ARAB ISLAMIC BANK P.L.C.

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

June 30, 2026

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at June 30, 2026

	June 30, 2026	December 31, 2025
	(Unaudited)	(Audited)
	U.S. $	U.S. $
Assets		
Cash and balances with Palestine Monetary Authority	615,079,649	567,573,996
Balances at banks and financial institutions	139,365,234	113,343,895
Investments at Islamic banks	4,999,916	5,999,858
Direct Islamic financing	1,171,900,087	1,118,663,645
Financial assets at fair value through other comprehensive income	15,008,483	11,690,416
Financial assets at amortized cost	51,400,456	44,473,132
Investment properties	25,679,506	25,679,506
Property and equipment	15,192,593	15,950,090
Projects in progress	1,284,616	1,505,729
Right of use assets	3,278,935	3,842,743
Deferred tax assets	17,610,779	17,040,779
Intangible assets	1,824,601	1,266,467
Other assets	24,741,719	14,929,643
Total assets	2,087,366,574	1,941,959,899
Liabilities, quasi-equity and equity		
Liabilities		
Istidama loans from Palestine Monetary Authority	12,583,917	14,985,172
Palestine Monetary Authority's deposits	37,701,190	40,870,730
Banks and financial institutions' deposits	100,524,848	121,897,424
Customers' current accounts	556,722,391	491,395,187
Cash margins	142,011,140	121,736,418
Sundry provisions	13,040,814	11,900,693
Tax provisions	8,355,799	6,743,858
Deferred tax liabilities	3,043,463	3,043,463
Lease liabilities	3,538,458	4,135,664
Other liabilities	28,875,728	35,277,775
Total Liabilities	906,397,748	851,986,384
Quasi-equity		
Participatory investment accounts	1,025,935,930	940,108,156
	1,025,935,930	940,108,156
Equity		
Paid-in share capital	101,119,252	101,119,252
Statutory reserve	11,018,471	11,018,471
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	8,338,520
Cumulative change in fair value reserve	145,259	8,988
Retained earnings	20,836,024	15,804,758
Net equity	155,032,896	149,865,359
Total liabilities, quasi-equity and equity	2,087,366,574	1,941,959,899
Contingent liabilities and commitments	215,455,863	211,506,083

INTERIM CONDENSED INCOME STATEMENT

For the three-months and six-months period ended June 30, 2026

	For the three-month period ended June 30		For the six-month period ended June 30	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	U.S. $	U.S. $	U.S. $	U.S. $
Financing revenues	17,740,346	16,864,169	34,361,755	33,634,955
Investment revenues	1,488,496	1,329,384	2,937,636	2,727,764
Net commission revenues	1,405,134	1,641,480	2,721,895	2,779,790
Foreign currency exchange gain	2,456,866	2,476,675	4,379,996	3,981,554
Gain from financial assets	520,226	700,295	1,023,790	700,295
Other revenues	106,495	239,956	199,642	317,520
Total revenues	23,717,563	23,251,959	45,624,714	44,141,878
Expenses				
Personnel expenses	(6,395,194)	(4,722,445)	(12,391,722)	(9,795,951)
Other operating expenses	(5,176,193)	(4,818,596)	(10,483,424)	(9,436,220)
Depreciation and amortization	(1,147,930)	(1,203,006)	(2,296,305)	(2,367,201)
Impairment losses, net	(3,045,193)	(7,866,570)	(6,123,869)	(11,319,955)
Total expenses	(15,764,510)	(18,610,617)	(31,295,320)	(32,919,327)
Net profit for the period before tax and attribution to quasi-equity	7,953,053	4,641,342	14,329,394	11,222,551
Less: Net profit attributable to quasi-equity holders	(3,184,087)	(2,167,547)	(6,373,752)	(5,496,420)
Profit (loss) before taxes	4,768,966	2,473,795	7,955,642	5,726,131
Taxes (expense) recovery	(1,325,090)	(655,343)	(2,924,376)	(2,155,343)
Profit for the period	3,443,876	1,818,452	5,031,266	3,570,788
Basic and diluted earnings per share	0.034	0.018	0.050	0.035

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and six-month period ended June 30, 2026

	For the three-month period ended June 30		For the six-month period ended June 30	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	U.S. $	U.S. $	U.S. $	U.S. $
Profit for the period	3,443,876	1,818,452	5,031,266	3,570,788
Other comprehensive income items:				
Items to be reclassified to the income statement in subsequent periods:				
Change in fair value of financial assets	(157,048)	725,096	136,271	1,232,319
Total other comprehensive income items	(157,048)	725,096	136,271	1,232,319
Total comprehensive income for the period	3,286,828	2,543,548	5,167,537	4,803,107

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended June 30, 2026

		Reserves						
	Paid-in share capital	Statutory	General banking risk	Pro- cyclicality	Investment properties	Cumulative change in fair value	Retained earnings	Net equity
June 30, 2026	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the period	101,119,252	11,018,471	8,374,674	5,200,696	8,338,520	8,988	15,804,758	149,865,359
Profit for the period	-	-	-	-	-	-	5,031,266	5,031,266
Other comprehensive income items	-	-	-	-	-	136,271	-	136,271
Total comprehensive income for the period	-	-	-	-	-	136,271	5,031,266	5,167,537
Balance, end of period	101,119,252	11,018,471	8,374,674	5,200,696	8,338,520	145,259	20,836,024	155,032,896

		Reserves						
	Paid-in share capital	Statutory	General banking risk	Pro- cyclicality	Investment properties	Cumulative change in fair value	Retained earnings	Net equity
June 30, 2025	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the period	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 period	-	-	-	-	-	-	3,570,788	3,570,788
Other comprehensive income items	-	-	-	-	-	1,232,319	-	1,232,319
Total comprehensive income for the period	-	-	-	-	-	1,232,319	3,570,788	4,803,107
Balance, end of period	101,119,252	10,480,248	8,374,674	5,200,696	7,755,030	235,635	14,531,541	147,697,076

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2026

	For the six-month period ended June 30	
	2026	2025
	U.S. $	U.S. $
Operating activities		
Profit before taxes	7,955,642	5,726,131
Adjustments for:		
Sundry provisions	1,438,227	502,960
Depreciation and amortization	2,296,305	2,367,201
Impairment losses	6,123,869	11,319,955
Gains from sale of financial assets	(520,226)	(700,295)
Finance costs on lease liabilities	43,871	55,602
Other non-cash items	40,658	54,066
	17,378,346	19,325,620
Changes in assets and liabilities:		
Statutory cash reserve	(11,453,155)	(13,650,520)
Direct Islamic financing	(59,534,778)	(57,659,426)
Balances at banks and financial institutions maturing in more than three months	(12,681,602)	(26,087,870)
Palestine Monetary Authority deposits maturing in more than three months	-	1,500,000
Banks and financial institutions' deposits maturing in more than three months	(7,995,504)	52,280,301
Other assets	(9,841,015)	(7,697,672)
Customers' current accounts	65,327,204	50,432,267
Cash margins	20,274,722	10,937,534
Other liabilities	(6,138,298)	(2,797,932)
Net cash flow (used in) from operating activities before taxes and provisions	(4,664,080)	26,582,302
Taxes paid	(298,106)	(184,238)
Sundry provisions paid	(1,935,484)	(1,704,545)
Net cash flows (used in) from operating activities	(6,897,670)	24,693,519
Investing activities		
Purchase of financial assets at fair value through other comprehensive income	(4,814,232)	(5,109,057)
Sale of financial assets at fair value through other comprehensive income	1,632,436	-
Purchase of financial assets at amortized cost	(14,500,000)	(16,594,242)
Matured financial assets at amortized cost	7,500,000	6,309,352
Investments at Islamic banks maturing in more than three months	1,000,000	-
PMA deposits maturing in more than three months	(1,500,000)	-
Purchase of property and equipment	(387,770)	(733,407)
Projects in progress additions	(684,844)	(155,300)
Purchase of intangible assets	(239,407)	(79,848)
Dividends received from financial assets	520,226	700,295
Net cash flows used in investing activities	(11,473,591)	(15,662,207)
Financing activities		
Lease liabilities paid	(641,077)	(641,076)
Istidama loans from Palestine Monetary Authority	(2,401,255)	(1,524,948)
Change in participatory investment accounts	85,827,774	60,057,840
Net cash flows from financing activities	82,785,442	57,891,816
Increase in cash and cash equivalents	64,414,181	66,923,128
Cash and cash equivalents, beginning of the period	395,530,418	236,035,564
Cash and cash equivalents, end of period	459,944,599	302,958,692
Interest expense paid	4,706,556	5,412,921
Interest revenue received	33,840,073	34,478,829

INTERIM CONDENSED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY ACCOUNTS

For the six-month period ended June 30, 2026

	For the six-month period ended June 30	
	2026	2025
	U.S. $	U.S. $
Net profit for the period before tax and net profit attributable to quasi-equity	14,329,394	11,222,551
Less: Income not attributable to quasi-equity	(8,325,323)	(7,779,159)
Add: Expenses not attributable to quasi-equity	25,171,451	21,599,372
Net profit for the period before net profit attributable to quasi-equity before the bank's Mudaraba income	31,175,522	25,042,764
Less: Mudarib's share	(29,616,746)	(23,790,626)
Add: Support provided by the bank	4,814,976	4,244,282
Net profit attributable to quasi-equity accounts	6,373,752	5,496,420