

BANK OF PALESTINE P.L.C

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

Bank of Palestine P.L.C

Consolidated Statement of Financial Position
As at December 31, 2021

	2021	2020
	U.S. \$	U.S. \$
ASSETS		
Cash and balances with Palestine Monetary Authority	1,779,579,889	1,323,410,056
Balances at banks and financial institutions	782,817,995	747,858,727
Financial assets at fair value through profit or loss	10,253,849	18,735,305
Direct credit facilities and Islamic financing	3,453,139,478	3,266,748,588
Financial assets at fair value through other comprehensive income	42,028,862	28,559,024
Financial assets at amortized cost	229,645,417	205,499,230
Investment in associates and a joint venture	9,652,487	5,946,380
Investment properties	25,962,178	25,884,919
Property, plant and equipment and right of use assets	115,897,814	121,430,377
Projects in progress	1,366,792	2,680,297
Intangible assets	14,613,893	15,428,395
Other assets	43,298,245	47,628,690
Total assets	6,508,256,899	5,809,809,988
LIABILITIES AND EQUITY		
Liabilities		
Palestine Monetary Authority's deposits	242,439,107	168,347,302
Banks and financial institutions' deposits	120,061,868	82,088,201
Customers' deposits	5,013,697,756	4,580,935,374
Cash margins	291,588,276	253,088,880
Subordinated loan	72,500,000	75,000,000
Loans and borrowings	48,442,500	27,636,180
Istidama loans from Palestine Monetary Authority	22,307,552	9,134,926
Lease Liabilities	31,900,160	33,453,914
Sundry provisions	50,983,323	48,851,375
Taxes provisions	21,086,957	4,610,652
Other liabilities	97,067,400	93,142,513
Total liabilities	6,012,074,899	5,376,289,317
Equity		
Paid-in share capital	217,433,527	208,080,000
Additional paid-in capital	29,575,688	24,848,415
Statutory reserve	61,896,623	56,970,341
Voluntarily reserve	246,361	246,361
General banking risks reserve	10,311,877	10,311,877
Pro-cyclicality reserve	40,000,000	40,000,000
Fair value reserve	(1,888,233)	(4,999,792)
Retained earnings	77,729,642	43,763,159
Total equity holders of the Bank	435,305,485	379,220,361
Non-controlling interests	60,876,515	54,300,310
Total equity	496,182,000	433,520,671
Total liabilities and equity	6,508,256,899	5,809,809,988

Bank of Palestine P.L.C

Consolidated Income Statement
For the year ended December 31, 2021

	2021	2020
	U.S. \$	U.S. \$
Interest income	166,252,374	161,289,379
Interest expense	(38,906,250)	(42,650,597)
Net interest income	127,346,124	118,638,782
Net financing and investment income	50,166,699	35,662,682
Net commissions	46,085,241	43,156,485
Net interest, financing, investment and commissions income	223,598,064	197,457,949
Foreign currencies gains	22,113,144	16,745,839
Net gains from financial assets	7,951,831	611,729
Valuation (losses) gains on investment properties	(285,740)	48,050
Bank's share of results of associates and a joint venture	441,850	442,861
Other revenues, net	8,396,247	6,941,015
Gross profit before expected credit losses provisions	262,215,396	222,247,443
Expected credit losses on direct credit facilities and Islamic financing and other receivables, net	(22,995,701)	(38,968,640)
Provision of expected credit losses on investments and indirect credit facilities and Islamic financing	(500,414)	(489,146)
Gross profit	238,719,281	182,789,657
Expenses		
Personnel expenses	(82,647,551)	(73,595,572)
Other operating expenses	(51,622,367)	(48,620,126)
Depreciation and amortization	(17,927,102)	(18,858,916)
Credit facilities not previously provided for and written off	(2,052,766)	(1,532,623)
Palestine Monetary Authority's fines	(20,000)	(22,052)
Total expenses	(154,269,786)	(142,629,289)
Profit before taxes	84,449,495	40,160,368
Taxes expense	(27,945,169)	(17,748,220)
Profit for the year	56,504,326	22,412,148
Attributable to:		
Equity holders of the Bank	49,262,818	19,881,004
Non-controlling interests	7,241,508	2,531,144
	56,504,326	22,412,148
Basic and diluted earnings per share	0.23	0.10

Bank of Palestine P.L.C

Consolidated Statement of Comprehensive Income
For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Profit for the year	<u>56,504,326</u>	<u>22,412,148</u>
Other comprehensive income items:		
<u>Items not to be reclassified to the consolidated</u> <u>income statement in subsequent periods:</u>		
Change in the fair value of financial assets	<u>3,678,291</u>	<u>(1,322,007)</u>
Total other comprehensive income	<u>3,678,291</u>	<u>(1,322,007)</u>
Net comprehensive income for the year	<u><u>60,182,617</u></u>	<u><u>21,090,141</u></u>
Attributable to:		
Equity holders of the Bank	52,405,093	18,736,114
Non-controlling Interests	<u>7,777,524</u>	<u>2,354,027</u>
	<u><u>60,182,617</u></u>	<u><u>21,090,141</u></u>

Bank of Palestine P.L.C
Consolidated Statement of Changes in Equity
For the year ended December 31, 2021

	Reserves										Total equity U.S. \$
	Paid-in share capital U.S. \$	Additional paid-in capital U.S. \$	Statutory U.S. \$	Voluntarily U.S. \$	General banking risks U.S. \$	Pro- cyclicality U.S. \$	Fair value U.S. \$	Retained earnings U.S. \$	Equity holders of the Bank U.S. \$	Non- controlling interests U.S. \$	
2021											
Balance, beginning of the year	208,080,000	24,848,415	56,970,341	246,361	10,311,877	40,000,000	(4,999,792)	43,763,159	379,220,361	54,300,310	433,520,671
Profit for the year	-	-	-	-	-	-	-	49,262,818	49,262,818	7,241,508	56,504,326
Other comprehensive income	-	-	-	-	-	-	3,142,275	-	3,142,275	536,016	3,678,291
Net comprehensive income for the year	-	-	-	-	-	-	3,142,275	49,262,818	52,405,093	7,777,524	60,182,617
Transfer of fair value reserve of financial assets through other comprehensive income	-	-	-	-	-	-	(30,716)	30,716	-	28,285	28,285
Transfers to reserves	-	-	4,926,282	-	-	-	-	(4,926,282)	-	-	-
Increase in the bank's paid-in capital	7,272,727	4,727,273	-	-	-	-	-	-	12,000,000	-	12,000,000
Stock dividends	2,080,800	-	-	-	-	-	-	(2,080,800)	-	-	-
Cash dividends	-	-	-	-	-	-	-	(8,323,200)	(8,323,200)	(1,229,604)	(9,552,804)
Fractions of stocks	-	-	-	-	-	-	-	3,231	3,231	-	3,231
Balance, end of the year	217,433,527	29,575,688	61,896,623	246,361	10,311,877	40,000,000	(1,888,233)	77,729,642	435,305,485	60,876,515	496,182,000

	Reserves										Total equity U.S. \$
	Paid-in share capital U.S. \$	Additional paid-in capital U.S. \$	Statutory U.S. \$	Voluntarily U.S. \$	General banking risks U.S. \$	Pro- cyclicality U.S. \$	Fair value U.S. \$	Retained earnings U.S. \$	Equity holders of the Bank U.S. \$	Non- controlling interests U.S. \$	
2020											
Balance, beginning of the year	204,000,000	24,848,415	54,982,241	246,361	9,749,949	40,000,000	(3,854,902)	46,828,335	376,800,399	53,863,794	430,664,193
Profit for the year	-	-	-	-	-	-	-	19,881,004	19,881,004	2,531,144	22,412,148
Other comprehensive income	-	-	-	-	-	-	(1,144,890)	-	(1,144,890)	(177,117)	(1,322,007)
Net comprehensive income for the year	-	-	-	-	-	-	(1,144,890)	19,881,004	18,736,114	2,354,027	21,090,141
Transfers to reserves	-	-	1,988,100	-	561,928	-	-	(2,550,028)	-	-	-
Stock dividends	4,080,000	-	-	-	-	-	-	(4,080,000)	-	-	-
Cash dividends	-	-	-	-	-	-	-	(16,320,000)	(16,320,000)	(1,917,511)	(18,237,511)
Fractions of stocks	-	-	-	-	-	-	-	3,848	3,848	-	3,848
Balance, end of the year	208,080,000	24,848,415	56,970,341	246,361	10,311,877	40,000,000	(4,999,792)	43,763,159	379,220,361	54,300,310	433,520,671

Consolidated Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
	U.S. \$	U.S. \$
<u>Operating activities</u>		
Profit for the year before taxes	84,449,495	40,160,368
Adjustments for:		
Depreciation and amortization	17,927,102	18,858,916
Net gains from financial assets	(8,644,965)	(1,068,787)
Expected credit losses on credit facilities and Islamic financing, investments and other receivables, net	23,496,115	39,457,786
Losses (gains) from revaluation of deposits at below market interest rate	1,428,011	(1,428,011)
Modification (gains) losses arising of Islamic financing of a subsidiary	(3,364,410)	3,364,410
Finance cost on lease liabilities	958,455	1,011,795
Impairment on projects in progress	1,056,516	-
Sundry provisions	10,128,859	5,982,147
Valuation losses (gains) on investment properties	285,740	(48,050)
Bank's share of results of associates and a joint venture	(441,850)	(442,861)
Credit facilities not previously provided for and written off	2,052,766	1,532,623
Losses on disposal of property, plant and equipment	299,475	1,119
Other non-cash items	92,780	915,298
	<u>129,724,089</u>	<u>108,296,753</u>
<u>Changes in assets and liabilities:</u>		
Direct credit facilities and Islamic financing	(207,742,351)	(327,313,987)
Statutory cash reserve	(13,860,295)	(33,417,361)
Other assets	3,830,445	12,136,262
Customers' deposits	432,762,382	708,949,293
Istidama loans from Palestine Monetary Authority	13,172,626	9,134,926
Cash margins	38,499,396	9,490,943
Other liabilities	4,909,731	16,625,073
Net cash flows from operating activities before taxes and sundry provision	401,296,023	503,901,902
Taxes paid	(11,468,864)	(14,558,687)
Sundry provision, paid	(7,996,911)	(4,107,116)
Net cash flows from operating activities	<u>381,830,248</u>	<u>485,236,099</u>
<u>Investing activities:</u>		
Purchase of financial assets at fair value through profit or loss and through other comprehensive income	(9,837,738)	(1,869,358)
Purchase of financial assets at amortized cost	(43,224,776)	(72,077,957)
Sale of financial assets at fair value	14,010,308	-
Matured financial assets	19,000,000	109,383,656
Deposits at banks and financial institutions maturing in more than three months	(10,846,262)	4,954,104
Restricted balances	(7,553,887)	(3,745,004)
Deposits at Islamic banks maturing in more than three months	1,062,368	(552,854)
Stock's dividends received	3,906,474	1,471,545
Investment in associates and a joint venture	(4,000,000)	-
Intangible assets	(1,300,903)	(2,117,795)
Projects in progress	(1,644,400)	(5,753,272)
Purchase of investment properties	(362,999)	(159,000)
Purchase of property, plant and equipment	(6,541,977)	(4,907,468)
Sale of property, plant and equipment	199,635	216,172
Net cash flows (used in) from investing activities	<u>(47,134,157)</u>	<u>24,842,769</u>
<u>Financing activities:</u>		
Lease liabilities paid	(4,794,691)	(4,264,138)
Repayment of a subordinated loan installment	(2,500,000)	-
Cash dividends paid	(10,550,581)	(17,457,248)
Increase in the bank's paid-in capital	12,000,000	-
Loans and borrowings	20,806,320	23,947,092
Fractions of stock dividends sold	3,231	3,848
Net cash flows from financing activities	<u>14,964,279</u>	<u>2,229,554</u>
Increase in cash and cash equivalents	349,660,370	512,308,422
Cash and cash equivalents, beginning of the year	1,342,579,767	830,271,345
Cash and cash equivalents, end of the year	<u>1,692,240,137</u>	<u>1,342,579,767</u>
Interest expense paid	49,773,690	53,734,014
Interest revenue received	226,363,633	214,223,923