

BANK OF PALESTINE P.L.C

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

MARCH 31, 2023

Interim condensed consolidated Statement of Financial Position
As at March 31, 2023

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
	U.S. \$	U.S. \$
ASSETS		
Cash and balances with Palestine Monetary Authority	1,742,501,955	1,803,515,455
Balances, deposits and investments at Banks and financial institutions	680,702,939	592,297,476
Financial assets at fair value through profit or loss	7,843,065	9,168,285
Direct credit facilities and Islamic financing	3,656,773,779	3,572,054,865
Financial assets at fair value through other comprehensive income	61,820,206	59,526,233
Financial assets at amortized cost	202,193,012	241,306,472
Investment in associates and a joint venture	12,091,322	11,996,852
Investment properties	22,784,742	22,930,742
Property, plant and equipment and right of use assets	107,266,915	109,275,425
Projects in progress	1,243,370	649,543
Intangible assets	14,436,705	14,984,886
Other assets	54,292,900	50,254,623
Total assets	6,563,950,910	6,487,960,857
LIABILITIES AND EQUITY		
Liabilities		
Palestine Monetary Authority's deposits	95,270,314	199,103,950
Banks and financial institutions' deposits	119,449,907	93,668,011
Customers' deposits	5,073,224,502	4,966,613,355
Cash margins	309,008,318	300,110,487
Subordinated loan	60,000,000	60,000,000
Loans and borrowings	77,916,644	77,656,331
Istidama loans from Palestine Monetary Authority	30,599,921	32,110,614
Lease Liabilities	28,418,561	30,105,511
Sundry provisions	51,053,189	52,355,497
Taxes provisions	27,194,505	35,440,008
Other liabilities	98,243,884	94,874,472
Total liabilities	5,970,379,745	5,942,038,236
Equity		
Paid-in share capital	223,958,577	223,958,577
Additional paid-in capital	29,575,688	29,575,688
Perpetual bonds	30,000,000	-
Statutory reserve	67,974,894	67,974,894
Voluntarily reserve	246,361	246,361
General Banking risks reserve	8,374,676	8,374,676
Pro-cyclicality reserve	40,000,000	40,000,000
Fair value reserve	3,679,053	3,344,655
Retained earnings	125,126,921	107,929,885
Equity attributable to the Bank's shareholders	528,936,170	481,404,736
Non-controlling interests	64,634,995	64,517,885
Total equity	593,571,165	545,922,621
Total liabilities and equity	6,563,950,910	6,487,960,857

Interim condensed consolidated Income Statement
For the three-month period ended March 31, 2023

	For the three months ended March 31	
	2023	2022
	(Unaudited)	(Unaudited)
	U.S. \$	U.S. \$
Interest income	54,002,292	43,837,083
Interest expense	(8,140,375)	(7,441,729)
Net interest income	45,861,917	36,395,354
Net financing and investment income	14,122,801	13,295,536
Net commissions income	10,439,178	10,263,957
Net interest, financing, investment and commissions income	70,423,896	59,954,847
Foreign currencies gains	7,767,670	6,090,455
Net gains from financial assets portfolio	819,206	1,093,360
Bank's share of results of associates and a joint venture	94,470	139,506
Other revenues, net	3,528,261	3,246,781
Gross profit before expected credit losses provisions	82,633,503	70,524,949
Provision for expected credit losses on direct credit facilities and Islamic financing and other receivables, net	(7,243,638)	(5,800,582)
Provision for expected credit losses on investments, and indirect credit facilities and Islamic financing, net	844,056	208,142
Gross profit	76,233,921	64,932,509
Expenses		
Personnel expenses	(23,203,238)	(20,435,671)
Other operating expenses	(17,474,956)	(12,929,226)
Depreciation and amortization	(4,486,871)	(4,497,940)
Written off credit facilities not previously provided for	(422,804)	(523,122)
Palestine Monetary Authority's fines	(20,000)	(25,000)
Total expenses	(45,607,869)	(38,410,959)
Profit before taxes	30,626,052	26,521,550
Taxes expense	(10,035,002)	(8,929,801)
Profit for the period	20,591,050	17,591,749
Attributable to:		
Equity holders of the Bank	18,516,286	15,707,257
Non-controlling interests	2,074,764	1,884,492
	20,591,050	17,591,749
Basic and diluted earnings per share attributable to equity holders of the Bank	0.079	0.070

Interim condensed consolidated Statement of Comprehensive Income
For the three-month period ended March 31, 2023

	For the three months ended	
	March 31	
	2023	2022
	U.S. \$	U.S. \$
Profit for the period	<u>20,591,050</u>	<u>17,591,749</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>294,256</u>	<u>942,545</u>
Total items that will not be reclassified to the consolidated income statement	<u>294,256</u>	<u>942,545</u>
Total comprehensive income for the period	<u>20,885,306</u>	<u>18,534,294</u>
Attributable to:		
Equity holders of the Bank	18,850,684	16,673,295
Non-controlling Interests	<u>2,034,622</u>	<u>1,860,999</u>
	<u>20,885,306</u>	<u>18,534,294</u>

Bank of Palestine P.L.C

Interim condensed consolidated Statement of Changes in Equity
For the three-month period ended March 31, 2023

	Paid-in share capital U.S. \$	Additional paid-in capital U.S. \$	Perpetual bond U.S. \$	Reserves				Fair value U.S. \$	Retained earnings U.S. \$	Equity holders of the Bank U.S. \$	Non-controlling interests U.S. \$	Total equity U.S. \$
				Statutory U.S. \$	Voluntarily U.S. \$	General Banking risks U.S. \$	Pro-cyclicality U.S. \$					
March 31, 2023												
Balance, beginning of the period	223,958,577	29,575,688	-	67,974,894	246,361	8,374,676	40,000,000	3,344,655	107,929,885	481,404,736	64,517,885	545,922,621
Profit for the period	-	-	-	-	-	-	-	-	18,516,286	18,516,286	2,074,764	20,591,050
Other comprehensive income items	-	-	-	-	-	-	-	334,398	-	334,398	(40,142)	294,256
Total comprehensive income for the period	-	-	-	-	-	-	-	334,398	18,516,286	18,850,684	2,034,622	20,885,306
Issuance of perpetual bond	-	-	30,000,000	-	-	-	-	-	-	30,000,000	-	30,000,000
Interest on perpetual bond	-	-	-	-	-	-	-	-	(869,250)	(869,250)	-	(869,250)
Perpetual bond issuance fees	-	-	-	-	-	-	-	-	(450,000)	(450,000)	-	(450,000)
Cash dividends	-	-	-	-	-	-	-	-	-	-	(1,917,512)	(1,917,512)
Balance, end of the period	223,958,577	29,575,688	30,000,000	67,974,894	246,361	8,374,676	40,000,000	3,679,053	125,126,921	528,936,170	64,634,995	593,571,165
(Unaudited)												

	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. \$	Total equity U.S. \$
March 31, 2022											
Balance, beginning of the period	217,433,527	29,575,688	61,883,607	246,361	10,311,877	40,000,000	(1,692,549)	77,612,532	435,371,043	60,728,386	496,099,429
Profit for the period	-	-	-	-	-	-	-	15,707,257	15,707,257	1,884,492	17,591,749
Other comprehensive income items	-	-	-	-	-	-	966,038	-	966,038	(23,493)	942,545
Total comprehensive income for the period	-	-	-	-	-	-	966,038	15,707,257	16,673,295	1,860,999	18,534,294
Balance, end of the period	217,433,527	29,575,688	61,883,607	246,361	10,311,877	40,000,000	(726,511)	93,319,789	452,044,338	62,589,385	514,633,723
(Unaudited)											

Bank of Palestine P.L.C

Interim condensed consolidated Statement of Cash Flows
For the three-month period ended March 31, 2023

	For the three months ended March 31	
	2023	2022
	(Unaudited) U.S. \$	(Unaudited) U.S. \$
<u>Operating activities</u>		
Profit for the period before taxes	30,626,052	26,521,550
Adjustments for:		
Depreciation and amortization	4,486,871	4,497,940
Net gains from financial assets portfolio	(819,206)	(1,093,360)
Finance cost on lease liabilities	191,421	215,461
Provision for expected credit losses	6,399,582	5,592,440
Sundry provisions	3,378,784	2,420,936
Bank's share of results of associates and a joint venture	(94,470)	(139,506)
Gains on disposal of property, plant and equipment	(182,791)	(108,643)
Written off credit facilities not previously provided for	422,804	523,122
Other non-cash items	149,992	1,329
	<u>44,559,039</u>	<u>38,431,269</u>
<u>Changes in assets and liabilities:</u>		
Direct credit facilities and Islamic financing	(92,239,356)	(42,774,968)
Statutory cash reserve	(8,070,137)	(56,512,934)
Other assets	(4,038,277)	(2,939,460)
Customers' deposits	106,611,147	(16,769,886)
Istidama loans from Palestine Monetary Authority	(1,510,693)	5,757,531
Cash margins	8,897,831	28,379,616
Other liabilities	847,184	(1,248,617)
	<u>55,056,738</u>	<u>(47,677,449)</u>
Net cash flows from (used in) operating activities before taxes and paid provisions		
Taxes paid	(18,244,687)	(15,919,745)
Sundry provision paid	(4,681,092)	(1,104,787)
Net cash flows from (used in) operating activities	<u>32,130,959</u>	<u>(64,701,981)</u>
<u>Investing activities</u>		
Purchase of financial assets at fair value through other comprehensive income	(1,999,717)	(3,820,887)
Purchase of financial assets at fair value through profit or loss	(60,000)	-
Sale of financial assets at fair value through profit or loss	1,280,921	
Purchase of financial assets at amortized cost	(9,390,630)	(24,400,583)
Matured financial assets at amortized cost	49,134,929	16,474,105
Banks and financial institutions deposits maturing in more than three months	(55,447,281)	(2,000,000)
Stock dividends received	1,039,310	1,017,745
Commission on investments management	(115,805)	(146,853)
Deposits at Banks and financial institutions maturing in more than three months	3,448,336	(27,193,010)
Restricted balances of withdrawal	46,788,008	(3,045,689)
Palestine monetary authority deposits for a period more than three months	(57,257,076)	(31,517,885)
Intangible assets	(21,654)	(811,706)
Projects in progress	(608,827)	(138,889)
Purchase of property, plant and equipment	(1,211,719)	(752,081)
Sale of property, plant and equipment	68,356	265,370
Net cash flows used in investing activities	<u>(24,352,849)</u>	<u>(76,070,363)</u>
<u>Financing activities</u>		
Lease liabilities paid	(2,445,742)	(1,947,059)
Loans and borrowings	-	7,313,563
Issuance of perpetual bond	29,550,000	-
Cash dividends paid	(72,773)	(131,820)
Net cash flows used in financing activities	<u>27,031,485</u>	<u>5,234,684</u>
Increase (Decrease) in cash and cash equivalents	<u>34,809,595</u>	<u>(135,537,660)</u>
Cash and cash equivalents, beginning of the period	<u>1,616,419,703</u>	<u>1,787,868,265</u>
Cash and cash equivalents, end of the period	<u>1,651,229,298</u>	<u>1,652,330,605</u>
Interest expense paid	14,568,932	9,128,971
Interest revenue received	62,742,950	56,454,865