

BANK OF PALESTINE P.L.C

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

March 31, 2025

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at March 31, 2025

		March 31, 2025 (Unaudited) U.S. \$	December 31,2024 (Audited) U.S. \$
	Notes		
<b>ASSETS</b>			
Cash and balances with Palestine Monetary Authority	4	2,445,787,575	2,236,071,862
Balances, deposits and investments at banks and financial institutions	5	1,600,705,716	1,719,713,863
Financial assets at fair value through profit or loss	6	5,761,889	5,445,800
Direct credit facilities and Islamic financing, net	7	3,807,690,758	3,842,640,449
Financial assets at fair value through other comprehensive income	8	66,168,363	63,636,115
Financial assets at amortized cost	9	507,546,995	195,345,429
Investment in associates and a joint venture	10	11,872,572	12,011,817
Investment properties		40,676,948	40,676,948
Property, plant and equipment and right of use assets		117,292,880	119,181,208
Deferred tax assets	20	56,374,134	52,098,683
Projects in progress	11	1,614,340	1,352,535
Intangible assets		13,846,508	14,388,305
Other assets	12	70,240,586	57,510,684
<b>Total assets</b>		<b>8,745,579,264</b>	<b>8,360,073,698</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Palestine Monetary Authority's deposits	13	127,069,460	241,791,321
Banks and financial institutions' deposits	14	69,763,061	111,077,678
Customers' deposits	15	7,149,386,739	6,714,389,212
Cash margins	16	287,539,360	275,219,509
Subordinated loans	17	60,000,000	60,000,000
Loans and borrowings	18	105,195,045	104,927,195
Istidama loans from Palestine Monetary Authority		51,756,375	48,446,863
Deferred tax liabilities	20	4,135,563	4,135,563
Lease liabilities		17,882,432	19,193,970
Sundry provisions	19	60,621,680	59,702,555
Taxes provisions	20	6,639,263	-
Other liabilities	21	211,455,512	147,587,439
<b>Total liabilities</b>		<b>8,151,444,490</b>	<b>7,786,471,305</b>
<b>Equity</b>			
Paid-in share capital	1	260,943,026	260,559,617
Additional paid-in capital	22	44,938,948	44,743,409
Perpetual bonds	23	30,000,000	30,000,000
Statutory reserve	24	69,285,414	69,285,414
Voluntarily reserve	24	246,361	246,361
General Banking risks reserve	24	8,374,676	8,374,676
Pro-cyclicality reserve	24	40,000,000	40,000,000
Fair value reserve	8	(1,200,211)	(2,214,932)
Retained earnings		73,386,943	55,584,071
<b>Equity attributable to the Bank's shareholders</b>		<b>525,975,157</b>	<b>506,578,616</b>
Non-controlling interests		68,159,617	67,023,777
<b>Total equity</b>		<b>594,134,774</b>	<b>573,602,393</b>
<b>Total liabilities and equity</b>		<b>8,745,579,264</b>	<b>8,360,073,698</b>

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**

For the three months ended March 31, 2025

	Notes	For the three months ended March 31	
		2025	2024
		(Unaudited)	(Unaudited)
		U.S. \$	U.S. \$
Interest income	25	65,718,515	61,439,741
Interest expense		(11,594,116)	(10,434,020)
<b>Net interest income</b>		54,124,399	51,005,721
Net financing and investment income		14,525,902	15,087,500
Net commissions income		5,497,998	7,413,365
<b>Net interest, financing, investment and commissions income</b>		74,148,299	73,506,586
Foreign currencies gains		9,201,350	7,171,003
Net gains from financial assets portfolio	26	37,879	136,509
Bank's share of results of associates and a joint venture	10	(139,245)	11,837
Other revenues, net		2,725,003	2,929,298
<b>Gross profit before expected credit losses provisions and other losses</b>		85,973,286	83,755,233
Provision for expected credit losses on direct credit facilities and Islamic financing, net	7	(17,673,687)	(23,810,312)
Provision for expected credit losses on investments, indirect credit facilities and Islamic financing, and other assets impairments, net	28	2,876	(2,007,221)
<b>Gross profit</b>		68,302,475	57,937,700
<b>Expenses</b>			
Personnel expenses		(21,217,448)	(23,150,932)
Other operating expenses	27	(17,925,868)	(15,203,939)
Depreciation and amortization		(4,042,554)	(4,468,032)
<b>Total expenses</b>		(43,185,870)	(42,822,903)
<b>Profit before taxes</b>		25,116,605	15,114,797
Taxes expense	20	(5,474,478)	(2,272,652)
<b>Profit for the period</b>		19,642,127	12,842,145
<b>Attributable to:</b>			
Equity holders of the Bank		18,749,439	11,708,126
Non-controlling interests		892,688	1,134,019
		19,642,127	12,842,145
<b>Basic and diluted earnings per share attributable to equity holders of the Bank</b>	29	0.07	0.05

**Consolidated Statement of Comprehensive Income**

For the three months ended March 31, 2025

	For the three months ended March 31	
	2025	2024
	(Unaudited)	(Unaudited)
	U.S. \$	U.S. \$
Profit for the period	19,642,127	12,842,145
<b>Items of other comprehensive income:</b>		
<u>Items not to be reclassified to the consolidated</u>		
<u>income statement in subsequent periods:</u>		
Change in fair value of financial assets through		
other comprehensive income items	1,257,873	(1,536,316)
<b>Other comprehensive income items for the period</b>	1,257,873	(1,536,316)
<b>Total comprehensive income for the period</b>	<b>20,900,000</b>	<b>11,305,829</b>
<b>Attributable to:</b>		
Equity holders of the Bank	19,764,160	10,054,570
Non-controlling Interests	1,135,840	1,251,259
	<b>20,900,000</b>	<b>11,305,829</b>

### Consolidated Statement of Changes in Equity

For the three months ended March 31, 2025

	Paid-in share capital	Additional paid-in capital	Perpetual bond	Reserves					Retained earnings	Equity holders of the Bank	Non- controlling interests	Total equity
				Statutory	Voluntarily	General banking risks	Pro-cyclicality	Fair value				
<b>March 31, 2025</b>	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>Balance, beginning of the period</b>	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 year	-	-	-	-	-	-	-	-	18,749,439	18,749,439	892,688	19,642,127
Other comprehensive income	-	-	-	-	-	-	-	1,014,721	-	1,014,721	243,152	1,257,873
Total comprehensive income for the year	-	-	-	-	-	-	-	1,014,721	18,749,439	19,764,160	1,135,840	20,900,000
Increase of the paid-in capital (note 1& 22)	383,409	195,539	-	-	-	-	-	-	-	578,948	-	578,948
Interest on perpetual bond (note 23)	-	-	-	-	-	-	-	-	(946,567)	(946,567)	-	(946,567)
<b>Balance, end of the period (unaudited)</b>	<u>260,943,026</u>	<u>44,938,948</u>	<u>30,000,000</u>	<u>69,285,414</u>	<u>246,361</u>	<u>8,374,676</u>	<u>40,000,000</u>	<u>(1,200,211)</u>	<u>73,386,943</u>	<u>525,975,157</u>	<u>68,159,617</u>	<u>594,134,774</u>

  

	Paid-in share capital	Additional paid-in capital	Perpetual bond	Reserves					Retained earnings	Equity holders of the Bank	Non- controlling interests	Total equity
				Statutory	Voluntarily	General banking risks	Pro-cyclicality	Fair value				
<b>March 31, 2024</b>	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>Balance, beginning of the period</b>	230,677,334	29,575,688	30,000,000	69,285,414	246,361	8,374,676	40,000,000	(106,169)	86,452,694	494,505,998	65,854,384	560,360,382
Profit for the year	-	-	-	-	-	-	-	-	11,708,126	11,708,126	1,134,019	12,842,145
Other comprehensive income	-	-	-	-	-	-	-	(1,653,556)	-	(1,653,556)	117,240	(1,536,316)
Total comprehensive income for the year	-	-	-	-	-	-	-	(1,653,556)	11,708,126	10,054,570	1,251,259	11,305,829
Issuance of perpetual bond (note 23)	-	-	-	-	-	-	-	-	(973,112)	(973,112)	-	(973,112)
<b>Balance, end of the period (unaudited)</b>	<u>230,677,334</u>	<u>29,575,688</u>	<u>30,000,000</u>	<u>69,285,414</u>	<u>246,361</u>	<u>8,374,676</u>	<u>40,000,000</u>	<u>(1,759,725)</u>	<u>97,187,708</u>	<u>503,587,456</u>	<u>67,105,643</u>	<u>570,693,099</u>

**Consolidated Statement of Cash Flows**

For the three month ended March 31, 2025

	Note	For the three months ended March 31	
		2025	2024
		(Unaudited) U.S. \$	(Unaudited) U.S. \$
<b>Operating activities</b>			
Profit for the period before taxes		25,116,605	15,114,797
<b>Adjustments for:</b>			
Depreciation and amortization		4,042,554	4,468,032
Net gains from financial assets		(37,879)	(136,509)
Finance cost on lease liabilities		108,329	162,289
Provision for expected credit losses on direct credit facilities and Islamic financing, net		17,673,687	23,810,312
Provision for expected credit losses on investments, indirect credit facilities and Islamic financing, other receivables, and other assets impairments, net		(2,876)	507,221
Sundry provisions		1,652,088	3,253,456
Bank's share of results of associates and a joint venture		139,245	(11,837)
Gains on disposal of property, plant and equipment		39,022	-
Other non-cash items		1,944,124	(1,011,381)
		<u>50,674,899</u>	<u>46,156,380</u>
<b>Changes in assets and liabilities:</b>			
Direct credit facilities and Islamic financing		17,276,004	14,993,030
Statutory cash reserve		(37,920,030)	(21,590,679)
Other assets		(14,232,461)	16,888,250
Customers' deposits		434,997,527	263,542,576
Istidama loans		3,309,512	6,890,022
Cash margins		12,319,851	(9,515,007)
Other liabilities		<u>62,655,695</u>	<u>1,999,200</u>
<b>Net cash flows from operating activities before taxes and paid provisions</b>		<u>529,080,997</u>	<u>319,363,772</u>
Taxes and advances payments		(1,833,721)	(13,754,626)
Sundry provision payments		(732,963)	(909,814)
<b>Net cash flows from operating activities</b>		<u>526,514,313</u>	<u>304,699,332</u>
<b>Investing activities</b>			
Purchase of financial assets at fair value through other comprehensive income		(1,074,612)	(600,000)
Purchase of financial assets at fair value through profit or loss		(39,500)	(20,000)
Sale of financial assets at fair value through profit or loss		-	21,202
Purchase of financial assets at amortized cost		(387,869,497)	(8,000,000)
Matured financial assets at amortized cost		74,688,113	35,092,022
Stock dividends received		19,375	63,125
Investments management commission		(261,443)	(76,133)
Deposits at banks and financial institutions maturing in more than three months		(24,249,666)	(41,152,097)
Changes in restricted balances of withdrawal		913,634	3,892,401
Palestine Monetary Authority deposits for a period more than three months		-	(1,686,816)
Purchase of intangible assets		(139,333)	(399,212)
Projects in progress additions		(363,284)	(403,333)
Purchase of property, plant and equipment		(1,410,639)	(899,979)
<b>Net cash flows used in investing activities</b>		<u>(339,786,852)</u>	<u>(14,168,820)</u>
<b>Financing activities</b>			
Lease liabilities payments		(1,419,867)	(2,457,002)
Subordinated loan received		-	30,000,000
Increase in paid-in capital		578,948	-
Loans and borrowings payments		(2,038,460)	(2,038,462)
Loans and borrowings received		2,000,000	6,500,000
Cash dividends paid		(1,985)	(82,441)
<b>Net cash flows from financing activities</b>		<u>(881,364)</u>	<u>31,922,095</u>
<b>Increase in cash and cash equivalents</b>		<u>185,846,097</u>	<u>322,452,607</u>
Cash and cash equivalents, beginning of the period		2,553,549,466	1,809,209,490
<b>Cash and cash equivalents, end of the period</b>	30	<u>2,739,395,563</u>	<u>2,131,662,097</u>
<b>Interest expense paid</b>		11,995,325	9,632,716
<b>Interest revenue received</b>		61,603,843	60,835,845