

Consolidated Statement of Financial Position

As at December 31, 2023

	2023	2022
	U.S. \$	U.S. \$
ASSETS		
Cash and balances with Palestine Monetary Authority	1,787,611,742	1,803,515,455
Balances, deposits and investments at Banks and financial institutions	1,005,207,710	592,297,476
Financial assets at fair value through profit or loss	7,793,301	9,168,285
Direct credit facilities and Islamic financing	3,839,008,227	3,572,054,865
Financial assets at fair value through other comprehensive income	60,898,466	59,526,233
Financial assets at amortized cost	159,354,233	241,306,472
Investment in associates and a joint venture	11,858,121	11,996,852
Investment properties	24,776,440	22,930,742
Property, plant and equipment and right of use assets	102,657,226	109,275,425
Deferred tax assets	29,084,742	-
Projects in progress	2,268,294	649,543
Intangible assets	14,735,600	14,984,886
Other assets	80,806,646	50,254,623
Total assets	7,126,060,748	6,487,960,857
LIABILITIES AND EQUITY		
Liabilities		
Palestine Monetary Authority's deposits	203,422,416	199,103,950
Banks and financial institutions' deposits	204,538,769	93,668,011
Customers' deposits	5,478,560,065	4,966,613,355
Cash margins	329,167,229	300,110,487
Subordinated loan	45,000,000	60,000,000
Loans and borrowings	74,045,601	77,656,331
Istidama loans from Palestine Monetary Authority	23,405,534	32,110,614
Deferred tax liability	2,686,546	-
Lease Liabilities	27,094,674	30,105,511
Sundry provisions	53,091,860	52,355,497
Taxes provisions	21,960,224	35,440,008
Other liabilities	102,727,448	94,874,472
Total liabilities	6,565,700,366	5,942,038,236
Equity		
Paid-in share capital	230,677,334	223,958,577
Additional paid-in capital	29,575,688	29,575,688
Perpetual bonds	30,000,000	-
Statutory reserve	69,285,414	67,974,894
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	(106,169)	3,344,655
Retained earnings	86,452,694	107,929,885
Equity attributable to the Bank's shareholders	494,505,998	481,404,736
Non-controlling interests	65,854,384	64,517,885
Total equity	560,360,382	545,922,621
Total liabilities and equity	7,126,060,748	6,487,960,857

Bank of Palestine P.L.C
Consolidated Income Statement

For the year ended December 31, 2023

	2023	2022
	U.S. \$	U.S. \$
Interest income	228,394,210	190,311,172
Interest expense	(37,566,523)	(30,298,572)
Net interest income	190,827,687	160,012,600
Net financing and investment income	61,077,325	56,155,334
Net commissions income	38,099,503	40,114,898
Net interest, financing, investment and commissions income	290,004,515	256,282,832
Foreign currencies gains	26,709,780	28,036,643
Net gains from financial assets portfolio	2,627,960	1,384,594
Bank's share of results of associates and a joint venture	177,013	2,625,800
Revaluation of investment properties	181,533	(16,723)
Other revenues, net	8,103,011	9,230,606
Gross profit before expected credit losses provisions and other losses	327,803,812	297,543,752
Provision for expected credit losses on direct credit facilities and Islamic financing and other receivables, net	(100,009,801)	(24,637,541)
Provision for expected credit losses on investments, and indirect credit facilities, Islamic financing and other losses, net	(35,702,367)	(3,816,883)
Gross profit	192,091,644	269,089,328
Expenses		
Personnel expenses	(88,436,910)	(85,654,173)
Other operating expenses	(67,667,316)	(58,201,126)
Depreciation and amortization	(17,991,164)	(17,871,196)
Palestine Monetary Authority's fines	(60,000)	(25,000)
Total expenses	(174,155,390)	(161,751,495)
Profit before taxes	17,936,254	107,337,833
Taxes expense	(1,445,740)	(40,691,196)
Profit for the year	16,490,514	66,646,637
Attributable to:		
Equity holders of the Bank	13,105,203	60,912,868
Non-controlling interests	3,385,311	5,733,769
	16,490,514	66,646,637
Basic and diluted earnings per share attributable to equity holders of the Bank	0.04	0.26

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	2023	2022
	U.S. \$	U.S. \$
Profit for the year	16,490,514	66,646,637
Items of other comprehensive income:		
Items not to be reclassified to the consolidated income statement in subsequent periods:		
Change in financial assets through other comprehensive income items	(3,484,624)	4,658,654
Other comprehensive income items	(3,484,624)	4,658,654
Total comprehensive income for the year	13,005,890	71,305,291
Attributable to:		
Equity holders of the Bank	9,654,379	65,598,280
Non-controlling Interests	3,351,511	5,707,011
	13,005,890	71,305,291

Consolidated Statement of Changes in Equity

For the year ended December 31, 2023

	Equity attributable to the Bank's shareholders											
	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					
2023	U.S. \$	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 year	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 year	-	-	-	-	-	-	-	-	13,105,203	13,105,203	3,385,311	16,490,514
Other comprehensive income items	-	-	-	-	-	-	-	(3,450,824)	-	(3,450,824)	(33,800)	(3,484,624)
Total comprehensive income for the year	-	-	-	-	-	-	-	(3,450,824)	13,105,203	9,654,379	3,351,511	13,005,890
Transfers to reserves	-	-	-	1,310,520	-	-	-	-	(1,310,520)	-	-	-
Issuance of perpetual bond	-	-	30,000,000	-	-	-	-	-	-	30,000,000	-	30,000,000
Interest on perpetual bond	-	-	-	-	-	-	-	-	(3,711,667)	(3,711,667)	-	(3,711,667)
Perpetual bond issuance fees	-	-	-	-	-	-	-	-	(450,000)	(450,000)	-	(450,000)
Cash dividends	-	-	-	-	-	-	-	-	(22,395,858)	(22,395,858)	(2,015,012)	(24,410,870)
Stock dividends	6,718,757	-	-	-	-	-	-	-	(6,718,757)	-	-	-
Fractions of stocks	-	-	-	-	-	-	-	-	4,408	4,408	-	4,408
Balance, end of the year	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

	Equity attributable to the Bank's shareholders											
	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. \$
2022	U.S. \$	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 year	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 year	-	-	-	-	-	-	-	60,912,868	60,912,868	5,733,769	66,646,637	
Other comprehensive income	-	-	-	-	-	-	4,685,412	-	4,685,412	(26,758)	4,658,654	
Total comprehensive income for the year	-	-	-	-	-	-	4,685,412	60,912,868	65,598,280	5,707,011	71,305,291	
Transfer of fair value reserve from sale of financial assets through other comprehensive income	-	-	-	-	-	-	351,792	(351,792)	-	-	-	
Transfers to reserves	-	-	6,091,287	-	(1,937,201)	-	-	(4,154,086)	-	-	-	
Stock dividends	6,525,050	-	-	-	-	-	-	(6,525,050)	-	-	-	
Cash dividends	-	-	-	-	-	-	-	(19,569,017)	(19,569,017)	(1,917,512)	(21,486,529)	
Fractions of stocks	-	-	-	-	-	-	-	4,430	4,430	-	4,430	
Balance, end of the year	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	

Consolidated Statement of Cash Flows

For the year ended December 31, 2023

	2023	2022
	U.S. \$	U.S. \$
<u>Operating activities</u>		
Profit for the year before taxes	17,936,254	107,337,833
Adjustments for:		
Depreciation and amortization	17,991,164	17,871,196
Net gains from financial assets portfolio	(2,627,960)	(1,384,594)
Provision for expected credit losses and other losses, net	104,409,434	28,454,424
Finance cost on lease liabilities	734,199	781,680
Sundry provisions	10,735,198	10,641,157
Revaluation of investment properties, net	(181,533)	16,723
Bank's share of results of associates and a joint venture	(177,013)	(2,625,800)
Gains on disposal of property, plant and equipment	(158,897)	(273,412)
Other non-cash items	(2,526,027)	(1,604,569)
	<u>146,134,819</u>	<u>159,214,638</u>
Changes in assets and liabilities:		
Direct credit facilities and Islamic financing	(366,518,702)	(145,632,517)
Statutory cash reserve	(29,146,976)	(15,577,727)
Other assets	(31,825,496)	(5,772,750)
Customers' deposits	511,946,710	(46,937,971)
Istidama loans	(8,705,080)	9,803,062
Cash margins	29,056,742	8,522,211
Other liabilities	6,357,224	(1,767,550)
	<u>257,299,241</u>	<u>(38,148,604)</u>
Net cash flows from (used in) operating activities before taxes and paid provisions		
Taxes and advances paid	(39,820,380)	(27,278,003)
Sundry provision paid	(9,998,835)	(9,268,983)
Net cash flows from (used in) operating activities	<u>207,480,026</u>	<u>(74,695,590)</u>
<u>Investing activities</u>		
Purchase of financial assets at fair value through profit or loss and through other comprehensive income	(5,569,005)	(14,756,699)
Sale of financial assets at fair value through profit or loss and through other comprehensive income	2,066,459	2,195,555
Purchase of financial assets at amortized cost	(54,844,119)	(77,145,671)
Matured financial assets at amortized cost	137,486,396	66,330,000
Deposits at Banks and financial institutions maturing in more than three months	(23,462,624)	(19,040,903)
Changes in restricted balances of withdrawal	916,346	8,007,986
Palestine monetary authority deposits for a period more than three months	(34,431,677)	2,683,728
Banks and financial institutions' deposits maturing in more than three months	(2,932,086)	(2,067,914)
Commission on investments management	(465,081)	(544,438)
Stock dividends received	3,429,455	3,263,423
Intangible assets	(2,095,721)	(2,699,011)
Projects in progress	(2,680,035)	(430,572)
Investment properties	(1,810,165)	2,958,000
Purchase of property, plant and equipment	(7,363,144)	(5,742,589)
Sale of property, plant and equipment	305,255	417,564
Net cash flows from (used in) investing activities	<u>8,550,254</u>	<u>(36,571,541)</u>
<u>Financing activities</u>		
Lease liabilities payments	(5,234,582)	(4,694,147)
Subordinated loan	(15,000,000)	(12,500,000)
Cash dividends paid	(25,740,205)	(21,587,892)
Loans and borrowings	(3,506,730)	29,213,831
Interest paid on perpetual bond	(3,711,667)	-
Issuance of perpetual bond, net of issuances fees	29,550,000	-
Fractions of stock dividends distributed	4,408	4,430
Net cash flows used in financing activities	<u>(23,638,776)</u>	<u>(9,563,778)</u>
Increase (Decrease) in cash and cash equivalents	<u>192,391,504</u>	<u>(120,830,909)</u>
Cash and cash equivalents, beginning of the year	1,616,419,703	1,737,250,612
Cash and cash equivalents, end of the year	<u>1,808,811,207</u>	<u>1,616,419,703</u>
Interest expense paid	<u>44,128,941</u>	<u>38,932,857</u>
Interest revenue received	<u>226,294,253</u>	<u>252,452,643</u>