



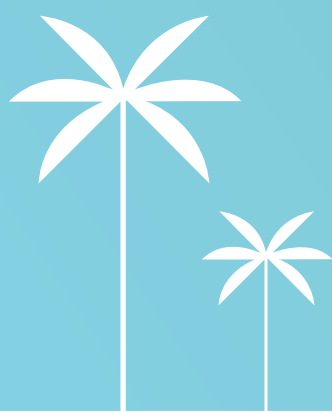
البنك الإسلامي العربي
ARAB ISLAMIC BANK

ANNUAL REPORT

2024



Modernity.. Sustainability.. Digitalization



O you who believe! Be afraid of Allâh and give up what remains (due to you) from Ribâ (usury) (from now onward), if you are (really) believers. And if you do not do it, then take a notice of war from Allâh and His Messenger; but if you repent, you shall have your capital sums. Deal not unjustly (by asking more than your capital sums), and you shall not be dealt with unjustly (by receiving less than your capital sums). (Al-Bakara, 278-279)

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Arab Islamic Bank Establishment

About Arab Islamic Bank

The Establishment

The Arab Islamic Bank was established in 1995 as a public shareholding company, holding licensed operator number “563201011”. The bank started its banking activity in early 1996. The Bank conducts banking and investment activities in accordance with the provisions of Islamic Sharia through its headquarter in Ramallah and Al-Bireh, as well as its branches throughout Palestine. In addition to the Representative Office in the United Arab Emirates (Emirate of Dubai) bringing the total number of its branches and offices to thirty-one, including the mobile branch “Mobi Bank,” in addition to 64 ATMs distributed across all governorates of the country. As of December 31, 2024, the bank has no subsidiaries.

Our Vision

Arab Islamic Bank is a prominent national Islamic bank lead by digitalization, modernity, banking sustainability, and highly qualified human resources to provide Sharia-compliant and high-quality banking services to consumers wherever they are safely.

Our Mission

Arab Islamic Bank provides modern, comprehensive, high-quality, and competitive Islamic banking solutions and services, as well as supports and develops innovative solutions for future generations and entrepreneurial businesses, based on our values rooted in the world of Islamic finance, business, and banking. We contribute to economic development while adhering to the principles of solidarity and collaboration and accomplishing Islamic social goals.

Our Strategic Goals

- Digital transformation
- Investing in the development of human cadres
- Maximizing shareholder rights
- Financial Inclusion
- Enhancing the services of individuals and small enterprises
- Increasing market share
- Promoting Islamic banking identity and sustainable development

Chairman's Letter

Rushdi Ghalayini Chairman of the Board of Directors

Our dear Shareholders,
Assalamu Alaikum wa Rehmatullah wa Barakatahu.

On my own behalf and on behalf of my fellow members of the Board of Directors, I am pleased to present to you the Arab Islamic Bank's Annual Report for the year 2024. This report outlines the Bank's achievements and audited financial statements for the year ending December 31, 2024. The report comes at a time of exceptional challenges faced by the Palestinian people, particularly due to the devastating war that severely impacted both the West Bank and the Gaza Strip. This conflict cast a heavy shadow over the national economy and had a direct effect on the banking sector.

Despite the difficulties, the year also revealed the resilience and determination of our people, and the strength of our institutions. Thanks to the grace of God, your continued support, and the trust of our valued customers, the Bank was able to achieve many accomplishments that reflect its ability to endure and grow. The Bank continued to deliver strong performance and maintained robust financial stability in line with its strategy of sustainable growth, while remaining fully committed to the principles of Islamic Sharia. This has allowed the Bank to remain one of the largest in the Palestinian banking sector.

On the financial front, the Bank continued to maintain a strong asset base, while keeping operating expenses under control and enhancing both liquidity and creditworthiness. The direct financing portfolio remained solid, reaching \$1,104 million, while customer deposits grew to \$1,417 million. Net income amounted to approximately \$1.12 million. The Bank also adopted a proactive and prudent risk approach, setting aside comprehensive credit provisions of around \$32 million to cover potential losses in the West Bank and Gaza. This reflects the Bank's commitment to maintaining financial stability and readiness to face future challenges with confidence and flexibility. Additionally, risk management was further strengthened through appropriate provisioning in response to economic uncertainties.

Throughout 2024, the Bank continued its digital transformation journey by launching a variety of projects and products aimed at meeting the evolving needs of customers and promoting financial inclusion. These initiatives included the launch of the Soft POS application, which turns smartphones into full-fledged points of sale, providing merchants with easy and innovative payment solutions. The Bank also enhanced instant money transfer services through the launch of the "Iburaq" platform, enabling customers to send and receive real-time transfers between banks within Palestine via mobile banking and online services. Simultaneously, the Bank activated the "E-saad" platform developed by the Palestinian Monetary Authority, which allows for bill payments, installment settlements, and other payments to companies, government agencies, universities, municipalities, and unions. This move supports the



shift to electronic payments and encourages digital transformation. To improve customer experience, especially for our people in Gaza, the Bank introduced a feature allowing app usage without consuming internet data. Moreover, the Bank acquired a new payment gateway, Pay Way, to boost the efficiency of payment and transfer processes and strengthen the flexibility of the financial system. Additionally, the Data Classification Project was implemented, reflecting the Bank's commitment to enhancing data security and protecting both customer and bank information. These ambitious projects underscore the Bank's dedication to providing innovative, comprehensive solutions that support financial inclusion, expand the customer base, and respond effectively to client needs.

In 2024, driven by our deep sense of social responsibility, the Bank contributed over \$410,000 to social responsibility and sustainability initiatives. These efforts covered key sectors such as education and healthcare, as well as poverty alleviation programs, aiming to make a meaningful impact on the lives of our people across the country. In light of the humanitarian crisis in Gaza, a top priority was extending support to our people there. Approximately 70% of these contributions were directed to emergency relief efforts and orphan sponsorship programs. Our commitment to social responsibility and sustainability is not just a slogan, it is a core part of our identity and values. We remain committed to enhancing community well-being and making a lasting, positive impact. At Arab Islamic Bank, we always strive to turn challenges into opportunities for excellence. We aim to further strengthen our position in the banking sector by enhancing operational efficiency, expanding our customer base, and investing in our human capital. We also remain committed to supporting our community and advancing digital innovation in line with evolving market needs.

In conclusion, I would like to extend my sincere gratitude to the Palestinian Monetary Authority, the Palestine Capital Market Authority, the Companies Controller, and the Palestine Exchange for their ongoing collaboration and support. I also thank the members of the Sharia Supervisory Board, along with all the Bank's employees, for their dedication and tremendous efforts that contributed to these positive results.

We believe that true resilience lies in action, giving, and continuing the journey of development and progress, no matter the obstacles. Arab Islamic Bank remains committed to playing an active role in building a better future for our homeland. We pray to Allah for peace and stability for our people and for continued success in serving our nation and community, fostering prosperity and progress.

Assalamu Alaikum wa Rehmatullah wa Barakatahu.

General manager's letter

Hani Nasser General Manager

Dear shareholders,

Assalamu Alaikum wa Rehmatullah wa Barakatahu.

It is my pleasure to present to you an overview of the performance of the Arab Islamic Bank for the year 2024. This year was filled with challenges that ultimately strengthened our resilience and determination in the face of adversity. By the grace of God—and thanks to your trust and continued support—we were able to achieve key milestones that reflect our ability to adapt and persevere.

Throughout the past year, the bank focused on advancing digital transformation and embracing modern technologies that cater to our customers' evolving needs. Our constant goal has been to deliver innovative banking services that enhance the customer experience, ensure easy and secure access to our services, and contribute meaningfully to financial inclusion.

Despite the difficult circumstances that impacted the Palestinian economy, especially as a result of the war, the bank succeeded in generating a net profit of approximately \$1.12 million by the end of 2024, after accounting for conservative and sufficient provisions due to the effects of the war in both the West Bank and Gaza. These provisions were made to safeguard against any potential credit losses. The bank also maintained its strong financial position and market shares, with a market share of approximately 7% in total assets, 9.3% in direct financing, and 7.6% in customer deposits.

The year 2024 was rich with activities and initiatives that reaffirm our commitment to expanding partnerships and strengthening our societal role. Notably, the bank signed an agreement with the European Bank for Reconstruction and Development (EBRD) to support foreign trade and the corporate sector, contributing to the stimulation of economic activity in Palestine. In addition, we signed a financing agreement with Palestine Technical University to support student education, part of a broader educational finance program that includes several other universities and institutions, reflecting our commitment to empowering youth and advancing education.

To enhance our customer experience, the bank continued to launch creative campaigns, including the “Tawfeerak Kasban w Floosek B Aman” savings campaign, which offered valuable daily and monthly prizes. We also introduced the “Pay Your University Installments Easily and Securely” campaign via the E-Sadad platform, which included special incentives for students. Furthermore, the bank participated in the “Pay with Your Bank Card” campaign, in collaboration with the Association of Banks, to promote the use of digital payments at fuel stations. In line with our social responsibility efforts,

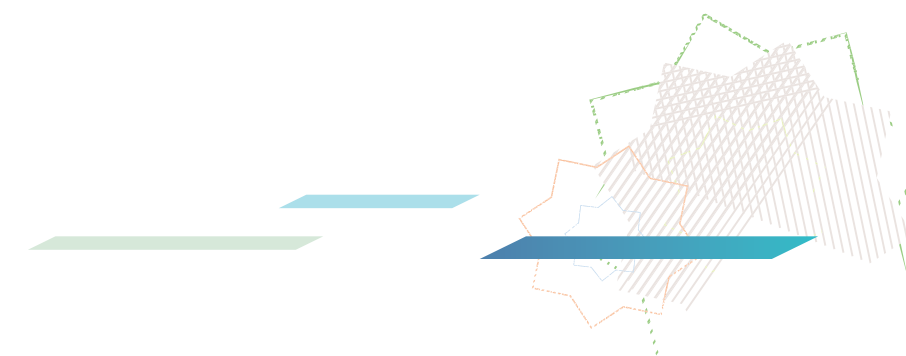
we carried out awareness campaigns aimed at protecting customers from digital fraud and encouraging the shift to digital banking.

Affirming our leadership in the Palestinian banking sector, the bank was honored with the Best Islamic Bank in Palestine for 2024 award by EMEA Finance magazine. This award reflects the dedication of our team and the high-quality services we provide to our valued customers.

Looking ahead, we remain committed to continued innovation and service development to meet our customers' growing expectations, delivered with the highest operational efficiency and full compliance with the principles of Islamic Sharia. We aim to further distinguish ourselves and contribute actively to the growth of the national economy. We also plan to expand our services, reach new customer segments, and invest in the professional development of our team.

In conclusion, I would like to extend my heartfelt thanks and appreciation to our shareholders for their ongoing trust and support, to the Board of Directors for their wise guidance, and to all our employees for their dedication and tireless efforts. I am confident that together, we can shape a brighter future for our economy and our Palestinian society as a whole.

Assalamu Alaikum wa Rehmatullah wa Barakatahu.





Sustainability ..

Board of Directors Members



Mr. Rushdi Mahmoud Ghalayini

Chairman
Representative of Bank of Palestine Group

Educational Qualifications:

BA in Economics and Computer Science:
The American University in Cairo

Date of Birth: 26-5-1962
Membership date: 2017

Experiences

General Manager of Bank of Palestine

Memberships

Chairman of the Board - Arab Islamic Bank 2021 until now
Member of the Board of Directors of the Investment Bank of the Hashemite Kingdom of Jordan 2014 - until now
Chairman of the Board of Directors of North Industrial International Company
Member of the Board of Directors of Pal Pay for Electronic Payment Company since 2017 till now
Member of the Board of Directors of The Palestinian Company for Cash and Valuables Transportation since 2014 till now
Member of the Board of Directors of the Arab Islamic Bank, 2017-2020
Member of the Board of Directors of the Association of Banks in Palestine, 2017-2020
Member of the Board of Directors of the Palestinian Banking Institute, 2017-2020
Member of the Board of Directors of the Union of Arab Banks, 2018-2020
Member of the Board of Directors of Education for Employment Foundation, 2015-2018



Dr. Mohamed Mahmoud Nasr

Vice Chairman of the Board
Representative of the Palestinian Investment Fund

Educational Qualifications:

Ph.D. in Economics (Industrial Economics) - Ohio State University, 1986
MA in Economics - Ohio State University, 1985
MA in Business Administration (Marketing) - Wayne State University - Detroit -1982
BA of Commerce (Accounting), Beirut Arab University, 1969

Date of Birth: 27-9-1945
Membership date: 2017

Experiences

Professor of Economics - Birzeit University, -1994 till now
Dean of the Faculty of Business and Economics - Birzeit University, 2011 - 2014, 1996 - 1999
Director General - Palestine Economic Policy Research Institute (MAS), 2007-2008
Head of the Department of Economics - Yarmouk University - Jordan, 1991-1993
Professor of Economics - Yarmouk University - Jordan, 1986-1994

Memberships

Member of the Board of Directors of the Palestine Investment Fund, 2012 – until now
Member of the Board of Directors of Sanad Construction Resources Company, 2016 until now
Member of the Board of Trustees of the Palestinian Economic Policy Research Institute (MAS), 2015 – 2024
Chairman of the Board of Trustees of the Palestinian Economic Policy Research Institute (MAS), 2018-2021
Chairman of the Board of Directors of Amar Real Estate Group, 2015-2019
Chairman of the Board of Directors of Grand Park Hotel, 2017-2019
Vice Chairman of the Board of Directors of Jericho Industrial Company 2012-2017
Chairman of the Board of Directors of the Palestinian Capital Market Authority 2014-2015
Chairman of the Board of Directors of the Palestinian Governance Institute, 2011-2015
Member of the National Anti-Money Laundering Committee, 2008-2012



Mr. Saqr Mahmoud Jundiyyah

Member of the Board of Directors
Representative of the Bank of Palestine Group

Educational Qualifications:

Ph.D. Preparatory Studies in Administrative Sciences, Preliminary and Complementary Studies, Sadat Academy for Administrative Sciences, Cairo, 1993.

Date of Birth: 01/02/1949
Membership Date: 2021

Experience

Advisor to the Board of Directors of the Bank of Palestine Group, 2020 – Present
Head of Compliance Monitoring Department, Bank of Palestine, 2009 – 2020
General Manager, Palestinian Banking Institute, 2007 – 2009
Executive Director, then Assistant Governor of the Palestinian Monetary Authority, 1999 – 2007
Training Coordinator, Health Services Management Unit (HSMU), Palestinian Ministry of Health, in coordination with the Higher Institute of Management in Rome and Hebron University, 1996 – 1999
General Manager, Team Palestine Company
Expert at Arab Experts Company in Engineering and Management (TEAM), Egypt, 1987 – 1996
Lecturer at Al-Azhar University, the Islamic University, and Al-Quds Open University in Gaza

Memberships

Member of the General Union of Palestinian Writers and Journalists
Founding Member of the Palestine Forum for Democracy
Former President of the Association for Combating Industrial Pollution
Former Board Member and Secretary of the Popular Association for Peace and Social Solidarity
Member of the Drafting Committee and the Scientific Committee for the Evaluation of Papers and Research at the Annual Conference on Training and Administrative Development in the Arab World, Cairo, 1989 – 1995
Member of Professional Committees at the Palestinian Monetary Authority and Bank of Palestine



Mr. Wael Abdel Latif Al-Sourani

Member of the Board of Directors
Representative of the Bank of Palestine Group

Educational Qualifications:

BA Degree in Biology and Chemistry, Sana'a University, Yemen, June 1993

Date of Birth: 07/02/1967
Membership Start Date: 2021

Experience:

Bank of Palestine (1995 – 2020):
Gaza Business Manager – 2020
Assistant General Manager
Branch Supervisor, Al-Rimal Branch (2000 – 2002)
Branch Supervisor, Khan Younis Branch (1999 – 2000)
Palestinian Red Crescent Society – June 1988 to 1989

Members of the Board of Directors



Mr. Abdallah Qais Al-Ghanim
Member of the Board of Directors
Representative of the Bank of Palestine Group

Educational Qualifications
Master of International Business Administration (MBA) Thunderbird University International Business 2005
BA in Banking and Finance, Boston University 1996

Date of Birth: 8/2/1976
Membership date: 2021

Experiences
Director of Investment Management, Asia Investments Company, Kuwait 2012-2015
International Finance Corporation - United Arab Emirates 2011-2012
Boubyan Bank, Kuwait 2010-2011
HSBC Bank, Kuwait 2006-2010
Al Muhallab Kuwait Real Estate Company, Kuwait 2006-2021
Assistant General Manager - Gulf Bank 2015-2016
Consultant for RGI for consultancy – 2016

Memberships
Member of the Board of Directors of the Bank of Palestine
Member of the Board of Directors of Securities Brokerage
Board Member of Gamiphy.co



Mr. Fawaz Mahmoud Najjar
Member of the Board of Directors
Representative of Aswaq for Investment Portfolios Company

Educational Qualifications
Master's Degree in Business Administration – Birzeit University
BA Degree in Accounting – Birzeit University

Date of Birth:12/5/1980
Date of Membership: 2024

Experience:
Acting CEO of Aswaq for Investment Portfolios Company
Portfolio Manager at Aswaq Investment Company
Former Portfolio Manager at Ammar Company
Worked at SNC Lavalin in Saudi Arabia

Board Memberships:
Board Member of the Palestinian Investment Promotion and Industrial Cities Agency
Board Member of Asala for Credit and Development
Board Member of Jericho Industrial City Company
Board Member of the National Aluminum Industry Company – NAPCO
Former Board Member of Grand Park Hotels and Arab Hotels Company
Former Board Member of Palestine Tourism Investment Company



Mr. Sam Sami Bahour
Member of the Board of Directors
Independent Member

Educational Qualifications:
Master's Degree in Business Administration, Northwestern University and Tel Aviv University
BA Degree in Applied Science, Computer Technology, Youngstown State University

Date of Birth: 18/10/1964
Membership Start Date: 2017

Experience:
General Manager of AIM Information Technologies Co.
Founder and Former Chairman, Americans for a Vibrant Palestinian Economy
Played a key role in the establishment of the Palestine Telecommunications Company (Paltel)
Founder, Former General Manager, and Chairman, Arab Palestinian Shopping Centers Company
Regular writer on Palestinian affairs

Memberships:
Board Member, Just Vision
Board Member, Reema Paper Hygiene Co.
Board Member, Open Society Foundations, Middle East and North Africa Program (2016 – 2022)
Board Member, Friends School in Ramallah (2017 – 2018)
Member of the Board of Trustees, Birzeit University (2004 – 2010)
Representative/Board Member for various companies since 2003



Mr. Mohammad Awni Abu Ramadan
Member of the Board of Directors
Representative of Aswaq for Investment Portfolios Company

Educational Qualifications:
BA Degree in Business Administration – Syracuse University, United States of America

Date of Birth: 24/07/1953
Membership Start Date: 2017

Experience:
Chairman of the Board, Ooredoo – 2016 to present
Chairman of the Water Sector Regulatory Council
Minister of Planning – Palestinian National Authority (2012 – 2014)

Memberships:
Board Member, Palestine Investment Fund
Former Board Member, Palestinian Capital Market Authority

Members of the Board of Directors



Mrs. Samar Sawalhi Nakhleh

Member of the Board of Directors
A representative of Minority Shareholders

Educational Qualification

BA in Accounting, Birzeit University, Palestine 2001
MBA, Birzeit University, Palestine, 2007
American Express Leadership Academy at Thunderbird School of Global Management in Arizona, USA – 2016

Date of birth 7/5/1980
Membership date: 2019

Experiences

Financial and Administrative Director - Women's Center for Legal and Social Guidance - Palestine, 2012 – present
Financial and Administrative Director, Palestine Economic Policy Research Institute (MAS), Palestine, 2002-2012
Lecture at Al-Quds University - Palestine, 2011-2013
Auditor at Al-Wafa and Partners Company (KPMG), Palestine, 2001-2002

Memberships

Treasurer at The Palestinian Youth Association for Leadership and Rights Activation- PYALARA, 2015-2020
Member of a public body in The Palestinian Youth Association for Leadership and Rights Activation- PYALARA, 2015 until now



Mr. Saeb Ibrahim Samour

Member of the Board of Directors
Independent Member

Educational Qualifications

BA of Business Administration, Birzeit University, 1982

Date of Birth: 29/9/1958
Membership date: 2021

Experiences

35 years of experience in the banking sector
Assistant General Manager, Bank of Palestine, 1983 - 2005
Deputy General Manager, Palestine Islamic Bank, 2005 to 2018
General Manager of Step Integrated Solutions Company

Memberships

Member of the Palestinian Businessmen Association
Member of the Palestinian Arbitrators Association
Member of the Coordinating Council for Palestinian Private Sector Enterprises



Dr. Safaa Nasir El Din

Member of the Board of Directors
Independent Member

Educational Qualification

Ph.D. in Electronic Engineering from the Insrup Graduate School of Engineering, University of Bordeaux in France, 2003.
MA in Signal and Image Processing from École Normale Supérieures Institut Toulouse, France, 1996
BA degree in Electronic Engineering from Al-Quds University, with honors, 1994

Date of Birth: 05/05/1969
Membership date: 2019

Experiences

Head of the Computer Engineering Department, Najjad Zeenni Faculty of Engineering, Al-Quds University, 2024 – Present.
Secretary-General of the Presidency of Al-Quds University, since 2021 until today
Vice President of Al-Quds University for Jerusalem Affairs, since 2014 until 2021
Minister of Communications and Information Technology, thus becoming the first woman to hold this position in the Arab world, 2012-2014
Dean of Hind Al-Husseini College for Girls in Jerusalem / Al-Quds University, 2010-2012
Adviser to the Minister of Communications and Information Technology and Head of the National Team for Information Security and E-Government, 2009-2012
Dean and Head of Quality Unit at Wagdy Institute of Technology, 2004-2009
Part-time lecturer at Al-Quds University, 1999-2000

Memberships

Member of the Board of Directors of Mada Internet Company, 2019 - 2022
Founding member of the Jerusalem Business Incubator, 2017-2022
Member of the Scientific and Technology Committee of the Engineers Syndicate and member of the General Secretariat of the Palestinian Engineers Union, 2017 - 2021
Chairman of the Fiber Home Connectivity Council in the Middle East and North Africa, 2016 - 2018
Member of the board of directors of Education for Employment, 2015 – until now
Member of the Board of Directors of the Palestinian Energy Incubator, 2014 – 2022
Member of the Board of Directors of the Jerusalem Endowment Fund, 2014- 2020
Member of the EU Education Reform Expert Group and Erasmus Plus projects, 2014 - 2019
Member of the Board of Directors of the Supreme Council for Creativity and Excellence, Head of the Exploration and Stimulation Committee, as well as the Creativity Support Fund, Member of the Arab and International Cooperation Committee, 2013 – until now
Honorary President of the Society for Anti-Smoking and Health Education, 2013 – till now
President and Founder of the French Alumni Association, 2013 - 2019
Co-founder of the Palestinian Open-Source Community, 2009
Member of the Board of Directors for Girls in Technology
A well-known Palestinian leadership figure who dedicated her time to making Palestine a better place and volunteered in several other institutions serving youth and women

Executive Management



Mr. Hani Salah Nasser

General Manager

	MA and BA in Public Administration and Law
	Marie Curie University, Poland 1993
	Date of Birth: 12/2/1967
	Date of appointment:16/1/2018



Dr. Muawiah Fahed Al-Qawasmi

Chief Corporate Investment Banking Officer

	Ph.D. in Digital Transformation in Islamic Banks, Istanbul Sabahattin Zaim University
	-Turkey, 2024 ,Master of Business Administration (MBA), Birzeit University, 2005.
	Date of Birth :16/10/1971
	Date of Appointment: 1/2/2023



Mr. Maysara Hatem Salameh

Chief Financial Officer

	MBA , BA in Accounting and Finance Birzeit University 2005
	CPA, CMA, ACPA, PCPA, CBCA, MBA
	Date of Birth : 15/1/1981
	Date of Appointment: 10/3/2013



Mr. Amjad Ghazi Al-Jabari

Chief Operation Officer

	MA International Management, University of Glasgow, Scotland / UK 1995
	BA of Business Administration, Abbas Farhat University, Algeria
	Date of Birth :18/8/1967
	Date of Appointment:11/10/1997



Mr. Ibrahim Ismail Abu Abdo

Chief of Internal Audit Officer

	MA of Business Administration, Udaipur University India 1993
	BA in Accounting Lucknow University India
	Date of Birth:1/5/1968
	Date of Appointment:22/7/2009

Executive Management



Mr. Hassan Essam Sabry

Chief Credit Officer

	MA of Management and Accounting Sciences, An-Najah National
	BA of Finance and Banking Sciences, Yarmouk University
	Date of Birth: 17/10/1966
	Date of Appointment: 11/10/2009



Mr. Hatem Fawzy Sobh

Chief of Financing Control Officer

	MA in Management and Marketing, University of Jordan 1995
	BA in Finance and Banking, Yarmouk University
	Date of Birth: 28/12/1970
	Date of Appointment: 20/12/2009



Mr. Rateb Abdallah Atyani

Chief Human Resources Officer

	MBA Birzeit University 2005
	BA in Computer Science - An-Najah National University 1996 Date
	Date of Birth: 15/11/1969
	Date of Appointment: 12/5/2010



Mr. Saed Miqdad Miqdadi

Chief Risk Officer

	BA in Business Administration
	Eastern Mediterranean University, Cyprus 1996
	Date of Birth: 29/4/1973
	Date of Appointment: 22/5/2010



Mrs. Fayrouz Fathi Thabaleh

Chief Compliance Officer

	BA of Law
	Al-Ahliyya Amman University, Jordan 1996
	Date of Birth: 24/9/1974
	Date of Appointment: 18/8/2010

Executive Management



Mr. Nitham Ali Alzamel
Chief Retail Banking Officer

	BA in Business Administration
	An-Najah National University 1992
	Date of Birth: 20/8/1967
	Date of Appointment: 19/7/2011



Mr. Taha Mohammad Abu Sariya
Anti-Money Laundering and Terrorist Financing Department Manager

	MA degree in Quality Management
	Arab American University 2018
	Date of Birth: 8/5/1968
	Date of Appointment: 11/12/1997



Mr. Rakez Ahmad Badwan
Capital Markets & Investments Department Manager

	Bachelor's Degree in Business Administration
	Birzeit University, 1995
	Date of Birth: 28/8/1970
	Date of Appointment: 2/9/2000



Mr. Mustafa Sharif Abu Khizran
Networks and Systems Department Manager

	MA of Computer Engineering
	Birzeit University 2008
	Date of Birth: 26/4/1970
	Date of appointment: 3/2/2001



Mrs. Adiba Abdallah Afaneh
Legal Affairs Department Manager

	BA of Laws
	University of Jordan: 1996
	Date of Birth: 3/9/1974
	Date of appointment : 19/2/2001

Executive Management



Mr. Ahmed Abdel Karim Ayyad
Process and Procedures Re-engineering and Quality Department Manager

	MA of Quality Management
	Arab American University 2020
	Date of Birth: 5/10/1978
	Date of Appointment: 1/2/2005



Mr. Ahmed Mohammed Sartawi
Public Relations and Marketing Department Manager

	MA degree in Management and Marketing
	Arab Academy for Banking and Financial Sciences, Jordan 2005
	Date of Birth: 18/10/1980
	Date of Appointment : 21/1/2006



Mr. Ammar Younis Khudairi
Banking Business Systems Department Manager

	Master's in Computer Science
	Birzeit University.2004
	Date of Birth: 22/8/1970
	Date of appointment : 24/8/2008



Mrs. Reem Mustafa Juma
Electronic Channels and Digital Services Department Manager

	Master of Business Administration
	Birzeit University 2012
	Date of Birth: 21/6/1985
	Date of appointment : 1/12/2008



Mr. Ahmad Mohammad Qararieh
SME Sales Department Manager

	Bachelor's Degree in Financial and Banking Sciences
	Birzeit University, 2009
	Date of Birth: 23/11/1985
	Date of Appointment: 1/10/2009

Executive Management



Mr. Anan Ahmad Tarteer
Procurement and Real Estate Department Manager

	Bachelor's Degree in Architectural Engineering
	An-Najah National University, 2009
	Date of Birth: 5/5/1984
	Date of Appointment: 16/3/2010



Mr. Qais Atta Mohammad
Retail- Direct Sales Department Manager

	BA of Public Administration
	Birzeit University 2011
	Date of Birth: 24/9/1989
	Date of appointment: 10/4/2011



Mr. Mousa Abdel Rahim Asrawi
Finance Monitoring and Collection Department Manager

	Master of Business Administration (MBA)
	Birzeit University
	Date of Birth: 10/7/1992
	Date of Appointment: 23/2/2014



Mr. Waseem Ahmad Hajj Asaad
Central Operations Department Manager

	MA in Economics and Law
	Birzeit University 2021
	Date of Birth: 11/5/1981
	Date of appointment: 20/8/2017

Executive Management



Mr. Suleiman Salem Arar
Correspondent Banks and Money Markets Department Manager

	BA of Business Administration
	University of Jordan 1995
	Date of Birth: 18/6/1973
	Date of Appointment: 1/3/2018



Mr. Tamer Khaled Bakr
Foreign Exchange Department Manager

	BA Degree in Management Information Systems
	Arab American University, 2005
	Date of Birth: 15/5/1982
	Date of Appointment: 06/05/2018



Mrs. Tumader Thoraya Youssef
Corporate Investment Banking Department Manager

	MA of Business Administration
	Birzeit University 2007
	Date of Birth: 18/8/1975
	Date of Appointment: 20/7/2022



Mrs. Linda Mahmoud Al-Sheikh Yousuf
Head of Shareholder Relations Division

	Business Administration diploma
	Ramallah Women's Training Center (RWTC) 1994
	Date of Birth: 1/12/1972
	Date of Appointment: 27/2/2001



Modernity...

Islamic Banking

Islamic Banks

Definition:

Islamic banks are financial institutions that offer banking services in accordance with the principles of Islamic Sharia, avoiding interest (riba) both in giving and receiving, as well as steering clear of transactions involving excessive uncertainty (gharar) or prohibited activities. These banks rely on various financing methods such as Murabaha (cost-plus financing), Musharakah (partnership), Mudarabah (profit-sharing), and Ijarah (leasing), with the aim of ensuring fairness in transactions and preventing the exploitation of individuals or institutions. Islamic banks are based on the principle of sharing risks and returns, with a strong commitment to transparency and the protection of customer rights. They also aim to promote economic and social justice and support sustainable development by financing projects that align with Islamic ethical values.

Islamic banks strive to offer financial solutions that meet the needs of individuals and businesses while adhering to moral and Sharia principles. They also provide many of the conventional banking services offered by commercial banks, such as letters of credit and guarantees, but these services are carried out in accordance with Islamic law.

It is worth noting that Islamic banking has introduced new mechanisms to the market that differ significantly from conventional banking, especially in terms of mobilizing savings and attracting investments.

Origins:

The Islamic banking industry began nearly six decades ago, with the first attempts to offer banking services that aligned with Islamic Sharia principles, which prohibit interest (riba) and non-transparent transactions. Initially, the industry adopted financing models based on profit and loss sharing as an alternative to the conventional interest-based system, and it quickly evolved into a comprehensive financial system.

Islamic banking witnessed significant development in the following decades, offering innovative financial solutions based on Sharia-compliant contracts. As demand for these services increased, Islamic banking transitioned from an experimental concept to a global phenomenon, supported by growing awareness among customers and investors of its importance as part of the banking system. Over the years, regulatory and legislative bodies played a key role in unifying Sharia standards and developing oversight tools to ensure compliance with Islamic principles—such as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), established in 1991. These efforts strengthened investor and customer confidence in the sector’s ability to deliver efficient financial services in line with Sharia.

Studies indicate that total Islamic finance assets reached approximately \$3.8 trillion in 2023, with expectations of growing to \$6 trillion by 2026, driven by increasing demand in both emerging and developed markets. Today, Islamic banking is an integral part of the global financial system, offering Sharia-compliant financial solutions to individuals and institutions and playing a key role in achieving sustainable development.

The Emergence of Islamic Banking in Palestine:

Islamic banking in Palestine began with the establishment of the Arab Islamic Bank in 1995. Since then, it has become an important component of the local banking sector. Currently, three Islamic banks operate out of the thirteen banks in Palestine, and they have succeeded in establishing their presence within the banking system and increasing their market share.

Over the years, Islamic banks have continued to grow, with their share reaching approximately 17% of the total assets of the Palestinian banking sector by the end of 2024. Studies suggest this share could rise to 25% in the future, reflecting promising opportunities for Islamic banking in Palestine to expand its presence and impact in the market.

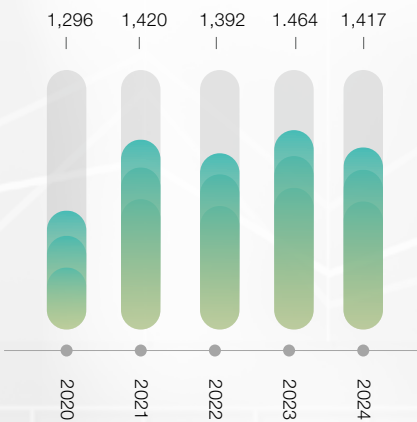


Board of Directors Report:

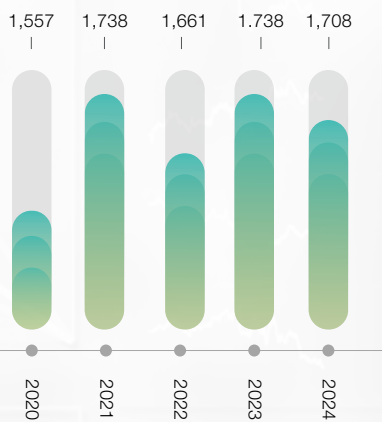
Performance Indicators

Compared to the previous year, the bank recorded a decrease in total assets by approximately \$30 million, representing a decline of 1.72%. Its direct financing also dropped by around \$5 million (0.4%), and customer deposits decreased by about \$47 million, equivalent to 3.2%. The bank achieved net profits of \$1.12 million in 2024, reflecting a decline of \$4.4 million, or a decrease of 80%, after accounting for adequate and conservative provisions due to the impact of the war on both parts of the homeland—the West Bank and Gaza.

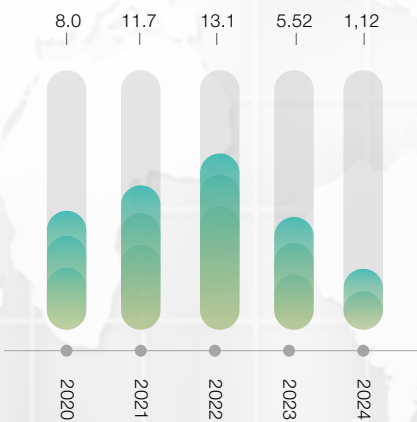
Client deposits



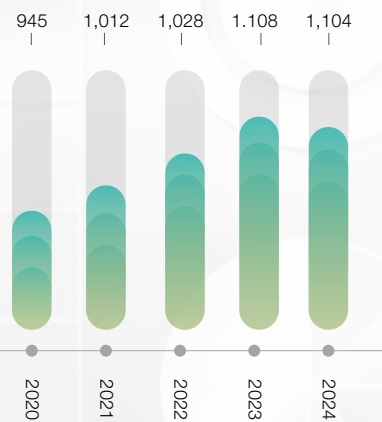
Assets



Net profits



Direct Financing



Amounts in millions of US dollars

Board of Directors Report:

Performance Indicators

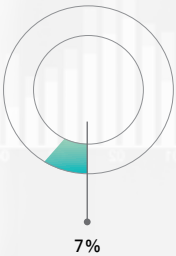
Performance indicators for the Arab Islamic Bank:

	2024	2023
Capital Structure Indicators		
The Liabilities and rights of owners of absolute investment ac- counts / Assets	91.64%	91.89%
Direct Financing/Equity	772.46%	786.33%
Retained Earnings/Equity	7.67%	7.06%
Liquidity Indicators		
Customer Deposits/Assets	82.97%	84.23%
Direct Financing / Assets	64.61%	63.78%
Direct Financing / Customer Deposits	77.87%	75.72%
Profitability Indicators		
Finance And Investment Revenue/Total Revenue	83.92%	82.14%
Return on Assets	0.07%	0.32%
Return on Equity	0.79%	3.94%
Volume Indicators		
Assets per branch	77,654,676	79,016,822
Customer deposit rate for each branch	64,431,282	66,555,905
Direct financing rate for each branch	50,172,857	50,397,739

AIB Market Share

The Arab Islamic Bank has maintained its distinctive market share and financial performance resilience. In terms of assets, its market share in the Palestinian banking sector reached about 7%, while its market share in direct financing reached about 9.3%. As for customer deposits, the bank’s market share reached around 7.6%.

Assets



Deposits



Direct financing



other banks Arab Islamic bank

Branches and ATMs Network

The bank worked on expanding its network of branches and ATMs during 2024. As a result, the Arab Islamic Bank's branches and offices, including a representative office in the United Arab Emirates (Emirate of Dubai) and the mobile branch "Mobi Bank," reached a total of 31 branches and offices. Additionally, there are 64 ATMs spread across all governorates of the country.



64



31

Jenin

- Jenin Branch
- Arab American University office
- Jenin office

Tulkarm

- Tulkarm Branch
- Attil Branch

Qalqilya

- Qalqilya branch

Nablus

- Sufyan Street Branch
- Faisal Street Branch

Ramallah and Al-Bireh

- Al-Bireh Branch
- Ramallah Branch
- Beitunia Branch
- Masyoun Branch
- Al-Rihan Office/Lacasa Mall
- Birzeit office
- Ni'lin Office

Jerusalem

- Al Ezariya Branch
- Al-Dahiya/Jerusalem Branch

Jericho

- Jericho branch

Bethlehem

- Bethlehem Branch
- Bethlehem office - industrial area

Hebron

- Hebron branch
- Alharas branch
- Dora Branch
- Yatta Branch
- Wadi El Haria office

Gaza strip

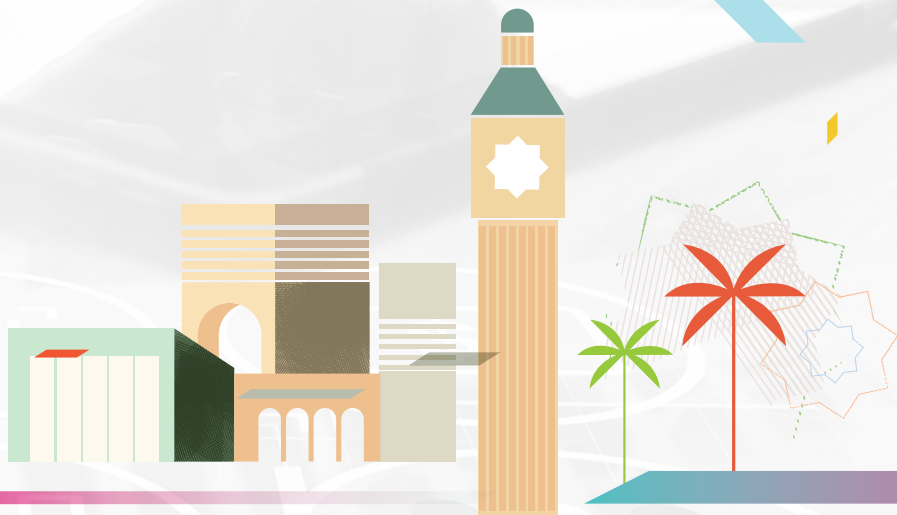
- Gaza branch
- Khan Yunis Branch
- Nuseirat branch
- Alrimal branch

UAE

- Representative office – Dubai

Mobile Branch

- Banki on Road





Digitalization

Board of Directors' Report

Achievements and Activities

The Bank's Achievements and Activities in 2024

Projects and Products:

- Launched the Soft POS app for merchants, which turns smartphones into fully functional point-of-sale devices.
- Launched instant transfer services via Iburaq, operated by the Palestine Monetary Authority, on Mobile Banking and Online Banking platforms, allowing customers to send and receive transfers instantly between banks within Palestine.
- Launched the E-saadat platform, also operated by the Palestine Monetary Authority, on Mobile and Online Banking, enabling payments for bills, installments, and various other payments to companies, government entities, universities, municipalities, and unions.
- Launched the offline access feature for the banking app, allowing customers to use the app without needing to purchase internet data packages.
- Acquired a new payment switch (Pay Way) to enhance the efficiency of payment and transfer operations, improving customer experience and increasing the flexibility of the financial system.
- Launched the Data Classification Project, aimed at enhancing the security and protection of both bank and customer data.

Sponsorships:

- As part of the Bank of Palestine Group, the bank partnered strategically with the Welfare Association, contributing \$250,000 annually to support 20,000 orphans in the Gaza Strip.
- Supported the renovation of a medical clinic at Beit Al-Ajdad elderly care center.
- Sponsored the White Coat Ceremony for medical and dental students at An-Najah National University.
- Supported the Elderly Care Association in Jenin on the occasion of the International Day of Older Persons by providing essential medical and healthcare supplies, in addition to basic caregiving equipment.
- Donated electric wheelchairs to people with disabilities in Jericho.
- Sponsored Medical Week activities at Beit Al-Ajdad elderly care center in Jericho.

Events and Activities:

- Signed an agreement with the European Bank for Reconstruction and Development (EBRD) to support foreign trade and the corporate sector.
- Signed an agreement with Palestine Technical University – Kadoorie to finance student education.
- Signed insurance installment agreements with Takaful Insurance and Al Baraka Insurance companies.
- Implemented the Comprehensive Banking Program for two batches of new employees.
- Contributed to equipping the new Red Crescent Hospital in Hebron.
- Participated in specialized banking events for students at several universities, including: An-Najah National University, Birzeit University, Arab American University, Al-Quds University – Abu Dis, Al-Quds Open University, Al-Ahliya University, and Bethlehem University.
- The bank's football team took part in the 21st Arab Institutions Championship in Egypt, finishing in fourth place.
- Conducted a mock evacuation drill at the bank's headquarters under the supervision of the Civil Defense Directorate, as part of the business continuity plan.

Awards:

- Named Best Islamic Bank in Palestine for 2023, according to EMEA Finance magazine.

Promotional Campaigns:

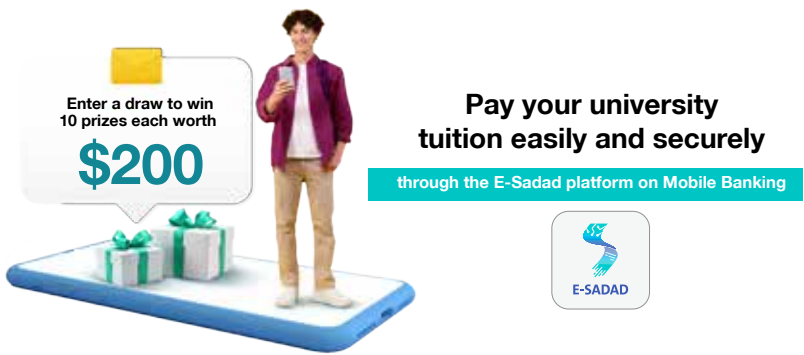
Savings Account Campaign:

Daily Prize: \$1,000

Monthly Prize: \$10,000



University Tuition Payment Campaign via E-Saadat



The bank participated, through the Association of Banks, in the campaign:

"Pay with Your Bank Card at Gas Stations"

Be one of 1,000 winners of a 200 ILS cash prize.



Several awareness campaigns were launched for customers focusing on:

Data protection, fraud prevention, promoting digital transformation, encouraging the use of electronic payment methods and raising awareness about breast cancer and the importance of early detection for prevention.



Bank Memberships:

The bank is committed to strengthening its leadership role in the banking sector by joining several key institutions and organizations. These memberships reflect the bank’s dedication to Islamic Sharia principles and its contribution to achieving the Sustainable Development Goals (SDGs). Notable memberships include:

Union of Arab Banks (UAB):

A regional institution aimed at developing the Arab banking sector and promoting cooperation among Arab banks.

Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI):

An organization that sets standards and provides guidance for Islamic financial institutions to ensure their financial reporting aligns with the principles and rules of Islamic Sharia.

General Council for Islamic Banks and Financial Institutions (CIBAFI):

A global umbrella organization for the Islamic financial industry, focused on supporting, developing, and protecting Islamic financial services, and fostering cooperation among its members and related institutions.

Palestine Deposit Insurance Corporation (PDIC):

A national entity that aims to protect customer deposits and enhance financial stability in Palestine.

UN Women’s Empowerment Principles (WEPs):

A set of principles offering guidance on how to promote and empower women economically and support gender equality in the workplace and beyond.



Board of Directors Report

Banking Services and Products

Arab Islamic Bank is committed to meeting the needs of its clients by providing distinguished and diverse services that align with their aspirations and daily requirements. These services are offered in compliance with the principles of Islamic Sharia and adhere to the highest standards of integrity and transparency. The bank leverages the latest digital solutions to enhance the customer experience and facilitate access to banking services, while also developing existing products and introducing new features. This contributes to increased customer satisfaction and loyalty, attracting new clients and promoting financial inclusion.

Through performance excellence and continuous development, the bank strives to build trust with its clients and establish itself as their preferred choice in the banking market. Additionally, the bank places sustainability at the forefront of its priorities, supporting community development and contributing to the strengthening of the national economy. Below are the main products and services the bank offers:

Digital Services

The bank has kept pace with the evolution of digital financial services, recognizing this area as a key part of its strategy to deliver an exceptional banking experience. Digital transformation is one of the bank’s strategic goals, pursued through the use of modern technologies in this field. A wide range of new digital banking services have been launched, including:

Internet Banking and Mobile Banking

These services allow clients to access their banking services from anywhere, at any time, without the need to visit a branch. Through the bank’s internet banking portal or mobile banking app, customers can manage their accounts and conduct a variety of transactions such as checking account and card balances, transferring funds between accounts, requesting to open a new account or apply for financing, receiving special exchange rates, paying bills, and accessing many other valuable services.



ATM Services

The bank provides modern ATM services through a wide network of machines located across various regions. These ATMs enable clients to withdraw cash, make instant deposits (cash and checks), check balances, obtain mini statements, and change their card PINs easily and securely—24/7.

QR Code Payment service through the Mobile Bank Application:

The Arab Islamic Bank has launched a service for payment through QR code using the Mobile Bank application at the point of sale, allowing customers to make instant payments to merchants easily, quickly, and safely. Customers will not need to use cards or cash during this service and can access it easily through the Mobile Bank application. The QR code on the point of sale can be easily scanned for payment using the mobile camera.



Video Call Service

The video call service is one of the new technologies launched by the Arab Islamic Bank to engage with the public via the bank’s mobile app, online banking services, and the AIB website. The video call service allows AIB customers and non-customers to communicate directly, easily, and securely with customer service officers via video technology. This service provides numerous benefits, including the ability to execute many banking transactions and answer inquiries quickly.



Points of Sale

The Arab Islamic Bank launched a points of sale campaign to facilitate the payment process for its clients by providing electronic payment devices including (a machine installed in commercial establishments that enables merchants to accept payments through Easy Life cards, Visa Electron cards, and digital/ e-wallet.)



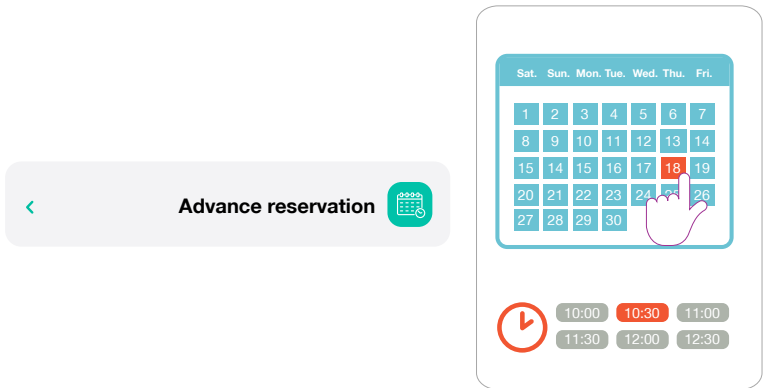
Soft POS Application

The Soft POS (Point of Sale) application is a digital point-of-sale solution that transforms a smartphone or tablet (running Android 11.0 or higher) into a fully functional POS system without the need for any additional hardware. This service is designed to meet the needs of small and medium-sized businesses, including shop owners, artisans, delivery companies, and transportation services, enabling them to accept payments easily and securely. Payments can be received through NFC (contactless) technology or QR code scanning, anytime and from anywhere, as long as an internet connection is available.



Pre-Booking Service CVM

The Arab Islamic Bank’s pre-booking service is the first of its kind in Palestine, and it is available to all of its customers. The pre-booking service helps in the organization and scheduling of your visit to the AIB branch, ensuring that when you arrive, the bank employee will be waiting for you to offer you the service as quickly as possible. The website allows you to book and schedule your visit.



E-Sadad Platform for Paying Bills, Fees, and Installments

E-Sadad is a comprehensive digital platform managed by the Palestine Monetary Authority. It allows customers to view and pay bills, fees, and installments for a wide range of services provided by private sector companies, government departments, local municipalities, and universities. Payments can be made easily through the mobile banking app and internet banking.



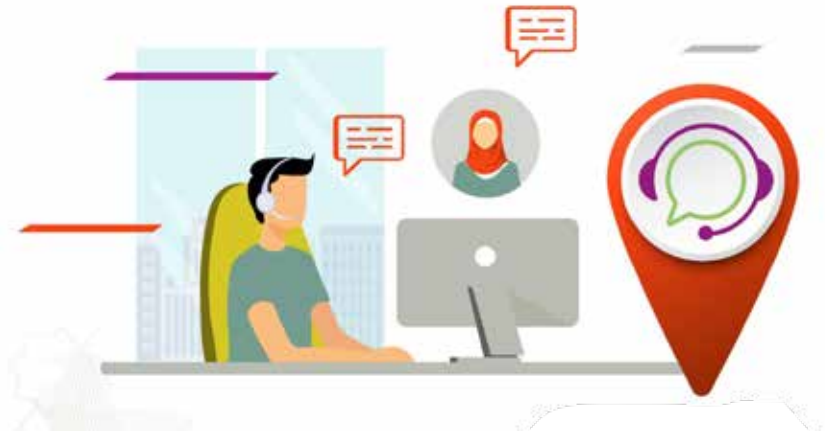
IBURAQ Electronic Payment System

IBURAQ is a centralized payment system supervised by the Palestine Monetary Authority. It enables customers to send and receive money transfers and payments instantly through the bank’s internet and mobile banking services. This system ensures an advanced and user-friendly digital experience, helping customers save time and effort.



Digital Services Center

The Digital Services Center provides comprehensive banking services dedicated to customer communication around the clock. It handles problem-solving, responding to inquiries, receiving complaints, and offering services at any time and from any location. Communication is made easy through the most popular social media platforms used by the public, such as WhatsApp and Messenger, in addition to traditional phone calls and email services.



Bank Cards:

The bank offers a variety of cards, including: Visa Debit Card, which allows cash withdrawals from millions of ATMs locally and globally, as well as purchases at local and international points of sale. Shopping Card, a prepaid card that enables purchases at points of sale and online shopping. Easy Life Installment Cards, which allow customers to install purchases at local points of sale for up to 36 months.



Western Union Money Transfer

The Arab Islamic Bank provides a quick transfer service in collaboration with Western Union, a leading global money transfer provider, through its branches in several governorates throughout the country. Western Union Money Transfer is distinguished by the ease of sending and receiving money, as it is possible to benefit from the network of transfer points, which reaches over 525,000 transfer points dispersed over more than 200 countries and regions worldwide, including Arab Islamic Bank branches and offices.



WesternUnion WU

AIB Mobile branch

Based on the Arab Islamic Bank's vision to expand and spread, and from the perspective of applying the principle of financial inclusion, the mobile vehicle service (Mobi Bank) was launched to be the first mobile banking vehicle for an Islamic bank in Palestine. The ultimate purpose of this service is to provide communication and access to rural villages and isolated regions, promote the concept of financial inclusion for people who live outside of the villages and towns where the bank is located, and encourage every citizen to open a bank account. As accounts are opened, cards are issued, and the public is educated about banking services.



Bank Accounts

The bank offers a variety of bank accounts to meet the diverse needs of its customers, including:

Savings Accounts: Designed to help customers save and grow their money securely in accordance with Islamic Sharia principles. These accounts also offer many additional benefits, such as participation in savings account prize campaigns, account management via online banking and the mobile banking app, and more.

Current Accounts: A bank account tailored to meet customers' daily financial transaction needs. It allows for easy and flexible deposits and withdrawals, as well as check issuance and access to digital banking services for fast and secure transactions. This type of account is suitable for both individuals and businesses, providing a practical tool for managing funds.

Fixed Deposits: Banking accounts offered to customers who wish to invest their money for specific periods in exchange for attractive returns, based on the Mudarabah contract and in compliance with Islamic Sharia principles.

Financial Inclusion Accounts: Accounts aimed at providing basic banking services to underserved segments of the population, in line with Islamic Sharia principles. These accounts help promote financial and social inclusion and improve individuals' economic capabilities.



Personal Financing Programs

The Bank offers several integrated financing programs for individuals, which guarantee the financing of all their life needs in line with the rules of the noble Islamic Sharia. The Bank concludes agreements and memorandums of understanding with local community institutions through which it presents competitive offers to various segments of society. The Bank's Personal Financing Department offers 5 basic financing programs including:

• Auto-Financing Program:

The Arab Islamic Bank offers financing for all types of new and used cars through its Auto-Financing Program, which provides distinctive and competitive Murabaha pricing. Customers can benefit from the bank's agreements with all car companies in Palestine, allowing for financing of up to 100% of the car price. The bank also offers solutions and flexible financing options for all income levels, whether salaried or unsalaried, in accordance with the principles of Islamic Sharia.



• Leasing and Owning:

This program enables clients to plan for their future and make informed decisions when selecting their dream home, based on their income level. Under this program, the property is owned by the bank and leased to the client in installments, which are paid over a specific period. Once the final installment is paid, the property is transferred to the client's name. This program covers financing for a range of real estate, including apartments, shops, and any other property that can be owned and rented by the bank. The program follows the guidelines set by the Monetary Authority and is fully compliant with the provisions of Islamic Sharia and in a manner that does not conflict with it.



• Gold-Guaranteed Finance:

The Arab Islamic Bank Gold-Guaranteed Finance program provides customers with Murabaha financing simply and easily, and no guarantors are required. The program also includes the option of keeping the gold safe in our custody without the need to replace it and provides financing in accordance with Islamic Sharia.



• Istisna'a Financing:

The Arab Islamic Bank finances the construction of houses or manufacturing of goods that customers choose according to their specifications, so that customers can finish their homes, build a house, or manufacture various commodities according to the installment method of Istisna'a or parallel Istisna'a in compliance with the laws of Islamic Sharia.



• Commodity Finance:

The commodity finance program offers a wide range of solutions to the bank's customers to suit their personal and professional requirements. The Arab Islamic Bank purchases the commodity to be gained and owned by the customer, then sells it to the customer, through which payments are made in easy monthly installments at a competitive profit rate in line with the Murabaha system. In addition to the possibility of benefiting from Musawamah programs according to the bank's special agreements with various companies.



• Financing Program Utilities and Services :

The bank is committed to providing innovative and advanced banking solutions that meet the needs of a wide segment of society in accordance with the provisions of Islamic law. To enable customers to meet their needs, the Arab Islamic Bank has launched a program for leasing services based on legitimate Islamic investment formulas to finance the services sector, such as education, health, and travel.



Education Services: The service can be utilized starting from the school education stage in private schools, through university studies, and up to postgraduate programs. Additionally, institutions and training institutes that provide trainees with qualifying and professional courses are included.



Health Services: The needs of some individuals who require financing for their medical treatment and healthcare are met through direct contracting with hospitals and healthcare centers that provide these services. The bank leases health services for a known amount to then subleases them to those in need.



Tourism Services and Flight Ticket Purchases: This service aims to alleviate the financial burden on the client by facilitating installment payments for travel costs over convenient periods. The Arab Islamic Bank directly contracts with tourism and travel companies for this purpose.

• Small and Medium Enterprise SMEs Financing:

The bank views the small and medium-sized enterprises (SMEs) sector as one of the most promising economic sectors in Palestine, with great potential and a significant ability to contribute to the overall development of the Palestinian economy by generating job opportunities and enhancing economic growth. Therefore, we have developed a wide range of diverse and comprehensive financing products and banking services to meet the needs of this sector and promote its development. We also have dedicated departments and divisions within the bank specialized in each sector, providing the necessary financing opportunities and appropriate consultations for this wide segment through offering banking and financing services that adhere to Islamic teachings and are characterized by the flexibility to serve various fields of operation for these projects.



• Energy Financing Program SunRef:

This program aims to finance and support environmentally friendly projects that enable individuals, project owners, and companies to obtain funding for energy conservation projects and renewable energy projects. This aligns with global trends in utilizing renewable energy to reduce the risks associated with fossil fuels on both humans and the environment, to reduce associated costs, and to promote sustainability goals and principles. This program is funded by the European Union for the Palestinian people through the Proparco – AFD Group.



• Corporates Financing Program:

The Bank operates in partnership with large companies in Palestine to contribute to the development and growth of the Palestinian economy. The bank offers a range of innovative solutions that are compliant with Sharia financing principles, such as Murabaha, Mudaraba, Musharaka, Istisna'a, and Ijara that ends with ownership, for major companies through financing their working capital, raw materials, manufacturing and production materials, assets, machinery, and equipment, as well as real estate financing and financing industrial and commercial projects. The bank also provides foreign trade services, including documentary credits, collection policies, letters of guarantee, and currency exchange services, all tailored to the nature of these companies' work to achieve the best possible outcomes for all parties.

The Corporate Banking Relationship Managers team, with their extensive experience in various sectors and fields, works closely with clients in the branches to meet their short and long-term banking requirements and needs. They offer a range of benefits, including providing businesses with the necessary financial and professional advice, as well as valuable information to help them make informed decisions.

Treasury and Financial Markets:

The Bank worked through the Treasury Department to provide financial services at the best competitive prices in the market for its clients and in compliance with the provisions of the noble Sharia. The Treasury Department provides currency exchange services, investment and savings deposit services. The Treasury Department was also able to achieve good results in managing liquidity, especially in light of the difficult market conditions and challenges of cash liquidity, and it maintained realizing higher returns by investing in the capital markets, which was reflected in the bank's performance in achieving excellent growth rates.



Digital Development and Transformation:

Digital transformation is currently leading the banking sector, as it provides a unique and exceptional experience for customers by leveraging modern technology to enhance operational processes, develop products and services, and achieve instant transaction completion. Customers can access banking services and products anytime, anywhere through various digital platforms. These platforms offer a diverse range of services, including account opening, loan application, ATM card issuance, payment and purchase transactions, bill payments, online money transfers via the Internet and mobile phones, among other banking services. Expectations are moving towards further integration in digital banking services to align with customer needs, add value to stakeholders, create more advanced and progressive business models and services, and achieve sustainability and prosperity for society.

In this context, the Arab Islamic Bank is at the forefront of banks that are keen on keeping up with technological and banking developments and enhancing digital transformation in its operations and services. Digital transformation is one of the most important objectives of the bank's strategic plan, aiming to develop its infrastructure by relying on banking solutions and systems that are in line with global standards and incorporate the latest technological tools to meet the changing and growing market requirements. This serves the bank in meeting the needs of its clients amidst the increasing trend towards smart banking services.

The Arab Islamic Bank currently offers various electronic banking services through several channels, aiming to enhance and expand them concurrently with enhancing its electronic service platform with higher levels of speed, efficiency, and security. Some of these channels include:

- Online banking services
- Banking services through smartphone applications
- ATM banking services
- Banking services through call centers
- Banking services through social media channels and chatbot

Through its strategic plan and digital transformation program, the bank seeks to enhance and introduce many digital services that will enhance the banking customer experience at the bank. Some of these projects include:

- Utilizing artificial intelligence in various customer communication channels.
- Developing internet banking services for companies and preparing a dedicated banking app for them, which will provide many electronic banking services without the need to visit bank branches.
- Enhancing personal internet banking services by expanding the range of services offered.
- Upgrading ATM services to include contactless withdrawals and cardless withdrawal options, along with many other features.
- Enhancing the Digital Service Center by adding new services to make it a fully integrated digital branch.
- Adding Apple Pay and Google Pay services.
- Automating internal bank operations, which will increase efficiency and effectiveness while improving the quality of service provided to customers.

Board of Directors Report

Global Awards

The bank has received numerous awards, granted based on its performance and excellence in providing Islamic banking services. The most notable of these awards include:

Proud of Our Awards....

A Palestinian Bank with an International Vision
The Best Islamic Bank in Palestine



2023	Award for Best Islamic Bank in Palestine, EMEA FINANCE Magazine.
2022	Best Islamic Bank in Palestine awarded by Palestine Financial Technology Summit Conference “Fintech”
2021	Best Islamic Bank in Palestine awarded by World Finance Magazine Best Islamic Financial Institution in Palestine awarded by Global Finance Magazine
2020	Best Islamic Bank in Palestine awarded by Global Finance Magazine Best Islamic Bank in Palestine awarded by EMEA Finance Magazine Best Islamic Bank in Palestine awarded by World Finance Magazine Best Islamic Bank in Palestine awarded by IFN Magazine
2019	Best Islamic Bank in Palestine awarded by The Banker Magazine Best Islamic Bank in Palestine awarded by IFN Magazine Best Islamic Bank in Palestine awarded by World Finance Magazine
2018	Best Islamic Bank in Palestine awarded by IFN Magazine Best Islamic Bank in Palestine awarded by World Finance Magazine
2017	Best Islamic Bank in Palestine awarded by Union of Arab Banks (UAB) Best Islamic Bank in Palestine awarded by IFN Magazine
2016	Best Islamic Bank in Palestine awarded by IFN Magazine
2012	Best Islamic Bank in Palestine awarded by IFN Magazine
2011	Best Islamic Bank in Palestine awarded by IFN Magazine 2010
2010	Best Islamic Bank in Palestine awarded by IFN Magazine



Sustainability

Sustainable development is one of the most vital global issues, as it aims to strike a balance between economic progress, environmental preservation, and social justice. In this context, Islam places great importance on the concept of sustainable development, advocating for comprehensive and balanced growth that respects the rights of both current and future generations.

Islam views development as part of worship and obedience to God. It encourages the wise and just use of natural resources while preserving the environment and protecting it from pollution and depletion. Islam also emphasizes the importance of social justice, equality among people, and securing the rights of the poor and needy through legitimate tools such as zakat (almsgiving) and waqf (endowments).

Sustainable development in Islam is characterized by its inclusiveness and balance. It aims to ensure human well-being in both this life and the hereafter, without harming the environment or neglecting the rights of future generations. Hence, sustainable development from an Islamic perspective can be seen as an integrated civilizational model that combines spiritual values, ethical principles, and practical applications to achieve the welfare of all humanity. Through this integrated approach, the Arab Islamic Bank adopts a comprehensive strategy to achieve sustainable development, aiming to enhance human well-being while preserving the environment and safeguarding the rights of future generations. This Islamic model of sustainable development serves as a pioneering example, merging spiritual values, moral principles, and practical implementation to promote goodness and prosperity for all.

Our journey towards a green and sustainable future:



Sustainability strategy:

The sustainability strategy is part of the overall strategic plan of Arab Islamic Bank, reflecting the bank’s commitment to clear and long-term sustainability and social responsibility plans. It fully and earnestly commits to directing its efforts and investments to achieve a sustainable positive impact on society and the environment. The bank aspires to build a sustainable and bright future for all stakeholders, including customers, shareholders, communities, and the environment, by working responsibly to conserve natural resources, support the community, and achieve prosperity for it. The bank also aims to provide modern and innovative banking services that facilitate and streamline banking operations.

The sustainability strategy at Arab Islamic Bank is based on achieving three main objectives in the three sustainability dimensions:

• Environmental Sustainability:

Through this dimension, the bank seeks to adopt goals aimed at reducing the environmental impact of its various activities and embracing environmentally friendly practices. This involves integrating sustainability into the bank’s operations, developing sustainable banking products and services, considering the bank’s operations’ impact on society and the environment, and reducing consumption by minimizing carbon emissions and conserving natural resources. The bank also aims to invest in green technology, raise awareness of environmental issues, and encourage the provision of financial services to support sustainable environmental projects such as clean energy projects. Moreover, it involves innovating and developing financial products that promote sustainability.

• Economic and Social Sustainability:

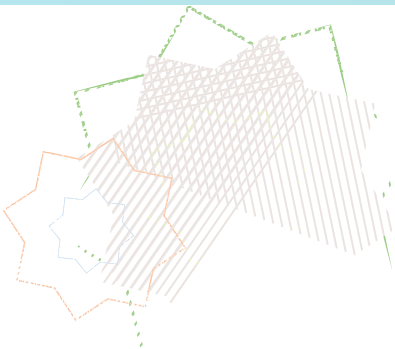
Through this dimension, Arab Islamic Bank aims to:

- Achieve economic growth in an efficient manner without causing harm to the environment.
- Promote a green and sustainable economy by increasing green financing, environmental projects, and initiatives.
- Enhance financial inclusion and ensure access to all banking services for all segments of society.
- Embrace technological and digital transformation to contribute to providing innovative and sustainable banking solutions.
- Strengthen social responsibility, social, and humanitarian activities, and human resource management in a way that ensures the growth and development of the bank’s human resources and creates job opportunities that guarantee a decent standard of living for all.
- Invest in community development and prosperity by supporting social responsibility in health, education, and poverty reduction.

• Sustainability Governance:

Governance aims to ensure responsible and sustainable management of the bank’s activities by achieving the following:

- Enhancing transparency, disclosure, and regular reporting on the bank’s performance in sustainability and social responsibility, and engaging with stakeholders.
- Committing to relevant local and international standards and regulations related to sustainability and reporting.
- Partnering with other organizations to promote sustainability and enhance collaboration with external parties and initiatives supporting environmental projects.
- Improving the management of sustainability-related risks, including environmental, social, and financial risks.
- Through its strategic vision, the bank aspires to be a leading institution in achieving sustainability and social responsibility, building a sustainable future, and playing an active role in supporting sustainable development and achieving comprehensive banking sustainability. This is accomplished by focusing on achieving a balance between financial, social, and environmental responsibility and providing innovative and sustainable banking products and services that contribute to achieving global sustainable development goals.



Key Sustainability Achievements and Initiatives in 2024:

The most notable initiatives undertaken by the Arab Islamic Bank during the year in the fields of sustainability and social responsibility include:

1. Educational Initiatives:

- In recognition of the educational process and in celebration of Teacher’s Day, 19 outstanding teachers across the Pal-
estinian governorates were honored for their tangible efforts, in collaboration with the Ministry of Education.
- Four underprivileged schools benefited from the donation of electronic devices (laptops) to support the educational
process.
- Special exemptions were granted to teachers for issuing the “Easy Life” card during October to encourage them to
benefit from banking services.
- Contributed to the establishment of a digital environment linking teachers, students, and parents at Dar Al-Qur’an
School in Qusra – Nablus by providing the (Ahl Al-Qur’an System).
- Enabled 13 university students to continue their educational journey by paying their tuition fees at various universities
across the country.
- Supported higher education by providing financial assistance to the benevolent loan fund for students through the Co-
operative Savings and Lending Association of Government Employees, benefiting a large number of Birzeit University
students.

Total number of partnerships: (14)

2. Humanitarian and Relief Interventions:

- Provided basic necessities for 7 families living below the poverty line through monthly financial aid.
- Improved the mobility of 4 individuals with disabilities by providing electric wheelchairs to help them move and integrate
into society.
- Supplied medical and health essentials and facilitated appropriate treatment at specialized centers for 3 individuals with
special needs.
- Humanitarian Interventions in Gaza – Gaza Orphans Sponsorship Program (Noor): The Arab Islamic Bank plays a prom-
inent role in supporting the “Gaza Orphans Care” program, launched in partnership with the Welfare Association and Bank
of Palestine Group. This contribution reflects the bank’s commitment to social responsibility and its dedication to provid-
ing humanitarian aid to the most vulnerable groups in Palestinian society.

Total number of partnerships: (4)

Financial Support:

The Arab Islamic Bank allocated an annual amount of USD 250,000 to support the program, making it a partner in
achieving its humanitarian and developmental goals. This contribution is part of the total annual grant of USD 2 million
provided by Bank of Palestine Group.

Services Provided through the Program:

1. Humanitarian Care: Providing basic needs such as food, clothing, and shelter.
2. Healthcare: Offering primary and therapeutic healthcare services.
3. Education: Covering tuition fees and providing school supplies.
4. Protection and Social Care: Delivering psychological and social support and creating a safe environment for orphans.
5. Psychological Support: Helping orphans cope with psychological trauma.
6. Economic Empowerment: Helping orphans acquire skills and experiences that will enable them to become self-reliant
in the future.

The Arab Islamic Bank’s contribution to this program stems from its holistic vision as a financial institution striving to
strengthen social solidarity and achieve sustainable development. Through this support, the bank aims to ensure com-
prehensive care for orphans and contribute to building a better future for them.

3. Health Initiatives

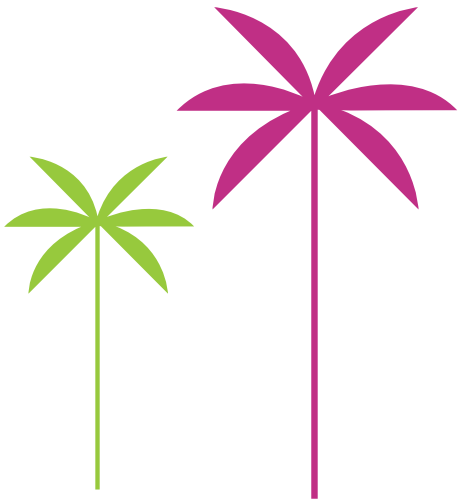
- Raised awareness for 70 female bank employees about breast cancer and the importance of early detection through an
awareness and educational workshop held in October, in cooperation with the Palestinian Ministry of Health.
- Supported 50 women in receiving free breast cancer screenings, in cooperation with Dunya Specialized Center for
Women’s Oncology.
- Sponsored events during Medical Week at the Beit Al-Ajdad Elderly Care Center in Jericho, in cooperation with the
Ministry of Social Development.
- Provided services to 90 elderly individuals in Jenin and Jericho by distributing personal and health care packages on the
occasion of the International Day of Older Persons.

Total number of partnerships: (5)

4. Environmental Initiatives

- Reduced paper consumption at the Arab Islamic Bank by 18.68% in 2024.
- Increased green spaces and planted trees along sidewalks and streets in the town of Ni’lin, in cooperation with the Ni’lin
Municipality.

Total number of partnerships: (1)



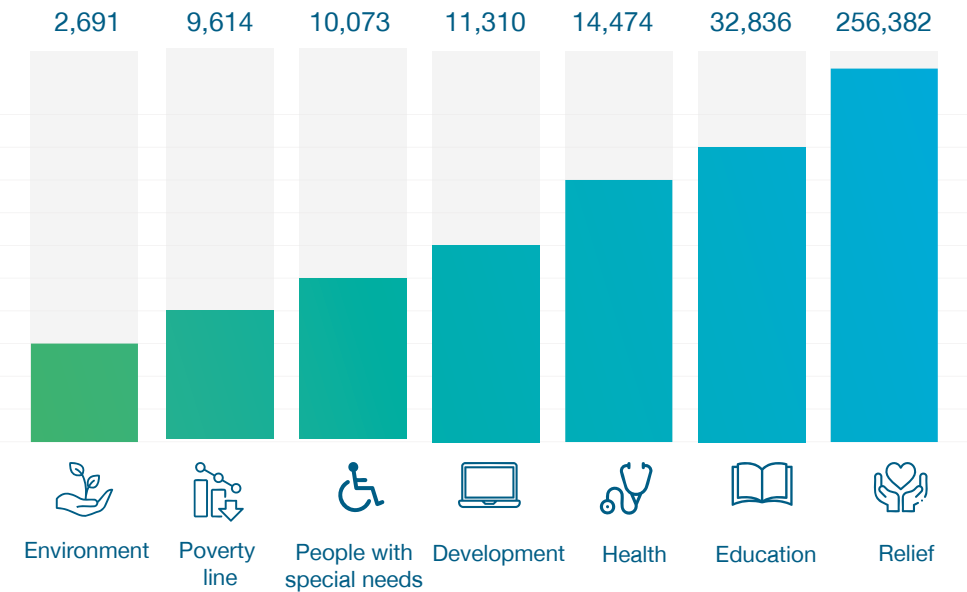
The Bank’s contributions and donations are divided into two main sections:

1. Sustainability and Social Responsibility:

In 2024, the largest share of community contributions was allocated to support relief, education, and development. This reflects the bank’s ongoing commitment and dedication to supporting the local community by enhancing social responsibility, promoting sustainability, and continuously addressing the needs of all sectors and groups requiring assistance and support. The total contributions in the field of sustainability and social responsibility amounted to approximately USD 337,380.

The table below outlines the assistance according to the three sectors of sustainability:

Sector	Amount
Relief	256,382
Education	32,836
Health	14,474
Development	11,310
People with special needs	10,073
Poverty line	9,614
Environment	2,691
Total	337,380



The relief amount includes a donation of USD 250,000 to the “Noor Program” for sponsoring orphans in Gaza.

The bank follows an approved policy for managing sustainability and social responsibility requests, starting from the recipient of the request to the final approval by senior management. This is to ensure the highest standards of transparency and to cover as many assistance requests as possible. The management mechanism for sustainability and social responsibility requests operates as follows:

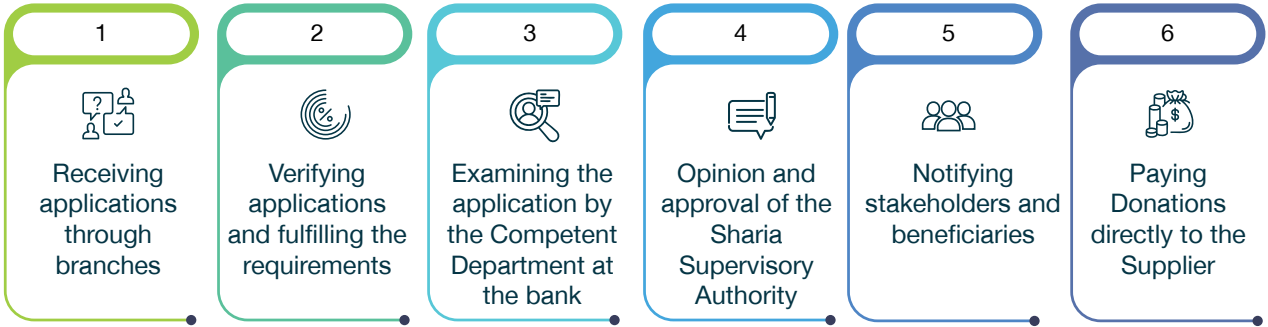
1. Receiving applications through branches, the main administration, or by proactively searching for sustainability requests or activities to support.
2. Review of the application by the Sustainability Unit.
3. Submission to the Administrative Committee for a full review, starting with verifying the fulfillment of conditions and alignment with the bank’s sustainability policy. The committee will then make a recommendation to approve or reject the request based on majority voting and decide on disbursement from the sustainability budget.
4. The Sustainability Unit notifies the concerned parties and beneficiaries of either approval or rejection.
5. Payment of the contribution or support for approved requests is made after the project is implemented and upon submission of a financial claim and fulfillment of all requirements by the applicant organization or entity.

2. Illicit Gains:

These are all gains obtained from sources or methods prohibited by the provisions and principles of Islamic Sharia, or those resulting from certain errors in implementation as determined by the Sharia Supervisory Board of the bank. The specialized committee studies each request and makes appropriate recommendations and decisions to present to the General Manager, and then to the Sharia Supervisory Board, for disbursement to those in need through payments to suppliers.

Item	Amount	Number of partnerships
Relief	6,980	3
Education	51,437	25
Health	4,770	2
Poverty mitigation	10,302	5
Total	73,489	35

The bank follows an approved policy for managing social responsibility to ensure the highest standards of transparency and to cover as many assistance requests as possible. The mechanism for managing the disbursement of illicit gains involves several steps, which are:



For more information, you can view the separate Sustainability Report through the bank’s official website: www.aib.ps

Board of Directors Report

The Arab Islamic Bank activities



Arab Islamic Bank and Al-Baraka Insurance Company Signed Agreement to Finance Insurance Services in Installments



Strategic Partnership to Sponsor 20,000 Orphans in the Gaza Strip within the Bank of Palestine Group



Student Awareness Event at the Arab American University



Bank's Participation in the 21st Arab Institutions Championship



Implementation of the Comprehensive Banking Program for a Batch of New Employees



(Gaza Orphan Sponsorship Program (Noor



Donation of Devices to Schools in Hebron Governorate



Support for the Charitable Elderly Association in Jenin



White Coat Ceremony at An-Najah National University



Renovation of a Medical Clinic at Beit Al-Ajdad Elderly Care Center – Jericho



Donation of Devices to Schools in Nablus Governorate



In cooperation with the Civil Defense Directorate, the Arab Islamic Bank Conducted a Mock Evacuation of the Headquarters Building



Arab Islamic Bank and Takaful Insurance Company Signed Agreement to Finance Insurance Services in Installments



Sponsorship of Medical Week Activities at Beit Al-Ajdad Elderly Care Center in Jericho Governorate

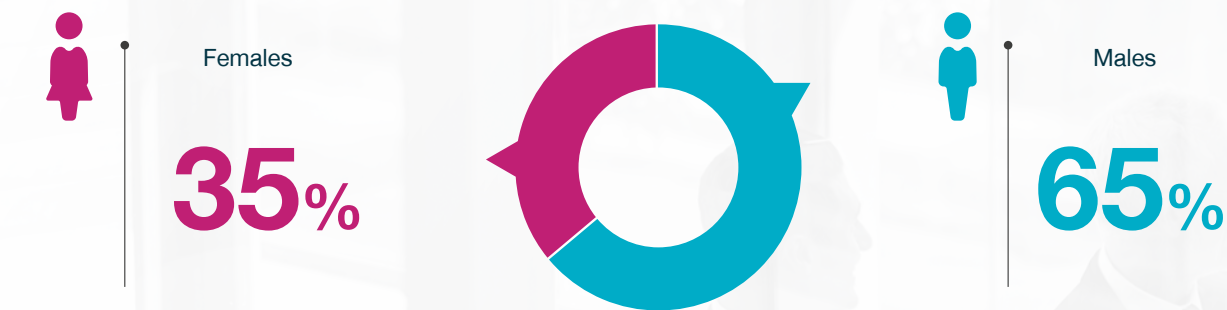


Donation of Electric Wheelchairs for People with Special Needs in Jericho Governorate

Human Resources & Training:

The Arab Islamic Bank is distinguished by the cadre that surrounds it with care and attention as one of the bank's most significant assets and plays a critical role in the fulfillment of the bank's objectives. It consists of the best cadres and banking competencies that are carefully and effectively selected through planning, selection, training, incentives, assessment, and the provision of the working environment.

With the increase in the number of the bank's branches and the commitment to providing new services and products to customers, the number of employees at the Arab Islamic Bank rose from 706 employees at the end of 2023 to 722 employees at the end of 2024. These employees were selected from both genders, with females representing approximately 35% (excluding the non-classified category, which includes around 70 employees). The employees are distributed between the head office and the branches as follows:



Employees are divided between the General Management and the branches as follows:

	Number of Employees 2024	Number of Employees 2023
Headquarter	290	280
Branches & Offices	432	426
Grand Total	722	706

In the recruitment processes, the Arab Islamic Bank has distinguished procedures and a reputation for attracting the best competencies from university graduates or experienced professionals. The number of employees holding BA degrees or higher increased to 628 by the end of 2024, compared to 614 in 2023. The table below depicts the distribution of employees based on their educational qualifications during the previous two years. Table No. (2): Distribution of Employees According to Academic Qualifications:

Educational Qualification	Number of Employees 2024	Number of Employees 2023
Postgraduate	50	51
BA	578	563
Diploma	25	24
High School or less	69	68
Total Employees	722	706

Employees 722

at the end of 2024



Arab Islamic Bank takes pride in its workforce, characterized by its youthfulness, with the age groups of employees concentrated in the young stages (20-30 years) making up approximately 46% of the total number of employees, according to the following distribution:

Age Group	Number of Employees 2024	Number of Employees 2023
years old 20-30	333	355
years old 31-40	265	241
years old 41-50	86	74
years old 51-60	38	36
Total Employees	722	706

Distribution of employees by age groups:



Board of Director’s Report

Policy and System Development



Policy and System Development

In light of the rapid changes and ongoing developments in the work environment, including the restructuring of the bank’s organizational framework, accompanied by an expansion in the authority matrix, the introduction of new roles and responsibilities, and the modification of existing ones, as well as new directives from regulatory authorities and numerous changes and work requirements throughout the past year, updating policies and systems has become a vital tool for effectively facing new challenges and adapting to them. The importance of updating policies lies in its contribution to significantly improving the bank’s performance by ensuring alignment with modern requirements and enabling the achievement of the bank’s objectives with high efficiency. Moreover, updating policies helps enhance integration and coordination among all departments and divisions of the bank and reinforces the bank’s organizational culture by introducing modern regulatory policies that keep pace with technological advancements and contemporary practices in the banking and business sectors.

Accordingly, during the year 2024, we have developed and updated several key human resources policies and systems, including the update of the Code of Conduct, the policies and procedures for performance evaluation, and the rewards and incentives policy.

Human Resources Process Automation

In today’s era, and in light of the rapid advancements in organizational development and the various administrative aspects within the bank, it is essential that such development be accompanied by the improvement and automation of work mechanisms through the use of software and information systems tailored to business needs. Last year, the Arab Islamic Bank enhanced its approach to automating many human resources practices, driven by our belief in the benefits automation brings—such as increasing the efficiency and effectiveness of operations, improving employee satisfaction, and enhancing transparency and accountability in decision-making across different practices. Additionally, it enables comprehensive documentation of process workflows and facilitates the generation of reports and statements. These automated processes included the following:

Job Descriptions:

Following the update of job descriptions in accordance with the revised organizational structure in 2023, all job description data was entered into the HR system under each employee’s account via the self-service portal (MenaME). Employees can now view their full job descriptions, including the job purpose, responsibilities, performance indicators, and academic and professional requirements.

Annual Job Objectives:

As part of the update to performance evaluation policies, the updated job objectives—prepared by the HR management team—were entered into the automated system to streamline the performance evaluation process and ensure the inclusion of essential standards introduced in the updated policy within the evaluation forms.

Electronic Applications:

A wide range of employee applications that were previously submitted via paper or email were converted into electronic forms. These forms follow an approval workflow aligned with approved procedures, enabling faster tracking, proper documentation, and quicker, more accurate reporting.

Awareness and Training:

Multiple user guides were developed for the most frequently used screens on the self-service system. These guides assist employees in answering personal inquiries, extracting specific statements, or updating their personal data in an organized manner monitored by the HR team.

Recruitment and Hiring: Talent acquisition screens were activated in the automated system—starting from receiving job

applications through the bank’s career portal, moving through screening, assessments, interviews, and completing the hiring process directly within the system.

Internal Announcements: A feature was activated in the HR system to post internal announcements, making it easier to inform employees of important matters through a user-friendly and accessible platform. Employees can view announcements on their accounts for the duration specified by the HR department.

Activities

The bank’s management and the Human Resources Department place special importance on fostering a positive work environment by organizing social activities and strengthening bonds among employees. These efforts include distributing gifts during holidays and special occasions. In addition, awareness workshops were held for female employees during Pink October to raise awareness about breast cancer. These sessions covered factors influencing the risk of the disease, examination methods, how to support cancer patients, proper nutrition, and personal health care.

Gaza Branches

Amid the harsh conditions and the brutal war affecting our beloved Gaza Strip, the bank has continued to fulfill its responsibilities toward its employees in Gaza branches by supporting them in managing their daily needs. This included the continued disbursement of their salaries, and the Board of Directors approved two one-time payments during the year to support all employees there, helping them cope with displacement and the loss of their homes and belongings. The bank has also maintained daily communication to check on their wellbeing and provide possible assistance.

In preparation for a ceasefire or the end of the war, and with the aim of resuming operations in Gaza branches, the Human Resources Department proposed a staffing plan that includes personnel both inside and outside the Strip. This plan took into account the realities on the ground, including the displacement of employees, and was submitted as part of the bank’s comprehensive operational plan for Gaza, developed in collaboration with relevant departments.

Training and Development

The Arab Islamic Bank firmly believes that training and development are among the most vital strategies in human resources management. Investing in human capital drives the bank toward excellence and supports the achievement of its strategic goals by building and enhancing employee performance and capabilities, aligned with the bank’s vision of being a leading financial institution in Palestine offering top-tier services.

In line with the bank’s ongoing human resources development approach—seen as a key pillar for success—and despite the difficult circumstances and challenges facing our people, the HR and Training Department has continued to implement training programs and activities to meet the evolving needs of the bank’s employees. These included organizing training sessions, participating in specialized courses, conferences, and seminars to improve employee skills and performance, as well as promoting a positive work environment. This is all done within a framework that seeks to apply the best practices in the banking sector.

In 2024, the bank’s training and development efforts were centered around several key topics and strategic areas, as outlined below:

Programs for Enhancing Administrative, Supervisory, and Crisis Management Skills to Support Succession Planning

Training investment focused on supporting succession planning and career path development, as part of the bank’s broader development strategy. The aim was to prepare and qualify successors identified in the bank’s succession plan by enhancing the capabilities of first- and second-level management and branch officers at the Arab Islamic Bank. These efforts help ensure employees can operate effectively under the current crisis-laden work environment.

In addition, the bank worked on developing employees’ career paths in administrative, supervisory, and technical areas across headquarters and branch offices, raising preparedness, improving performance, knowledge, and competencies, and ultimately fostering an efficient and motivating institutional culture.

Awareness and Education Programs Supporting Compliance with Internal and External Regulatory Instructions

Awareness initiatives focused on risk management, particularly in the areas of information security and cybersecurity, in response to the growing threat of technology, based fraud. A significant number of branch employees participated in these programs. Other training topics included operational incident handling, associated risks, and critical control procedures. Emergency preparedness was also prioritized. Training was provided for business continuity teams and other relevant staff at headquarters. A mock evacuation drill was conducted for all employees at the main office, simulating emergency scenarios such as fire and earthquakes, especially considering the ongoing difficult conditions.

The bank also carried out several intensive training workshops on anti-money laundering (AML) and combating the financing of terrorism (CFT). AML staff were further supported through participation in local programs, international conferences, and certified professional credentials in the field.

In terms of Sharia-compliant financial services, various awareness workshops were conducted on Sharia oversight and its associated risks. Training on Islamic financing contracts implemented by the bank was intensified to ensure greater employee adherence to Sharia principles. Staff were also encouraged to obtain specialized professional certifications in the Sharia field and to attend international Islamic banking conferences to stay updated on global developments.

Islamic Professional Certifications Awarded to a Segment of Employees:

Certified Islamic Banker (CIB) – awarded by the General Council for Islamic Banks and Financial Institutions (CIBAFI) in Bahrain.

Islamic Banking Services Professional – awarded by the European Academy for Islamic Finance and Economics (EAIFE), UK.

Certified Specialist in Governance and Compliance – awarded by CIBAFI in Bahrain.

Supporting and Enhancing the Skills of Credit Facilities Employees in Management and Branches through Specialized Programs and Diplomas:

This has been achieved through participation in the Diploma in Lending to Small and Medium Enterprises (SMEs) in Palestinian financial institutions, organized by the European-Palestinian Credit Guarantee Program for SME financing employees in the Palestinian banking sector, in partnership with the Center for Continuing Education at Birzeit University. The diploma consisted of 150 training hours, and 19 financing employees from management and branches obtained the diploma. It enhances employees’ credit skills, increases efficiency and productivity, improves decision-making based on standards and indicators, and reduces credit risk.

In addition, employees have participated in several financial development programs. Training employees in financial and credit programs is considered a strategic investment that contributes to improving the bank’s financial performance.

Supporting and Preparing New Employees by Enhancing Their Knowledge and Practical Skills to Enable Their Integration into the Bank’s Operations:

This was done through enrolling them in the Comprehensive Banking Qualification Program for New Employees, which was conducted in two groups during 2024. The program aimed to provide them with a foundation of essential knowledge and skills to help develop their professional and cognitive levels. Furthermore, they were nominated to participate in training programs that meet their initial needs for the courses required to carry out their duties and responsibilities.

Investing in Targeted Training to Support the Implementation of New Projects and Systems According to the Proposed Plans, Through:

Keeping pace with sustainable banking practices: The bank has made significant progress and taken major steps in promoting and raising awareness of sustainability among employees and building teams that systematically incorporate sustainability into their operations. Specialized programs were implemented for employees of the Risk Management Department and the Procurement and Real Estate Department to support the application of sustainability within these departments, aligning with the bank’s vision of achieving sustainable banking development.

Specialized practical trainings were also conducted to support the implementation of the credit rating system (Moody’s) for assessing and classifying credit clients, and to adopt it within the bank’s operations. This facilitates the process of analyzing clients’ financial data and their creditworthiness, thereby contributing to better credit decision-making.

Investment was made in strengthening the functions of the Information Technology departments by assigning employees to receive specialized training and certifications in their respective fields. This is to keep pace with technological advancements and to ensure the successful implementation of new projects and systems in the bank, according to the proposed IT plans. The IT training focused on enhancing the professional and technical knowledge of employees, particularly in the field of cybersecurity.

Investment was also made in cooperative training with local community institutions by continuing participation in the Dual Studies Program with Al-Quds University. This program combines theoretical education at the university with practical training in institutions over a four-year period for students. The bank continued to accept new students and follow up on the training of currently enrolled students, totaling five students in 2024. In addition, the bank collaborated with university students through the practical training course required for graduation, hosting around 70 students from disciplines related to the bank’s operations.

During 2024, many internal and external programs and workshops were implemented, which contributed to achieving the key objectives of the annual training plan. The bank organized around 154 specialized programs and training courses covering all key topics and areas mentioned. These were attended by 1,440 male and female employees from various departments and branches of the bank, totaling 2,564 training hours, as follows:

Number of employees who obtained accredited professional certificates during 2024:

Type of Certificate	Number of Employees
Banking Diplomas and Professional Certificates	22
Specialized Islamic Professional Certificates	25

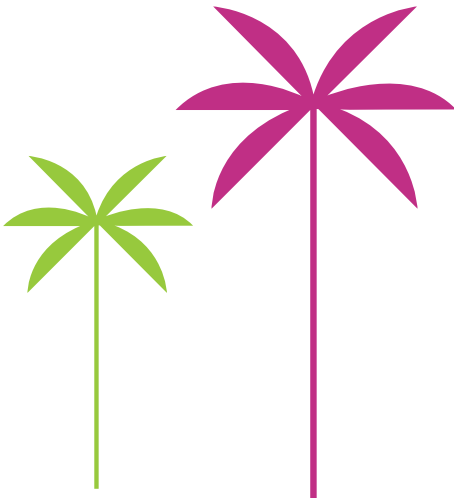
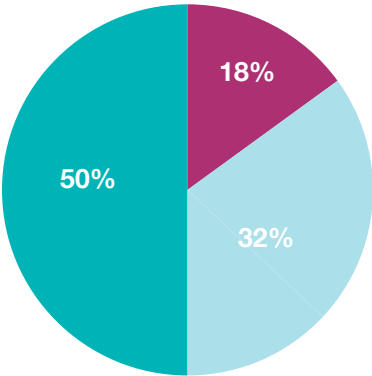
Table of program and course distribution by training areas.

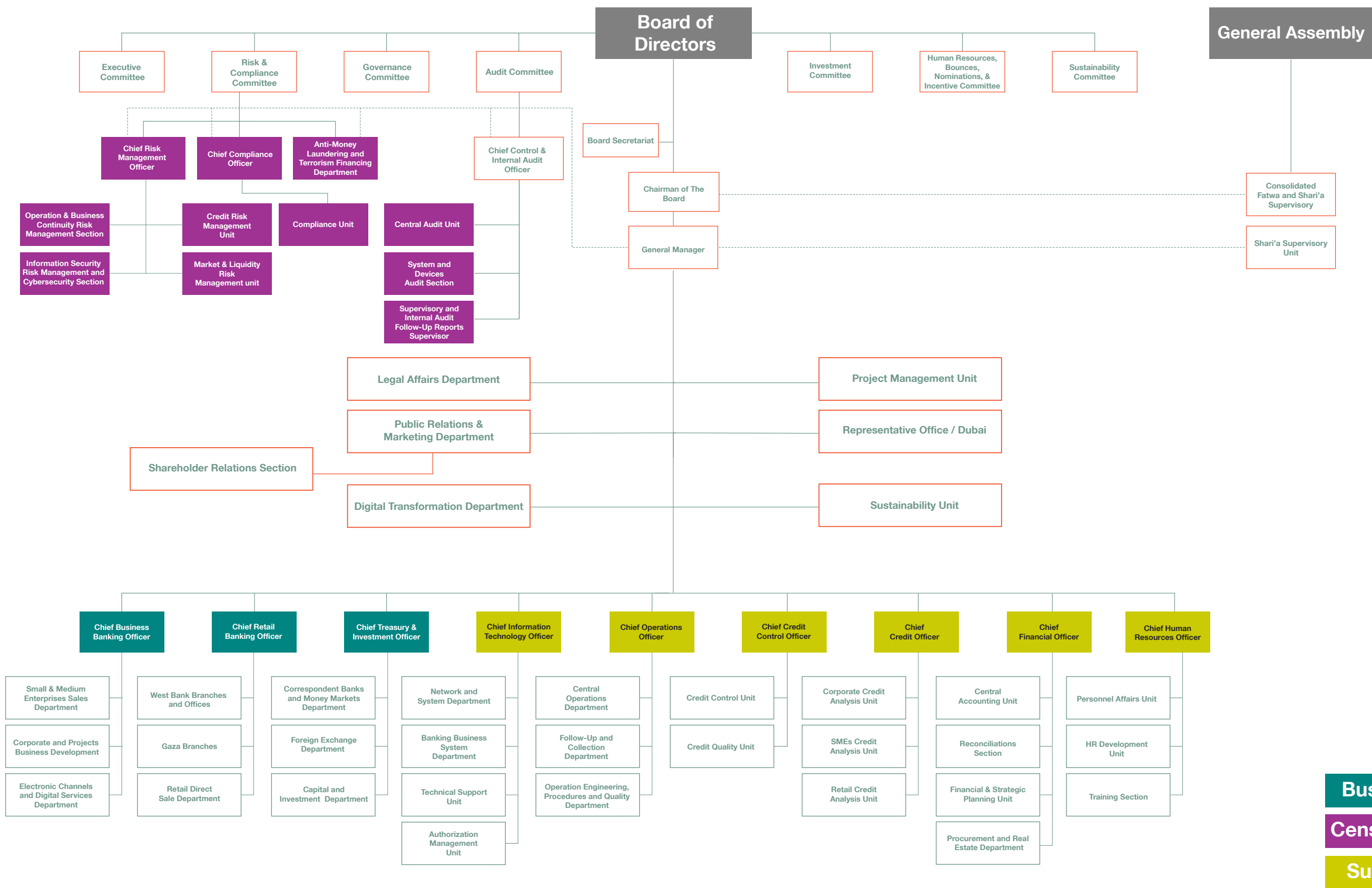
Training Field	Number of /courses workshops	Percentage of the total training	The number of employees/ trainees with repetition	Percentage of total workforce (722)
,Training and Development in Risk Management Compliance, and Anti-Money Laundering	35	22.73%	692	95.84%
Training and development in Islamic banking and Sharia supervision	9	5.85%	90	12.46%
Banking orientation programs for new employees	37	24.03%	60	8.31%
Training to support administrative, behavioral tasks and succession planning	23	14.9%	208	28.80%
Training on new systems and products, and enhancing banking sustainability	7	4.56%	88	12.18%
Training to support branch operations and ensure business continuity in line with PMA instructions	17	11.04%	217	30.05%
Performance development in the financial and credit fields	19	12.34%	70	9.69%
Training in the field of information technology	7	4.55%	15	2.07%
total	154	100%	1440	199.4%

Table of Program and Course Distribution by Training Areas:

Training Providers	Number of Training Events/Activities
Local Training (within Palestine)	77
Internal Training (within the bank)	49
International Training (Online, outside Palestine)	28
Total	154

- Local Training (within Palestine)
- Internal Training (within the bank)
- International Training + Online (outside Palestine)





Business

Censorship

Support

Governance and Administrative Structure

Bank Governance

The bank affirms its commitment to all policies, provisions, and rules of the corporate governance code in Palestine, ensuring justice, integrity, transparency, and disclosure of financial and non-financial matters in a way that makes the relationship between shareholders, the board of directors, and the executive management characterized by transparency and guarantees the fair pursuit of all interests. This enables shareholders to evaluate the bank's status and level of performance. In addition, accountability is considered in relationships between executive management and the board of directors, between the board of directors and shareholders, and between the board of directors and other relevant parties. The bank also considers the separation of responsibilities and delegation of authorities to all employees, based on the following principles:

1. General Assembly Meetings:

Ordinary and extraordinary general assembly meetings are held upon call from the Board of Directors. Shareholders are notified at least 14 days before the meeting. The announcement is made in local newspapers at least two weeks before the meeting. Shareholders listen to the external audit report and the report of the Sharia Supervision Board at the general assembly meeting. Any inquiries they may have been addressed during the meeting, and the items on the agenda are discussed in order. The ordinary general assembly meeting is held once a year, and the extraordinary general assembly meeting is held whenever necessary.

2. Equal shareholder rights:

The Board of Directors of the Arab Islamic Bank ensures that each shareholder of the bank enjoys all the rights granted to them under the applicable laws, regulations, and instructions, which include the right to access ownership records, the right to receive invitations to attend General Assembly meetings, the right to fair treatment of all shareholders and to enjoy the same rights, whether in the distribution of cash and in-kind profits or the right to transfer or mortgage shares, the right to vote and elect, and the right to priority subscription in any new shares.

3. The Company's Management:

The current Board of Directors of the Arab Islamic Bank consists of 11 members, and membership in the board of directors requires the elected member to own no less than 7,000 shares. The members of the board of directors have financial and economic expertise, and the board meets regularly and whenever necessary, with no less than six annual meetings. In addition, the bank's board of directors formed several permanent committees, including:

- The Executive Committee
- The Audit Committee
- The Risk and Compliance Committee
- The Governance Committee
- The Investment Committee
- The Human Resources, Nomination, Rewards and Incentives Committee
- The Sustainability Committee



The Executive Management is led by a General Manager who possesses competence, integrity, extensive banking and economic expertise. Prominent officials with the required qualifications and experience have also been appointed to the executive management. The general manager develops and monitors the implementation of the bank's strategic plans, as approved by the Board of Directors. There is also a clear separation between the responsibilities of the Board of Directors and those of the executive management with regard to the bank's day-to-day operations.

4. Risk Management:

Risk management is defined as the process of identifying, measuring, and evaluating the risks that the bank is exposed

to, and developing strategies to manage them. These strategies include methods for mitigating risks as follows:

1. Transfer risk
2. Avoid risk
3. Accept risk
4. Mitigate risk

The purpose of risk management:

- Preventing the occurrence of risk, and following the best methods that protect the bank from potential financial losses.
- Minimizing the impacts resulting from the risk if it occurs, to ensure the continuity of the bank's operations.
- Activating preventive and precautionary measures to reduce business disruption and providing a healthy and safe environment.
- Activating the monitoring and early warning system so that it is possible to predict the emergence of any risk and anticipate risks before they occur.
- Maintaining the strength and stability of the bank's capital, and complying with the capital adequacy ratios within the Basel regulations and the central bank's instructions.
- Protecting the bank from incidents that could affect its reputation and the trust of its clients.

The bank applies the latest international banking standards in managing all types of risks, whether they are financing risks, operations, market and liquidity risks, business and reputation continuity, information security, in order to achieve transparency and compliance with regulatory decisions and instructions of the Palestinian Monetary Authority, and in accordance with international standards derived from the Basel II and III Committee guidelines, and in coordination with the Palestinian Monetary Authority, to provide sufficient hedging for the bank's capital from risks that may arise from granting external financing and investments, and the bank's operational activities according to Pillar I of Basel II guidelines. An internal assessment is also prepared for the sufficiency of capital adequacy (ICAAP) according to Pillar II of the Basel II guidelines, while reinforcing existing regulatory measures to ensure sufficient hedging of the bank's capital adequacy for all risks that may arise from the bank's various activities and that have not been hedged within Pillar I of Basel II guidelines. These risks may arise from expansion and/or concentration and/or entry into new markets and/or legal issues and/or changes in strategic planning, in order to maintain asset quality and liquidity adequacy to meet emergent requirements. Stress testing is conducted and its results are reflected in the bank's financial data to determine its impact on the bank's profits and expected risk assets. This is done to ensure sufficient capital adequacy and in accordance with the guidelines and recommendations of the Basel II Committee. In addition, continuity tests are conducted from the alternate site and the alternate site is tested to ensure that the bank's operations continue under exceptional circumstances and that the bank's business practices are ready to maintain the continuity of providing the best banking services to its customers in emergency situations. Workshops are also held for all bank departments to identify and determine the level of risk for each unit and to limit and/or mitigate them based on best banking practices. Additionally, tools are used to assist in identifying and evaluating the level of credit risk arising from loans granted to bank customers and market risks arising from investments in local and global capital markets.

The bank aims to develop and strengthen its supervisory role in managing liquidity risks by improving its current methodology and procedures for monitoring and assessing the liquidity position and the size of the mismatch between assets and liabilities. This is based on international measurement standards to provide a comprehensive and integrated view of the bank's assets and liabilities management, aiming to preserve the bank's assets and enhance its ability to meet the needs of its customers, especially in unusual circumstances. This is achieved by enhancing the supervisory role of the Risk Management Department over the treasury and money markets' daily operations and activities.

Moreover, regulatory controls and procedures have been established, and a detailed plan has been prepared in collaboration with the relevant departments to manage the financial operations of the bank's clients in the Gaza Strip, ensuring that banking services are provided easily, efficiently, and effectively

Governance and Administrative Structure

Bank Governance

5. Anti-Money Laundering and Terrorism Financing

All external and internal policies and regulations related to combating money laundering and terrorism financing are implemented at the Arab Islamic Bank in coordination with all administrative levels. The bank closely follows developments in the field of anti-money laundering to protect itself from the risk of processing suspicious transactions that could lead to financial losses or negatively impact its relationships with other parties. This is achieved by raising general awareness and educating employees on the importance of anti-money laundering management through training courses and guidance bulletins, and by ensuring that departments comply with the Anti-Money Laundering Law and related instructions. The bank also applies the “Know Your Customer” (KYC) principle at all required levels and according to its various requirements.

Know Your Customer (KYC) Policy and Principle

The “Know Your Customer” policy is considered a key component of the bank’s anti-money laundering and terrorism financing policy. It includes understanding the customer’s activity, which is one of the most important methods for identifying suspicious activities and preventing any potential attempts by clients to misuse the bank and its products for illegal purposes. Therefore, it is essential to have procedures in place that provide the bank with a clear, accurate, and comprehensive understanding of its customers and their various activities.

The KYC policy must be applied in all branches and offices of the bank, both domestic and international, without exception for any category of clients.

Some of the main objectives of the KYC policy include:

- Differentiating between good clients and others, maintaining relationships with trusted clients, and working to strengthen those relationships.
- Refusing to deal with any client who does not provide sufficient data and information in accordance with KYC requirements.
- Adhering to international policies, standards, and best practices adopted by global banks and regulatory bodies.
- Protecting the bank from fraud and suspicious activities and avoiding financial penalties that may result from non-compliance with regulatory and legislative authorities

Banking Confidentiality:

In accordance with the provisions of the Code of Conduct and the Information Security Policy Manual for employees of the Arab Islamic Bank, members of the Board of Directors and all employees are committed to maintaining the strict confidentiality of all documents related to the bank’s clients. They are also obligated not to disclose any information or details regarding clients, their accounts, or their transactions to any party inside or outside Palestine unless ordered by a Palestinian court or with the client’s written consent.

6. Compliance Management:

In accordance with the provisions of the Code of Conduct and the Information Security Policy Manual for employees of the Arab Islamic Bank, members of the Board of Directors and all employees are committed to maintaining the strict confidentiality of all documents related to the bank’s clients. They are also obligated not to disclose any information or details regarding clients, their accounts, or their transactions to any party inside or outside Palestine unless ordered by a Palestinian court or with the client’s written consent.

The Compliance Department is responsible for verifying compliance with all instructions from the Palestine Monetary Authority to protect the bank from exposure to financial, legal, and reputational sanctions that may result from non-compliance with local and international laws and regulations. The Board of Directors ensures the independence of the Compliance Department and guarantees the availability of sufficient, trained, and qualified human resources. In addition, a documented compliance policy is provided by the Board of Directors in accordance with the Compliance Guide, covering all aspects of compliance to ensure compliance with applicable laws and regulations. To achieve the above, the Compliance Department is responsible for:

- Ensuring employees comply with the instructions of the Monetary Authority for all bank services and products.
- Providing advice to all departments and branches on compliance and the penalties resulting from violating the Monetary Authority instructions, which in turn promotes best practices.
- Addressing customer complaints by following up with relevant departments to reduce customer issues and reflect the bank’s vision positively.
- Collaborating with external and internal auditing authorities to verify the soundness of compliance procedures.
- Providing periodic reports to the Board of Directors on the extent of compliance in the bank.
- Contributing to increasing awareness among employees in the field of compliance by holding direct training courses and regularly publishing awareness messages.
- Conducting field visits to verify compliance with laws, policies, and procedures related to compliance.
- Verifying compliance with the US tax law FATCA.
- Continuously updating policies and procedures to ensure they are in line with the latest developments in instructions and regulatory circulars.
- Monitoring internal reports by bank employees about observed violations to maintain the internal environment and address the risks of fraud and deceit, while providing adequate protection for whistleblowing employees.

7. Auditing

There are two separate entities that conduct auditing in Arab Islamic Bank:

- External Audit, which is conducted by a licensed auditing firm that is accredited and possesses the necessary expertise and competence. It conducts its work impartially and independently from the bank, the board of directors, and the executive management.
- The Internal Audit Department, which reports directly to the Audit Committee established by the Board of Directors, is responsible for examining and evaluating the adequacy and effectiveness of the internal control system and the procedures used by all departments and divisions of the bank to perform their assigned tasks. The department prepares all internal audit reports and submits them to the aforementioned committee, which in turn directs these reports to the Board of Directors after attaching its own recommendations.

Given the importance of internal control and its role in supporting comprehensive banking supervision, both the bank’s Board of Directors and the Audit Committee believe that having an internal audit function that is highly professional and independent is essential to increasing operational efficiency of the bank’s processes and improving the performance of risk management, internal control, and corporate governance systems. The main objective of internal auditing is to examine and evaluate the adequacy and effectiveness of the internal control system and the mechanism by which tasks are assigned to all departments and divisions of the bank are achieved, ensuring that the executive management adheres to the approved plans, policies, and objectives of the bank set by the Board of Directors, as well as the extent of compliance with current instructions and laws, ensuring the bank’s good performance, development, and stability. The internal auditing activity has been directed towards the highest levels of risk exposure of the bank (auditing operations are based on risk) and towards increasing efficiency and effectiveness in operations.

To fulfill the main objective of internal audit, the Internal Audit Department examines and evaluates the following aspects of the bank's operations:

- The Bank's commitment to regulatory and legal requirements, including instructions, resolutions, and guidelines issued by the Monetary Authority and other enforce legislations, despite the evaluation of this aspect by the compliance officer.
- The executive management's commitment to the bank's general policies, internal supervisory controls, risk controls, and work procedure guides, including all departments and branches of the bank.
- The extent to which the bank's organizational structure is consistent with the needs and operations of the bank; the extent to which the job description is compatible with the organizational structure; and the commitment to tasks and responsibilities
- Continuity, credibility, and accuracy of information systems, as well as the credibility and punctuality of financial statements and administrative information.
- The effectiveness and efficiency of risk management procedures and risk assessment approach.
- Accuracy and credibility of accounting records and financial reports.
- Audit processes and evaluate internal controls for implementation, as well as their economic feasibility.
- The Bank's system for assessing capital adequacy in terms of connecting it to estimating the levels of risk it faces.
- Compliance with the Board of Directors codes of ethics and conduct.
- Review and verify the existence of the bank's asset protection means.

Adequacy of Internal Control and Oversight Systems:

The framework followed by the executive management to assess the effectiveness of internal control and oversight systems involves three independent departments that report directly to the Audit and Review Committee and the Governance and Compliance Committee, both of which are derived from the Board of Directors, as per the instructions of the Palestinian Monetary Authority and other regulatory bodies. These departments are responsible for implementing and evaluating internal control systems across various bank operations. They include the Risk Management Department, the Internal Audit Department, and the Compliance Monitoring Department. The Risk Management Department establishes control procedures to manage anticipated risks in various banking and non-banking operations, including credit, market, operational risks, and others. The Internal Audit Department examines the adherence of all bank departments and branches to the internal control systems, providing recommendations to address any gaps through periodic inspections. The Compliance Monitoring Department ensures the bank's compliance with the instructions of the Palestinian Monetary Authority and other external regulatory bodies concerning governance and transparency rules. It is noteworthy that the reports from these departments are directly submitted to the relevant committees, which, in turn, report to the Board of Directors. External auditors also examine the effectiveness of internal control and oversight systems periodically through their regular visits to the bank's departments and branches, submitting their reports and recommendations. Additionally, they prepare an annual report that coincides with the disclosure of financial statements, which assesses the control systems and the extent of the executive management's adherence to the bank's general policies, internal control regulations, risk controls, work procedures, and internal administrative regulations. This report is presented to the Audit Committee, which in turn submits it to the Board of Directors along with its recommendations, while also sending a copy to the bank's executive management.

It is important to note that the Arab Islamic Bank always strives to avoid any significant gaps or weaknesses in its internal control and oversight systems through regular monitoring and evaluation, as well as adjusting and developing these systems to ensure staying on the right path and keeping pace with changes and developments related to sound Islamic banking practices.

8. Disclosure and Transparency:

The Arab Islamic Bank complies with the disclosure requirements contained in the applicable laws, regulations, and instructions, including both daily disclosure of material matters and periodic disclosure of financial statements and the content of the annual report, ensuring that the necessary information is accessible to Rapporteurs and external stakeholders such as shareholders, investors, and clients. Disclosure is accomplished through a variety of media and advertising platforms, the most important of which are the bank's website, local newspapers, the Palestine Exchange website, and other means to deliver the relevant information to stakeholders on time.

9. Other stakeholders:

The Arab Islamic Bank prioritizes the preservation of all shareholders in the bank, including shareholders, employees, clients, and all those with whom the bank has a relationship. It deals with each of them in accordance with laws, regulations, and instructions that guarantee the rights of each of them. It operates in accordance with the Bank's bylaws, Financial and Administrative System, and the relevant laws in force, such as the Labour Code, the Companies Law, and the contracts signed between the Bank and each of the concerned parties.

Other Disclosures:

Relevant parties' contracts and transactions:

There are no contracts, projects, or connections held by the bank with the Chairman of the Board of Directors, the Board members, the General Manager, or any bank employee or their relatives.

Shareholder Voting Matters

No matters were raised or referred for voting by any shareholders during the year 2024.



Potential Risks

The bank’s management anticipates the beginning of political and economic stability, particularly following the cessation of the war in the Gaza Strip. Therefore, no material risks are expected in the upcoming fiscal year that could significantly impact the bank.

Subsidiaries and Affiliates

The bank has no subsidiaries or affiliated companies.

External Auditors

Ernst & Young was appointed as the external auditor for the bank’s accounts for the year 2024.

Differences Between Preliminary and Final Disclosed Financials

There are no differences between the previously disclosed preliminary financial statements and the final financial statements.

Non-Recurring Transactions

There were no financial effects from non-recurring transactions during the fiscal year, and no such activities occurred outside the bank’s core operations.

International Quality Standards

The bank adheres to Basel II guidelines and best practices in corporate governance, in addition to all regulations issued by the Palestine Monetary Authority to comprehensively manage risk.

Privileges

The bank and its products are not granted any governmental protections or privileges under laws, regulations, or otherwise. Additionally, the bank holds no patents or exclusive rights.

Legal Proceedings

As of December 31, 2024, there were 32 legal cases filed against the bank, compared to 29 cases as of December 31, 2023. These cases fall within the bank’s normal course of business. The total value of the claims filed against the bank was USD 1,973,824 in 2024 and USD 1,309,278 in 2023. According to the bank’s management and legal counsel, no liabilities are expected beyond the amount already provisioned for these cases, which totals USD 22,463.

Foreign Investments

As of December 31, 2024, the bank’s foreign investments in Sukuk, Islamic bank placements, funds, certificates of deposit, banking syndicates, and equities—both locally and internationally, amounted to USD 132,479,707, compared to USD 143,616,668 as of December 31, 2023.

Capital Investment

The bank’s net capital investment amounted to USD 2,870,648 at the end of December 2024, compared to USD 5,815,240 at the end of December 2023.

Material Decisions

No decisions were issued by executive, judicial, legislative, international, or occupying authorities—or any other entities—that had a material impact on the bank’s operations, products, competitiveness, or ability to continue as a going concern.

Reliance on Key Suppliers and Clients

The Arab Islamic Bank works with multiple local and international suppliers to meet its various procurement needs. Three companies each accounted for approximately 10% or more of the bank’s total purchases:

- Palestine Office Technology Company (OFTIC): 13.74% of total purchases.
- Palestine Distribution and Logistics Services Company (WASSEL): 10% of total purchases.

Board of Directors’ Role and Responsibilities:

1. Setting objectives, developing policies and strategies, monitoring the bank’s developments, overall performance, and the various activities and operational plans of the executive management.
2. Assessing key risks and the management’s steps to monitor and control these risks.
3. Determining and developing the risk appetite framework and its level of tolerance in the bank, ensuring the existence of a risk culture.
4. Supervising the integrity of the financial statements to ensure compliance with legal and regulatory requirements, as well as ensuring the quality of performance and independence of the external and internal auditors.
5. Reviewing and approving major transactions, investment and financing decisions of the bank, capital allocations, capital expenditures, and others.
6. Enhancing the principles of effective governance and sound practices for granting financial rewards, and ensuring that reward and incentive policies are reviewed annually through the relevant sub-committees.
7. Establishing performance evaluation standards for senior management that align with the bank’s long-term goals and the strategy for maintaining the soundness of its financial position, and monitoring senior management’s performance in applying these standards.
8. Transparently disclosing its governance to shareholders, depositors, and other related parties, and clarifying the extent to which the bank applies governance principles.
9. Conducting an annual self-assessment of the overall performance of the Board and the effectiveness of its members, as well as the performance of all sub-committees, in order to identify ways to enhance overall effectiveness, and informing shareholders during general assembly meetings.
10. Preparing agendas for shareholder meetings in accordance with applicable laws and regulations, and providing them with all necessary or requested information to enable their effective participation in the general assembly meetings. Additionally, disclosing all essential facts regarding matters to be voted on prior to the voting process.



Governance and Administrative Structuring
Board of Directors’ Committees

Meetings of the Board of Directors and its committees

In 2024, the AIB’s Board of Directors and its committees held periodic meetings to discuss, examine, and approve all matters relating to the bank’s status, each in its own concern. The number of meetings is shown below, noting that all meetings of the Board of Directors reached a full quorum. Furthermore, the Board of Directors, its committees, members, and senior managers have been evaluated; the Board constantly follows up on the results of the evaluation; and there are no disputes between the Board of Directors and the Audit Committee.

Entity	Number of Meetings in 2024
Board of Directors	8
Risk and Compliance Committee	8
Investment Committee	4
Revision and Audit Committee	8
Executive Committee	18
Human Resources, Nomination, Bonuses and Incentives Committee	7
Governance Committee	5
Sustainability Committee	5

Board of Directors Meeting Attendance Record

Name	Number of attendances of (8) meetings	Attendance percentage of (8) meetings
Mr. Rushdi Mahmoud Al-Ghalayini	8	%100
Dr. Mohamed Mahmoud Nasr	8	%100
Mr. Mohammad Awni Abu Ramadan	8	%100
Mr. Shady Adnan Al-Khatib	8	%100
Mr. Sam Sami Bahour	8	%100
Dr. Safaa Naser Al-Din	8	%100
Ms. Samar Nakhleh	8	%100
Mr. Saeb Ibrahim Samour	8	%100
Mr. Saqer Mahmoud Jandia	8	%100
Mr. Wael Abdel Latif Al-Sourani	8	%100
Mr. Abdallah Qais Al-Ghanim	6	%75
Mr. Shadi Adnan Al-Khatib	6	%75
Mr. Fawaz Mahmoud Al-Najjar	1	%0.125

Mr. Shadi Al-Khatib: Resigned from representing Aswaq Investment Portfolios Company effective from 14/11/2024.

Mr. Fawaz Al-Najjar: Representative of Aswaq Investment Portfolios Company effective from 14/11/2024.

The Executive Committee – a permanent committee

Members & Rapporteurs:

- Mr. Rushdi Al-Ghalayini – Board’s Chairman / Committee Chairman
- Mr. Wael Al-Sourani – Board’s Member/ Member
- Mr. Fawwaz Al-Najjar – Board’s Member/ Member
- Mr. Abdallah Al-Ghanem - Board’s Member/ Member
- Mr. Hatem Suboh- Chief of Finance Control Officer/ Committee Secretary

The Committee’s Tasks and Authorities

- Approving all financing transactions, whether granting, amendment, or cancellation of more than \$20 million of the Internal Financing Committee’s authority and recommending it to the Board of Directors for further approval.
- Recommending for the Board to approve the bank’s credit policy, the conditions for granting facilities, guarantees, credit ceilings, and the limits of the Financing Committee’s powers in the headquarter.
- Determining the profit rates for the structured financing programs when approved provided to be reviewed twice during the year.
- Deciding on bad debts
- Cancelling the indebtedness based on the recommendation of the Financing committee and Promotion of the Board of Directors and within the committee’s ceiling.
- Approving the rescheduling or restructuring of funds approved by the Financing Committee within the Committee’s powers.
- The committee is presented with financing requests that exceed the authority of the finance committee in the general management.
- Continuous review of all reports, data, and studies that enable the committee to perform its work professionally and efficiently.
- Informing the Board of Directors fully and periodically about the status of the bank’s credit portfolio, including its size, emerging developments, classified facilities, provisions made to address any losses, and follow-up and collection efforts.
- Reporting any major changes in the bank’s credit portfolio to the Board of Directors immediately.
- Recommending the adoption of the bank’s credit policy, the conditions for granting facilities and guarantees, credit ceilings, and the limits of the Financing Committee’s powers in the General Management, in accordance with the laws and instructions of the supervisory authority, as well as the Risk Management Department’s decisions and recommendations and banking standards, and presenting them to the Board of Directors for approval. The committee is also in charge of examining credit policies on a regular basis and revising them in response to changes in the economic, political, and banking environments, as well as changes in the bank’s position.
- Approving the executive management’s marketing strategy in order to grant credit facilities in all forms.
- Verifying that the bank’s executive management compliance to the credit policies and powers appointed by the Board of Directors.
- Examining requests for grant and/or renewal of funds submitted by the Financing Committee in the Executive Management and making suitable decisions in line with the powers and ceilings entrusted to the committee and the instructions of the supervisory authorities.
- Reviewing the condition of existing bad debts, developing the appropriate strategies to reduce them and verifying the adequacy of allocations against them in compliance with supervisory authorities’ instructions, as well as submitting recommendations related to the execution of these debts
- Exoneration from its responsibilities: The committee is exonerated from its responsibilities during the General Assembly’s Meeting every year.

The Review and Audit Committee – a permanent committee

Members & Rapporteurs:

- Mr. Saeb Samour - Board’s member/ Committee’s Chairman
- Mr. Saqer Jundia- Board’s member/ member
- Mr. Mohammad Abu Ramadan - Board’s member/ member
- Ms. Samar Nakhleh - Board’s member/ member
- Mr. Ibrahim Abu Abdo- Chief of Internal Audit Officer/ Committee Secretary

The Committee’s Tasks and Authorities

- Reviewing the interim and annual financial statements of the bank and discussing them with the management and the external auditor, as well as provisions and estimates related to the financial statements.
- Supervising the bank’s compliance with legal and regulatory requirements.
- Reviewing the bank’s financial and internal control systems.
- Coordinating with the Risk Management Committee to ensure the bank’s financial position and performance.
- The Committee regularly submits reports on its work to the Board.
- Nominating the external auditor, determining his fees, and dismissing him, provided that the Board and the General Assembly approve this.
- Evaluating the independence of the external auditor at least once a year.
- Reviewing the accounting and financial practices of the bank.
- Reviewing the scope and results of the audit and discussing them with the external auditor, as well as clarifying any difficulties encountered and any obstacles that prevented him from obtaining the required information or documents, or any disagreements or difficulties with the management.
- Reviewing the minutes of the Shari’a Supervisory board and making the necessary recommendations
- Direct supervision of the internal audit and control department, taking the necessary measures to ensure the continuity of the internal audit function in a manner consistent with the nature and size of the activity.
- Directly contacting the internal and external auditors and the bank’s advisors.
- Contacting any employee of the bank.
- Carrying out any investigations or inspections as it deems appropriate to perform its duties.
- Obtaining any specialized advice that may be required
- Requesting and receiving reports on the reappointment and fees of the external auditors and submitting the results of their work to the annual general meeting of shareholders, provided that the committee chairman shall attend to answer the shareholders’ questions.
- Exoneration from its responsibilities: The committee is exonerated from its responsibilities during the General Assembly’s Meeting every year.

The Risk Management and Compliance Committee – a Permanent Committee

- Mr. Sam Bahour - Board’s member/ Committee’s Chairman
- Dr. Mohammed Nasr -Board’s member/ member
- Mr. Saeb Samour - Board’s -Board’s member/ member
- Mr. Saqer Jundia -Board’s member/ member
- Dr. Safaa Naser El Din -Board’s member/ member
- Mr. Saed Miqdadi – Chief Risk Officer / Committee Secretary

The Committee’s Tasks and Authorities

- Determining the risks associated with the bank’s business and developing a comprehensive current and future strategy with regard to the degree of risk tolerance and limiting it, and supervising the implementation of that strategy by the senior executive management.
- Exchange formal and informal communication between the committee and the Risk Management Department in order to enhance the effectiveness of the Committee.
- Providing the Board with periodic reports on the risks that the bank faces or may be exposed to, the bank must inform the Board of any fundamental changes that occur in the bank’s position without delay.
- Verifying the presence of an acceptable risk management environment in the bank, including an examination of the bank’s organizational structure and the presence of a competent cadre working independently to manage the bank’s risks in accordance with a defined risk management system.
- Developing risk management policies in the bank.
- Verifying the executive management’s compliance to risk management policies, as well as their performance in meeting established goals and objectives.
- Verifying the bank’s commitment to the legislative system in terms of laws, instructions, regulations, rules of conduct, and standards of sound professional practices that govern the work of the banking system and the performance of banks in Palestine; and following up on the executive management’s commitment, particularly the PMA’s and other Palestinian Authority requirements and instructions.
- Reviewing and approving the policies, procedures, work programs, and annual plans of the Compliance Department; performing annual updates and reviews; and presenting the department’s policies after approval by the committee to the Board of Directors for approval.
- Submitting reports to the board on the bank’s level of compliance and the compliance monitoring activity in the bank.
- Supervising the compliance department in the bank to ensure obtaining periodic reports on the level of compliance in the bank and any violations of compliance requirements.
- Verifying the bank’s commitment to the legislative system related to laws, regulations, instructions, rules of conduct, and standards of sound professional practices regarding anti-money laundering and terrorism financing, especially Decree Law No. 20 of 2015 and its amendments and instructions issued thereunder.
- Supervising the executive management’s commitment to the requirements of the Monetary Authority and other regulatory authorities in Palestine, as well as the approved bank work procedures related to anti-money laundering and terrorism financing, as well as finding appropriate ways to comply with the requirements of anti-money laundering and terrorism financing laws and instructions.
- Reviewing anti-money laundering and terrorism funding reports, as well as other communications sent to executive management.
- Submitting to the Board reports on the bank’s anti-money laundering and terrorism financing efforts, as well as the level and degree of the bank’s risk exposure in this regard.

The Governance Committee - a Permanent Committee

Members & Rapporteurs:

- Dr. Safaa Naser El Din - Board's member/ Committee's Chairman
- Mr. Sam Bahour -Board's member/ member
- Mr. Mohammad Ramadan - Board's member/ member
- Mr. Saqer Jundia - Board's member/ member
- Ms. Samar Nakhleh - Board's member/ member
- Mr. Mohammad Hanini- Chairman of Shari'a Supervisory Board
- Ms. Fayrouz Thabaleh - Chief Compliance Officer/ Committee Secretary

The Committee's Tasks and Authorities

- Supervising the governance policy framework's execution, collaborating with management, the Audit Committee, and the Shari'a Supervisory Board.
- Providing the Board with reports and recommendations results and outcomes of its duties, including assessing the extent of compliance with the Bank's governance guidelines and proposing amendments to conform to best practices.
- It is understood that the tasks and responsibilities of the Committee are not limited to those mentioned in this charter. The Committee may exercise additional functions or responsibilities and duties, and adopt additional policies and procedures in accordance with the rules of corporate governance and banks, and according to the changing work circumstances, legislative, regulatory, and legal conditions, or based on a mandate from the Board of Directors and in line with the goals, purposes, and requirements of institutional governance.



The Investment Committee – a Permanent Committee

Members & Rapporteurs:

- Mr. Abdallah Al-Ghanem – Board's Member/ Committee Chairman
- Mr. Fawwaz Al-Najjar - Board's Member / Member
- Mr. Wael Al Sourani- Board's Member / Member
- Mr. Rushdi Al-Ghalayini - Board's chairman / member
- Mr. Suleiman Arar - Capital Markets and Correspondents Banking Department Manager/ Committee Secretary

The Duties of the Committee:

- Assisting the Board of Directors in investing the bank's assets by developing investment strategies and procedures (subject to Board approval) and following up on implementation, as well as evaluating investment portfolios and submitting reports and recommendations to the Board of Directors in this regard.
- Assisting the board of directors in carrying out its duties of reviewing investment policies and standards, examining investment opportunities and their compatibility with the bank's strategy, following up on and evaluating the bank's existing or upcoming investments, submitting recommendations in this regard, and supervising the management's use of them in the business.
- Assisting the Board in developing investment guidelines and supervising investment activities that have been approved by the Board.
- Monitoring investment results regularly and ensuring compliance with the bank's investment objectives and guidelines.
- Preparing periodic reports on overall investment results to assist in the implementation of the bank's investment operations
- Reviewing all reports and studies on the status of foreign investments, the bank's current investments, the conditions of the local and international financial markets, and all data that allows the committee to perform its duties efficiently and professionally.
- Keeping the board of directors regularly informed of the status of the investment portfolio of the bank and promptly informing it of any significant changes that may occur in the status of these investments.
- Developing the bank's investment policy; reviewing and updating it on a regular basis; ensuring compliance with applicable laws, instructions, and banking standards; and submitting it to the Board of Directors for approval, provided that the policy clearly defines the mechanism for making investment decisions, as well as the limits of powers and the various positions in accordance with risk management resolutions and ceilings.
- Approving investments and holding various securities in accordance with the committee's authority, as well as submitting recommendations to the board of directors on investment decisions that exceed the committee's power.
- Verifying the Management's commitment to implementing investment resolutions in accordance with the committee's ceilings and powers.

The Powers of the Committee:

- The Investment Committee shall have the following powers, taking into account any special provisions that may be mentioned in this regard:
- Purchasing and selling listed and unlisted companies' shares on the stock exchange on the Treasury and Financial Markets Department's recommendation
- Collaborating and underwriting new companies
- Contributing to mutual funds on the Treasury and Financial Markets Department's recommendation.
- Underwriting in certificates of deposit and/or sukuk on the recommendation of the Treasury and Financial Markets Department.
- Approving deposit certificates and sukuk that are compatible with Islamic Sharia provisions, which the bank prepares and manages, and commits to covering them completely or making best efforts on the recommendation of the Treasury

and Financial Markets Department.

- Approving the bank’s various capital market operations, including mergers and acquisitions, as well as obtaining licenses to practice financial services and professions approved by the Capital Market Authority and custodian services in accordance with the Board of Directors’ strategies and directions.
- Identifying certified financial brokers for securities trading on the stock exchange by the Treasury and Capital Markets Department.
- Approving the ceiling of open currency positions allowed to be kept under the management of the Treasury and Financial Markets Department upon the recommendation of the Treasury and Capital Markets Department
- Approving the ceilings for dealing with banks and financial and banking institutions based on the recommendations of the Treasury and Capital Markets Department and/or the relevant sub-committees
- Direct communication with the General Manager, his deputies, and his assistants regarding the scope of their work.
- Requesting and reviewing the necessary relevant reports, data, and information.
- Exchanging reports and information with other committees formed by the Board of Directors.
- Hiring consultants and experts based on the needs of the committee and in accordance with the Bank’s policies.
- Exercising all other powers stipulated other than those mentioned above, in accordance with its own provisions wherever they are mentioned in these instructions, and/or any powers and resolutions within the committee’s jurisdiction and/or consistent with the purpose of establishing the committee.

The Human Resources, Nomination, Bonuses and Incentives– a Permanent Committee

Members & Rapporteurs:

- Dr. Mohammed Nasr – Board’s Vice Chairman/ Committee Chairman
- Mr. Abdallah Al-Ghanem – Board’s member/ member
- Mr. Saeb Samour – Board’s member/ member
- Mr. Sam Bahour- Board’s member/ member
- Mr. Rateb Atyani – Chief Human Resources & Training Officer / Committee secretary.

Tasks & Responsibilities

The committee’s role is to assist the board of directors in fulfilling its responsibilities, which include nominating board members, reviewing and following up on bonuses and incentive policies for managers and employees, succession planning for employees and managers, and reviewing the bank’s human resources strategy and policies. The committee is responsible for the following tasks in order to fulfill this role:

A. Nomination:

1. Preparing standards for board members that comply with the PMA’s governance regulations
2. Examining committee formation proposals submitted by the chairman of the board and making recommendations to the board.
3. Evaluating the performance of the board and the performance of all committees and all members at least once a year.

B. Bonuses and Incentives:

1. Examining the Board’s bonuses system and recommending to the Board of Directors any amendments, as well as the amounts distributed to members of the Board, including annual bonuses, membership allowance, chairing the Board and committees, and any other bonuses and Concessions
2. Reviewing the bank’s employee programs and policies to verify that they are designed to attract, motivate, and pre-

serve managers and employees with the necessary skills and experience to implement the bank’s strategy, objectives, and programs, and recommending to the board any amendments suggested by the committee in this regard.

3. Evaluating the General Manager’s performance and recommending to the Board the size of his annual bonuses in light of meeting the annual plan’s objectives, taking into account the bonuses of executive directors in banks and similar institutions, previous years’ bonuses, and other financial results of the Bank In addition, reviewing the performance evaluation of the deputy general manager and his assistants and recommending to the Board the value of their annual bonuses based on the General Manager’s recommendation and achieving the bank’s objectives.

C. Human Resources:

1. Reviewing the Bank’s main human resources policies and recommending it to the Board to adopt them and any amendments thereto, to ensure that they are fair, competitive, and consistent with the Bank’s long-term vision, objectives, and interests, and compatible with modern best practices in HR management.
2. Reviewing the systems, instructions, and procedures related to human resources, bonuses, and incentives, including evaluation forms, appointment and promotion procedures, salary and incentive’s structure, key performance indicators (KPIs), career path plan, and any amendments thereto, etc.,
3. Reviewing the bank’s HR plan, development and training programs, and developing the skills of managers and employees.
4. Reviewing the bank’s succession management plans and programs and submitting suggestions and recommendations to the Board of Directors
5. Reviewing any issues concerning human resources, bonuses, and incentives and submitting recommendations to the Board of Directors, so that the Board is able to take appropriate resolutions at the appropriate time.
6. Observing and reviewing the human resources section of the annual report prepared by the Human Resources Department, and recommending it for approval by the Board of Directors before it is included in the report.
7. Ensuring the executive management complies with the instructions of the Monetary Authority and the board of directors regarding the scope of the committee’s work.
8. Carrying out any other duties assigned to it by the Board.

The Committee’s Powers

The committee derives its powers from the bank’s internal regulations, best practices for banking governance in Palestine, instructions issued by the Monetary Authority, as well as labor laws, relevant regulations, and legislation. The committee shall have the necessary resources and powers to perform its duties and responsibilities.

- Communicating directly with the General Manager or the Deputy and assistants in order to inquire about any of the issues related to the decisions of the Committee.
- Requesting any reports, data, or information that the committee requires from any official or employee of the bank within its jurisdiction and reviewing them.
- Recruiting independent consultants and experts as needed by the committee to provide necessary advice and/or assist the committee in carrying out its tasks in accordance with the bank’s policies and procedures.

The Sustainability Committee

Members & Rapporteurs:

Samar Sawalhi – Board’s Member/ Committee Chairman

Dr. Mohammed Nasr – Board’s Vice Chairman/ Committee Member

Dr. Safaa Nasir El Din- Board’s Member/ Committee Member

Khadija Alshareef – Sustainability Unit/ Committee Secretary

Tasks & Responsibilities:

- Recommending to the Board the approval of the sustainability charter, its framework, policies, procedures, strategic priorities, and objectives to guide the correct implementation of sustainability in all stages and jobs of the Bank.
- Assisting in the formulation of a comprehensive strategy for sustainability and the promotion of environmental protection and responsibility for the Bank.
- Supporting and directing the Sustainability Unit, and ensuring the achievement of its tasks at the bank level.
- Discussing and approving the sustainability plan and the necessary budgets for its approval.
- Discussing the sustainability reports prepared by the concerned unit in the bank
- Supervising the bank’s disclosure reports on the bank’s annual report concerning sustainability, reviewing them before approving and publishing them in appropriate ways.
- Reviewing and evaluating the sustainability objectives and priorities and the extent to which they are reflected in all aspects of the bank’s business and governance.
- Ensuring that the bank’s banking products are compatible with the needs of clients, protecting the environment, and financing projects that support the community.
- Encouraging and supervising women participation in different positions at the bank

Powers:

- Inviting bank officials, executive directors, employees, and strategy consultants to attend meetings as observers in order to question them and discuss the explanations and clarifications.
- Using the services of consultants, experts, and outside consultants in accordance with the bank’s policy
- Directing communication with the General Manager, his deputies, and assistants regarding the scope of his work.
- Requesting and reviewing the necessary related reports, data, and information.
- Exchanging reports and information with other Board-created committees.



Concessions and Bonuses

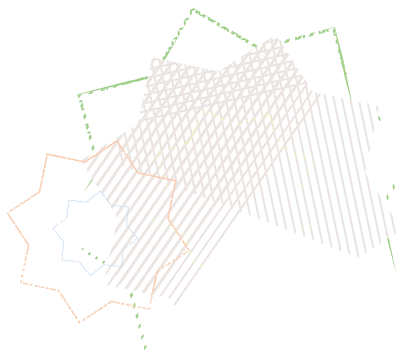
The Concessions and rewards enjoyed by the chairman and members of the board of directors.

The Chairman’s and Board of Directors’ Concessions and Bonuses were granted in accordance with the Board of Directors’ bonuses system, which was approved in Board of Directors meeting No. 06/2023 on 05/10/2023.

- The total travel expenses of the Board of Directors’ members for attending board meetings and its sub-committees amounted to \$391,680.

The bonuses and expenses of the Board’s members during 2024:

Name	Board of Directors' remuneration
Mr. Rushdi Mahmud Rashid Alghalaini	20,706
Dr. Mohamad Mahmoud Mohamad Naser	20,706
Mr. Mohamed Awni Abu Ramadan	20,706
Mr. Shady Adnan Ahmad Al-Khatib	15,529
Mr. Sam Bahur	20,706
Dr. Safaa Nasir El Din	20,706
Ms. Samar Nakhleh	20,706
Mr. Saqer Jandia	20,706
Mr. Abdallah Al-Ghanem	15,529
Mr. Wael Al Sourani	20,706
Mr. Saeb Samour	20,706
Mr. Fawwaz Mohammad Al-Najjar	2,588
Total	\$ 220,000



The Policy for Determining the Allowance for Attending Board Meetings:

It is the amended Board of Directors bonuses system, which was adopted at the Board of Directors meeting No. 06/2023 on 05/10/2023.

First: Transportation allowance for the Board’s members and its committees:

. A transportation allowance is provided for the chairman and members of the board of directors and its affiliated committees as follows:

- The chairman is granted a monthly transportation allowance of \$2,850 for attending regular meetings, with a deduction equal to the percentage of meetings missed compared to the total number of meetings in that month.
- Members: Each board member receives a monthly transportation allowance of \$1,550 for attending regular meetings, with a deduction equal to the percentage of meetings missed compared to the total number of meetings in that month.

B. For committees affiliated with the board:

- Executive Committee: Each member of the Executive Committee receives a monthly transportation allowance of \$1,000 for attending regular meetings held by the committee, with a deduction equal to the percentage of meetings missed compared to the total number of meetings in that month.
- Other committees: Each member of other committees receives \$500 for attending each session of the regular meetings held by the committee they are a member of.

The maximum number of paid sessions for board committees is eight sessions per year.

Representation of a board member on committees affiliated with the board is limited to a maximum of three committees.

Second: The annual bonuses “of the profits”:

- The Chairman and members of the Board of Directors shall be paid 3% of the profits prepared for distribution to shareholders, with a minimum of \$20,000 for each member, provided the approval of the Palestinian Monetary Authority and the final general assembly is obtained.
- A percentage of the annual bonus for the chairman or board member is deducted equal to the percentage of meetings missed by the chairman or member compared to the total number of regular meetings in that year.
- At the end of the fiscal year, the Human Resources Committee calculates the total annual bonus and the entitled bonus for each member of the board, and submits it to the board for approval.

Third: Travel Expenses and Daily Allowances:

A full passenger car or a first-class seat is used if traveling by plane, train, or ship.

The chairman and members of the Board of Directors are paid for first-class travel tickets, hotel bills, and a daily allowance of \$500 for all countries except Europe, where the amount becomes 500 euros per day, and £500 for Britain. Departure tax, fees, and actual transportation to and from the airport, as well as the expenses of crossing bridges and borders, are also paid. They are calculated as part of the daily allowance on the day of departure and return.

The above applies to members residing outside Palestine when performing official duties within Palestine.

Fourth: In-kind benefits and other facilities:

- The chairman and members of the board of directors enjoy the same other benefits as those enjoyed by the senior executive management at the bank, including but not limited to, health insurance for themselves and their families, preferential interest rates and exchange rates on credit cards, executive airport services, and others.

Fifth: Payment Dates:

- Transportation allowances are disbursed before the end of the last working day of the month, while the annual bonus is disbursed after its approval by the General Assembly of Shareholders.

Sixth: Income Tax

- The aforementioned bonuses and transportation allowances

Agenda of the Ordinary General Assembly Meeting

- 1. Reading the minutes of the session held on 07/05/2024.
- 2. Reading and discussing the Board of Directors’ report on the Bank’s activities during the year 2024 and its future plans, and approving it.
- 3. Hearing the Sharia Supervisory Board’s report for the year 2024 on the Bank’s financial statements and final accounts.
- 4. Hearing the external auditors’ report for the year 2024 on the Bank’s financial statements and final accounts.
- 5. Discussing and approving the financial statements for the fiscal year 2024.
- 6. Approving the payment of an amount of \$220,000 (two hundred and twenty thousand US dollars) as a bonus to the members of the Board of Directors for the year 2024.
- 7. Discharging the members of the Board of Directors from liability for the year ending on 31/12/2024, in accordance with the law.
- 8. Electing a new Board of Directors.
- 9. Electing the Bank’s auditors for the year 2025 and authorizing the Board of Directors to determine their fees.

Voting by a Category of Securities:

Voting was carried out by shareholders during the Ordinary General Assembly meeting of 2023 held on 07/05/2024, in which they approved the financial statements and discharged the members of the Board of Directors for the fiscal year ending on December 31, 2023.

The General Assembly unanimously approved the disbursement of an amount of \$220,000 (two hundred and twenty thousand US dollars) based on the Bank’s 2023 annual performance, as stated in the annual report.

The reformation of the Sharia Supervisory Board was approved, appointing Dr. Mohammad Wajeeh Hanini as Chairman, and including Dr. Anas Zahir Al-Masri and Dr. Jamal Zaid Al-Kilani, in accordance with international Islamic Sharia stand-ards.

Ernst & Young was elected as the Bank’s auditor for the year 2024, and the General Assembly authorized the Board of Directors to determine their fees.

As for the Extraordinary General Assembly meeting held on 07/05/2024, the amendments to the Articles of Association and the internal regulations of the Arab Islamic Bank were unanimously approved. The Chairman of the Board and the Legal Advisor were authorized to complete the legal and official procedures with the relevant authorities to implement the resolutions approved by the Extraordinary General Assembly.

The meeting concluded, and voting on the resolutions took place without any objections from stakeholders.

Shareholder Relations Management

By the end of 2024, the Arab Islamic Bank had a total of 1,272 shareholders.

The authorized and paid-up capital of the Arab Islamic Bank, listed on the Palestine Exchange, amounted to \$101,119,252 as of 31/12/2024. The table below shows the investors who own 5% or more of the paid-up capital as of that date.

Name of Shareholder	Number of shares as of December 31, 2024	Percentage	Number of shares as of December 31, 2023	percentage
Bank of Palestine	52,644,920	%52.06	52,644,920	%52.06
.ASWAQ Investment Company	22,157,574	%21.91	22,157,574	%21.91
Palestine Investment Fund	9,598,203	%9.49	9,598,203	%9.49
Rozan Specialized Medical Center for Infertility Treatment and IVF	6,942,327	%6.86	6,942,327	%6.86

Control of the Company

Name of Shareholder	Number of shares as of December 31, 2024	% Percentage
Bank of Palestine	52,644,920	52.06%

Companies affiliated to the Palestine Investment Fund Company

Name of Shareholder	Number of shares as of December .31, 2024	% Percentage
.ASWAQ Investment Company	22,157,574	21.91%
Palestine Investment Fund	9,598,203	9.49%
Total	31,755,777	31.40%

Profits and losses with shareholders’ equity and securities prices:

Budget	Profit/ Loss after Tax	Distributing Bonus Shares	Distribution shares per- centage	Cash Distribu- tion	Shareholders' Net right at the end of the year	Share Closing Price at the end of the year
2016	6,220,821	-	0%	12.0%	75,209,854	1.6
2017	6,402,924	-	0%	0%	106,995,915	1.8
2018	7,103,320	9,919,252	13.0%	4.0%	109,394,827	1.6
2019	9,010,282	3,550,000	4.0%	4.7%	116,563,640	1.7
2020	8,014,336	3,250,000	3.7%	2.9%	120,243,730	1.6
2021	11,689,174	4,500,000	4.9%	4.36%	130,978,505	1.8
2022	13,078,366	4,900,000	5.09%	4.15%	139,283,537	1.78
2023	5,519,706	-	-	-	141,003,898	1.60
2024	1,121,736	-	-	-	142,893,969	1.09

Trading activity on the bank’s stock in the Palestine Stock Exchange

	2024	2023
Shares issued by the bank	101,119,252	101,119,252
Subscribed & Listed Shares	101,119,252	101,119,252
opening price \$	1.60	1.83
Maximum Price \$	1.68	2.00
Minimum Price \$	1.02	1.55
Closing Price \$	1.09	1.60
Share Trading Sessions	136	154
Number of shareholders	1272	1239
"Traded Shares value " USD	2,871,425	9,148,121
"Traded Shares Number " share	2,124,290	4,694,642
Executed transactions	713	482

Ownership of members of the Board of Directors and the executive management of securities

A. Ownership of the Board's Legal Members

Name of the Member	Position	Representative's Nationality	Number of shares as of December 31, 2024	Number of shares as of December 31, 2023
Palestine Investment Fund				
Represented by	Member	Palestinian	9,598,203	9,598,203
Dr. Mohammad Mahmoud Nasr				
Bank of Palestine- Represented by:				
Mr. Rushdi Mahmoud Ghalayini	4 Members	Palestinian	52,644,920	52,644,920
Mr. Saqer Mahmoud Suleiman Jundia				
Mr. Wael Abdel Latif Khalil Al Sourani.				
Mr. Abdullah Qais Thunayan Al-Ghanim				
ASWAQ Investment Company – represented by:				
Mr. Fawwaz Mohammad Al-Najjar	Two Members	Palestinian	22,157,574	22,157,574
Mr. Mohammad Awni Abu Ramadan				

B. Ownership of Board's members and Company's Representatives:

Name of the Member "representative"	Name of the member company	Position	Number of shares as of December 31, 2023	Number of shares as of December 31, 2024
Dr. Mohammad Mahmoud Nasr	Palestine Investment Fund	Board's Vice Chair-man	35,000	35,000
Mr. Sam Bahour	Independent	Member	14,152	14,952
Ms. Samar Zuhdi Nakhleh	Small shareholders	Member	11,905	11,905
Dr. Safaa Taha Nasir El Din	Independent	Member	8,332	8,332
Mr. Saeb Ibrahim Mohamed Samour	Independent	Member	7,736	7,736
Mr. Saqer Mahmoud Suleiman Jundia	Bank of Palestine	Member	2,627	2,627

C. Ownership of the Executive Management

Name of the Person	Position	Nationality	Number of shares as of December 31, 2024	Number of shares as of December 31, 2023
Mr. Hani Salah Naser	General Manager	Palestinian	50,000	0
Mr. Saed Miqdad Miqdadi	Chief Risk Officer & Board's Secretary	Palestinian	6,765	6,765
Mr. Rateb Abdullah Atyani	Chief Human Resources and Training Officer	Palestinian	16,175	16,175
Mr. Muawiah Fahed ALQawasmi	Chief Corporate Investment Banking Officer	Palestinian	25,790	15,817
Mr. Hassan Issam Sabri	Credit Management Director	Palestinian	2101	0

D. Ownership of relatives of board members and executive management (spouse and minor children only).

Name of the Person	Kinship degree to the Board & executive management	Nationality	Number of shares as of December 31, .2024	Number of shares as of December 31, .2023
Suzan Jamal Nasr	Wife of the Board's Vice Chairman	Palestinian	2,288	2,288
Zuhdi Khalil Sawalhi	Father of Board's member	Palestinian	30,501	30,501
Thabet Hassan Issam Sabri	Son of Credit Management Director	Palestinian	137	137

Funds ownership for bank employees:

Fund Name	Nationality	Number of shares as of December .31, 2024	Number of shares as of Decem-.ber 31, 2021
AIB Employees Provident Fund	Palestinian	256,996	220,496

There are no companies controlled by the executive management.

The form and mechanism of conveying information to the shareholders

1. Arab Islamic Bank website, Shareholder Relations (aib.ps),
2. The websites of the Palestine Stock Exchange (www.pex.ps) and the Palestine Capital Market Authority. All fundamental data is disclosed according to the disclosure system in force in Palestine.
3. Official correspondence is in the official mail, and sometimes e-mail and fax are used.
4. Local newspapers in Palestine.
5. Phone call with the Shareholders' Department 0097022941823 and by e-mail (linda@aib.com).
6. Through all branches and offices of the Arab Islamic Bank located inside Palestine.
7. Annual reports issued by the bank.

Shari’a Supervisory Board

The Arab Islamic Bank established the Shari’a Supervisory Board, which contains three members who hold a PhD in Islamic Sharia jurisprudence and have expertise working with Islamic financial organizations, as follows:

Dr. Mohammad Wajeeh Hanini
Chairman of the Shari’a Supervisory Board since 2024 until now

- PhD in Islamic Banks and Financial Markets from the Arab Academy for Banking and Financial Sciences, Jordan.
- Vice-Chairman of the Supreme Shari’a Supervisory Authority in the PMA since 2018 to 2020.
- Member of the Shari’a Supervisory Board at the AIB since 2020 until 2023.



Dr. Jamal Zaid Kilani
Member of the Shari’a Supervisory Board since 2024 until now

- Ph.D. in Comparative Islamic Jurisprudence – Contemporary Islamic Financial Transactions
- Chairman of the Sharia Supervisory Board at the Arab Islamic Bank (2018–2023)
- Member of the Sharia Supervisory Board at the Arab Islamic Bank (2013–2018)
- Member of the Higher Fatwa Council in Palestine (2012–Present)
- Dean of the Faculty of Sharia at An-Najah National University (2010–Present)



Dr. Anas Zaher Al-Masry
member and Rapporteur of the Shari’a Supervisory Board since 2018 until now.

- Ph.D. and Master’s degree in Islamic Economics and Banking from Yarmouk University – Jordan, with Excellent distinction
- tCertified Sharia Auditor and Supervisor by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)



The Work Mechanism of the Shari’a Supervisory Board

- The Shari’a Supervisory Board shall meet upon the chairman’s call, a resolution of the bank’s board of directors, or at the request of a majority of its members. The chairman of the Shari’a Supervisory Board has the authority to hold extraordinary meetings when necessary.
- The Shari’a Supervisory Board has completed and unconditional access to all records, transactions, and information, including bank personnel and consultants.
- Preparing periodic reports to be submitted to management and reports to shareholders.

Duties and Powers of the Shari’a Supervisory Board:

- Supervising the bank’s business and activities to ensure conformity with Islamic transaction jurisprudence, as well as reviewing operations to ensure they are free of any legal impediments.
- Establishing and expressing an opinion on the bank’s commitment to Islamic financial transaction jurisprudence; providing periodic Shari’a supervisory reports to the Board of Directors, as well as semi-annual and annual Shari’a supervisory reports to the general assembly; and publishing its report, provided that it contains any activities that violate Islamic Sharia.
- Preparing a guide for the legal procedures of work that includes the various operations of the bank, including the necessary rules to control dealing with traditional banks.
- Settling the Shari’a interpretation disputes that may arise between internal Shari’a control and the bank’s management, and its ruling is binding on both parties.
- Verifying the existence of a sound internal control system that ensures the application of Islamic financial transaction jurisprudence as approved by the bank’s Shari’a Supervisory Board, and carrying out the annual Shari’a supervision program, which includes monitoring all of the bank’s activities in accordance with a specific annual plan.
- Determining the disbursement aspects and authorizing the illicit gains Fund’s disbursement operations.
- Approving contracts, agreements, policies, products, transactions, and financial statements required for the Bank’s business and activities
- Examining and guiding the resident Shari’a Controller’s reports and comments on the performance of the executive management’s daily work and its compatibility with Shari’a requirements.
- Providing all bank employees with guidance, counseling, training, education and awareness about Shari’a provisions and relevant fatwas.
- Adopting a profit-distributing policy and charging losses to investment accounts
- Work on identifying Sharia-compliant alternatives for the systems, regulations, contracts, and applications presented, rather than merely approving or rejecting their compliance with the rulings of Islamic financial jurisprudence. The aim is to proactively offer suitable initiatives and proposals for new products to the bank’s executive management.

Shari’a Supervisory Boardt

A resident Shari’a Controller position has been established, with technical subordination to the Shari’a Supervisory Authority. It is prohibited to assign him to any work that conflicts with his supervisory responsibilities, and he must follow the Code of Ethics issued by the Accounting and Auditing Organization for Islamic Financial Institutions. The Shari’a Controller must at least meet the following requirements:

- a) Holds at least a Bachelor’s degree in one of the related specialties.
- b) Holder of the Specialized Professional Fellowship (Certified Shari’a Auditor and Advisor – CSAA).
- c) Provided with practical experience and appropriate training on Shari’a supervision tasks.

Tareq Ismail Sayed Ahmed Secretary of the Sharia Supervisory Board

- Head of the Sharia Compliance Unit – Arab Islamic Bank (2023 – Present)
- Master’s Degree in Islamic Jurisprudence and Islamic Economics from IZU University – Turkey Holder of several international professional fellowships
- specialized in Islamic finance: CSAA – CIB – CIFE – CIAE
- Permanent Fellowship Member in Sharia Auditing from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
- Certified Trainer with the General Council for Islamic Banks and Financial Institutions (CIBAFI), Bahrain



Duties and Powers of the Resident Shari’a Supervisor

1. Verifying, examining, and assessing the adequacy and effectiveness of the Bank management’s compliance with the fatwas issued by the Sharia Supervisory Board in all daily operations.
2. Providing guidance, advice, and training to all bank employees concerning relevant Sharia rulings and fatwas.
3. Disseminating knowledge by printing the fatwas, guidelines, and instructions issued by the Sharia Supervisory Board regarding the bank’s products and services. The Sharia Compliance Manual shall be updated at least once every five years. The Board of Directors and the Sharia Supervisory Board are the two authorized bodies to approve any amendments, based on recommendations from the Risk Committee and the Governance and Compliance Committee.
4. Preparing a dedicated internal Sharia audit manual that outlines objectives, authorities, and responsibilities, subject to approval by the Sharia Supervisory Board.
5. Preparing a quarterly (at minimum) report addressed to the Sharia Supervisory Board, with copies sent to the Board of Directors and the Internal Audit Committee derived from the Board. The report shall outline the purpose, scope, and results of the internal Sharia audit activities, along with its opinion on future improvements and corrective actions, to be reviewed regarding the findings or recommendations.

Report of the Shari’a Supervisory board for the period ending on December 31, 2024.

Praise be to Allah the Lord of the worlds and may the blessings and peace of Allah be upon the most honored of messengers our master Muhammad and upon all his family and companion
Dear respected shareholders of the Arab Islamic Bank PLC,
Peace be upon you;

Based on the Authorization Letter (copy attached herein), we hereby present the following report:
During this period, we reviewed the applicable principles and contracts related to the transactions and applications offered by the company. In addition, we have expressed our opinion on whether the company has committed to the provisions and principles of Islamic Shari’a through Fatwas, resolutions, and specific instructions issued by us.
The management is in charge of ensuring that the company operates in accordance with Islamic Shari’a. Our responsibility is limited to expressing our independent opinion about the corporate processes that we have reviewed and preparing this report for you.

We conducted our monitoring, which included examining the company’s documentation and procedures based on the testing of each type of operation.
We planned and carried out our monitoring in order to receive the information and explanations deemed necessary to provide us with sufficient proof that enables us to offer reasonable confirmation that the company abided by and did not violate the principles and provisions of Islamic Shari’a.
In our opinion:

1. The contracts, operations, and transactions entered into and performed by the company between January 1st, 2024 and December 31st, 2024 that we reviewed are not, for the most part, in controversy with the principles and provisions of Islamic Shari’a, and revenues earned from non-Shari’a transactions were transferred to the non-Shari’a revenues account.
2. The distribution of profits and losses on the investment account is consistent with our methodology and does not violate Islamic Shari’a principles.
3. During the specified period, earnings from resources or methods that are not accepted by the principles and provisions of Islamic Shari’a were distributed for charitable purposes.
4. Each shareholder is responsible for paying the due Zakat in accordance with Islamic Shari’a principles and provisions.
5. The Bank is committed to the resolutions issued by the Higher Sharia Supervisory Board (HSSB)

We ask Allah for guidance and rightness
Peace be upon you all,

Dr. Mohammad Wajeesh Hanini	Chairman of Shari’a Supervisory Authority
Dr. Anas Zaher Al-Masry	Member & Rapporteur
Dr. Jamal Kilani	Member

Location and time: Ramallah – AIB HQ: 17/ Ramadan/1446 Hijri, corresponding to 17/3/2025



Independent Auditor's Report & Financial Statements

31 December 2024



**ERNST & YOUNG – MIDDLE EAST
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Independent Auditor’s Report To the Shareholders of Arab Islamic Bank P.L.C.

Qualified Opinion

We have audited the financial statements of Arab Islamic Bank (the Bank), which comprise the statement of financial position as at December 31, 2024, income statement, statement of comprehensive income, statement of income and attribution related to quasi-equity accounts, statement of changes in equity, statement of cash flows, and statement of earnings and disbursements prohibited by Shari’a for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the potential effects of the matters described in the paragraph of the basis for the qualified opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2024, and its financial performance and its cash flows, and statement of income and attribution related to quasi-equity accounts for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Basis for the Qualified Opinion

The Bank disclosed its gross exposures in Gaza Strip and related impairment provisions and the net book value of these exposures in note (53) to the accompanying financial statements. These provisions have been calculated by management of the Bank according to its best estimates which is based on the latest available information in light of the state of uncertainty beyond management’s control due to the consequences of the war on Gaza Strip. As a result, we were unable to perform the necessary audit procedures on the provisions recorded against the bank’s assets in Gaza Strip as of December 31, 2024. Consequently, we were unable to determine whether it was necessary to make any adjustments to the statement of financial position as of December 31, 2024 as well as the income statement for the year then ended. The audit report on the financial statements for the year ended December 31, 2023, was qualified for the same reason.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

In addition to the matters described in the basis for the qualified opinion paragraph, we have identified the following issues as the key audit matters to be disclosed in our report. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our qualified opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our qualified audit opinion on the financial statements.

A branch of a member firm of Ernst & Young Global Limited



Key Audit Matter	Audit Procedures
<p>Provision for Expected Credit Losses “ECL” on Direct Islamic Financing:</p> <p>The process of estimating expected credit losses for direct islamic financing in accordance with Islamic Financial Accounting Standard for Islamic Financial Institutions No. (30) is important, complex and requires significant judgment.</p> <p>Financial Accounting Standard No. (30) requires the use of the expected credit losses model. This requires the Bank’s management to use several assumptions and estimates to determine the timing and value of expected credit losses as well as applying judgment to determine the inputs to the impairment measurement process including assessing collaterals and determining the default date.</p> <p>Due to the importance of the judgements applied in Financial Accounting Standard No. (30) and credit exposures that form major portion of the Bank’s assets, ECL was considered as Key Audit Matter.</p> <p>The total balance of direct islamic financing amounted to U.S. \$ 1,166,195,973 and the balance of the expected credit loss provision amounted to U.S. \$ 56,376,432 as at December 31, 2024.</p> <p>Accounting policies, estimates and significant accounting judgments, disclosure of provision for expected credit losses, and credit risk management are detailed in notes (2, 6, 46 and 53) in the accompanying financial statements.</p>	<p>Our audit procedures included an understanding of the nature of the financing portfolio, as well as an assessment of the internal control system used in the grant and recording process, credit control, and an evaluation of the effectiveness of the main procedures used in the granting and recording process.</p> <p>As part of the control testing procedures, we assessed whether the key controls in the above processes were designed, implemented and operated effectively, as well as procedures for assessing the following:</p> <ul style="list-style-type: none">– The Bank’s policy regarding the provision for expected credit losses in accordance with Financial Accounting Standard No. (30).– Studying and understanding the expected credit loss model used in calculating provisions and its compatibility with the requirements of Financial Accounting Standard No. (30) and the relevant regulatory guidelines and directives.– Key assumptions and judgments relating to significant increase in credit risk, definition of default, and use of macroeconomic inputs to verify that reported expected credit losses amounts reflect the underlying credit quality and macroeconomic trends.– The appropriateness of the classification stages.– The appropriateness of the process of determining credit exposure in the event of default, including consideration of the cash flows resulting from repayment and the resulting calculations.– The appropriateness of the probability of default, the credit exposure at default and the percentage of loss assuming default for the different stages.– The appropriateness and objectivity of the internal evaluation of funds.– The correctness and appropriateness of the process of calculating expected credit losses.– For exposures moved between stages, we have checked the appropriateness of the Bank’s determination of significant increase in credit risk in terms of timing, in addition to any deterioration in credit quality.– The process of calculating the expected credit losses for financing individually in addition to understanding the latest developments in financing in terms of cash flows and if there is any scheduling or structuring.– Legal agreements and attachments related to them to ensure the existence of guarantees and the existence of the legal right related to them.– We also assessed whether the disclosures of the financial statements appropriately reflect the requirements of the accounting standards for Islamic financial institutions issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

Other information included in the Bank's 2024 Annual Report

Other information consists of the information included in the Bank's 2024 annual report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2024 annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated whether due to fraud or errors.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements as at December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young - Middle East

License # 206/2012



Abdelkarim Mahmoud

License # 101/2017

April 23, 2025

Ramallah - Palestine

STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

	Notes	2024 U.S. \$	2023 U.S. \$
Assets			
Cash and balances with Palestine Monetary Authority	3	379,018,388	373,440,183
Balances at banks and financial institutions	4	93,132,163	109,290,665
Investments at Islamic banks	5	5,999,713	5,998,443
Direct Islamic financing	6	1,103,802,851	1,108,750,254
Financial assets at fair value through other comprehensive income	7	10,166,762	9,501,058
Financial assets at amortized cost	8	35,989,346	40,791,117
Investment properties	9	24,883,215	24,776,440
Property and equipment	10	17,591,940	19,701,588
Projects in progress	11	1,294,016	1,052,091
Right of use assets	12	4,970,360	5,293,641
Deferred tax assets	13	11,644,575	9,570,383
Intangible assets	14	1,704,858	1,545,353
Other assets	15	18,204,688	28,658,867
Total assets		1,708,402,875	1,738,370,083
Liabilities, quasi-equity and equity			
Liabilities			
Istidama loans from Palestine Monetary Authority	16	15,643,037	5,519,687
Palestine Monetary Authority's deposits	17	12,344,355	27,734,228
Banks and financial institutions' deposits	18	78,169,820	58,361,935
Customers' current accounts	19	434,148,259	480,041,723
Cash margins	20	100,294,831	108,479,473
Sundry provisions	21	11,946,931	10,447,743
Tax provisions	22	246,365	8,287,973
Deferred tax liabilities	23	2,830,662	2,686,546
Lease liabilities	24	5,312,528	5,662,659
Other liabilities	25	21,527,009	14,435,511
Total Liabilities		682,463,797	721,657,478
Quasi-equity			
Participatory investment accounts	26	883,045,109	875,708,707
		883,045,109	875,708,707
Equity			
Paid-in share capital	1	101,119,252	101,119,252
Statutory reserve	27	10,480,248	10,368,072
General banking risk reserve	27	8,374,674	8,374,674
Pro-cyclicality reserve	27	5,200,696	5,200,696
Investment properties reserve	9	7,755,030	7,359,871
Cumulative change in fair value reserve	7	(996,684)	(1,369,860)
Retained earnings		10,960,753	9,951,193
Net equity		142,893,969	141,003,898
Total liabilities, quasi-equity and equity		1,708,402,875	1,738,370,083
Commitments and contingencies		239,049,628	205,325,564

The accompanying notes from 1 to 54 are part of these financial statements

INCOME STATEMENT

For the year ended December 31, 2024

	Notes	2024 U.S. \$	2023 U.S. \$
Revenues			
Financing and investment revenues	28	71,350,111	69,710,515
Net commission revenues	30	6,138,769	7,326,172
Foreign currency exchange gain		5,770,496	6,612,299
Gain from financial assets	31	439,829	226,590
Other revenues	32	1,313,955	992,068
Total revenues		85,013,160	84,867,644
Expenses			
Personnel expenses	33	(21,925,166)	(22,005,461)
Other operating expenses	34	(17,361,544)	(17,568,733)
Palestine Monetary Authority fines	35	-	(20,000)
Depreciation and amortization	36	(4,710,122)	(4,656,339)
Impairment losses, net	37	(32,179,868)	(25,027,436)
Total expenses		(76,176,700)	(69,277,969)
Net profit for the year before tax and attribution to quasi-equity		8,836,460	15,589,675
Less: Net profit attributable to quasi-equity holders		(9,761,353)	(9,031,559)
(Loss) profit before taxes		(924,893)	6,558,116
Taxes recovery (expense)	22	2,046,629	(1,038,410)
Profit for the year		1,121,736	5,519,706
Basic and diluted earnings per share	41	0.011	0.055

The accompanying notes from 1 to 54 are part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024

	Notes	2024 U.S. \$	2023 U.S. \$
Profit for the year		1,121,736	5,519,706
Other comprehensive income items:			
Items not to be reclassified in the income statement in subsequent periods:			
Change in fair value of financial assets	7	373,176	(70,509)
Gains from revaluation of investment properties	9	539,275	370,058
Deferred taxes	23	(144,116)	(98,894)
Other comprehensive income items		768,335	200,655
Total comprehensive income for the year		1,890,071	5,720,361

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024

		Reserves				Cumulative change in fair value	Retained earnings	Net equity
		Paid-in share capital	Statutory	General banking risk	Pro-cyclicality			
		U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
December 31, 2024		101,119,252	10,368,072	8,374,674	5,200,696	(1,369,860)	9,951,193	141,003,898
Balance, beginning of the year		-	-	-	-	-	1,121,736	1,121,736
Profit for the year		-	-	-	-	373,176	-	768,335
Other comprehensive income		-	-	-	-	373,176	1,121,736	1,890,071
Total comprehensive income for the year		-	-	-	-	373,176	(112,176)	-
Transfers to reserves		-	112,176	-	-	-	10,960,753	142,893,969
Balance, end of year		101,119,252	10,480,248	8,374,674	5,200,696	(996,684)	9,951,193	141,003,898

		Reserves				Cumulative change in fair value	Retained earnings	Net equity
		Paid-in share capital	Statutory	General banking risk	Pro-cyclicality			
		U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
December 31, 2023		96,219,252	9,816,101	8,374,674	4,113,369	(1,299,351)	14,970,785	139,283,537
Balance, beginning of the year		-	-	-	-	-	5,519,706	5,519,706
Profit for the year		-	-	-	-	(70,509)	-	200,655
Other comprehensive income		-	-	-	-	(70,509)	5,519,706	5,720,361
Total comprehensive income for the year		-	-	-	-	(70,509)	(1,639,298)	-
Transfers to reserves		-	551,971	-	1,087,327	-	(4,900,000)	-
Distributed stock dividends (note 43)		4,900,000	-	-	-	-	(4,000,000)	(4,000,000)
Distributed cash dividends (note 43)		-	-	-	-	-	(4,000,000)	(4,000,000)
Balance, end of year		101,119,252	10,368,072	8,374,674	5,200,696	(1,369,860)	9,951,193	141,003,898

The accompanying notes from 1to 54 are part of these financial statements

The accompanying notes from 1to 54 are part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	Notes	2024 U.S. \$	2023 U.S. \$
Operating activities			
(Loss) profit before taxes		(924,893)	6,558,116
Adjustments for:			
Sundry provisions		2,139,580	2,093,977
Depreciation and amortization		4,710,122	4,656,339
Impairment losses		13,403,252	25,027,436
Gain from financial assets		(439,829)	(226,590)
Gain from disposal of property and equipment		(575)	(1,607)
Finance costs on lease liabilities		127,685	123,583
Other non-cash items		(321,165)	-
		<u>18,694,177</u>	<u>38,231,254</u>
Changes in assets and liabilities:			
Statutory cash reserve		1,645,329	(3,792,882)
Direct Islamic financing		(8,955,844)	(137,555,195)
Balances at banks and financial institutions maturing after three months		9,167,841	(8,462,623)
Banks and financial institutions' deposits maturing after three months		(1,289,987)	6,861,390
Other assets		10,397,066	(18,194,675)
Customers' current accounts		(45,893,464)	85,053,316
Cash margins		(8,184,642)	14,875,812
Other liabilities		<u>6,630,982</u>	<u>(3,551,274)</u>
Net cash flows used in operating activities before taxes and provisions		<u>(17,788,542)</u>	<u>(26,534,877)</u>
Taxes paid		(7,748,006)	(4,534,242)
Sundry provisions paid		<u>(640,392)</u>	<u>(1,327,245)</u>
Net cash flows used in operating activities		<u>(26,176,940)</u>	<u>(32,396,364)</u>
Investing activities			
Purchase of financial assets at fair value through other comprehensive income		(292,528)	(4,921,591)
Matured financial assets at amortized cost		13,461,556	35,708,443
Purchase of financial assets at amortized cost		(8,809,351)	(37,520,821)
Purchase of investment properties		-	(1,810,161)
Purchase of property and equipment		(442,267)	(2,342,270)
Projects in progress additions		(1,105,145)	(1,709,430)
Proceeds from sale of property and equipment		7,568	67,071
Purchase of intangible assets		(633,868)	(639,990)
Received gains from financial assets		439,829	226,590
Net cash flows from (used in) investing activities		<u>2,625,794</u>	<u>(12,942,159)</u>
Financing activities			
Cash dividends distributions		-	(4,000,000)
Lease liabilities paid		(1,282,152)	(1,282,153)
Istidama loans from Palestine Monetary Authority		10,123,350	(2,682,071)
Change in participatory investment accounts		<u>7,336,402</u>	<u>(27,747,988)</u>
Net cash flows from (used in) financing activities		<u>16,177,600</u>	<u>(35,712,212)</u>
Decrease in cash and cash equivalents		<u>(7,373,546)</u>	<u>(81,050,735)</u>
Cash and cash equivalents, beginning of the year		243,409,110	324,459,845
Cash and cash equivalents, end of year	40	<u>236,035,564</u>	<u>243,409,110</u>

The accompanying notes from 1 to 54 are part of these financial statements

STATEMENT OF INCOME AND ATTRIBUTION TO QUASI-EQUITY ACCOUNTS

For the year ended December 31, 2024

	2024 U.S. \$	2023 U.S. \$
Net profit for the year before tax and net profit attributable to quasi-equity	8,836,460	15,589,675
Less: Income not attributable to quasi-equity	(7,892,553)	(8,544,830)
Add: Expenses not attributable to quasi-equity	<u>43,996,832</u>	<u>44,250,533</u>
Net profit for the year before net profit attributable to quasi-equity before the bank's Mudaraba income	44,940,739	51,295,378
Less: Mudarib's share	(42,693,702)	(48,730,609)
Add: Support provided by the bank	<u>7,514,316</u>	<u>6,466,790</u>
Net profit attributable to quasi-equity accounts	<u>9,761,353</u>	<u>9,031,559</u>

The accompanying notes from 1 to 54 are part of these financial statements

STATEMENT OF EARNINGS AND DISBURSMENT
PROHIBITED BY SHARI'A

For the year ended December 31, 2024

	2024	2023
	U.S. \$	U.S. \$
Balance, beginning of the year	-	178,188
Sources of earnings prohibited by Shari'a		
Banking interest	62,589	111,945
Profit from direct Islamic financing	10,890	6,453
Total earnings prohibited by Shari'a	73,479	118,398
Gross earnings prohibited by Shari'a	73,479	296,586
Disbursements		
Donations	(73,479)	(296,586)
Total disbursements	(73,479)	(296,586)
Balance of earnings and disbursement prohibited by Shari'a, end of year	-	-

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

1. General

Arab Islamic Bank P.L.C. (the Bank) was incorporated in Al-Bireh, Palestine as a public shareholding company in accordance with the Companies' Law of 1964 and registered in Palestine under number (563201011) on January 8, 1995.

The Bank commenced operations in early 1996. The Bank is licensed to provide all banking services, financing, trading and investing activities in accordance with the directives of the Islamic Shari'a Rules through its headquarters in Al-Bireh and its twenty-two branches, seven offices, representative office in Dubai and mobile branch.

The Bank is a subsidiary of Bank of Palestine P.L.C, which owns a controlling interest of 52.06% of the Bank's capital. As a result, the Bank's financial statements are consolidated with the financial statements of Bank of Palestine.

A Shari'a Supervisory Board (the Board), which comprises three members appointed by members of the General Assembly of the Bank, supervises the Bank's operations. The Board's role is to review the Bank's activities and transactions to ensure the Bank's compliance with Islamic Shari'a Rules and Principles.

The Ordinary General Assembly decided, in its meeting held on March 28, 2023, to capitalize the amount of U.S. \$ 4,900,000 of profits, add it to the capital and distribute it as free shares to shareholders, so that the paid-up capital of the bank as on December 31, 2023 amounted to U.S. \$ 101,119,252.

The total number of the Bank's staff reached (722) and (706) as at December 31, 2024 and 2023, respectively.

The financial statements were approved by the Bank's Shari'a Supervisory Board during their meeting number (08/2025) held on February 17, 2025 and issued its shariaa' report on them.

The financial statements were authorized for issuance by the Bank's Board of Directors during their meeting number (01/2025) held on February 13, 2025.

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and in compliance with Islamic Shari'a Rules and Principles as determined by the Bank's Shari'a Supervisory Board.

The Bank adheres to the laws in Palestine and Palestine Monetary Authority (PMA) regulations.

The financial statements have been prepared under a historical cost basis, except for financial assets at fair value through comprehensive income and investment properties that have been measured at fair value at the date of the financial statements.

The financial statements have been presented in U.S. Dollars (U.S. \$), which is the functional currency of the Bank.

The accompanying notes from 1to 54 are part of these financial statements

The standards issued by the International Accounting Standard Board and the interpretations issued by International Financial Reporting Interpretations Committee of the International Accounting Standards Board are applied in case of the absence of accounting standards issued by the Accounting and Auditing Organizations for Islamic Financial Institutions, until AAOIFI issues new relevant standards.

2.2 Changes in accountig policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2023. Except that the Bank has implemented the following policies as of January 1, 2024. The application of these amendments did not result in any material impact on the Bank's financial statements. The Bank has not applied any issued and ineffective standards, amendments or interpretations early.

FAS (1) (Revised 2021) - General presentation and disclosures in the Financial Statements

AAOIFI has issued a revised FAS (1) in 2021. The revised FAS (1) supersedes the earlier FAS (1) General Presentation and Disclosures in the Financial statements of Islamic Banks and Financial Institutions and introduces the concepts of quasi-equity, off-balance-sheet asset under management and other comprehensive income to enhance the information provided to the users of the financial statements.

The Bank has adopted the standard and applied changes in certain presentation and disclosures in the financial statements for the year. The adoption of this standard did not have any significant impact on recognition and measurement.

Some of the significant revisions to the standard are as follows:

- Revised conceptual framework is now an integral part of the AAOIFI FASs.
- Definition of quasi-equity is introduced as a broader concept that will include the "unrestricted investment accounts" and other transactions under similar structures. Similarly, the wider term of "off-balance sheet assets under management" is now being used instead of "restricted investment accounts".
- Concept of comprehensive income has been introduced, with the option to prepare one statement that is a combination of statement of income and statement of other comprehensive income, or to prepare the two statements separately. The Group elected to prepare the two statements separately.
- Institutions other than Banking institutions are allowed to classify assets and liabilities as current and non-current.
- Disclosure of Zakah and Charity have been relocated to the notes to the financial statements.
- True and fair override has been introduced.
- Treatment for change in accounting policies, change in estimates and correction of errors has been introduced.
- Disclosures of related parties, subsequent events and going concern have been improved.
- Improvement in reporting for foreign currency and segment reporting.

FAS 40 - Financial Reporting for Islamic Finance Windows

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 "Islamic Financial Services Offered by Conventional Financial Institutions". This standard does not apply to the bank.

FAS (44) - Determining Control of Assets and Business

FAS (44) aims to establish principles for assessing whether the Bank controls assets and business projects, whether in the case of assets subject to a contract based on a participatory structure (so as to determine whether they are on or off-balance sheet) as well as to enforce the consolidation of the financial statements of subsidiaries.

New standards, amendments and interpretations issued and not yet effective

The accounting standards, new interpretations and amendments issued and not yet effective up to the date of the financial statements are listed below, and the Bank will apply these amendments when they become effective:

FAS (45) - Quasi-Equity (Including Investment Accounts)

AAOIFI has issued FAS 45 in 2023. This standard prescribes the principles of financial reporting related to the participatory investment instruments (including investment accounts) in which an Islamic financial institution controls the underlying assets (mostly, as a working partner), on behalf of the stakeholders other than the owners' equity. Such instruments (including, in particular, the unrestricted investment accounts) normally qualify for on-balance-sheet accounting and are reported as quasi-equity. This standard also provides the overall criteria for on-balance-sheet accounting for participatory investment instruments and quasi-equity, as well as, pooling, recognition, derecognition, measurement, presentation and disclosure of quasi-equity. It further addresses financial reporting related to other quasi-equity instruments and certain specific issues. The concept of quasi-equity has been introduced in FAS 1 "General Presentation and Disclosures in the Financial Statements" (Revised 2021).

This standard shall be effective for the financial reporting periods beginning on or after January 1, 2026. The standard will be implemented from 1 January 2026 and is not expected to have a material impact on the Bank when implemented.

FAS (46) - Off-Balance-Sheet Assets Under Management

AAOIFI has issued FAS 46 in 2023. This standard prescribes the criteria for characterization of off-balance sheet assets under management, and the related principles of financial reporting in line with the "AAOIFI Conceptual Framework for Financial Reporting". The standard encompasses the aspects of recognition, derecognition, measurement, selection and adoption of accounting policies, related to off-balance sheet assets under management, as well as certain specific aspects of financial reporting such as impairment and onerous commitments by the institution. The standard also includes the presentation and disclosure requirements particularly aligning the same with the requirements of the revised FAS (1) "General Presentation and Disclosures in the Financial Statements" in respect of the statement of the changes in off-balance sheet assets under management. This standard, along with, FAS (45) "Quasi-Equity (Including Investment Accounts)", supersedes the earlier FAS (27) "Investment Accounts".

This standard shall be effective for the financial periods beginning on or after 1 January 2026 and shall be adopted at the same time of adoption of FAS (45) - Quasi-Equity (Including Investment Accounts). The standard will be implemented from 1 January 2026 and is not expected to have a material impact on the Bank when implemented.

FAS (47) - Transfer of Assets between Investment Pools

AAOIFI has issued FAS (47) in 2023. This standard prescribes the financial reporting principles and disclosure requirements applicable to all transfers between investments pools related to (and where material, between significant categories of) owners' equity, quasi equity and off-balance sheet assets under management of an institution. It requires adoption and consistent application of accounting policies for such transfers in line with Shari'ah principles and rules and describes general disclosure requirements in this respect.

This standard shall be effective for the financial periods beginning or after 1 January 2026 and supersedes the earlier FAS (21) "Disclosure on Transfer of Assets". The standard will be implemented from 1 January 2026 and is not expected to have a material impact on the Bank when implemented.

FAS 48 - Promotional Gifts and Prizes

AAOIFI has issued FAS 48 in 2024. This standard prescribes accounting and financial reporting principles for recognition, measurement, presentation and disclosures applicable to promotional gifts and prizes awarded by the Islamic financial institutions to their customers, including quasi-equity and other investment account holders.

This standard shall be effective on the financial statements for the annual financial reporting period beginning on or after 1 January 2026. The standard will be implemented from 1 January 2026 and is not expected to have a material impact on the Bank when implemented.

FAS 49 - Financial Reporting for Institutions Operating in Hyperinflationary Economies

AAOIFI has issued FAS 49 in 2024. This standard outlines the principles governing financial reporting, including accounting treatments, presentation of financial statements and necessary disclosures for institutions applying AAOIFI Financial Accounting Standards (FAS), operating within hyperinflationary economies. This standard is developed taking into account the applicable Shari'ah principles and rules, as well as, the unique business models of such institutions while stipulating appropriate principles of financial reporting. The standard also prescribes a definition of a hyperinflationary economy and provides guidance on as to how to determine whether an economy qualifies as hyperinflationary.

The standard will be implemented from 1 January 2026 and is not expected to have a material impact on the Bank when implemented.

FAS 50 - Financial Reporting for Islamic Investment Institutions (Including Investment Funds)

AAOIFI has issued FAS 50 in 2024. This standard outlines financial reporting principles applicable to the Islamic investment institutions (IIIs). In particular, it emphasises on bringing harmony and standardisation with regard to the form and contents of the financial statements of IIIs. This standard prescribes the overall requirements for the presentation, minimum contents and recommended structure of their financial statements in a manner that facilitates truthful and fair presentation in line with Shari'ah principles and rules.

This standard shall be effective for the annual financial statements of an III beginning on or after 1 January 2027 and is not expected to have a material impact on the Bank when implemented.

2.3 Segments information

A business segment consists of assets and operations providing goods or services that are exposed to risks and returns different from those of other business segments.

A geographic segment relates to goods or services within a specific economic environment that are exposed to risks and returns different from those of other segments working in other economic environments.

2.4 Material accounting policy information

Revenues and expenses recognition

Profit income is recognized as the profit accrues using the effective profit method except for profit and commission income on non-performing financing.

Income from Islamic financing is recognized based on the accrual basis of accounting, Commission income is recognized when the services are rendered. Dividends income are recognized when the right to receive dividends is established.

Expenses are recognized when incurred based on the accrual basis of accounting.

Financial assets and liabilities

Financial assets at amortized cost

The Bank measures financial investments at amortized cost if both of the following conditions are met:

- The financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial instruments for which both conditions apply are initially measured at fair value taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate (EIR), unless the Bank elected to classify these investments through profit or loss, Interest recorded using EIR.

The effective profit rate is the profit rate that is used to discount future cash flows on the life of the instrument, or lower period in other cases, to equal the book value of at initial recognition.

At initial recognition the Bank can irreversibly classify the instrument that fulfilled the conditions mentioned above as a financial asset at fair value through profit or loss if this removes or substantially decreases the inconsistency of accounting treatment if it is classified as amortized cost.

Financial assets at fair value through profit or loss (FVTPL)

Debt instrument financial assets that do not meet the amortized cost criteria or that meet the criteria, but the Bank has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL.

The Bank has not designated a debt instrument financial asset as at FVTPL. Upon initial recognition, the Bank classifies equity instruments at fair value through profit or loss except for investments that are not held for trading for which the Bank can classify it at fair value through comprehensive income (FVTCI).

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss.

Dividends on these investments in equity instruments are recognized when the Bank's right to receive the dividends is established.

Financial assets at fair value through other comprehensive income items (FVTOCI)

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVTOCI when they meet the definition of equity not held for trading. Such classification is determined on an instrument-by-instrument basis.

FVOCI instruments are initially measured at fair value considering acquisition costs, FVTOCI instruments are subsequently measured at fair value with gains or losses arising due to changes in fair value recognized at OCI in the fair value reserve. When the Bank decided to dispose such instruments, gains or losses recorded previously in the fair value reserve are reclassified directly to retained earning not through profit or loss.

Dividends are recognized in profit or loss when the right of the payment has been established except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in the income statement.

The Bank applies the new category of debt instruments at FVTOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI testing.

Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

International Financial Reporting Standard No. (9) Financial Instruments

Pursuant to the instructions of the Palestine Monetary Authority (PMA) No. (2/2018) regarding the application of International Financial Reporting Standard No. (9), the Bank applied International Financial Reporting Standard No. (9) for the year 2014 on the date of the mandatory application of the standard on January 1, 2018, where the Bank evaluated the requirements Expected Credit Losses (ECL) model, amendments related to classification and measurement adjustments for financial instruments. Noting that the Bank implemented the first stage (classification and measurement) of International Financial Reporting Standard No. (9) issued in 2009 on January 1, 2012.

The standard has been applied retrospectively and in line with International Financial Reporting Standard No. (9) (Financial Instruments), without amending the comparative figures. The impact of applying the standard on January 1, 2018 was recognized by reversing the effect on retained earnings in the statement of equity, with respect to the Bank's own funds only.

The Bank has applied the requirements of Financial Accounting Standard No. (30) "Impairment of assets, credit losses and high-risk obligations" on the mandatory application date of January 1, 2021. This standard shows the accounting treatment related to impairment and expected credit losses for financing, investments and obligations with high risks in Islamic financial institutions. The requirements of this standard regarding expected credit losses are very similar to the requirements of International Financial Reporting Standard No. (9).

The Bank's management has prepared a study to determine that the application of Financial Accounting Standard No. (30) compared with International Financial Reporting Standard No. (9), and it has not been found that there are material effects.

Impairment of financial assets

Overview of the ECL principles

The application of Islamic Financial Accounting Standard No. (30) and International Financial Reporting Standard No. (9) "Financial Instruments" has fundamentally changed the method of calculating the impairment loss for the Bank's finances through the approach of the expected credit loss method with a forward-looking view instead of recognizing the loss when the loss is incurred according to International Accounting Standard No. (39) "Financial Instruments: Recognition and Measurement".

The Bank records provisions for expected credit losses for all financing and debt financial assets that are not held at fair value through the income statement, in addition to facility commitments and financial guarantee contracts, collectively referred to as "financial instruments".

Equity instruments are not subject to impairment testing under Islamic Financial Accounting Standard No. (30) and International Financial Reporting Standard No. (9).

The ECL allowance is based on the credit losses expected to arise over 12 months' expected credit loss (12mECL). Unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the life of the asset (the lifetime expected credit loss or "LTECL").

The 12mECL is the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit loss has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its Islamic financing into stage 1, stage 2 and stage 3, as described below:

Stage 1	When financial assets that its credit risk haven't increased dramatically since initial recognition, the Bank recognizes an allowance based on 12mECLs.
Stage 2	When financial assets have shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs.
Stage 3	Financial assets considered credit impaired. The Bank records an allowance for the LTECLs.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a portion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs

The Bank calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation of the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD	The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period,
EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed financing, and accrued interest from missed payments.
LGD	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as percentage of the EAD.

When estimating the ECLs, the Bank considers three scenarios (a base case, best and worst). Each of these is associated with different percentages of PDs, EADs and LGDs.

The mechanics of the ECL method are summarized below:

Stage 1	The 12mECL is calculated as the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3	For Financial Assets considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100% and the PD is larger than stage 1 and 2.
Loan commitments and letters of credit	When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Forward looking information

In its ECL model, the Bank relies on a broad range of forward-looking information as economic inputs, such as:

- Gross Domestic Production (GDP) growth
- Unemployment rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements.

Collateral, unless repossessed, is not recorded on the Bank's statements of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using appropriate methods. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers.

Write-off

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are recorded in other revenues.

Forborne and modified Islamic financing

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to the otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis.

Islamic financing

Islamic financing is carried at cost net of allowance for impairment losses and profit in suspense.

Profit and commission on non-performing Islamic financing are suspended according to PMA instructions.

Islamic financing and related impairment provision are written off when collection procedures become ineffective, according to PMA regulations. The excess in the provision for impairment losses, if any, is transferred to the income statement. Collections of previously written off financings are recognized as revenues.

In accordance with PMA regulations, Islamic financing that are in default for more than 6 years together with related profit in suspense and impairment provisions are excluded from the financial statements.

The continuous evaluation of a significant increase in the credit risk of renewed Islamic financing is like the evaluation applied to other financing. The profit rate used to discount the expected credit losses for the credit cards is the effective return rate.

Financial assets investments

Financial assets investments are initially measured at fair value plus cost of acquisition if they are not classified at fair value through profit or loss (FVTPL). Subsequent to initial recognition all financial assets are stated at fair value or amortized cost as above.

Derecognition of financial assets

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset.

Fair value measurement

The Bank measures most of its financial instruments and discloses some of its non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset and liability
- In the absence of a principal market, in the most advantageous market for the asset and liability

The principal or the most advantageous market must be accessible by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:

- Level 1: Quoted (unadjusted) market prices in active markets
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External appraisers are involved for valuation of significant assets, such as investment properties. The Bank decides, after discussions with the external appraiser, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment of financial assets

The Bank assesses at financial statement date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If such evidence exists, any impairment loss is recognized in the income statement.

Equity instruments classified as financial assets at fair value through equity - if there is a prolonged decline in the fair value below cost, the decline is measured at the original cost, and the period of the prolonged decline is measured from the period of decline of fair value below cost. Impairment is the difference between cost and fair value, less any impairment loss previously recognized in the income statement.

For debt instruments classified as financial assets and carried at cost - impairment is the difference between amortized cost and fair value less any impairment loss previously recognized in the income statement.

Return on participatory investment accounts

Returns are distributed to participatory investment accounts according to the Bank's policy and after deducting the Bank's share as a Mudarib.

Profits from jointly financed Islamic financing and investments are distributed according to the average monthly balances of such investments. The distribution for all currencies is as follows:

	Share of deposits in profits	The Bank's share	Participatory investment accounts' share
	%	%	%
Saving and cash margins sharing profits	50	95	5
Deposits maturing within 1 month	50	95	5
Deposits maturing within 3 months	50	95	5
Deposits maturing within a period of more than 3 months	65	95	5
Deposits maturing within 1 year	85	95	5

The Bank bears all administrative costs. In addition, the executive management of the Bank adjusts the profit percentage distributed to participatory investment accounts according to the Bank's results as well as prevailing market rates.

Customer average profit reserve

The excess of adjusted profits, if any, is recorded in customer average profit reserve to face the volatility of returns on participatory investment accounts. In case that the amortized profit to be distributed is less than the realized profit, the Bank uses customer average profit reserve. In case of the absence of profits for distribution, the Bank has the right to grant non-refundable gifts for the participatory investment accounts.

Finance contracts

Finance contracts are recorded at cost after deducting suspended profits and the impairment provision for impaired Islamic financing.

A provision for impaired finance contracts is made when it is not possible to collect the amounts owed to the Bank, when there is objective evidence that an event had an adverse impact on the future cash flows of finance contracts and when the impairment can be reasonably estimated. The impairment is recorded in the income statement.

According to PMA instructions, profits on non-performing finance contracts are suspended.

Finance contracts are written off when measures taken to collect these amounts are deemed impractical. Any excess in the provision is transferred to the income statement. Collected amounts already written off are recorded as revenues.

Murabaha receivables

Murabaha is a sale contract between the Bank and the customer where the Bank sells the customer a product at a price above its cost after the difference is determined (Murabaha Rebeh). The Bank applies a binding promise in accordance with standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

Ijara receivables

Ijara is the benefit of ownership against compensation and is divided into two types:

Operating Ijara: are lease contracts that do not end with the lessee to own the leased asset.

Ijara muntahia bittamleek: are leases, which expire with the lessee owning the leased asset and take several types as reflected in the standard lease and capital lease in accordance with the Accounting and Auditing Organization for Islamic Financial Institutions.

Ijara receivables are recorded at cost including direct cost to make ready for intended use, net of suspended profits and impairment provision for impaired Islamic financing. Income is distributed in proportion to the financial periods covered by the lease contract. Maintenance expenses are recorded in the financial period in which they occur.

Istisna'a financing

Istisna'a is a contract of sale between the Bank as maker or contractor and the owner of the contract (the buyer), where the Bank undertakes to build or manufacture the subject of the contract, upon request of the owner of the contract and according to his/her specifications, for the right price and in a manner agreed upon payment, whether paid in advance or by installments or deferring payment to a specific date in the future. Istisna'a is recoded at fair value of consideration paid after deducting the suspended profits and impairment provision for impaired Islamic financing.

Musharaka

Musharaka is when the Bank and the customer contribute capital in equal or different percentages for the purpose of constructing a new project or participating in an existing one. Each of the Bank and the owner become owners of shares in a fixed or declining manner earning the right to a share in profits. Loss is divided according to each partner's share of capital. Musharaka is recorded at fair value of the consideration paid net of suspended profits and impairment provision for impaired Islamic financing.

Mudaraba

Mudaraba is a partnership in which the Bank contributes capital whereas the other party (mudarib) invests it in a project or certain activity in exchange for a specified share in profits under the condition that the mudarib bears the loss in the case of neglect or violation of the terms of Mudaraba. Gains and losses are recorded on the accrual basis if they can be reliably measured. Otherwise, gain is recorded when the mudarib distributes it while losses are recognized in the income statement when announced by the mudarib. Mudaraba is recorded at fair value of consideration paid net suspended profits and impairment provision for impaired Islamic financing.

Tawarooq

Tawarooq is the purchase of a commodity at a deferred bargaining or murabaha price and then selling it to a non-seller to obtain cash at a fair price, and this product allows the Bank's customers to obtain cash to cover their needs and obligations in accordance with the provisions and controls of Sharia standards.

Investment properties

Properties held for rental, or for capital appreciation purposes, or both, are classified as investments properties. Investment properties are measured initially at cost including transaction costs, being the fair value of the consideration given and acquisition charges associated with the property. Subsequent to initial recognition, investment properties are stated at fair value and changes in fair value are recognized in the statement of comprehensive income. In case of decline in the carrying value of these properties a provision should be taken and recognized in the income statement in the period where the decline occurs.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in the income statement as incurred. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives at the following annual rates:

	Useful life (Years)
Buildings	50
Furniture, equipment and leasehold improvements	5-14
Motor vehicles	10
Computers	5

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Projects in progress

The projects in progress represent the costs of establishing, finishing, expanding and improving the Bank new branches and other projects that have not completed up to the date of the financial statements. Upon completion of the execution of each project it will be transferred to property, plant and equipment or intangible assets. A decrease in the carrying amounts of projects in progress is recorded when there is evidence that the carrying amount of the projects cannot be recovered. If such indicators exist, the carrying amount of the projects is reduced to the recoverable amount.

Intangible assets

The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Intangible assets acquired separately are measured on initial recognition at cost.

The useful lives of the intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization expense on intangible assets with finite lives is recognized in the income statement. Intangible assets with indefinite useful lives are tested for impairment annually and the impairment expenses are recognized in the income statement.

Intangible assets resulting from the Bank's operations are not capitalized and should be recognized in the income statement in the period the expenditure was incurred.

Intangible assets comprise computer system and programs. The Bank's management estimates the useful lives of the intangibles ; the intangibles are amortized using the straight line method based on the expected useful lives of 5 years.

Assets obtained by the Bank by calling on collateral

Assets obtained by the Bank by calling on collateral are stated in the statement of financial position under "Other assets" at the lower of the carrying value or fair value of the assets. These assets are revaluated individually at the date of the financial statements at fair value. Any impairment loss is recorded in the income statement. However, any appreciation in the assets' value is not recorded as gain. Subsequently, the gain resulted from the appreciation of the assets value is recorded in the income statement to the extent of the impairment loss previously recorded.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and the Bank intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Earnings prohibited by Shari'a

The Bank records earnings prohibited by Shari'a in a special account that is shown in the statement of financial position within other liabilities. This amount is disbursed on charitable activities as determined by the Bank's Shari'a Supervisory Board.

Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as of the date of the financial statements arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Tax provisions

The Bank provides for income taxes in accordance with the rates enforced by law, regulations of Palestine, International Accounting Standards (12). This standard calls for the recognition of temporary differences resulting from time as deferred taxes as of the statement of financial position date. As a result, the Bank may have to record deferred tax assets or liabilities.

Deferred income tax is provided for using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred taxes are calculated according to tax rates that are expected to be applicable on the date of the tax settlement or the realization of deferred tax assets.

Income tax expense is calculated based on taxable income that may differ from accounting income as the later includes non-taxable income or non-deductible expenses. Such income or expenses might be taxable/deductible in the following years.

A settlement is made between deferred tax assets and deferred tax liabilities and the net amount is recognized in the financial statements only when the legally binding rights are available and when they are settled on a settlement basis or the asset is realized and the liability settled simultaneously.

Provision for employees' indemnity

Provision is made for employees' end of service indemnity in accordance with the Labor Law prevailing in Palestine and the Bank's personnel policy.

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Bank (after deducting income and any related expenses on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Cash and cash equivalents

Cash and cash equivalents represent cash and balances maturing within three months. It includes cash on hand and cash balances at PMA, cash at financial institutions, and investments at Islamic banks maturing within three months after subtracting banks and financial institutions' deposits that mature within three months and restricted balances.

Foreign currencies

Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated at the exchange rates prevailing at the financial statements date as issued by PMA. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates prevailing at the date of determining the fair value. Foreign currency exchange gains or losses are recognized in the income statement.

Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank's exercising the option to terminate as per the lease contract.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Use of estimates

The preparation of the financial statements requires the Bank's management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and the resultant provisions. Considerable judgment is especially required by management in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management believes that estimates are reasonable and are as follows:

- Tax provisions are calculated annually based on prevailing tax laws and the accounting standards that the Bank follows.
- Employees' indemnity expense is recorded in accordance with the Palestinian Labor Law and in accordance with applicable accounting standards.
- Management reviews periodically the useful lives of the tangible and intangible assets in order to assess the depreciation and amortization for the year based on the assets' conditions and useful lives and future economic benefits, any impairment is recognized in the income statement.
- Management reviews, on a regular basis, the financial assets that are stated at cost to estimate impairments, if any. Impairment losses (if any) are recognized in the income statement.
- The fair value of investment properties is determined through appraisers certified or accredited by the Palestine Capital Market Authority.
- Legal cases provision is established to provide for any legal obligations, if any, based on the opinion of the Bank's lawyer.
- Provision for impairment - ECL are reviewed based on PMA instructions and applicable IFRs as follows:

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

The Bank computes the provision for impairment of financial assets according to the International Financial Reporting Standards (IFRSs) and PMA instructions.

The Bank has followed the following criteria to determine the ECL calculation at Collective Basis vs on individual basis as follow:

- Retail portfolio: individual basis based on the product level and country (Murabaha, Ijara receivables, Qorod hasana, Mudaraba and Istisna'a)
- Corporate portfolio: individual basis at facility /customer level

- Financial Institutions: individual basis at facility / bank level
- Debt instruments measured at amortized cost: individual basis at instrument level.

Going concern assumption

These financial statements have been prepared on the basis of a going concern assumption. During the preparation of the financial statements for the year ended December 31, 2023, the Bank's management assessed the Bank's ability to continue its operational activities in the future, taking into account the ongoing war in Gaza, which has caused significant negative impacts on the economy as a whole and on the Bank's customers, as described in Note (53).

The Bank's management has evaluated the Bank's ability to continue its operations in the future on the basis of the principle of continuity in business for the next twelve months based on the following assumptions:

- The Bank's customer accounts (especially current and participatory investment accounts), the Bank expects their value to grow sufficiently to ensure that the Bank continues to provide its financing services taking into account the increase in the value of the statutory cash reserves as a result.
- The Bank expects its projected financing to show no material growth or decline trends.
- Credit risk is expected to continue to rise as the bank expects to take additional provisions to match the increase in credit risk.
- Based on the different expected scenarios for the bank's liquidity ratios, the cash liquidity ratios, the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) are not expected to fall below the ratios set by the Palestine Monetary Authority (note 46).
- Based on the different scenarios expected for the bank's capital adequacy ratio, this ratio is not expected to fall below the ratio set by the Palestine Monetary Authority.

The basic assumptions of the Bank's management assessments for business continuity do not take into account external factors that may change in the future, namely: impacts on other macroeconomic factors that were not included in the Bank's estimates, geopolitical changes, significant changes in legislation, including those specific to banks, as well as other changes that may occur in the future that the Bank has no impact on.

The Bank's management believes that in the next twelve months, the Bank will meet all its obligations on time and in full, taking into account the expected credit losses due to the war on the Gaza Strip, and the dynamics of macroeconomic factors that may adversely affect the revaluation of the Bank's financial instruments.

The Bank's management, based on the Bank's liquidity and capital adequacy forecasts and the amount of expected credit losses, believes that there are sufficient grounds to prepare these financial statements on the assumption that the Bank will continue to operate for at least the next twelve months.

Inputs, assumptions and techniques used for ECL calculation - Islamic Financial Reporting Standards (30) and IFRS 9 methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Bank while determining the impact assessment, are:

- Assessment of Significant Increase in Credit Risk (SICR)

To assess whether the credit risk on a financial asset has increased significantly since origination, the Bank compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Bank's existing risk management processes.

The assessment of significant increases in credit risk will be performed quarterly for each individual exposure based on the following factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

1. Management has established thresholds for significant increases in credit risk based on movement in the customer's internal credit grade and the related PDs relative to initial recognition.
2. Islamic Financial Accounting Standard No. (30) and International Financial Reporting Standard No. (9) (Financial Instruments) include a presumption of a significant increase in the credit risk of financial instruments that have defaulted and matured for more than 30 days. In this regard, the Bank has adopted a 30-day period.
3. The Bank assumes a significant increase in financial instruments that have defaulted and matured for 30 days during the previous measurement period.
4. The Bank classifies the customers that the management deems to put them under surveillance within the second stage as an indicator of the significant increase in credit risk.
5. Any schedules or adjustments made to clients' accounts during the evaluation period are taken into consideration as an indicator of the significant increase in credit risk.
6. The Bank assumes a significant increase for clients whose economic sectors the management considers to be of high risk.
7. The Bank assumes a substantial increase for customers who are reported to the Bank by the regulatory authorities and government agencies that they are of high risk.
8. The Bank assumes a substantial increase for customers who breach debt covenants.
9. Customers of corporate sectors whose cash flows have fallen, the efficacy of their existing projects, and the breaches in the acceptable debt ratios have occurred.
10. A two-grade drop in the credit rating of financial assets.
11. The Bank refutes the concept of a substantial increase related to the assumed 30-day period if the Bank has reasonable and supported information without incurring unnecessary costs or efforts showing that the credit risk has not increased significantly since the initial recognition.

The change between stage two and stage three depends on whether the financial instruments are distressed as at the end of the financial period. The method for determining default of financial instruments in accordance with Islamic Financial Accounting Standard No. (30) and International Financial Reporting Standard (9) is similar to the method for determining the occurrence of default for financial assets in accordance with International Accounting Standard No. (39) (Financial Instruments: Recognition and Measurement). As shown in the definition of Default.

• **Macroeconomic Factors, Forward Looking Information and Multiple Scenarios**

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment in cooperation with international expert in this area.

PD, Loss Given Default (LGD) and Exposure at Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each macroeconomic scenario used in our expected credit loss calculation will have forecasts of the relevant macroeconomic variable.

The estimation of expected credit losses in Stage (1) and Stage (2) will be a discounted probability- weighted estimate that considers the future macroeconomic scenarios for future years.

The base case scenario will be based on macroeconomic forecasts (e.g. GDP, unemployment rate). Upside and downside scenarios will be set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions.

• **Definition of default**

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. The standard does not define default but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due. In addition to some qualitative factors such as financial difficulties, bankruptcy, death, and others.

• **Expected Life**

When measuring ECL, the Bank must consider the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit financingsthat do not have a fixed maturity, the expected life is estimated based on the period over which the Bank is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Islamic Financial Reporting Standers (30) governance

To ensure proper compliance of the implementation, a steering committee was formed with the responsibilities to provide decisions/ feedback on the work plan regarding implementation and adoption of IFRS 9 to ensure all relevant policies and procedures are updated in line with the new requirements and systems are modified / updated for the new requirements, in addition to present the ECL results to the top management and related Committees of the Board of Directors.

3. Cash and balances with Palestine Monetary Authority

This item represents the following:

	2024	2023
	U.S. \$	U.S. \$
Cash on hand	236,198,173	239,985,178
Balances at Palestine Monetary Authority:		
Current and demand accounts	13,709,889	3,279,634
Statutory cash reserve	129,360,309	130,715,496
	379,268,371	373,980,308
Provision for expected credit losses	(249,983)	(540,125)
	379,018,388	373,440,183

- According to PMA circular number (10/2022) the Bank shall maintain statutory cash reserves with PMA at 9% of deposits included in the mandatory reserve, in addition to 100% of the stagnant balances. 20% of this reserve is allocated to offset the results of clearing and settlements under the name of "settlement reserve". The Bank may not dispose of the mandatory reserve with PMA, except for the settlement reserve, which the Bank is allowed to utilize in accordance with the instructions in force.
- The PMA does not pay any returns on statutory cash reserves and current and demand accounts.
- Statutory reserve balances are considered restricted from withdrawal.

The following is a summary of the movement on the total balances with the Palestinian Monetary Authority:

	2024			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	133,995,130	-	-	133,995,130
Net change during the year	9,075,068	-	-	9,075,068
Balance, end of year	<u>143,070,198</u>	<u>-</u>	<u>-</u>	<u>143,070,198</u>

	2023			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	150,007,679	-	-	150,007,679
Net change during the year	(16,012,549)	-	-	(16,012,549)
Balance, end of year	<u>133,995,130</u>	<u>-</u>	<u>-</u>	<u>133,995,130</u>

The following is a summary of the movement in the provision for expected credit losses on balances with the Palestinian Monetary Authority:

	2024			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	540,125	-	-	540,125
Net re-measurement of expected credit losses during the year	(290,142)	-	-	(290,142)
Balance, end of year	<u>249,983</u>	<u>-</u>	<u>-</u>	<u>249,983</u>

	2023			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	540,125	-	-	540,125
Net re-measurement of expected credit losses during the year	-	-	-	-
Balance, end of year	<u>540,125</u>	<u>-</u>	<u>-</u>	<u>540,125</u>

4. Balances at banks and financial institutions

This item represents the following:

	2024 U.S. \$	2023 U.S. \$
Local banks and financial institutions		
Swap deposits maturing within a period of three months	<u>12,808,274</u>	<u>21,964,615</u>
	<u>12,808,274</u>	<u>21,964,615</u>
Foreign banks and financial institutions		
Current and demand accounts	56,018,148	54,074,300
Swap deposits maturing within a period of three months	6,000,000	6,000,000
Deposits maturing within a period of more than three months	<u>18,335,685</u>	<u>27,503,526</u>
	<u>93,162,107</u>	<u>109,542,441</u>
Provision for expected credit losses	<u>(29,944)</u>	<u>(251,776)</u>
	<u>93,132,163</u>	<u>109,290,665</u>

- Non-profit bearing balances at banks and financial institutions amounted to U.S. \$ 74,826,422 and U.S. \$ 82,038,915 as at December 31, 2024 and 2023, respectively.

The movement of balances at banks and financial institutions is as follows:

	2024			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	72,831,505	36,710,936	-	109,542,441
Net change during the year	(18,530,745)	2,150,411	-	(16,380,334)
Balance, end of year	<u>54,300,760</u>	<u>38,861,347</u>	<u>-</u>	<u>93,162,107</u>

	2023			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	94,014,343	-	-	94,014,343
Net change during the year	(21,182,838)	36,710,936	-	15,528,098
Balance, end of year	<u>72,831,505</u>	<u>36,710,936</u>	<u>-</u>	<u>109,542,441</u>

The following is a summary of the movement in the provision for expected credit losses on balances at banks and financial institutions:

	2024			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	232,566	19,210	-	251,776
Net re-measurement of expected credit losses during the year	(208,059)	(13,773)	-	(221,832)
Balance, end of year	<u>24,507</u>	<u>5,437</u>	<u>-</u>	<u>29,944</u>

	2023			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	4,520	-	-	4,520
Net re-measurement of expected credit losses during the year	228,046	19,210	-	247,256
Balance, end of year	<u>232,566</u>	<u>19,210</u>	<u>-</u>	<u>251,776</u>

5. Investments at Islamic banks

This item represents the following:

	2024 U.S. \$	2023 U.S. \$
Investments maturing within a period of three months	1,815,255	2,689,727
Investments maturing within a period of more than three months	6,000,000	6,000,000
	7,815,255	8,689,727
Provision for expected credit losses	(1,815,542)	(2,691,284)
	<u>5,999,713</u>	<u>5,998,443</u>

The movement of Investments at Islamic banks is as follows:

	2024			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	6,000,000	-	2,689,727	8,689,727
Net change during the year	-	-	(74,472)	(74,472)
Write-off	-	-	(800,000)	(800,000)
Balance, end of year	<u>6,000,000</u>	<u>-</u>	<u>1,815,255</u>	<u>7,815,255</u>

	2023			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	6,000,000	-	3,108,626	9,108,626
Write-off	-	-	(418,899)	(418,899)
Balance, end of year	<u>6,000,000</u>	<u>-</u>	<u>2,689,727</u>	<u>8,689,727</u>

The following is a summary of the movement in the provision for expected credit losses on investments at Islamic banks:

	2024			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	1,557	-	2,689,727	2,691,284
Net re-measurement of expected credit losses during the year	(1,270)	-	(74,472)	(75,742)
Write-off	-	-	(800,000)	(800,000)
Balance, end of year	<u>287</u>	<u>-</u>	<u>1,815,255</u>	<u>1,815,542</u>

	2023			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	2,485	-	3,108,626	3,111,111
Net re-measurement of expected credit losses during the year	(928)	-	-	(928)
Write-off	-	-	(418,899)	(418,899)
Balance, end of year	<u>1,557</u>	<u>-</u>	<u>2,689,727</u>	<u>2,691,284</u>

6. Direct Islamic financing

This item represents the following:

	2024 U.S. \$	2023 U.S. \$
Murabaha receivables	754,775,896	799,928,663
Tawarooq	225,715,630	180,063,573
Ijara muntahia bittamleek	100,831,925	100,283,230
Istisna'a financing	54,566,715	46,399,708
Mudaraba financing	27,521,120	26,064,740
Current overdraft accounts	2,784,687	2,449,926
	1,166,195,973	1,155,189,840
Suspended profits	(6,016,690)	(2,980,967)
Provision for expected credit losses	(56,376,432)	(43,458,619)
	<u>1,103,802,851</u>	<u>1,108,750,254</u>

- Direct Islamic financing is presented net of unearned profits which amounted to U.S. \$ 114,993,313 and U.S. \$ 132,368,933 as at December 31, 2024 and 2023, respectively.
- Non-performing and downgraded direct Islamic financing net of suspended profits according to PMA regulations amounted to U.S. \$ 79,504,798 representing %6.82 of gross Islamic financing and U.S. \$ 61,390,414 representing %5.31 of gross direct Islamic financing as at December 31, 2024 and 2023, respectively.
- Defaulted direct Islamic financing net of suspended profits according to PMA regulations amounted to U.S. \$ 66,329,511 representing %5.69 of gross Islamic financing and U.S. \$ 52,834,290 representing %4.57 of gross direct Islamic financing as at December 31, 2024 and 2023, respectively.
- Direct Islamic financing granted to Palestinian National Authority and by its guarantee amounted to U.S. \$ 167,360,638 representing %14.35 of gross Islamic financing and U.S. \$ 163,875,036 representing %14.18 of gross Islamic financing as at December 31, 2024 and 2023, respectively.
- Direct Islamic financing granted to employees of the Palestinian National Authority amounted to U.S. \$ 60,299,587 and U.S. \$ 61,432,988 as at December 31, 2024 and 2023, respectively, representing %4.77 and %5.32 of gross Islamic financing as at December 31, 2024 and 2023, respectively.
- Direct Islamic financing granted to the green line Palestinian workers amounted U.S. \$ 26,094,614 and U.S. \$ 32,325,946, respectively, representing %2.24 and %2.79 of gross Islamic financing as at December 31, 2024 and 2023, respectively.
- Fair value of customers' collaterals against direct Islamic financing according to PMA regulations amounted to U.S. \$ 578,667,373 and U.S. \$ 573,452,751 as at December 31, 2024 and 2023, respectively.
- Islamic financing granted to non-residents amounted to U.S. \$ 4,403,165 and U.S. \$ 4,370,656 as at December 31, 2024 and 2023, respectively.
- According to PMA circular number (1/2008), defaulted direct Islamic financing for more than 6 years were written off from financial statements. These defaulted direct Islamic financing amounted to U.S. \$ 1,477,378 and U.S. \$ 1,181,111 as at December 31, 2024 and 2023, respectively.
- The balance of the provision and the suspended profits for defaulted accounts as on December 31, 2024 and 2023 amounted to U.S. \$ 35,160,427 and U.S. \$ 25,347,834, respectively.

Movement on the gross direct islamic financing during the year was as follows:

2024				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	796,597,011	302,784,849	55,807,980	1,155,189,840
Net change during the year	51,803,588	(40,152,561)	(244,245)	11,406,782
Transferred to stage 1	23,424,085	(22,561,141)	(862,944)	-
Transferred to stage 2	(342,324,021)	345,844,557	(3,520,536)	-
Transferred to stage 3	(7,724,329)	(12,182,566)	19,906,895	-
Write off for defaulted Islamic financing for more than 6 years	-	-	(400,649)	(400,649)
Balance, end of year	<u>521,776,334</u>	<u>573,733,138</u>	<u>70,686,501</u>	<u>1,166,195,973</u>

2023				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	594,522,755	410,925,751	44,280,896	1,049,729,402
Net change during the year	155,087,418	(44,691,516)	(4,447,089)	105,948,813
Transferred to stage 1	122,311,391	(122,201,732)	(109,659)	-
Transferred to stage 2	(72,721,128)	73,635,887	(914,759)	-
Transferred to stage 3	(2,603,425)	(14,883,541)	17,486,966	-
Write off for defaulted Islamic financing for more than 6 years	-	-	(488,375)	(488,375)
Balance, end of year	<u>796,597,011</u>	<u>302,784,849</u>	<u>55,807,980</u>	<u>1,155,189,840</u>

Movement on the provision for expected credit losses on islamic financing during the year was as follows:

2024				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	3,736,079	17,355,673	22,366,867	43,458,619
Transferred to stage 1	459,404	(169,959)	(289,445)	-
Transferred to stage 2	(947,627)	1,815,951	(868,324)	-
Transferred to stage 3	(53,925)	(131,604)	185,529	-
Expected credit losses	2,272,744	17,404,458	10,246,523	29,923,725
Recovery of expected credit losses	(517,446)	(13,991,052)	(2,391,454)	(16,899,952)
Recovery of written off Islamic financing	-	-	137,577	137,577
Write off for defaulted Islamic financing for more than 6 years	-	-	(318,062)	(318,062)
Foreign currencies differences	-	-	74,525	74,525
Balance, end of year	<u>4,949,229</u>	<u>22,283,467</u>	<u>29,143,736</u>	<u>56,376,432</u>

2023				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	3,916,270	3,568,136	12,629,130	20,113,536
Transferred to stage 1	980,957	(926,029)	(54,928)	-
Transferred to stage 2	(195,849)	521,090	(325,241)	-
Transferred to stage 3	(3,681)	(927,529)	931,210	-
Expected credit losses	401,218	16,733,674	11,448,089	28,582,981
Recovery of expected credit losses	(1,362,836)	(1,613,669)	(1,595,765)	(4,572,270)
Recovery of written off Islamic financing	-	-	86,707	86,707
Write off for defaulted Islamic financing for more than 6 years	-	-	(411,226)	(411,226)
Foreign currencies differences	-	-	(341,109)	(341,109)
Balance, end of year	<u>3,736,079</u>	<u>17,355,673</u>	<u>22,366,867</u>	<u>43,458,619</u>

The movement on suspended profits was as follows:

	2024	2023
	U.S. \$	U.S. \$
Balance, beginning of the year	2,980,967	1,276,058
Suspended profits during the year	3,414,477	2,156,653
Suspended profits transferred to revenues	(393,938)	(448,253)
Write off for suspended profits for defaulted Islamic financing for more than 6 years	(82,587)	(77,149)
Foreign currencies differences	97,771	73,658
Balance, end of year	<u>6,016,690</u>	<u>2,980,967</u>

The movement on the provision for expected credit losses on Islamic financing in default for more than 6 years was as follows:

	2024 U.S. \$	2023 U.S. \$
Balance, beginning of the year	918,356	593,837
Additions during the year	318,062	411,226
Recovery during the year	(137,577)	(86,707)
Balance, end of year	1,098,841	918,356

Following is a summary of the movement on the total direct credit financing to retail:

2024				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	153,911,627	138,849,864	11,891,174	304,652,665
Net change during the year	(18,795,145)	13,008,685	(4,350,774)	(10,137,234)
Transferred to stage 1	15,068,768	(14,302,985)	(765,783)	-
Transferred to stage 2	(26,247,665)	28,161,932	(1,914,267)	-
Transferred to stage 3	(1,197,495)	(4,944,918)	6,142,413	-
Balance, end of year	122,740,090	160,772,578	11,002,763	294,515,431

2023				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	83,793,986	181,211,176	9,704,810	274,709,972
Net change during the year	80,261,685	(47,395,475)	(2,923,517)	29,942,693
Transferred to stage 1	24,407,276	(24,331,794)	(75,482)	-
Transferred to stage 2	(32,393,120)	33,034,275	(641,155)	-
Transferred to stage 3	(2,158,200)	(3,668,318)	5,826,518	-
Balance, end of year	153,911,627	138,849,864	11,891,174	304,652,665

Following is a summary of the movement in the provision for expected credit losses on direct credit finance to retail:

2024				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	475,213	4,308,119	3,328,980	8,112,312
Transferred to stage 1	354,878	(78,624)	(276,254)	-
Transferred to stage 2	(84,908)	697,207	(612,299)	-
Transferred to stage 3	(4,782)	(39,385)	44,167	-
Expected credit losses	(107,485)	3,783,167	1,748,591	5,424,273
Recovery of expected credit losses	(215,586)	(2,410,411)	(927,384)	(3,553,381)
Balance, end of year	417,330	6,260,073	3,305,801	9,983,204

2023				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	502,604	964,451	1,015,845	2,482,900
Transferred to stage 1	175,010	(137,783)	(37,227)	-
Transferred to stage 2	(83,103)	320,873	(237,770)	-
Transferred to stage 3	(3,592)	(13,270)	16,862	-
Expected credit losses	7,204	3,483,206	2,903,860	6,394,270
Recovery of expected credit losses	(122,910)	(309,358)	(332,590)	(764,858)
Balance, end of year	475,213	4,308,119	3,328,980	8,112,312

The following is a summary of the movement on the total direct credit financing for SMEs:

2024				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	76,211,348	44,223,822	8,599,431	129,034,601
Net change during the year	(3,504,869)	(9,194,616)	(4,451)	(12,703,936)
Transferred to stage 1	3,230,814	(3,230,814)	-	-
Transferred to stage 2	(40,994,644)	41,613,969	(619,325)	-
Transferred to stage 3	(812,991)	(1,922,482)	2,735,473	-
Balance, end of year	34,129,658	71,489,879	10,711,128	116,330,665

2023				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	81,725,397	48,084,709	1,977,151	131,787,257
Net change during the year	(627,626)	(3,850,419)	1,725,389	(2,752,656)
Transferred to stage 1	8,581,515	(8,549,502)	(32,013)	-
Transferred to stage 2	(13,086,170)	13,358,916	(272,746)	-
Transferred to stage 3	(381,768)	(4,819,882)	5,201,650	-
Balance, end of year	76,211,348	44,223,822	8,599,431	129,034,601

Following is a summary of the movement in the provision for expected credit losses on direct credit financing to SMEs is as follows:

2024				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	332,320	4,773,241	2,315,598	7,421,159
Transferred to stage 1	49,554	(49,554)	-	-
Transferred to stage 2	(222,367)	343,749	(121,382)	-
Transferred to stage 3	(8,374)	(47,767)	56,141	-
Expected credit losses	253,278	3,509,386	1,872,491	5,635,155
Recovery of expected credit losses	(80,726)	(3,650,892)	(631,379)	(4,362,997)
Balance, end of year	323,685	4,878,163	3,491,469	8,693,317

2023				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	294,632	529,867	544,996	1,369,495
Transferred to stage 1	84,700	(68,840)	(15,860)	-
Transferred to stage 2	(51,239)	137,971	(86,732)	-
Transferred to stage 3	(1,490)	(10,556)	12,046	-
Expected credit losses	63,280	4,308,960	1,945,389	6,317,629
Recovery of expected credit losses	(57,563)	(124,161)	(84,241)	(265,965)
Balance, end of year	332,320	4,773,241	2,315,598	7,421,159

The following is a summary of the movement on the total direct credit financing of corporate:

2024				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	402,687,380	119,711,163	35,317,375	557,715,918
Net change during the year	70,529,620	(43,966,630)	4,110,980	30,673,970
Transferred to stage 1	5,124,503	(5,027,342)	(97,161)	-
Transferred to stage 2	(275,081,712)	276,068,656	(986,944)	-
Transferred to stage 3	(5,713,843)	(5,315,166)	11,029,009	-
Written-off	-	-	(400,649)	(400,649)
Balance, end of year	<u>197,545,948</u>	<u>341,470,681</u>	<u>48,972,610</u>	<u>587,989,239</u>

2023				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	254,443,917	181,629,866	32,598,935	468,672,718
Net change during the year	86,226,158	6,554,378	(3,248,961)	89,531,575
Transferred to stage 1	89,322,600	(89,320,436)	(2,164)	-
Transferred to stage 2	(27,241,838)	27,242,696	(858)	-
Transferred to stage 3	(63,457)	(6,395,341)	6,458,798	-
Written-off	-	-	(488,375)	(488,375)
Balance, end of year	<u>402,687,380</u>	<u>119,711,163</u>	<u>35,317,375</u>	<u>557,715,918</u>

The following is a summary of the movement in the provision for expected credit losses on direct credit facilities and financing for corporate:

2024				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	623,295	8,274,313	16,722,289	25,619,897
Transferred to stage 1	54,972	(41,781)	(13,191)	-
Transferred to stage 2	(640,352)	774,995	(134,643)	-
Transferred to stage 3	(40,769)	(44,452)	85,221	-
Expected credit losses	1,626,951	10,111,905	6,625,441	18,364,297
Recovery of expected credit losses	(221,134)	(7,929,749)	(832,691)	(8,983,574)
Excluding defaulted Islamic financing for more than 6 years	-	-	(318,062)	(318,062)
Recovery of impaired Islamic financing	-	-	137,577	137,577
Foreign currencies differences	-	-	74,525	74,525
Balance, end of year	<u>1,402,963</u>	<u>11,145,231</u>	<u>22,346,466</u>	<u>34,894,660</u>

2023				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	942,626	2,073,818	11,068,289	14,084,733
Transferred to stage 1	721,247	(719,406)	(1,841)	-
Transferred to stage 2	(61,507)	62,246	(739)	-
Transferred to stage 3	1,401	(903,703)	902,302	-
Expected credit losses	201,891	8,941,508	6,598,840	15,742,239
Recovery of expected credit losses	(1,182,363)	(1,180,150)	(1,178,934)	(3,541,447)
Excluding defaulted Islamic financing for more than 6 years	-	-	(411,226)	(411,226)
Recovery of impaired Islamic financing	-	-	86,707	86,707
Foreign currencies differences	-	-	(341,109)	(341,109)
Balance, end of year	<u>623,295</u>	<u>8,274,313</u>	<u>16,722,289</u>	<u>25,619,897</u>

The following is a summary of the movement on the total direct credit facilities and financing to the public sector:

2024				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	163,786,656	-	-	163,786,656
Net change during the year	3,573,982	-	-	3,573,982
Balance, end of year	<u>167,360,638</u>	<u>-</u>	<u>-</u>	<u>167,360,638</u>

2023				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	174,559,455	-	-	174,559,455
Net change during the year	(10,772,799)	-	-	(10,772,799)
Balance, end of year	<u>163,786,656</u>	<u>-</u>	<u>-</u>	<u>163,786,656</u>

The following is a summary of the movement in the provision for expected credit losses on direct credit facilities and financing to the public sector:

2024				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	2,305,251	-	-	2,305,251
Expected credit losses during the year	500,000	-	-	500,000
Balance, end of year	<u>2,805,251</u>	<u>-</u>	<u>-</u>	<u>2,805,251</u>

2023				
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	2,176,408	-	-	2,176,408
Expected credit losses during the year	128,843	-	-	128,843
Balance, end of year	<u>2,305,251</u>	<u>-</u>	<u>-</u>	<u>2,305,251</u>

Following is the distribution of Islamic financing net of suspended profits by economic sector:

	2024 U.S. \$	2023 U.S. \$
Public Sector		
Palestinian National Authority	167,360,638	163,786,656
Manufacturing and Agricultural		
Manufacturing sector	53,582,954	48,385,493
Agricultural sector	3,297,721	4,273,521
Livestock	38,755,907	36,125,365
	<u>95,636,582</u>	<u>88,784,379</u>
Services Sector	20,883,688	20,875,409
Wholesale and Retail	250,234,211	210,573,451
Real Estate		
Constructions	8,953,352	9,227,683
Commercial and investment properties	205,840,944	195,898,982
	<u>214,794,296</u>	<u>205,126,665</u>
Land	185,690,002	195,404,912
Consumers' Financing		
Vehicles' financing	148,471,986	165,436,841
Consumer goods' financing	1,837,022	1,898,885
	<u>150,309,008</u>	<u>167,335,726</u>
Others	<u>75,270,858</u>	<u>100,321,675</u>
	<u>1,160,179,283</u>	<u>1,152,208,873</u>

7. Financial assets at fair value through other comprehensive income

Financial assets at fair value include the following:

	Local U.S. \$	Foreign U.S. \$	Total U.S. \$
December 31, 2023			
Quoted shares	-	6,884,257	6,884,257
Unquoted shares	3,048,179	234,326	3,282,505
	<u>3,048,179</u>	<u>7,118,583</u>	<u>10,166,762</u>
December 31, 2023			
Quoted shares	-	6,198,858	6,198,858
Unquoted shares	3,048,179	254,021	3,302,200
	<u>3,048,179</u>	<u>6,452,879</u>	<u>9,501,058</u>

Following is the movement on the cumulative change in fair value for financial assets during the year:

	2024 U.S. \$	2023 U.S. \$
Balance, beginning of the year	(1,369,860)	(1,299,351)
Change in fair value	373,176	(70,509)
Balance, end of year	<u>(996,684)</u>	<u>(1,369,860)</u>

8. Financial assets at amortized cost

This item represents the Bank's investment in Islamic Sukuk at an expected rate of return range from %3.23 to %8.78, for a period ranging from 1 month to 8 years.

	2024 U.S. \$	2023 U.S. \$
Financial assets at amortized cost - listed on global markets	38,833,498	43,485,703
Provision for expected credit losses of financial assets at amortized cost	(2,844,152)	(2,694,586)
	<u>35,989,346</u>	<u>40,791,117</u>

The movement of financial assets at amortized cost is as follows:

	2024			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	36,961,556	4,000,000	2,524,147	43,485,703
Net change during the year	(5,652,205)	1,000,000	-	(4,652,205)
Transferred to stage 2	(1,000,000)	1,000,000	-	-
Balance, end of year	<u>30,309,351</u>	<u>6,000,000</u>	<u>2,524,147</u>	<u>38,833,498</u>
	2023			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	32,250,000	6,000,000	3,423,325	41,673,325
Net change during the year	4,711,556	(2,000,000)	-	2,711,556
Write offs	-	-	(899,178)	(899,178)
Balance, end of year	<u>36,961,556</u>	<u>4,000,000</u>	<u>2,524,147</u>	<u>43,485,703</u>

The movement of the provision for expected credit losses of financial assets at amortized cost is as follows:

	2024			
	Stage 1 U.S. \$	Stage 2 U.S. \$	Stage 3 U.S. \$	Total U.S. \$
Balance, beginning of the year	132,783	37,656	2,524,147	2,694,586
Transferred to stage 2	(66,875)	216,441	-	149,566
Write offs	(14,829)	14,829	-	-
Balance, end of year	<u>51,079</u>	<u>268,926</u>	<u>2,524,147</u>	<u>2,844,152</u>

	2023			
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	3,143	95,632	3,423,325	3,522,100
Net remeasurement of expected credit losses for the year	129,640	(57,976)	-	71,664
Write offs	-	-	(899,178)	(899,178)
Balance, end of year	132,783	37,656	2,524,147	2,694,586

9. Investment properties

Following is the movement of Investment properties:

	2024	2023
	U.S. \$	U.S. \$
Balance, beginning of the year	24,776,440	22,930,742
Additions during the year	-	1,810,161
Transfer to Islamic financing	(432,500)	(146,000)
Investment properties impairment losses	-	(188,521)
Change in fair value during the year	539,275	370,058
Balance, end of year	24,883,215	24,776,440

Following is the movement on investment properties reserve:

	2024	2023
	U.S. \$	U.S. \$
Balance, beginning of the year	7,359,871	7,088,707
Unrealized gains on revaluation	539,275	370,058
Deferred tax liabilities	(144,116)	(98,894)
Balance, end of year	7,755,030	7,359,871

10. Property and equipment

This item represents the following:

December 31, 2024				
Cost:				
Balance, beginning of the year				
Additions and transfers from projects in progress				
Disposals				
Balance, end of year				
Accumulated depreciation:				
Balance, beginning of the year				
Depreciation for the year				
Impairment of property and equipment				
Disposals				
Balance, end of year				
Net book value as at December 31, 2024				

	Furniture, equipment and leasehold improvements	Motor vehicles	Computers	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Buildings	U.S. \$			
6,583,699	29,246,770	1,561,183	9,939,178	47,330,830
-	450,585	-	681,060	1,131,645
-	(12,815)	(30,025)	(1,063)	(43,903)
6,583,699	29,684,540	1,531,158	10,619,175	48,418,572
772,751	17,831,460	710,999	8,314,032	27,629,242
115,804	1,941,484	147,312	729,700	2,934,300
-	270,000	-	30,000	300,000
-	(12,767)	(23,056)	(1,087)	(36,910)
888,555	20,030,177	835,255	9,072,645	30,826,632
5,695,144	9,654,363	695,903	1,546,530	17,591,940

December 31, 2023				
Cost:				
Balance, beginning of the year				
Additions and transfers from projects in progress				
Disposals				
Balance, end of year				
Accumulated depreciation:				
Balance, beginning of the year				
Depreciation for the year				
Impairment of property and equipment				
Disposals				
Balance, end of year				
Net book value as at December 31, 2023				

	Furniture, equipment and leasehold improvements	Motor vehicles	Computers	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Buildings	U.S. \$			
6,583,699	28,320,271	1,486,180	9,791,783	46,181,933
-	1,276,400	75,003	990,867	2,342,270
-	(349,901)	-	(843,472)	(1,193,373)
6,583,699	29,246,770	1,561,183	9,939,178	47,330,830
656,947	16,079,158	551,898	8,273,343	25,561,346
115,804	1,878,829	153,950	872,053	3,020,636
-	158,328	5,151	11,690	175,169
-	(284,855)	-	(843,054)	(1,127,909)
772,751	17,831,460	710,999	8,314,032	27,629,242
5,810,948	11,415,310	850,184	1,625,146	19,701,588

Property and equipment, include fully depreciated assets with an amount of U.S. \$ 17,783,549 and U.S. \$ 18,226,555 that still used in the operations of the Bank as of December 31, 2024 and December 31,2023, respectively.

11. Project in progress

This item represents the balance of branches and offices under construction as at 31 December 2024 and 2023. The value of the expansion and leasehold improvements of the Bank's headquarters and branches. The expected estimated cost of completion of the projects in progress is U.S. \$ 633,744. These projects are expected to be completed during the year 2025.

Movement on project in progress is as follows:

	2024	2023
	U.S. \$	U.S. \$
Balance, beginning of the year	1,052,091	346,288
Additions	1,105,145	1,709,430
Transferred to property and equipments	(689,378)	(960,207)
Transfer to intangible assets (note 14)	(173,842)	(43,420)
Balance, end of year	<u>1,294,016</u>	<u>1,052,091</u>

12. Right of use assets

Following is the movement of right of use assets:

	2024	2023
	U.S. \$	U.S. \$
Balance, beginning of the year	5,293,641	6,033,023
Additions	804,336	391,747
Depreciation for the year	(1,127,617)	(1,131,129)
Balance, end of year	<u>4,970,360</u>	<u>5,293,641</u>

13. Deferred tax assets

The movement on the deferred tax assets was as follows:

	2024	2023
	U.S. \$	U.S. \$
Balance, beginning of the year	9,570,383	5,012,089
Additions	2,411,433	4,912,988
Amortization	(337,241)	(354,694)
Balance, end of year	<u>11,644,575</u>	<u>9,570,383</u>

The balance of deferred tax assets represents the result of impairment losses related to investments with Islamic banks and financial assets at amortized cost, in addition to stage 1 and 2 ECL provisions on Islamic Financing and other provisions which were previously recognized in the income statement, in addition to the provision for employees' indemnity and the provision for legal cases.

14. Intangible assets

Intangible assets include computer systems and programs. The movement on intangible assets was as follows:

	2024	2023
	U.S. \$	U.S. \$
Cost		
Balance, beginning of the year	7,631,724	6,948,314
Additions	633,868	639,990
Transfer to project in progress (Note 11)	173,842	43,420
Balance, end of year	<u>8,439,434</u>	<u>7,631,724</u>
Amortization		
Balance, beginning of the year	6,086,371	5,581,797
Amortization for the year	648,205	504,574
Balance, end of year	<u>6,734,576</u>	<u>6,086,371</u>
Net book value	<u>1,704,858</u>	<u>1,545,353</u>

15. Other assets

This item represents the following:

	2024	2023
	U.S. \$	U.S. \$
Clearing checks	9,039,590	19,869,753
Account receivable, advances and temporary expenses	6,932,593	5,423,642
Prepaid expenses	742,544	955,873
Assets obtained by the Bank as payment of debts	905,241	900,241
Accrued revenues not received	330,598	1,084,357
Stationery and printings	254,122	425,001
	<u>18,204,688</u>	<u>28,658,867</u>

16. Istidama loans from Palestine Monetary Authority

This item represents the value of PMA's deposits in accordance with the instructions of PMA No. (22/2020) and (8/2021) with the aim of mitigating the economic effects of the Coronavirus (Covid 19) crisis on economic activities and projects, especially small and medium enterprises, so that PMA meets a return of a percentage of 0.5% on the financing granted by it, and the Bank is committed to collecting a reducing return of a maximum of 3% from the borrowers.

This item also includes PMA deposits granted to the Bank in accordance with Instruction No. (15/2023) regarding Istidama Fund (+), with the aim of providing liquidity to the Palestinian economy for financing projects and contributing to the revival of the national economy, in line with the objectives of achieving sustainable economic development.

The balance of sustainability loans amounted to U.S. \$ 15,643,037 and U.S. \$ 5,519,687 as of December 31, 2024, and 2023.

17. Palestine Monetary Authority deposits

	2024	2023
	U.S. \$	U.S. \$
Deposits maturing within 3 months	12,344,355	27,734,228
	<u>12,344,355</u>	<u>27,734,228</u>

18. Banks and financial institutions' deposits

	2024	2023
	U.S. \$	U.S. \$
Local banks and financial institutions:		
Current and demand accounts	6,214,571	3,644,639
Swap deposits maturing within a period of three months	12,681,025	22,000,000
Banks deposits and financial institutions maturing within a period of three months	50,231,792	22,979,990
Banks deposits and financial institutions maturing within a period of more three months	-	1,511,819
	<u>69,127,388</u>	<u>50,136,448</u>
Foreign banks and financial institutions:		
Current and demand accounts	3,042,432	2,225,487
Swap deposits maturing within a period of three months	6,000,000	6,000,000
	<u>9,042,432</u>	<u>8,225,487</u>
	<u>78,169,820</u>	<u>58,361,935</u>

19. Customers' current accounts

	2024	2023
	U.S. \$	U.S. \$
Current and demand accounts	<u>434,148,259</u>	<u>480,041,723</u>

- Total deposits comprise of customers' current accounts (note 19), cash margins (Note 20) and participatory investment accounts (note 26) which amounted to U.S. \$ 1,417,488,199 and U.S. \$ 1,464,229,903 as at December 31, 2024 and 2023, respectively.
- Restricted deposits amounted to U.S. \$ 161,710,109 and U.S. \$ 139,728,004 representing %11.41 and %9.54 of the total deposits as at December 31, 2024 and 2023, respectively.
- Government deposits amounted to U.S. \$ 10,725,572 and U.S. \$ 13,684,121 representing %0.76 and %0.93 of the total deposits as at December 31, 2024 and 2023, respectively.
- Quasi-governmental deposits amounted to U.S. \$ 5,791,586 and U.S. \$ 6,204,750 representing %0.41 and %0.42 of the total deposits as at December 31, 2024 and 2023, respectively.
- Dormant deposits amounted to U.S. \$ 82,356,780 and U.S. \$ 83,142,081 representing %5.81 and %5.68 of the total deposits as at December 31, 2024 and 2023, respectively.
- Non-profit bearing deposits amounted to U.S. \$ 434,148,259 and U.S. \$ 480,041,723 representing %30.63 and %32.78 of the total deposits as at December 31, 2024 and December 31, 2023, respectively.

20. Cash margins

	2024	2023
	U.S. \$	U.S. \$
Cash margins against direct Islamic financing	72,020,713	80,208,853
Cash margins against indirect Islamic financing	19,949,111	20,130,033
Other margins	8,325,007	8,140,587
	<u>100,294,831</u>	<u>108,479,473</u>

All cash margins are cash margins that participate in profits.

21. Sundry provisions

This item represents the following provisions:

	Balance, beginning of the year	Additions during the year	Used during the Year	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
December 31, 2024				
Provision for employees' indemnity	10,425,280	2,139,580	(640,392)	11,924,468
Provision for legal cases	22,463	-	-	22,463
	<u>10,447,743</u>	<u>2,139,580</u>	<u>(640,392)</u>	<u>11,946,931</u>
December 31, 2023				
Provision for employees' indemnity	9,658,548	2,093,977	(1,327,245)	10,425,280
Provision for legal cases	22,463	-	-	22,463
	<u>9,681,011</u>	<u>2,093,977</u>	<u>(1,327,245)</u>	<u>10,447,743</u>

22. Tax provisions

The movement on tax provisions during the years ended December 31, 2024, and 2023 was as follows:

	2024	2023
	U.S. \$	U.S. \$
Balance, beginning of the year	8,287,973	6,948,648
Provision for the year	2,687,793	5,596,704
Recoveries	(2,660,230)	-
Payments during the year	(5,315,574)	(428,670)
Advance payments	(2,432,432)	(4,105,572)
Currency variance	(321,165)	276,863
Balance, end of year	<u>246,365</u>	<u>8,287,973</u>

Income tax expense reported in income statement represents the following:

	2024	2023
	U.S. \$	U.S. \$
Provision for the year	2,687,793	5,596,704
Deferred tax assets additions	(2,411,433)	(4,912,988)
Deferred tax assets amortization	337,241	354,694
Tax settlement refunds	(2,660,230)	-
Tax (recovery) expense for the year	<u>(2,046,629)</u>	<u>1,038,410</u>

Following is the reconciliation between accounting income and taxable income is as follows:

	2024	2023
	U.S. \$	U.S. \$
Bank's accounting profit before taxes	(924,893)	6,558,116
Non-taxable profits	(7,485,393)	-
Unacceptable tax expenses	11,351,125	20,368,965
Profit subject to Value Added Tax (VAT)	2,940,839	26,927,081
VAT on income	2,855,343	3,224,591
Profit subject to VAT	85,496	19,077,288
Income tax	1,021,109	2,361,593
Total taxes for the year	1,426,742	5,586,184
Provision for the year	2,687,793	5,596,704
Effective tax rate	-	%85

During the year 2024, the Bank reached a final settlement with the tax departments on the results of its business for the years 2023 and 2022. These settlements resulted in a tax refund of U.S. \$ 2,660,230.

The income tax rates, and value added tax rates were %15 and %16 as of December 31, 2024. According to Law No. (4) for the year 2014 concerning the amendment of Law No. (8) for the year 2011 related to income taxes; income tax rate on profits resulted from financing small and medium enterprises equals to %10.

23. Deferred tax liabilities

The movement on the deferred tax liabilities is as follows:

	2024	2023
	U.S. \$	U.S. \$
Balance, beginning of the year	2,686,546	2,587,652
Additions	144,116	98,894
Balance, end of year	2,830,662	2,686,546

The balance of deferred tax liabilities is a result of the revaluation of investment properties which was presented within the investment properties reserve in equity.

24. Lease liabilities

Following is the movement on lease liabilities:

	2024	2023
	U.S. \$	U.S. \$
Balance, beginning of the year	5,662,659	6,429,482
Additions	804,336	391,747
Payments	(1,282,152)	(1,282,153)
Cost of lease liabilities during the year (note 34)	127,685	123,583
Balance, ending of year	5,312,528	5,662,659

Lease liabilities consist of the following:

	2024	2023
	U.S. \$	U.S. \$
Short term liabilities	1,176,864	1,661,418
Long term liabilities	4,135,664	4,001,241
	5,312,528	5,662,659

25. Other liabilities

This item represents the following:

	2024	2023
	U.S. \$	U.S. \$
Certified checks	8,082,125	2,718,274
Temporary accounts and intermediary accounts	5,645,900	5,028,315
Return on participatory investment accounts	3,179,814	2,651,704
Trade payables	2,942,453	2,442,745
Provision for commitments and contingencies (Note 39)	599,352	138,836
Accrued taxes	508,741	824,146
Dividends payable	266,960	360,335
Board of Directors' bonuses	220,000	220,000
Earnings prohibited by shari'a	31,708	-
Other credit balances	49,956	51,156
	21,527,009	14,435,511

26. Participatory investment accounts

This item represents the following:

	2024	2023
	U.S. \$	U.S. \$
Time deposits	296,940,685	282,141,561
Saving deposits	586,104,424	593,567,146
	883,045,109	875,708,707

27. Reserves

Statutory reserve

As required by the Companies' Law and Banking Law, 10% of the net profit after tax is transferred to the statutory reserve. This transfer will continue until the total reserve balance equals the Bank's paid-in share capital. This reserve is not available for distribution to shareholders and cannot be utilized without the prior approval of Palestine Monetary Authority.

General banking risk reserve

This item represents the amount of risk reserve deducted in accordance with PMA's regulations number (6/2015) based on 1.5% of direct Islamic financing after deducting impairment allowance for credit financing and suspended interest and profit and 0.5% of indirect Islamic financing. According to PMA's generalization number (53/2013), the general banking risks reserve is not held against the small and medium sized companies if the conditions indicated in the generalization are applicable on it. The directed credit financing granted to small and medium sized companies amounted to U.S.\$ 19,722,862 as at December 31, 2024 and an amount of U.S. \$ 20,544,570 as at December 31, 2023. During 2018 the Bank adopted IFRS (9) and recorded the impact of IFRS (9) from this reserve, in reference to Stage 1 and Stage 2 expected credit losses, as per PMA instructions number (2/2018). The reserve is not to be utilized or reduced without PMA's prior approval.

Pro-cyclicality reserve

The periodic fluctuations reserve item represents the value of the deductions made in accordance with the instructions of the Palestinian Monetary Authority No. (6/2015) at a rate of 15% of net profits after taxes, as the Bank stopped deducting this percentage and adding it to the reserve item according to instructions No. (01/2018), which specified A rate of 0.57% of the risk-weighted assets as an anti-cyclical capital source. The instructions allowed banks to use the amounts formed in the cyclical fluctuation reserve item for the purposes of this source. According to instructions No. (13/2019), a percentage of 0.66% of the Risk-weighted assets as an anti-cyclical capital source for the year 2019. During 2022, PMA issued Instructions No. (8/2022) regarding the anti-cyclical capital buffer, so that the percentage is 0.5% of risk-weighted assets, and the commitment to form the buffer within a maximum period of March 31, 2023, and disclosure within the interim and annual financial statements as of June 2023. The Bank is also prohibited from disposing of the amounts allocated in the periodic fluctuations reserve item, except for capitalization, after obtaining the prior written PMA's approval.

28. Financing and investment revenues

This item represents revenues from the following:

	2024	2023
	U.S. \$	U.S. \$
Murabaha investments revenues	43,427,115	52,548,704
Tawarooq revenues	13,486,654	4,085,990
Ijara muntahia bittamleek revenues	4,786,751	4,307,277
Istisna'a financing revenues	3,275,782	2,693,733
Income from investments at Islamic banks	3,275,553	2,830,050
Income from investments in Islamic Sukuk	1,869,669	2,429,483
Mudaraba revenues	1,228,587	815,278
	<u>71,350,111</u>	<u>69,710,515</u>

29. Return on participatory investment accounts

This item represents revenues as following:

	2024	2023
	U.S. \$	U.S. \$
Time deposits	8,585,456	8,708,682
Cash margins	563,668	170,177
Saving deposits	612,229	152,700
	<u>9,761,353</u>	<u>9,031,559</u>

30. Net commissions

This item represents the following:

	2024	2023
	U.S. \$	U.S. \$
Commissions received on:		
Accounts' management, cash withdrawals and deposits and outgoing transfers	2,860,269	3,542,283
Checks under collection, post-dated checks and checkbooks	1,745,999	1,871,296
ATMs and VISA cards	1,762,568	1,464,880
Indirect Islamic financing	681,175	592,395
Dormant accounts	158,629	179,297
Other	192,307	764,662
	<u>7,400,947</u>	<u>8,414,813</u>
Commissions paid	<u>(1,262,178)</u>	<u>(1,088,641)</u>
	<u>6,138,769</u>	<u>7,326,172</u>

31. Financial assets gain

This item represents the proceeds from the distribution of financial assets amounting to U.S. \$ 439,829 and U.S. \$ 226,590 as at December 31, 2024 and 2023.

32. Other revenues

This item represents revenues from the following:

	2024	2023
	U.S. \$	U.S. \$
Rental income from investment properties	230,000	230,000
Recovery of provisions no longer needed	465,807	-
Others	618,148	762,068
	<u>1,313,955</u>	<u>992,068</u>

33. Personnel expenses

This item represents the following:

	2024	2023
	U.S. \$	U.S. \$
Salaries and related benefits	15,167,518	15,418,921
VAT on salaries	2,449,710	2,467,027
Provision for employees' indemnity	2,139,580	2,093,977
Medical expenses	1,138,489	979,091
The Bank's contribution in the provident fund*	719,530	681,198
Training expenses	182,776	243,119
Travel, accommodation and transportation	127,563	122,128
	<u>21,925,166</u>	<u>22,005,461</u>

* During the year 2017, the Bank established a provident fund for its employees. The Bank deducts %5 of each employee's monthly basic salary and matches it with an additional %5 as the Bank's contribution for employees in service for less than 5 years, %8 for employees in service for the period from 5 years to less than 10 years and %10 for employees in service for the period of 10 years and more. The Fund's balance is kept in a separate bank account within customers' deposits. This item represents the Bank's contribution in this fund.

34. Other operating expenses

This item represents the following:

	2023	2022
	U.S. \$	U.S. \$
Deposit Insurance Corporation fees*	2,441,167	2,614,477
Maintenance and cleaning	2,312,484	2,051,303
Telephone, fax and postage	1,711,420	1,666,806
Paid banks' profits	1,493,568	2,407,957
Insurance	1,378,275	786,568
Fees, license and subscriptions	1,191,466	970,985
Cash shipping costs	1,042,657	1,101,974
Visa expenses	944,644	875,529
Utilities	750,490	657,188
Board of Directors' remuneration	646,880	592,467
Stationery, printings and supplies	456,191	622,702
Vehicles and transportation	420,518	412,968
Social responsibility (donations)**	337,380	384,373
Advertisements and marketing	336,134	436,947
Professional and consultancy fees	266,898	477,939
Savings accounts gift box	201,252	56,223
Hospitality	134,389	131,877
Cost of lease liabilities	127,685	123,583
Guarding	88,550	107,818
VAT on leased properties	31,724	31,724
Sundry	1,047,772	1,057,325
	<u>17,361,544</u>	<u>17,568,733</u>

* Banks must accrue an annual subscription fee for Palestine Deposit Insurance Corporation (the Corporation) as specified under the law No. (7) for the year 2013. On November 9, 2021, the Corporation issued Circular No. (2/2021) regarding raising the fixed subscription fee rate to (0.2%) of the average total subject deposits as at January 1, 2022. The institution has issued Instruction No. (1/2023), (1/2024), and Circular No. (3/2023), and the risk-based fees system will be implemented starting on July 1, 2025. The institution issued a circular on January 9, 2025, numbered (1/2025), regarding the calculation of subscription fees for the last quarter of 2024 and the first half of 2025. It stipulates that the fixed subscription fees for customer deposits held at the branches of member banks operating in the Gaza Strip will be deducted, provided that the total percentage of subscription fees paid by the bank is not less than (0.1%) of the average deposits covered by the guarantee. The subscription fee percentage will continue to be calculated based on the fixed rate of (0.2%) of the average deposits covered by the guarantee in the West Bank.

** The Bank receives donation applications in connection with its social responsibility covering all kinds of charities through its branches located in different cities. These applications are sent to the Planning and Research Department within the General Administration to be assessed by executive management, which studies applications, ensures accuracy of all information, and gives recommendations to the Shari'a Supervisory Board of the Bank to give their Shari'a opinion. If the application is accepted, beneficiaries are informed, and payments are made directly to suppliers. Donations comprise %28.05 and %6.96 of net income as at December 31, 2024 and 2023, respectively.

35. Palestine Monetary Authority fines

This item represents fines imposed by the Palestine Monetary Authority on the Bank for violating some of the relevant instructions of the Palestinian Monetary Authority.

36. Depreciation and amortization

This item represents depreciation and amortization of the following:

	2024	2023
	U.S. \$	U.S. \$
Property and equipment	2,934,300	3,020,636
Right of use assets	1,127,617	1,131,129
Intangible assets	648,205	504,574
	<u>4,710,122</u>	<u>4,656,339</u>

37. Impairment losses, Net

This item represents impairment losses as December 31, 2024 and 2023:

	2024	2023
	U.S. \$	U.S. \$
Net revaluation of expected credit losses of balances at banks and financial institutions (Note 4)	(221,832)	247,256
Net revaluation of expected credit losses of investments at Islamic banks (Note 5)	(75,742)	(419,827)
Net revaluation of expected credit losses of investment at Palestine Monetary Authority (Note 3)	(290,142)	-
Net revaluation of expected credit losses of direct Islamic financing (Note 6)	13,023,773	24,010,711
Net revaluation of expected credit losses of financial assets at amortized cost (Note 8)	149,566	71,664
Net revaluation of expected credit losses of indirect Islamic financing (Note 39)	460,516	(104,850)
Investment properties impairment losses (Note 9)	-	188,521
Realized cash losses	18,776,616	-
Impairment of property and equipment (Note 10)	300,000	175,169
Expected credit losses for assets obtained by the Bank	-	560,331
Expected credit losses provision for accounts receivable	57,113	298,461
	<u>32,179,868</u>	<u>25,027,436</u>

38. Zakat

Each shareholder bears the responsibility for Zakat payment, in which the Bank, with the consent of Shari'a Supervisory Board, annually informs the shareholders with the amount of Zakat due on each share. Zakat per share for the year 2024 amounted to U.S. \$. 0.01871 and U.S. \$ 0.0099 for 2023.

39. Commitments and Liabilities

Total outstanding commitments and liabilities as at the financial statements date are as follows:

	2024	2023
	U.S. \$	U.S. \$
Unutilized limits of direct Islamic financing	174,145,040	132,740,437
Letter of guarantees	55,895,087	59,892,045
Letter of credits	8,858,101	12,537,531
Savings accounts gift box	151,400	155,551
	<u>239,049,628</u>	<u>205,325,564</u>

The movement on expected credit loss for potential commitments and liabilities as following:

	2024			
	Stage 1	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balance, beginning of the year	116,113	22,723	-	138,836
Net credit loss for the year end	293,971	166,545	-	460,516
Balance, end of year	<u>410,084</u>	<u>189,268</u>	<u>-</u>	<u>599,352</u>

The balance of the expected credit loss is shown in other liabilities (Note 25).

40. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2024	2023
	U.S. \$	U.S. \$
Cash and balances with Palestine Monetary Authority	379,268,371	373,980,308
Add: Balances at banks and financial institutions maturing within a period of three months	74,826,422	82,038,915
Investments at Islamic banks maturing within a period of three months	1,815,255	2,689,727
Less: PMA deposits maturing within a period of three months	(12,344,355)	(27,734,228)
Banks and financial institutions' deposits maturing within a period of three months	(78,169,820)	(56,850,116)
Statutory cash reserve	<u>(129,360,309)</u>	<u>(130,715,496)</u>
	<u>236,035,564</u>	<u>243,409,110</u>

41. Basic and diluted earnings per share

This item represents the following:

	2024	2023
	U.S. \$	
Profit for the year	<u>1,121,736</u>	<u>5,519,706</u>
	Shares	
Weighted average number of subscribed shares	<u>101,119,252</u>	<u>101,119,252</u>
	U.S. \$	
Basic and diluted earnings per share	<u>0.011</u>	<u>0.055</u>

42. Sources of financing of Bank's assets and investments

This item represents the following:

	2024			2023		
	Joint financing U.S. \$	Self- financing U.S. \$	Total U.S. \$	Joint financing U.S. \$	Self- financing U.S. \$	Total U.S. \$
Cash and balances with Palestine Monetary Authority	379,018,388	-	379,018,388	373,440,183	-	373,440,183
Balances at banks and financial institutions	93,132,163	-	93,132,163	109,290,665	-	109,290,665
Investments at Islamic banks	5,999,713	-	5,999,713	5,998,443	-	5,998,443
Direct Islamic financing	1,103,802,851	-	1,103,802,851	1,108,750,254	-	1,108,750,254
Financial assets at fair value through other comprehensive income	-	10,166,762	10,166,762	-	9,501,058	9,501,058
Financial assets at amortized cost	-	35,989,346	35,989,346	-	40,791,117	40,791,117
Investment properties	-	24,883,215	24,883,215	-	24,776,440	24,776,440
Property and equipment	-	17,591,940	17,591,940	-	19,701,588	19,701,588
Project in progress	-	1,294,016	1,294,016	-	1,052,091	1,052,091
Right of use assets	-	4,970,360	4,970,360	-	5,293,641	5,293,641
Deferred tax assets	-	11,644,575	11,644,575	-	9,570,383	9,570,383
Intangible assets	-	1,704,858	1,704,858	-	1,545,353	1,545,353
Other assets	-	18,204,688	18,204,688	19,869,753	8,789,114	28,658,867
	<u>1,581,953,115</u>	<u>126,449,760</u>	<u>1,708,402,875</u>	<u>1,617,349,298</u>	<u>121,020,785</u>	<u>1,738,370,083</u>

43. Cash and stock dividends

The General Assembly of the Bank approved, in its meeting held on March 28, 2023, the distribution of stock dividends to shareholders of 5.09% of the nominal value of the share, with a total amount of U.S. \$ 4,900,000, and the distribution of cash dividends to shareholders at a rate of 4.15% of the nominal value of the share, with a total amount of U.S. \$ 4,900,000 on the Bank's business results for the year 2022.

44. Related parties

Related parties represent major shareholders, directors and key management personnel of the Bank, and entities controlled, jointly controlled or significantly influenced by such parties. Transactions with related parties during the year represented by deposits, advances and Islamic financing are as follows:

	Nature of relationship	2024 U.S. \$	2023 U.S. \$
Statement of financial position items:			
Direct Islamic financing	Board of Directors and executive management	59,698,420	54,443,675
Deposits	Board of Directors and executive management	75,358,204	39,921,984
Board of Directors' accrued remuneration	Board of Directors	220,000	220,000
Statement of financial position items			
Indirect Islamic financing	Board of Directors and executive management	7,347,334	6,154,365
Income statement items:			
Profits received	Board of Directors and executive management	3,403,699	2,723,184
Profits paid	Board of Directors and executive management	1,659,408	780,718

- Direct Islamic financing granted to related parties as at December 31, 2024 and 2023 represent %5.41 and %4.91 of the net Islamic financing, respectively.
- Direct Islamic financing granted to related parties as at December 31, 2024 and 2024 represent %42.24 and %38.9 of the Bank's regulatory capital respectively.
- Average profit on Islamic financing in U.S. \$ granted to related parties in 2024 ranges between %2 to %6.

The top management remuneration (Salaries, Bonus and other benefits) are as follows:

	2024 U.S. \$	2023 U.S. \$
Board of Directors' remuneration *	220,000	220,000
Board of Directors' travel and transportation expenses*	391,680	337,267
Executives' management salaries and related benefits	1,053,022	1,248,733
Executives' management end of service indemnity	72,065	91,074

* Following are the details of the Board of Directors' bonuses and travel expenses for the years 2024 and 2023:

		2024 U.S. \$	2023 U.S. \$
Rushdi Al-Ghalayeni	Bank of Palestine	20,706	20,952
Mohammad Nasser	Palestine Investment Fund	20,706	20,952
Shadi Al-Khateeb	Aswaq Investment Portfolio	15,529	20,952
Sam Buhour	Individual	20,706	20,952
Mohammad AbuRamadan	Aswaq Investment Portfolio	20,706	20,952
Safa Nasser Eldeen	Individual	20,706	20,952
Samar Nakhleh	Small Shareholder	20,706	20,952
Saeb Samour	Individual	20,706	20,952
Saqer Jundiyah	Bank of Palestine	20,706	20,952
Abdallah AlGhanem	Bank of Palestine	15,529	10,480
Wail AlSourani	Bank of Palestine	20,706	20,952
Fawaz Al-Najjar	Palestine Investment Fund	2,588	-
		220,000	220,000

Policy of remuneration and bonuses

The Bank has clear governing rules of practice of remuneration and bonuses, where the aim of this policy is to establish governance, control, fair and equitable distribution of bounses for all employees within clear and specific instructions based on the level of performance taking into account all types of risks to which the Bank might be exposed to in addition to Palestine Monetary Authority instructions.

45. Concentration of assets and off statement of financial position items

Following is breakdown of the Bank's assets and off-balance sheet items by geographical area:

	Palestine	Jordan	Israel	Others	Total
December 31, 2024	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Cash and balances with Palestine Monetary Authority	379,018,388	-	-	-	379,018,388
Balances at banks and financial institutions	12,808,274	57,878,489	3,120,043	19,325,357	93,132,163
Investments at Islamic banks	-	-	-	5,999,713	5,999,713
Direct Islamic financing	1,099,399,686	4,403,165	-	-	1,103,802,851
Financial assets at fair value through other comprehensive income	3,048,179	6,884,257	-	234,326	10,166,762
Financial assets at amortized cost	-	-	-	35,989,346	35,989,346
Investment properties	24,883,215	-	-	-	24,883,215
Property and equipment	17,591,940	-	-	-	17,591,940
Projects in progress	1,294,016	-	-	-	1,294,016
Right of use assets	4,970,360	-	-	-	4,970,360
Deferred tax assets	11,644,575	-	-	-	11,644,575
Intangible assets	1,704,858	-	-	-	1,704,858
Other assets	18,204,688	-	-	-	18,204,688
Total assets	1,574,568,179	69,165,911	3,120,043	61,548,742	1,708,402,875
Off statement of financial position items:					
Unutilized Islamic financing limits	174,145,040	-	-	-	174,145,040
Letter of guarantees	55,895,087	-	-	-	55,895,087
Letter of credit	8,858,101	-	-	-	8,858,101
Savings accounts gifts box	151,400	-	-	-	151,400
	239,049,628	-	-	-	239,049,628
December 31, 2023	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Cash and balances with Palestine Monetary Authority	373,440,183	-	-	-	373,440,183
Balances at banks and financial institutions	21,964,615	44,010,674	13,077,008	30,238,368	109,290,665
Investments at Islamic banks	-	-	-	5,998,443	5,998,443
Direct Islamic financing	1,105,612,808	3,137,446	-	-	1,108,750,254
Financial assets at fair value through other comprehensive income	3,048,179	6,198,858	-	254,021	9,501,058
Financial assets at amortized cost	-	-	-	40,791,117	40,791,117
Investment properties	24,776,440	-	-	-	24,776,440
Property and equipment	19,701,588	-	-	-	19,701,588
Projects in progress	1,052,091	-	-	-	1,052,091
Right of use assets	5,293,641	-	-	-	5,293,641
Deferred tax assets	9,570,383	-	-	-	9,570,383
Intangible assets	1,545,353	-	-	-	1,545,353
Other assets	28,658,867	-	-	-	28,658,867
Total assets	1,625,078,390	53,346,978	8,522,499	77,281,949	1,738,370,083
Off statement of financial position items:					
Unutilized Islamic financing limits	132,740,437	-	-	-	132,740,437
Letter of guarantees	59,892,045	-	-	-	59,892,045
Letter of credit	12,537,531	-	-	-	12,537,531
Savings accounts gifts box	155,551	-	-	-	155,551
	205,325,564	-	-	-	205,325,564

Following is breakdown of the Bank's assets and off-balance sheet items by segment:

	2024			2023		
	Assets	Liabilities and unrestricted investment accounts and equity	Commitments and contingencies	Assets	Liabilities and unrestricted investment accounts and equity	Commitment and contingencies
According to segment	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Retail	282,935,458	1,075,349,086	151,400	295,610,096	648,125,067	476,835
Corporate	713,915,010	429,293,071	217,827,520	691,908,222	742,744,318	181,936,089
SMEs	106,952,383	54,740,004	21,070,708	121,231,936	220,220,410	22,912,640
Treasury	549,189,587	106,157,213	-	539,021,466	85,759,857	-
Others	55,410,437	42,863,501	-	90,598,363	41,520,431	-
Total	1,708,402,875	1,708,402,875	239,049,628	1,738,370,083	1,738,370,083	205,325,564

46. Risk management

The Bank manages, assesses, and monitors its operating risks on an ongoing basis in order to limit it to an acceptable level. The Bank identified assets that are subject to various risks (operating risk, credit risk, and market risk). The tasks and monitoring responsibilities concerning risk management are divided between the Bank's employees in all management levels.

Risk management process

The Board of Directors is responsible for identifying and controlling risks. In addition, there are several parties in different departments who are also responsible for risk management. The Board of Directors is responsible for developing the overall risk management approach and for approving the risk management strategies and principles.

The Bank has established policies and procedures to control risks and mitigate their effect as much as possible. The Risk Management Department monitors the effectiveness of the risk management process on a monthly basis.

The Bank discloses any information relevant to the financial statements users that pertain to the nature and extent of the risks that apply to the Bank and its financial instruments as at the financial statements date. They are as following:

I. Credit risks

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their liabilities to the Bank. The Bank, through credit risk management, sets ceilings for direct islamic financing (retail or corporate) and total financing granted to each sector and each geographical area. The Bank also monitors credit risks and continuously evaluates the credit standing of customers. The Bank also obtains appropriate collaterals from customers.

Gross exposures to credit risk (net of ECL provisions and interest and profits in suspense and prior to collaterals and other risk mitigations):

	2024	2023
	U.S. \$	U.S. \$
Statement of financial position Items:		
Balances with Palestine Monetary Authority	142,820,215	133,455,005
Balances at banks and financial institutions	93,132,163	109,290,665
Investments at Islamic banks	5,999,713	5,998,443
Direct Islamic financing	1,103,802,851	1,108,750,254
Financial assets at amortized cost	35,989,346	40,791,117
Other assets	16,302,781	26,377,752
Total statement of financial position items	1,398,047,069	1,424,663,236
Commitments and contingencies:		
Unutilized Islamic financing limits	174,145,040	132,740,437
Letter of guarantee	55,895,087	59,892,045
Letter of credit	8,858,101	12,537,531
Savings accounts gift box	151,400	155,551
Total commitments and contingencies	239,049,628	205,325,564

2024	Total exposure		ECL		Collateral coverage percentage	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Cash and balances with Palestine Monetary Authority	143,070,198	-	249,983	-	0.17%	0.00%
Balances at banks and financial institutions	54,300,760	38,861,347	24,507	5,437	0.05%	0.00%
Investments at Islamic banks	6,000,000	-	287	-	0.00%	100.00%
Direct Islamic financing:						
Retail	122,955,351	160,772,578	417,330	6,260,073	0.34%	30.05%
Small and medium companies	34,129,658	71,489,879	323,685	4,878,163	0.95%	6.82%
Corporate	197,545,948	341,470,681	1,402,963	11,145,231	0.71%	3.26%
Public sector	167,360,638	-	2,805,251	-	1.68%	0.00%
Financial assets at amortized cost	30,309,351	6,000,000	51,079	268,926	0.17%	4.48%
Other assets	16,302,781	-	-	-	0.00%	0.00%
Total	771,974,685	618,594,485	5,275,085	22,557,830	0.68%	3.65%
Credit exposure related to off-balance sheet items:	128,831,239	110,218,389	410,084	189,268	0.32%	0.17%
						-

2023	Total exposure		ECL		Collateral coverage percentage	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Cash and balances with Palestine Monetary Authority	133,995,130	-	540,125	-	0.40%	0.00%
Balances at banks and financial institutions	72,831,505	36,710,936	232,566	19,210	0.32%	0.00%
Investments at Islamic banks	6,000,000	-	1,557	-	0.03%	100%
Direct Islamic financing:						
Retail	153,911,627	138,849,864	475,213	4,308,119	0.31%	3.10%
Small and medium companies	76,211,348	44,223,822	332,320	4,773,241	0.44%	10.79%
Corporate	402,687,380	119,711,163	623,295	8,274,313	0.15%	6.91%
Public sector	163,786,656	-	2,305,251	-	1.41%	0.00%
Financial assets at amortized cost	36,961,556	4,000,000	132,783	37,656	0.36%	0.94%
Other assets	26,377,752	-	-	-	0.00%	0.00%
Total	1,072,762,954	343,495,785	4,643,110	17,412,539	0.43%	5.07%
Credit exposure related to off-balance sheet items:	200,165,782	5,159,782	116,113	22,723	0.06%	0.44%
						-

The fair value of the collateral for Stage 2 and Stage 3:

2024	Total exposure			ECL			Net exposure		
	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Retail	160,772,578	11,002,763	171,775,341	44,787,892	9,389,410	54,177,302	115,984,686	1,613,353	117,598,039
Small and medium									
Companies	71,489,879	10,711,128	82,201,007	4,089,827	11,393,482	15,483,309	67,400,052	(682,354)	66,717,698
Corporate	341,470,681	48,972,610	390,443,291	17,693,122	29,214,753	46,907,875	323,777,559	19,757,857	343,535,416
Total	573,733,138	70,686,501	644,419,639	66,570,841	49,997,645	116,568,486	507,162,297	20,688,856	527,851,153
2023	Total exposure			ECL			Net exposure		
	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Retail	138,849,864	11,891,174	150,741,038	89,277,546	6,378,954	95,656,500	49,572,318	5,512,220	55,084,538
Small and medium									
Companies	44,223,822	8,599,431	52,823,253	12,719,826	5,898,712	18,618,538	31,503,996	2,700,719	34,204,715
Corporate	119,711,163	35,317,375	155,028,538	44,994,841	6,925,883	51,920,724	74,716,322	28,391,492	103,107,814
Total	302,784,849	55,807,980	358,592,829	146,992,213	19,203,549	166,195,762	155,792,636	36,604,431	192,397,067

A. Distribution of exposures by classification stages in accordance with Islamic Financial reporting standards (30) and IFRS (9) as of 31 December 2024:

	Stage 1	Stage 2	Stage 3	2024	2023
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Balances with Palestine Monetary Authority	142,820,215	-	-	142,820,215	133,455,005
Balances at banks and financial institutions	54,276,254	38,855,909	-	93,132,163	109,290,665
Investments at Islamic banks	5,999,713	-	-	5,999,713	5,998,443
Public sector	164,555,387	-	-	164,555,387	161,481,405
Manufacturing and agricultural	17,403,445	53,446,992	11,671,328	82,521,765	66,460,240
Service sector	5,337,816	12,345,187	1,391,308	19,074,311	79,232,800
Wholesale and retail trade	102,174,876	133,873,393	4,247,802	240,296,071	211,271,018
Real estate	81,008,927	111,133,572	6,805,816	198,948,315	206,653,880
Land	62,305,385	114,768,028	5,883,227	182,956,640	185,092,326
Consumption financing	82,441,374	125,882,502	7,126,486	215,450,362	198,558,585
Financial assets at amortized cost	30,258,272	5,731,074	-	35,989,346	40,791,117
Other financial assets	16,302,781	-	-	16,302,781	26,377,752
Total	764,884,445	596,036,657	37,125,967	1,398,047,069	1,424,663,236

B. Distribution of exposures by classification stages in accordance with Islamic Financial reporting standards (30) and IFRS (9) as of 31 December 2024:

	Stage 1	Stage 2	Stage 3	2024	2023
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Palestine	682,738,857	551,449,674	37,125,967	1,271,314,498	1,295,317,497
Jordan	24,627,633	37,640,536	-	62,268,169	40,004,026
Israel	3,120,043	-	-	3,120,043	14,839,765
Other	54,397,912	6,946,447	-	61,344,359	74,501,948
Total	764,884,445	596,036,657	37,125,967	1,398,047,069	1,424,663,236

C. Collaterals Fair value for total credit exposures

December 31, 2024	Fair value of collaterals						
	Total exposure U.S. \$	Cash margins U.S. \$	Accepted bank guarantees U.S. \$	Real Estate U.S. \$	Quoted stocks U.S. \$	Vehicles and equipment U.S. \$	
						Others U.S. \$	Total collaterals U.S. \$
Credit exposures relating to items on statement of financial position:							
Balances at Palestine Monetary Authority	143,070,198	-	-	-	-	-	143,070,198
Balances at banks and financial institutions	93,162,107	-	-	-	-	-	93,162,107
Investments at Islamic banks	7,815,255	-	-	-	-	-	7,815,255
Direct islamic financing:							
Retail	294,730,692	19,576,456	654,746	175,044,759	-	8,647,067	86,962,294
Small and medium companies	116,330,665	10,215,877	3,857,221	50,762,275	145,752	1,552,988	47,302,921
Corporate	587,989,239	41,902,356	10,655,394	163,042,902	21,800,220	60,123,074	286,118,008
Public sector	167,360,638	-	-	-	-	-	167,360,638
Financial assets at amortized cost	38,833,498	-	-	-	-	-	38,833,498
Total	1,449,292,292	71,694,689	15,167,361	388,849,936	21,945,972	10,686,286	578,667,373
Letters of credit	8,858,101	1,019,002	-	-	-	-	7,839,099
Letters of guarantee	55,895,087	2,755,124	-	-	-	-	53,139,963
Other exposures	174,296,440	16,355,876	-	-	-	-	157,940,564

34,805
466,438
98,109

December 31, 2023	Fair value of collaterals						
	Total exposure U.S. \$	Cash margins U.S. \$	Accepted bank guarantees U.S. \$	Real Estate U.S. \$	Quoted stocks U.S. \$	Vehicles and equipment U.S. \$	
						Others U.S. \$	Total collaterals U.S. \$
Credit exposures relating to items on statement of financial position:							
Balances at Palestine Monetary Authority	133,995,130	-	-	-	-	-	133,995,130
Balances at banks and financial institutions	109,542,441	-	-	-	-	-	109,542,441
Investments at Islamic banks	8,689,727	-	-	-	-	-	8,689,727
Direct islamic financing:							
Retail	304,652,665	19,555,020	622,592	175,580,462	-	8,321,605	97,727,616
Small and medium companies	129,034,601	11,310,512	3,824,567	48,662,582	145,752	1,321,464	61,976,093
Corporate	557,715,918	42,907,190	10,400,607	161,717,416	21,800,220	59,796,476	258,246,724
Public sector	163,786,656	-	-	-	-	-	163,786,656
Financial assets at amortized cost	43,485,703	-	-	-	-	687	43,485,016
Total	1,450,902,841	73,772,722	14,847,766	385,960,460	21,945,972	7,486,973	877,449,403
Letters of credit	12,537,531	1,019,002	-	-	-	-	11,518,529
Letters of guarantee	59,892,045	2,755,124	-	-	-	-	57,136,921
Other exposures	132,895,988	16,355,876	-	-	-	-	116,540,112

540,125
251,776
2,691,284
8,112,312
7,421,159
25,619,897
2,305,251
2,694,586
49,636,390
1,725
124,116
12,995

D. Fair value of collaterals obtained against Stage 3 credit exposures is as follows:

December 31, 2024	Total exposure U.S. \$	Fair value of collaterals						Net Exposure U.S. \$	ECL U.S. \$
		Cash margins U.S. \$	Real estate U.S. \$	Quoted stocks U.S. \$	Vehicles and equipment U.S. \$	Others U.S. \$	Total collaterals U.S. \$		
Credit exposures relating to items on statement of financial position: Direct Islamic financing:									
Retail	11,002,763	730,148	8,071,296	-	-	-	8,801,444	2,201,319	3,305,801
Small and medium companies	10,711,128	1,060,508	8,816,586	-	-	-	9,877,094	834,034	3,491,469
Corporate	48,972,610	1,058,765	30,260,342	-	-	-	31,319,107	17,653,503	22,346,466
Total	70,686,501	2,849,421	47,148,224	-	-	-	49,997,645	20,688,856	29,143,736
December 31, 2023	Total exposure U.S. \$	Fair value of collaterals						Net Exposure U.S. \$	ECL U.S. \$
		Cash margins U.S. \$	Real estate U.S. \$	Quoted stocks U.S. \$	Vehicles and equipment U.S. \$	Others U.S. \$	Total collaterals U.S. \$		
Credit exposures relating to items on statement of financial position: Direct Islamic financing:									
Retail	11,891,174	733,659	3,120,293	-	591,682	7,899	4,453,533	7,437,641	3,328,980
Small and medium companies	8,599,431	815,989	784,602	-	810,599	806,670	3,217,860	5,381,571	2,315,598
Corporate	35,317,375	1,297,337	15,420,095	-	443,762	252,000	17,413,194	17,904,181	16,722,289
Total	55,807,980	2,846,985	19,324,990	-	1,846,043	1,066,569	25,084,587	30,723,393	22,366,867

E. Classification of debt securities based on risk rating:

The table below analyzes the credit exposure of the debt securities using the credit rating as per the global credit rating agencies:

Credit Rating	2024	2023
	U.S. \$	U.S. \$
A- to AAA	16,000,000	17,000,000
B- to BBB+	19,489,346	22,829,664
Unrated	500,000	961,453
Total	35,989,346	40,791,117

Macroeconomic Factors, Forward Looking Information and Multiple Scenarios

When estimating the expected credit losses, the Bank considers three scenarios (a base case, best and worst). Each of these is associated with different PDs, EADs and LGDs.

During the year 2024, due to the impact of the war on Gaza and PMA instructions, the Bank gave more weight to the worst scenario. Following is the macroeconomic factors impact on the forward-looking information based on multiple scenarios as of December 31, 2024:

Macroeconomic factors	Scenario used	Weight weighted for each scenario (%)	2024 (%)	2025 (%)	2026 (%)	2027 (%)	2028 (%)	2029 (%)
<u>Growth rate (Contraction) of Gross domestic product</u>	Base scenario	40	(11.68)	(0.24)	4.30	1.98	(0.30)	(0.28)
	Best scenario	0	-	-	-	-	-	-
	Worst scenario	60	(17.52)	(0.36)	6.46	2.98	(0.45)	(0.42)
<u>Unemployment rates</u>	Base scenario	40	35	32	27.13	24.12	22.2	20.97
	Best scenario	0	-	-	-	-	-	-
	Worst scenario	60	39.17	36.17	31.3	28.29	26.36	25.12

100% weight was given to the Bank's customers in the Gaza Strip.

Following is the macroeconomic factors impact on the forward-looking information based on multiple scenarios as of December 31, 2023:

Macroeconomic factors	Scenario used	Weight weighted for each scenario (%)	2023 (%)	2024 (%)	2025 (%)	2026 (%)	2027 (%)	2028 (%)
<u>Growth rate (Contraction) of Gross domestic product</u>	Base scenario	50	(6)	(5)	2	2	2	2
	Best scenario	0	1.5	1.5	8.5	8.5	8.5	8.5
	Worst scenario	50	(12.5)	(11.5)	(4.5)	(4.5)	(4.5)	(4.5)
<u>Unemployment rates</u>	Base scenario	50	30.7	35.1	26.6	23.97	23.97	23.97
	Best scenario	0	32.5	36.9	28.4	25.73	25.73	25.73
	Worst scenario	50	28.9	33.3	24.8	22.16	22.16	22.16

The following tables show the impact of various scenarios on the provision for credit losses. This table shows both the contribution to the total allocations for each probability weighted scenario as well as the overall incremental effect on the allocations for applying multiple economic scenarios compared to the allocations that would have resulted from applying a 100% weighting to the base case scenario:

2024	Palestine Monetary Authority U.S. \$	Balances at banks and financial institutions U.S. \$				Retailers U.S. \$		SMEs U.S. \$		Corporate U.S. \$		Public sector U.S. \$		Indirect credit facilities and financing U.S. \$		Total U.S. \$	
		U.S. \$				U.S. \$		U.S. \$		U.S. \$		U.S. \$		U.S. \$		U.S. \$	
Base scenario (40%)	99,993	7,691	-	-	-	3,562,446	-	3,477,326	-	12,883,958	-	1,122,100	-	80,212	-	21,233,726	-
Best scenario (0%)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Worst scenario (60%)	149,990	22,253	6,420,758	5,215,991	22,010,702	6,420,758	9,983,204	8,693,317	2,805,251	2,805,251	2,805,251	1,683,151	519,140	599,352	36,021,985	57,255,711	57,255,711
Total	249,983	29,944	9,983,204	8,693,317	34,894,660	9,983,204	9,983,204	8,693,317	2,805,251	34,894,660	34,894,660	2,805,251	519,140	599,352	36,021,985	57,255,711	57,255,711
2023	Palestine Monetary Authority U.S. \$	Balances at banks and financial institutions U.S. \$				Retailers U.S. \$		SMEs U.S. \$		Corporate U.S. \$		Public sector U.S. \$		Indirect credit facilities and financing U.S. \$		Total U.S. \$	
		U.S. \$				U.S. \$		U.S. \$		U.S. \$		U.S. \$		U.S. \$		U.S. \$	
Base scenario (40%)	168,128	100,710	-	-	-	1,603,920	-	1,288,262	-	1,716,846	-	97,382	-	36,671	-	5,011,919	-
Best scenario (0%)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Worst scenario (60%)	371,997	151,066	6,508,392	6,132,897	23,903,051	6,508,392	8,112,312	7,421,159	2,305,251	2,305,251	2,305,251	2,207,869	102,165	138,836	39,377,437	44,389,356	44,389,356
Total	540,125	251,776	8,112,312	7,421,159	25,619,897	8,112,312	8,112,312	7,421,159	2,305,251	25,619,897	25,619,897	2,305,251	102,165	138,836	39,377,437	44,389,356	44,389,356

The Following schedule represent the impact on each scenario with 100% base:

	Palestine Monetary Authority	Balances at banks and financial institutions	Retailers	SMEs	corporate	Public sector	Indirect credit facilities and financing	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
2024								
Base scenario	1,064,929	19,227	4,810,622	3,472,606	23,552,965	2,081,419	200,538	35,202,306
Best scenario	161,358	11,495	3,872,703	3,054,745	22,423,720	320,673	30,362	29,875,056
Worst scenario	4,681,334	37,089	10,701,243	9,003,294	35,802,001	8,570,232	865,252	69,660,445
2023								
Base scenario	420,320	136,715	4,009,800	3,220,655	4,292,115	243,455	91,677	9,194,082
Best scenario	525,400	170,894	5,012,250	4,025,819	5,365,144	304,319	114,596	11,492,603
Worst scenario	619,995	4,813,957	9,741,225	10,193,838	39,289,545	3,465,043	170,275	58,100,040

II. Equity Price risk

Equity price risk results from changes in fair value of equity instruments. The effect of the expected decrease in equity instrument prices is equal and opposite to the effect of the increase stated below:

	2024		2023	
	Increase (Decrease) in index	Effect on income statement	Increase (Decrease) in index	Effect on income statement
Market	%	U.S. \$	%	U.S. \$
Amman Stock Exchange	10	-	10	-
		688,426		619,886

III. Foreign Currency risks

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The U.S. \$ is the functional currency for the Bank. The Board of Directors has set limits on positions by currency on an annual basis. In accordance with the Bank's policy, positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

The Jordanian Dinar (JOD) exchange rate is pegged to the U.S. Dollars, so foreign currency risk of JOD is not material on the Bank's financial statements.

The effect of expected decrease in foreign currency rates is equal to and in opposition to the effect of increases shown below:

Currency	2024			2023		
	Increase in currency rate	Effect on income statement	Effect on equity	Increase in currency rate	Effect on income statement	Effect on equity
	%	U.S. \$	U.S. \$	%	U.S. \$	U.S. \$
ILS	10	80,630	-	10	(160,116)	-
Other currencies	10	(13,852)	-	10	(3,902)	-

Foreign currency position of the Bank is as follows:

	Equivalent to U.S. \$			
	JOD	ILS	Other currencies	Total
December 31, 2024				
Assets				
Cash and balances with Palestine Monetary Authority	40,571,795	266,354,403	1,514,866	308,441,064
Balances at banks and financial institutions	66,971,777	6,343,171	7,238,648	80,553,596
Direct Islamic financing	107,268,591	493,081,411	9,190,311	609,540,313
Financial assets at fair value through comprehensive income	6,884,257	-	98,775	6,983,032
Investments properties	2,158,017	-	-	2,158,017
Other assets	4,295,355	11,270,278	8,715	15,574,348
Total assets	228,149,792	777,049,263	18,051,315	1,023,250,370
Liabilities				
Palestine Monetary Authority's deposits	-	21,989,497	-	21,989,497
Banks and financial institutions' deposits	-	28,772,247	2,810,025	31,582,272
Customers' current accounts	52,035,139	259,219,623	5,868,101	317,122,863
Cash margin	3,992,931	62,562,958	2,050,890	68,606,779
Other liabilities	4,489,053	8,268,154	57,732	12,814,939
Total liabilities	60,517,123	380,812,479	10,786,748	452,116,350
Unrestricted investment accounts	165,567,324	358,835,348	7,403,089	531,805,761
Total liabilities and participatory investment accounts	226,084,447	739,647,827	18,189,837	983,922,111
Off-balance sheet contingent liabilities related to foreign exchange	500,000	36,595,132	-	37,095,132
Total liabilities, participatory investment accounts and Off-balance sheet contingent liabilities related to foreign exchange	226,584,447	776,242,959	18,189,837	1,021,017,243
Statement of financial position concentration	1,565,345	806,304	(138,522)	2,233,127
	Equivalent to U.S. \$			
	JOD	ILS	Other currencies	Total
December 31, 2023				
Total assets	239,716,687	803,499,027	15,781,570	1,058,997,284
Total liabilities	65,732,331	407,958,538	10,052,014	483,742,883
Participatory investment accounts	173,138,700	397,141,652	6,614,234	576,894,586
Statement of financial position concentration	845,656	(1,601,163)	(884,678)	(1,640,185)
Commitments and contingencies	21,316,338	33,885,254	(2,041,270)	53,160,322

IV. Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due. To limit this risk, management arranges diversified funding sources, manages assets and liability with liquidity in mind, and monitors future cash flows and liquidity.

The table below summarizes the allocation of assets and liabilities on the basis of the remaining contractual entitlement as at December 31, 2024 and 2023:

	December 31, 2024									
	Less than 1 month	More than 1 month up to 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year up to 3 years	More than 3 years	Without maturity	Total		
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	
Assets										
Cash and balances with Palestine Monetary Authority	249,658,082	-	-	-	-	-	129,360,306	379,018,388		
Balances at banks and financial institutions	56,018,148	34,293,140	2,820,875	-	-	-	-	93,132,163		
Investment at Islamic banks	-	-	5,999,713	-	-	-	-	5,999,713		
Direct Islamic financing	62,352,261	81,960,511	72,345,233	180,738,901	215,780,344	490,625,601	-	1,103,802,851		
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-		
Financial assets at amortized cost	1,846,152	2,970,103	1,017,052	1,000,000	17,000,000	12,156,039	-	10,166,762		
Investment properties	-	-	-	-	-	-	-	35,989,346		
Property and equipment	-	-	-	-	-	-	-	24,883,215		
Right of use assets	-	-	-	-	-	-	-	17,591,940		
Projects in progress	-	-	-	-	-	-	-	4,970,360		
Deferred tax assets	-	-	-	-	-	-	-	1,294,016		
Intangible assets	-	-	-	-	-	-	-	11,644,575		
Other assets	7,039,591	2,587,718	6,932,594	1,644,785	-	-	1,704,858	1,704,858		
Total assets	376,914,234	121,811,472	89,115,467	183,383,686	232,780,344	502,781,640	201,616,032	1,708,402,875		
Liabilities, participatory investment accounts and equity										
Liabilities										
Istidama loans from the Palestinian Monetary Authority	-	-	-	-	15,643,037	-	-	-		
Palestinian Monetary Authority deposits	-	12,344,355	-	-	-	-	-	15,643,037		
Banks and financial institutions' deposits	9,251,449	18,681,025	50,237,346	-	-	-	-	12,344,355		
Customers' current accounts	434,148,259	-	-	-	-	-	-	78,169,820		
Cash margin	3,054,588	11,232,501	30,745,233	25,701,275	29,561,234	-	-	434,148,259		
Sundry provisions	-	-	-	-	-	-	11,946,931	100,294,831		
Tax provisions	-	-	-	246,365	-	-	-	11,946,931		
Deferred tax liabilities	-	-	-	-	-	-	-	246,365		
Lease liabilities	-	-	-	-	-	-	-	2,830,662		
Other liabilities	4,320,498	5,962,244	8,064,456	-	-	-	-	5,312,528		
Total liabilities	450,774,794	48,220,125	89,047,035	3,179,811	45,204,271	-	20,090,121	682,463,797		
Participatory investment accounts	180,056,789	179,034,261	250,678,910	273,275,149	-	-	-	883,045,109		
Equity										
Paid-in share capital	-	-	-	-	-	-	-	101,119,252		
Statutory reserve	-	-	-	-	-	-	-	10,480,248		
General banking risk reserve	-	-	-	-	-	-	-	8,374,674		
Pro-cyclicality reserve	-	-	-	-	-	-	-	5,200,696		
Investment properties reserve	-	-	-	-	-	-	-	7,755,030		
Cumulative change in fair value	-	-	-	-	-	-	-	(996,684)		
Retained earnings	-	-	-	-	-	-	-	10,960,753		
Total equity	630,831,583	227,254,386	339,725,945	302,402,600	45,204,271	-	162,984,090	142,893,969		
Total liabilities, participatory investment accounts and equity	(253,917,349)	(105,442,914)	(250,610,478)	(119,018,914)	187,576,073	502,781,640	38,631,942	1,708,402,875		
Maturity gap	(253,917,349)	(359,360,263)	(609,970,741)	(728,989,655)	(541,413,582)	(38,631,942)	-	-		
Cumulative maturity gap	-	-	-	-	-	-	-	-		
December 31, 2023										
Assets										
Cash and balances with Palestine Monetary Authority	254,778,741	13,770,679	-	-	-	-	104,890,763	373,440,183		
Balances at banks and financial institutions	49,135,440	38,024,570	22,130,655	-	-	-	-	109,290,665		
Investment at Islamic banks	-	-	5,998,443	-	-	-	-	5,998,443		
Direct Islamic financing	43,086,527	94,159,235	69,573,573	190,515,627	208,789,687	502,625,605	-	1,108,750,254		
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-		
Financial assets at amortized cost	3,834,207	2,138,391	3,742,184	1,909,566	17,010,793	12,155,976	9,501,058	9,501,058		
Investment properties	-	-	-	-	-	-	-	40,791,117		
Property and equipment	-	-	-	-	-	-	-	24,776,440		
Projects in progress	-	-	-	-	-	-	-	19,701,588		
Right of use assets	-	-	-	-	-	-	-	1,052,091		
Deferred tax assets	-	-	-	-	-	-	-	5,293,641		
Intangible assets	-	-	-	-	-	-	-	9,570,383		
Other assets	10,812,479	7,054,889	7,356,622	3,434,877	-	-	1,545,353	1,545,353		
Total assets	361,647,394	155,147,764	108,801,477	195,860,070	225,800,480	514,781,581	176,331,317	1,738,370,083		
Liabilities, participatory investment accounts and equity										
Liabilities										
Istidama loans from the Palestinian Monetary Authority	-	-	-	-	5,519,687	-	-	-		
Palestinian Monetary Authority deposits	-	12,150,568	-	-	15,583,660	-	-	27,734,228		
Banks and financial institutions' deposits	42,315,583	4,401,245	2,987,336	6,092,526	2,565,245	-	-	58,361,935		
Customers' current accounts	480,041,723	-	-	-	-	-	-	480,041,723		
Cash margin	-	11,631,311	34,225,184	38,716,478	23,357,839	548,661	-	108,479,473		
Sundry provisions	-	-	-	-	-	10,447,743	-	10,447,743		
Tax provisions	-	-	-	8,287,973	-	-	-	8,287,973		
Deferred tax liabilities	-	-	-	-	-	-	-	2,686,546		
Lease liabilities	-	-	-	-	-	-	-	5,662,659		
Other liabilities	736,235	223,488	7,649,586	5,699,917	-	-	126,285	14,435,511		
Total liabilities	523,093,541	28,406,612	44,862,106	58,796,894	47,026,431	10,996,404	8,475,490	721,657,478		
Participatory investment accounts	175,641,472	192,907,385	225,034,931	277,078,976	5,045,943	-	-	875,708,707		
Equity										
Paid-in share capital	-	-	-	-	-	-	-	101,119,252		
Statutory reserve	-	-	-	-	-	-	-	10,368,072		
General banking risk reserve	-	-	-	-	-	-	-	8,374,674		
Pro-cyclicality reserve	-	-	-	-	-	-	-	5,200,696		
Investment properties reserve	-	-	-	-	-	-	-	7,359,871		
Cumulative change in fair value	-	-	-	-	-	-	-	(1,369,860)		
Retained earnings	-	-	-	-	-	-	9,951,193	9,951,193		
Total equity	698,735,013	221,313,997	269,897,037	335,875,870	52,072,374	10,996,404	141,003,898	141,003,898		
Total liabilities, participatory investment accounts and equity	(337,087,619)	(66,166,233)	(161,095,560)	(140,015,800)	173,728,106	503,785,177	149,479,388	1,738,370,083		
Maturity gap	(337,087,619)	(403,253,852)	(564,349,412)	(704,365,212)	(530,637,106)	(26,851,929)	-	-		
Cumulative maturity gap	-	-	-	-	-	-	-	-		

Liquidity Coverage Ratio (LCR)

During 2018, PMA issued instructions No. (4/2018) in regard of Liquidity Coverage Ratio (LCR), which is considered one of the quantitative corrective tools issued by Basel Committee. According to the issued instructions LCR should not be lower than 100% in any case. The Liquidity Coverage Ratio (LCR) aims to enhance the Bank's ability to face liquidity risks in the short term by ensuring the availability of sufficient stock of high-quality liquid assets to meet liquidity needs that may arise according to the stress scenario for a period of 30 days, and for the purpose of continuing the Bank to provide its services during the mentioned period from the beginning of the stress date and until the Bank takes action to resolve the problem in an orderly manner.

The table below shows the calculation of the mentioned ratio as of December 31, 2024:

<u>Description</u>	<u>Amount before discount rates / Average flows</u> U.S. \$	<u>Amount after discount rates / Average flows</u> U.S. \$
High quality liquid assets	441,172,322	383,731,187
Retail deposits including small and medium corporates:		
A- Less stable deposits	892,812,977	92,685,072
B- Term deposits with a maturity of more than 30 days	263,145,204	-
Other deposits and other unguaranteed financing for companies:		
A- Operational deposits	245,012,856	61,253,215
B- non-operational deposits	-	-
Guaranteed financing and deposits	245,012,856	61,253,215
Governmental Deposits	10,725,572	4,290,229
Palestine Monetary Authority Deposits	27,987,391	11,194,957
Bank Deposits	78,169,822	78,169,822
Other financial institutions deposits	5,791,586	2,316,634
Guaranteed financing and deposits		
Non-cancelled credit lines and required liquidity within 30 days	367,687,227	157,224,857
Binding credit and liquidity facilities provided to other companies	65,136,940	51,598,602
Long Term	239,049,628	11,952,481
Gross cash outflows	1,827,831,976	313,461,012
Guaranteed Islamic financing	57,441,135	28,720,568
Gross cash inflow	57,441,135	28,720,568
Net cash outflow after adjustments		284,740,444
Total high-quality liquid assets after adjustments		383,731,187
Net cash outflow after adjustment		284,740,444
Liquidity coverage ratio (%)		135%

The table below shows the calculation of the mentioned ratio as of December 31, 2023:

<u>Description</u>	<u>Amount before discount rates / Average flows</u> U.S. \$	<u>Amount after discount rates / Average flows</u> U.S. \$
High quality liquid assets	653,799,187	608,103,379
Retail deposits including small and medium corporates:		
C- Less stable deposits	920,503,016	97,501,264
D- Term deposits with a maturity of more than 30 days	308,169,061	-
Other deposits and other unguaranteed financing for companies:		
C- Operational deposits	215,668,955	53,917,239
D- non-operational deposits	-	-
Guaranteed financing and deposits	215,668,955	53,917,239
Governmental Deposits	13,684,121	5,473,648
Palestine Monetary Authority Deposits	33,253,915	13,301,566
Bank Deposits	58,361,935	58,361,935
Other financial institutions deposits	6,204,750	2,481,900
Guaranteed financing and deposits	327,173,676	133,536,288
Non-cancelled credit lines and required liquidity within 30 days	5,849,201	292,460
Binding credit and liquidity facilities provided to other companies	2,893,679	2,893,679
Long Term	207,148,338	11,177,665
Gross cash outflows	1,771,736,971	245,401,356
Guaranteed Islamic financing	31,688,614	15,844,307
Gross cash inflow	31,688,614	15,844,307
Net cash outflow after adjustments		229,557,049
Total high-quality liquid assets after adjustments		608,103,379
Net cash outflow after adjustment		229,557,049
Liquidity coverage ratio (%)		265%

Net Stable Funding Ratio (NSFR)

During 2018, PMA issued instructions No. (5/2018) in regard of applying Net Stable Funding Ratio (NSFR) (Banks are required to maintain this ratio at a minimum of 100% on a continuous basis), The table below shows the calculation of the mentioned ratio as of December 31, 2024:

Description	2024	2023
	U.S. \$	U.S. \$
Regulatory capital	141,334,300	139,942,771
Less stable retail deposits	1,040,483,959	1,105,994,358
Guaranteed and unguaranteed financing	130,765,007	117,778,913
Gross funding available	1,312,583,266	1,363,716,042
Level 1 unrestricted high liquidity assets	100,000	150,000
Level 2 unrestricted high liquidity assets	-	31,140,002
Level 3 unrestricted high liquidity assets	2,712,797	36,319,182
Islamic Financing	383,462,688	490,873,285
Housing loans	215,070,742	215,628,664
Deposits in other financial institutions	15,279,796	23,264,715
Financial assets issued or guaranteed by banks and financial institutions	-	-
Non-performing Islamic Financing	2,300,189	1,822,775
Other assets	351,825,115	90,632,750
Non-cancellable credit financing and line of credits	8,707,252	6,637,022
Future obligations	442,905	626,877
Other non contractual obligations	2,794,754	2,994,602
Off balance sheet exposures that are included in prior years	7,570	7,778
Gross funding required	982,703,808	900,097,652
Net Stable Funding Ratio (NSFR)	134%	152%

Leverage Ratio

The Palestine Monetary Authority issued Instructions No. (24/2021) regarding the application of the financial leverage ratio, as these instructions aim to reduce the accumulation of financial leverage in banks to reduce any pressures on the financial system and the economy in general, and to enhance capital requirements, and it should be noted that the leverage ratio in all cases should not be less than 4%.

	financial leverage ratio
	U.S. \$
Total Exposure Scale	1,710,527,570
Regulatory amendments related to investments in banks, financial institutions, insurance companies and commercial entities grouped for accounting purposes, but outside the scope of regulatory aggregation.	9,459,888
Amendments related to derivatives exposures	48,175,847
Total Leverage Exposure Scale	1,652,891,835
First tranche of capital net capital	125,059,012
Leverage Ratio	7.57%

47. Fair value measurement

The fair value measurement hierarchy of the Bank's assets and liabilities as at December 31, 2024:

	Date of measurment	Total U.S. \$	Fair value measurement using		
			Quoted prices in active markets (Level 1) U.S. \$	Significant observable inputs (Level2) U.S. \$	Significant unobservable inputs (Level3) U.S. \$
<u>Assets measured at fair value:</u>					
Financial asset at fair value through equity (note 7):					
Quoted	December 31, 2024	6,884,257	6,884,257	-	-
Unquoted	December 31, 2024	3,282,505	-	-	3,282,505
		36,839,808	36,839,808	-	-
Financial assets at amortized cost disclosed (note 8)	December 31, 2024	24,883,215	-	-	24,883,215
Investment properties (note 9)	December 31, 2024	6,884,257	6,884,257	-	-

The following table provides the fair value measurement hierarchy of Bank's assets and liabilities as at December 31, 2023:

		Fair value measurement using			
	Date of measurment	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level2)	Significant unobservable inputs (Level3)
		U.S. \$	U.S. \$	U.S. \$	U.S. \$
Assets measured at fair value:					
Financial asset at fair value through equity (note 7):					
Quoted	December 31, 2023	6,198,858	6,198,858	-	-
Unquoted	December 31, 2023	3,302,200	-	-	3,302,200
Financial assets at amortized cost disclosed (note 8)					
	December 31, 2023	39,796,369	39,796,369	-	-
Investment properties (note 9)					
	December 31, 2023	24,776,440	-	-	24,776,440

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

– Sensitivity of data not observable (Stage 3):

External certified appraisers are required to evaluate material assets such as investment properties and invest in unlisted financial assets. After discussion with these external appraisers, the Bank selects methods and inputs that will be used for valuation in each case.

48. Fair value of financial instruments

The table below represents a comparison by class of the carrying amounts and fair values of the Bank's financial instruments carried in the financial statements as at December 31, 2024 and 2023:

	Carrying amount		Fair value	
	2024	2023	2024	2023
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Financial assets				
Cash and balances with Palestine Monetary Authority	379,018,388	373,440,183	379,018,388	373,440,183
Balances at banks and financial institutions	93,132,163	109,290,665	93,132,163	109,290,665
Investment at Islamic banks	5,999,713	5,998,443	5,999,713	5,998,443
Direct Islamic financing	1,103,802,851	1,108,750,254	1,103,802,851	1,108,750,254
Financial assets at fair value through equity:				
Quoted shares	6,884,257	6,198,858	6,884,257	6,198,858
Unquoted shares	3,282,505	3,302,200	3,282,505	3,302,200
Financial assets at amortized cost	35,989,346	40,791,117	36,839,808	39,796,369
Other assets	16,302,781	26,377,752	16,302,781	26,377,738
Total assets	1,644,412,004	1,674,149,472	1,645,262,466	1,673,154,710
Financial liabilities				
Istidama loans from Palestine Monetary Authority	15,643,037	5,519,687	15,643,037	5,519,687
Palestine Monetary Authority's deposits	12,344,355	27,734,228	12,344,355	27,734,228
Banks and financial institutions' deposits	78,169,820	58,361,935	78,169,820	58,361,935
Customers' Current accounts	434,148,259	480,041,723	434,148,259	480,041,723
Cash margins	100,294,831	108,479,473	100,294,831	108,479,473
Lease liabilities	5,312,528	5,662,659	5,312,528	5,662,659
Other liabilities	20,895,949	14,296,675	20,895,949	14,296,675
Total liabilities	666,808,779	700,096,380	666,808,779	700,096,380
Participatory investment accounts	883,045,109	875,708,707	883,045,109	875,708,707

The fair value of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair values of cash and balances with PMA, balances at banks and financial institutions, investments at Islamic banks, financial assets at amortized cost, other financial assets, PMA deposits, banks and financial institutions' deposits, customers' deposits, cash margin and other financial liabilities approximate their carrying amounts.

The fair value of the quoted financial assets at fair value through equity that have a market price are set in accordance with the prices traded on the date of the financial statements.

Financial assets at fair value through equity that do not have a market price were stated at cost less impairment, as the fair value of such assets cannot be reliably measured. In management's opinion, the fair value of the unquoted financial assets at fair value through equity does not significantly differ from their value presented on the financial statements.

The fair value of portfolio financing is determined through the consideration of different variables such as rates of return, risk factors and the debtor's ability to pay. The carrying value for Islamic financing approximates its fair value as at December 31, 2023.

The fair value of financial assets at amortized cost was estimated using the expected future cash flows using the same discount rate for other banks with similar conditions and risks.

49. Segment information

a. Information on the Bank's business segments:

For management purposes, the Bank is organized into three major business segments:

Retail banking: Principally handling individual customers' deposits and providing them with Islamic financing and other services.

Corporate banking: Principally handling Islamic financing, deposits and current accounts for corporate and institutional customers.

Treasury: Principally providing trading and treasury services and the management of the Bank's funds and investments.

Following the Bank's business segments:

	Retail	Corporate	Treasury	Others	2024
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Gross revenues	26,243,059	46,104,526	12,613,798	1,313,955	86,275,338
Impairment losses	(1,870,892)	(11,152,881)	(18,338,466)	(817,629)	(32,179,868)
Segment results					54,095,470
Unallocated expenses					(55,020,363)
Profit before taxes					(924,893)
Tax returns					2,046,629
Profit for the year					1,121,736
Other information					
Total segment assets	282,935,458	820,867,393	549,189,587	55,410,437	1,708,402,875
Total segment liabilities and participatory investment accounts	1,061,059,689	356,428,510	106,157,212	41,863,495	1,565,508,906
Capital expenditures					2,181,280
Depreciation and amortization					4,710,122
	Retail	Corporate	Treasury	Others	2023
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Gross revenue	21,738,345	51,127,450	12,098,422	992,068	85,956,285
Impairment losses	(5,629,412)	(18,381,299)	100,907	(1,117,632)	(25,027,436)
Segment results					60,928,849
Unallocated expenses					(54,370,733)
Profit before taxes					6,558,116
Taxes expense					(1,038,410)
Profit for the year					5,519,706
Other information					
Total segment assets	295,610,096	813,140,158	539,021,466	90,598,363	1,738,370,083
Total segment liabilities and participatory investment accounts	1,201,298,977	262,930,926	91,615,850	41,520,432	1,597,366,185
Capital expenditures					4,691,690
Depreciation and amortization					4,656,339

b. Geographical distribution information

This disclosure represents the geographical distribution of the Bank's operations. The Bank mainly carries out its activities in Palestine which represents the local operations. In addition, the Bank carries out its activities outside Palestine which represents the foreign operations.

Following is the distribution of the Bank's revenue, assets and capital expenditures according to geographical sector:

	Local		Foreign		Total	
	2024	2023	2024	2023	2024	2023
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Total revenues	81,130,116	80,696,752	5,145,222	5,259,533	86,275,338	85,956,285
Total assets	1,574,540,625	1,625,078,390	133,862,250	113,291,693	1,708,402,875	1,738,370,083
Capital expenditures	2,181,280	4,691,690	-	-	2,181,280	4,691,690

50. Capital management

The primary objective of the Bank's capital management is to ensure that it maintains adequate capital ratios in order to support its business and maximize equity value.

The Bank manages its capital structure and adjusts it in light of changes in business conditions. The Bank did not make any adjustments to objectives and policies related to the capital structure during the year, except for raising the paid-in share capital by U.S. \$ 4,900,000 during 2023, and U.S. \$ 4,500,000 during 2022.

The capital adequacy ratio is computed in accordance with PMA regulations derived from Basel Committee regulations computed as follows:

	2024			2023		
	Amount	Percentage to assets	Percentage to risk - weighted assets	Amount	Percentage to assets	Percentage to risk - weighted assets
	U.S. \$	%	%	U.S. \$	%	%
Regulatory capital	141,330,151	8.27	13.82	133,189,248	8.02	14.42
Basic capital	125,059,404	7.32	12.23	118,453,640	7.14	12.82

The Bank manages its capital in a way that ensures the continuity of its operations and achieves the highest possible return on shareholders' equity. The capital for the year ended 2024 is computed in accordance with PMA instructions No. (8/2018) derived from Basel III international regulations, as shown in the following table:

	December 31, 2024
	U.S. \$
Net common stocks (CET 1)	125,059,404
The first bracket of capital	125,059,404
The second bracket of capital	16,270,747
Capital base	141,330,151
Credit risk	889,158,206
Market risk	-
Operational risk	133,320,515
Total risk weighted assets	1,022,478,721

	%
Percentage of common stocks (CET 1) to risk weighted assets	12.23%
Percentage of the first bracket of capital to risk weighted assets	12.23%
Percentage of the second bracket of capital to risk weighted assets	1.59%
Percentage of the first bracket to assets	7.32%
Percentage of regulatory capital to assets	8.27%
Capital adequacy ratio	13.82%

51. Legal cases against the Bank

In the normal course of business, the number of litigations filed against the Bank was (32) and (29) as at December 31, 2024 and 2023, respectively. The litigations filed against the Bank amounted to U.S. \$ 1,973,824 and U.S. \$ 1,309,278 as at December 31, 2024 and 2023, respectively. The Bank's management and lawyer believe that the provision for legal cases is sufficient against these litigations.

52. Concentration of risk in geographical area

The Bank carries out its activities in Palestine. The political and economic destabilization in the area increases the risk of carrying out business and could adversely affect performance.

53. War on Gaza Strip

At the beginning of October 2023, Gaza Strip was exposed to a war, which significantly affected all economic activities in Gaza Strip, in addition to destruction of many entities and properties. The economic activity in the West Bank was also affected due to closures and restrictions on the movement of individuals and goods between the cities of the West Bank and between the West Bank and abroad, preventing tens of thousands of Palestinian workers from reaching their workplaces.

These events have negatively affected economic activities in Palestine and led to a decrease in revenues from the private sector, Palestinian workers, government revenues from taxes and local fees, clearance revenues compared to the situation before war and consequently, the ability of customers to meet their obligations on time. The Bank's exposure to credit financing granted to the government, its employees and green line workers are disclosed in (note 6).

Management actions

In response to the war on the Gaza Strip, and from the first day, the Bank declared a state of emergency and activated its business continuity committee, which carried out several measures as follows:

- Identifying possible closure scenarios in the West Bank and Gaza Strip to ensure the continuity of the Bank's functions and defining responsibilities for emergency teams.
- Conducting a risk study and stressful scenarios for the following axes:
 1. Cash and liquidity
 2. Credit financing portfolio and provision for expected credit losses
 3. Non-financial assets
 4. Long-term risks
 5. Capital adequacy ratios
- Monitor and follow up the financial conditions of customers to determine the extent to which their operations and activities are affected by the current conditions and determine their financing needs.

Bank exposures in the Gaza Strip

The net book value of the Bank's assets in the Gaza Strip as at December 31, 2024 amounted to U.S. \$ 54,880,476 and U.S. \$ 102,047,170 as at December 31, 2023 after deducting impairment provisions in the amount of U.S. \$ 57,679,713 and U.S. \$ 33,032,380. These provisions were calculated by management according to its best estimate and based on available information in light of the state of uncertainty that is beyond management's control due to the continuation of the war on Gaza Strip.

Below are the details of the Bank's exposures in Gaza Strip and the impairment provisions against them as of December 31, 2024 and 2023:

December 31, 2024	U.S. \$		
	Exposure	Impairment losses/provision	Net book value
Cash in vaults (A)	23,687,154	18,776,616	4,910,538
Direct Islamic financing (B)	85,874,388	37,380,615	48,493,773
Non-financial assets (C)	2,998,647	1,522,482	1,476,165
	<u>112,560,189</u>	<u>57,679,713</u>	<u>54,880,476</u>
December 31, 2023	U.S. \$		
	Exposure	Impairment losses/provision	Net book value
Cash in vaults (A)	38,636,525	-	38,636,525
Direct Islamic financing (B)	92,876,744	31,809,925	61,066,819
Non-financial assets (C)	3,277,461	1,222,455	2,055,006
	<u>134,790,730</u>	<u>33,032,380</u>	<u>101,758,350</u>

A- Cash in vaults:

As of December 31, 2024, the total cash held in the vaults of the Bank's branches in the Gaza Strip was U.S. \$ 23,687,154 (2023: U.S \$ 38,636,525). The Bank's branches in the Gaza Strip sustained severe damage and assaults during the year, including losses related to cash held in vaults and ATMs. The provisions recorded for cash losses as of December 31, 2024, amounted to U.S. \$ 18,776,616. Management believes that the provisions and recognized losses related to cash exposures are sufficient to cover the associated risks.

B- Direct Islamic financing:

The Bank conducted a study of the sectors affected by the war. As of December 31, 2024, the net Islamic financing in the Gaza Strip amounted U.S \$ 48,493,773, compared to U.S \$ 61,066,819 as of December 31, 2023 after deducting expected credit loss provisions of U.S \$ 37,380,615 and U.S \$ 31,809,925, respectively. The expected impairment losses on these financings mainly depend on the developments in the strip, which remain unpredictable as of the date of issuance of the financial statements.

C. Non-financial assets:

The net book value of non-financial assets in the Gaza Strip amounted to U.S. \$ 1,476,165 as of December 31, 2024, compared to U.S. \$ 2,343,826 as of December 31, 2023, after deducting expected credit loss provisions of U.S. \$ 1,224,021 and U.S. \$ 735,500, respectively. These assets include certain property, plant and equipment, some investment properties, and other assets. The Bank recorded additional impairment losses on property, plant and equipment of U.S. \$ 300,000 during 2024 and USD 175,169 during 2023. Due to the consequences of the war, management has not been able to assess the recoverable amount at this time in order to recognize any further necessary impairment losses.

Liquidity:

Management has conducted a thorough review of the Bank's current and anticipated liquidity ratios, continuity plans, and stress tests in response to evolving conditions. The Bank consistently tracks its liquidity status to maintain adequate levels to meet forecasted demands and sustain operations.

The Liquidity Coverage Ratio (LCR) was 135% and the Net Stable Funding Ratio (NSFR) was 134% as of December 31, 2024, both of which are higher than the ratios set by the Palestine Monetary Authority as disclosed in Note (46).

Operational risks:

As at the date these financial statements were issued, and since the beginning of the events on October 7, 2023, the Bank's four branches in the Gaza Strip have remained closed. Subsequently, and after the date of the financial statements, the Palestine Monetary Authority (PMA) announced the resumption of operations in Gaza Strip as a result of the second temporary ceasefire, with services being provided starting from January 28, 2025, through a phased reopening of branches. The Bank believes it has sufficient financial resources to continue its operations efficiently in the WestBank by taking necessary measures to adapt to emerging changes and ensure the Bank's ability to maintain continuity through the implementation of continuity plans.

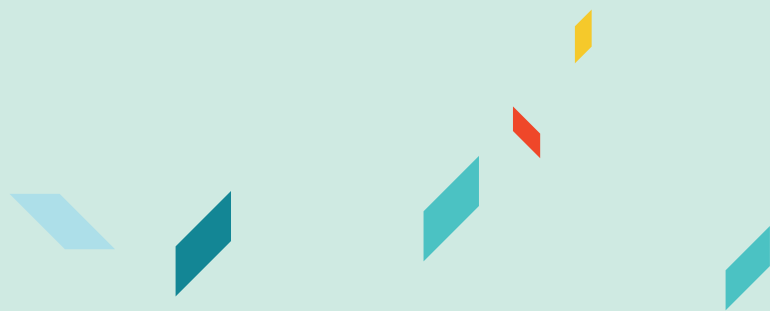
Subsequent events

Subsequent to the date of the financial statements, the President of the State of Palestine issued Decision-Law No. (3) of 2025 to organize dealing with the loan’s installments and terms. This law grants the Palestinian Monetary Authority the right, in specific cases outlined in the Decision-Law, to issue binding instructions to banks to amend loan terms and installments, including extending repayment periods, restructuring debts and installments, or determining profit rates, ensuring that the profit rate does not exceed the interbank lending rate. Accordingly, the Palestinian Monetary Authority issued Instruction No. (1) of 2025 regarding the management of debt maturities of credit financing granted to individuals in Gaza Strip and public sector employees in West Bank, the instructions requested the Banks to shift the repayment schedule for all loans in Gaza Strip for the period from October 1, 2023, until July 1, 2025. In addition, the repayment schedule for all loans for public sector employees in West Bank should be shifted from October 1, 2023, until December 31, 2024, through the granting of a Tawarruq financing facility, allowing the client to use the amount to repay the installments. The bank collects a profit on the financing provided at a rate not exceeding the interbank financing rate (6 Months SOFR).

In accordance with the accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and based on the above instructions, the agreed profit share remaining with the client must be distributed over the new or expected financing period, taking into account the value and timing of expected cash flows using the effective profit method. According to the preliminary estimates of the management, no material impact on the bank's financial statements is expected, as the bank has ceased recognizing the earned revenues in Gaza Strip. In response to these instructions, the bank has updated the inputs used to calculate the Expected Credit Loss (ECL) provision for the year 2024.

54. Comparative Figures

Some accounts in the financial statements for the previous year have been reclassified to match the presentation of the financial statements for the current year. The reclassification does not affect the profits or the equity for the previous year.



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