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ARAB ISLAMIC BANK P.L.C.

FINANCIAL STATEMENTS

MARCH 31, 2026

STATEMENT OF FINANCIAL POSITION

As at March 31, 2026

	March 31, 2026	December 31, 2025
	Unaudited	Audited
	U.S. $	U.S. $
Assets		
Cash and balances with Palestine Monetary Authority	568,135,060	567,573,996
Balances at banks and financial institutions	110,915,967	113,343,895
Investments at Islamic banks	4,999,917	5,999,858
Direct Islamic financing	1,143,776,714	1,118,663,645
Financial assets at fair value through other comprehensive income	10,337,745	11,690,416
Financial assets at amortized cost	48,449,187	44,473,132
Investment properties	25,679,506	25,679,506
Property and equipment	15,512,179	15,950,090
Projects in progress	1,611,265	1,505,729
Right of use assets	3,560,840	3,842,743
Deferred tax assets	17,040,779	17,040,779
Intangible assets	1,530,937	1,266,467
Other assets	24,884,409	14,929,643
Total assets	1,976,434,505	1,941,959,899
Liabilities, quasi-equity and equity		
Liabilities		
Istidama loans from Palestine Monetary Authority	13,367,933	14,985,172
Palestine Monetary Authority's deposits	38,307,670	40,870,730
Banks and financial institutions' deposits	125,531,297	121,897,424
Customers' current accounts	497,738,660	491,395,187
Cash margins	132,516,243	121,736,418
Sundry provisions	12,317,416	11,900,693
Tax provisions	6,412,364	6,743,858
Deferred tax liabilities	3,043,463	3,043,463
Lease liabilities	3,837,803	4,135,664
Other liabilities	20,174,457	35,277,775
Total Liabilities	853,247,306	851,986,384
Quasi-equity		
Participatory investment accounts	971,441,131	940,108,156
	971,441,131	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	302,307	8,988
Retained earnings	17,392,148	15,804,758
Net equity	151,746,068	149,865,359
Total liabilities, quasi-equity and equity	1,976,434,505	1,941,959,899
Contingent liabilities and commitments	188,758,187	211,506,083

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INCOME STATEMENT

For the 3 months period ended March 31, 2026

	For the 3 months period ended March 31	
	2026	2025
	Unaudited	Unaudited
	U.S. $	U.S. $
Revenues		
Financing revenues	16,621,409	16,770,786
Investment revenues	1,449,140	1,398,380
Net commission revenues	1,316,761	1,138,310
Foreign currency exchange gains	1,923,130	1,504,879
Gains from financial assets	503,564	-
Other revenues	93,147	77,564
Total revenues	21,907,151	20,889,919
Expenses		
Personnel expenses	(5,996,528)	(5,073,506)
Other operating expenses	(5,307,231)	(4,617,624)
Depreciation and amortization	(1,148,375)	(1,164,195)
Impairment losses, net	(3,078,676)	(3,453,385)
Total expenses	(15,530,810)	(14,308,710)
Net profit for the year before tax and attribution to quasi-equity	6,376,341	6,581,209
Less: Net profit attributable to quasi-equity holders	(3,189,665)	(3,328,873)
Profit before taxes	3,186,676	3,252,336
Taxes expense	(1,599,286)	(1,500,000)
Profit for the period	1,587,390	1,752,336
Basic and diluted earnings per share	0.016	0.017

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STATEMENT OF COMPREHENSIVE INCOME

For the 3 months period ended March 31, 2026

	For the 3 months period ended March 31	
	2026	2025
	Unaudited	Unaudited
	U.S. $	U.S. $
Profit for the period	1,587,390	1,752,336
Other comprehensive income items:		
Items not to be reclassified in the income statement in subsequent periods:		
Change in fair value of financial assets	293,319	507,223
Total other comprehensive income items	293,319	507,223
Total comprehensive income for the period	1,880,709	2,259,559

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STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY ACCOUNTS

For the 3 months period ended March 31, 2026

	For the 3 months period ended March 31	
	2026	2025
	Unaudited	Unaudited
	U.S. $	U.S. $
Net profit for the year before tax and net profit attributable to quasi-equity	6,376,341	6,581,209
Less: Income not attributable to quasi-equity	(3,836,602)	(2,720,753)
Add: Expenses not attributable to quasi-equity	12,452,134	10,855,325
Net profit for the year before net profit attributable to quasi-equity before the bank's Mudaraba income	14,991,873	14,715,781
Less: Mudarib's share	(14,242,279)	(13,979,992)
Add: Support provided by the bank	2,440,071	2,593,084
Net profit attributable to quasi-equity accounts	3,189,665	3,328,873

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STATEMENT OF CHANGES IN EQUITY

For the 3 months period ended March 31, 2026

		Reserves						
	Paid-in share capital	Statutory	General banking risk	Pro-cyclicality	Investment properties	Cumulative change in fair value	Retained earnings	Net equity
March 31, 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	-	-	-	-	-	-	1,587,390	1,587,390
Other comprehensive income items	-	-	-	-	-	293,319	-	293,319
Total comprehensive income for the period	-	-	-	-	-	293,319	1,587,390	1,880,709
Balance, end of period (unaudited)	101,119,252	11,018,471	8,374,674	5,200,696	8,338,520	302,307	17,392,148	151,746,068

		Reserves						
	Paid-in share capital	Statutory	General banking risk	Pro-cyclicality	Investment properties	Cumulative change in fair value	Retained earnings	Net equity
March 31, 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	-	-	-	-	-	-	1,752,336	1,752,336
Other comprehensive income items	-	-	-	-	-	507,223	-	507,223
Total comprehensive income for the period	-	-	-	-	-	507,223	1,752,336	2,259,559
Balance, end of period (unaudited)	101,119,252	10,480,248	8,374,674	5,200,696	7,755,030	(489,461)	12,713,089	145,153,528

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STATEMENT OF CASH FLOWS

For the 3 months period ended March 31, 2026

	For the 3 months period ended March 31	
	2026	2025
	Unaudited	Unaudited
	U.S. $	U.S. $
Operating activities		
Profit before taxes	3,186,676	3,252,336
Adjustments for:		
Sundry provisions	660,291	457,980
Depreciation and amortization	1,148,375	1,164,195
Impairment losses	3,064,739	3,453,385
Gains from sale of financial assets	(503,564)	-
Finance costs on lease liabilities	22,678	28,511
Other non-cash items	6,932	(9,252)
	7,586,127	8,347,155
Changes in assets and liabilities:		
Statutory cash reserve	(1,784,377)	(5,325,638)
Direct Islamic financing	(28,363,473)	7,535,277
Balances at banks and financial institutions maturing in more than 3 months	(5,630,099)	(28,208,817)
Balances from banks and financial institutions maturing in more than 3 months	(9,822,256)	-
Other assets	(9,973,796)	1,324,230
Customers' current accounts	6,343,473	6,476,901
Cash margins	10,779,825	1,244,924
Other liabilities	(14,886,328)	(153,857)
Net cash flows used in operating activities before taxes and provisions	(45,750,904)	(8,759,825)
Taxes paid	(243,568)	(10,543)
Sundry provisions paid	(1,935,484)	(1,704,545)
Net cash flows used in operating activities	(47,929,956)	(10,474,913)
Investing activities		
Purchase of financial assets at amortized cost	(6,000,000)	(10,094,243)
Matured financial assets at amortized cost	2,000,000	5,292,300
Sale of financial assets at fair value through other comprehensive income	4,605,374	-
Purchase of financial assets at fair value through other comprehensive income	(2,455,820)	(74,611)
Investment at Islamic banks maturing in more than 3 months	1,000,000	-
Purchase of property and equipment	(159,341)	(134,313)
Projects in progress additions	(491,135)	(152,255)
Purchase of intangible assets	(148,091)	(73,161)
Net cash flows used in investing activities	(1,649,013)	(5,236,283)
Financing activities		
Lease liabilities paid	(320,539)	(320,538)
Istidama loans from Palestine Monetary Authority	(1,617,239)	(675,334)
Change in participatory investment accounts	31,332,975	(3,328,297)
Net cash flows from (used in) financing activities	29,395,197	(4,324,169)
Decrease in cash and cash equivalents	(20,183,772)	(20,035,365)
Cash and cash equivalents, beginning of the year	395,530,418	236,035,564
Cash and cash equivalents, end of year	375,346,646	216,000,199

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