

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2021

	June 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	U.S. \$	U.S. \$
ASSETS		
Cash and balances with Palestine Monetary Authority	1,615,595,265	1,323,410,056
Balances and investments at banks and financial institutions	708,589,364	747,858,727
Financial assets at fair value through profit or loss	21,397,158	18,735,305
Direct credit facilities and Islamic financing	3,341,187,524	3,266,748,588
Financial assets at fair value through other comprehensive income	32,435,456	28,559,024
Financial assets at amortized cost	217,774,603	205,499,230
Investment in associates & Joint Venture	9,616,824	5,946,380
Investment properties	25,804,919	25,884,919
Property, plant and equipment and right of use assets	117,117,760	121,430,377
Projects in progress	2,686,762	2,680,297
Intangible assets	14,844,007	15,428,395
Other assets	48,182,163	47,628,690
Total assets	6,155,231,805	5,809,809,988
LIABILITIES AND EQUITY		
Liabilities		
Palestine Monetary Authority's deposits	194,583,393	168,347,302
Banks and financial institutions' deposits	108,468,144	82,088,201
Customers' deposits	4,834,101,408	4,580,935,374
Cash margins	263,964,574	253,088,880
Subordinated loan	75,000,000	75,000,000
Loans and borrowings	39,876,250	27,636,180
Istidama loans from Palestine Monetary Authority	10,272,351	9,134,926
Lease Liabilities	32,432,628	33,453,914
Sundry provisions	49,047,906	48,851,375
Taxes provisions	7,106,230	4,610,652
Other liabilities	83,766,394	93,142,513
Total liabilities	5,698,619,278	5,376,289,317
Equity		
Paid-in share capital	210,160,800	208,080,000
Additional paid-in capital	24,848,415	24,848,415
Statutory reserve	56,970,341	56,970,341
Voluntarily reserve	246,361	246,361
General banking risks reserve	10,311,877	10,311,877
Pro-cyclicality reserve	40,000,000	40,000,000
Fair value reserve	(1,686,731)	(4,999,792)
Retained earnings	59,433,084	43,763,159
Total equity holders of the Bank	400,284,147	379,220,361
Non-controlling interests	56,328,380	54,300,310
Total equity	456,612,527	433,520,671
Total liabilities and equity	6,155,231,805	5,809,809,988

Chief Executive Officer

M. EL-Shawar

Chief Financial Officer

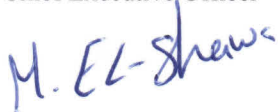
F. Al-Hajj

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT


For the three and six-month period ended June 30, 2021

	For the three-month period ended March 31		For the six-month period ended June 30	
	2021	2020	2021	2020
	(Unaudited) U.S. \$	(Unaudited) U.S. \$	(Unaudited) U.S. \$	(Unaudited) U.S. \$
Interest income	42,790,961	38,461,974	83,384,902	79,492,156
Interest expense	(10,650,746)	(9,965,705)	(21,032,222)	(20,854,738)
Net interest income	32,140,215	28,496,269	62,352,680	58,637,418
Net financing and investment income	10,720,806	8,220,557	21,590,742	14,665,087
Net commissions	11,066,011	11,768,428	21,759,537	23,578,415
Net interest, financing, investment and commissions income	53,927,032	48,485,254	105,702,959	96,880,920
Foreign currencies gains	4,686,828	3,087,352	10,765,112	7,357,778
Net gains from financial assets portfolio	4,453,371	507,666	5,036,263	536,479
Bank's share of results of associates & Joint Venture	55,665	64,678	169,380	195,252
Other revenues	2,857,212	1,036,849	5,771,167	4,189,243
Gross profit	65,980,108	53,181,799	127,444,881	109,159,672
Expenses				
Personnel expenses	(19,710,452)	(17,932,155)	(39,296,399)	(38,017,120)
Other operating expenses	(11,296,910)	(11,588,264)	(23,557,090)	(24,687,284)
Depreciation and amortization	(4,403,810)	(4,687,229)	(9,095,555)	(9,364,680)
Provision for expected credit losses	(4,633,872)	(8,563,833)	(11,652,650)	(18,368,081)
Credit facilities not previously provided for and written off	(544,826)	(324,673)	(1,122,291)	(530,292)
Palestine Monetary Authority's fines	-	-	-	(22,052)
Total expenses	(40,589,870)	(43,096,154)	(84,723,985)	(90,989,509)
Profit before taxes	25,390,238	10,085,645	42,720,896	18,170,163
Taxes expense	(7,782,783)	(5,977,878)	(13,774,383)	(9,716,475)
Profit for the period	17,607,455	4,107,767	28,946,513	8,453,688
Attributable to:				
Equity holders of the Bank	15,991,227	3,209,661	26,070,694	8,205,705
Non-controlling interests	1,616,228	898,106	2,875,819	247,983
	17,607,455	4,107,767	28,946,513	8,453,688
Basic and diluted earnings per share from profit of the period attributable to equity holders of the bank	0,08	0,02	0,12	0,04

Chief Executive Officer



Chief Financial Officer



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six-month period ended June 30, 2021

	For the three-month period ended March 31		For the six-month period ended June 30	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Profit for the period	17,607,455	4,107,767	28,946,513	8,453,688
Other comprehensive income:				
Items not to be reclassified to the consolidated income statement in subsequent periods:				
Change in the fair value of financial assets				
Other comprehensive income items for the period	2,490,467	(1,779,197)	3,694,916	(1,400,468)
Total comprehensive income for the period	<u>2,490,467</u>	<u>(1,779,197)</u>	<u>3,694,916</u>	<u>(1,400,468)</u>
	20,097,922	2,328,570	32,641,429	7,053,220
Attributable to:				
Equity holders of the Bank	17,965,123	1,730,314	29,383,755	7,017,621
Non-controlling Interests	2,132,799	598,256	3,257,674	35,599
	<u>20,097,922</u>	<u>2,328,570</u>	<u>32,641,429</u>	<u>7,053,220</u>

Chief Executive Officer

M. El-Shew

Chief Financial Officer

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Bank of Palestine P.L.C

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended June 30, 2021

	Reserves										Non-controlling interests	Total equity
	Paid-in share capital	Additional paid-in capital	Statutory	Voluntarily	General banking risks	Pro-cyclicality	Fair value	Retained earnings	Equity holders of the Bank			
										U.S. \$		
June 30, 2021												
Balance, beginning of the period	208,080,000	24,848,415	56,970,341	246,361	10,311,877	40,000,000	(4,999,792)	43,763,159	379,220,361	54,300,310	433,520,671	
Profit for the period	-	-	-	-	-	-	-	26,070,694	26,070,694	2,875,819	28,946,513	
Other comprehensive income items	-	-	-	-	-	-	3,313,061	-	3,313,061	381,855	3,694,916	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	
Transfers to reserves	-	-	-	-	-	-	3,313,061	26,070,694	29,383,755	3,257,674	32,641,429	
Fractions of stocks	-	-	-	-	-	-	-	3,231	3,231	-	3,231	
Stock dividends	2,080,800	-	-	-	-	-	-	(2,080,800)	-	-	-	
Cash dividends	-	-	-	-	-	-	-	(8,323,200)	(8,323,200)	(1,229,604)	(9,552,804)	
Balance, end of the period (unaudited)	210,160,800	24,848,415	56,970,341	246,361	10,311,877	40,000,000	(1,686,731)	59,433,084	400,284,147	56,328,380	456,612,527	
	Reserves										Non-controlling interests	Total equity
	Paid-in share capital	Additional paid-in capital	Statutory	Voluntarily	General banking risks	Pro-cyclicality	Fair value	Retained earnings	Equity holders of the Bank			
										U.S. \$		
June 30, 2020												
Balance, beginning of the period	204,000,000	24,848,415	54,982,241	246,361	9,749,949	40,000,000	(3,854,902)	46,828,335	376,800,399	53,863,794	430,664,193	
Profit for the period	-	-	-	-	-	-	-	8,205,705	8,205,705	247,983	8,453,688	
Other comprehensive income items	-	-	-	-	-	-	(1,188,084)	-	(1,188,084)	(212,384)	(1,400,468)	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	
Transfers to reserves	-	-	-	-	-	-	(1,188,084)	8,205,705	7,017,621	35,599	7,053,220	
Fractions of stocks	-	-	-	-	1,411,926	-	-	(1,411,926)	-	-	-	
Stock dividends	4,080,000	-	-	-	-	-	-	3,838	3,838	-	3,838	
Cash dividends	-	-	-	-	-	-	-	(4,080,000)	-	-	-	
Balance, end of the period (unaudited)	208,080,000	24,848,415	54,982,241	246,361	11,161,875	40,000,000	(5,042,986)	33,225,952	(16,320,000)	(1,917,511)	(18,237,511)	
									367,501,858	51,981,882	419,483,740	

Chief Executive Officer

M. El-Shawar

Chief Financial Officer

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2021

	For the six-month period ended June 30	
	2021	2020
	Unaudited	Unaudited
	U.S. \$	U.S. \$
Operating activities		
Profit for the period before taxes	42,720,896	18,170,163
Adjustments for:		
Depreciation and amortization	9,095,555	9,364,680
Project in progress amortization	234,480	-
Net gains from financial assets portfolio	(5,334,952)	(763,656)
Finance costs related to lease liabilities	479,562	498,873
Provision for expected credit losses	11,652,650	18,368,081
Gain from revaluation of deposits at below market interest rate	819,342	-
Modification loss arising from Islamic financing of a subsidiary	(1,930,379)	3,364,410
Sundry provisions	5,328,224	3,055,519
Bank's share of results of associates & Joint venture	(169,380)	(195,252)
Losses on disposal of property, plant and equipment	16,845	5,299
Credit facilities not previously provided for and written off	1,122,291	530,292
Other non-cash items	21,574	(495,570)
	64,056,708	51,902,839
Changes in assets and liabilities:		
Direct credit facilities and Islamic financing	(85,050,370)	(138,865,152)
Statutory cash reserve	(32,272,606)	(16,683,812)
Other assets	(600,524)	2,580,215
Customers' deposits	253,166,034	204,785,974
Istidama loans from Palestine Monetary Authority	1,137,425	-
Cash margins	10,875,694	(403,804)
Other liabilities	(9,910,691)	(13,785,224)
Net cash flows from (used in) operating activities before taxes and sundry provision	201,401,670	89,531,036
Taxes paid	(11,278,805)	(14,243,629)
Sundry provision, paid	(5,131,693)	(346,697)
Net cash flows from (used in) operating activities	184,991,172	74,940,710
Investing activities:		
Purchase of financial assets at fair value through profit or loss or through other comprehensive income	(277,205)	(65,000)
Restricted balances with banks	8,206,793	17,226,881
Purchase of financial assets at amortized cost	(31,243,183)	(12,044,200)
Matured financial assets at amortized cost	18,758,795	76,216,274
Deposits at banks and financial institutions maturing in more than three months	(3,000,000)	(33,238,799)
Deposits at Islamic banks maturing in more than three months	-	977,359
Stocks dividends received	3,314,668	1,519,719
Investment in associates and joint venture	(4,000,000)	-
Intangible assets	(457,359)	(1,013,023)
Projects in progress	(893,703)	(2,722,332)
Purchase of property, plant and equipment	(1,950,156)	(3,793,660)
Sale of property, plant and equipment	154,978	10,418
Purchase of investment properties	225,000	-
Sales of investment properties	(145,000)	(14,000)
Net cash flows (used in) from investing activities	(11,306,372)	43,059,637
Financing activities:		
Lease liabilities paid	(2,810,948)	(2,663,686)
Loans and borrowings	12,240,070	15,000,000
Fractions of stock dividends	3,231	3,838
Cash dividends paid	(9,049,538)	(16,842,498)
Net cash flows from (used in) financing activities	382,815	(4,502,346)
Increase (decrease) in cash and cash equivalents	174,067,615	113,498,001
Cash and cash equivalents, beginning of the period	1,364,891,506	830,266,091
Cash and cash equivalents, end of the period	1,538,959,121	943,764,092
Interest expense paid	19,458,444	26,527,864
Interest revenue received	84,013,867	84,070,735

Chief Executive Officer

M. EL-Shaw

Chief Financial Officer

S. Al-Hajj