

BANK OF PALESTINE P.L.C

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2023

Bank of Palestine P.L.C

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at September 30, 2023

	September 30, 2023	December 31, 2022
	Unaudited	Audited
	U.S. \$	U.S. \$
<b>ASSETS</b>		
Cash and balances with Palestine Monetary Authority	2,063,141,747	1,803,515,455
Balances and investments at Banks and financial institutions	450,085,496	592,297,476
Financial assets at fair value through statement of profit or loss	8,747,304	9,168,285
Direct credit facilities and Islamic financing	3,671,515,142	3,572,054,865
Financial assets at fair value through other comprehensive income items	62,215,045	59,526,233
Financial assets at amortized cost	188,249,721	241,306,472
Investment in associates and a joint venture	11,721,208	11,996,852
Investment properties	24,594,903	22,930,742
Property, plant and equipment and right of use assets	104,794,083	109,275,425
Projects in progress	2,409,621	649,543
Intangible assets	14,733,942	14,984,886
Other assets	61,877,112	50,254,623
<b>Total assets</b>	<b>6,664,085,324</b>	<b>6,487,960,857</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Palestine Monetary Authority's balances and deposits	141,494,403	199,103,950
Banks and financial institutions' deposits	158,481,501	93,668,011
Customers' deposits	5,111,228,467	4,966,613,355
Cash margins	309,138,470	300,110,487
Subordinated loan	52,500,000	60,000,000
Loans and borrowings	73,061,810	77,656,331
Istidama loans from Palestine Monetary Authority	28,880,510	32,110,614
Lease Liabilities	27,817,925	30,105,511
Sundry provisions	51,845,926	52,355,497
Taxes provisions	21,193,779	35,440,008
Other liabilities	116,217,131	94,874,472
<b>Total liabilities</b>	<b>6,091,859,922</b>	<b>5,942,038,236</b>
<b>Equity</b>		
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	67,974,894	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	1,413,296	3,344,655
Retained earnings	98,146,112	107,929,885
<b>Equity attributable to the Bank's shareholders</b>	<b>506,408,361</b>	<b>481,404,736</b>
Non-controlling interests	65,817,041	64,517,885
<b>Total equity</b>	<b>572,225,402</b>	<b>545,922,621</b>
<b>Total liabilities and equity</b>	<b>6,664,085,324</b>	<b>6,487,960,857</b>

General Manager

Chief Financial Officer

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

For the nine-month period ended September 30, 2023

	For the nine-month period ended September 30	
	2023	2022
	Unaudited	Unaudited
	U.S. \$	U.S. \$
Interest income	169,688,049	139,536,342
Interest expense	(27,159,182)	(22,215,022)
<b>Net interest income</b>	142,528,867	117,321,320
Net financing and investment income	44,469,332	41,683,526
Net commissions income	29,118,486	30,743,871
<b>Net interest, financing, investment and commissions income</b>	216,116,685	189,748,717
Foreign currencies gains	20,618,168	20,134,650
Net gains from financial assets portfolio	2,700,417	1,989,756
Bank's share of results of associates and a joint venture	40,100	256,513
Other revenues	6,320,205	7,931,462
<b>Gross profit before expected credit losses provisions</b>	245,795,575	220,061,098
Provision for expected credit losses on direct credit facilities and Islamic financing, net	(56,355,497)	(16,427,968)
Provision (Recovery) for expected credit losses on investments, and indirect credit facilities and Islamic financing, net	(2,557,948)	(2,597,584)
<b>Gross profit</b>	186,882,130	201,035,546
<b>Expenses</b>		
Personnel expenses	(68,095,891)	(62,232,664)
Other operating expenses	(52,430,129)	(42,837,608)
Depreciation and amortization	(13,457,358)	(13,389,895)
Palestine Monetary Authority's fines	(60,000)	(25,000)
<b>Gross expenses</b>	(134,043,378)	(118,485,167)
<b>Profit before taxes</b>	52,838,752	82,550,379
Taxes expense	(27,005,640)	(31,037,903)
<b>Profit for the year</b>	25,833,112	51,512,476
<b>Attributable to:</b>		
Equity holders of the Bank's shareholders	22,506,712	46,090,414
Non-controlling interests	3,326,400	5,422,062
	25,833,112	51,512,476
<b>Basic and diluted earnings per share attributable to equity holders of the Bank</b>	0.09	0.20

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the nine-month period ended September 30, 2023

	For the nine-month period ended September 30	
	2023	2022
	Unaudited	Unaudited
	U.S. \$	U.S. \$
<b>Profit for the period</b>	<u>25,833,112</u>	<u>51,512,476</u>
<b>Items of other comprehensive income:</b>		
Items not to be reclassified to the consolidated income statement in subsequent periods:		
Change in fair value of financial assets	<u>(2,041,091)</u>	<u>3,580,433</u>
<b>Total other comprehensive income for the period</b>	<u>(2,041,091)</u>	<u>3,580,433</u>
<b>Gross comprehensive income for the period</b>	<u><u>23,792,021</u></u>	<u><u>55,092,909</u></u>
<b>Attributable to:</b>		
Equity holders of the Bank	20,575,353	49,687,350
Non-controlling Interests	<u>3,216,668</u>	<u>5,405,559</u>
	<u><u>23,792,021</u></u>	<u><u>55,092,909</u></u>

Bank of Palestine P.L.C

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

For the nine-month period ended September 30, 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					
<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. \$
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 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)
Gross 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	-	-	-	-	-	-	-	-	4,408	4,408	-	4,408
Stock dividends (Note 28)	6,718,757	-	-	-	-	-	-	-	(6,718,757)	-	-	-
Cash dividends (Note 28)	-	-	-	-	-	-	-	-	(22,395,858)	(22,395,858)	(1,917,512)	(24,313,370)
<b>Balance, end of the period (unaudited)</b>	<b>230,677,334</b>	<b>29,575,688</b>	<b>30,000,000</b>	<b>67,974,894</b>	<b>246,361</b>	<b>8,374,676</b>	<b>40,000,000</b>	<b>1,413,296</b>	<b>98,146,112</b>	<b>506,408,361</b>	<b>65,817,041</b>	<b>572,225,402</b>

	Equity attributable to the Bank's shareholders											
	Paid-in share capital	Additional paid-in capital	Statutory	Voluntarily	Reserves		Fair value	Retained earnings	Equity holders of the Bank	Non-controlling interests	Total equity	
					General banking risks	Pro-cyclicality						
<b>September 30, 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	-	-	-	-	-	-	-	46,090,414	46,090,414	5,422,062	51,512,476	
Other comprehensive income items	-	-	-	-	-	-	3,596,936	-	3,596,936	(16,503)	3,580,433	
Gross comprehensive income for the period	-	-	-	-	-	-	3,596,936	46,090,414	49,687,350	5,405,559	55,092,909	
Transfers from fair value reserve to (FAOCI)	-	-	-	-	-	-	301,791	(301,791)	-	-	-	
Transfers to reserves	-	-	-	-	(1,937,203)	-	-	1,937,203	-	-	-	
Fractions of stocks	-	-	-	-	-	-	-	4,430	4,430	-	4,430	
Stock dividends	6,525,050	-	-	-	-	-	-	(6,525,050)	-	-	-	
Cash dividends	-	-	-	-	-	-	-	(19,569,017)	(19,569,017)	(1,917,509)	(21,486,526)	
<b>Balance, end of the period (unaudited)</b>	<b>223,958,577</b>	<b>29,575,688</b>	<b>61,883,607</b>	<b>246,361</b>	<b>8,374,674</b>	<b>40,000,000</b>	<b>2,206,178</b>	<b>99,248,721</b>	<b>465,493,806</b>	<b>64,216,436</b>	<b>529,710,242</b>	

**General Manager**

**Chief Financial Officer**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine-month period ended September 30, 2023

	For the nine-month period ended September 30	
	2023	2022
	Unaudited U.S. \$	Unaudited U.S. \$
<b>Operating activities</b>		
Profit for the period before taxes	52,838,752	82,550,379
<b>Adjustments for:</b>		
Depreciation and amortization	13,457,358	13,389,895
Net gains from financial assets portfolio	(2,700,417)	(1,989,756)
Finance cost on lease liabilities	553,239	596,111
Provision for expected credit losses on direct credit facilities and Islamic financing, net (Recovery) Provision for expected credit losses on investments, and indirect credit facilities and Islamic financing, net	58,421,174	17,627,003
	2,557,948	2,597,584
Sundry provisions	9,248,526	6,159,031
Losses of investment properties' valuation	-	200,000
Bank's share of results of associates and joint venture	(40,100)	(256,513)
Gains on disposal of right of use assets	(190,942)	(75,781)
Gains on disposal of property, plant and equipment	32,046	(90,224)
Other non-cash items	(2,737,447)	(1,485,475)
	131,440,137	119,222,254
<b>Changes in assets and liabilities:</b>		
Direct credit facilities and Islamic financing	(157,735,451)	(88,982,769)
Statutory cash reserve	(9,239,706)	(44,936,768)
Other assets	(11,177,419)	(23,587,105)
Customers' deposits	144,615,112	379,190
Istidama loans from Palestine Monetary Authority	(3,230,104)	9,887,716
Cash margins	9,027,983	7,072,107
Other liabilities	18,353,031	(4,873,042)
<b>Net cash flows from (used in) operating activities before taxes and provisions paid</b>	122,053,583	(25,818,417)
Taxes payments	(38,951,986)	(19,629,425)
Sundry provision payments	(9,758,097)	(3,041,394)
<b>Net cash flows from (used in) operating activities</b>	73,343,500	(48,489,236)
<b>Investing activities</b>		
Purchase of financial assets at fair value through other comprehensive income items	(4,829,904)	(13,902,070)
Purchase of financial assets at fair value through profit or loss	(1,576,365)	(435,593)
Sale of financial assets at fair value through statement of profit or loss	2,002,377	1,666,269
Restricted cash balances	14,276,728	(3,721,813)
Purchase of financial assets at amortized cost	(54,484,974)	(45,342,174)
Matured financial assets at amortized cost	108,208,565	55,152,732
Deposits at Banks and financial institutions maturing in more than three months	(77,017,983)	(16,093,089)
Palestine Monetary Authority's deposits for a period more than three months	(39,121,001)	(86,627,310)
Banks and financial institutions' deposits maturing in more than three months	13,975,323	(2,000,000)
Deposits at Islamic banks maturing in more than three months	-	(3,000,000)
Investments management commission	(355,200)	(414,949)
Stock dividends received	3,021,261	2,840,298
Intangible assets additions	(1,485,933)	(2,332,678)
Projects in progress additions	(2,100,977)	(252,899)
Purchase of property, plant and equipment	(5,360,716)	(5,035,707)
Sale of property, plant and equipment	110,902	259,027
Purchase of investment properties	(1,810,161)	(283,000)
<b>Net cash flows used in investing activities</b>	(46,548,058)	(119,522,956)
<b>Financing activities</b>		
Lease liabilities payments	(4,330,355)	(3,877,484)
Loans and borrowings received	-	17,500,000
Loans and borrowings payments	(4,490,521)	(4,376,772)
Fractions of stock dividends distributed	4,408	4,430
Subordinated loan	(7,500,000)	(5,000,000)
Cash dividends paid	(25,740,205)	(21,200,875)
Interest paid (JICA)	(1,578,760)	-
Issuance of perpetual bond, net of issuances fees	29,550,000	-
<b>Net cash flows used in financing activities</b>	(14,085,433)	(16,950,701)
<b>Decrease in cash and cash equivalents</b>	12,710,009	(184,962,893)
Cash and cash equivalents, beginning of the period	1,616,419,703	1,787,868,265
<b>Cash and cash equivalents, end of the period</b>	1,629,129,712	1,602,905,372
<b>Interest expense paid</b>	31,548,579	28,900,183
<b>Interest revenue received</b>	217,469,202	186,133,664

General ManagerChief Financial Officer

General Manager

Chief Financial Officer