

ARAB ISLAMIC BANK P.L.C.

FINANCIAL STATEMENTS

March 31, 2023

ARAB ISLAMIC BANK

STATEMENT OF FINANCIAL POSITION

As at March 31, 2023


	Notes	March 31,	December 31,
		2023	2022
		Unaudited U.S. \$	Audited U.S. \$
Assets			
Cash and balances with Palestine Monetary Authority	3	402,633,729	421,945,158
Balances at banks and financial institutions	4	106,670,118	94,009,823
Investments at Islamic banks	5	5,913,551	5,997,515
Direct Islamic financing	6	1,044,982,711	1,028,339,808
Financial assets at fair value through other comprehensive income	7	6,527,198	4,649,976
Financial assets at amortized cost	8	42,850,708	38,151,225
Investment properties	9	22,784,742	22,930,742
Property and equipment	10	20,389,512	20,620,587
Projects in progress		820,871	346,288
Right of use assets	11	6,141,984	6,033,023
Deferred tax assets		5,012,089	5,012,089
Intangible assets		1,277,075	1,366,517
Other assets	12	20,804,032	11,322,984
Total assets		1,686,808,320	1,660,725,735
Liabilities, unrestricted investment accounts and equity			
Liabilities			
Istidama loans from Palestine Monetary Authority	13	7,641,588	8,201,758
Palestine Monetary Authority's deposits	14	30,591,740	35,593,985
Banks and financial institutions' deposits	15	36,397,616	41,964,114
Customers' deposits	16	432,262,186	394,988,407
Cash margins	17	95,441,991	93,603,661
Sundry provisions	18	10,050,506	9,681,011
Tax provisions	19	4,744,186	6,948,648
Deferred tax liabilities		2,587,652	2,587,652
Lease liabilities	20	6,532,586	6,429,482
Other liabilities	21	20,204,900	17,986,785
Total Liabilities		646,454,951	617,985,503
Unrestricted investment accounts	22	901,041,670	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	(1,383,089)	(1,299,351)
Retained earnings		10,182,685	14,970,785
Net equity		139,311,699	139,283,537
Total liabilities, unrestricted investment accounts and equity		1,686,808,320	1,660,725,735
Assistant General manager for Financial Affairs		General Manager	Internal Audit manager

ARAB ISLAMIC BANK

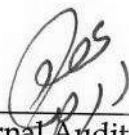
INCOME STATEMENT

For the year ended March 31, 2023

	Notes	For three months period ended 31 March	
		2023	2022
		Unaudited U.S. \$	Unaudited U.S. \$
Revenues			
Financing and investment revenues		16,105,518	15,340,945
Less: Return on unrestricted investment accounts		(2,118,477)	(2,301,078)
Bank's share of income from financing and investment		13,987,041	13,039,867
Net commission revenues		1,918,230	1,677,016
Foreign currencies exchange gain		1,953,668	1,300,758
Other revenues		89,778	103,364
Total revenues		17,948,717	16,121,005
Expenses			
Personnel expenses		(5,309,543)	(4,559,104)
Other operating expenses	24	(3,966,885)	(3,668,457)
Palestinian monetary authority penalties	25	(20,000)	(25,000)
Depreciation and amortization	26	(1,150,389)	(1,256,365)
Impairment loss, net		(1,440,000)	(1,404,253)
Total expenses		(11,886,817)	(10,913,179)
Profit before taxes		6,061,900	5,207,826
Taxes expense	19	(1,950,000)	(1,599,500)
Profit for the year		4,111,900	3,608,326
Basic and diluted earnings per share		0.041	0.036



Assistant General manager for Financial
Affairs

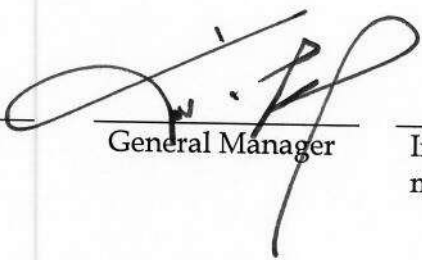

General Manager

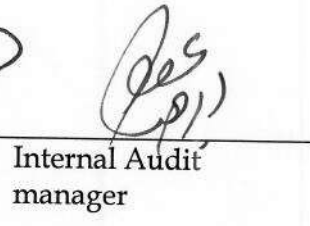

Internal Audit
manager

STATEMENT OF COMPREHENSIVE INCOME
For the year ended March 31, 2023

		For three months period ended	
		31 March	
		2023	2022
		Unaudited	Unaudited
Notes		U.S. \$	U.S. \$
	Profit for the year	4,111,900	3,608,326
	Items not to be reclassified in the income statement in subsequent periods:		
	Change in fair value of financial assets		
	Other comprehensive income		
	Total comprehensive income for the year	4,028,162	3,559,322
7		(83,738)	(49,004)
		(83,738)	(49,004)


Assistant General manager for Financial Affairs


General Manager


Internal Audit manager

ARAB ISLAMIC BANK

STATEMENT OF CHANGES IN EQUITY

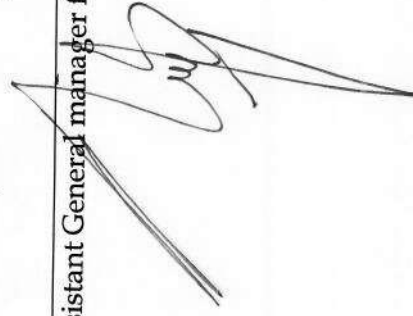

For the three months period ended in March 31, 2023

	Reserves							Cumulative change in fair value U.S. \$	Retained earnings U.S. \$	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. \$					
March 31, 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 year	-	-	-	-	-	-	-	4,111,900	4,111,900	
Other comprehensive income	-	-	-	-	-	-	(83,738)	-	(83,738)	
Total comprehensive income for the year	-	-	-	-	-	-	(83,738)	4,111,900	4,028,162	
Stock dividends distributed (note 33)	4,900,000	-	-	-	-	-	-	(4,900,000)	-	
Cash dividends distributed (note 33)	-	-	-	-	-	-	-	-	-	
Balance, end of the period	101,119,252	9,816,101	8,374,674	4,113,369	7,088,707	-	(1,383,089)	10,182,685	139,311,699	
March 31, 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 year	-	-	-	-	-	-	-	3,608,326	3,608,326	
Other comprehensive income	-	-	-	-	-	-	(49,004)	-	(49,004)	
Total comprehensive income for the year	-	-	-	-	-	-	(49,004)	3,608,326	3,559,322	
Balance, end of the period	91,719,252	8,508,264	8,374,674	4,113,369	7,806,223	-	(1,292,537)	15,308,582	134,537,827	

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ARAB ISLAMIC BANK

STATEMENT OF CASH FLOWS

For the three months period ended in March 31, 2023

	For three months period ended 31 March	
	2023	2022
	Unaudited U.S. \$	Unaudited U.S. \$
Operating activities		
Profit before taxes	6,061,900	5,207,826
Adjustments for:		
Sundry provisions	521,186	582,058
Depreciation and amortization	1,150,389	1,256,365
Impairment loss	1,440,000	1,404,253
Gains on disposal of property and equipment	(706)	-
Finance costs on lease liabilities	31,895	31,827
	<u>9,204,664</u>	<u>8,482,329</u>
Changes in assets and liabilities:		
Statutory cash reserve	(2,301,027)	(1,451,739)
Direct Islamic financing	(17,742,379)	4,207,610
Balances at banks and financial institutions maturing after three months	(14,104,373)	(4,535,312)
Investments at Islamic banks maturing after three months	(1,495,509)	(785,112)
Other assets	(9,481,048)	2,507,382
Customers' deposits	37,273,779	12,558,677
Cash margins	1,838,330	3,076,173
Other liabilities	2,354,033	(6,029,836)
Net cash flows from (used in) operating activities before taxes and provisions	<u>5,546,470</u>	<u>18,030,172</u>
Taxes paid	(151,691)	(58,263)
Sundry provisions paid	(4,154,462)	(3,095,975)
Net cash flows from operating activities	<u>1,240,317</u>	<u>14,875,934</u>
Investing activities		
Matured financial assets at amortized cost	6,916,411	(5,900,000)
Purchase of financial assets at amortized cost	(11,676,783)	6,140,100
Purchase of financial assets at fair value through other comprehensive income	(1,960,960)	(103,174)
Purchase of property and equipment	(515,568)	(95,379)
Proceeds from sale of property and equipment	710	-
Projects in progress additions	(489,583)	(83,586)
Purchase of intangible assets	(16,521)	(21,900)
Net cash flows used in investing activities	<u>(7,742,294)</u>	<u>(63,939)</u>
Financing activities		
Cash dividends distributions	(4,000,000)	-
Lease liabilities paid	(320,539)	(310,264)
Istidama loans from PMA	(560,170)	624,552
Increase in unrestricted investment accounts	(2,415,025)	(5,694,816)
Net cash flows used in financing activities	<u>(7,295,734)</u>	<u>(5,380,528)</u>
(Decrease) Increase in cash and cash equivalents	<u>(13,797,711)</u>	<u>9,431,467</u>
Cash and cash equivalents, beginning of the year	324,459,845	356,350,360
Cash and cash equivalents, end of the year	<u>310,662,134</u>	<u>365,781,827</u>

Assistant General manager for Financial
Affairs

General Manager

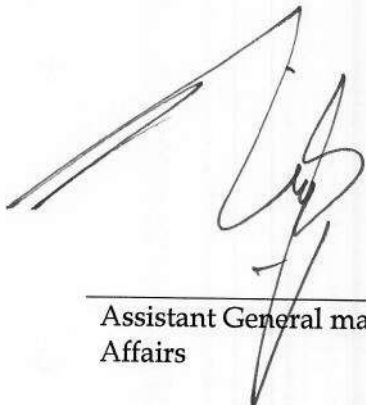
Internal Audit
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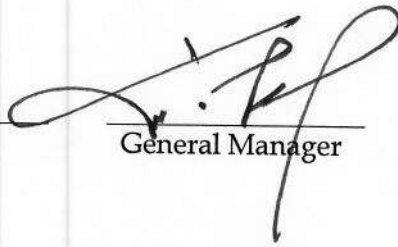
STATEMENT OF EARNINGS AND DISBURSMENTS PROHIBITED BY SHARI'A

For the three months period ended in March 31, 2023

	March 31, 2023	December 31, 2022
	Unaudited	Audit
	U.S. \$	U.S. \$
Balance, at the beginning of the period/ year	178,188	193,719
Sources of earnings prohibited by Shari'a during the period/ year		
Bank Interest	104,013	463,249
Profit from direct Islamic financing	1,416	9,707
Total earnings prohibited by Shari'a during the period/ year	105,429	472,956
Gross earnings prohibited by Shari'a	283,617	666,675
Disbursements:		
Donations	(283,617)	(488,487)
Total disbursements	(283,617)	(488,487)
Balance of prohibited by Shari'a, end of the period/ year	-	178,188



Assistant General manager for Financial
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General Manager



Internal Audit
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