

BANK OF PALESTINE P.L.C

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

**Consolidated Statement of Financial Position**

As at December 31, 2025

	2025	2024
	U.S. \$	U.S. \$
<b>ASSETS</b>		
Cash and balances with Palestine Monetary Authority	4,115,920,889	2,236,071,862
Balances, deposits and investments at banks and financial institutions	1,772,936,462	1,719,713,863
Financial assets at fair value through profit or loss	5,828,030	5,445,800
Direct credit facilities and Islamic financing, net	4,014,997,214	3,842,640,449
Financial assets at fair value through other comprehensive income	98,634,819	63,636,115
Financial assets at amortized cost	316,712,192	195,345,429
Investment in associates and a joint venture	12,194,180	12,011,817
Investment properties	38,535,939	40,676,948
Property, plant and equipment and right of use assets	122,270,038	119,181,208
Deferred tax assets	61,255,518	52,098,683
Projects in progress	2,766,656	1,352,535
Intangible assets	14,117,420	14,388,305
Other assets	77,092,043	57,510,684
<b>Total assets</b>	<b>10,653,261,400</b>	<b>8,360,073,698</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Palestine Monetary Authority's deposits	392,737,564	241,791,321
Banks and financial institutions' deposits	35,596,213	111,077,678
Customers' deposits	8,640,231,530	6,714,389,212
Cash margins	344,813,728	275,219,509
Subordinated loans	45,000,000	60,000,000
Loans and borrowings	92,778,959	104,927,195
Istidama loans from Palestine Monetary Authority	46,963,540	48,446,863
Deferred tax liabilities	4,348,364	4,135,563
Lease liabilities	18,723,527	19,193,970
Sundry provisions	62,033,601	59,702,555
Other liabilities	299,202,209	147,587,439
<b>Total liabilities</b>	<b>9,982,429,235</b>	<b>7,786,471,305</b>
<b>Equity</b>		
Paid-in share capital	268,786,067	260,559,617
Additional paid-in capital	48,938,899	44,743,409
Perpetual bonds	30,000,000	30,000,000
Statutory reserve	74,621,191	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	28,713,092	(2,214,932)
Retained earnings	100,055,051	55,584,071
<b>Equity attributable to the Bank's shareholders</b>	<b>599,735,337</b>	<b>506,578,616</b>
Non-controlling interests	71,096,828	67,023,777
<b>Total equity</b>	<b>670,832,165</b>	<b>573,602,393</b>
<b>Total liabilities and equity</b>	<b>10,653,261,400</b>	<b>8,360,073,698</b>

**Consolidated Income Statement**  
For the year ended December 31, 2025

	2025	2024
	U.S. \$	U.S. \$
Interest income	275,526,985	261,103,916
Interest expense	(49,403,648)	(46,317,418)
<b>Net interest income</b>	<b>226,123,337</b>	<b>214,786,498</b>
Net financing and investment income	61,493,745	59,934,728
Net commissions income	26,835,806	31,164,485
<b>Net interest, financing, investment and commissions income</b>	<b>314,452,888</b>	<b>305,885,711</b>
Foreign currency gains	51,611,055	33,920,602
Net gains from financial assets portfolio	3,812,279	1,688,461
Bank's share of results of associates and a joint venture	(278,133)	153,696
Other revenues, net	17,807,094	12,342,311
<b>Gross profit before expected credit losses provisions, modification and other losses</b>	<b>387,405,183</b>	<b>353,990,781</b>
Provision for expected credit losses and modification on direct credit facilities and Islamic financing, net	(123,187,188)	(87,661,411)
Provisions for other expected credit losses and other asset losses, net	(3,052,066)	(138,851,186)
<b>Gross profit</b>	<b>261,165,929</b>	<b>127,478,184</b>
<b>Expenses</b>		
Personnel expenses	(92,423,037)	(85,644,404)
Other operating expenses	(84,134,090)	(69,690,123)
Depreciation and amortization	(17,623,819)	(17,614,235)
Palestine Monetary Authority's fines	(22,693)	-
<b>Total expenses</b>	<b>(194,203,639)</b>	<b>(172,948,762)</b>
<b>Profit (Loss) before taxes</b>	<b>66,962,290</b>	<b>(45,470,578)</b>
Taxes (expense) benefit	(9,961,070)	17,559,122
<b>Profit (Loss) for the year</b>	<b>57,001,220</b>	<b>(27,911,456)</b>
<b>Attributable to:</b>		
Equity holders of the Bank	53,357,766	(28,901,957)
Non-controlling interests	3,643,454	990,501
	<b>57,001,220</b>	<b>(27,911,456)</b>
<b>Basic and diluted earnings (losses) per share attributable to equity holders of the Bank</b>	<b>0.19</b>	<b>(0.13)</b>

**Consolidated Statement of Comprehensive Income**

For the year ended December 31, 2025

	<u>2025</u>	<u>2024</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Profit (Loss) for the year	57,001,220	(27,911,456)
<b>Items of other comprehensive income:</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>31,410,121</u>	<u>(1,929,871)</u>
<b>Other comprehensive income items for the year</b>	<u>31,410,121</u>	<u>(1,929,871)</u>
<b>Total comprehensive income for the year</b>	<u><u>88,411,341</u></u>	<u><u>(29,841,327)</u></u>
<b>Attributable to:</b>		
Equity holders of the Bank	84,285,790	(31,010,720)
Non-controlling Interests	<u>4,125,551</u>	<u>1,169,393</u>
	<u><u>88,411,341</u></u>	<u><u>(29,841,327)</u></u>

Bank of Palestine P.L.C

**Consolidated Statement of Changes in Equity**

For the year ended December 31, 2025

	Equity attributable to the Bank's shareholders											
	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. \$	
<b>2025</b>												
Balance, beginning of the year	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	-	-	-	-	-	-	-	-	53,357,766	53,357,766	3,643,454	57,001,220
Other comprehensive income	-	-	-	-	-	-	-	30,928,024	-	30,928,024	482,097	31,410,121
Total comprehensive income for the year	-	-	-	-	-	-	-	30,928,024	53,357,766	84,285,790	4,125,551	88,411,341
Transferred to reserves	-	-	-	5,335,777	-	-	-	-	(5,335,777)	-	-	-
Increase of the paid-in capital	8,226,450	4,195,490	-	-	-	-	-	-	-	12,421,940	-	12,421,940
Interest on perpetual bond	-	-	-	-	-	-	-	-	(3,551,009)	(3,551,009)	-	(3,551,009)
Cash dividends from a subsidiary	-	-	-	-	-	-	-	-	-	-	(52,500)	(52,500)
<b>Balance, end of the year</b>	<b>268,786,067</b>	<b>48,938,899</b>	<b>30,000,000</b>	<b>74,621,191</b>	<b>246,361</b>	<b>8,374,676</b>	<b>40,000,000</b>	<b>28,713,092</b>	<b>100,055,051</b>	<b>599,735,337</b>	<b>71,096,828</b>	<b>670,832,165</b>

	Equity attributable to the Bank's shareholders											
	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. \$	
<b>2024</b>												
Balance, beginning 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
Loss for 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	29,882,283	15,167,721	-	-	-	-	-	-	-	45,050,004	-	45,050,004
Interest on perpetual bond	-	-	-	-	-	-	-	-	(1,966,666)	(1,966,666)	-	(1,966,666)
<b>Balance, end of the year</b>	<b>260,559,617</b>	<b>44,743,409</b>	<b>30,000,000</b>	<b>69,285,414</b>	<b>246,361</b>	<b>8,374,676</b>	<b>40,000,000</b>	<b>(2,214,932)</b>	<b>55,584,071</b>	<b>506,578,616</b>	<b>67,023,777</b>	<b>573,602,393</b>

**Consolidated Statement of Cash Flows**  
 For the year ended December 31, 2025

	2025	2024
	U.S. \$	U.S. \$
<b>Operating activities</b>		
Profit (Loss) for the year before taxes	66,962,290	(45,470,578)
<b>Adjustments for:</b>		
Depreciation and amortization	17,623,819	17,614,235
Net gains from financial assets portfolio	(3,812,279)	(1,688,461)
Modification of assets and related grants amortization	19,086,820	-
Finance cost on lease liabilities	511,293	663,397
Provision for expected credit losses and modification on direct credit facilities and Islamic financing, net	123,187,188	87,661,411
Provisions for other expected credit losses and other asset losses, net	(218,425)	1,075,466
Sundry provisions	12,673,006	8,718,161
Gain from valuation of investment properties, net	(3,271,093)	(2,067,904)
Bank's share of results of associates and a joint venture	278,133	(153,696)
Gains from disposal of property, plant and equipment, right of use assets, and intangible assets	(207,646)	(901,056)
Amortization of discount and premium on issuance of financial assets at amortized cost	(11,766,523)	(1,812,220)
Other non-cash items	(779,526)	(705,528)
	<u>220,267,057</u>	<u>62,933,227</u>
<b>Changes in assets and liabilities:</b>		
Direct credit facilities and Islamic financing	(325,229,094)	(129,788,200)
Statutory cash reserve	(211,090,303)	(113,106,641)
Other assets	(14,148,060)	24,566,470
Customers' deposits	1,925,842,318	1,235,829,147
Istidama loans from Palestine Monetary Authority	(1,483,323)	25,041,329
Cash margins	69,594,219	(53,947,720)
Other liabilities	152,603,070	43,349,518
	<u>1,816,355,884</u>	<u>1,094,877,130</u>
<b>Net cash flows from operating activities before taxes and paid provisions</b>		
Taxes and advances payments	(24,610,473)	(27,602,927)
Sundry provision payments	(10,341,960)	(2,107,466)
<b>Net cash flows from operating activities</b>	<u>1,781,403,451</u>	<u>1,065,166,737</u>
<b>Investing activities</b>		
Purchase of financial assets at fair value through other comprehensive income	(3,303,664)	(4,714,328)
Purchase of financial assets at fair value through profit or loss	(4,330,552)	(264,637)
Sale of financial assets at fair value through Profit or Loss	5,705,005	2,264,674
Purchase of financial assets at amortized cost	(2,581,624,807)	(319,317,576)
Matured financial assets at amortized cost	2,470,675,693	285,617,918
Sale of financial assets at amortized cost	2,565,971	-
Investment in associates	(776,239)	-
Deposits at banks and financial institutions maturing in more than three months	(111,106,184)	(383,832,158)
Changes in restricted balances of withdrawal	(12,126,135)	(834,132)
Palestine Monetary Authority deposits maturing in more than three months	197,056,043	25,120,639
Investments management commission	(1,150,170)	(570,230)
Stock dividends received	3,154,170	2,659,923
Purchase of intangible assets	(2,276,926)	(2,074,504)
Projects in progress	(1,710,644)	(1,790,321)
Purchase of property, plant and equipment	(9,431,688)	(7,934,642)
Proceeds from sale of property, plant and equipment	450,147	196,714
<b>Net cash flows (used in) investing activities</b>	<u>(48,229,980)</u>	<u>(405,472,660)</u>
<b>Financing activities</b>		
Payments of Lease liabilities	(4,248,762)	(4,818,458)
Capital increase payments	12,421,940	45,050,004
Subordinated loan payment	(15,000,000)	(15,000,000)
Withdrawal of a subordinated loan	-	30,000,000
Repayment of loans and borrowings	(15,065,440)	(15,107,343)
Withdrawal of loans and borrowings	2,000,000	46,500,000
Interest paid on perpetual bond	(3,563,058)	(1,978,304)
<b>Net cash flows (used in) from financing activities</b>	<u>(23,455,320)</u>	<u>84,645,899</u>
<b>Increase in cash and cash equivalents</b>	<u>1,709,718,151</u>	<u>744,339,976</u>
Cash and cash equivalents, beginning of the year	2,553,549,466	1,809,209,490
<b>Cash and cash equivalents, end of the year</b>	<u>4,263,267,617</u>	<u>2,553,549,466</u>
<b>Interest expense paid</b>	59,856,992	53,648,359
<b>Interest revenue received</b>	290,746,847	282,832,581