

BANK OF PALESTINE P.S.C

INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS

MARCH 31, 2026

**Interim Condensed Consolidated Statement of Financial Position**

As of March 31, 2026

	March 31 2026 (unaudited) U.S. \$	31 December 2025 (audited) U.S. \$
<b>ASSETS</b>		
Cash and balances with Palestine Monetary Authority	4,084,776,360	4,115,920,889
Balances, deposits and investments at banks and financial institutions	2,111,057,196	1,772,936,462
Financial assets at fair value through profit or loss	5,873,326	5,828,030
Direct credit facilities and Islamic financing, net	4,033,900,399	4,012,032,827
Financial assets at fair value through other comprehensive income items	93,584,216	98,634,819
Financial assets at amortized cost	223,036,650	316,712,192
Investment in associates and a joint venture	12,187,350	12,194,180
Investment properties	38,535,939	38,535,939
Property, plant and equipment and right of use assets	121,540,282	122,270,038
Deferred tax assets	66,111,815	61,972,648
Projects in progress	2,314,778	1,766,656
Intangible assets	14,126,304	14,117,420
Other assets	94,794,361	78,001,106
<b>Total assets</b>	<b>10,901,838,976</b>	<b>10,650,923,206</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Palestine Monetary Authority's deposits	358,984,002	392,737,564
Banks and financial institutions' deposits	74,961,689	35,596,213
Customers' deposits	9,046,755,607	8,773,595,388
Cash margins	351,038,664	344,815,360
Subordinated loans	45,000,000	45,000,000
Loans and borrowings	90,508,757	92,778,959
Istidama loans from Palestine Monetary Authority	43,943,309	46,963,540
Deferred tax liabilities	4,348,364	4,348,364
Lease liabilities	17,109,906	18,723,527
Sundry provisions	55,535,696	61,473,601
Taxes Provision	605,531	-
Other liabilities	129,441,993	164,058,525
<b>Total liabilities</b>	<b>10,218,233,518</b>	<b>9,980,091,041</b>
<b>Equity</b>		
Paid-in share capital	268,786,067	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	25,222,537	28,713,092
Retained earnings	114,687,767	100,055,051
<b>Equity attributable to the Bank's shareholders</b>	<b>610,877,498</b>	<b>599,735,337</b>
Non-controlling interests	72,727,960	71,096,828
<b>Total equity</b>	<b>683,605,458</b>	<b>670,832,165</b>
<b>Total liabilities and equity</b>	<b>10,901,838,976</b>	<b>10,650,923,206</b>

  
Chief Financial Officer

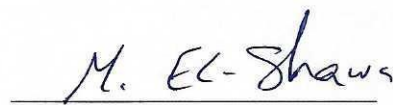
  
Chief Executive Officer

**Interim Condensed Consolidated Income Statement**

For the three-month period ended March 31, 2026

	For the three-month period ended March 31	
	2026	2025
	(unaudited) U.S. \$	(unaudited) U.S. \$
Interest income	65,814,099	65,718,515
Interest expense	(11,682,747)	(11,594,116)
<b>Net interest income</b>	<b>54,131,352</b>	<b>54,124,399</b>
Net financing and investment income	14,768,197	14,525,902
Net commissions income	14,793,171	6,753,070
<b>Net interest, financing, investment and commissions income</b>	<b>83,692,720</b>	<b>75,403,371</b>
Foreign currency gains	15,411,171	9,201,350
Net (losses) gains from financial assets portfolio	(43,620)	37,879
Bank's share of results of associates and a joint venture	(6,830)	(139,245)
Other revenues, net	1,951,776	1,469,931
<b>Gross profit before expected credit losses provisions and other losses</b>	<b>101,005,217</b>	<b>85,973,286</b>
Provision for expected credit losses on direct credit facilities and Islamic financing, net	(21,640,534)	(17,673,687)
Provision for other expected credit losses and other assets losses, net	(397,986)	2,876
<b>Gross profit</b>	<b>78,966,697</b>	<b>68,302,475</b>
<b>Expenses</b>		
Personnel expenses	(25,886,709)	(21,217,448)
Other operating expenses	(25,503,721)	(17,925,868)
Depreciation and amortization	(4,561,570)	(4,042,554)
<b>Total expenses</b>	<b>(55,952,000)</b>	<b>(43,185,870)</b>
<b>Profit before taxes</b>	<b>23,014,697</b>	<b>25,116,605</b>
Taxes expense	(6,565,221)	(5,474,478)
<b>Profit for the period</b>	<b>16,449,476</b>	<b>19,642,127</b>
<b>Attributable to:</b>		
Equity holders of the Bank	15,200,352	18,749,439
Non-controlling interests	1,249,124	892,688
	16,449,476	19,642,127
<b>Basic and diluted earnings per share attributable to equity holders of the Bank</b>	<b>0.05</b>	<b>0.07</b>

  
 Chief Financial Officer

  
 Chief Executive Officer

**Interim Condensed Consolidated Statement of Comprehensive Income**

For the three-month period ended March 31, 2026

	For the three-month period ended March 31	
	2026	2025
	(unaudited)	(unaudited)
	U.S. \$	U.S. \$
Profit for the period	16,449,476	19,642,127
<b>Items of other comprehensive income:</b>		
<u>Items not to be reclassified to the interim condensed consolidated income statement in subsequent periods:</u>		
Change in fair value of financial assets through other comprehensive income items	(2,846,381)	1,257,873
<b>Other comprehensive income items for the period</b>	<b>(2,846,381)</b>	<b>1,257,873</b>
<b>Total comprehensive income for the period</b>	<b>13,603,095</b>	<b>20,900,000</b>
<b>Attributable to:</b>		
Equity holders of the Bank	11,971,963	19,764,160
Non-controlling Interests	1,631,132	1,135,840
	<b>13,603,095</b>	<b>20,900,000</b>

  
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 Chief Financial Officer

  
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 Chief Executive Officer

Bank of Palestine P.S.C

**Interim Condensed Consolidated Statement of Changes in Equity**

For the three-month period ended March 31, 2026

	Reserves										Total equity	
	Paid-in share capital	Additional paid-in capital	Perpetual bond	Statutory	Voluntarily	General banking risks	Pro-cyclical	Fair value	Retained earnings	Equity holders of the bank		Non-controlling interests
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
<b>March 31, 2026</b>												
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	-	-	-	-	-	-	-	-	15,200,352	15,200,352	1,249,124	16,449,476
Other comprehensive income items	-	-	-	-	-	-	-	(3,228,389)	-	(3,228,389)	382,008	(2,846,381)
Total comprehensive income for the period	-	-	-	-	-	-	-	(3,228,389)	15,200,352	11,971,963	1,631,132	13,603,095
Gains from the sale of financial asset: at fair value through other comprehensive income items recognized directly in retained earnings	-	-	-	-	-	-	-	(262,166)	262,166	-	-	(829,802)
Interest on perpetual bond	-	-	-	-	-	-	-	-	(829,802)	(829,802)	-	-
<b>Balance, end of the period (unaudited)</b>	<b>268,786,067</b>	<b>48,938,899</b>	<b>30,000,000</b>	<b>74,621,191</b>	<b>246,361</b>	<b>8,374,676</b>	<b>40,000,000</b>	<b>25,222,537</b>	<b>114,687,767</b>	<b>610,877,498</b>	<b>72,727,960</b>	<b>683,605,458</b>

	Reserves										Total equity	
	Paid-in share capital	Additional paid-in capital	Perpetual bond	Statutory	Voluntarily	General banking risks	Pro-cyclical	Fair value	Retained earnings	Equity holders of the bank		Non-controlling interests
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
<b>March 31, 2025</b>												
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	67,033,777	573,602,383
Profit for the period	-	-	-	-	-	-	-	-	18,749,439	18,749,439	893,688	19,642,127
Other comprehensive income items	-	-	-	-	-	-	-	1,014,721	-	1,014,721	243,152	1,257,873
Total comprehensive income for the period	-	-	-	-	-	-	-	1,014,721	18,749,439	19,764,160	1,135,840	20,900,000
Increase of the paid-in capital	383,409	195,539	-	-	-	-	-	-	-	578,948	-	578,948
Interest on perpetual bond	-	-	-	-	-	-	-	-	(946,567)	(946,567)	-	(946,567)
<b>Balance, end of the period (unaudited)</b>	<b>260,943,026</b>	<b>44,938,948</b>	<b>30,000,000</b>	<b>69,285,414</b>	<b>246,361</b>	<b>8,374,676</b>	<b>40,000,000</b>	<b>(1,200,211)</b>	<b>73,886,943</b>	<b>525,975,157</b>	<b>68,159,617</b>	<b>594,134,774</b>

*Asmaa Jiraid*  
Chief Financial Officer

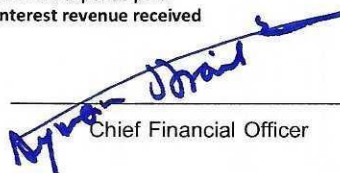
*M. El-Shaw*  
Chief Executive Officer

## Bank of Palestine P.S.C

**Interim Condensed Consolidated Statement of Cash Flows**

For the three-month period ended March 31, 2026

	For the three-month period ended March 31	
	2026	2025
	(unaudited) U.S. \$	(unaudited) U.S. \$
<b>Operating activities</b>		
Profit for the period before taxes	23,014,697	25,116,605
<b>Adjustments for:</b>		
Depreciation and amortization	4,561,570	4,042,554
Net losses (gains) from financial assets portfolio	43,620	(37,879)
Modification of assets	3,528,535	6,158,247
Finance cost on lease liabilities	104,960	108,329
Provision for expected credit losses on direct credit facilities and Islamic financing, net	21,640,534	17,673,687
Other provisions for expected credit losses and other assets losses, net	397,986	(2,876)
Sundry provisions	5,192,542	1,652,088
Bank's share of results of associates and a joint venture	6,830	139,245
(Gains) Losses from disposal of property, plant and equipment, right of use assets	(749,357)	39,022
Amortization of discount and premium on issuance of financial assets at amortized cost	(515,357)	(919,778)
Other non-cash items	(241,064)	193,745
	<u>56,985,496</u>	<u>54,162,989</u>
<b>Changes in assets and liabilities:</b>		
Direct credit facilities and Islamic financing	(45,998,106)	11,117,757
Statutory cash reserve	(6,101,813)	(37,920,030)
Other assets	(26,683,812)	(14,232,461)
Customers' deposits	273,160,219	434,997,527
Istidama loans from Palestine Monetary Authority	(3,020,231)	3,309,512
Cash margins	6,223,304	12,319,851
Other liabilities	(33,641,675)	62,653,710
	<u>220,923,382</u>	<u>526,408,855</u>
<b>Net cash flows from operating activities before taxes and paid provisions</b>		
Taxes and advances payments	(2,113,840)	(1,833,721)
Sundry provision payments	(11,130,447)	(732,963)
<b>Net cash flows from operating activities</b>	<u>207,679,095</u>	<u>523,842,171</u>
<b>Investing activities</b>		
Purchase of financial assets at fair value through other comprehensive income items	(2,460,104)	(1,074,612)
Purchase of financial assets at fair value through profit or loss	(54,497)	(39,500)
Sale of financial assets at fair value through other comprehensive income items	4,605,374	-
Purchase of financial assets at amortized cost	(37,783,819)	(387,869,497)
Sale of financial assets at amortized cost	-	2,565,971
Matured financial assets at amortized cost	131,873,061	74,792,299
Stock dividends received	19,377	19,375
Investments management commission	(95,153)	(261,443)
Deposits at banks and financial institutions maturing in more than three months	(181,507,178)	(24,249,666)
Restricted balances	(64,661,215)	913,634
Palestine Monetary Authority deposits maturing in more than three months	(22,596,277)	-
Purchase of intangible assets	(377,628)	(139,333)
Projects in progress additions	(933,721)	(363,284)
Sale of property, plant and equipment	138,034	-
Purchase of property, plant and equipment	(2,747,754)	(1,410,639)
<b>Net cash flows used in investing activities</b>	<u>(176,581,500)</u>	<u>(337,116,695)</u>
<b>Financing activities</b>		
Lease liabilities payments	(1,436,975)	(1,419,867)
Increase in paid-in capital payments	-	578,948
Loans and borrowings payments	(2,082,794)	(2,038,460)
Loans and borrowings withdrawal	-	2,000,000
<b>Net cash flows used in financing activities</b>	<u>(3,519,769)</u>	<u>(879,379)</u>
<b>Increase in cash and cash equivalents</b>	<u>27,577,826</u>	<u>185,846,097</u>
Cash and cash equivalents, beginning of the period	<u>4,263,267,617</u>	<u>2,553,549,466</u>
<b>Cash and cash equivalents, end of the period</b>	<u>4,290,845,443</u>	<u>2,739,395,563</u>
Interest expense paid	12,823,142	11,995,325
Interest revenue received	84,335,877	61,603,843

  
Chief Financial Officer

  
Chief Executive Officer