

BANK OF PALESTINE P.L.C

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

June 30, 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

	Notes	June 30, 2024	December 31, 2023
		(Unaudited)	(Audited)
		U.S. \$	U.S. \$
ASSETS			
Cash and balances with Palestine Monetary Authority	4	1,688,720,722	1,787,611,742
Balances, deposits and investments at banks and financial institutions	5	1,440,889,505	1,005,207,710
Financial assets at fair value through profit or loss	6	8,199,260	7,793,301
Direct credit facilities and Islamic financing	7	3,788,538,894	3,839,008,227
Financial assets at fair value through other comprehensive income	8	59,619,463	60,898,466
Financial assets at amortized cost	9	216,326,805	159,354,233
Investment in associates and a joint venture	10	11,785,289	11,858,121
Investment properties		24,562,940	24,776,440
Property, plant and equipment and right of use assets		133,105,203	102,657,226
Deferred tax assets	23	35,387,922	29,084,742
Projects in progress	11	2,552,493	2,268,294
Intangible assets	12	14,672,568	14,735,600
Other assets	13	76,496,757	80,806,646
Total assets		7,500,857,821	7,126,060,748
LIABILITIES AND EQUITY			
Liabilities			
Palestine Monetary Authority's deposits	14	279,650,688	203,422,416
Banks and financial institutions' deposits	15	92,265,835	204,538,769
Customers' deposits	16	5,826,968,439	5,478,560,065
Cash margins	17	315,399,422	329,167,229
Subordinated loans	18	67,500,000	45,000,000
Loans and borrowings	19	112,710,179	74,045,601
Istidama loans from Palestine Monetary Authority	20	35,923,745	23,405,534
Deferred tax liabilities		2,686,546	2,686,546
Lease liabilities	21	25,259,439	27,094,674
Sundry provisions	22	56,850,454	53,091,860
Taxes provisions	23	12,466,548	21,960,224
Other liabilities	24	115,320,925	102,727,448
Total liabilities		6,943,002,220	6,565,700,366
Equity			
Paid-in share capital	1	230,677,334	230,677,334
Additional paid-in capital	25	29,575,688	29,575,688
Perpetual bonds	26	30,000,000	30,000,000
Statutory reserve	27	69,285,414	69,285,414
Voluntarily reserve	27	246,361	246,361
General Banking risks reserve	27	8,374,676	8,374,676
Pro-cyclicality reserve	27	40,000,000	40,000,000
Fair value reserve	8	(2,266,112)	(106,169)
Retained earnings		85,546,621	86,452,694
Equity attributable to the Bank's shareholders		491,439,982	494,505,998
Non-controlling interests		66,415,619	65,854,384
Total equity		557,855,601	560,360,382
Total liabilities and equity		7,500,857,821	7,126,060,748

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three-month and six-month period ended June 30, 2024

	Notes	For the three-month period ended June 30		For the six-month period ended June 30	
		2024	2023	2024	2023
		Unaudited	Unaudited	Unaudited	Unaudited
		U.S. \$	U.S. \$	U.S. \$	U.S. \$
Interest income	29	65,841,519	58,492,624	127,281,260	112,494,916
Interest expense		(11,032,597)	(8,443,699)	(21,466,617)	(16,584,074)
Net interest income		54,808,922	50,048,925	105,814,643	95,910,842
Net financing and investment income		14,591,891	14,863,316	29,679,391	28,986,117
Net commissions income		7,959,305	11,177,237	15,372,670	21,616,415
Net interest, financing, investment and commissions income		77,360,118	76,089,478	150,866,704	146,513,374
Foreign currencies gains		7,189,139	6,341,757	14,360,142	14,109,427
Net gains from financial assets portfolio	30	2,357,845	2,042,831	2,494,354	2,546,293
Bank's share of results of associates and a joint venture	10	(84,669)	(378,862)	(72,832)	31,352
Other revenues, net		1,788,667	764,450	4,717,965	4,292,711
Gross profit before expected credit losses provisions and other losses		88,611,100	84,859,654	172,366,333	167,493,157
Provision for expected credit losses on direct credit facilities and Islamic financing, net	7	(12,871,331)	(8,483,227)	(36,681,643)	(16,149,669)
(Provision) Recovery for expected credit losses on investments, indirect credit facilities and Islamic financing and other assets losses, net	32	(49,608,188)	(558,670)	(51,615,409)	285,386
Gross profit		26,131,581	75,817,757	84,069,281	151,628,874
Expenses					
Personnel expenses		(21,134,621)	(22,878,453)	(44,285,553)	(46,081,691)
Other operating expenses	31	(15,576,078)	(15,292,829)	(30,780,017)	(32,767,785)
Depreciation and amortization		(4,456,045)	(4,459,469)	(8,924,077)	(8,946,340)
Palestine Monetary Authority's fines	33	-	(20,000)	-	(40,000)
Gross expenses		(41,166,744)	(42,650,751)	(83,989,647)	(87,835,816)
(Loss) Profit before taxes		(15,035,163)	33,167,006	79,634	63,793,058
Taxes expense (recovery)	23	3,597,487	(10,631,457)	1,324,835	(20,666,459)
(Loss) Profit for the period		(11,437,676)	22,535,549	1,404,469	43,126,599
Attributable to:					
Equity holders of the Bank's shareholders		(10,668,867)	20,598,603	1,039,259	39,114,889
Non-controlling interests		(768,809)	1,936,946	365,210	4,011,710
		(11,437,676)	22,535,549	1,404,469	43,126,599
Basic and diluted (losses) earnings per share attributable to equity holders of the Bank	34	(0.05)	0.09	(0.004)	0.16

Consolidated Statement of Comprehensive Income

For the three-month and six-month period ended June 30, 2024

	For the three-month period ended June 30		For the six-month period ended June 30	
	2024	2023	2024	2023
	Unaudited	Unaudited	Unaudited	Unaudited
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
(Loss) Profit for the period	(11,437,676)	22,535,549	1,404,469	43,126,599
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	(427,602)	(412,832)	(1,963,918)	(118,576)
Total other comprehensive income for the period	(427,602)	(412,832)	(1,963,918)	(118,576)
Gross comprehensive income for the period	(11,865,278)	22,122,717	(559,449)	43,008,023
Attributable to:				
Equity holders of the Bank	(11,175,254)	20,294,956	(1,120,684)	39,145,640
Non-controlling Interests	(690,024)	1,827,761	561,235	3,862,383
	(11,865,278)	22,122,717	(559,449)	43,008,023

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

	Reserves											
	Paid-in share capital	Additional paid-in capital	Perpetual bond	Statutory	Voluntarily	General banking risks	Pro-cyclicality	Fair value	Retained earnings	Equity holders of the Bank	Non- controlling interests	Total equity
June 30, 2024	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
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 26)	-	-	-	-	-	-	-	-	(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

	Reserves											
	Paid-in share capital	Additional paid-in capital	Perpetual bond	Statutory	Voluntarily	General banking risks	Pro-cyclicality	Fair value	Retained earnings	Equity holders of the Bank	Non- controlling interests	Total equity
June 30, 2023	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
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 year	-	-	-	-	-	-	-	-	39,114,889	39,114,889	4,011,710	43,126,599
Other comprehensive income	-	-	-	-	-	-	-	30,751	-	30,751	(149,327)	(118,576)
Total comprehensive income for the year	-	-	-	-	-	-	-	30,751	39,114,889	39,145,640	3,862,383	43,008,023
Issuance of perpetual bond (note 26)	-	-	30,000,000	-	-	-	-	-	-	30,000,000	-	30,000,000
Interest on perpetual bond (note 26)	-	-	-	-	-	-	-	-	(1,749,355)	(1,749,355)	-	(1,749,355)
Perpetual bond issuance fees	-	-	-	-	-	-	-	-	(450,000)	(450,000)	-	(450,000)
Fractions of stocks	-	-	-	-	-	-	-	-	4,408	4,408	-	4,408
Stock dividends (note 28)	6,718,757	-	-	-	-	-	-	-	(6,718,757)	-	-	-
Cash dividends (note 28)	-	-	-	-	-	-	-	-	(22,395,858)	(22,395,858)	(1,917,512)	(24,313,370)
Balance, end of the period (unaudited)	230,677,334	29,575,688	30,000,000	67,974,894	246,361	8,374,676	40,000,000	3,375,406	115,735,212	525,959,571	66,462,756	592,422,327

Consolidated Statement of Cash Flows

For the six-month period ended June 30, 2024

	Note	For the six months ended June 30	
		2024	2023
		(Unaudited)	(Unaudited)
		U.S. \$	U.S. \$
Operating activities			
Profit for the period before taxes		79,634	63,793,058
Adjustments for:			
Depreciation and amortization		8,924,077	8,946,340
Net gains from financial assets		(2,494,354)	(2,546,293)
Finance cost on lease liabilities		321,750	369,971
Provision for expected credit losses on direct facilities and financing, net		36,681,643	16,149,669
Provision (recovery) for expected credit losses on investments, indirect facilities and financing, and other asset losses, net		1,415,409	(285,386)
Sundry provisions		5,020,508	6,810,627
Bank's share of results of associates and a joint venture		72,832	(31,352)
Gains on disposal of right of use assets		-	(190,940)
Gains on disposal of property, plant and equipment		-	(37,242)
Other non-cash items		(2,060,046)	(237,493)
		47,961,453	92,740,959
Changes in assets and liabilities:			
Direct credit facilities and Islamic financing		(20,998,810)	(146,037,023)
Statutory cash reserve		(43,786,709)	(7,993,335)
Other assets		4,482,278	(15,917,452)
Customers' deposits		348,408,374	83,688,804
Istidama loans		12,518,211	(2,109,723)
Cash margins		(13,767,807)	10,325,156
Other liabilities		11,103,709	30,304,874
		345,720,699	45,002,260
Net cash flows from operating activities before taxes and paid provisions		345,720,699	45,002,260
Taxes payments		(13,525,787)	(17,981,128)
Sundry provision payments		(1,261,914)	(7,397,328)
		330,932,998	19,623,804
Investing activities			
Purchase of financial assets at fair value through other comprehensive income		(684,913)	(3,698,194)
Purchase of financial assets at fair value through profit or loss		(264,637)	(430,606)
Sale of financial assets at fair value through profit or loss		21,202	1,996,687
Purchase of financial assets at amortized cost		(109,530,016)	(42,249,155)
Matured financial assets at amortized cost		52,523,323	63,440,282
Banks and financial institutions' deposits maturing in more than three months		-	4,875,785
Stock dividends received		2,592,583	2,906,438
Investments management commission		(192,678)	(241,096)
Deposits at banks and financial institutions maturing in more than three months		(52,451,340)	(34,612,783)
Changes in restricted balances of withdrawal		962,385	(1,217,096)
Palestine Monetary Authority deposits for a period more than three months		(32,415,393)	(66,378,971)
Purchase of intangible assets		(1,156,130)	(833,701)
Projects in progress additions		(980,884)	(1,227,371)
Purchase of property, plant and equipment		(1,823,185)	(3,595,769)
Sale of property, plant and equipment		93,513	179,915
		(143,306,170)	(81,085,635)
Financing activities			
Lease liabilities payments		(3,083,560)	(3,339,267)
Subordinated loan received		30,000,000	-
Subordinated loan payments		(7,500,000)	(7,500,000)
Loans and borrowings payments		(7,553,672)	(4,490,521)
Loans and borrowings received		46,500,000	-
Interest on perpetual bond		(1,978,240)	-
Fractions of stock dividends sold		-	4,408
Issuance of perpetual bond, net of issuances fees		-	29,550,000
Cash dividends paid		(111,915)	(25,480,583)
		56,272,613	(11,255,963)
Net cash flows from (used in) financing activities		56,272,613	(11,255,963)
Increase (Decrease) in cash and cash equivalents		243,899,441	(72,717,794)
Cash and cash equivalents, beginning of the period		1,809,209,490	1,616,419,703
Cash and cash equivalents, end of the period	35	2,053,108,931	1,543,701,909
Interest expense paid		22,600,238	20,768,971
Interest revenue received		148,854,680	139,622,685

