


## ARAB ISLAMIC BANK


**STATEMENT OF FINANCIAL POSITION**

As at December 31, 2021

	2021	2020
	U.S. \$	U.S. \$
<b>Assets</b>		
Cash and balances with Palestine Monetary Authority	516,345,938	401,742,907
Balances at banks and financial institutions	86,947,263	88,072,938
Investments at Islamic banks	3,785,453	4,062,368
Direct Islamic financing	1,012,397,444	945,049,866
Financial assets at fair value through other comprehensive income	3,426,088	6,828,577
Financial assets at amortized cost	34,509,792	29,048,404
Investment properties	25,962,178	25,884,919
Property and equipment	22,280,308	23,291,018
Projects in progress	307,407	704,734
Right of use assets	6,822,166	7,936,131
Deferred tax assets	4,002,402	3,647,117
Intangible assets	1,692,743	1,448,234
Other assets	19,096,823	19,331,569
<b>Total assets</b>	<b>1,737,576,005</b>	<b>1,557,048,782</b>
<b>Liabilities, unrestricted investment accounts and equity</b>		
<b>Liabilities</b>		
Istidama loans from PMA	6,488,216	3,186,310
Palestine Monetary Authority's deposits	93,472,818	66,954,205
Banks and financial institutions' deposits	42,777,964	27,227,946
Customers' deposits	382,445,006	325,966,065
Cash margins	90,915,025	73,742,621
Sundry provisions	7,611,857	6,730,683
Tax provisions	8,706,661	3,207,605
Deferred tax liabilities	2,849,573	2,645,835
Lease liabilities	7,243,380	8,252,944
Other liabilities	17,944,298	22,380,723
<b>Total Liabilities</b>	<b>660,454,798</b>	<b>540,294,937</b>
<b>Unrestricted investment accounts</b>	<b>946,142,702</b>	<b>896,510,115</b>
<b>Equity</b>		
Paid-in share capital	91,719,252	88,469,252
Statutory reserve	8,508,264	7,339,348
General banking risk reserve	8,374,674	8,374,674
Pro-cyclicality reserve	4,113,369	4,113,369
Investment properties reserve	7,806,223	7,254,718
Cumulative change in fair value reserve	(1,243,533)	(2,243,628)
Retained earnings	11,700,256	6,935,997
<b>Net equity</b>	<b>130,978,505</b>	<b>120,243,730</b>
<b>Total liabilities, unrestricted investment accounts and equity</b>	<b>1,737,576,005</b>	<b>1,557,048,782</b>


  
General Manager


  
General Manager Assistant

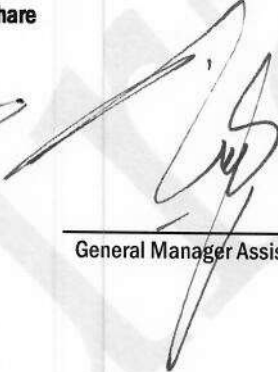

  
Internal Auditor


**INCOME STATEMENT**

For the year ended December 31, 2021

	Notes	2021 U.S. \$	2020 U.S. \$
<b>Revenues</b>			
Financing and investment revenues	28	59,521,517	49,298,803
Less: Return on unrestricted investment accounts	29	(12,605,978)	(11,833,700)
Bank's share of income from financing and investment		46,915,539	37,465,103
Net commissions	30	6,357,113	4,742,458
Foreign currencies exchange gain		5,080,958	3,820,998
Financial assets gain	31	284,288	372,596
Other revenues	32	614,978	525,550
<b>Total revenues</b>		<b>59,252,876</b>	<b>46,926,705</b>
<b>Expenses</b>			
Personnel expenses	33	(16,993,754)	(15,682,067)
Other operating expenses	34	(12,905,132)	(11,840,550)
Depreciation and amortization	35	(4,700,589)	(4,420,371)
Re-measurement of provision for expected credit losses for the year, net	36	(5,206,572)	(4,019,381)
<b>Total expenses</b>		<b>(39,806,047)</b>	<b>(35,962,369)</b>
<b>Profit before taxes</b>		<b>19,446,829</b>	<b>10,964,336</b>
Taxes expense	22	(7,757,655)	(2,950,000)
<b>Profit for the year</b>		<b>11,689,174</b>	<b>8,014,336</b>
<b>Basic and diluted earnings per share</b>	40	<b>0,127</b>	<b>0.087</b>


  
General Manager

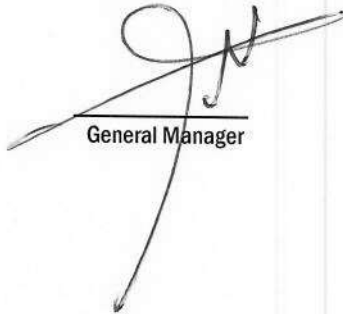

  
General Manager Assistant

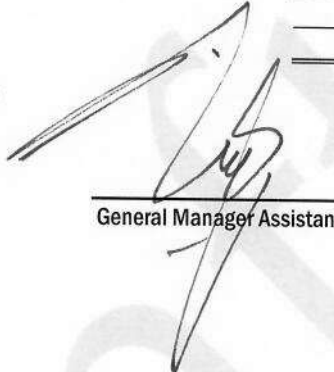

  
Internal Auditor

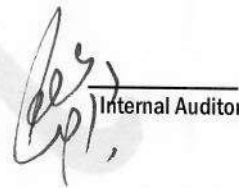
**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended December 31, 2021

	Notes	2021 U.S. \$	2020 U.S. \$
<b>Profit for the year</b>		11,689,174	8,014,336
Items to be reclassified in the income statement in subsequent periods:			
Change in fair value of financial assets	7	1,059,096	(369,455)
Unrealized gains on revaluation of investment properties	9	755,243	48,050
Deferred taxes	23	(203,738)	(12,841)
<b>Other comprehensive income</b>		1,610,601	(334,246)
<b>Total comprehensive income for the year</b>		13,299,775	7,680,090

  
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 General Manager

  
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 General Manager Assistant

  
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 Internal Auditor

ARAB ISLAMIC BANK

**STATEMENT OF CHANGES IN EQUITY**

For the year ended December 31, 2021

	Reserves										Net equity U.S. \$	
	Paid-in share capital U.S. \$	Statutory U.S. \$	General banking risk U.S. \$	Pro-cyclicality U.S. \$	Investment properties U.S. \$	Cumulative change in fair value U.S. \$	Retained earnings U.S. \$					
<b>December 31, 2021</b>												
<b>Balance, beginning of the year</b>	88,469,252	7,339,348	8,374,674	4,113,369	7,254,718	(2,243,628)	6,935,997				120,243,730	
Profit for the year	-	-	-	-	-	-	11,689,174				11,689,174	
Other comprehensive income	-	-	-	-	551,505	1,059,096	-				1,610,601	
<b>Total comprehensive income for the year</b>	-	-	-	-	551,505	1,059,096	11,689,174				13,299,775	
gain on sale of financial assets at fair value through other comprehensive income recognized in retained earnings	-	-	-	-	-	(59,001)	59,001				-	
Transfers to reserves	-	1,168,916	-	-	-	-	(1,168,916)				-	
Stock dividends distributed (note 43)	3,250,000	-	-	-	-	-	(3,250,000)				-	
Cash dividends distributed (note 43)	-	-	-	-	-	-	(2,565,000)				(2,565,000)	
<b>Balance, end of the year</b>	91,719,252	8,508,264	8,374,674	4,113,369	7,806,223	(1,243,533)	11,700,256				130,978,505	
<b>December 31, 2020</b>												
<b>Balance, beginning of the year</b>	84,919,252	6,537,914	7,812,746	4,113,369	7,219,509	(1,874,173)	7,835,023				116,563,640	
Profit for the year	-	-	-	-	-	-	8,014,336				8,014,336	
Other comprehensive income	-	-	-	-	35,209	(369,455)	-				(334,246)	
<b>Total comprehensive income for the year</b>	-	-	-	-	35,209	(369,455)	8,014,336				7,680,090	
Transfers to reserves	-	801,434	561,928	-	-	-	(1,363,362)				-	
Stock dividends distributed (note 43)	3,550,000	-	-	-	-	-	(3,550,000)				-	
Cash dividends distributed (note 43)	-	-	-	-	-	-	(4,000,000)				(4,000,000)	
<b>Balance, end of the year</b>	88,469,252	7,339,348	8,374,674	4,113,369	7,254,718	(2,243,628)	6,935,997				120,243,730	

General Manager

General Manager Assistant

Internal Auditor

**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2021

	Notes	2021 U.S. \$	2020 U.S. \$
<b>Operating activities</b>			
Profit before taxes		19,446,829	10,964,336
<b>Adjustments for:</b>			
Sundry provisions		1,153,206	1,147,373
Depreciation and amortization		4,700,589	4,420,371
Re-measurement of provision for expected credit losses on Islamic financing		5,206,572	4,019,381
Cash dividends received		(284,288)	-
Losses on disposal of property and equipment		67,584	19,231
Gain from disposal of right of use assets		(1,600)	-
Finance costs on lease liabilities		245,063	286,739
		<u>30,533,955</u>	<u>20,857,431</u>
<b>Changes in assets and liabilities:</b>			
Statutory cash reserve		(17,772,483)	(22,553,868)
Direct Islamic financing		(71,498,509)	(190,737,877)
Balances at banks and financial institutions maturing after three months		(12,454,280)	3,526,093
Investments at Islamic banks maturing after three months		1,062,368	(552,854)
Other assets		(265,254)	(4,257,226)
Customers' deposits		56,478,941	74,853,860
Cash margins		17,172,404	15,818,285
PMA Deposits maturing after three months		-	20,000,000
Deposits of banks and financial institutions maturing after three months		(7,896,686)	20,759,516
Other liabilities		(4,382,277)	3,396,947
<b>Net cash flows used in operating activities before taxes and provisions</b>		<u>(9,021,821)</u>	<u>(58,889,693)</u>
Taxes paid		(2,613,884)	(1,974,424)
Sundry provisions paid		(272,032)	(222,981)
<b>Net cash flows used in operating activities</b>		<u>(11,907,737)</u>	<u>(61,087,098)</u>
<b>Investing activities</b>			
Purchase of financial assets at fair value through other comprehensive income		(123,151)	-
Sale of financial assets at fair value through other comprehensive income		4,584,736	-
Matured financial assets at amortized cost		8,000,000	1,000,000
Purchase of financial assets at amortized cost		(13,400,000)	-
Purchase of investment properties		-	(159,000)
Purchase of property and equipment		(1,244,085)	(1,850,073)
Projects in progress additions		(629,102)	(3,315,951)
Proceeds from sale of property and equipment		66,258	37,759
Purchase of intangible assets	14	(733,720)	(497,309)
Cash dividends Received		284,288	-
<b>Net cash flows used in investing activities</b>		<u>(3,194,776)</u>	<u>(4,784,574)</u>
<b>Financing activities</b>			
Cash dividends distributions		(2,565,000)	(4,000,000)
Lease liabilities paid	24	(1,203,058)	(1,146,568)
Istidama loans from PMA	16	3,301,906	3,186,310
Increase in unrestricted investment accounts		49,632,587	181,985,293
<b>Net cash flows from financing activities</b>		<u>49,166,435</u>	<u>180,025,035</u>
<b>Increase in cash and cash equivalents</b>		<u>34,063,922</u>	<u>114,153,363</u>
Cash and cash equivalents, beginning of the year		322,286,438	208,133,075
<b>Cash and cash equivalents, end of the year</b>	39	<u>356,350,360</u>	<u>322,286,438</u>

General Manager

General Manager Assistant

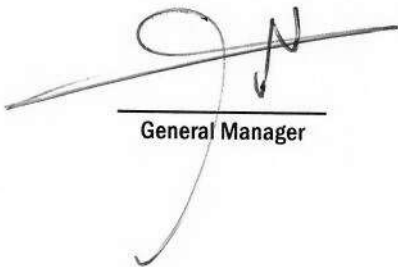
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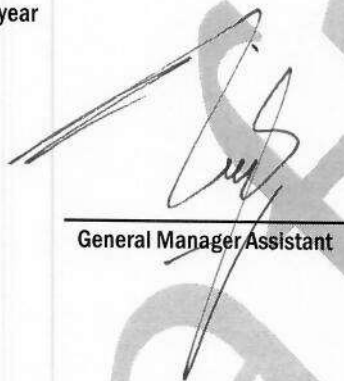
ARAB ISLAMIC BANK

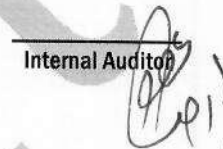
Statement of Earnings and Disbursements Prohibited by Shari'a

For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
<u>Sources of earnings prohibited by Shari'a</u>		
Interest	307,971	29,293
Profit from direct Islamic financing	125,875	59,526
Total earnings prohibited by Shari'a	<u>433,846</u>	<u>88,819</u>
<u>Disbursements</u>		
Donations	(240,127)	(88,819)
Total disbursements	<u>(240,127)</u>	<u>(88,819)</u>
Balance of prohibited by Shari'a, end of the year	<u>193,719</u>	<u>-</u>

  
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General Manager

  
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General Manager Assistant

  
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Internal Auditor

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