

BANK OF PALESTINE P.L.C

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

June 30, 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

	June 30, 2025	December 31,2024
	(Unaudited)	(Audited)
Notes	U.S. \$	U.S. \$
Assets		
Cash and balances with Palestine Monetary Authority	3,209,685,631	2,236,071,862
Balances, deposits and investments at banks and financial institutions	1,685,808,238	1,719,713,863
Financial assets at fair value through profit or loss	6,107,923	5,445,800
Direct credit facilities and Islamic financing, net	4,181,292,470	3,842,640,449
Financial assets at fair value through other comprehensive income	81,520,765	63,636,115
Financial assets at amortized cost	555,675,385	195,345,429
Investment in associates and a joint venture	11,640,859	12,011,817
Investment properties	40,676,948	40,676,948
Property, plant and equipment and right of use assets	118,083,127	119,181,208
Deferred tax assets	68,078,900	52,098,683
Projects in progress	1,515,598	1,352,535
Intangible assets	14,262,306	14,388,305
Other assets	68,659,257	57,510,684
Total assets	10,043,007,407	8,360,073,698
Liabilities and Equity		
Liabilities		
Palestine Monetary Authority's deposits	446,998,311	241,791,321
Banks and financial institutions' deposits	59,728,089	111,077,678
Customers' deposits	8,023,691,875	6,714,389,212
Cash margins	322,411,913	275,219,509
Subordinated loans	52,500,000	60,000,000
Loans and borrowings	102,355,078	104,927,195
Istidama loans from Palestine Monetary Authority	48,854,427	48,446,863
Deferred tax liabilities	4,135,563	4,135,563
Lease liabilities	18,741,567	19,193,970
Sundry provisions	62,186,948	59,702,555
Taxes provisions	19,882,459	-
Other liabilities	269,878,101	147,587,439
Total liabilities	9,431,364,331	7,786,471,305
Equity		
Paid-in share capital	260,943,026	260,559,617
Additional paid-in capital	44,938,948	44,743,409
Perpetual bonds	30,000,000	30,000,000
Statutory reserve	69,285,414	69,285,414
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	6,897,416	(2,214,932)
Retained earnings	81,080,710	55,584,071
Equity attributable to the Bank's shareholders	541,766,551	506,578,616
Non-controlling interests	69,876,525	67,023,777
Total equity	611,643,076	573,602,393
Total liabilities and equity	10,043,007,407	8,360,073,698

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three-month and six-month period ended June 30, 2025

	Notes	For the three-month period ended June 30		For the six-month period ended June 30	
		2025	2024	2025	2024
		Unaudited	Audited	Unaudited	Audited
		U.S. \$	U.S. \$	U.S. \$	U.S. \$
Interest income		71,267,872	65,841,519	136,986,387	127,281,260
Interest expense		(13,402,341)	(11,032,597)	(24,996,457)	(21,466,617)
Net interest income		57,865,531	54,808,922	111,989,930	105,814,643
Net financing and investment income		16,254,557	14,591,891	30,780,459	29,679,391
Net commissions income		6,844,879	7,959,305	12,342,877	15,372,670
Net interest, financing, investment and commissions income		80,964,967	77,360,118	155,113,266	150,866,704
Foreign currencies gains		13,599,431	7,189,139	22,800,781	14,360,142
Net gains from financial assets portfolio		2,541,571	2,357,845	2,579,450	2,494,354
Bank's share of results of associates and a joint venture		84,030	(84,669)	(55,215)	(72,832)
Other revenues, net		3,321,395	1,788,667	6,046,398	4,717,965
Gross profit before expected credit losses provisions and other losses		100,511,394	88,611,100	186,484,680	172,366,333
Provision for expected credit losses on direct credit facilities and Islamic financing, net		(41,242,044)	(12,871,331)	(58,915,731)	(36,681,643)
Provisions for other expected credit losses and other asset losses, net		(488,334)	(49,608,188)	(485,458)	(51,615,409)
Gross profit		58,781,016	26,131,581	127,083,491	84,069,281
Expenses					
Personnel expenses		(22,741,099)	(21,134,621)	(43,958,547)	(44,285,553)
Other operating expenses		(19,510,541)	(15,576,078)	(37,436,409)	(30,780,017)
Depreciation and amortization		(4,381,665)	(4,456,045)	(8,424,219)	(8,924,077)
Total expenses		(46,633,305)	(41,166,744)	(89,819,175)	(83,989,647)
Profit (loss) before taxes		12,147,711	(15,035,163)	37,264,316	79,634
Taxes (expense) benefits		(2,228,675)	3,597,487	(7,703,153)	1,324,835
Profit (loss) for the period		9,919,036	(11,437,676)	29,561,163	1,404,469
Attributable to:					
Equity holders of the Bank		8,497,223	(10,668,867)	27,246,662	1,039,259
Non-controlling interests		1,421,813	(768,809)	2,314,501	365,210
		9,919,036	(11,437,676)	29,561,163	1,404,469
Basic and diluted earnings (loss) per share attributable to equity holders of the Bank		0.029	(0.05)	0.098	(0.004)

CONSOLIDATED STATEMENT OF COMPREHANSIVE INCOME

For the three-month and six-month period ended June 30, 2025

	For the three-month period ended June 30		For the six-month period ended June 30	
	2025	2024	2025	2024
	Unaudited	Unaudited	Unaudited	Unaudited
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Profit (loss) for the period	9,919,036	(11,437,676)	29,561,163	1,404,469
Items of other comprehensive income:				
Items not to be reclassified to the consolidated income statement in subsequent periods:				
Change in fair value of financial assets through other comprehensive income items	8,445,222	(427,602)	9,703,095	(1,963,918)
Other comprehensive income items for the period	8,445,222	(427,602)	9,703,095	(1,963,918)
Total comprehensive income for the period	<u>18,364,258</u>	<u>(11,865,278)</u>	<u>39,264,258</u>	<u>(559,449)</u>
Attributable to:				
Equity holders of the Bank	16,594,850	(11,175,254)	36,359,010	(1,120,684)
Non-controlling Interests	1,769,408	(690,024)	2,905,248	561,235
	<u>18,364,258</u>	<u>(11,865,278)</u>	<u>39,264,258</u>	<u>(559,449)</u>

Bank of Palestine P.L.C

Consolidated Statement of Changes in Equity
For the six-month period ended June 30, 2025

	Paid-in share capital	Additional paid-in capital	Perpetual bond	Reserves					Retained earnings	Equity holders of the Bank	Non- controlling interests	Total equity
				Statutory	Voluntarily	General banking risks	Pro-cyclicality	Fair value				
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
June 30, 2025												
Balance, beginning of the period	260,559,617	44,743,409	30,000,000	69,285,414	246,361	8,374,676	40,000,000	(2,214,932)	55,584,071	506,578,616	67,023,777	573,602,393
Profit for the year	-	-	-	-	-	-	-	-	27,246,662	27,246,662	2,314,501	29,561,163
Other comprehensive income	-	-	-	-	-	-	-	9,112,348	-	9,112,348	590,747	9,703,095
Total comprehensive income for the year	-	-	-	-	-	-	-	9,112,348	27,246,662	36,359,010	2,905,248	39,264,258
Capital payments (note 1 & 22)	383,409	195,539	-	-	-	-	-	-	-	578,948	-	578,948
Interest on perpetual bond (note 23)	-	-	-	-	-	-	-	-	(1,750,023)	(1,750,023)	-	(1,750,023)
Cash dividends from a subsidiary (note 25)	-	-	-	-	-	-	-	-	-	-	(52,500)	(52,500)
Balance, end of the period (unaudited)	260,943,026	44,938,948	30,000,000	69,285,414	246,361	8,374,676	40,000,000	6,897,416	81,080,710	541,766,551	69,876,525	611,643,076

	Paid-in share capital	Additional paid-in capital	Perpetual bond	Reserves					Retained earnings	Equity holders of the Bank	Non- controlling interests	Total equity
				Statutory	Voluntarily	General banking risks	Pro-cyclicality	Fair value				
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
June 30, 2024												
Balance, beginning of the period	230,677,334	29,575,688	30,000,000	69,285,414	246,361	8,374,676	40,000,000	(106,169)	86,452,694	494,505,998	65,854,384	560,360,382
Profit for the year	-	-	-	-	-	-	-	-	1,039,259	1,039,259	365,210	1,404,469
Other comprehensive income	-	-	-	-	-	-	-	(2,159,943)	-	(2,159,943)	196,025	(1,963,918)
Total comprehensive income for the year	-	-	-	-	-	-	-	(2,159,943)	1,039,259	(1,120,684)	561,235	(559,449)
Interest on perpetual bond (note 23)	-	-	-	-	-	-	-	-	(1,945,332)	(1,945,332)	-	(1,945,332)
Balance, end of the period (unaudited)	230,677,334	29,575,688	30,000,000	69,285,414	246,361	8,374,676	40,000,000	(2,266,112)	85,546,621	491,439,982	66,415,619	557,855,601

Consolidated Statement of Cash Flows

For the six-month ended June 30, 2025

		For the six-month period ended June 30	
		2025	2024
		(Unaudited)	(Unaudited)
Note		U.S. \$	U.S. \$
Operating activities			
	Profit for the period before taxes	37,264,316	79,634
Adjustments for:			
	Depreciation and amortization	8,424,219	8,924,077
	Net gains from financial assets portfolio	(2,579,450)	(2,494,354)
	Modification of assets and related grants	15,342,136	
	Finance cost on lease liabilities	236,127	321,750
	Provision for expected credit losses on direct credit facilities and Islamic financing, net	58,915,731	36,681,643
	Other provisions for expected credit losses and other asset losses, net	(214,542)	1,415,409
	Sundry provisions	4,278,529	5,020,508
	Bank's share of results of associates and a joint venture	55,215	72,832
	Other non-cash items	(5,138,566)	(2,060,046)
		<u>116,583,715</u>	<u>47,961,453</u>
Changes in assets and liabilities:			
	Direct credit facilities and Islamic financing , net	(424,537,775)	(20,998,810)
	Statutory cash reserve	(130,747,739)	(43,786,709)
	Other assets	(12,674,918)	4,282,278
	Customers' deposits	1,309,302,663	348,408,374
	Istidama loans	407,564	12,518,211
	Cash margins	47,192,404	(13,767,807)
	Other liabilities	122,446,832	10,991,794
	Net cash flows from operating activities before taxes and paid provisions	<u>1,027,972,746</u>	<u>345,608,784</u>
	Taxes and advances payments	(2,004,245)	(13,525,787)
	Sundry provision payments	(1,794,136)	(1,261,914)
	Net cash flows from operating activities	<u>1,024,174,365</u>	<u>330,821,083</u>
Investing activities			
	Purchase of financial assets at fair value through other comprehensive income	(7,886,905)	(684,913)
	Purchase of financial assets at fair value through profit or loss	(403,246)	(264,637)
	Sale of financial assets at fair value through profit or loss	-	21,202
	Purchase of financial assets at amortized cost	(1,128,033,899)	(109,530,016)
	Matured financial assets at amortized cost	771,081,452	52,523,323
	Sale of financial assets at amortized cost	2,565,971	-
	Stock dividends received	3,075,677	2,592,583
	Investments management commission	(845,405)	(192,678)
	Deposits at banks and financial institutions maturing in more than three months	(131,018,169)	(52,451,340)
	Restricted Balances	(4,148,137)	962,385
	Palestine Monetary Authority deposits for a period more than three months	273,484,326	(32,415,393)
	Purchase of intangible assets	(1,003,858)	(1,156,130)
	Projects in progress additions	(547,383)	(980,884)
	Purchase of property, plant and equipment	(4,174,839)	(1,823,185)
	Sale of property, plant, and equipment	20,572	93,513
	Net cash flows used in investing activities	<u>(227,833,843)</u>	<u>(143,306,170)</u>
Financing activities			
	Lease liabilities payments	(2,344,507)	(3,083,560)
	Subordinated loan received	-	30,000,000
	Payments of subordinated loan	(7,500,000)	(7,500,000)
	Capital payments	578,948	-
	Repayment of loans and borrowings	(5,554,091)	(7,553,672)
	Withdrawal of loans and borrowings	2,000,000	46,500,000
	Interest on perpetual bond	(1,783,070)	(1,978,240)
	Net cash flows (used in) from financing activities	<u>(14,602,720)</u>	<u>56,384,528</u>
	Increase in cash and cash equivalents	<u>781,737,802</u>	<u>243,899,441</u>
	Cash and cash equivalents, beginning of the period	2,553,549,466	1,809,209,490
31	Cash and cash equivalents, end of the period	<u>3,335,287,268</u>	<u>2,053,108,931</u>
Interest expense paid		27,893,742	22,600,238
Interest revenue received		148,149,069	148,854,680