

BANK OF PALESTINE P.L.C

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

September 30, 2024

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at September 30, 2024

	September 30, 2024	December 31,2023
	(Unaudited)	(Audited)
	U.S. \$	U.S. \$
<b>ASSETS</b>		
Cash and balances with Palestine Monetary Authority	2,088,940,242	1,787,611,742
Balances, deposits and investments at banks and financial institutions	1,336,052,022	1,005,207,710
Financial assets at fair value through profit or loss	8,435,733	7,793,301
Direct credit facilities and Islamic financing	3,865,801,681	3,839,008,227
Financial assets at fair value through other comprehensive income items	58,163,655	60,898,466
Financial assets at amortized cost	196,855,637	159,354,233
Investment in associates and a joint venture	12,029,304	11,858,121
Investment properties	24,562,940	24,776,440
Property, plant and equipment and right of use assets	132,097,307	102,657,226
Deferred tax assets	42,072,275	29,084,742
Projects in progress	2,178,570	2,268,294
Intangible assets	14,736,887	14,735,600
Other assets	62,682,511	80,806,646
<b>Total assets</b>	<b>7,844,608,764</b>	<b>7,126,060,748</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Palestine Monetary Authority's deposits	259,404,960	203,422,416
Banks and financial institutions' deposits	58,970,074	204,538,769
Customers' deposits	6,203,744,948	5,478,560,065
Cash margins	313,335,090	329,167,229
Subordinated loans	67,500,000	45,000,000
Loans and borrowings	111,088,218	74,045,601
Istidama loans from Palestine Monetary Authority	39,722,937	23,405,534
Deferred tax liabilities	2,686,546	2,686,546
Lease liabilities	24,679,248	27,094,674
Sundry provisions	58,040,090	53,091,860
Taxes provisions	9,038,058	21,960,224
Other liabilities	127,005,247	102,727,448
<b>Total liabilities</b>	<b>7,275,215,416</b>	<b>6,565,700,366</b>
<b>Equity</b>		
Paid-in share capital	253,274,850	230,677,334
Additional paid-in capital	41,043,176	29,575,688
Perpetual bonds	30,000,000	30,000,000
Statutory reserve	69,285,414	69,285,414
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	(4,436,102)	(106,169)
Retained earnings	65,050,995	86,452,694
<b>Equity attributable to the Bank's shareholders</b>	<b>502,839,370</b>	<b>494,505,998</b>
Non-controlling interests	66,553,978	65,854,384
<b>Total equity</b>	<b>569,393,348</b>	<b>560,360,382</b>
<b>Total liabilities and equity</b>	<b>7,844,608,764</b>	<b>7,126,060,748</b>

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

For the three-month and nine-month period ended September 30, 2024

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2024	2023	2024	2023
	Unaudited	Unaudited	Unaudited	Unaudited
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Interest income	66,976,037	57,193,133	194,257,297	169,688,049
Interest expense	(12,404,207)	(10,575,108)	(33,870,824)	(27,159,182)
<b>Net interest income</b>	<b>54,571,830</b>	<b>46,618,025</b>	<b>160,386,473</b>	<b>142,528,867</b>
Net financing and investment income	17,015,726	15,483,215	46,695,117	44,469,332
Net commissions income	7,000,868	7,502,071	22,373,538	29,118,486
<b>Net interest, financing, investment and commissions income</b>	<b>78,588,424</b>	<b>69,603,311</b>	<b>229,455,128</b>	<b>216,116,685</b>
Foreign currencies gains	10,423,472	6,508,741	24,783,614	20,618,168
Net gains from financial assets portfolio	61,421	154,124	2,555,775	2,700,417
Bank's share of results of associates and a joint venture	244,015	8,748	171,183	40,100
Other revenues, net	1,162,557	2,027,494	5,880,522	6,320,205
<b>Gross profit before expected credit losses provisions and other losses</b>	<b>90,479,889</b>	<b>78,302,418</b>	<b>262,846,222</b>	<b>245,795,575</b>
Provision for expected credit losses on direct credit facilities and Islamic financing, net	(16,688,632)	(40,205,828)	(53,370,275)	(56,355,497)
Provision for expected credit losses on investments, indirect credit facilities and Islamic financing, and other assets impairments, net	(55,523,727)	(2,843,334)	(107,139,136)	(2,557,948)
<b>Gross profit</b>	<b>18,267,530</b>	<b>35,253,256</b>	<b>102,336,811</b>	<b>186,882,130</b>
<b>Expenses</b>				
Personnel expenses	(20,365,715)	(22,014,200)	(64,651,268)	(68,095,891)
Other operating expenses	(17,748,206)	(19,662,344)	(48,528,223)	(52,430,129)
Depreciation and amortization	(4,379,398)	(4,511,018)	(13,303,475)	(13,457,358)
Palestine Monetary Authority's fines	-	(20,000)	-	(60,000)
<b>Total expenses</b>	<b>(42,493,319)</b>	<b>(46,207,562)</b>	<b>(126,482,966)</b>	<b>(134,043,378)</b>
<b>(Loss) profit before taxes</b>	<b>(24,225,789)</b>	<b>(10,954,306)</b>	<b>(24,146,155)</b>	<b>52,838,752</b>
Taxes (recovery) expense	4,846,843	(6,339,181)	6,171,678	(27,005,640)
<b>(Loss) profit for the period</b>	<b>(19,378,946)</b>	<b>(17,293,487)</b>	<b>(17,974,477)</b>	<b>25,833,112</b>
<b>Attributable to:</b>				
Equity holders of the Bank	(19,516,931)	(16,608,177)	(18,477,672)	22,506,712
Non-controlling interests	137,985	(685,310)	503,195	3,326,400
	<b>(19,378,946)</b>	<b>(17,293,487)</b>	<b>(17,974,477)</b>	<b>25,833,112</b>
<b>Basic and diluted earnings per share attributable to equity holders of the Bank</b>	<b>(0.09)</b>	<b>(0.08)</b>	<b>(0.09)</b>	<b>0.09</b>

**Consolidated Statement of Comprehensive Income**

For the three-month and nine-month period ended September 30, 2024

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2024	2023	2024	2023
	Unaudited	Unaudited	Unaudited	Unaudited
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
<b>(Loss) Profit for the period</b>	<u>(19,378,946)</u>	<u>(17,293,487)</u>	<u>(17,974,477)</u>	<u>25,833,112</u>
<b>Other comprehensive income items:</b>				
<u>Items not to be reclassified to the consolidated income statement in subsequent periods:</u>				
Change in fair value of financial assets through other comprehensive income items	<u>(2,169,616)</u>	<u>(1,922,515)</u>	<u>(4,133,534)</u>	<u>(2,041,091)</u>
<b>Other comprehensive income items for the period</b>	<u>(2,169,616)</u>	<u>(1,922,515)</u>	<u>(4,133,534)</u>	<u>(2,041,091)</u>
<b>Total comprehensive income for the period</b>	<u>(21,548,562)</u>	<u>(19,216,002)</u>	<u>(22,108,011)</u>	<u>23,792,021</u>
<b>Attributable to:</b>				
Equity holders of the Bank	(21,686,921)	(18,570,287)	(22,807,605)	20,575,353
Non-controlling Interests	<u>138,359</u>	<u>(645,715)</u>	<u>699,594</u>	<u>3,216,668</u>
	<u>(21,548,562)</u>	<u>(19,216,002)</u>	<u>(22,108,011)</u>	<u>23,792,021</u>

## Consolidated Statement of Changes in Equity

For the three months ended September 30, 2024

	Paid-in share capital	Additional paid-in capital	Perpetual bond	Reserves				Fair value	Retained earnings	Equity holders of the Bank	Non-controlling interests	Total equity
				Statutory	Voluntarily	General banking risks	Pro-cyclicality					
<b>September 30, 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
Loss for the period	-	-	-	-	-	-	-	-	(18,477,672)	(18,477,672)	503,195	(17,974,477)
Other comprehensive income items	-	-	-	-	-	-	-	(4,329,933)	-	(4,329,933)	196,399	(4,133,534)
Total comprehensive income for the period	-	-	-	-	-	-	-	(4,329,933)	(18,477,672)	(22,807,605)	699,594	(22,108,011)
Increase in the paid in share capital	22,597,516	11,467,488	-	-	-	-	-	-	-	34,065,004	-	34,065,004
Interest on perpetual bond	-	-	-	-	-	-	-	-	(2,924,027)	(2,924,027)	-	(2,924,027)
<b>Balance, end of the period (unaudited)</b>	<u>253,274,850</u>	<u>41,043,176</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>(4,436,102)</u>	<u>65,050,995</u>	<u>502,839,370</u>	<u>66,553,978</u>	<u>569,393,348</u>
	Paid-in share capital	Additional paid-in capital	Perpetual bond	Reserves				Fair value	Retained earnings	Equity holders of the Bank	Non-controlling interests	Total equity
<b>September 30, 2023</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>	223,958,577	29,575,688	-	67,974,894	246,361	8,374,676	40,000,000	3,344,655	107,929,885	481,404,736	64,517,885	545,922,621
Profit for the period	-	-	-	-	-	-	-	-	22,506,712	22,506,712	3,326,400	25,833,112
Other comprehensive income items	-	-	-	-	-	-	-	(1,931,359)	-	(1,931,359)	(109,732)	(2,041,091)
Total comprehensive income for the period	-	-	-	-	-	-	-	(1,931,359)	22,506,712	20,575,353	3,216,668	23,792,021
Issuance of perpetual bond	-	-	30,000,000	-	-	-	-	-	-	30,000,000	-	30,000,000
Interest on perpetual bond	-	-	-	-	-	-	-	-	(2,730,278)	(2,730,278)	-	(2,730,278)
Perpetual bond issuance fees	-	-	-	-	-	-	-	-	(450,000)	(450,000)	-	(450,000)
Fractions of stocks dividends	-	-	-	-	-	-	-	-	4,408	4,408	-	4,408
Stock dividends	6,718,757	-	-	-	-	-	-	-	(6,718,757)	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(22,395,858)	(22,395,858)	(1,917,512)	(24,313,370)
<b>Balance, end of the period (unaudited)</b>	<u>230,677,334</u>	<u>29,575,688</u>	<u>30,000,000</u>	<u>67,974,894</u>	<u>246,361</u>	<u>8,374,676</u>	<u>40,000,000</u>	<u>1,413,296</u>	<u>98,146,112</u>	<u>506,408,361</u>	<u>65,817,041</u>	<u>572,225,402</u>

## Consolidated Statement of Cash Flows

For the nine-month period ended September 30, 2024

	For the nine months ended	
	September 30	
	2024	2023
	(Unaudited)	(Unaudited)
	U.S. \$	U.S. \$
<b>Operating activities</b>		
(Loss) profit for the period before taxes	(24,146,155)	52,838,752
<b>Adjustments for:</b>		
Depreciation and amortization	13,303,475	13,457,358
Net gains from financial assets	(2,555,775)	(2,700,417)
Finance cost on lease liabilities	481,226	553,239
Provision for expected credit losses on direct facilities and Islamic financing, net	53,370,275	58,421,174
Provision for expected credit losses on investments, indirect credit facilities and Islamic financing, and other assets impairments, net	2,439,136	2,557,948
Sundry provisions	6,890,439	9,248,526
Bank's share of results of associates and a joint venture	(171,183)	(40,100)
Gains on disposal of right of use assets	-	(190,942)
Losses on disposal of property, plant and equipment	3,488	32,046
Other non-cash items	(2,170,165)	(2,737,447)
	<u>47,444,761</u>	<u>131,440,137</u>
<b>Changes in assets and liabilities:</b>		
Direct credit facilities and Islamic financing	(114,950,229)	(157,735,451)
Statutory cash reserve	(70,989,989)	(9,239,706)
Other assets	18,096,522	(11,177,419)
Customers' deposits	725,184,883	144,615,112
Istidama loans from Palestine Monetary Authority	16,317,403	(3,230,104)
Cash margins	(15,832,139)	9,027,983
Other liabilities	21,080,124	18,353,031
	<u>626,351,336</u>	<u>122,053,583</u>
<b>Net cash flows from operating activities before taxes and paid provisions</b>		
Taxes payments	(19,754,366)	(38,951,986)
Sundry provision payments	(1,942,209)	(9,758,097)
<b>Net cash flows from operating activities</b>	<u>604,654,761</u>	<u>73,343,500</u>
<b>Investing activities</b>		
Purchase of financial assets at fair value through other comprehensive income	(1,398,721)	(4,829,904)
Purchase of financial assets at fair value through profit or loss	(374,818)	(1,576,365)
Sale of financial assets at fair value through profit or loss	33,301	2,002,377
Purchase of financial assets at amortized cost	(202,109,943)	(54,484,974)
Matured financial assets at amortized cost	166,144,208	108,208,565
Banks and financial institutions' deposits maturing in more than three months	-	13,975,323
Stock dividends received	2,640,548	3,021,261
Investments management commission	(317,613)	(355,200)
Deposits at banks and financial institutions maturing in more than three months	(217,040,901)	(77,017,983)
Restricted balances of withdrawal	2,383,630	14,276,728
Palestine Monetary Authority deposits for a period more than three months	25,120,639	(39,121,001)
Purchase of intangible assets	(1,874,747)	(1,485,933)
Projects in progress additions	(1,266,580)	(2,100,977)
Investment property additions	-	(1,810,161)
Purchase of property, plant and equipment	(3,823,946)	(5,360,716)
Sale of property, plant and equipment	3,500	110,902
<b>Net cash flows used in investing activities</b>	<u>(231,881,443)</u>	<u>(46,548,058)</u>
<b>Financing activities</b>		
Lease liabilities payments	(3,893,486)	(4,330,355)
Subordinated loan received	30,000,000	-
Subordinated loan payments	(7,500,000)	(7,500,000)
Loans and borrowings payments	(9,592,133)	(4,490,521)
Loans and borrowings received	46,500,000	-
Increase in the paid in share capital, net of issuance fees	34,065,004	-
Issuance of perpetual bond, net of issuances fees	-	29,550,000
Interest on perpetual bond paid	(1,978,304)	(1,578,760)
Fractions of stocks dividends	-	4,408
Cash dividends paid	(195,934)	(25,740,205)
	<u>87,405,147</u>	<u>(14,085,433)</u>
<b>Net cash flows from (used in) financing activities</b>		
<b>Increase in cash and cash equivalents</b>	<u>460,178,465</u>	<u>12,710,009</u>
Cash and cash equivalents, beginning of the period	1,809,209,490	1,616,419,703
<b>Cash and cash equivalents, end of the period</b>	<u>2,269,387,955</u>	<u>1,629,129,712</u>
<b>Interest expense paid</b>	36,759,278	31,548,579
<b>Interest revenue received</b>	247,600,615	217,469,202