

BANK OF PALESTINE P.L.C

UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

September 30,2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of September 30, 2022

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
	U.S. \$	U.S. \$
ASSETS		
Cash and balances with Palestine Monetary Authority	1,780,408,822	1,779,579,889
Balances and investments at banks and financial institutions	609,091,541	782,230,313
Financial assets at fair value through profit or loss	10,801,339	10,253,849
Direct credit facilities and Islamic financing	3,524,851,774	3,453,207,160
Financial assets at fair value through other comprehensive income	57,524,006	42,255,262
Financial assets at amortized cost	217,982,724	228,845,417
Investment in associates and a joint venture	9,927,565	9,671,052
Investment properties	25,769,178	25,962,178
Property, plant and equipment and right of use assets	111,403,402	115,897,814
Projects in progress	1,395,576	1,366,792
Intangible assets	15,373,435	14,613,893
Other assets	67,967,793	44,338,187
Total assets	6,432,497,155	6,508,221,806
LIABILITIES AND EQUITY		
Liabilities		
Palestine Monetary Authority's deposits	123,819,330	242,439,107
Banks and financial institutions' deposits	94,885,731	120,061,868
Customers' deposits	5,013,930,516	5,013,551,326
Cash margins	298,660,383	291,588,276
Subordinated loan	67,500,000	72,500,000
Loans and borrowings	61,565,728	48,442,500
Istidama loans from Palestine Monetary Authority	32,195,268	22,307,552
Lease Liabilities	30,774,334	31,900,160
Sundry provisions	54,100,960	50,983,323
Taxes provisions	32,900,792	21,492,314
Other liabilities	92,453,871	96,855,951
Total liabilities	5,902,786,913	6,012,122,377
Equity		
Paid-in share capital	223,958,577	217,433,527
Additional paid-in capital	29,575,688	29,575,688
Statutory reserve	61,883,607	61,883,607
Voluntarily reserve	246,361	246,361
General banking risks reserve	8,374,674	10,311,877
Pro-cyclicality reserve	40,000,000	40,000,000
Fair value reserve	2,206,178	(1,692,549)
Retained earnings	99,248,721	77,612,532
Total equity holders of the Bank	465,493,806	435,371,043
Non-controlling interests	64,216,436	60,728,386
Total equity	529,710,242	496,099,429
Total liabilities and equity	6,432,497,155	6,508,221,806

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
 For the three-month and nine-month periods ended September 30, 2022

	For the three- month period ended September 30		For the nine- month period ended September 30	
	2022	2021	2022	2021
	Unaudited		Unaudited	
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Interest income	49,306,508	44,897,806	139,536,342	131,828,290
Interest expense	(8,151,305)	(9,211,881)	(22,215,022)	(30,244,103)
Net interest income	41,155,203	35,685,925	117,321,320	101,584,187
Net financing and investment income	14,598,757	13,594,126	41,683,526	35,184,868
Net commissions income	10,707,958	9,804,578	30,743,871	28,018,533
Net interest, financing, investment and commissions income	66,461,918	59,084,629	189,748,717	164,787,588
Foreign currencies gains	8,589,474	5,500,000	20,134,650	16,265,112
Net gains from financial assets portfolio	(60,533)	1,371,479	1,989,756	6,407,742
Bank's share of results of associates and a joint venture	155,702	148,814	256,513	318,194
Other revenues	1,976,977	993,244	9,130,497	6,764,411
Gross profit before expected credit losses provisions	77,123,538	67,098,166	221,260,133	194,543,047
Provision for expected credit losses on direct credit facilities and Islamic financing and other receivables, net	(6,980,344)	(5,851,957)	(16,185,695)	(17,250,012)
Provision for expected credit losses on investments, and indirect credit facilities and Islamic financing, net	(1,148,807)	(207,104)	(2,597,584)	(461,699)
Gross profit	68,994,387	61,039,105	202,476,854	176,831,336
Expenses				
Personnel expenses	(21,017,954)	(20,045,782)	(62,232,664)	(59,342,181)
Other operating expenses	(14,386,755)	(13,611,745)	(42,637,608)	(37,168,835)
Depreciation and amortization	(4,517,837)	(4,318,703)	(13,389,895)	(13,414,258)
Losses from revaluation of investment properties	-	-	(200,000)	-
Written off credit facilities not previously provided for Palestine Monetary Authority's fines	(497,954)	(372,697)	(1,441,308)	(1,494,988)
	-	-	(25,000)	-
Total expenses	(40,420,500)	(38,348,927)	(119,926,475)	(111,420,262)
Profit before taxes	28,573,887	22,690,178	82,550,379	65,411,074
Taxes expense	(11,911,564)	(6,844,128)	(31,037,903)	(20,618,511)
Profit for the period	16,662,323	15,846,050	51,512,476	44,792,563
Attributable to:				
Equity holders of the Bank	14,880,365	13,287,816	46,090,414	39,358,510
Non-controlling interests	1,781,958	2,558,234	5,422,062	5,434,053
	<u>16,662,323</u>	<u>15,846,050</u>	<u>51,512,476</u>	<u>44,792,563</u>
Basic and diluted earnings per share	0,07	0,06	0,21	0,18

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 For the three-month and nine-month periods ended September 30, 2022

	For the three- month period ended September 30		For the nine- month period ended September 30	
	2022	2021	2022	2021
	Unaudited		Unaudited	
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Profit for the period	16,662,323	15,846,050	51,512,476	44,792,563
Other comprehensive income:				
<u>Items not to be reclassified to the consolidated income statement in subsequent periods:</u>				
Change in the fair value of financial assets	407,708	(422,857)	3,580,433	3,272,059
Other comprehensive income items for the period	407,708	(422,857)	3,580,433	3,272,059
Total comprehensive income for the period	<u>17,070,031</u>	<u>15,423,193</u>	<u>55,092,909</u>	<u>48,064,622</u>
Attributable to:				
Equity holders of the Bank	15,279,328	12,743,136	49,687,350	42,126,891
Non-controlling Interests	1,790,703	2,680,057	5,405,559	5,937,731
	<u>17,070,031</u>	<u>15,423,193</u>	<u>55,092,909</u>	<u>48,064,622</u>

Bank of Palestine P.L.C

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended September 30, 2022

	Reserves										
	Paid-in share capital	Additional paid-in capital	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. \$
September 30, 2022											
Balance, beginning of the period	217,433,527	29,575,688	61,883,607	246,361	10,311,877	40,000,000	(1,692,549)	77,612,532	435,371,043	60,728,386	496,099,429
Profit for the period	-	-	-	-	-	-	-	46,090,414	46,090,414	5,422,062	51,512,476
Other comprehensive income items	-	-	-	-	-	-	3,596,936	-	3,596,936	(16,503)	3,580,433
Total comprehensive income for the period	-	-	-	-	-	-	3,596,936	46,090,414	49,687,350	5,405,559	55,092,909
Transfer of fair value reserve of financial assets through other comprehensive income	-	-	-	-	-	-	301,791	(301,791)	-	-	-
Transfer from reserves	-	-	-	-	(1,937,203)	-	-	1,937,203	-	-	-
Fractions of stocks distributed	-	-	-	-	-	-	-	4,430	4,430	-	4,430
Stock dividends	6,525,050	-	-	-	-	-	-	(6,525,050)	-	-	-
Cash dividends	-	-	-	-	-	-	-	(19,569,017)	(19,569,017)	(1,917,509)	(21,486,526)
Balance, end of the period (unaudited)	223,958,577	29,575,688	61,883,607	246,361	8,374,674	40,000,000	2,206,178	99,248,721	465,493,806	64,216,436	529,710,242
	Reserves										
	Paid-in share capital	Additional paid-in capital	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. \$
September 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	-	-	-	-	-	-	-	39,358,510	39,358,510	5,434,053	44,792,563
Other comprehensive income items	-	-	-	-	-	-	2,768,381	-	2,768,381	503,678	3,272,059
Total comprehensive income for the period	-	-	-	-	-	-	2,768,381	39,358,510	42,126,891	5,937,731	48,064,622
Transfer of fair value reserve of financial assets through other comprehensive income	-	-	-	-	-	-	(30,717)	30,717	-	28,286	28,286
Fractions of stocks distributed	-	-	-	-	-	-	-	3,231	3,231	-	3,231
Increase in the Bank's paid-in capital	7,272,727	4,727,273	-	-	-	-	-	-	12,000,000	-	12,000,000
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)	217,433,527	29,575,688	56,970,341	246,361	10,311,877	40,000,000	(2,262,128)	72,751,617	425,027,283	59,036,723	484,064,006

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended September 30, 2022

	For the nine-month period ended September 30	
	2022	2021
	Unaudited U.S. \$	Unaudited U.S. \$
Operating activities		
Profit for the period before taxes	82,550,379	65,411,074
Adjustments for:		
Depreciation and amortization	13,389,895	13,414,258
Impairment on projects in progress	-	234,480
Net gains from financial assets portfolio	(1,989,756)	(6,407,742)
Finance costs related to lease liabilities	596,111	714,509
Provision for expected credit losses on direct credit facilities and Islamic financing and other receivables, net	16,185,695	17,250,012
Provision for expected credit losses on investments, and indirect credit facilities and Islamic financing, net	2,597,584	461,699
Loss from revaluation of deposit at below market interest rate	-	1,252,066
Gains from modification arising from Islamic financing of a subsidiary	-	(2,949,882)
Sundry provisions	6,159,031	7,748,781
Losses from revaluation of investment properties	200,000	-
Bank's share of results of associates and joint venture	(256,513)	(318,194)
Gains on disposal of right of use assets	(75,781)	-
(Gains)/ losses on disposal of property, plant and equipment	(90,224)	122,148
Written off credit facilities not previously provided for	1,441,308	1,494,988
Other non-cash items	(1,485,475)	(42,233)
	<u>119,222,254</u>	<u>98,385,964</u>
Changes in assets and liabilities:		
Direct credit facilities and Islamic financing	(88,982,769)	(146,099,537)
Statutory cash reserve	(44,936,768)	(52,205,800)
Other assets	(23,587,105)	4,416,515
Customers' deposits	379,190	394,809,811
Istidama loans from Palestine Monetary Authority	9,887,716	5,457,733
Cash margins	7,072,107	18,819,038
Other liabilities	(4,873,042)	4,143,381
Net cash flows (used in) from operating activities before taxes and sundry provisions	<u>(25,818,417)</u>	<u>327,727,105</u>
Taxes paid	(19,629,425)	(11,984,666)
Sundry provisions, paid	(3,041,394)	(6,117,939)
Net cash flows (used in) from operating activities	<u>(48,489,236)</u>	<u>309,624,500</u>
Investing activities:		
Purchase of financial assets at fair value through profit or loss and through other comprehensive income	(14,337,663)	-
Sale of financial assets at fair value through profit or loss and through other comprehensive income	1,666,269	4,446,471
Restricted cash balances	10,792,369	(11,471,677)
Purchase of financial assets at amortized cost	(45,342,174)	(35,352,111)
Matured financial assets at amortized cost	55,152,732	13,000,000
Deposits at banks and financial institutions maturing in more than three months	(16,093,089)	(14,988,717)
Palestine monetary authority deposits for a period more than three months	(86,627,310)	-
Banks and financial institutions' deposits maturing in more than three months	(2,000,000)	-
Deposits at Islamic banks maturing in more than three months	(3,000,000)	-
Investment management fees	(414,949)	(438,633)
Stocks dividends received	2,840,298	3,527,176
Investments in associates and joint venture	-	(4,000,000)
Additions on intangible assets	(2,332,678)	(743,974)
Additions on projects in progress	(252,899)	(1,476,415)
Purchase of property, plant and equipment	(5,035,707)	(3,105,402)
Sale of property, plant and equipment	259,027	72,322
Sale of investment properties	-	225,000
Purchase of investment properties	(283,000)	(447,000)
Net cash flows used in from investing activities	<u>(105,008,774)</u>	<u>(50,752,960)</u>
Financing activities:		
Lease liabilities paid	(3,877,484)	(3,798,850)
Loans and borrowings received	17,500,000	11,871,320
Loans and borrowings paid	(4,376,772)	-
Increase in the Bank's paid-in capital	-	12,000,000
Fractions of stock dividends	4,430	3,231
Subordinated loan	(5,000,000)	-
Cash dividends paid	(21,200,875)	(9,598,151)
Net cash flows from (used in) financing activities	<u>(16,950,701)</u>	<u>10,477,550</u>
(Decrease)Increase in cash and cash equivalents	(170,448,711)	269,349,090
Cash and cash equivalents, beginning of the period	1,787,868,265	1,342,579,767
Cash and cash equivalents, end of the period	<u>1,617,419,554</u>	<u>1,611,928,857</u>
Interest expense paid	28,900,183	28,670,325
Interest revenue received	186,133,664	126,651,161