

ARAB ISLAMIC BANK P.L.C.

INTERIM CONDENSED FINANCIAL

STATEMENTS (Unaudited)

June 30, 2024

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

		June 30, 2024	December 31, 2023
	Notes	Unaudited U.S. \$	Audited U.S. \$
Assets			
Cash and balances at Palestine Monetary Authority	3	286,585,141	373,440,183
Balances at banks and financial institutions	4	96,774,917	109,290,665
Investments at Islamic banks	5	4,998,459	5,998,443
Direct Islamic financing	6	1,101,568,027	1,108,750,254
Financial assets at fair value through other comprehensive income	7	9,994,886	9,501,058
Financial assets at amortized cost	8	34,443,391	40,791,117
Investment properties	9	24,562,940	24,776,440
Property and equipment	10	18,500,626	19,701,588
Projects in progress		1,175,827	1,052,091
Right of use assets	11	5,534,169	5,293,641
Deferred tax assets		9,873,563	9,570,383
Intangible assets		1,707,149	1,545,353
Other assets	12	32,032,300	28,658,867
Total assets		1,627,751,395	1,738,370,083
Liabilities, quasi-equity and Owners' equity			
Liabilities			
Palestine Monetary Authority's deposits	14	33,829	27,734,228
Banks and financial institutions' deposits	15	59,976,758	58,361,935
Customers' current accounts	16	448,911,173	480,041,723
Cash margins	17	101,822,678	108,479,473
Istidama loans from Palestine Monetary Authority	13	11,297,045	5,519,687
Sundry provisions	18	10,918,934	10,447,743
Tax provisions	19	6,761,963	8,287,973
Deferred tax liabilities		2,686,546	2,686,546
Lease liabilities	20	5,892,543	5,662,659
Other liabilities	21	14,770,853	14,435,511
Total Liabilities		663,072,322	721,657,478
Quasi-equity			
Participatory investment accounts	22	822,752,826	875,708,707
Owners' Equity			
Paid-in share capital	1	101,119,252	101,119,252
Statutory reserve	23	10,368,072	10,368,072
General banking risk reserve	23	8,374,674	8,374,674
Pro-cyclicality reserve	23	5,200,696	5,200,696
Investment properties reserve	9	7,359,871	7,359,871
Cumulative change in fair value reserve	7	(960,945)	(1,369,860)
Retained earnings		10,464,627	9,951,193
Total Owners' equity		141,926,247	141,003,898
Total liabilities, Liabilities, quasi-equity and Owners' equity		1,627,751,395	1,738,370,083
Contingencies and commitments	28	217,772,136	205,186,728

INTERIM CONDENSED INCOME STATEMENT

For the six months period ended June 30, 2024

	Notes	For three months period ended 30 June		For six months period ended 30 June	
		2024	2023	2024	2023
		Unaudited	Unaudited	Unaudited	Unaudited
		U.S. \$	U.S. \$	U.S. \$	U.S. \$
Revenues					
Financing and investment revenues	24	16,576,293	17,324,890	33,971,879	33,430,408
Net commission revenues		1,544,229	1,861,663	2,970,688	3,779,893
Foreign currencies exchange gain		1,128,792	1,578,795	2,523,692	3,532,463
Financials assets revenues		438,126	226,590	438,126	226,590
Other revenues		541,830	426,840	652,053	516,618
Total revenues		20,229,270	21,418,778	40,556,438	41,485,972
Expenses					
Personnel expenses		(5,378,791)	(5,678,864)	(10,781,330)	(10,988,407)
Operating expenses	25	(3,662,694)	(4,323,198)	(8,363,571)	(8,135,528)
Palestinian Monetary Authority penalties	26	-	-	-	(20,000)
Depreciation and amortization		(1,192,716)	(1,139,420)	(2,381,168)	(2,289,809)
Impairment loss	27	(10,449,138)	(1,992,315)	(13,204,686)	(3,786,870)
Total expenses		(20,683,339)	(13,133,797)	(34,730,755)	(25,220,614)
Net operating (loss) income before tax and net income attributable to quasi-equity		(454,069)	8,284,981	5,825,683	16,265,358
Less: net income attributable to quasi-equity		(1,998,254)	(2,153,719)	(4,306,093)	(4,272,196)
Net operating (loss) income before tax		(2,452,323)	6,131,262	1,519,590	11,993,162
Taxes expense	19	493,844	(1,717,788)	(1,006,156)	(3,467,788)
(loss) Profit for the period		(1,958,479)	4,413,474	513,434	8,525,374
Basic and diluted earnings per share for the period	30	(0.019)	0.044	0.005	0.084

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended June 30, 2024

	Notes	For three months period ended 30 June		For six months period ended 30 June	
		2024	2023	2024	2023
		Unaudited	Unaudited	Unaudited	Unaudited
		U.S. \$	U.S. \$	U.S. \$	U.S. \$
(loss) Profit for the period		<u>(1,958,479)</u>	<u>4,413,474</u>	<u>513,434</u>	<u>8,525,374</u>
Other comprehensive income:					
Items won't be reclassified in the income statement in subsequent periods:					
Change in fair value of financial assets	7	<u>164,349</u>	<u>(227,763)</u>	<u>408,915</u>	<u>(311,501)</u>
Total other comprehensive income items		<u>164,349</u>	<u>(227,763)</u>	<u>408,915</u>	<u>(311,501)</u>
Total comprehensive income for the period		<u><u>(1,794,130)</u></u>	<u><u>4,185,711</u></u>	<u><u>922,349</u></u>	<u><u>8,213,873</u></u>

INTERIM CONDENSED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY

For the six months period ended June 30, 2024

	For six months period ended 30 June	
	2024	2023
	Unaudited	Unaudited
	U.S. \$	U.S. \$
Net operating income before tax and net income attributable to quasi-equity	5,825,683	16,265,358
Less: income not attributable to quasi-equity	(6,584,559)	(8,055,564)
Add: expenses not attributable to quasi-equity	21,526,069	21,433,744
Total income attributable to quasi-equity	20,767,193	29,643,538
Less: Mudarib's share	(19,728,833)	(28,161,361)
Add: Hiba by Mudarib to the quasi-equity	3,267,733	2,790,019
Profit for the period	4,306,093	4,272,196

ARAB ISLAMIC BANK

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months period ended in June 30, 2024

	Reserves					Cumulative change in fair value	Retained earnings	Net equity
	Paid-in share capital	Statutory	General banking risk	Pro-cyclicality	Investment properties			
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$			
June 30, 2024								
Balance, beginning of the year	101,119,252	10,368,072	8,374,674	5,200,696	7,359,871	(1,369,860)	9,951,193	141,003,898
Profit for the period	-	-	-	-	-	-	513,434	513,434
Other comprehensive income	-	-	-	-	-	408,915	-	408,915
Total comprehensive income for the period	-	-	-	-	-	408,915	513,434	922,349
Balance, end of the period (Unaudited)	101,119,252	10,368,072	8,374,674	5,200,696	7,359,871	(960,945)	10,464,627	141,926,247

	Reserves					Cumulative change in fair value	Retained earnings	Net equity
	Paid-in share Capital	Statutory	General banking risk	Pro-cyclicality	Investment properties			
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$			
June 30, 2023								
Balance, beginning of the year	96,219,252	9,816,101	8,374,674	4,113,369	7,088,707	(1,299,351)	14,970,785	139,283,537
Profit for the period	-	-	-	-	-	-	8,525,374	8,525,374
Other comprehensive income	-	-	-	-	-	(311,501)	-	(311,501)
Total comprehensive income for the period	-	-	-	-	-	(311,501)	8,525,374	8,213,873
Transfer to reserves	-	-	-	715,618	-	-	-	-
Distributed stock dividends (note 34)	4,900,000	-	-	-	-	-	(4,900,000)	-
Distributed cash dividends (note 34)	-	-	-	-	-	-	(4,000,000)	(4,000,000)
Balance, end of the period (Unaudited)	101,119,252	9,816,101	8,374,674	4,828,987	7,088,707	(1,610,852)	13,880,541	143,497,410

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months period ended in June 30, 2024

	Notes	For six months period ended 30 June	
		2024	2023
		Unaudited U.S. \$	Unaudited U.S. \$
Operating activities			
Profit before taxes		1,519,590	11,993,162
Adjustments:			
Sundry provisions		959,428	1,100,363
Depreciation and amortization		2,381,168	2,289,809
Impairment loss		13,204,686	3,786,870
Financials assets revenues		(438,126)	(226,590)
Finance cost on lease liabilities		66,624	63,147
Loss (Gain) from disposal of property and equipment		93,553	(29,084)
Non cash items		(402,914)	(158,815)
		<u>17,384,009</u>	<u>18,818,862</u>
Changes in assets and liabilities:			
Statutory cash reserve		3,177,678	(3,045,414)
Direct Islamic financing		(3,745,981)	(53,742,703)
Other assets		(3,173,433)	(5,653,669)
Customers' current accounts		(31,130,550)	34,820,902
Cash margins		(6,656,795)	8,049,002
Other liabilities		335,341	(1,528,653)
Net cash flows used in operating activities before taxes and provisions		<u>(23,809,731)</u>	<u>(2,281,673)</u>
Sundry provisions paid		(488,237)	(251,399)
Taxes paid		(2,432,432)	(4,534,242)
Net cash flows used in operating activities		<u>(26,730,400)</u>	<u>(7,067,314)</u>
Investing activities			
Purchase of financial assets at fair value through other comprehensive income		(84,913)	(3,698,194)
Purchase of financial assets at amortized cost		(29,764,230)	(24,428,978)
Matured financial assets at amortized cost		36,186,803	14,316,411
Purchase of property and equipment		(332,797)	(1,044,144)
Balances at banks and financial institutions maturing after three months		(20,379,325)	(29,591,744)
Deposits at banks and financial institutions maturing after three months		(3,958,308)	(2,420,284)
Projects in progress additions		(444,323)	(718,688)
Purchase of intangible assets		(418,362)	(63,798)
Financials assets revenues received		438,126	226,590
Net cash flows used in investing activities		<u>(18,757,329)</u>	<u>(47,422,789)</u>
Financing activities			
Cash dividends distributions		-	(4,000,000)
Lease liabilities paid		(641,076)	(641,077)
Istidama loans from Palestine Monetary Authority		5,777,358	(622,362)
Participatory investment accounts		(52,955,881)	(3,241,781)
Net cash flows used in financing activities		<u>(47,819,599)</u>	<u>(8,505,220)</u>
Decrease in cash and cash equivalents		<u>(93,307,328)</u>	<u>(62,995,323)</u>
Cash and cash equivalents, beginning of the period		243,409,110	324,459,845
Cash and cash equivalents, end of the period	29	<u>150,101,782</u>	<u>261,464,522</u>
Paid profits		4,474,924	3,993,516
Received profits		33,840,765	33,035,419

INTERIM CONDENSED STATEMENT OF EARNINGS AND DISBURSMENTS PROHIBITED BY SHARI'A

For the six months period ended in June 30, 2024

	For six months period ended 30 June	
	2024	2023
	Unaudited	Unaudited
	U.S. \$	U.S. \$
Balance, at the beginning of the period/year	-	178,188
Sources of earnings prohibited by Shari'a during the period/year		
Banking Interest	39,076	111,945
Profit from direct Islamic financing	10,409	6,453
Total earnings prohibited by Shari'a during the period/year	49,485	118,398
Gross earnings prohibited by Shari'a	49,485	296,586
Disbursements:		
Donations	(15,485)	(296,586)
Total disbursements	(15,485)	(296,586)
Balance of earnings prohibited by Shari'a, end of the period/year	34,000	-