BANK OF PALESTINE P.S.C

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

June 30, 2026

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2026

	June 30, 2026 (Unaudited) U.S. $	December 31,2025 (Audited) U.S. $
Assets		
Cash and balances with Palestine Monetary Authority	4,801,366,180	4,115,920,889
Balances, deposits and investments at banks and financial institutions	1,817,251,126	1,772,936,462
Financial assets at fair value through profit or loss	5,560,483	5,828,030
Direct credit facilities and Islamic financing, net	4,315,716,610	4,012,032,827
Financial assets at fair value through other comprehensive income	103,701,096	98,634,819
Financial assets at amortized cost	195,727,772	316,712,192
Investment in associates and a joint venture	12,179,277	12,194,180
Investment properties	38,535,939	38,535,939
Property, plant and equipment and right of use assets	118,218,580	122,270,038
Deferred tax assets	83,765,146	61,972,648
Projects in progress	2,111,664	1,766,656
Intangible assets	15,595,740	14,117,420
Other assets	83,129,352	78,001,106
Total assets	11,592,858,965	10,650,923,206
Liabilities and Equity		
Liabilities		
Palestine Monetary Authority's deposits	408,195,881	392,737,564
Banks and financial institutions' deposits	54,965,175	35,596,213
Customers' deposits	9,421,830,184	8,773,595,388
Cash margins	409,546,519	344,815,360
Subordinated loans	187,500,000	45,000,000
Loans and borrowings	84,923,605	92,778,959
Istidama loans from Palestine Monetary Authority	48,685,178	46,963,540
Deferred tax liabilities	4,348,364	4,348,364
Lease liabilities	17,808,347	18,723,527
Sundry provisions	56,933,679	61,473,601
Taxes provisions	27,526,357	-
Other liabilities	159,368,459	164,058,525
Total liabilities	10,881,631,748	9,980,091,041
Equity		
Paid-in share capital	279,537,510	268,786,067
Additional paid-in capital	48,938,899	48,938,899
Perpetual bonds	30,000,000	30,000,000
Statutory reserve	74,621,191	74,621,191
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	30,622,918	28,713,092
Retained earnings	122,971,504	100,055,051
Equity attributable to the Bank's shareholders	635,313,059	599,735,337
Non-controlling interests	75,914,158	71,096,828
Total equity	711,227,217	670,832,165
Total liabilities and equity	11,592,858,965	10,650,923,206

M. El-Shawa
Chief Executive Officer

Ayman
Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
For the three-month and six-month period ended June 30, 2026

	For the three-month period ended June 30		For the six-month period ended June 30	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	U.S. $	U.S. $	U.S. $	U.S. $
Interest income	72,499,545	71,267,872	138,313,644	136,986,387
Interest expense	(13,193,552)	(13,402,341)	(24,876,299)	(24,996,457)
Net interest income	59,305,993	57,865,531	113,437,345	111,989,930
Net financing and investment income	15,909,449	16,254,557	30,677,646	30,780,459
Net commissions income	16,379,552	7,825,701	31,172,723	14,578,771
Net interest, financing, investment and commissions income	91,594,994	81,945,789	175,287,714	157,349,160
Foreign currencies gains	20,437,879	13,599,431	35,849,050	22,800,781
Net gains from financial assets portfolio	2,791,908	2,541,571	2,748,288	2,579,450
Bank's share of results of associates and a joint venture	(8,073)	84,030	(14,903)	(55,215)
Other revenues, net	1,356,623	2,340,573	3,308,399	3,810,504
Gross profit before financial assets losses and other losses	116,173,331	100,511,394	217,178,548	186,484,680
Financial assets losses – direct credit facilities and Islamic financing, net	(7,509,798)	(41,242,044)	(29,150,332)	(58,915,731)
Provisions for other expected credit losses and other asset losses, net	(4,171,163)	(488,334)	(4,569,149)	(485,458)
Gross profit	104,492,370	58,781,016	183,459,067	127,083,491
Expenses				
Personnel expenses	(25,299,738)	(22,741,099)	(51,186,447)	(43,958,547)
Other operating expenses	(28,870,090)	(19,510,541)	(54,373,811)	(37,436,409)
Depreciation and amortization	(4,794,064)	(4,381,665)	(9,355,634)	(8,424,219)
Total expenses	(58,963,892)	(46,633,305)	(114,915,892)	(89,819,175)
Profit before taxes	45,528,478	12,147,711	68,543,175	37,264,316
Taxes expense	(11,644,944)	(2,228,675)	(18,210,165)	(7,703,153)
Profit for the period	33,883,534	9,919,036	50,333,010	29,561,163
Attributable to:				
Equity holders of the Bank	30,622,051	8,497,223	45,822,403	27,246,662
Non-controlling interests	3,261,483	1,421,813	4,510,607	2,314,501
	33,883,534	9,919,036	50,333,010	29,561,163
Basic and diluted earnings per share attributable to equity holders of the Bank	0.11	0.03	0.16	0.09

M. El-Shawa
Chief Executive Officer

Ayman Jbaie
Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and six-month period ended June 30, 2026

	For the three-month period ended June 30		For the six-month period ended June 30	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	U.S. $	U.S. $	U.S. $	U.S. $
Profit for the period	33,883,534	9,919,036	50,333,010	29,561,163
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	5,325,096	8,445,222	2,478,715	9,703,095
Other comprehensive income items for the period	5,325,096	8,445,222	2,478,715	9,703,095
Total comprehensive income for the period	39,208,630	18,364,258	52,811,725	39,264,258
Attributable to:				
Equity holders of the Bank	36,022,432	16,594,850	47,994,395	36,359,010
Non-controlling Interests	3,186,198	1,769,408	4,817,330	2,905,248
	39,208,630	18,364,258	52,811,725	39,264,258

M. El-Shawa

Chief Executive Officer

Ayman Sbeih

Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

				Reserves								
June 30, 2026	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
	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	268,786,067	48,938,899	30,000,000	74,621,191	246,361	8,374,676	40,000,000	28,713,092	100,055,051	599,735,337	71,096,828	670,832,165
Profit for the period	-	-	-	-	-	-	-	-	45,822,403	45,822,403	4,510,607	50,333,010
Other comprehensive income items	-	-	-	-	-	-	-	2,171,992	-	2,171,992	306,723	2,478,715
Total comprehensive income for the period	-	-	-	-	-	-	-	2,171,992	45,822,403	47,994,395	4,817,330	52,811,725
Gains from the sale of financial assets at fair value through other comprehensive income items recognized directly in retained earnings	-	-	-	-	-	-	-	(262,166)	262,166	-	-	-
Interest on perpetual bond	-	-	-	-	-	-	-	-	(1,668,132)	(1,668,132)	-	(1,668,132)
Stock dividends	10,751,443	-	-	-	-	-	-	-	(10,751,443)	-	-	
Cash dividends	-	-	-	-	-	-	-	-	(10,751,443)	(10,751,443)	-	(10,751,443)
Fractions of stocks	-	-	-	-	-	-	-	-	2,902	2,902	-	2,902
Balance, end of the period (unaudited)	279,537,510	48,938,899	30,000,000	74,621,191	246,361	8,374,676	40,000,000	30,622,918	122,971,504	635,313,059	75,914,158	711,227,217

				Reserves								
June 30, 2025	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
	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	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 period	-	-	-	-	-	-	-	-	27,246,662	27,246,662	2,314,501	29,561,163
Other comprehensive income items	-	-	-	-	-	-	-	9,112,348	-	9,112,348	590,747	9,703,095
Total comprehensive income for the period	-	-	-	-	-	-	-	9,112,348	27,246,662	36,359,010	2,905,248	39,264,258
Increase of the paid-in capital	383,409	195,539	-	-	-	-	-	-	-	578,948	-	578,948
Interest on perpetual bond	-	-	-	-	-	-	-	-	(1,750,023)	(1,750,023)	-	(1,750,023)
Cash dividends from a subsidiary	-	-	-	-	-	-	-	-	-	-	(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

Chief Executive Officer

Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended June 30, 2026

	For the three months ended June 30	
	2026	2025
	(Unaudited)	(Unaudited)
	U.S. $	U.S. $
Operating activities		
Profit for the period before taxes	68,543,175	37,264,316
Adjustments for:		
Depreciation and amortization	9,355,634	8,424,219
Net gains from financial assets portfolio	(2,748,288)	(2,579,450)
Modification of assets and related grants	7,080,877	15,342,136
Finance cost on lease liabilities	231,227	236,127
Financial assets losses – direct credit facilities and Islamic financing, net	29,150,332	58,915,731
Other provisions for expected credit losses and other assets losses, net	4,569,149	(214,542)
Sundry provisions	7,540,099	4,278,529
Bank's share of results of associates and a joint venture	14,903	55,215
Gains from disposal of property, plant and equipment, right of use assets	(747,920)	-
Amortization of discount and premium on issuance of financial assets at amortized cost	(1,313,373)	(4,777,550)
Other non-cash items	(2,158,542)	(361,016)
	119,517,273	116,583,715
Changes in assets and liabilities:		
Direct credit facilities and Islamic financing, net	(337,814,115)	(424,537,775)
Statutory cash reserve	(63,698,239)	(130,747,739)
Other assets	(14,997,010)	(12,674,918)
Customers' deposits	648,234,796	1,309,302,663
Istidama loans from Palestine Monetary Authority	1,721,638	407,564
Cash margins	64,731,159	47,192,404
Other liabilities	(3,743,313)	122,478,720
Net cash flows from operating activities before taxes and paid provisions	413,952,189	1,028,004,634
Taxes and advances payments	(2,626,453)	(2,004,245)
Sundry provision payments	(12,080,021)	(1,794,136)
Net cash flows from operating activities	399,245,715	1,024,206,253
Investing activities		
Purchase of financial assets at fair value through other comprehensive income items	(4,310,668)	(7,886,905)
Purchase of financial assets at fair value through profit or loss	(119,173)	(403,246)
Sale of financial assets at fair value through other comprehensive income items	1,632,436	-
Sale of financial assets at fair value through profit or loss	103,783	-
Purchase of financial assets at amortized cost	(275,618,207)	(1,128,033,899)
Sale of financial assets at amortized cost	1,997,700	2,565,971
Maturated financial assets at amortized cost	395,872,261	771,081,452
Stock dividends received	3,079,958	3,075,677
Investments management commission	(144,348)	(845,405)
Deposits at banks and financial institutions maturing in more than three months	(96,942,985)	(131,018,169)
Restricted balances	(75,494,226)	(4,148,137)
Palestine Monetary Authority deposits maturing in more than three months	(20,843,754)	273,484,326
Purchase of intangible assets	(2,147,418)	(1,003,858)
Projects in progress additions	(1,934,639)	(547,383)
Sale of property, plant and equipment	141,430	20,572
Purchase of property, plant and equipment	(4,701,210)	(4,174,839)
Net cash flows used in investing activities	(79,429,060)	(227,833,843)
Financing activities		
Lease liabilities payments	(3,036,794)	(2,344,507)
Repayments of subordinated loans	(7,500,000)	(7,500,000)
Withdrawal of subordinated loans	150,000,000	-
Increase in paid-in capital	-	578,948
Repayment of loans and borrowings	(7,637,407)	(5,554,091)
Withdrawal of loans and borrowings	-	2,000,000
Cash dividends	(9,888,206)	(31,888)
Sold fractions of distributed stocks	2,902	-
Interest on perpetual bond	(1,693,705)	(1,783,070)
Net cash flows from (used in) financing activities	120,246,790	(14,634,608)
Increase in cash and cash equivalents	440,063,445	781,737,802
Cash and cash equivalents, beginning of the period	4,263,267,617	2,553,549,466
Cash and cash equivalents, end of the period	4,703,331,062	3,335,287,268
Interest expense paid	28,996,818	27,893,742
Interest revenue received	171,094,264	168,776,898

M. El-Shara

Chief Executive Officer

Chief Financial Officer