

ARAB ISLAMIC BANK P.L.C.

INTERIM CONDENSED FINANCIAL STATEMENTS
(Unaudited)

June 30, 2023

ARAB ISLAMIC BANK

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Notes	June 30,	December 31, 2022
		2023	
		Unaudited	Audited
		U.S. \$	U.S. \$
Assets			
Cash and balances with Palestine Monetary Authority	3	383,432,391	421,945,158
Balances at banks and financial institutions	4	112,761,574	94,009,823
Investments at Islamic banks	5	5,998,163	5,997,515
Direct Islamic financing	6	1,078,607,299	1,028,339,808
Financial assets at fair value through other comprehensive income	7	8,036,669	4,649,976
Financial assets at amortized cost	8	48,012,068	38,151,225
Investment properties	9	22,784,439	22,930,742
Property and equipment	10	20,400,646	20,620,587
Projects in progress		836,666	346,288
Right of use assets	11	5,859,197	6,033,023
Deferred tax assets		5,506,534	5,012,089
Intangible assets		1,227,519	1,366,517
Other assets	12	16,876,653	11,322,984
Total assets		1,710,339,818	1,660,725,735
Liabilities, unrestricted investment accounts and equity			
Liabilities			
Istidama loans from Palestine Monetary Authority	13	7,579,396	8,201,758
Palestine Monetary Authority's deposits	14	39,546,217	35,593,985
Banks and financial institutions' deposits	15	46,097,692	41,964,114
Customers' deposits	16	429,809,309	394,988,407
Cash margins	17	101,652,663	93,603,661
Sundry provisions	18	10,529,975	9,681,011
Tax provisions	19	6,217,824	6,948,648
Deferred tax liabilities		2,587,652	2,587,652
Lease liabilities	20	6,243,300	6,429,482
Other liabilities	21	16,363,466	17,986,785
Total Liabilities		666,627,494	617,985,503
Unrestricted investment accounts	22	900,214,914	903,456,695
Equity			
Paid-in share capital	1	101,119,252	96,219,252
Statutory reserve	23	9,816,101	9,816,101
General banking risk reserve	23	8,374,674	8,374,674
Pro-cyclicality reserve	23	4,113,369	4,113,369
Investment properties reserve	9	7,088,707	7,088,707
Cumulative change in fair value reserve	7	(1,610,852)	(1,299,351)
Retained earnings		14,596,159	14,970,785
Net equity		143,497,410	139,283,537
Total liabilities, unrestricted investment accounts and equity		1,710,339,818	1,660,725,735

The accompanying notes from 1 to 38 are part of these interim condensed financial statements

INTERIM CONDENSED INCOME STATEMENT

For the three months and six months period ended June 30, 2023

	Notes	For three months period ended 30 June		For six months period ended 30 June	
		2023	2022	2023	2022
		Unaudited U.S. \$	Unaudited U.S. \$	Unaudited U.S. \$	Unaudited U.S. \$
Revenues					
Financing and investment revenues		17,324,890	15,977,479	33,430,408	31,318,424
Less: Return on unrestricted investment accounts		(2,153,719)	(2,131,310)	(4,272,196)	(4,432,388)
Bank's share of income from financing and investment		15,171,171	13,846,169	29,158,212	26,886,036
Net commissions revenues		1,861,663	1,805,509	3,779,893	3,482,525
Foreign currencies exchange gain		1,578,795	1,200,175	3,532,463	2,500,933
Financial assets gain		226,590	5,073	226,590	5,073
Other revenues		426,840	94,704	516,618	198,068
Total revenues		19,265,059	16,951,630	37,213,776	33,072,635
Expenses					
Personnel expenses		(5,678,864)	(4,783,142)	(10,988,407)	(9,342,246)
Operating expenses	24	(4,323,198)	(3,968,044)	(8,135,528)	(7,636,501)
Palestinian Monetary Authority penalties	25	-	-	(20,000)	(25,000)
Depreciation and amortization		(1,139,420)	(1,149,687)	(2,289,809)	(2,406,052)
Impairment loss	26	(1,992,315)	(891,078)	(3,786,870)	(2,295,331)
Total expenses		(13,133,797)	(10,791,951)	(25,220,614)	(21,705,130)
Profit before taxes		6,131,262	6,159,679	11,993,162	11,367,505
Taxes expense	19	(1,717,788)	(2,408,981)	(3,467,788)	(4,008,481)
Profit for the period		4,413,474	3,750,698	8,525,374	7,359,024
Basic and diluted earnings per share for the period	29	0.0459	0.0409	0.084	0.073

INTERM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months period ended June 30, 2023

	Notes	For three months period ended 30 June		For six month period ended 30 June	
		2023	2022	2023	2022
		Unaudited	Unaudited	Unaudited	Unaudited
		U.S. \$	U.S. \$	U.S. \$	U.S. \$
Profit for the Period		<u>4,413,474</u>	<u>3,750,698</u>	<u>8,525,374</u>	<u>7,359,024</u>
Other comprehensive income:					
Items will not to be reclassified in the income statement in subsequent periods:					
Change in fair value of financial assets	7	<u>(227,763)</u>	<u>(3,661)</u>	<u>(311,501)</u>	<u>(52,665)</u>
Total other comprehensive income		<u>(227,763)</u>	<u>(3,661)</u>	<u>(311,501)</u>	<u>(52,665)</u>
Total comprehensive income for the Period		<u><u>4,185,711</u></u>	<u><u>3,747,037</u></u>	<u><u>8,213,873</u></u>	<u><u>7,306,359</u></u>

ARAB ISLAMIC BANK

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months period ended in June 30, 2023

	Reserves							Retained earnings	Net equity
	Paid-in share capital	Statutory	General banking risk	Pro-cyclicality	Investment properties	Cumulative change in fair value			
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$			
June 30, 2023									
Balance, beginning of the period	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	
Stock dividends distributed (Note 32)	4,900,000	-	-	-	-	-	(4,900,000)	-	
Cash dividends distributed (Note 32)	-	-	-	-	-	-	(4,000,000)	(4,000,000)	
Balance, end of the period (Unaudited)	101,119,252	9,816,101	8,374,674	4,113,369	7,088,707	(1,610,852)	14,596,159	143,497,410	

	Reserves							Retained earnings	Net equity
	Paid-in share Capital	Statutory	General banking risk	Pro-cyclicality	Investment properties	Cumulative change in fair value			
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$			
June 30, 2022									
Balance, beginning of the period	91,719,252	8,508,264	8,374,674	4,113,369	7,806,223	(1,243,533)	11,700,256	130,978,505	
Profit for the period	-	-	-	-	-	-	7,359,024	7,359,024	
Other comprehensive income	-	-	-	-	-	(52,665)	-	(52,665)	
Total comprehensive income for the period	-	-	-	-	-	(52,665)	7,359,024	7,306,359	
Stock dividends distributed (Not32)	4,500,000	-	-	-	-	-	(4,500,000)	-	
Cash dividends distributed (Note 32)	-	-	-	-	-	-	(4,000,000)	(4,000,000)	
Balance, end of the period (Unaudited)	96,219,252	8,508,264	8,374,674	4,113,369	7,806,223	(1,296,198)	10,559,280	134,284,864	

The accompanying notes from 1 to 38 are part of these interim condensed financial statements

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months Period Ended June 30, 2023

	Notes	For six months period ended 30 June	
		2023	2022
		Unaudited	Unaudited
		U.S. \$	U.S. \$
Operating activities			
Profit before taxes		11,993,162	11,367,505
Adjustments for:			
Sundry provisions		1,100,363	1,223,815
Depreciation and amortization		2,289,809	2,406,052
Impairment loss		3,786,870	2,295,331
Gain on financial assets		226,590	(5,073)
Finance cost on lease liabilities		63,147	62,701
Gain on disposal of property and equipment		(29,084)	-
Noncash items		(158,815)	-
		<u>19,272,042</u>	<u>17,350,331</u>
Changes in assets and liabilities:			
Statutory cash reserve		(1,506,479)	4,780,930
Direct Islamic financing		(53,742,703)	14,379,178
Other assets		(5,653,669)	(2,300,028)
Customers' deposits		34,820,902	22,989,889
Cash margins		8,049,002	(1,048,074)
Other liabilities		(1,528,653)	(3,254,656)
Net cash flows (used in) operating activities before taxes and provisions		<u>(289,558)</u>	<u>52,897,570</u>
Sundry provisions paid		(251,399)	(164,989)
Taxes paid		(4,534,242)	(3,109,446)
Net cash flows (used in) operating activities		<u>(5,075,199)</u>	<u>49,623,135</u>
Investing activities			
Purchase of financial assets at fair value through other comprehensive income		(3,698,194)	(458,480)
Purchase of financial assets at amortized cost		(24,428,978)	(10,400,000)
Matured financial assets at amortized cost		14,316,411	6,640,100
Purchase of property and equipment		(1,136,610)	(368,186)
Proceeds from sale of property and equipment		92,506	-
Balances at banks and financial institutions maturity after three months		(29,591,744)	9,633,406
Deposits at banks and financial institutions maturity after three months		(2,420,284)	(3,501,037)
Projects in progress additions		(718,688)	(96,888)
Purchase of intangible assets		(63,798)	(194,575)
Gain in financial assets		(226,590)	5,073
Net cash flows from (used in) investing activities		<u>(47,875,969)</u>	<u>1,259,413</u>
Financing activities			
Cash dividends distributions		(4,000,000)	(4,000,000)
Lease liabilities paid		(641,077)	(620,530)
Istidama loans from Palestine Monetary Authority		(622,362)	808,584
Unrestricted investment accounts		(3,241,781)	(42,373,032)
Net cash flows (used in) from financing activities		<u>(8,505,220)</u>	<u>(46,184,978)</u>
(Decrease) / Increase in cash and cash equivalents		<u>(61,456,388)</u>	<u>4,697,570</u>
Cash and cash equivalents, beginning of the Period		<u>324,459,845</u>	<u>356,350,360</u>
Cash and cash equivalents, end of the Period	28	<u>263,003,457</u>	<u>361,047,930</u>
Profit Paid		3,993,516	4,307,024
Profit Received		33,035,419	30,985,491

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

For the six months period ended June 30, 2023

	June 30, 2023	December 31, 2022
	Unaudited	Audit
	U.S. \$	U.S. \$
Balance, at the beginning of the period/year	<u>178,188</u>	<u>193,719</u>
Sources of earnings prohibited by Shari'a during the period/year		
Bank Interest	112,450	463,249
Profit from direct Islamic financing	3,990	9,707
Total earnings prohibited by Shari'a during the period/year	<u>116,440</u>	<u>472,956</u>
Gross earnings prohibited by Shari'a during the period/year	<u>294,628</u>	<u>666,675</u>
Disbursements:		
Donations	(294,628)	(488,487)
Total disbursements	<u>(294,628)</u>	<u>(488,487)</u>
Balance of prohibited by Shari'a, end of the Period /year	<u>-</u>	<u>178,188</u>