

PALESTINE ISLAMIC BANK

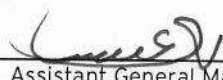
STATEMENT OF FINANCIAL POSITION

As of December 31, 2021

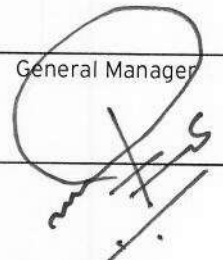
	2021 <u>U.S. \$</u>	2020 <u>U.S. \$</u>
Assets		
Cash and balances at Palestine Monetary Authority	441,197,039	340,336,885
Balances at banks and financial institutions	205,790,128	178,264,933
Direct Islamic financing	890,363,440	885,476,487
Financial assets at fair value through profit or loss	1,905,783	1,286,319
Financial assets at fair value through other comprehensive income	19,722,011	3,710,705
Financial assets at amortized cost	19,338,116	13,946,412
Investment in associates	11,578,192	11,669,721
Investment in properties	13,617,990	8,375,539
Property, plant and equipment	25,998,655	27,368,410
Projects in progress	2,888,322	2,702,117
Right-of-use assets	6,938,016	8,067,525
Deferred tax assets	5,531,498	5,150,501
Intangible assets	786,499	874,374
Other assets	10,769,314	24,101,388
Total assets	<u>1,656,425,003</u>	<u>1,511,331,316</u>
Liabilities, unrestricted investment accounts and equity		
Liabilities		
Banks and financial institutions' deposits	183,114,561	190,545,199
Customers' deposits	321,267,408	325,999,812
Cash margins	68,145,170	71,385,535
Sundry provisions	10,512,490	9,217,580
Tax provisions	4,144,039	2,043,961
Lease liabilities	6,845,330	7,904,982
Other liabilities	22,676,786	13,326,670
Total liabilities	<u>616,705,784</u>	<u>620,423,739</u>
Unrestricted investment accounts	<u>901,070,139</u>	<u>767,572,773</u>
Equity		
Paid-in share capital	85,000,000	80,000,000
Additional paid-in capital	3,200,000	3,200,000
Statutory reserve	11,606,531	10,238,012
General banking risk reserve	4,384,678	4,384,678
Pro-cyclicality reserve	11,023,917	11,023,917
Investment in properties reserve	187,345	187,345
Cumulative change in fair value	875,916	(753,171)
Retained earnings	22,370,693	15,054,023
Net equity	<u>138,649,080</u>	<u>123,334,804</u>
Total liabilities, unrestricted investment accounts and equity	<u>1,656,425,003</u>	<u>1,511,331,316</u>



Financial Manager



Assistant General Manager
for Finance and Admin Affairs



General Manager


PALESTINE ISLAMIC BANK

INCOME STATEMENT

For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
	U.S. \$	U.S. \$
Revenues		
Investment and financing revenues	54,942,566	48,989,167
Less: Return on unrestricted investment accounts	<u>(7,635,462)</u>	<u>(6,920,711)</u>
Bank's share of income from financing and investments	47,307,104	42,068,456
Net commissions	9,929,160	8,907,451
Foreign currency exchange gains	3,983,292	2,676,907
Bank's share of the associates' results of operations	375,719	147,510
Income from financial assets at amortized cost and other comprehensive income	588,701	838,600
Cash dividends	377,920	502,113
Other revenues	<u>1,371,873</u>	<u>1,240,169</u>
Total revenues	<u>63,933,769</u>	<u>56,381,206</u>
Expenses		
Personnel expenses	(20,502,504)	(18,967,797)
Other operating expenses	(13,082,818)	(10,741,133)
Expected credit losses allowance, net	(5,921,086)	(5,672,825)
Depreciation and amortization	(4,344,173)	(4,482,863)
Sundry provisions	(117,080)	(69,902)
Finance costs on lease liabilities	(212,093)	(229,416)
Gains (losses) on financial assets at fair value through profit or loss	619,464	(135,402)
Impairment loss on investment properties	(1,187,388)	(24,452)
Palestine Monetary Authority fines	<u>(10,000)</u>	<u>(33,209)</u>
Total expenses	<u>(44,757,678)</u>	<u>(40,356,999)</u>
Profit before taxes	19,176,091	16,024,207
Taxes expense	<u>(5,490,902)</u>	<u>(4,854,484)</u>
Profit for the year	<u>13,685,189</u>	<u>11,169,723</u>


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STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
	U.S. \$	U.S. \$
Profit for the year	<u>13,685,189</u>	<u>11,169,723</u>
Other comprehensive income:		
<u>Items not to be reclassified to the income statement in subsequent periods:</u>		
Bank's share of the associates' other comprehensive income	(49,749)	(113,371)
Losses on revaluation of investment properties	-	(94,933)
Deferred taxes	-	25,332
Change in fair value of financial assets	<u>1,678,836</u>	<u>(366,714)</u>
Net other comprehensive income	<u>1,629,087</u>	<u>(549,686)</u>
Net comprehensive income for the year	<u><u>15,314,276</u></u>	<u><u>10,620,037</u></u>


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STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2021

	Reserves									
	Paid-in share capital U.S. \$	Additional paid-in capital U.S. \$	Statutory U.S. \$	General banking risk U.S. \$	Pro-cyclicality U.S. \$	Investment in properties U.S. \$	Cumulative change in fair value U.S. \$	Retained earnings U.S. \$	Net equity U.S. \$	
December 31, 2021										
Balance, as at January 1, 2021	80,000,000	3,200,000	10,238,012	4,384,678	11,023,917	187,345	(753,171)	15,054,023	123,334,804	
Profit for the year	-	-	-	-	-	-	-	13,685,189	13,685,189	
Other comprehensive income	-	-	-	-	-	-	1,629,087	-	1,629,087	
Total comprehensive income for the year	-	-	-	-	-	-	1,629,087	13,685,189	15,314,276	
Transfer to reserves	-	-	1,368,519	-	-	-	-	(1,368,519)	-	
Stock dividends distributed	5,000,000	-	-	-	-	-	-	(5,000,000)	-	
Balance, as at December 31, 2021	85,000,000	3,200,000	11,606,531	4,384,678	11,023,917	187,345	875,916	22,370,693	138,649,080	
	Reserves									
December 31, 2020										
Balance, as at January 1, 2020	77,000,000	3,200,000	9,121,040	4,384,678	11,023,917	256,946	(273,086)	8,001,272	112,714,767	
Profit for the year	-	-	-	-	-	-	-	11,169,723	11,169,723	
Other comprehensive income	-	-	-	-	-	(69,601)	(480,085)	-	(549,686)	
Total comprehensive income for the year	-	-	-	-	-	(69,601)	(480,085)	11,169,723	10,620,037	
Transfer to reserves	-	-	1,116,972	-	-	-	-	(1,116,972)	-	
Stock dividends distributed	3,000,000	-	-	-	-	-	-	(3,000,000)	-	
Balance, as at December 31, 2020	80,000,000	3,200,000	10,238,012	4,384,678	11,023,917	187,345	(753,171)	15,054,023	123,334,804	

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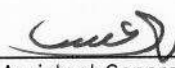
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STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

	2021 U.S. \$	2020 U.S. \$
Operating activities		
Profit before taxes	19,176,091	16,024,207
Adjustments for:		
Loss on financial assets at fair value through profit or loss	(619,464)	135,402
Loss on impairment of investments properties	1,187,388	24,452
Sundry provisions	1,907,286	2,806,151
Depreciation and amortization	4,344,173	4,482,863
Bank's share of the associates' results of operations	(375,719)	(147,510)
Cash dividends	(377,920)	-
Expected credit losses, net	5,921,086	5,672,825
Gain on disposal of lease contracts	(29,025)	-
Amortization of net discount and premium for financial assets at amortized cost	39,822	4,115
(Gain) loss on sale and disposal of property, plant and equipment	86,517	(46,257)
Loss from disposal of projects in progress	-	260,181
Gain from sale of investment properties	(61,268)	(3,368)
Finance costs on lease liabilities	212,093	229,416
	<u>31,411,060</u>	<u>29,442,477</u>
Changes in assets and liabilities:		
Statutory cash reserve	(16,501,686)	(34,799,602)
Restricted balances with Palestine Monetary Authority	(26,789,996)	-
Direct Islamic financing	(18,502,943)	(120,562,347)
Other assets	13,731,073	(11,068,927)
Customers' deposits	(4,732,404)	62,862,797
Cash margins	(3,240,365)	16,233,930
Other liabilities	9,298,085	(2,089,725)
Net cash flows used in operating activities before provisions and taxes	<u>(15,327,176)</u>	<u>(59,981,397)</u>
Taxes paid	(3,771,821)	(4,878,032)
Sundry provisions paid	(612,376)	(3,821,065)
Net cash flows used in operating activities	<u>(19,711,373)</u>	<u>(68,680,494)</u>
Investing activities		
Purchase of Property, plant, equipment and intangible assets	(2,092,439)	(1,227,022)
Projects in progress additions	-	(270,261)
Dividends from investment in associates	417,499	-
Cash dividends received	377,920	-
Matured financial assets at amortized cost	5,392,302	5,650,347
Purchase of financial assets at amortized cost	(10,590,382)	-
Sales of investment properties	1,187,202	185,000
Purchase of financial assets at fair value through other comprehensive income	(14,346,125)	-
Sale of Property, plant and equipment	-	112,253
Net cash flows (used in) from investing activities	<u>(19,654,023)</u>	<u>4,450,317</u>
Financing activities		
Lease liabilities paid	(1,307,314)	(1,418,929)
Unrestricted investment accounts	133,497,366	31,167,361
Net cash flows from financing activities	<u>132,190,052</u>	<u>29,748,432</u>
Increase in cash and cash equivalents	<u>92,824,656</u>	<u>(34,481,742)</u>
Cash and cash equivalents, beginning of the year	135,100,497	169,582,239
Cash and cash equivalents, end of the year	<u>227,925,153</u>	<u>135,100,497</u>


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STATEMENT OF SOURCES AND USES OF EARNINGS PROHIBITED BY SHARI'A

For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
	U.S. \$	U.S. \$
Earnings prohibited by Shari'a		
Balance, beginning of the year	12,393	12,393
Profit from direct Islamic financing	7,186	5,403
Profit received	31,415	31,415
Total earnings prohibited by Shari'a at the end of year	<u>50,994</u>	<u>49,211</u>
Disbursements of earnings prohibited by Shari'a:		
Donations	(46,912)	(46,553)
Foreign currency exchange	(280)	(60)
Total disbursements of earnings prohibited by Shari'a	<u>(47,192)</u>	<u>(46,613)</u>
Balance of earnings prohibited by Shari'a at the end of year	<u>3,802</u>	<u>2,598</u>



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