

BANK OF PALESTINE P.L.C

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Bank of Palestine P.L.C

Consolidated Statement of Financial Position

As at December 31, 2022

	2022	2021
	U.S. \$	U.S. \$
ASSETS		
Cash and balances with Palestine Monetary Authority	1,803,515,455	1,779,579,889
Balances at Banks and financial institutions	592,297,476	782,230,313
Financial assets at fair value through profit or loss	9,168,285	10,253,849
Direct credit facilities and Islamic financing	3,572,054,865	3,453,207,160
Financial assets at fair value through other comprehensive income	59,526,233	42,255,262
Financial assets at amortized cost	241,306,472	228,845,417
Investment in associates and a joint venture	11,996,852	9,671,052
Investment properties	22,930,742	25,962,178
Property, plant and equipment	80,296,852	84,488,989
Right of use assets	28,978,573	31,408,825
Projects in progress	649,543	1,366,792
Intangible assets	14,984,886	14,613,893
Other assets	50,254,623	44,338,187
Total assets	6,487,960,857	6,508,221,806
LIABILITIES AND EQUITY		
Liabilities		
Palestine Monetary Authority's deposits	199,103,950	242,439,107
Banks and financial institutions' deposits	93,668,011	120,061,868
Customers' deposits	4,966,613,355	5,013,551,326
Cash margins	300,110,487	291,588,276
Subordinated loan	60,000,000	72,500,000
Loans and borrowings	77,656,331	48,442,500
Istidama loans from Palestine Monetary Authority	32,110,614	22,307,552
Lease Liabilities	30,105,511	31,900,160
Sundry provisions	52,355,497	50,983,323
Taxes provisions	35,440,008	21,492,314
Other liabilities	94,874,472	96,855,951
Total liabilities	5,942,038,236	6,012,122,377
Equity		
Paid-in share capital	223,958,577	217,433,527
Additional paid-in capital	29,575,688	29,575,688
Statutory reserve	67,974,894	61,883,607
Voluntarily reserve	246,361	246,361
General Banking risks reserve	8,374,676	10,311,877
Pro-cyclicality reserve	40,000,000	40,000,000
Fair value reserve	3,344,655	(1,692,549)
Retained earnings	107,929,885	77,612,532
Total equity holders of the Bank	481,404,736	435,371,043
Non-controlling interests	64,517,885	60,728,386
Total equity	545,922,621	496,099,429
Total liabilities and equity	6,487,960,857	6,508,221,806

Bank of Palestine P.L.C**Consolidated Income Statement**

For the year ended December 31, 2022

	2022	2021
	U.S. \$	U.S. \$
Interest income	190,311,172	174,693,883
Interest expense	(30,298,572)	(38,906,250)
Net interest income	160,012,600	135,787,633
Net financing and investment income	56,155,334	50,166,699
Net commissions	40,114,898	37,643,732
Net interest, financing, investment and commissions income	256,282,832	223,598,064
Foreign currencies gains	28,036,643	22,094,579
Net gains from financial assets	1,384,594	7,951,831
Losses from sale of investment properties	(249,870)	-
Gains/ (losses) from revaluation of investment properties	233,147	(285,740)
Bank's share of results of associates and a joint venture	2,625,799	460,415
Other revenues	10,846,952	8,429,423
Gross profit before expected credit losses provisions	299,160,097	262,248,572
Provision for expected credit losses on direct credit facilities and Islamic financing and other receivables, net	(24,281,878)	(22,768,138)
Provision for expected credit losses on investments, and indirect credit facilities and Islamic financing, net	(3,816,883)	(1,846,010)
Gross profit	271,061,336	237,634,424
Expenses		
Personnel expenses	(85,630,488)	(82,172,194)
Other operating expenses	(58,275,419)	(50,857,509)
Depreciation and amortization	(17,871,196)	(17,927,102)
Written off credit facilities not previously provided for	(1,921,400)	(2,052,766)
Palestine Monetary Authority's fines	(25,000)	(20,000)
Total expenses	(163,723,503)	(153,029,571)
Profit before taxes	107,337,833	84,604,853
Taxes expense	(40,691,196)	(28,350,526)
Profit for the year	66,646,637	56,254,327
Attributable to:		
Equity holders of the Bank	60,912,868	49,132,664
Non-controlling interests	5,733,769	7,121,663
	66,646,637	56,254,327
Basic and diluted earnings per share	0.27	0.23

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Profit for the year	<u>66,646,637</u>	<u>56,254,327</u>
Items of other comprehensive income		
Items not to be reclassified to the consolidated income statement in subsequent periods:		
Gains from revaluation of financial assets through other comprehensive income items	<u>4,658,654</u>	<u>3,845,690</u>
Total items that will not be classified to the consolidated income statement	<u>4,658,654</u>	<u>3,845,690</u>
Total comprehensive income for the year	<u><u>71,305,291</u></u>	<u><u>60,100,017</u></u>
Attributable to:		
Equity holders of the Bank	<u>65,598,280</u>	<u>52,470,623</u>
Non-controlling Interests	<u>5,707,011</u>	<u>7,629,394</u>
	<u><u>71,305,291</u></u>	<u><u>60,100,017</u></u>

Bank of Palestine P.L.C

Consolidated Statement of Changes in Equity

For the year ended December 31, 2022

	Paid-in share capital U.S. \$	Additional paid-in capital U.S. \$	Statutory U.S. \$	Voluntarily U.S. \$	Reserves			Retained earnings U.S. \$	Equity holders of the Bank U.S. \$	Non-controlling interests U.S. \$	Total equity U.S. \$
					General Banking risks U.S. \$	Pro-cyclicality U.S. \$	Fair value U.S. \$				
2022											
Balance, beginning of the year	217,433,527	29,575,688	61,883,607	246,361	10,311,877	40,000,000	(1,692,549)	435,371,043	60,728,386	496,099,429	
Profit for the year	-	-	-	-	-	-	-	60,912,868	5,733,769	66,646,637	
Other comprehensive income	-	-	-	-	-	-	4,685,412	-	(26,758)	4,658,654	
Total comprehensive income for the year	-	-	-	-	-	-	4,685,412	65,598,280	5,707,011	71,305,291	
Transfer of fair value reserve from sale of financial assets through other comprehensive income	-	-	-	-	-	-	351,792	(351,792)	-	-	
Transfers to reserves	-	-	6,091,287	-	(1,937,201)	-	(4,154,086)	-	-	-	
Stock dividends	6,525,050	-	-	-	-	-	(6,525,050)	-	-	-	
Cash dividends	-	-	-	-	-	-	(19,569,017)	(19,569,017)	(1,917,512)	(21,486,529)	
Fractions of stocks	-	-	-	-	-	-	4,430	4,430	-	4,430	
Balance, end of the year	223,958,577	29,575,688	67,974,894	246,361	8,374,676	40,000,000	3,344,655	481,404,736	64,517,885	545,922,621	
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)	379,220,361	54,300,310	433,520,671	
Profit for the year	-	-	-	-	-	-	-	49,132,664	7,121,663	56,254,327	
Other comprehensive income item	-	-	-	-	-	-	3,337,959	-	3,337,959	3,845,690	
Total comprehensive income for the year	-	-	-	-	-	-	3,337,959	49,132,664	7,629,394	60,100,017	
Transfer of fair value reserve of financial assets through other comprehensive income	-	-	-	-	-	-	(30,716)	30,716	28,286	28,286	
Transfers to reserves	-	-	4,913,266	-	-	-	(4,913,266)	-	-	-	
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	-	-	-	-	-	-	3,259	3,259	-	3,259	
Balance, end of the year	217,433,527	29,575,688	61,883,607	246,361	10,311,877	40,000,000	(1,692,549)	435,371,043	60,728,386	496,099,429	

Bank of Palestine P.L.C

Consolidated Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
	U.S. \$	U.S. \$
Operating activities		
Profit for the year before taxes	107,337,833	84,604,853
Adjustments for:		
Depreciation and amortization	17,871,196	17,927,102
Net gains from financial assets	(1,384,594)	(7,951,831)
Provision for expected credit losses on credit facilities, investments, and other receivables, net	28,098,761	24,614,148
Losses from revaluation of deposits at below market interest rate	-	1,428,011
Losses from modification arising from Islamic financing of a subsidiary	-	(3,364,410)
Accrued finance cost on lease liabilities	781,680	958,455
Impairment on projects in progress	-	1,056,516
Sundry provisions	10,641,157	10,133,706
Losses from revaluation of investment properties	16,723	285,740
Bank's share of results of associates and a joint venture	(2,625,799)	(460,415)
Written off credit facilities not previously provided for	1,921,400	2,052,766
(Gains)/ losses on disposal of property, plant and equipment	(273,412)	299,475
Other non-cash items	(3,065,141)	(1,910,880)
	159,319,804	129,673,236
Changes in assets and liabilities:		
Direct credit facilities and Islamic financing	(147,198,254)	(208,000,264)
Statutory cash reserve	(56,913,336)	(13,860,295)
Other assets	(5,916,436)	2,990,503
Customers' deposits	(46,937,971)	432,615,952
Istidama loans from Palestine Monetary Authority	9,803,062	13,172,626
Cash margins	8,522,211	38,499,396
Other liabilities	(1,623,864)	4,698,282
Net cash flows (used in) from operating activities before taxes and paid provisions	(80,944,784)	399,789,436
Taxes paid	(27,278,003)	(11,468,864)
Sundry provision, paid	(9,268,983)	(8,001,758)
Net cash flows (used in) from operating activities	(117,491,770)	380,318,814
Investing activities:		
Purchase of financial assets at fair value through profit or loss and through other comprehensive income	(14,756,700)	(14,481,474)
Purchase of financial assets at amortized cost	(75,685,099)	(73,609,903)
Sale of financial assets at fair value through profit or loss and through other comprehensive income	2,195,555	18,595,044
Matured financial assets at amortized cost	66,330,000	51,285,668
Deposits at Banks and financial institutions maturing in more than three months	(19,040,903)	(3,832,158)
Restricted balances of withdrawal	8,007,986	(7,567,173)
Palestine monetary authority deposits for a period more than three months	2,683,728	86,627,310
Banks and financial institutions' deposits maturing in more than three months	932,086	2,000,000
Deposits at Islamic Banks maturing in more than three months	(3,000,000)	1,062,368
Commission on investments management	(544,438)	(693,134)
Stock dividends received	3,263,423	3,906,474
Investments in associates and a joint venture	-	(4,000,000)
Intangible assets	(2,699,011)	(1,300,903)
Projects in progress	(504,105)	(1,644,400)
Sale of investment properties	2,958,000	-
Purchase of property, plant and equipment	(5,669,056)	(6,541,977)
Sale of property, plant and equipment	417,564	199,635
Net cash flows (used in) from investing activities	(35,110,970)	50,005,377
Financing activities:		
Lease liabilities paid	(4,694,147)	(4,794,691)
Subordinated loan payment	(12,500,000)	(2,500,000)
Cash dividends paid	(21,587,892)	(10,550,581)
Increase in the Bank's paid-in capital	-	12,000,000
Loans and borrowings	29,213,831	20,806,320
Fractions of stock dividends sold	4,430	3,259
Net cash flows (used in) from financing activities	(9,563,778)	14,964,307
(Decrease)/ increase in cash and cash equivalents	(162,166,518)	445,288,498
Cash and cash equivalents, beginning of the year	1,787,868,265	1,342,579,767
Cash and cash equivalents, end of the year	1,625,701,747	1,787,868,265
Interest expense paid	38,932,857	52,230,778
Interest revenue received	252,452,643	229,728,043