current deposits	59,426,459,388	20,551,858,882
12-2-Savings accounts and fixed investment term deposits	31.12.2023	31.12.2022
local currency savings account	57,220,000	16,256,000
foreign currency savings account	222,700,000	248,200
Fixed deposits / individuals	0	0
Fixed deposits / companies	0	0
Investment deposits / individuals	0	0
Investment deposits/companies	0	0
Total fixed and investment deposits	57,442,700	16, 504,200
Total of deposits	59,483,902,088	20,568,363,082

Nasik Islamic Bank for Investment and Finance -Public- Private Joint Stock Company – clarifications about the Bank’s Financial Statements as in /31/December/2023

12-3cash insurances	31.12.2023	31.12.2022
Deposits received and receivables for banking operations	50,000,000	0
Insurance received and receipts for letters of guarantee	187,584,742	250,456,262
Foreign remittances sold	0	0
Checks drawn on the bank	0	0
Total	237,584,742	250,456,262

12-4 Borrowing from others	31.12.2023	31.12.2022
Borrowing from the government sector\ Central Bank of Iraq	4,227,709,000	4,981,986,000
Borrowing from other sector	0	0
Total	4,227,709,000	4,981,986,000

12-5 other liabilities	31.12.2023	31.12.2022
Certified checks	0	0
private sector creditors	162,131,838	33,613,958
In advance received Revenue	0	0
Due administrative expenses	40,008,040	36,820,520
deposits for subscription to company shares	286,113,486,154	1,000,000,000
Amounts received for company registration	30,000,000	0
Various accounts payable	108,792,185	488,103
Alms box	1,274,489	1,489
Total	286,455,692,706	1,070,924,070
The total amount of accounts payable	290,920,986,448	6,303,366,332

13- Foreign Currencies:

Foreign exchange rates are fixed in the financial records and statements according to the rate announced and specified by the Central Bank according to their instructions, the differences between the prevailing market exchange rate for the currency on its date and the exchange rate recorded on the account are recorded revenues/(expenses) for foreign currency valuation differences, which result in revenue or loss borne by the bank, appear in the income statement, as losses from currency differences at the end of the stage amounted to (5,211,704,884) dinars, of which (4,482,618,486) dinars for the difference changing the exchange rate on 8/2/2023 according to the instructions of the Central Bank of Iraq from (1460) to (1310) dinars per dollar, and it reached revenues from currency differences are (4,986,180,187) dinars, including (3,974,3332,985) dinars for the difference in revenue from changing the exchange rate on the same date.

While the profits and losses resulting from the sale and purchase of foreign currencies are recorded in the income statement in a separate account, amounting to (801,997,178) dinars). Accordingly, the net revenues from foreign currency are (5,788,177,365) dinars as revenue

14-income tax:

Tax expenses represent the amounts of taxes due and the amounts of deferred and paid taxes as well. The tax due is calculated on the basis of the taxable profits resulting from the activity, and the taxable profits may differ from the profits declared in the statements. Financial because it is subject to controls for calculating tax on net income generated, non-taxable expenses, and adjustments accumulated losses and other items are not subject to or accepted tax deduction.

Income tax is calculated according to the approved tax rates determined in accordance with the amended Tax Law No (113) of 2004 and the instructions in force in Iraq, where the calculated tax rate is (15%) of the total profit achieved under the law before distribution and reserves as a result of net primary activity, which amounted to (815,919,913) dinars.

14-1 Provision of income tax	31.12.2023	31.12.2022
Balance at the beginning of the year	51,626,504	0
Income tax credit for previous years	0	0
Income tax due during the year	815,919,913	51,626,504
Income tax adjustments	0	0
Income tax credit for current years	867,546,417	51,626,504

15-other miscellaneous provisions:

The bank established various allocations for its assets, as the balance of the total allocations, excluding the accumulated extinction provision, amounted to (76,770,217) dinars as of 31/12/2023, such as the provision for the risks of pledged and cash obligations with hedges expected or likely to occur during the year 2023, as well as the annual operating risk allocation in accordance with Islamic risk management controls. For the year 2018 paragraph No. (18) Thus, there will be no fundamental differences between the market value and the purchase cost that affect the presentation of its book value on the date of presenting the final statements on 31/12/2023 by adopting Islamic financial standards and relevant international standards.

15-1 other miscellaneous provisions	31.12.2023	31.12.2022
Provision for doubtful debts	0	0
Provision for contractual obligations risks	17,708,139	23,826,923
Provision for impairment of asset values	0	0
provision of Mandatory operating risk	59,062,078	58,477,303
Other miscellaneous customizations	0	0
Total	76,770,217	82,304,226

16-property rights:

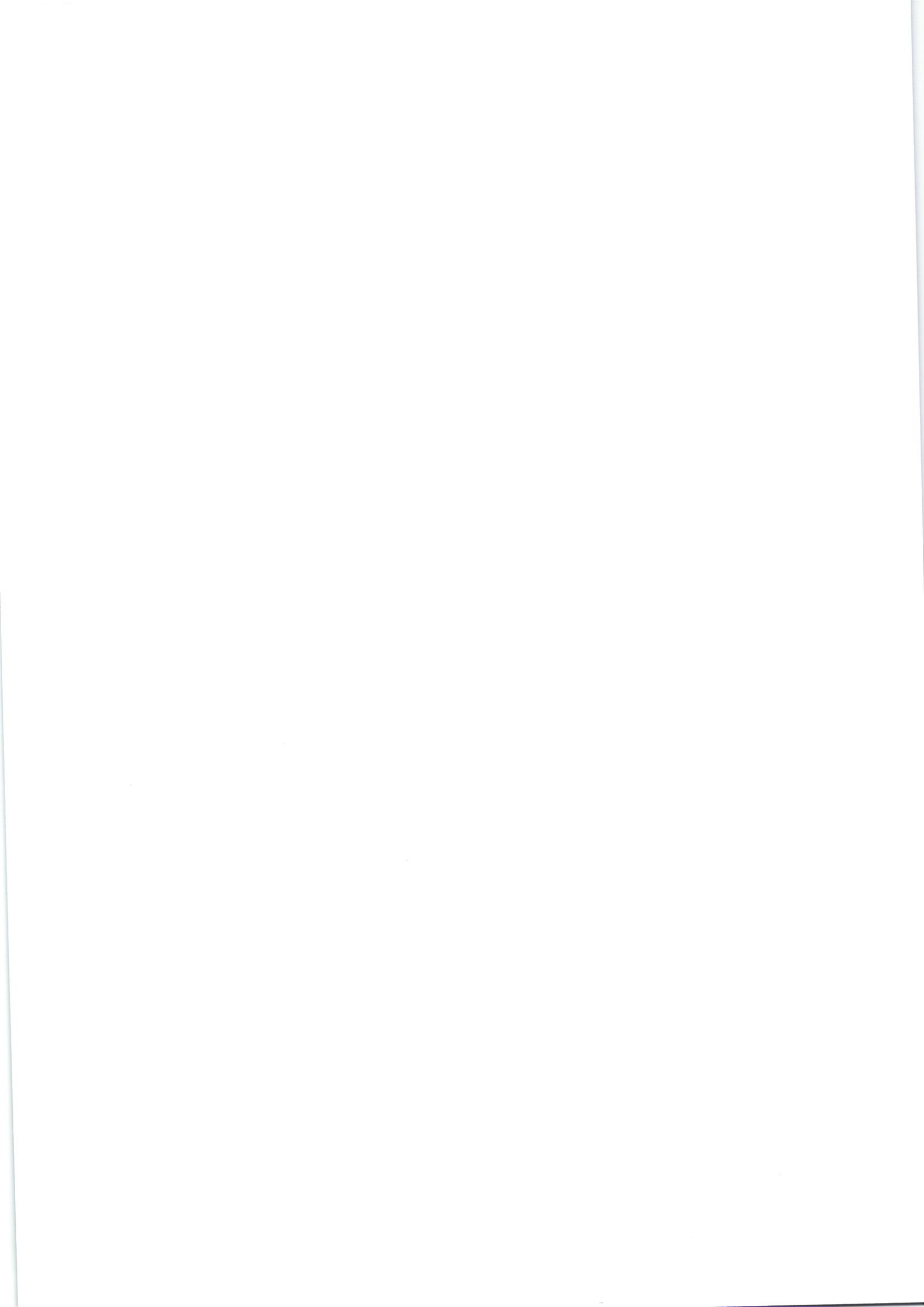
As stated first in Article (4) of the Islamic Banking Law. The paid-up capital reached (150) billion dinars deposited in the current account with the Central Bank of Iraq after the first increase according to the government sector's contribution rate of (90.66%) in it and the remaining share of the private sector. It is considered the first mixed banking financial institution in Iraq, as its share price reached an Iraqi dinar. One and the market was approached (the Iraq Stock Exchange for the purpose of registering a name the bank is in the official market according to our letter No. 28682 dated 26/6/2022 and then it was decided to postpone the listing of the bank's name on the Iraq market by the decision of the Board of Directors at its session (9/2022) held on 15/11/2022 until the completion of the paid-up capital increases to (250) billion dinars.

The total accumulated loss as of 31/12/2023 amounted to (2,362,856,390 dinars), including establishment expenses amounting to (401,246,830) dinars at the same time, the bank achieved net comprehensive income after tax and the mandatory reserve (4,392,368,865) Therefore, ownership rights as of 31/12/2023 became (152,260,689,784) dinars) whereas the amount of (231,177,309) dinars is a legal reserve (5%) of the wind after tax, according to Article No. (73) / Chapter Seven from the companies laws, there is no priority before the protection or safety of capital, as bank's principles are in Islamic terms.

16-1 Property rights	Amounts in dinars	Amounts in dinars
Statements	31.12.2023	31.12.2022
paid Capital	150,000,000,000	150,000,000,000
Legal reserve	231,177,309	0
Retained profit (loss).	2,029,512,475	(2,089,060,144)
Total	152,260,689,784	147,910,939,856

17-1 Off-budget accounts:

A-Pledged credit: The bank has non-cash pledged credit facilities currently represented in letters of guarantee issued, where the total balance of pledged credit facilities reached (1,072,991,692) dinars, as in 31\12\2023 with cash guarantees of 15% as a minimum amounting to (187,584,742) dinars, and other guarantees in



kind at a rate of 85% according to the bank's instructions. The Central Bank of Iraq controls the issuance of internal and external letters of guarantee.

B -Counter Accounts The balance of the counter accounts, represented by documents in the bank's possession, amounted to (11) dinars for the value of promissory notes at a rate of 120% of the value of the Murabaha granted to the customer, the balance of banking facilities contracts amounted to (1,076) dinars, and the balance of real estate mortgages amounted to (26,062,657,374) dinars for real estate bonds considered as a banking policy to reduce credit risk granted.

17-A Pledged credit	31.12.2023	31.12.2022
letters of guarantee	1,072,991,692	1,441,802,417
Decrease letters of guaranteed provisions	(187,584,742)	(250,456,262)
Net issued letters of guarantee	885,406,950	1,191,346,155
Documentary letters of Credits	0	0
Decrease letter of credit deposits	0	0
net documentary letters of credits	0	0
Total pledged credits (net)	885,406,950	1,191,346,155

17-B Counter Accounts	31.12.2023	31.12.2022
Important documents and instruments in the bank's possession	26,062,658,461	10,701,160,925
Total counter accounts	26,062,658,461	10,701,160,925
Total off-balance sheet accounts	26,94,065,411	11,892,507,080

18 - Sector information

The banking sector represents a group of assets and operations that participate in providing products and services that are subject to risks and returns that differ from those related to other business sectors. The geographical factor also affects a

specific economic environment that is subject to risks and returns differ in the provision of products and services from those related to other business sectors

19 - Subsequent events

There are no events.

Seal
Ihsan Shamran Alyasiri
&
His Partner Sundus Saadi Alroznamache
For Monitoring and Auditing Accounts, A Joint-Venture Company