

BANK OF PALESTINE P.L.C

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

	2024	2023
	U.S. \$	U.S. \$
ASSETS		
Cash and balances with Palestine Monetary Authority	2,236,071,862	1,787,611,742
Balances, deposits and investments at banks and financial institutions	1,719,713,863	1,005,207,710
Financial assets at fair value through profit or loss	5,445,800	7,793,301
Direct credit facilities and Islamic financing	3,842,640,449	3,839,008,227
Financial assets at fair value through other comprehensive income	63,636,115	60,898,466
Financial assets at amortized cost	195,345,429	159,354,233
Investment in associates and a joint venture	12,011,817	11,858,121
Investment properties	40,676,948	24,776,440
Property, plant and equipment and right of use assets	119,181,208	102,657,226
Deferred tax assets	52,098,683	29,084,742
Projects in progress	1,352,535	2,268,294
Intangible assets	14,388,305	14,735,600
Other assets	57,510,684	80,806,646
Total assets	8,360,073,698	7,126,060,748
LIABILITIES AND EQUITY		
Liabilities		
Palestine Monetary Authority's deposits	241,791,321	203,422,416
Banks and financial institutions' deposits	111,077,678	204,538,769
Customers' deposits	6,714,389,212	5,478,560,065
Cash margins	275,219,509	329,167,229
Subordinated loans	60,000,000	45,000,000
Loans and borrowings	104,927,195	74,045,601
Istidama loans from Palestine Monetary Authority	48,446,863	23,405,534
Deferred tax liabilities	4,135,563	2,686,546
Lease liabilities	19,193,970	27,094,674
Sundry provisions	59,702,555	53,091,860
Taxes provisions	-	21,960,224
Other liabilities	147,587,439	102,727,448
Total liabilities	7,786,471,305	6,565,700,366
Equity		
Paid-in share capital	260,559,617	230,677,334
Additional paid-in capital	44,743,409	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	(2,214,932)	(106,169)
Retained earnings	55,584,071	86,452,694
Equity attributable to the Bank's shareholders	506,578,616	494,505,998
Non-controlling interests	67,023,777	65,854,384
Total equity	573,602,393	560,360,382
Total liabilities and equity	8,360,073,698	7,126,060,748

Bank of Palestine P.L.C
CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2024

	2024	2023
	U.S. \$	U.S. \$
Interest income	261,103,916	228,394,210
Interest expense	(46,317,418)	(37,566,523)
Net interest income	214,786,498	190,827,687
Net financing and investment income	59,934,728	61,077,325
Net commissions income	31,164,485	38,099,503
Net interest, financing, investment and commissions income	305,885,711	290,004,515
Foreign currencies gains	33,920,602	26,709,780
Net gains from financial assets portfolio	1,688,461	2,627,960
Bank's share of results of associates and a joint venture	153,696	177,013
Other revenues, net	12,342,311	8,284,544
Gross profit before expected credit losses provisions and other losses	353,990,781	327,803,812
Provision for expected credit losses on direct credit facilities and Islamic financing, net	(87,661,411)	(99,711,340)
Provision for expected credit losses on investments, indirect credit facilities and Islamic financing and other assets losses, net	(138,851,186)	(36,000,828)
Gross profit	127,478,184	192,091,644
Expenses		
Personnel expenses	(85,644,404)	(88,436,910)
Other operating expenses	(69,690,123)	(67,667,316)
Depreciation and amortization	(17,614,235)	(17,991,164)
Palestine Monetary Authority's fines	-	(60,000)
Gross expenses	(172,948,762)	(174,155,390)
(Loss) Profit before taxes	(45,470,578)	17,936,254
Taxes (recovery) expense	17,559,122	(1,445,740)
(Loss) Profit for the period	(27,911,456)	16,490,514
Attributable to:		
Equity holders of the Bank's shareholders	(28,901,957)	13,105,203
Non-controlling interests	990,501	3,385,311
	(27,911,456)	16,490,514
Basic and diluted (losses) earnings per share attributable to equity holders of the Bank	(0.13)	0.04

Bank of Palestine P.L.C**CONSOLIDATED STATEMENT OF COMPREHANSIVE INCOME**

For the year ended December 31, 2024

	2024	2023
	U.S. \$	U.S. \$
(Loss) Profit for the period	(27,911,456)	16,490,514
Other comprehensive income items:		
Items not to be reclassified to the consolidated income statement in subsequent periods:		
Change in fair value of financial assets through other comprehensive income items	(1,929,871)	(3,484,624)
Total other comprehensive income for the period	(1,929,871)	(3,484,624)
Gross comprehensive income for the period	(29,841,327)	13,005,890
Attributable to:		
Equity holders of the Bank	(31,010,720)	9,654,379
Non-controlling Interests	1,169,393	3,351,511
	(29,841,327)	13,005,890

Bank of Palestine P.L.C

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended December 31, 2024

	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				
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
2024												
Balance, beginning of the period	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 of the year	-	-	-	-	-	-	-	-	(28,901,957)	(28,901,957)	990,501	(27,911,456)
Other comprehensive income	-	-	-	-	-	-	-	(2,108,763)	-	(2,108,763)	178,892	(1,929,871)
Total comprehensive income for the year	-	-	-	-	-	-	-	(2,108,763)	(28,901,957)	(31,010,720)	1,169,393	(29,841,327)
Increase of the paid-in capital (note 1&25)	29,882,283	15,167,721	-	-	-	-	-	-	-	45,050,004	-	45,050,004
Interest on perpetual bond (note 26)	-	-	-	-	-	-	-	-	(1,966,666)	(1,966,666)	-	(1,966,666)
Balance, end of the period (unaudited)	<u>260,559,617</u>	<u>44,743,409</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>(2,214,932)</u>	<u>55,584,071</u>	<u>506,578,616</u>	<u>67,023,777</u>	<u>573,602,393</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				
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
2023												
Balance, beginning of the period	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	-	-	-	-	-	-	-	(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
Transferred to reserves	-	-	-	1,310,520	-	-	-	-	(1,310,520)	-	-	-
Issuance of perpetual bond (note 26)	-	-	30,000,000	-	-	-	-	-	-	30,000,000	-	30,000,000
Interest on perpetual bond (note 26)	-	-	-	-	-	-	-	-	(3,711,667)	(3,711,667)	-	(3,711,667)
Perpetual bond issuance fees	-	-	-	-	-	-	-	-	(450,000)	(450,000)	-	(450,000)
Fractions of stocks	-	-	-	-	-	-	-	-	(22,395,858)	(22,395,858)	(2,015,012)	(24,410,870)
Stock dividends (note 28)	6,718,757	-	-	-	-	-	-	-	(6,718,757)	-	-	-
Cash dividends (note 28)	-	-	-	-	-	-	-	-	4,408	4,408	-	4,408
Balance, end of the period	<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>(106,169)</u>	<u>86,452,694</u>	<u>494,505,998</u>	<u>65,854,384</u>	<u>560,360,382</u>

Bank of Palestine P.L.C

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	2024	2023
	U.S. \$	U.S. \$
Operating activities		
(Loss) Profit for the period before taxes	(45,470,578)	17,936,254
Adjustments for:		
Depreciation and amortization	17,614,235	17,991,164
Net gains from financial assets	(1,688,461)	(2,627,960)
Finance cost on lease liabilities	663,397	734,199
Provision for expected credit losses on direct facilities and financing, net	87,661,411	99,711,340
Provision for expected credit losses on investments, indirect facilities and financing, and other asset losses, net	1,075,466	4,698,094
Sundry provisions	8,718,161	10,735,198
	(2,067,904)	(181,533)
Bank's share of results of associates and a joint venture	(153,696)	(177,013)
Gains on disposal of right of use assets	-	-
Losses on disposal of property, plant and equipment	(904,544)	(158,897)
Other non-cash items	(2,517,748)	(2,051,715)
	62,929,739	146,609,131
Changes in assets and liabilities:		
Direct credit facilities and Islamic financing	(129,788,200)	(366,518,702)
Statutory cash reserve	(113,106,641)	(28,748,693)
Other assets	24,566,470	(31,825,496)
Customers' deposits	1,235,829,147	511,946,710
Istidama loans	25,041,329	(8,705,080)
Cash margins	(53,947,720)	29,056,742
Other liabilities	43,635,914	4,203,444
Net cash flows from operating activities before taxes and paid provisions	1,095,160,038	256,018,056
Taxes payments	(27,602,927)	(39,820,380)
Sundry provision payments	(2,107,466)	(9,998,835)
Net cash flows from operating activities	1,065,449,645	206,198,841
Investing activities		
Purchase of financial assets at fair value through other comprehensive income	(4,714,328)	(4,956,860)
Purchase of financial assets at fair value through profit or loss	(264,637)	(612,145)
Sale of financial assets at fair value through other comprehensive income	-	100,000
Sale of financial assets at fair value through profit or loss	2,264,674	1,966,459
Purchase of financial assets at amortized cost	(319,317,576)	(54,844,119)
Matured financial assets at amortized cost	285,617,918	137,486,396
Banks and financial institutions' deposits maturing in more than three months	(374,832,158)	(23,462,624)
Changes in restricted balances of withdrawal	(834,132)	916,346
Palestine Monetary Authority deposits maturing in more than three months	25,120,639	(34,431,677)
Deposits at banks and financial institutions maturing in more than three months	-	(2,932,086)
Investments management commission	(570,230)	(465,081)
Stock dividends received	2,659,923	3,429,455
Purchase of intangible assets	(2,074,504)	(2,095,721)
Projects in progress additions	(1,790,321)	(2,680,035)
Investment properties additions	-	(1,810,165)
Purchase of property, plant and equipment	(7,934,642)	(7,363,143)
Sale of property, plant and equipment	200,202	305,255
Net cash flows used in investing activities	(396,469,172)	8,550,255
Financing activities		
Lease liabilities payments	(4,818,458)	(5,234,582)
Increase of the paid-in capital, net of issuance fees	45,050,004	-
Subordinated loan payments	(15,000,000)	(15,000,000)
Subordinated loan received	30,000,000	-
Cash dividends paid	(286,396)	(23,768,316)
Loans and borrowings payments	(15,107,343)	(8,981,042)
Loans and borrowings received	46,500,000	5,000,000
Interest paid on perpetual bond	(1,978,304)	(3,529,777)
Issuance of perpetual bond, net of issuances fees	-	29,550,000
Fractions of stock dividends sold	-	4,408
Net cash flows from (used in) financing activities	84,359,503	(21,959,309)
Increase in cash and cash equivalents	753,339,976	192,789,787
Cash and cash equivalents, beginning of the period	1,809,209,490	1,616,419,703
Cash and cash equivalents, end of the period	2,562,549,466	1,809,209,490
Interest expense paid	53,648,359	44,128,941
Interest revenue received	329,158,594	226,294,253