

BANK OF PALESTINE P.L.C

UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

MARCH 31, 2022

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of March 31, 2022

	March 31, 2022	December 31, 2021
	(Unaudited)	(Audited)
	U.S. \$	U.S. \$
<b>ASSETS</b>		
Cash and balances with Palestine Monetary Authority	1,814,154,000	1,779,579,889
Balances and investments at banks and financial institutions	674,188,026	782,230,313
Financial assets at fair value through profit or loss	10,903,287	10,253,849
Direct credit facilities and Islamic financing	3,489,477,924	3,453,207,160
Financial assets at fair value through other comprehensive income	46,591,724	42,255,262
Financial assets at amortized cost	236,721,327	228,845,417
Investment in associates	9,810,558	9,671,052
Investment properties	26,142,678	25,962,178
Property, plant and equipment and right of use assets	113,125,398	115,897,814
Projects in progress	1,298,524	1,366,792
Intangible assets	15,023,588	14,613,893
Other assets	47,277,647	44,338,187
<b>Total assets</b>	<b>6,484,714,681</b>	<b>6,508,221,806</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Palestine Monetary Authority's deposits	196,562,586	242,439,107
Banks and financial institutions' deposits	107,342,806	120,061,868
Customers' deposits	4,996,781,440	5,013,551,326
Cash margins	319,967,892	291,588,276
Subordinated loan	72,500,000	72,500,000
Loans and borrowings	55,756,063	48,442,500
Istidama loans from Palestine Monetary Authority	28,065,083	22,307,552
Lease Liabilities	30,690,893	31,900,160
Sundry provisions	52,299,472	50,983,323
Taxes provisions	14,502,370	21,492,314
Other liabilities	95,612,353	96,855,951
<b>Total liabilities</b>	<b>5,970,080,958</b>	<b>6,012,122,377</b>
<b>Equity</b>		
Paid-in share capital	217,433,527	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	10,311,877	10,311,877
Pro-cyclicality reserve	40,000,000	40,000,000
Fair value reserve	(726,511)	(1,692,549)
Retained earnings	93,319,789	77,612,532
<b>Total equity holders of the Bank</b>	<b>452,044,338</b>	<b>435,371,043</b>
Non-controlling interests	62,589,385	60,728,386
<b>Total equity</b>	<b>514,633,723</b>	<b>496,099,429</b>
<b>Total liabilities and equity</b>	<b>6,484,714,681</b>	<b>6,508,221,806</b>

**Bank of Palestine P.L.C****INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**

For the three-month period ended March 31, 2022

	For the three-month period ended March 31	
	2022	2021
	(Unaudited)	(Unaudited)
	U.S. \$	U.S. \$
Interest income	40,818,153	40,593,941
Interest expense	(7,441,729)	(10,381,476)
<b>Net interest income</b>	<b>33,376,424</b>	<b>30,212,465</b>
Net financing and investment income	13,295,536	10,869,936
Net commissions	13,282,887	10,693,526
<b>Net interest, financing, investment and commissions income</b>	<b>59,954,847</b>	<b>51,775,927</b>
Foreign currencies gains	6,090,455	6,078,284
Net gains from financial assets portfolio	1,093,360	582,892
Bank's share of results of associates	139,506	113,715
Other revenues	3,246,781	2,913,955
<b>Gross profit before provision for expected credit losses</b>	<b>70,524,949</b>	<b>61,464,773</b>
Provision for expected credit losses	(5,592,440)	(7,018,778)
<b>Gross profit</b>	<b>64,932,509</b>	<b>54,445,995</b>
<b>Expenses</b>		
Personnel expenses	(20,435,671)	(19,585,947)
Other operating expenses	(12,929,226)	(12,250,180)
Depreciation and amortization	(4,497,940)	(4,691,745)
Credit facilities not previously provided for and written off	(523,122)	(577,465)
Palestine Monetary Authority's fines	(25,000)	(10,000)
<b>Total expenses</b>	<b>(38,410,959)</b>	<b>(37,115,337)</b>
<b>Profit before taxes</b>	<b>26,521,550</b>	<b>17,330,658</b>
Taxes expense	(8,929,801)	(5,991,600)
<b>Profit for the period</b>	<b>17,591,749</b>	<b>11,339,058</b>
<b>Attributable to:</b>		
Equity holders of the Bank	15,707,257	10,079,467
Non-controlling interests	1,884,492	1,259,591
	<u>17,591,749</u>	<u>11,339,058</u>
<b>Basic and diluted earnings per share from profit of the period attributable to equity holders of the bank</b>	<b>0.072</b>	<b>0.048</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the three-month period ended March 31, 2022

	For the three-month period ended March 31	
	2022 (Unaudited) U.S. \$	2021 (Unaudited) U.S. \$
<b>Profit for the period</b>	17,591,749	11,339,058
<b>Other comprehensive income</b>		
Items not to be reclassified to the consolidated income statement in subsequent periods:		
Gains from revaluation of financial assets through other comprehensive income items	942,545	1,204,449
Total items that will not be classified to the income statement	942,545	1,204,449
<b>Total comprehensive income for the period</b>	<b>18,534,294</b>	<b>12,543,507</b>
<b>Attributable to:</b>		
Equity holders of the Bank	16,673,295	11,418,632
Non-controlling Interests	1,860,999	1,124,875
	<b>18,534,294</b>	<b>12,543,507</b>

## Bank of Palestine P.L.C

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the three-month period ended March 31, 2022

	Paid-in share capital	Additional paid-in capital	Reserves				Fair value	Retained earnings	Equity holders of the Bank	Non-controlling interests	Total equity
			Statutory	Voluntarily	General banking risks	Pro-cyclicality					
<b>March 31, 2022</b>	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	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	-	-	-	-	-	-	-	15,707,257	15,707,257	1,884,492	17,591,749
Other comprehensive income items	-	-	-	-	-	-	966,038	-	966,038	(23,493)	942,545
Total comprehensive income for the period	-	-	-	-	-	-	966,038	15,707,257	16,673,295	1,860,999	18,534,294
Balance, end of the period (unaudited)	<u>217,433,527</u>	<u>29,575,688</u>	<u>61,883,607</u>	<u>246,361</u>	<u>10,311,877</u>	<u>40,000,000</u>	<u>(726,511)</u>	<u>93,319,789</u>	<u>452,044,338</u>	<u>62,589,385</u>	<u>514,633,723</u>

	Paid-in share capital	Additional paid-in capital	Reserves				Fair value	Retained earnings	Equity holders of the Bank	Non-controlling interests	Total equity
			Statutory	Voluntarily	General banking risks	Pro-cyclicality					
<b>March 31, 2021</b>	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	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	-	-	-	-	-	-	-	10,079,467	10,079,467	1,259,591	11,339,058
Other comprehensive income items	-	-	-	-	-	-	1,339,165	-	1,339,165	(134,716)	1,204,449
Total comprehensive income for the period	-	-	-	-	-	-	1,339,165	10,079,467	11,418,632	1,124,875	12,543,507
Fractions of stocks distributed	-	-	-	-	-	-	-	28	28	-	28
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)	<u>210,160,800</u>	<u>24,848,415</u>	<u>56,970,341</u>	<u>246,361</u>	<u>10,311,877</u>	<u>40,000,000</u>	<u>(3,660,627)</u>	<u>43,438,654</u>	<u>382,315,821</u>	<u>54,195,581</u>	<u>436,511,402</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the three-month period ended March 31, 2022

	For the three-month period ended March 31	
	2022	2021
	Unaudited	Unaudited
	U.S. \$	U.S. \$
<b>Operating activities</b>		
Profit for the period before taxes	26,521,550	17,330,658
<b>Adjustments for:</b>		
Depreciation and amortization	4,497,940	4,691,745
Net gains from financial assets	(1,093,360)	(737,551)
Finance costs related to lease liabilities	215,461	237,351
Provision for expected credit losses	5,592,440	7,018,778
Sundry provisions	2,420,936	2,762,527
Bank's share of results of associates	(139,506)	(113,715)
Losses on disposal of property, plant and equipment	(108,643)	16,612
Credit facilities not previously provided for and written off	523,122	577,465
Other non-cash items	1,329	(1,514,396)
	<u>38,431,269</u>	<u>30,269,474</u>
<b>Changes in assets and liabilities:</b>		
Direct credit facilities and Islamic financing	(42,774,968)	(3,583,398)
Statutory cash reserve	(56,512,934)	(21,743,237)
Other assets	(2,939,460)	714,300
Customers' deposits	(16,769,886)	51,346,294
Istidama loans from Palestine Monetary Authority	5,757,531	579,336
Cash margins	28,379,616	(1,430,264)
Other liabilities	(1,248,617)	(20,686,867)
	<u>(64,701,981)</u>	<u>22,070,742</u>
<b>Net cash flows (used in) from operating activities before taxes and sundry provision</b>	(47,677,449)	35,465,638
Taxes paid	(15,919,745)	(10,708,258)
Sundry provision, paid	(1,104,787)	(2,686,638)
<b>Net cash flows (used in) from operating activities</b>	<u>(64,701,981)</u>	<u>22,070,742</u>
<b>Investing activities:</b>		
Purchase of financial assets at fair value through other comprehensive income	(3,820,887)	-
Purchase of financial assets at fair value through profit or loss	-	(70,000)
Purchase of financial assets at amortized cost	(24,400,583)	(11,438,910)
Matured financial assets at amortized cost	16,474,105	13,076,000
Banks and financial institutions deposits maturing in more than three months	(2,000,000)	(3,000,000)
Stocks dividends received	1,017,745	1,027,460
Commission on investments management	(146,853)	-
Deposits at banks and financial institutions maturing in more than three months	(27,193,010)	-
Restricted balances of withdrawal	(3,045,689)	30,996,974
Palestine monetary authority deposits for a period more than three months	(31,517,885)	-
Intangible assets	(811,706)	(226,645)
Projects in progress	(138,889)	(315,290)
Purchase of property, plant and equipment	(752,081)	(828,089)
Sale of property, plant and equipment	265,370	53,583
Change in investment properties	-	123,000
<b>Net cash flows (used in) from investing activities</b>	<u>(76,070,363)</u>	<u>29,398,083</u>
<b>Financing activities:</b>		
Lease liabilities paid	(1,947,059)	(2,029,675)
Loans and borrowings	7,313,563	9,396,101
Fractions of stock dividends	-	28
Cash dividends paid	(131,820)	(1,299,395)
<b>Net cash flows from financing activities</b>	<u>5,234,684</u>	<u>6,067,059</u>
<b>(Decrease) increase in cash and cash equivalents</b>	(135,537,660)	57,535,884
Cash and cash equivalents, beginning of the period	1,787,868,265	1,342,579,767
<b>Cash and cash equivalents, end of the period</b>	<u>1,652,330,605</u>	<u>1,400,115,651</u>
<b>Interest expense paid</b>	9,128,971	8,807,698
<b>Interest revenue received</b>	56,454,865	54,960,233