

**ARAB ISLAMIC BANK P.L.C.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2025**

**STATEMENT OF FINANCIAL POSITION**

As at December 31, 2025

	2025	2024
	U.S. \$	U.S. \$
<b>Assets</b>		
Cash and balances with Palestine Monetary Authority	567,573,996	379,018,388
Balances at banks and financial institutions	113,343,895	93,132,163
Investments at Islamic banks	5,999,858	5,999,713
Direct Islamic financing	1,121,198,343	1,103,802,851
Financial assets at fair value through other comprehensive income	11,690,416	10,166,762
Financial assets at amortized cost	44,473,132	35,989,346
Investment properties	25,679,506	24,883,215
Property and equipment	15,950,090	17,591,940
Projects in progress	1,505,729	1,294,016
Right of use assets	3,842,743	4,970,360
Deferred tax assets	16,323,649	11,644,575
Intangible assets	1,266,467	1,704,858
Other assets	14,929,643	18,204,688
<b>Total assets</b>	<b>1,943,777,467</b>	<b>1,708,402,875</b>
<b>Liabilities, quasi-equity and equity</b>		
<b>Liabilities</b>		
Istidama loans from Palestine Monetary Authority	14,985,172	15,643,037
Palestine Monetary Authority's deposits	40,870,730	12,344,355
Banks and financial institutions' deposits	121,897,424	78,169,820
Customers' current accounts	491,395,187	434,148,259
Cash margins	121,736,418	100,294,831
Sundry provisions	12,260,693	11,946,931
Tax provisions	6,647,858	246,365
Deferred tax liabilities	3,043,463	2,830,662
Lease liabilities	4,135,664	5,312,528
Other liabilities	36,831,343	21,527,009
<b>Total Liabilities</b>	<b>853,803,952</b>	<b>682,463,797</b>
<b>Quasi-equity</b>		
<b>Participatory investment accounts</b>	<b>940,108,156</b>	<b>883,045,109</b>
	<b>940,108,156</b>	<b>883,045,109</b>
<b>Equity</b>		
Paid-in share capital	101,119,252	101,119,252
Statutory reserve	11,018,465	10,480,248
General banking risk reserve	8,374,674	8,374,674
Pro-cyclicality reserve	5,200,696	5,200,696
Investment properties reserve	8,338,520	7,755,030
Cumulative change in fair value reserve	8,988	(996,684)
Retained earnings	15,804,764	10,960,753
<b>Net equity</b>	<b>149,865,359</b>	<b>142,893,969</b>
<b>Total liabilities, quasi-equity and equity</b>	<b>1,943,777,467</b>	<b>1,708,402,875</b>
<b>Commitments and contingencies</b>	<b>203,731,524</b>	<b>239,049,628</b>

**INCOME STATEMENT**

For the year ended December 31, 2025

	2025	2024
	U.S. \$	U.S. \$
<b>Revenues</b>		
Financing and investment revenues	73,635,638	71,350,111
Net commission revenues	5,664,595	6,138,769
Foreign currency exchange gain	7,099,175	5,770,496
Gain from financial assets	2,159,617	439,829
Other revenues	908,016	1,313,955
<b>Total revenues</b>	<u>89,467,041</u>	<u>85,013,160</u>
<b>Expenses</b>		
Personnel expenses	(19,703,387)	(21,925,166)
Other operating expenses	(19,592,722)	(17,361,544)
Palestine Monetary Authority fines	(22,693)	-
Depreciation and amortization	(4,624,858)	(4,710,122)
Provision for expected credit losses	(25,260,911)	(32,179,868)
<b>Total expenses</b>	<u>(69,204,571)</u>	<u>(76,176,700)</u>
<b>Net profit for the year before tax and attribution to quasi-equity</b>	20,262,470	8,836,460
Less: Net profit attributable to quasi-equity holders	(11,549,390)	(9,761,353)
<b>Profit (loss) before taxes</b>	8,713,080	(924,893)
Taxes expense (recovery)	(3,330,852)	2,046,629
<b>Profit for the year</b>	<u>5,382,228</u>	<u>1,121,736</u>
<b>Basic and diluted earnings per share</b>	<u>0.053</u>	<u>0.011</u>

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended December 31, 2025

	<u>2025</u>	<u>2024</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
<b>Profit for the year</b>	<u>5,382,228</u>	<u>1,121,736</u>
<b>Other comprehensive income items:</b>		
Items not to be reclassified in the income statement in subsequent periods:		
Change in fair value of financial assets	1,005,672	373,176
Gains from revaluation of investment properties	796,291	539,275
Deferred taxes	(212,801)	(144,116)
<b>Other comprehensive income items</b>	<u>1,589,162</u>	<u>768,335</u>
<b>Total comprehensive income for the year</b>	<u><u>6,971,390</u></u>	<u><u>1,890,071</u></u>

ARAB ISLAMIC BANK P.L.C.

**STATEMENT OF CHANGES IN EQUITY**

For the year ended December 31, 2025

	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. \$	U.S. \$	U.S. \$	U.S. \$	
<b>December 31, 2025</b>									
<b>Balance, beginning of the year</b>	101,119,252	10,480,248	8,374,674	5,200,696	7,755,030	(996,684)	10,960,753	142,893,969	
Profit for the year	-	-	-	-	-	-	5,382,228	5,382,228	
Other comprehensive income	-	-	-	-	583,490	1,005,672	-	1,589,162	
Total comprehensive income for the year	-	-	-	-	583,490	1,005,672	5,382,228	6,971,390	
Transfers to reserves	-	538,217	-	-	583,490	-	(538,217)	-	
<b>Balance, end of year</b>	<b>101,119,252</b>	<b>11,018,465</b>	<b>8,374,674</b>	<b>5,200,696</b>	<b>8,338,520</b>	<b>8,988</b>	<b>15,804,764</b>	<b>149,865,359</b>	

	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. \$	U.S. \$	U.S. \$	U.S. \$	
<b>December 31, 2024</b>									
<b>Balance, beginning of the year</b>	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 year	-	-	-	-	-	-	1,121,736	1,121,736	
Other comprehensive income	-	-	-	-	395,159	373,176	-	768,335	
Total comprehensive income for the year	-	-	-	-	395,159	373,176	1,121,736	1,890,071	
Transfers to reserves	-	112,176	-	-	-	-	(112,176)	-	
<b>Balance, end of year</b>	<b>101,119,252</b>	<b>10,480,248</b>	<b>8,374,674</b>	<b>5,200,696</b>	<b>7,755,030</b>	<b>(996,684)</b>	<b>10,960,753</b>	<b>142,893,969</b>	

**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2025

	2025	2024
	U.S. \$	U.S. \$
<b>Operating activities</b>		
Profit (loss) before taxes	8,713,080	(924,893)
<b>Adjustments for:</b>		
Sundry provisions	901,920	2,139,580
Depreciation and amortization	4,624,858	4,710,122
Impairment losses	21,990,420	13,403,252
Loss from revaluation of investment properties	583,490	
Distributed cash dividends	(700,295)	-
Gain from financial assets	(1,459,322)	(439,829)
Gain from disposal of property and equipment	-	(575)
Finance costs on lease liabilities	105,288	127,685
Other non-cash items	96,112	(321,165)
	<u>34,855,551</u>	<u>18,694,177</u>
<b>Changes in assets and liabilities:</b>		
Statutory cash reserve	(17,080,897)	1,645,329
Direct Islamic financing	(39,967,310)	(8,955,844)
Other assets	3,149,630	10,397,066
Customers' current accounts	57,246,928	(45,893,464)
Cash margins	21,441,587	(8,184,642)
Other liabilities	15,031,113	6,630,982
<b>Net cash flows used in operating activities before taxes and provisions</b>	<u>74,676,602</u>	<u>(25,666,396)</u>
Taxes paid	(1,704,545)	(7,748,006)
Sundry provisions paid	(388,158)	(640,392)
<b>Net cash flows from (used in) operating activities</b>	<u>72,583,899</u>	<u>(34,054,794)</u>
<b>Investing activities</b>		
Sale of financial assets at fair value through other comprehensive income	5,561,132	-
Purchase of financial assets at fair value through other comprehensive income	(4,619,792)	(292,528)
Matured financial assets at amortized cost	10,903,593	13,461,556
Purchase of financial assets at amortized cost	(19,094,242)	(8,809,351)
Purchase of property and equipment	(1,043,483)	(442,267)
Projects in progress additions	(429,957)	(1,105,145)
Proceeds from sale of property and equipment	-	7,568
Balances at banks and financial institutions maturing in more than three months	(25,387,869)	9,167,841
Palestine Monetary Authority deposits maturing in more than three months	1,421,998	-
Banks and financial institutions' deposits maturing in more than three months	63,931,523	(1,289,987)
Purchase of intangible assets	(155,273)	(633,868)
Received gains from financial assets	700,295	439,829
<b>Net cash flows from investing activities</b>	<u>31,787,925</u>	<u>10,503,648</u>
<b>Financing activities</b>		
Lease liabilities paid	(1,282,152)	(1,282,152)
Istidama loans from Palestine Monetary Authority	(657,865)	10,123,350
Change in participatory investment accounts	57,063,047	7,336,402
<b>Net cash flows from financing activities</b>	<u>55,123,030</u>	<u>16,177,600</u>
<b>Increase (Decrease) in cash and cash equivalents</b>	<u>159,494,854</u>	<u>(7,373,546)</u>
Cash and cash equivalents, beginning of the year	236,035,564	243,409,110
<b>Cash and cash equivalents, end of year</b>	<u>395,530,418</u>	<u>236,035,564</u>

ARAB ISLAMIC BANK P.L.C.

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**STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY ACCOUNTS**

For the year ended December 31, 2025

	<u>2025</u>	<u>2024</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
<b>Net profit for the year before tax and net profit attributable to quasi-equity</b>	20,262,470	8,836,460
Less: Income not attributable to quasi-equity	(15,831,403)	(7,892,553)
Add: Expenses not attributable to quasi-equity	<u>43,943,660</u>	<u>43,996,832</u>
<b>Net profit for the year before net profit attributable to quasi-equity before the bank's Mudaraba income</b>	48,374,727	44,940,739
Less: Mudarib's share	(45,955,991)	(42,693,702)
Add: Support provided by the bank	9,130,654	7,514,316
<b>Net profit attributable to quasi-equity accounts</b>	<u><u>11,549,390</u></u>	<u><u>9,761,353</u></u>