The National Bank
Annual Report
2024

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Our Vision

To be the most pioneering, innovative, and robust bank.

Our Mission

Create the opportunities of success for our community by being the most responsive bank.

Chairman's Letter

Dear Shareholders,

Allow me to present to you The National Bank's 2024 Annual Report. This year truly put our resilience and our ability to adapt to the unprecedented challenges facing Palestine to the test, most notably the war on Gaza and its subsequent economic and social repercussions. Despite these circumstances, we were able to maintain our financial stability and continue implementing our growth and development strategies, focusing on promoting digital transformation, investing in technology, and supporting our community during these difficult times.

The repercussions of the war were felt across all economic sectors in Palestine, and banks bore a significant share, particularly those operating in the Gaza Strip. However, the deteriorating economic situation was not limited to Gaza. It rather affected all Palestinian territories. This prompted banks to increase their hedging provisions to meet the challenges, leading to a significant decline in profits. In addition, despite not having any branches in the Gaza Strip, TNB was directly affected by the decline in profits of the Palestine Islamic Bank operating in the Strip, in which we own a 25% stake.

Financial Performance

Our primary focus in 2024 was resilience, stability, and immediate response to any emergency. We maintained our solvency and liquidity ratios at the highest levels and ensured that our capital adequacy ratio was higher than local and global requirements.

Investing in Digital Technology

In 2024, we continued to implement our digital infrastructure development plans. At the beginning of the year, we successfully launched a new banking system, keeping pace with developments in the banking industry. This system can support TNB's growth plans and keep up with the launch of modern digital banking services. It provides an exceptional banking experience for customers and a solid foundation for success.

To ensure we meet international standards for information security, TNB obtained the ISO 27001:2022 certification for information security in 2024 after a comprehensive assessment of its controls. This attests to TNB's commitment to protect and maintain the confidentiality of customer information and funds, as well as its proactive approach to effectively managing digital risks. These combined achievements allow us to move forward with confidence in our journey of digital transformation.

Expansion and Geographical Outreach

Despite geopolitical challenges, TNB continued its expansion to deliver its banking services to the largest possible segment of society. In 2024, we opened a new branch in Icon Mall in Surda, in addition to a new office in the Tulkarm Municipality, bringing our network to 38 branches and offices across the West Bank and Jerusalem.

Emergency Response as Part of a Series of Humanitarian Relief Interventions in Gaza and the West Bank

In 2024, we responded effectively to the deteriorating humanitarian situation resulting from the war. We provided a series of relief and humanitarian interventions to alleviate the suffering of Palestinian families in the Gaza Strip and the West Bank. This included providing food parcels, hot meals, drinking water, and many other contributions. We were the third largest Palestinian bank in terms of community contributions in 2024.

Finally, despite the ongoing challenges facing our country, we at The National Bank believe that the strength of our institution lies in its ability to adapt and innovate. We will continue our commitment to providing the best financial solutions, investing in technology, and strengthening our partnerships to support the national economy and Palestinian society. Despite the difficult times, we move forward with confidence based on our solid financial foundations and our exceptional team, looking forward to a more stable and prosperous future.

Samir Zraiq
Chairman of the Board

Executive Manager's Letter

Dear Shareholders,

I am pleased to present to you the financial and administrative results of The National Bank for 2024. This exceptional year, with its most difficult challenges in the history of our Palestinian cause, began with the longest war on Gaza which had a profound impact on the humanitarian and social situation and huge repercussions on the national economy across all sectors.

Given the difficult economic situation, TNB adopted a conservative risk management policy by increasing provisions to protect assets and ensure stable financial performance. We maintained a solid capital base and a capital adequacy ratio, one of the highest in the Palestinian banking system, at 17.8%. We continued to manage our financial portfolios prudently and maintained a solid financial position. TNB's net profits are estimated at one million US dollars, with assets reaching approximately $1.4 billion, and customer deposits reaching $1.1 billion. The net portfolio of direct credit facilities and financing is estimated at $808 million. As for market capitalization at the end of 2024, it reached US$135.7 million.

These challenges only reinforced our determination to continue our journey of building and development. During 2024, we continued to invest in digital technology and successfully launched a new banking system that keeps pace with technological developments, in addition to a set of core and supporting systems. These included the new National Online and Mobile Banking services, a card management system, and anti-money laundering systems, as well as an integration project of more than 15 core and supporting systems. We also automated more than 40 workflows, which will directly impact customer transactions and the processing of their banking requests. We continued to expand and spread across the country, opening two new branches and offices during 2024.

We also doubled our humanitarian efforts and launched a series of relief interventions for families affected by the war, providing basic humanitarian needs such as food, shelter, and drinking water. In 2024, we were the second-largest Palestinian bank in terms of social contributions.

We believe that the challenges we face require exceptional efforts across all fronts and strengthening cooperation with our local and international partners. We will continue to work hard to promote the resilience, growth, and development of our banking sector. I would like to thank the Board of Directors, our staff, and our valued customers for their continued trust and support. I stress that The National Bank will remain a fundamental pillar in supporting the Palestinian national economy and achieving sustainable development.

Salameh Khalil
Chief Executive Officer

About The National Bank (TNB)

The National Bank "TNB" is the second largest bank in Palestine and the fastest growing in the country. Since its inception, it has proven that it is one of the best and most innovative providers of integrated and comprehensive national banking services for the corporate and retail sectors. It also provides investment, treasury and financing services for small, medium and micro enterprises.

Under the slogan «Confidently Forward», the National Bank provides the finest modern and advanced banking services in Palestine, and seeks to become the bank of choice for Palestinians looking for a strong, secure and sound financial services provider. Its goal is to provide advanced banking services that keep pace with the latest global banking technology developments. TNB has been developing a package of digital services and solutions that are offered for the first time in Palestine or even in the Middle East.

The bank's Paid-up capital is approximately 113.1 million US dollars, and its authorized capital was raised to 115 million US dollars in 2022. TNB is managed by a Board of Directors that includes a group of the largest Palestinian companies, and some of the most prominent and talented businesspeople. It has the largest number of shareholders among banks in the country, exceeding 8,200.

The National Bank provides banking services to more than 198,000 clients, through its network of branches located in various governorates of the West Bank, and its well-located ATMs. It also provides its services through its modern digital channels such as Online Banking and the TNB Mobile application for smart phones, in addition to the Digital Service Center, which is the first of its kind in the Middle East. In 2017, after a fifty-year absence of Palestinian banks in Jerusalem, TNB was the first Palestinian bank to inaugurate a branch behind the wall to serve the residents of the city. Environment protection and clean and renewable energy are some of the most important values for TNB. TNB was a leader amongst banks to invest in solar energy; the bank purchased a stake in the "Noor Jericho" solar plant that now provides approximately most of its energy needs.

- **666** Employees
- **46** Number of ATMs
- **198,000** Customers
- **8,258** Shareholders
- **38** Branches and Offices

Foundation

TNB was established on August 20, 2005 as a public shareholding company by Palestinian businesspeople and companies, with the aim of developing the Palestinian economy in general and providing excellent banking services. It was established with a capital of US$ 30 million dollars: %38 was subscribed by the founders of the bank and the rest by public subscription. The remaining shares were distributed among more than 18,000 shareholders.

By the end of 2012, the National Bank was re- launched with a new identity, in implementation of the merger agreement between Al Rafah Microfinance Bank and the Arab Palestinian Investment Bank (APIB) with a paid-up capital of US$ 50 million. TNB became a new strong national banking entity capable of covering all the banking needs of the Palestinian society.

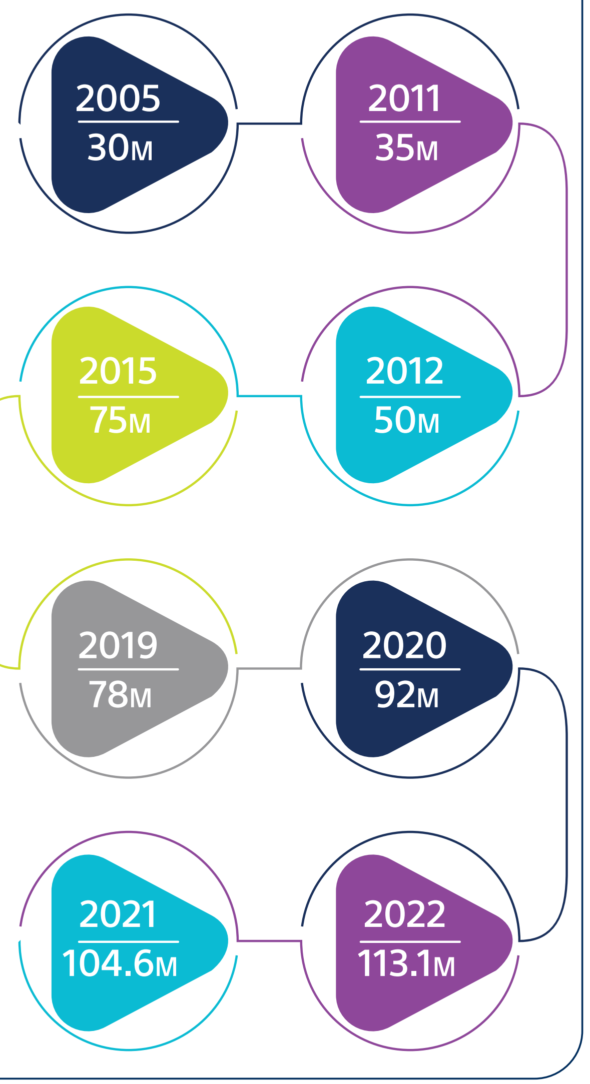
In early 2015, TNB acquired the assets and liabilities of Bank al Etihad in Palestine. Following that deal, Bank al Etihad became a strategic partner in TNB with %10 share of its paid-up capital. After this transaction, TNB became the second largest Palestinian bank in terms of pai-up capital.

In 2019, the General Assembly approved raising the authorized capital to US$ 100 million, and the bank's paid-up capital was increased to 78$ million by distributing 4% bonus shares. In early 2020, TNB acquired the assets and liabilities of the Jordan Commercial Bank (JCB) in Palestine and became a strategic partner in TNB, after offering a private offering of 13.76 million shares, and owning 15% of the paid-up capital which was raised to US$ 92 million.

In 2021, the bank's paid-up capital was raised to approximately US$ 105 million after offering 13.76 million shares in a secondary public offering to the bank's shareholders leading to the coverage ratio from additional shares reaching %93. TNB thus remained the second largest Palestinian bank in terms of paid-up capital.

In 2022, to implement the General Assembly's decision to distribute dividends in the form of bonus shares, 8.5 million shares were listed on the Palestine Exchange, raising TNB's paid-up capital from US$ 105 million to US$ 113.1 million.

Capital
(US$ / Million)



Awards & Recognition

In continuation of its pioneering and distinguished role in various fields, the National Bank was able to gain local and regional attention and win numerous awards in various fields, including:

1. ISO/IEC 27001:2022 certificate for Information Security in 2024.
2. PCI-DSS (Payment Card Industry Data Security Standard) certificate in 2023.
3. International Finance magazine award in 2018, as the Most Innovative Bank in Palestine.
4. CPI Financials' Fastest Growing Bank in Palestine award in 2016 ,2014, and 2017, and its affiliate magazine. The Banker Middle East ranked TNB in its 100th edition in 2014 as the fastest growing bank in the Middle East.
5. CPI Financial/ The Banker Middle East's Best Female Empowerment Bank award in the Middle East in 2017.
6. Union of Arab Banks Innovation Award for Women Economic Empowerment in 2017.
7. CPI Financial/ The Banker Middle East's Best Treasury Management award for 2014.
8. Union of Arab Banks award for the Largest Shareholder Base for 2015.
9. Aman's Integrity award in 2012.

International Finance Magazine award in 2018, as the Most Innovative Bank in Palestine

PCI-DSS Certificate in 2023

ISO/IEC 27001:2022 certificate in 2024

Award for the Largest Shareholder Base for 2015

Best Female Empowerment Bank award in the Middle East in 2017

Union of Arab Banks Innovation Award for Women Economic Empowerment in 2017

Aman's Integrity award in 2012

Best Treasury Management award for 2014

Fastest Growing Bank in Palestine award in 2014, 2016 and 2017

Subsidiaries and Affiliates

WatanInvest

The National Bank owns 100% of "WatanInvest Private Shareholding Company", which was acquired following an agreement between Al Rafah Microfinance Bank and the Arab Palestinian Investment Bank. Accordingly, the Arab Palestinian Investment Bank became wholly owned by TNB and its name was changed.

National Islamic Investment Company (NIIC)

The National Bank owns %100 of the National Islamic Investment Company, which was established in 2018. Through NIIC, TNB acquired a direct stake in the Palestine Islamic Bank (PIB) amounting to %25 of its shares.

TNB's Strategic Plan

TNB achieved a strong outcome because of its successful digital transformation strategy, designed to improve its competitiveness and bring about radical changes to start off strong in the coming years. TNB was able to lay a strong foundation for all its departments and cover all business aspects by restructuring its procedures to ensure excellence in implementation and service delivery. It also developed its technological infrastructure and digital channels to keep up with the latest developments in the labor market. TNB thus succeeded in regaining its competitive position in the financial market and proved its strength and durability in the banking sector, by achieving financial numbers and outcomes that exceeded expectations.

As part of TNB's vision and objectives to achieve the best returns and provide better and more secure banking services to its customers and partners, it adopted a leadership and profitability strategy for the next three years 2023-2025, based on its vision to be the most pioneering, innovative, and robust bank by creating opportunities for success for the society as the most responsive bank.

To achieve its leadership and profitability strategy, the National Bank aims to:

- Consolidate its competitive position in the Palestinian banking sector to ensure the satisfaction of its shareholders by achieving the best return on their investments.
- Adopt a pioneering approach and provide innovative and integrated digital services that meet the aspirations of its customers, as it is the fastest responding bank.
- Build and develop a professional and innovative team to provide optimal service.
- Improve the customer experience by upgrading its services and achieving excellent results in customer satisfaction indicators "NPS".
- Enhance and develop its supervisory role and achieve the highest levels of banking transparency and governance.
- Ensure a sustainable social impact and enhance its pioneering role in serving the community and supporting the national economy.
- Promote effectiveness and optimal utilization of available resources and digital development through digitization, centralization of operations and automation to improve services.
- Accelerate growth by achieving the best financial and operational indicators.

> "We will move confidently towards a better future to meet the needs of our society and customers and ensure the best value for our bank."

Achievements

The National Bank scores the highest liquidity and capital adequacy ratios among Palestinian banks in 2024.

In 2024, The National Bank scored the highest liquidity and capital adequacy ratios among Palestinian banks. The liquidity coverage ratio reached 465% and the capital adequacy ratio was estimated at 17.8%, higher than local and international requirements. This reflects TNB's strong financial position and solvency.

The National Bank becomes the second largest Palestinian bank in terms of its social relief contributions in 2024.

The National Bank directed its social contributions during 2024 to emergency humanitarian relief to alleviate the repercussions of the war on displaced and war-affected families. Its community contributions in 2024 exceeded half a million US dollars, making it the second largest Palestinian bank in terms of the volume of social responsibility provided during the year.

The National Bank obtains the international ISO 27001:2022 certificate for information security.

The National Bank was awarded the ISO 27001:2022 certification for meeting international standards for information security. This certification follows a series of audits and tests conducted throughout the year by an accredited international company that comprehensively assessed the information security controls applied to its data center and information and communications technology. TNB is the first Palestinian bank to receive this certification.


NAVIGA

CERTIFICATE OF REGISTRATION

THE NATIONAL BANK COMPANY

ISO/IEC 27001:2022

SUPPLYING EVERY KIND OF DATA CENTER, IT AND ICT SERVICES.

Launching a new banking system and a set of core and supporting technological systems

As part of its development strategy to support growth by keeping pace with technological developments in banking, TNB launched its new banking system in early 2024, along with a range of core and supporting systems. These included the launch of the new National Online and Mobile banking services, a card management system, and anti-money laundering systems, as well as an integration project of more than 15 core and supporting systems. This project was completed in less than a year, which is a record time.

With its continued expansion, TNB now has 38 branches and offices.

Despite political and economic challenges and based on its strategy to deliver banking services to the largest segment of society, The National Bank continued its geographic expansion plan in 2024 by opening a new branch in "Icon Mall" in Surda and a new office in the Tulkarm Municipality. This brings its network of branches and offices to 38, spread across the West Bank and Jerusalem.

Launching Supportive Banking Services for the Visually Impaired

Given the importance of financial inclusion, TNB has been making every effort to integrate all segments of society into banking transactions and remove barriers by developing and adopting responsive services that cater to the diverse needs of each group. TNB has launched a set of services for the visually impaired to enhance their financial inclusion and facilitate dealing with the bank and receiving banking services. Such services include a speaking application that allows them to listen to the content of contracts, account opening forms, and loan applications which are read directly to the customer without the need for an intermediary. Through this application, a visually impaired or blind person can, after scanning the Braille address on the brochures, listen to the details of the bank's products and learn about their conditions. TNB also set up an ATM with speaker capabilities for each major governorate, to facilitate electronic transactions for the visually impaired.

Automating 41 banking transactions across departments

In an effort to invest in digital technology and leverage it as a tool to reduce time and effort, expedite customer banking requests, and reduce paper usage, TNB automated 41 banking transactions across departments during 2024, making them all electronic.

TNB's second sustainability report is issued, based on GRI standards

The National Bank has released its second annual sustainability report, covering its 2023 alignment with the environmental, social, and governance principles to implement the Global Sustainable Development Goals (SDGs). The report adopts the Global Reporting Initiative (GRI) standards.

The report highlights several exceptional indicators, including a 3.44% increase in green lending, a 97% increase in local SME suppliers, a 26% decrease in water consumption, and a doubling of donations to social sectors compared to the previous year. Other positive indicators include an increase in the number of women in leadership positions, reaching 53.

Financial Results

By the end of 2024, TNB achieved a net profit of $1.03 million. It also managed to maintain its competitiveness among Palestinian banks as the second largest Palestinian bank in terms of paid-up capital which is $113.1 million.

%17.8
Capital Adequacy Ratio
(Higher than local and international requirements)

113.1 million $
Paid-Up Capital
(second largest Palestinian bank in terms of paid-up capital)

172.7 million $
Net Equity

1.03 million $
Net Profit

135.7 million $
Market Value

871 million $
Credit Facilities

1,1 milliard $
Total Deposits

1,4 milliard $
Total Assets

	2020	2021	2022	2023	2024
Total Assets	2,845	1,631	1,532	1,491	1,399
Total Deposits	2,330	1,212	1,209	1,164	1,128
Total Credit Facilities	1,751	880	934	924	871

Financial Position Analysis

According to consolidated financial statements	2020	2021	2022	2023	2024
ROA	-0.03%	0.85%	1.07%	0.97%	0.07%
ROE	-0.32%	9.55%	10.96%	8.35%	0.59%
Liabilities/ Deposits	75.14%	72.38%	77.3%	79.38%	74.34%
Capital Adequacy Ratio	12.61%	14.89%	15.17%	16.71%	17.77%
EPS	-6.86%	8.95%	15%	13%	1%
P/E	-22.02	17.88	11.84	12.00	120
Book Value	1.30	1.39	1.46	1.53	1.20

Competitive Position

%12.82
Market Share in Palestine Exchange

%6.01
Market Share from Deposits

%7.30
Market Share from Credit Facilities

Net Credit Facilities (Million US$)

	2020	2021	2022	2023	2024
Banking Sector	10,079	10324	10590	11338	11,061
TNB	873	876	934	923	808

Deposits (Million US$)

	2020	2021	2022	2023	2024
Banking Sector	15,138	16,518	16,468	17,589	18,776
TNB	1,165	1,212	1,209	1,164	1,128

Growth rates in Credit Facilities

	2020	2021	2022	2023	2024
Banking Sector	11.55%	2.43%	2.58%	7.06%	-2.44%
TNB	33.08%	0.34%	6.62%	-1.18%	-12.46%

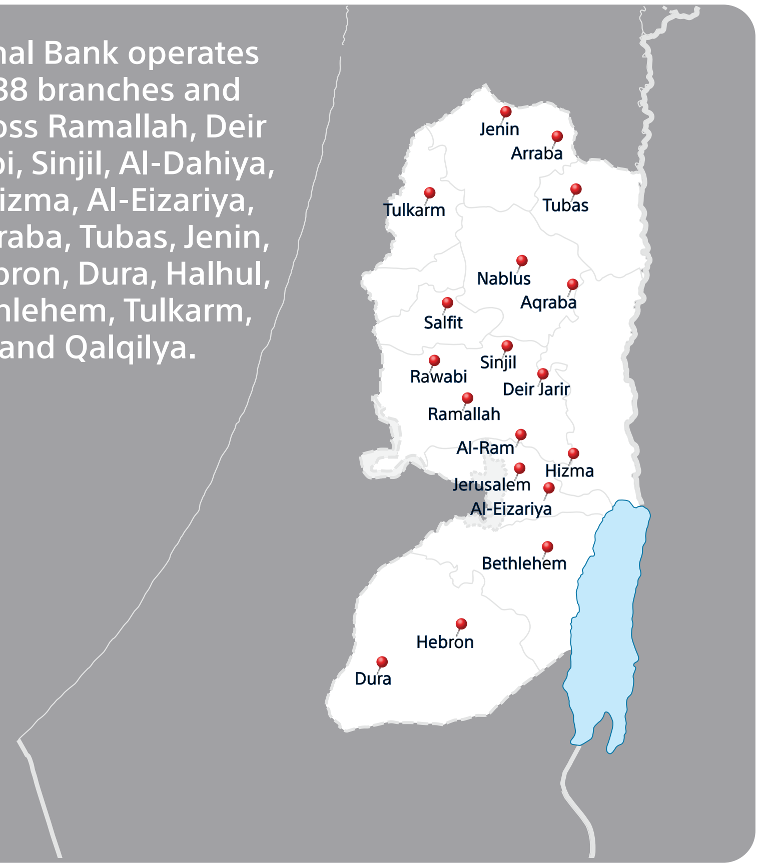
Growth rates in Deposits

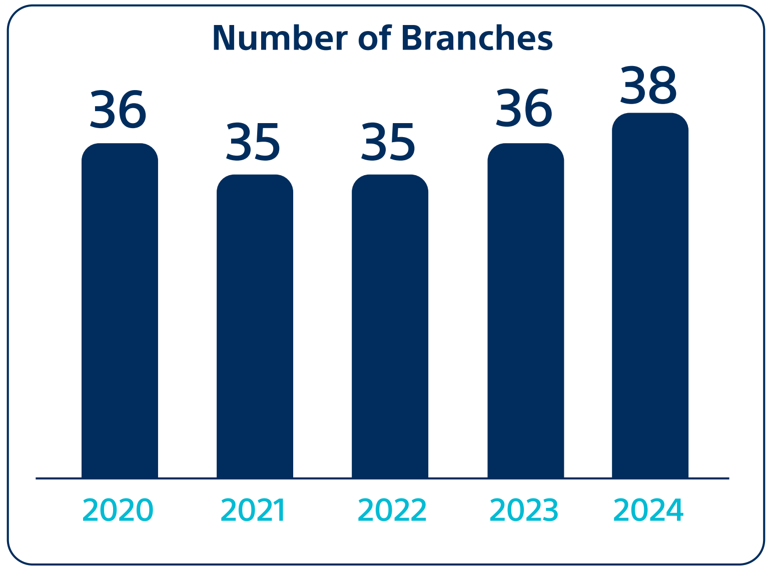
	2020	2021	2022	2023	2024
Banking Sector	13.10%	9.12%	-0.30%	6.81%	6.75%
TNB	26.91%	4.03%	-0.25%	-3.72%	-3.09%

Market Share

	2020	2021	2022	2023	2024
Market Share from Credit Facilities	8.66%	8.49%	8.82%	8.14%	7.30%
Market Share from Deposits	7.70%	7.34%	7.34%	6.62%	6.01%

The National Bank operates through 38 branches and offices across Ramallah, Deir Jarir, Rawabi, Sinjil, Al-Dahiya, Al-Ram, Hizma, Al-Eizariya, Nablus, Aqraba, Tubas, Jenin, Arraba, Hebron, Dura, Halhul, Yatta, Bethlehem, Tulkarm, Salfit, and Qalqilya.





Corporate Governance

The National Bank is committed to the highest standards of good governance, and work is carried out in accordance with the PMA's Governance Guide and instructions No. 10/2017.

The relationship between the bank's management, represented by its Board and executive management, and the shareholders is based on a framework that ensures the implementation of sound management and governance in achieving its objectives and realizing various benefits for stakeholders, including minority shareholders. The governance system provides detailed, accurate and timely information about TNB and the responsibilities of the Board and its different committees towards the bank and shareholders.

The National Bank is committed to sound governance practices and the highest standards of efficiency and accuracy in its activities in line with PMA instructions which are in line with the latest international best practices and the Basel Committee recommendations on governance.

The bank is committed to meeting the needs of the Palestinian community by providing banking services using the most modern and sound methods and ensuring services are provided in a proper manner to different stakeholders. Additionally, the bank supports the community by sponsoring different social activities. This promotes its national affiliation and identity and is a part of its social responsibility.

Board of Directors

31-12-2024

Mr. Samir Zraiq

Chairman

A prominent local and regional businessman and economist, with wide investments in several sectors in Palestine and abroad, Zraiq has extensive experience in economic policy design, asset and portfolio management, and financial and strategic planning.

Mr. Samir Zraiq is the Chairman of the Board of Directors at TNB, the fastest growing bank, and he has been dedicated to raising the standards of financial services in Palestine. His relationship with TNB goes back 10 years, as he has been a member the Board since 2012. He chaired the credit committee and was a member of the investment committee. Because he believes in the bank and its ability to raise the standards of financial services in Palestine, he invested by purchasing a stake which made him one of its major shareholders.

Zraiq is the Chairman of the Board of Palestine Investment & Development Company PID, a public shareholding company listed on the Palestine Exchange. It is the first holding company established in Palestine and it works in various investments fields, including real estate, financial, educational and other commercial investments.

Zraiq is also the Chairman of the Board of Directors at Sahem Trading & Investments, a leading Palestinian brokerage and investment services company. He led the company to become one of the most highly ranked in terms of market share in the Palestine Stock Exchange, strategic partnerships, research services, and issuance management. He supervised the investments of a large group of private companies in the financial and real estate sectors, based on his investment experience which combines excellent knowledge and unique skills, and led many companies on the path of excellence and distinction.

He chaired the Board of Directors of the Federation of Palestinian Businessmen Associations, the Palestinian Businessmen Association in Jerusalem, and was the Vice-President of the Federation of Arab Businessmen. He is passionate about sustainable development in the Palestinian private sector and has worked towards promoting economic activity and designing national economic policies.

He was a member of the National Economic Development Team in Palestine, a Board member of the Social Security Fund and the Chairman of its Investment Committee. He was also a member of the national team responsible for Palestine's bid to join the World Trade Organization, a Board member at the Supreme Council for Creativity and Excellence, and the Chairman of the Board at the Young Leaders Foundation (YPO).

Mr. Omar M. Masri

Vice-Chairman

Mr. Omar M. Masri is a businessman with over 30 years of experience in the banking and energy sectors. Since 2006, he has been the Group Managing Director of the Edgo group, a regional company with operations in the fields of oil & gas, power, water, and infrastructure. Prior to Edgo, Omar established and managed Atlas Investment Group ("Atlas") in 1996, a regional investment banking firm, and in 2004, the Arab Bank acquired Atlas and established it as the bank's Investment Banking arm, known today as AB Invest. He was appointed as Arab Bank's first Global Head of Investment Banking and represented Arab Bank on the boards of several affiliate and sister entities, including the Arab National Bank in Saudi Arabia. He was the first individual in Jordan to be granted the Certified Financial Consultant, Broker, and Investment Manager License by the Jordan Securities Commission. In 2004, Omar was invited to be a member of the Dubai International Financial Exchange (DIFX) Practitioner Committee to assist in the establishment of the Dubai International Financial Centre (DIFC)'s DIFX operation.

In 2002, Omar founded the Chartered Financial Analyst (CFA) Institute's Jordan chapter and became its first chairman. Prior to establishing Atlas, he was a fund manager at Foreign & Colonial Emerging Markets in London, UK, where he structured and managed the first regional Middle East investment fund in the world, which was listed on the New York Stock Exchange.

Omar has a B.B.A. in Finance from the George Washington University in Washington, DC. In 1990, he completed a two-year, intensive wholesale credit-training program at the Philadelphia National Bank/Wharton Business School in Philadelphia and subsequently managed the bank's correspondent banking relationships in Thailand and Japan. Omar has been a member of the Young President's Organization (YPO) since 2001 and was selected as a Young Global Leader by the World Economic Forum.

Mrs. Dina M. Masri

Member

Mrs. Masri is a board member in many leading companies of the private and public sectors in Palestine. She is known for supporting charitable causes and initiatives that promote cultural sustainability and empowerment of Palestinians in various sectors through the Munib Rashid Al Masri Foundation for Development.

In the nineties, Masri worked for Manufacturers Hanover Bank in New York for 3 years and then moved to the UK to manage the family business. In 1995, she relocated to Palestine to help her family in the establishment of many companies in various sectors, which include consumer goods, beverages, construction, and car trading companies.

Masri obtained a Master of Business Administration and a Bachelor of Science in Environmental Studies from George Washington University, USA.

Mrs. Manal Zraiq

Independent Member

A businesswoman with extensive experience in executive business, Zraiq is a skilled communicator and has proven her team building and employee development abilities. She currently occupies several positions in several private Palestinian companies in various fields. She is currently the Chairwoman of al Mustaqbal School, a member of the Board of Directors of the Arab American University, the Chairwoman of Zoom Advertising and a board member of Sahem Trading & Investments. She is also a board member in publicly traded companies such as the National Bank (TNB), and Palestine Investment & Development (PID).

For over 25 years, Ms. Zraiq has played a pioneering role as Partner & CEO of Massar International Group investment projects, Siraj Fund Companies, and Bayti Real Estate Investment Company (the developer of Rawabi City). In 2016, she founded the Rawabi English Academy. She also served as a member of Rawabi Municipal Council for two consecutive terms. She has provided financial and administrative oversight for new business initiatives in journalism, IT, financial services, real estate, and media.

She was a founder and the first chairwoman of the Palestinian Businesswomen Forum and remains a member of its Board. She is a Board member of Partners for Sustainable Economy and a Board member and former Chairwoman of the Board of Directors at the Young Leaders Foundation in Palestine. She was appointed by the former Prime Minister, Dr. Rami Hamdallah, as a member of the Board of Directors of the Loan Fund for Undergraduates in Palestine for 2017-2021. She is also a member of the Executive Board and a member of the Board of Trustees of the Global Arab Investor Forum.

In addition, she is a fellow of the ASPEN Global Leadership Network (AGLN). In 2013, Zraiq earned the Vital Voices Global Leadership Economic Empowerment Award. In 2022, she received the (Global Impact) award for the Middle East from the Young Leaders Foundation (YPO) for her initiative “Investing in Education and Empowering Youth”. She also participated in many local and international conferences.

Mr. Ayoub Zurub

Independent Member

A respected figure within the regional financial and insurance sectors, Zurub brings over 20 years of relevant industry experience in which he spearheaded multiple companies and federations, both in Palestine and Jordan. As CEO and board member of AlMashreq insurance company and executive manager and board member of the Jordan French Insurance Company, Zurub lends unique insights to cement the abovementioned institutions' standings as prominent market players. Among his contributions during his previous tenure as board member of the Palestinian Capital Markets Authority, he provided valuable knowledge to actively support the development of the Authority's corporate governance. He is also an advocate for the digitalization of solutions in the financial sector; a risk management and mitigation specialist; and an expert on the impact of international financial reporting standards on financial services companies. Furthermore, he has established a number of logistics companies since 2003 and managed various projects across the region, including in Palestine. In 2014, he expanded into the real estate sector. He is now the Chairman of Alaqariya Commercial and Investment company.

Zurub is currently board member of Sadad, an electronic payment service provider, and many other companies in the financial services and investment sectors. He is the vice chairman of both Jordan Management and Consulting, a leasing and investment company, and Medservice, a leading medical third-party administrator. He previously chaired the board of the Palestinian Insurance Federation and was a member of the National Committee for Financial Inclusion.

Zurub holds a bachelor's degree in Finance and Risk Management, from the University of Florida in the US.

Mr. Kamal Abu Khadijeh

Minority Shareholders Representative

Mr. Abu Khadijeh is the General Manager and main partner of Rasil Express (Fedex), Palestine. He has a rich experience and has worked in some of the largest and most reputable companies in Palestine. Between 2007 and 2012, he was the Deputy CEO and CFO at Paltel.

He was the CFO of Medical Supplies and Services, Unipal and the National Beverage Company/Coca- Cola in Palestine and led many important restructuring processes, purchases, sales and mergers.

He served as a Board member in several Palestinian companies such as Brico, Jericho Gate, Vitel and others. He is also a board member in some NGOs.

Abu Khadijeh holds a Master of Business Administration from the Kellogg School of Management, Northwestern University in Chicago, the USA.

Board Meetings

6 board meetings were held in 2024:

Members	Position	Number of meetings attended	Attendance rate
Mr. Samir Zraiq	Chairman	6	100%
Mr. Omar Masri	Vice Chairman	6	100%
Mrs. Dina Masri	Member	6	100%
Mrs. Manal Zraiq	Member	6	100%
Mr. Ayoub Zurub	Independent Member	6	100%
Mr. Kamal Abu Khadijeh	Member Representing Minority Shareholders	6	100%

Role and Responsibilities of the Chairman of the Board

The Chairman of the Board of Directors exercises all duties and powers granted to them by the laws in force in Palestine and the instructions of the Palestinian Monetary Authority. They also carry out the tasks and powers delegated to them by the Board. They shall separate between the positions of the Chairman of the Board and the Chief Executive Officer.

The Chairman of the Board of Directors has the following main roles:

- Supervise and follow-up on TNB's business and the Board's policies to achieve the goals and objectives set therein, as well as follow up on the evaluation of the Bank's overall performance in line with the strategies, plans, objectives, policies and budgets approved by the Board.
- Maintain a constructive relationship between the Bank's management and the members of the Board of Directors and promote an institutional culture that encourages constructive criticism, different points of view and discussions during the decision-making process.
- Ensure that the Bank's corporate governance standards are in place and decisions are made on a solid foundation and promote and ensure the expression and discussion of different opinions and points of view during the decision-making process.
- Ensure that Board members and shareholders receive adequate information in a timely manner.

Attendance Policy of Board Meetings

The bank complies with the Remunerations Committee's recommendations in respect of the attendance allowance of members of the board, noting that they are annually determined as follows:

- The allowance of the Chairman of the Board of Directors is fixed at $24,000, and the Board members allowance is set at $14,000 for each member, with $1,000 paid for attending each Board session.
- An amount of $625 is paid to the member for each of the Board committee meetings they attend, with a maximum of 12 meetings. The maximum amount that may be paid to member of one committee for all meetings shall be set at $7,500, with the exception of the Credit Committee where the maximum amount for attending all meetings is $10,000.

The board was restructured in 2017 to include three independent members and a representative of the minority shareholders, in line with corporate governance best practices and PMA's regulation No. 10 of 2017, and in implementation of the PMA Corporate Governance Guide.

Board Practices and Conflicts of Interest

The National Bank seeks to create an effective, transparent and cooperative work environment. For this reason, it adopted rules and regulations for professional conduct and appropriate work ethics. On this basis, a conflict of interest policy has been prepared and approved by the Board of Directors to promote and protect those values. It will prevent any misuse which may create a conflict of interest. The policy aims to:

- Protect the interests of the bank and all the parties it deals with, by stating the policies and procedures regulating a conflict of interest to the shareholders, the Board of Directors, the Bank's Committees, the executive management, employees, auditors, consultants and other stakeholders as needed, in accordance with the applicable laws and regulations and TNB's regulations and policies.
- Define clear investment mechanisms and policies, whether the investments are strategic (in banks, for example) and/or in associations and/or in service companies, which may be subject to a conflict of interest at the bank or at the level of stakeholders (retail).
- Reduce risks to customers while minimizing the risk of legal liability, regulatory criticism or harming the bank's commercial interests and reputation and ensuring that procedures are in line with the legislative requirements and administrative procedures that have been established in accordance with internal regulations.
- Gain the trust of the bank's customers by preventing and reducing conflicts of interest or managing them in accordance with the applicable regulations.
- Improve communication and transparency and ensure that all decision-making processes are impartial and objective.
- State how TNB regulates a conflict of interest to each member of the Board of Directors, the committees, senior management, employees, auditors, and everyone affiliated with the bank.

- Clarify conflict situations and how they are dealt with in line with the Bank's objectives of accountability and transparency.
- The conflict-of-interest policy is enforced on all TNB employees and affiliates to complement - not replace - the instructions and laws in force governing conflicts of interest.

It is worth noting that in 2023, there were no voting abstentions caused by a conflict of interest, and no contracts or transactions involving conflict of interest were carried out.

Declarations made in 2024

The Board of Directors of The National Bank declares that there are no special matters that may affect the continuity of the bank's business and acknowledges and confirms the following:

- All information and financial statements included in the annual report are accurate and complete.
- The implemented internal controls and monitoring systems for financial reporting are effective and in place.
- There is a framework to evaluate the effectiveness of internal controls and monitoring systems in the bank.
- There are approved policies that prevent conflict of interest and protect stakeholders rights.

Board Committees

Executive Committees

Credit Committee

Role and responsibilities:

- Develop credit strategies that clearly define the targeted quality of credit, return and growth, accepted risks and their impact on the target return, and the burden on capital. In the long term, strategies should take into consideration the different economic cycles, and should be evaluated annually based on the business results and in line with the PMA instruction. Strategies should be approved by the Board of Directors.
- Establish a credit risk management framework, that determines risk appetite, accepted risk, and risk tolerance, and define acceptable credit concentrations in line with the PMA instruction. The framework should be approved by the Board of Directors.
- Set specific standards to ensure the executive management is able to implement credit policies and strategies approved by the Board of Directors and manage the risks of credit activities.
- Regularly inform the Board of Directors of the status of the operating and non operating credit portfolio at the bank and the percentage of credit concentration and recommend measures that limit risks exceeding TNB's accepted risks. Recommend, to the Board of Directors, the limits for granting credit access.

- Review the credit policy, credit strategies and the general credit risk management framework periodically or whenever needed and re-evaluate them independently of the executive management. Work on ensuring they are adopted by the Board of Directors.
- Approve or recommend for approval funding requests submitted to the committee, while ensuring there is no conflict of interest between the members of the committee and the party submitting the funding request.
- Review all supervisory reports related to the various credit operations and approve them or recommend them for approval by the Board.
- Coordinate with all Board committees and work with them on all matters related to credit operations, whether the Audit Committee, the Risk Committee, the Asset and Liability Committee (ALCO) and other relevant committees.
- Ensure the Executive Management establishes and adequately adheres to the Bank's internal control and oversight systems in its policies, procedures, and credit operations or in related activity approved by the Board.

Meetings:
The Committee holds at least six meetings per year.

Investment Committee

Roles and responsibilities:

- Review the bank's investment strategy before it is approved by the Board, at least once a year, or more often when needed.
- Assess the performance of the current investment portfolio in terms of risk and return.
- Monitor the movement of Arab, regional and international capital market indices to benefit from their indicators.
- Divide the investment portfolio into equity and debt instruments, including treasury transfers and government bonds, and include foreign instruments.
- Respect the investment restrictions set out in the Banking Law and PMA instructions.
- Always compare the investments' market value to the book value.
- Suggest purchases and sales, maintain the investment portfolio, carry out operations in line with its mandate, and maximize returns on investments while ensuring a balance between risks and returns.
- Review and approve the credit limits related to correspondent banks.
- Follow up on the reports of the Assets and Liabilities Committee, review its performance, and take appropriate decisions.
- Provide the Board of Directors with periodic reports on the bank's investment position and provide information about any material changes that may occur without delay.

Meetings:
The Committee holds at least four meetings (once every three months) per year.

Digital Transformation Committee

Roles and responsibilities:

- Oversee IT strategies:
  - The committee reviews all matters that would define the IT strategic directions of the bank with the aim of positioning the bank alongside international technologically advanced banks in line with best practices and the technologies.
  - Supervise the progress of digital transformation and manage information technology processes to ensure their efficiency and effective contribution to the bank's goals, and to submit recommendations to the Board of Directors on important IT investments.
  - Keep the Board or the relevant body abreast of any development that might negatively affect the project's progress, by submitting performance and compliance reports on the project implementation plan.
  - Assess the performance of the IT Department Director and the performance of the department as a whole on an annual basis.
  - Assess current and future IT and digital transformation trends.
- Oversee IT related risks:
  - Review IT risks, including information security and cyber security risks, as well as the controls adopted by the management to mitigate them.
  - Develop policies and procedures to support such controls in line with the Bank's risk appetite.
  - Ensure that all internal and external control requirements are implemented by reviewing all control reports of the IT Department and taking the necessary corrective measures.
  - Review the internal audit report of the IT Department and follow up on the implementation of recommendations.
  - Recommend the approval of changes and amendments to IT policies and procedures.

Meetings:
The Committee holds at least four meetings (once every three months) per year.

Regulatory committees

Internal Audit Committee

Roles and responsibilities:

- Provide recommendations on nominating, agreeing on the fees, and ensuring the independence of an external auditor. The nomination must be approved by the Board and the General Assembly.
- Assess the independence of the external auditor at least once a year through the following:
    - Assess the extent to which they are providing services that fall outside the scope of the audit and affect its independence.
    - Obtain a report from the external auditor explaining any relationship between them and the bank or any other person or institution that might affect their independence.
- Review the bank's accounting and financial practices.
- Review the financial statements and identify any accounting issues which have a material impact on the annual and semi-annual statements, preliminary statements, and any statement and clarification related to the bank's financial performance. This includes reviewing and confirming the following:
    - Any material changes to the accounting policies.
    - Mechanisms to record essential or unusual events, especially when there is more than one way to record them.
    - Ensuring the bank complies with the applicable international accounting standards and that management provides appropriate estimates and judgments, taking into account the external auditor's assessment of the financial statements.
    - The clarity and completeness of disclosures in the bank's annual report and the way they are presented.
    - Ensuring that all material data is reported in the annual report and other financial statements.
    - Reviewing the Bank's controls and internal and financial regulations systems on an annual basis, in cooperation with the Risk and Compliance Committee.
    - The Committee shall submit a report on its views to the Board of Directors if it is not satisfied with any aspect of the draft financial report, taking into account the issues reported by the external auditor.
    - Coordination between the internal and external auditors.
- Review the scope and results of the audit and discuss them with the external auditor.
- Ensure there is a clear and transparent mechanism that allows all bank employees to report any irregular or illegal behavior or practice and ensures a professional and objective follow-up.
- Supervise the bank's compliance with legal and regulatory requirements.

- Review the reports prepared by the Internal Audit Department and follow up on the amendment of violations.
- Adopt the annual audit plan and the internal audit charter and monitor their implementation to ensure a comprehensive audit of all banking and administrative activities, including those assigned to external parties.
- Ensure the independence of the Internal Audit Department, so that the internal audit is carried out directly by the Committee. In other terms, ensure the committee submits reports, appoints the director and employees of the Internal Audit Department, and determines their salaries, bonuses and annual raises.

Meetings:

The Committee holds at least four meetings (once every three months) per year.

Risk and Compliance Committee

Roles and responsibilities:

- Nominate the Director of the Risk Department, the Director of the Compliance Department and the Director of the AML Department, determine their fees and ensure they have the appropriate expertise and academic qualifications.
- Review and discuss the risk, compliance and AML policy and recommend it to the Board of Directors for approval.
- Ensure the Risk Department conducts stress tests periodically to make sure it is capable of withstanding shocks and facing high risks.
- Compare the actual risks of the bank with the accepted risk document and address any inconsistency on a periodic and continuous basis.
- Review the strategy of the Bank's Risk Department and the annual plan of the Risk Management Department before their submission to the Board for approval.
- Follow-up on the implementation of the Business Continuity Plan "BCP" and the Disaster Recovery Plan "DRP".
- Monitor the capital adequacy ratio, and ensure it is consistent with PMA instructions and decisions of the Basel Committee on Banking Supervision, in terms of the minimum limits, and ensure the estimated budgets and strategies of the bank are on the right track.
- Review the risks related to issuing banking products or outsourcing services.
- Provide advice and submit the necessary reports to the Board of Directors on the current and future status of the bank's risk appetite and risk culture. Supervise capital strategies and the management of liquidity and any risks related to the bank's activities and business to ensure they are in line with the approved risk appetite. Supervise the implementation by the senior management of a risk appetite framework.
- Formal and informal exchange between the Committee, the Risk Department and the Department Manager to obtain the necessary reports on the bank's risk profile, risk culture, permissible limits and any violations thereof, in addition to risk mitigation plans.

- Determine the risks associated with the bank's business, develop a comprehensive current and future strategy on risk tolerance and mitigation, and supervise the implementation of that strategy by the senior executive management.
- Submit periodic reports to the Board of Directors on the risks that the bank faces or may be exposed to and inform the Board of any material changes that occur in the bank's situation without delay.
- Ensure there is an appropriate risk management environment in the bank, including studying the suitability of the bank's organizational structure and ensuring there are qualified employees working independently to manage the basic risks facing the bank, in line with a clear risk management system.
- Review reports issued by the Risk, Compliance and AML departments and submit them to the Board.
- Approve the annual plan of the Compliance Department and the Anti-Money Laundering Unit.
- Determine the principles of compliance that the bank must respect in line with the laws and instructions in force and take the necessary measures to promote of integrity and sound professional practices in the Bank.
- Supervise and control the work of the Compliance Department and evaluate the efficiency of implementing the compliance policy annually in the report submitted by the executive management to ensure the bank is compliant. The Board of Directors may delegate this responsibility to a separate committee it appoints or to the Audit Committee.
- Ensure the compliance monitoring function is independent of the bank's activities and business.
- Follow-up and supervise the systems and policies adopted by the Bank to avoid cases of fraud, bribery and corruption, and to obtain reports showing cases of non-compliance.
- Follow-up and ensure there are systems and procedures that allow employees, contractors or any external party to report any reservations or errors in the financial reports or any other matters.
- Establish an AML/CFT function to follow up on the compliance with the AML/CFT Law, provided this job is assigned to an independent employee at the level of Director called AML/CFT Officer.
- Supervise the AML/CFT function in the bank and approve the charter or any other official document under which this function is established.
- Adopt a manual of policies and procedures for the AML/CFT Department based on risks (RBA), the FATF recommendations, international best practices, and the basic principles and guidelines issued by the Basel Committee on Effective Banking Supervision. This manual should clearly define the priorities and responsibilities of the position, working methods, reporting mechanisms and the presentation of results. It should include a mechanism for taking corrective measures in the event of any violations. The Manual should be submitted to the Board of Directors for final approval.

Meetings:

The Committee holds at least four meetings (once every three months) per year.

Nomination, Remuneration and Corporate Governance Committee

Roles and responsibilities related to corporate governance:

- Supervise the implementation of the governance policy framework in the bank.
- Submit reports and recommendations to the Board on the results achieved, including evaluating the compliance with the Bank's Governance Manual and submitting proposals to amend the Manual to ensure consistency with best practices.

Role and responsibilities related to remunerations and incentives:

- Oversee the design of the rewards and incentives system and ensure it is compatible with the bank's culture and long-term business continuity.
- Oversee the implementation of the rewards and incentives policy/methodology.
- Supervise strategic projects on the bank's human capital.
- Conduct a periodic review of the policy/methodology for granting rewards, incentives, and benefits, or upon the Board's recommendation, and submitting recommendations to the Board to amend or update this policy.
- Conduct a periodic assessment of the adequacy and effectiveness of the rewards policy to ensure it achieves its objectives.
- Submit recommendations to the Board on the remunerations and allowances of the Chairman, Board members and main officials in the Bank.
- Ensure that the policy/methodology for rewards, incentives and benefits takes into consideration all types of risks to which the bank is exposed when determining rewards to ensure a balance between profits and risks.
- Ensure that the rewards and incentives policy is consistent with PMA instructions and the bank's internal system.
- Submit periodic reports on the Committee's work and achievements.

Role and responsibilities related to nominations:

- Prepare standards to be approved by the Board for the conditions and qualifications that must be met by members and senior management in terms of skills, experience and any other factors it deems appropriate.
- Submit recommendations to the Board on changes it believes are required in the number of members of the Board or a committee.
- Submit nominations to the Board in the event of a vacancy (including a vacant seat resulting from the increase in the number of Board members).
- Review the eligibility of all candidates and any candidate proposed by the management.
- Determine the members qualified to fill the vacancy in any committee and submit a recommendation to the Board.
- Assess the performance of the Board, committees, and members at least once a year.

- Oversee the human resources policies in general.
  - Submit recommendations to the Board from time to time about any changes the Committee believes are necessary in the management structure or job descriptions of main officials.
  - Develop an appropriate plan to ensure the replacement of the Chairman and members of the Board of Directors and key officials in cases of emergency or when vacancies arise due to unforeseen circumstances.
  - Supervise the training of board members on banking governance.

Meetings:
The Committee holds at least two meetings per year for each of its responsibilities.

Executive Management
31-12-2024

Executive Management

Mr. Salameh Khalil
Chief Executive Officer
- Bachelor's degree in accounting
- Birzeit University
- International certifications: CPA, CIA, CPFS, MFC
- Start date: 2021

Mr. Anan Al-Zagha
Chief Financial Officer
- Bachelor's degree in accounting
- Birzeit University
- International Certifications: CPA
- Start date: 2020

Mr. Haitham Najjar
Chief Strategy Officer
- Master's degree in finance and administrative sciences
- New York Institute of Technology
- Start date: 2011

Mr. Ayman Dahadha
Chief Retail Banking Officer
- Master's degree in business administration
- Al-Quds University - Abu Dis
- International Certifications: CLBB
- Start date: 2021

Mr. Mahmoud Nawahda
Chief Operations Officer
- Bachelor's degree in accounting
- An-Najah National University
- Start date: 2020

Mr. Adel Hassan
Head of the Information Technology and Digital Transformation Department
- Master's degree in computer science
- Arab American University
- Start date: 2020

Mr. Mohammad Obeid
Director of Human Capital and Administrative Affairs Department
- Bachelor's degree in management engineering
- An-Najah National University
- Start date: 2022

Mr. Firas Shoman
Treasury Manager
- Master's degree in engineering
- Eastern Mediterranean University - Cyprus
- International Certifications: ACI
- Start date: 2021

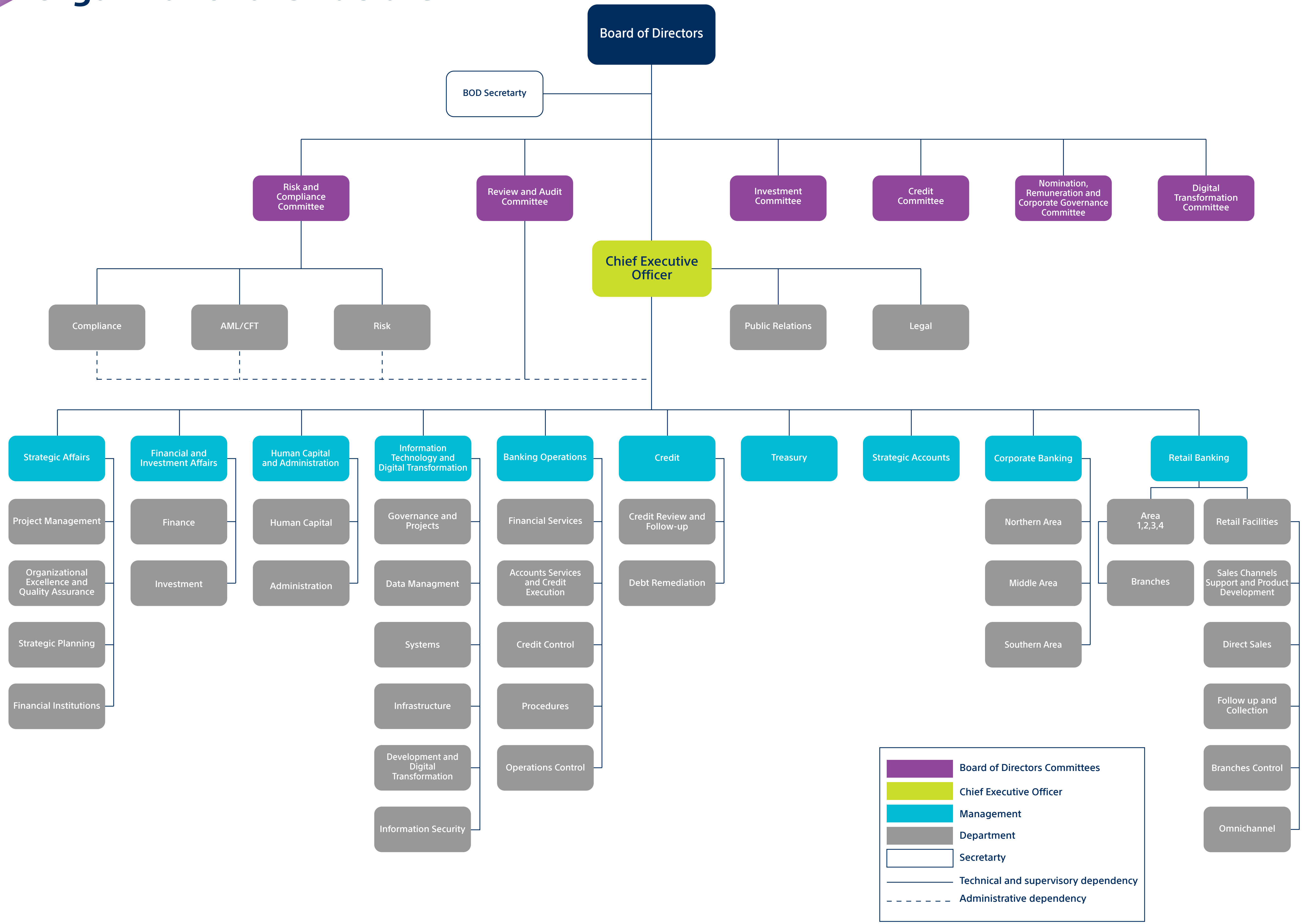
Mr. Raafat Al-Ashqar
Director of Strategic Accounts
- Master's degree in business administration
- Al-Quds University - Abu Dis
- Start date: 2012

Mr. Louay Tawil
Chief Corporate Officer
- Bachelor's degree in business administration
- Birzeit University
- Start date: 2015

Ms. Ramouz Istiti
Director of the Credit Department
- Bachelor's degree in business administration
- Birzeit University
- Start date: 2008

Ms. Reem Anani
Director of Public Relations
- Bachelor's degree in media and communication
- Birzeit University
- Start date: 2013

Organizational Structure



Controls and Monitoring Systems

The bank and its management are committed to using internal and external auditors, compliance officers and AML/CFT liaison officers and their reports on the internal control systems. They are focused on maintaining an effective and independent regulatory system in their activities and in their direct contact with Board committees. The bank realizes the importance of an effective audit department to reinforce internal control systems which support comprehensive banking controls. The Bank also has a Compliance Department to monitor and ensure compliance of the various departments with relevant laws, regulations, and instructions and submit reports to the relevant Board committees. The Bank attaches great importance to the Anti- Money Laundering Department which is the focal point that monitors effective ML/TF identification and prevention. It provides assistance and guidance to senior management to ensure effective and efficient ML/TF risk management.

The Bank ensures that the external auditor is regularly rotated, licensed and PMA accredited. The external auditor represents another level of control over the credibility of the financial statements issued by the Bank and should give an opinion on the fairness of the financial statements.

The bank ensures that written policies for all banking activities are circulated at all managerial levels and regularly reviewed to ensure any amendment or change in laws, regulations, and any other matters are included.

Internal Audit

The bank recognizes the importance of an effective Internal Audit Department to reinforce internal control systems and support comprehensive banking controls.

The department will play a role in achieving the bank's objectives through a structured systematic approach to evaluate and improve the effectiveness of risk management, monitoring, and reinforcing governance. The Internal Audit Department has a sufficient number of qualified trained personnel that are adequately remunerated. It is authorized to access any information or contact any employee. It has all the necessary authorizations to perform its duties as required. The functions and duties of the Department are as follows:

- Develop an annual risk-based audit plan and present it to senior management and the Audit Committee for review and approval. Report to the senior management and the Audit Committee on restrictions that limit the resources available for the internal audit plan.
- Ensure that each audit task in the internal plan is implemented including identifying the objectives and scope, allocating and overseeing sufficient resources, documenting work programs and test results, and reporting results with conclusions and recommendations which can be implemented by the relevant parties.
- Submit a detailed report and summary of the results of all audit visits, recommendations, and follow-up procedures to the Audit Committee. Follow-up on the audit results and any measure that needs to be taken and inform the senior management and the Audit Committee on a periodic basis of any measures which have not been effectively implemented.
- Maintain a professional team of auditors with the knowledge, skills, experience, and professional degrees to carry out an internal audit. Develop an integrated training plan for the internal audit staff, to encourage them to stay abreast of the profession's developments, ensure their commitment to the principles of honesty and objectivity and maintain confidentiality and efficiency.
- Take measures to ensure that the Internal Audit Department's work is implemented in accordance with the international framework of professional auditing practices, the requirements of control authorities and the business' policies and procedures.
- Grant auditors complete, direct and unhindered access to all functions, and allow them to examine all records, access all material assets, and contact staff in order to carry out any auditing task. The auditor will be held accountable for protecting the confidentiality of records and information.
- The Internal Audit Executive Manager shall ensure the organizational independence of the Audit Committee's internal audit activity at least once a year. They shall disclose any interference in the definition of the auditing scope and its completion and report its results. Any repercussions attributed to this interference shall be reported.
- Maintain a quality assurance and improvement program that covers all internal auditing aspects. The program includes an assessment of the extent to which the internal audit is in line with standards, an assessment of its efficiency and effectiveness, and an identification of opportunities for improvement.

External Audit

The bank is responsible for the regular rotation of the external auditor, while ensuring during the selection process that the external auditor is (1) accredited by the Palestinian Monetary Authority with the necessary professional license from relevant official and professional entities, (2) does not have any suspected conflict of interest, (3) has not received any direct or indirect credit facilities from the bank in their personal capacity

or on behalf of their spouse or children, or on behalf of any entity that they are partners in, separately or collectively, by a percentage equal to 5% or more of its shares, or are members of its board of directors. The external auditor must have no direct or indirect benefit related to the bank, or with companies affiliated with the bank. They must not be a manager or employee of the bank or any of the companies affiliated with

the bank. They must carry out their duties in compliance with international auditing standards and instructions from the PMA, as follows:

- Performing their duties according to the terms and conditions that regulate the auditing profession
- complying with international auditing standards and the Code of Professional Conduct in Auditing.
- Auditing the financial statements and accounting records of the bank in line with IFRS and IAS standards.

- Complying with the minimal disclosure requirements for the financial statements as issued by the PMA.
- Respecting full confidentiality under professional rules of conduct, and not disclosing any information they acquired by virtue of their work, even uponcompletion of their task at the bank.
- Providing the Audit Committee with a copy of their financial and administrative reports and holding a meeting with the Audit Committee at least once a year.
- Submitting an annual report to the bank's general assembly, stating that the reviewing and auditing activities of the bank and its accounts were conducted in compliance with the IAS, and expressing their opinion regarding the fairness of the financial statements for the period audited, and that they were prepared in accordance with the IFRS and IAS standards.
- Attending the general assembly meetings and answering any questions from the shareholders.
- Presenting a report to the PMA and a copy to the Board within two months from the end of the fiscal year. The report shall include the following:
  - Any violations of the provisions of the Law on banks, the PMA Law and any other applicable
  - legislations committed by the bank during the fiscal year under audit.
  - The opinion of the external auditor on the adequacy of the bank's internal control systems.
  - The opinion of the external auditor on the adequacy of the provisions to mitigate potential risks affiliated with the bank's assets and liabilities.
  - Verifying the accuracy of the data received during the audit.

Compliance at The National Bank

The National Bank has a strategic vision to be one of the leading financial institutions in Palestine, and it is fully aware that compliance is a key component to achieve this vision. To reinforce this commitment, TNB has established a set of principles that ensure good compliance practices and guide banking operations toward transparency and integrity. These principles include:

- Every employee at the bank is responsible for compliance: This includes staff at all levels. They must ensure that all banking transactions and services are conducted in accordance with legal and ethical standards.
- No fear of whistleblowing: TNB encourages reporting any violation or transgression in a safe work environment without fear of any negative repercussions.
- Profit does not come at the expense of compliance: TNB is committed to not pursuing profit at the expense of compliance with applicable laws and regulations.
- Our reputation is valuable: TNB's reputation is one of the most important pillars of its success and sustainability. Therefore, it attaches great importance to maintaining this reputation, both locally and internationally, and works diligently to ensure full compliance with all relevant laws and regulations, which enhances its position and the confidence of its customers and the financial community at large.

Compliance with Laws and Regulations:

The National Bank is committed to full compliance with all laws issued by legislative authorities, as well as the instructions and regulations adopted by the Palestine Monetary Authority. As part of this commitment, TNB continues to periodically update its internal policies and procedures to keep pace with new regulations issued by relevant authorities. It is also committed to monitoring and studying global best practices in compliance to ensure it maintains a strong reputation in local and international markets.

Role of the Compliance Department:

The Compliance Department's mission is to achieve leadership in the local financial sector by adopting global best practices that align with TNB's values. The Department is responsible for examining and assessing TNB's compliance with the internal policies and procedures approved by management, and the extent to which these policies comply with laws and regulations issued by legislative authorities.

The Compliance Department also assesses potential risks resulting from non-compliance and determines the extent of their impact on the bank. This includes conducting periodic compliance risk reviews and assessments. In the case of any deficiency or error, the necessary remedial actions are immediately taken.

Independence and Supervision:

The Compliance Department is an independent entity within TNB, monitoring and reviewing all policies, procedures, and work mechanisms to protect the bank, shareholders, and customers from any adverse consequences. It also ensures that all banking activities comply with laws and regulations and are in line with the instructions of the Palestine Monetary Authority and the Code of Best Practices for Banking Governance in Palestine. These rules and practices are implemented by the Board of Directors and all relevant departments at TNB.

Customer Interaction:

The Compliance Department is also the primary point of contact for customers in the event of complaints or suggestions. It strives to achieve the highest levels of transparency and customer satisfaction by handling complaints efficiently, in accordance with approved banking instructions and policies, in a manner that serves the customer's interests and enhances mutual trust.

The role of compliance in training and knowledge dissemination:

It is important to continuously raise awareness on effective compliance. For this reason, the Compliance Department provides comprehensive training programs for all TNB employees. These programs aim to enhance the staff's understanding of legal requirements and internal regulations, including AML/CFT laws, as well as compliance with FATCA and other international tax requirements.

Training initiatives also include disseminating knowledge about best practices in compliance and how to apply them daily. This contributes to strengthening the culture of compliance within the bank. Employees are also provided with the necessary tools to address potential challenges and risks, ensuring an effective and safe response to various situations.

Furthermore, TNB updates these programs periodically in line with legal developments and emerging financial regulations, both locally and internationally.

Disclosure and Transparency

The National Bank is committed to maintaining high levels of transparency towards shareholders, customers, and other stakeholders by disclosing accurate, sufficient, and timely information, in accordance with International Financial Reporting Standards and the instructions of the Palestine Monetary Authority. TNB is committed to the implementation of best practices in this area. It is also committed to the following:

- Ensuring that any disclosure is clear, consistent, and available to all market participants, allowing for comparison, and that it is conducted through multiple, widely accessible, and low-cost means.
- Disclosing all material information in a timely manner, ensuring that information is accessible to all parties.
- Providing meaningful and relevant information about TNB's activities to the PMA, shareholders, customers, other banks, and the public at large, with a focus on issues of concern to shareholders. TNB discloses all such information periodically and makes it available to everyone.
- Ensuring that the bank's annual reports contain sufficient and useful information allowing shareholders, investors, customers, and other interested parties to be well informed about its position.
- Maintaining communication with regulatory authorities, shareholders, customers, other banks, and the public at large.

Foreign Account Tax Compliance Act (FATCA)

TNB is committed to the gradual implementation of FATCA within a specified timeframe. FATCA is a US law aimed at preventing tax evasion by US taxpayers through non-US financial institutions and foreign investment instruments.

As for FATCA, TNB is officially registered to comply with the US Tax Compliance Law. The bank prepared a brief and a workplan to amend all of its systems to be compliant with the law. The forms for opening accounts and updating customer data were amended to be in line with the law that requires all new and current customers of the bank to fill the approved "citizenship forms", signing them and presenting them with the remaining documents required to open an account.

Investors Relations

TNB is committed to the principles of transparency and disclosure of all financial information, reports and statements in line with the instructions of the supervisory authorities, namely the Palestinian Capital Market Authority and the PMA. In 2022, a policy of disclosure and transparency, a policy for the protection of shareholders' rights, and a general framework for interaction and communication with small shareholders were approved. TNB ensures easy access by shareholders and stakeholders to this information by adhering to the disclosure instructions in the Palestine Stock Exchange in addition to its different media channels and social media accounts.

The major shareholders of the bank as of 31-12-2024 are:

Name	Number of shares	Percentage
Arkaan Real estate Company	21,736,760	19.22%
ENTERPRISE INVESTMENT COMPANY	17,980,729	15.90%
Jordan Commercial Bank	17,116,337	15.13%
Bank al Etihad/ Jordan	11,299,258	9.99%
Manal Adel Rifaat Zuraiq	7,137,253	6.31%
Samir Hilal Mohamed Zuraiq	6,651,918	5.88%
PALTEL	6,536,900	5.78%
Omar Munib Rasheed Masri	3,103,762	2.74%
Al Rowad Group for Development and Investments	2,911,215	2.57%
SIRAJ PALESTINE FUND I ,LTD	2,123,490	1.88%
Total	**96,597,622**	**85.41%**

Bank Shares Owned by Board Members and their relatives as of 31-12-2024

Name	Position	Number of shares owned personally	Number of relatives shares
Samir Hilal Mohamad Zraiq	Chairman	6,651,918	247,469
Omar Munib Rashid Masri	Vice Chairman	3,103,762	21,021,266
Dina Munib Rashid Masri	Board Member	64,661	
Ayoub Wael Ayoub Zurub	Board Member	12,434	
Manal Adel Rifat Zraiq	Board Member	7,137,253	
Kamal Ismail Mohamad Abu Khadijeh	Board Member	10,812	
Salameh Saji Salameh Khalil	Executive Manager	18,085	
Total		16,998,925	21,215,722

* Excluding relatives shares on board.

Transactions with other related parties

The bank considers major shareholders, the executive management, and majority-owned companies as related parties. Throughout the year, there were transactions with these entities consisting of deposits, credit facilities and cash margins, as follows:

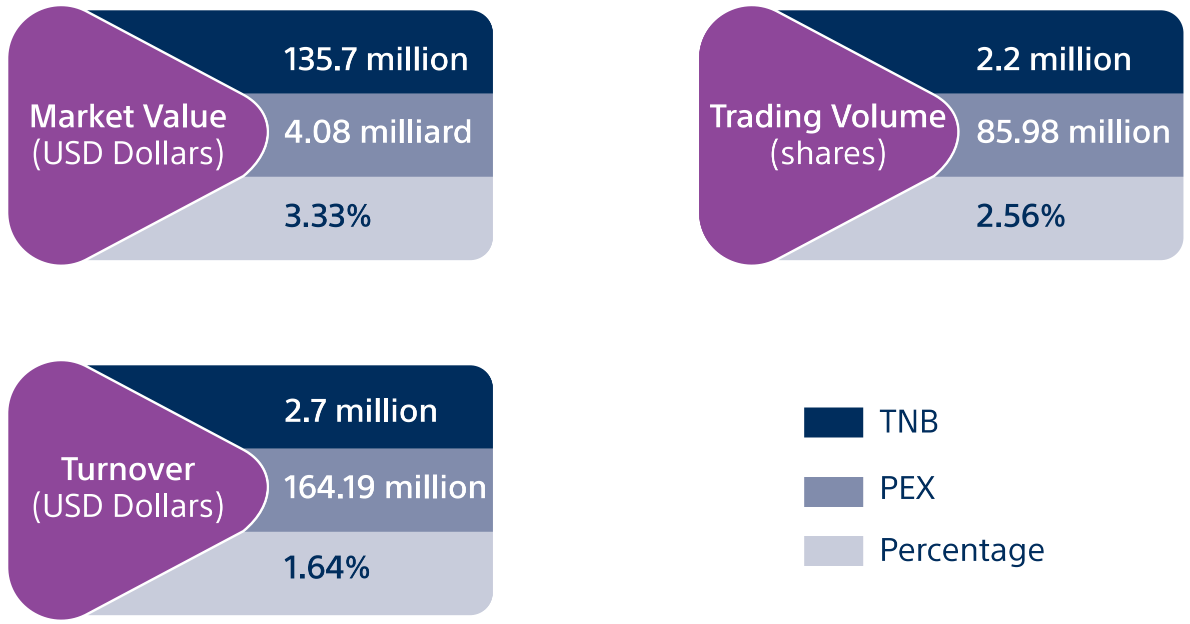
	2024	2023
	USD	USD
	Consolidated balance sheet items	
Direct credit facilities	14,415,153	13,127,287
Customer deposits	42,550,045	34,388,851
Cash margins	1,008,689	969,852
Accounts payable	209,583	204,762
Other assets	165,825	850,212
	Consolidated income statement items	
Credit interest and commissions	745,211	1,007,900
Debit interest and commissions	851,428	1,037,551
Advertisement costs, Mail and telephone	2,445,176	2,185,412
Expenses of Board Members	172,500	201,295
	Consolidated off-balance sheet items	
LGs and LCs	1,616,270	1,624,975
Unutilized credit limits	747,233	2,980,534

* Clarification 38 in the financial statements Page 150

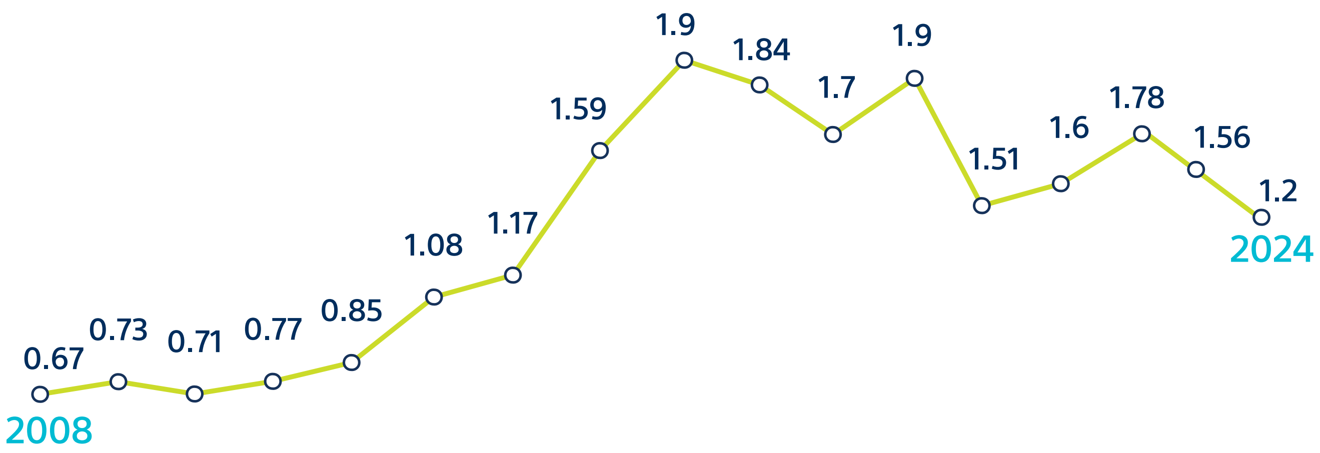
Trading activity

As of 31-12-2024, TNB had 8,258 shareholders, thereby maintaining its position as the largest bank in terms of the number of shareholders in 2024. The trading volume was at US$2,708,203 divided into 2,166,820 shares in 2024. The number of executed contracts was 353.

Highest price	Lowest price	Closing price 2024	Closing price 2023	Change %
US$ 1.60	US$ 1.15	US$ 1.20	US$ 1.56	-23.08%



Market share



	2020	2021	2022	2023	2024
Net profit after tax	(5,819,453)	8,500,085	17,001,218	14,402,180	1,025,250
Value of dividends	-	-	5.0%	-	-
Value of stock dividends	-	8.13%	-	-	-
Equity	119,488,321	145,744,808	164,624,162	172,540,872	172,540,872
Securities closing prices	1.51	1.6	1.78	1.56	1.56

Disclosures

External Auditor
Ernest and Young – Ramallah – Al Masyoun – Padico House – 7th floor
Phone number 02-2421011 P.O. Box 1373

Auditor's Fees
The auditor fees amounted to to US$831,052 during 2024.

Fines and penalties imposed on the bank during 2024
There were no penalties imposed on TNB during 2024.

Lawsuits against the bank.
The value of lawsuits filed against the bank reached US$67,677,807 on 31-12-2024. While in the opinion of the legal advisor, and the executive management of the bank they have no legal grounds.

The bank management and the legal advisor estimate that no obligations will result from these lawsuits except for what was allocated.

Control of the bank
There are no entities controlling the bank, directly or indirectly.

Reliance on Main Suppliers and Customers
TNB's procurement from the Palestine Telecommunications Company (Paltel) amounted to 19.51% of its total procurement activities. There are no major local or international customers that constitute 10% or more of TNB's total procurement activities.

Privileges
There are no governmental privileges or immunities for the bank or any of its products under laws, regulations or others. There are no patents or franchises acquired by the bank.

Non-recurring transactions
There was no non-recurring transactions in 2024 in TNB main financial activities.

Summary of Benefits of the Executive Management (salaries, bonuses and other benefits:

	2024 US US$	2023 US$
Shares of the executive management in terms of salaries and relevant expenses (short term benefits)	1,134,950	1,307,767
Share of the executive management in terms of end of service remuneration expenses (Long term benefits)	55,762	69,735
Expenses of members of TNB's Board of directors	172,500	201,295

Risk Policy and Methodology

The National Bank manages risks on a permanent and continuous basis by identifying and measuring all types of risks that the bank faces. The bank's risk management methodology is based on a holistic approach of practices and norms. The Risk Department is separate from business and operational processes departments. Business centers are the first line of defense, and there is an independent department, the Risk Department, that manages, measures and monitors risks related to the bank's various activities on an ongoing basis. The Risk Department is affiliated to the Board of Directors' Risk Committee. It acts as a second line of defense, and the risks are monitored and controlled through specific thresholds and ratios approved either by the Board of Directors or the PMA.

The effectiveness of internal controls and safety and security measures that minimize the impact on the Bank's activities are ensured as a third line of defense.

Additionally, the management and the Risk Department analyze the bank's financial statements through the Assets and Liabilities Committee. They assess various risks and take the necessary decisions to manage them in line with the management's expectations of adequate profits while maintaining reasonable and controlled levels of risk.

TNB is considered a bank of systemic importance locally. This classification is based on special indicators and determinants, including the size of the bank, the volume of its business and other indicators. This classification gives TNB a special importance locally to the banking sector and the local economy of Palestine. It also means any crisis it may be exposed to may have an impact on the economy. For this reason, the Bank developed and adopted additional control measures to monitor and predict risks. It adopted an early warning document to periodically and continuously monitor indicators related to the business and activity risks to which the bank may be exposed. In the event of any crisis, the necessary plans were put in place to address and manage risks. TNB has a crisis management policy, and has developed recovery plans and necessary solutions to ensure a return to normal as soon as possible and with minimal losses.

PMA instructions are implemented to ensure the bank's ability to handle risks by carrying out stress testing to measure risks. Scenarios and hypotheses of varying severity are developed and the bank measures the reaction to them as well as their impact on the adequacy and continuity of its capital.

TNB follows a preventive risk management methodology based on reducing risks before they occur, i.e., a preventive action approach instead of a corrective action. The implementation of the new accounting standard (IFRS9) is an important principle that will enhance this methodology, especially since it is based on measuring and hedging risks from the outset.

To ensure the proper implementation of this methodology, internal controls are monitored and reviewed, and periodic reports are submitted by the Risk Department to the senior executive management and the Board's Risk Committee. The reports address all types of risks facing the bank and give an overview of the situation.

Risks to which the bank is exposed are as follows:

Operational Risks

Operational risks are the risks of loss attributed to the failure or inadequacy of internal procedures, the human element, systems, and external events. This definition includes legal risks, reputational risks and organizational risks as adopted by the National Bank.

The identification, evaluation and management of operational risks are one of the main factors of success and prosperity and help the bank to achieve its desired goals. Operational risks arising from internal or external events may have a material impact on the bank's business and may lead to losses or failure to achieve strategic objectives. They may negatively affect the bank's reputation.

For this reason, the National Bank seeks to provide comprehensive approaches, policies and procedures and equip itself with the tools necessary to manage operational risks, strategic risks, reputational risks, outsourcing risks and fraud risks in line with best practices.

Market Risks

Market risks are current or future risks that could affect the bank's revenues and capital due to fluctuations in interest rates, exchange rates, stock prices and commodity prices.

The bank manages its market risks by adhering to the general framework set by PMA instructions. It adopts and implements various policies to regulate investments and manage assets and liabilities. The bank also has a set of procedures for these matters.

Interest Rate Risks

Interest rate risks are risks attributed to fluctuations in interest rates, which may have a negative impact on the bank's revenues and capital.

Interest rate changes can affect many investments, but they directly affect the value of bonds and other fixe income securities. Therefore, bonds and their interest rates are carefully monitored so that the appropriate investment decision is taken. In addition, there are multiple aspects of interest rate risks, mainly the difference in maturity dates against the fixed interest rate between the bank's assets, liabilities and off-balance sheet financial positions. Fluctuations in the interest rate are natural and can have a clear impact on the bank's revenues, both positively and negatively.

To ward off any risks that may arise as a result of fluctuations in interest rates, the National Bank monitors these fluctuations periodically through the Assets and Liabilities Committee and takes the necessary decisions to prevent them.

Exchange Rate Risks

They represent the losses that the bank can incur as a result of an adverse change in currency rates after maintaining long or short open positions. They can be defined as the risks that the bank faces while revaluing currencies based on floating exchange rates. This can affect the value of assets and liabilities and the bank's financial position, which may lead to significant losses.

The National Bank follows various strategies to hedge these risks, as foreign exchange positions are monitored on a daily basis to ensure they are maintained within the limits approved by the Board of Directors and compatible with PMA instructions. Any change in exchange rates for financial centers is studied and appropriate action is taken to address any potential risks.

Liquidity Risks

Liquidity risks are the risks that may lead to losses as a result of the bank's inability to meet its obligations on due dates. This is attributed to the bank's inability to provide the necessary financing or insufficient liquid assets to meet these obligations.

Liquidity crises are usually associated with the scarcity or absence of funding sources in the market as a result of a defect in the banking system, a decrease in the volume of liquidity between banks, or the occurrence of large withdrawals from the bank or the banking sector in general. Liquidity risks may also appear when cash inflows in the bank are lower than the corresponding cash outflows.

The National Bank effectively manages the liquidity gap between its assets and liabilities for the short and long term according to the principles set out in its approved policies and procedures. Management determines the appropriate mechanisms for liquidity management and the provision of appropriate liquidity sources in each period based on the circumstances at the time.

Credit Risks

Credit risk arises from a possible inability and/or unwillingness of the borrower or the third party to fulfil its obligations to the Bank in the specified times, which leads to losses.

In this context, TNB is strengthening its institutional frameworks for credit management through

organizational structures that separate credit granting from follow-up and by setting ceilings and powers for the terms and amounts of direct credit facilities (retail/ corporate). It also set out general ceilings on credit rates approved by the Board of Directors or specified in the instructions of the supervisory authority. These ceilings reduce and limit credit risks. The bank also monitors

credit risks and works continuously to assess the credit status of customers and ensure it obtains appropriate guarantees from them. The bank follows the following principles to reduce credit risks:

- Determining accepted risk levels and risk limits for the credit portfolio.
- Follow-up on the status of credit concentrations with the bank to verify there is no abuse.
- Studying the risks of any proposed new product and submitting recommendations.

Technology and Information Security Risks:

According to best practice, IT security risks are defined as risks attributed to the exploitation by a (internal or external) factor, cause or threat of weaknesses and gaps in the existing IT security environment, to negatively affect the confidentiality, integrity and availability of information and supporting technological assets, (such as information systems, databases, network systems... etc) and inflicting losses that may affect the bank's business and commercial objectives.

The National Bank manages IT security risks through a set of vital and important operations that aim to identify the true level of business risks and challenges TNB faces while using technology to achieve its objectives and carry out its commercial operations and activities. This is to ensure that decision-making processes are based on an awareness of the real levels of risks facing the bank, and to enhance the ability of the decisionmaker to take rational and relevant decisions in a timely manner. This is also to ensure a clear vision and constructive future plans that define the courses and strategies to be followed in order to respond to the existing technological risks and mitigate their effects.

Fraud Risk Awareness

Electronic fraud awareness is one of the most important means of raising awareness among customers to avoid fraud risks. TNB is committed to continuously educating its customers through its social media pages and website about the need to follow digital security measures. This includes raising awareness of the risks to which they may be exposed due to their lack of awareness of electronic fraud methods, and providing them with sound practices to counter such methods.

Anti-Money Laundering and Combating Terrorism Financing (AML/CFT)

The National Bank is committed to working within the legal frameworks related to AML/CFT efforts based on Palestinian Law No 20 updated in 2015. The bank also implements AML/CFT instructions and regulations issued by the Financial Follow-up Unit (FFU), the PMA and the FATF according to banking best practices. The bank approved a policy dedicated to combatting this crime and preventing any possible transaction through the bank. This policy is continuously reviewed

and updated in cooperation with the skilled experts in the field. A contract was signed with PWC to update the latest policy, particularly in light of the increasing risks of money laundering transactions and the diverse ML methods used given the latest technological advancements in the financial and banking sectors, and to maintain the reputation of the bank in the local and international banking community. The AML/CFT Unit carries out its work independently in accordance with the PMA instructions. The PMA is responsible for preparing periodic reports on measures taken by the bank to prevent this phenomenon. The AML/CFT Unit at the bank also follows up on financial and banking transactions to verify the compliance of branches with its considerations, by reviewing procedures carried out by each branch to verify its compliance with the relevant AML instructions. Furthermore, any suspected transaction shall be reported to the competent authority according to the Palestinian law, which is the FFU.

The bank also examines the AML/CFT monitoring environment by using best methods and practices to maintain a low-risk investment environment.

Know Your Customer (KYC)

As part of the efforts to complement the AML policy, in accordance with the instructions of the PMA and the provisions of the AML/CFT Decree Law No 20 of 2015, and to ensure the full implementation of local and international best practices in this regard, the Compliance Department and AML/CFT Unit at the bank monitor compliance with the procedures related to customer information before and after opening an account, the method for documenting these accounts, the purpose of opening such accounts, and classifying them based on the estimated level of risk. This would allow to draw a clear picture on the nature of customer activities, and would reinforce the effectiveness of control procedures, in addition to enhancing the ability to make the right decision on the way to deal with customers in different sectors.

Customer data is continuously updated, and the accuracy and effectiveness of this process is monitored to ensure the presence of customers and enhance ways of communicating with them.

Banking Secrecy Provisions

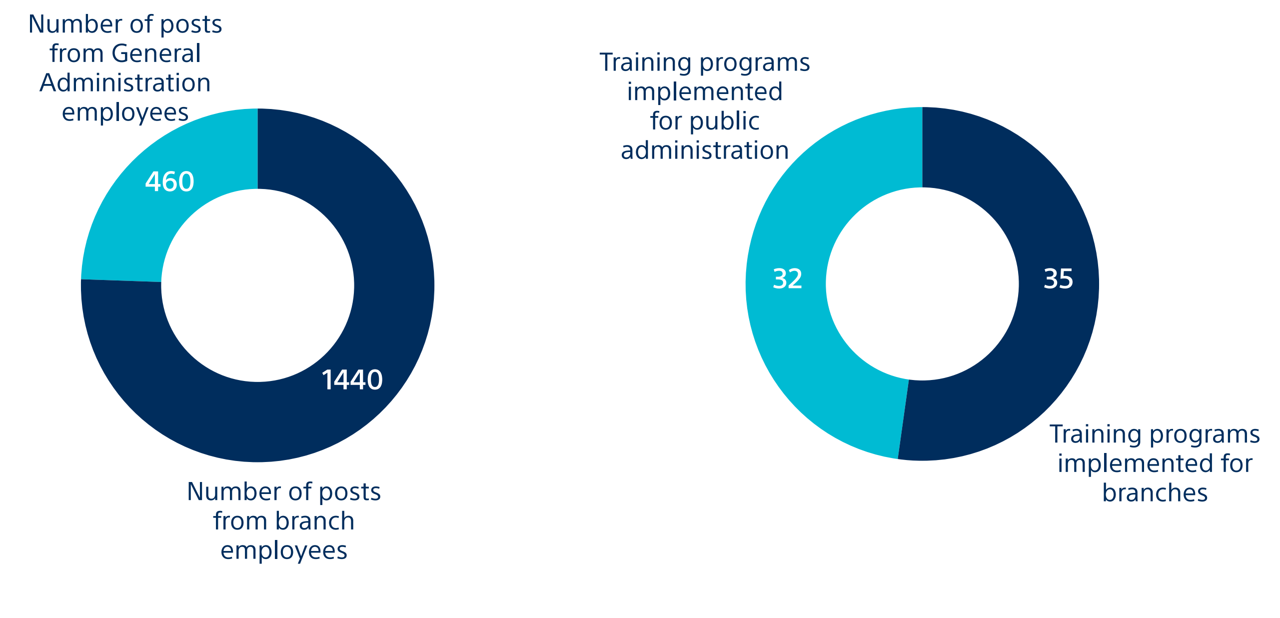
TNB remains committed to the provisions of banking secrecy through the approved policies that have been circulated to all employees, regardless of their position. It is prohibited to share any data, information or statements about customer accounts and personal data available in bank records, whether directly or indirectly, unless there is a prior written approval from the account holder or by virtue of a decision from a competent judicial authority according to Palestinian law, or regulatory authorities accredited by the PMA. No confidential information received during the performance of the employee's roles and responsibilities can be used to achieve any personal gains or in any way that violates the law or adversely affects the interest of the institution.

Human Capital

Qualification and Training Policy

In line with the strategic orientations of the Bank, aimed toward optimal human capital investment, fostering growth and development in services offered to customers, and enabling employee aspirations for career development, the Human Capital Department worked, in 2023, on fostering human cadres and invest therein. This step stems from the Department's belief in human capital as an essential driver for promoting the Bank's market value within the banking sector, securing swift response to meet customers' needs, and offering high-quality customer service.

Whereas we believe that employees, men and women alike, form the pillar and success factor of any company, we have continuously worked on intensifying human capital investment and development, thus enabling their development and task completion while providing them with various quality training programs seeking to hone their skills and prepare them for leadership positions. In 2023, focus was placed on the most significant areas of the banking sector, such as AML/CFT and compliance with the instructions issued by Palestine Monetary Authority and those in force within the field of information technology. As a result, seventy training programs were offered and attended by 1,500 employees of the Bank's branches and departments.



The most important training programs implemented in 2024:

1. New Employee Onboarding Program

   A contract was signed with an external online training company (Salalem) to engage new employees in comprehensive banking training programs through an e-learning platform - to prepare new employees for banking work and help in their career development.

   39 new employees from branches and banking operations used the online platform to receive more than 10 training courses, as follows:

   - AML/CFT
   - Information Security
   - Compliance Principles and PMA Instructions
   - Teamwork
   - Banking Operations Fundamentals
   - Equality and Gender
   - Operational Risk Management
   - Banking Business Fundamentals
   - Selling and Cross-Selling Skills
   - Whistleblowing Policy
   - Time Management

2. Whistleblowing Policy Training

   An online training program entitled "Whistleblowing Policy" was organized, with the participation of all staff, both from management and branches, in coordination with an external training company, and for all administrative levels. The organization and implementation of this training program reinforces the importance of the policy, serving as a reference for employees and providing guidance on how to submit reports of misconduct, and any act that violates TNB's regulations to the relevant higher authorities without any fear.

3. Online training to branch employees on branch supervisory procedures

   This online training program was designed for branch employees at all administrative levels. It includes several specialized training courses to enhance the supervision culture and explain the importance of branch supervisory procedures. This program was delivered online in partnership with an external training company. More than 260 branch employees at all administrative levels took part in it.

4. Professional Certificates

   According to our approved training plan to improve and develop staff skills and work efficiency, a number of employees were nominated to participate in training programs to obtain the required professional certificates, each according to their specialization. Many treasury employees obtained the ACI

certificate, External Audit Department employees obtained the CIA certificate, and Regulatory departments employees obtained CAMS and Pamla certificates.

5. Conferences

TNB took part in several conferences to enhance communication with the international banking sector and to form an external network that allows candidates to stay abreast of the latest banking developments.

6. Training University Students / Concluding 7 agreements with Palestinian universities to train students:
   - Signing contract with universities focusing on a Dual Studies Program:
     - Training 6 students from Al-Quds University (Abu Dis)
     - Training 4 students from the Polytechnic University
   - Training more than 50 university students in various branches
   - Training a number of pioneering women in cooperation with the Global Communities Foundation.

Rewards and Incentives Policy

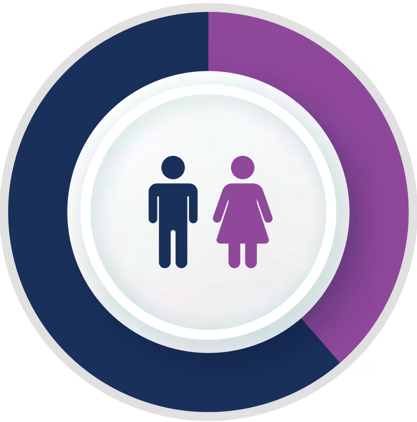
- This policy sets the provisions for granting annual rewards, instructions for assessing annual performance, and relevant executive steps.
- The performance assessment process consists of a cumulative and participatory process that allows to determine employee effectiveness and efficiency, within a specified period of time according to a set of specific pre-approved criteria and objectives applied within the framework of a balanced performance methodology.
- This policy was based upon the best recommended international practices within this field and in line with the particular aspects of business in Palestine.

Policy Objectives

- Achieve transparency and governance principles adopted by TNB with respect to performance assessment and annual rewards policies.
- Provide the board of directors and upper management of TNB with a reference on performance assessment and annual rewards policies.
- Ensure objectivity and fairness in assessing Bank employees performance, by pairing individual and institutional performance and applying the Balanced Scorecards (BSC) methodology.
- Achieve alignment with the Labor Law and instructions issued by the PMA upon determining the procedures for performance assessment and annual rewards.

Distribution based on gender

The National Bank invests in women at the workplace. In fact, it has always worked on fostering their skills, enhancing their capacities, and granting them the opportunity to compete for leadership positions. In this respect, women in leadership positions at TNB represented 33% at the end of 2024.



Bank's Staff Educational Qualifications

TNB takes pride in its human cadre, mostly featuring young employees. It seeks to develop, foster, and equip its team with the most recent advancements in multiple fields, thus reflecting the Bank's vision towards its human capital and its customers.

The table below offers an overview of the Bank's staff educational qualifications as on December 31, 2024 .

1	PhD
29	Master's
526	Bachelor
38	Diploma
72	Secondary Education or Less

Volunteer work Program

Under the slogan "My Blood is Palestinian"

TNB Employees Launch Blood Donation Initiative for Gaza People

In cooperation with the Central Blood Bank of the Palestinian Ministry of Health, the National Bank employees launched a blood donation initiative for the benefit of the people of Gaza under the slogan "My Blood is Palestinian". A mobile clinic for drawing blood was stationed for three consecutive days at TNB headquarters. The Rahma Foundation transported blood units collected by the Central Blood Bank to hospitals and treatment centers in Gaza to meet urgent health needs.

TNB employees adopt two streets adjacent to its Headquarters

In an effort by the National Bank and its employees to launch green initiatives to preserve a healthy and clean environment, TNB and the Ramallah Municipality signed a memorandum of understanding under which TNB will adopt the two streets adjacent to its head office building in Al-Masyoun for a period of six months. The initiative includes maintaining the general cleanliness of the two streets, planting their sides and the islands in the middle, in addition to carrying out the necessary painting works.

Products & Services

Our products and services

The National Bank seeks to provide comprehensive, quality and advanced banking solutions to all economic sectors, including commercial, retail, investment services and treasury. It also provides financing to small and medium projects, through its various departments and specialized, experienced and professional staff who seek to provide the best quality service to customers to meet their needs.

Retail Services

- Personal loans
- Personal housing loans
- Car loans
- Real estate loans
- Platinum VIP Customer Program
- MasterCard and Visa credit cards
- Debited current accounts
- Debit Cards

Commercial services (corporate and projects)

- Commercial loans
- Investment loans
- Working capital financing
- Financing fixed assets
- Debited current accounts
- Letters of guarantee
- Documentary credits
- Bank guarantees
- Bills of collection
- Financial consulting
- Financing new projects
- Financing productive projects
- Taxi car financing
- Financing guaranteed by gold
- Financing projects for peoplewith special needs
- Financing women empowerment projects

Treasury and investment services

- Investing in local and international bonds
- Futures service
- Precious metals and commodities market Services
- Mutual funds service
- Safekeeping service
- Real-time deals

Accounts

- “Al Watani” current account
- Joint current account
- “Al Watani” savings account
- “Hayati” savings account
- “Khoutwati” account
- Term deposit account
- Financial inclusion account

“Al Watani” savings account

“Al Watani” Savings Account is designed for all Palestinian individuals of all ages. Its goal is to provide a safe place for savings and encourage individuals to save whatever they can today on a regular basis, to find it tomorrow when in need.

Children’s Savings Account “Khoutwati”

“Khoutwati” is a children’s savings account from The National Bank designed specifically to encourage parents to save for their sons and daughters from the day they are born until they are 17. The goal is to provide a safe place for savings and encourage parents to save what they can today, on a regular basis, so their children can find it tomorrow when in need, thus providing them with a better future.

Platinum service

In line with The National Bank's policy, which aims to provide exceptional new services to customers and improve the quality of banking services and solutions, TNB created a "Platinum" department and designed a special program for VIP customers so that its elite customers can receive the utmost attention and care. They are offered exceptional professional and quick banking privileges and services which meet their personal and financial requirements.

Electronic services

Internet banking (Al Watani Online)

TNB offers the "Al Watani Online" internet banking service, which provides a unique electronic banking experience, with a modern design and various features. It facilitates electronic banking transactions in a quick and smooth manner and allows customers to access their bank accounts from anywhere and at any time, without the need to visit a branch and with the highest standards of security and privacy.

Mobile banking (Al Watani Mobile)

TNB offers mobile banking services to its customers through the "Al Watani Mobile" application, which provides a unique electronic banking experience on the mobile phone. It has a modern design and is easy to use and uncomplicated. It includes various features to facilitate electronic banking transactions, in a quick and smooth way via a mobile phone. It also allows customers to access their bank accounts from anywhere and at any time, without the need to visit a branch, and with the highest standards of security and privacy. The application is available on Google Play and the App Store.

A set of services and products have been developed and are offered through mobile banking and internet banking to keep pace with customer needs. Such services include:

- Opening of a sub-account (current and savings).
- New credit card request.
- Application for a new loan.
- Changing the main account, which allows customers to make cash withdrawals through ATMs or purchases through points of sale.
- Property tax payment.

Digital Onboarding

Through this service, individuals can open a new bank account electronically with TNB wherever they are, thus reducing the time and effort needed for opening an account in a branch.

Automated Bill Payment E-SADAD

The National Bank offers an electronic payment service, a free digital service activated through the TNB Mobile app or online banking. It allows customers to pay bills and fees at any time and with ease. Due bills and fees are paid directly from the customer's account to the service provider's account, while adhering to the highest standards of security and privacy to maintain the confidentiality of data and transactions.

The SADAD-E platform has been launched recently as a new digital payment solution by TNB. It relies on a central system that is supervised and managed by the Palestine Monetary Authority. The platform allows customers to see and pay bills and fees online. It was designed to provide customers with a unique online banking experience that facilitates the payment of bills and fees.

E-SADAD

Instant Payment System

Through the IBURAQ instant payment system, which is supervised and managed by the Palestine Monetary Authority, you can now make local transfers instantly and without commissions, via TNB Mobile and through all our branches. The instant payment service allows you to transfer money in all currencies through the app, instantly and for free, using the IBAN number, mobile number, QR code, or electronic wallet account, quickly and securely, without any effort

iBURAQ

Electronic Statement of Account

Through this service, customers can obtain a monthly statement of account for their bank accounts at TNB, without the need to visit a branch. The account statement is sent by email to the customer's email address registered with TNB.

Cardless use of an ATM

The Cardless service, or the use of an ATM without a card, is the first of its kind in Palestine allowing customers to benefit from ATM services without the having to carry an ATM card.

This service solves the problem of customers forgetting their card, or when they need to use the ATM in an emergency. TNB's customers can, through this service, perform simple banking operations through ATMs, such as a balance check, cash withdrawal, and cash deposit in ATMs.

They can also request a mini statement and transfer between accounts, without the need to carry a card.

Electronic loan application

Customers can learn more about various types of loans and submit a loan application without the need to visit the branch. This can be done by filling out the special form and sending it to TNB. A bank employee will communicate with the customer, determine the type of loan that suits their financial needs, and provide the relevant details.

Send an electronic request for a checkbook

TNB allows customers to request a checkbook electronically through its internet and mobile banking services, without the need to visit a branch. The service has several features:

- It is fully automated and does not require a human employee to examine the request and respond to it.
- The customer's classification is checked by the PMA through an electronic system linking TNB to the PMA's systems.
- An SMS text message is sent to the customer when the checkbook is ready for pickup from their chosen branch.

Digital Onboarding

Through this service, individuals can open a new bank account electronically with TNB wherever they are, thus reducing the time and effort needed for opening an account in a branch.

The Digital Service Center

Through the Digital Service Center, customers can communicate directly with TNB staff from wherever they are, and at any time, without the need to visit the bank's branches. The center's staff members are dedicated to answering questions and enquiries from clients and shareholders and providing banking services, without reliance on traditional chat robots, through social media platforms such as Facebook Messenger, WhatsApp, email, or the bank's website.

As part of its strategic plan for digital transformation, TNB pushed its customers to resort to electronic services, channels and social media platforms for their banking transactions instead of going to branches. In fact, 92,100 customers were served digitally in 2024, a 8% increase compared to 2023. In 49% of the cases, the service was provided though TNB's WhatsApp account. In terms of excellence in service delivery and quality, the customer satisfaction rate reached 4.32/5.

Contact address for the Digital Services Center

+970 598 555 555 #862 1800 111 000

TNBPalestine tnbpalestine

www.tnb.ps tnb.ps

MasterCard World Elite Credit Card

"Luxury is your choice" is TNB's slogan for the MasterCard World Elite credit card. It is offered to elite customers and features a set of exclusive benefits and services tailored to meet the aspirations of elite customers and to give them the lifestyle they deserve.

The elite customer and VIP service staff at TNB follow up on the MasterCard World Elite card to ensure a unique experience for customers wherever they are. Customers no longer need to visit a branch and are kept informed of the latest exclusive benefits and offers to benefit from all the advantages the card has to offer and enjoy financial power that exceeds their expectations!

Visa Signature Card

TNB Visa Signature card gives you many benefits and advantages that suit your lifestyle and enrich your travel experience wherever you go around the world!

The Visa Signature card is the perfect travel companion with exclusive benefits and rewards for cardholders. It presents you as a privileged customer wherever you use it. Enjoy benefits including travel insurance for multiple trips, purchase protection, emergency medical and legal referrals, and global customer assistance services. It also provides 24/7 customer service to ensure your peace of mind when you use it while traveling.

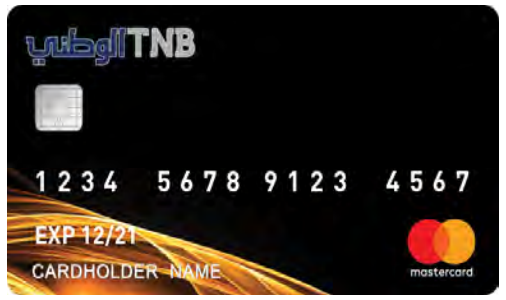
MasterCard "Platinum"

The MasterCard "Platinum" card was specially created to keep pace with your lifestyle and give you luxury. It allows you to access the finest and best services easily and conveniently from anywhere in the world. It

gives you a package of exceptional benefits and options for travel and shopping. It also gives you access to business lounges in several airports in the Middle East.

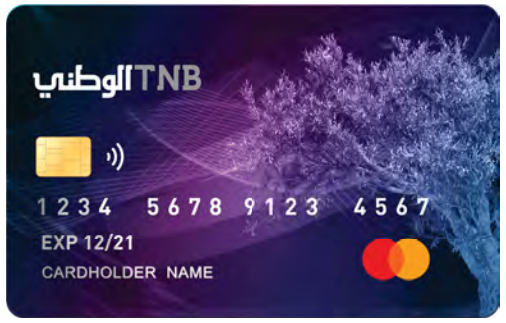
Al Watani MasterCard credit cards

Al Watani MasterCard cards are one of TNB's automated channels operating 24/7 from anywhere in the world. They allow you to access multiple banking services to withdraw cash from ATMs or pay for your purchases and services locally and internationally on the internet and at different points of sale.



Debit Card

The debit card is an ATM card and a shopping card at the same time. There is no need to carry your cash with you everywhere, as you can use your TNB "MasterCard" debit card. You can go to more than 700 ATMs of different banks in Palestine and use the Al Watani key "194" to withdraw cash without any commission. You can also use the card locally and around the world through points of sale and ATMs that have the MasterCard logo.



Other Services

Western Union

Send and receive money safely and quickly through the Western Union service from The National Bank. This service allows you to send and receive money without an account and from anywhere in the world.

Tax payment

In order not to waste time and effort, The National Bank provides you with a service for paying taxes in its branches across Palestine.

Safety deposit boxes

Do not worry about your valuables and important documents. You can keep them in safe deposit boxes provided by TNB. The deposit boxes have a high-security system, are designed in different sizes to suit the needs of all customers and are affordable.

The most important campaigns in 2024

University Tuition Payment Campaign via E-SADAD on TNB Mobile

In 2024, TNB launched a special campaign for Palestinian university students. The campaign encourages and motivates students to pay their university tuition fees for the 2024/2025 academic semester online using the E-SADAD platform on TNB Mobile, easily and securely, without any fees. It is part of a comprehensive awareness campaign in cooperation with the Palestine Monetary Authority and Palestinian universities connected to the E-SADAD system. The campaign encourages students to open bank accounts and pay their university tuition fees through the system, giving them the opportunity to enter raffles to win valuable cash prizes.

At the end of the campaign, three winners were announced. They won a cash prize equivalent to the tuition fees paid through the platform.

Campaign to Promote Electronic Payments at Gas Stations

In cooperation with the Palestine Monetary Authority, the Association of Banks in Palestine launched a special campaign to encourage citizens to make electronic payments using bank cards at gas stations. The campaign, which was co-sponsored by a number of banks operating in Palestine, including TNB, is part of the efforts to promote digital transformation and encourage the use of financial technology. It included a raffle for 1,000 cash prizes for all customers of participating banks.

The campaign features weekly raffles for (200) cash prizes worth (200) shekels for each winner. Anyone who uses their bank card to pay at gas stations is eligible to enter the raffle.

Institutional Excellence and Quality Control

As part of TNB's strategic vision and based on its commitment to providing high quality and excellent banking services, comprehensive service quality and excellence standards have been adopted and implemented across all sales channels and customer contact points, as well as across all internal departments. Supporting programs and systems have also been developed to improve the level and speed of service delivery to our customers.

This proves TNB's commitment to improving banking services, accelerating service delivery, and enhancing the experience of both current and prospective customers, by developing programs and systems that support these standards.

Service Quality and Corporate Excellence Objectives

1. Improving the experience of current and prospective customers through the development of programs and systems that support service quality.
2. Raising the level and speed of service delivery across all banking channels.
3. Promoting customer loyalty to TNB by building relationships based on trust and transparency.
4. Continuously analyzing the performance of branches and contact points to ensure the highest quality standards are met.

5. Promoting continuous training and development for employees to ensure a professional and exceptional banking experience.

Measuring Customer Experience and Promoting Loyalty

Based on a culture of service excellence, TNB periodically measures customer experience across all contact points through:

1. Periodic and unannounced field visits to branches to ensure compliance with quality standards.
2. "Voice of the Customer" programs to collect and analyze customer feedback and improve services.
3. Direct communication with customers via telephone calls and in-branch interviews to strengthen the banking relationship and develop accurate performance reports.
4. Performance analysis reports on service quality and corporate excellence to identify improvement opportunities and take the necessary remedial action.

Promoting Institutional Excellence and Service Quality at The National Bank

The National Bank continues its efforts to promote customer experience and improve service quality. The 2024 customer satisfaction survey results showed a significant improvement across various aspects of banking services, as follows:

1. 99.8% satisfaction rate of new customers opening a new account, a 2.6% increase compared to the previous year.
2. 97.7% satisfaction rate of customers who have been dealing with the bank for more than one year, a 4% increase.
3. Customer satisfaction with the digital customer service center reached 96.5%, reflecting the efficiency of digital channels in providing exceptional banking experience.

Customer Experience Management and Feedback Analysis

1. TNB communicates with customers considering terminating their business to identify the reasons and address them, leading to the continuation of the banking relationship.
2. Customer complaints are analyzed in-depth to identify root causes and take remedial and preventive measures.
3. Continuous coordination is maintained between various departments to improve the quality of services provided.

Continuous Staff Development and Improvement of the Work Environment

In an effort to develop skills and improve institutional performance, the Corporate Excellence and Quality Control Department has implemented several initiatives, including:

1. Identifying areas for continuous staff development, with a focus on the human element as one of TNB's most important assets.
2. Implementing survey and suggestion programs to measure employee satisfaction and enhance their participation in improving the work environment.
3. Training new and existing employees in service quality standards and customer service culture to ensure an integrated banking experience.
4. Periodic monitoring of employee and branch performance to ensure compliance with approved quality standards.
5. Providing a supportive and healthy work environment and implementing incentive programs that include financial and moral rewards to foster excellence and innovation in service delivery.

Gender Financial Inclusion

The National Bank: an active contributor to promoting financial inclusion for Palestinian women

Since 2015, The National Bank has been committed to supporting and promoting the financial inclusion of Palestinian women. The bank launched the first savings product dedicated to women and allocated $3.5 million in interest-free loans to support women-led productive projects, enhancing their role in the economy. TNB also pays special attention to reaching women in rural and marginalized areas through its financial programs and banking awareness efforts.

In 2024, TNB continued to make significant progress in this area, with 32% of its total customers being women. Women represent 18% of current accounts, and their percentage of savings account holders increased to 43% by the end of the year, reflecting the impact of ongoing efforts to enhance women's participation in the financial sector.

Our Social Responsibility

The National Bank adopts a different approach to social responsibility. This responsibility is not limited to donating a percentage of its net profits to support specific sectors of society. Rather, social responsibility is rooted in the core of TNB's business and integrated into its various policies, forming a comprehensive approach that serves society across its various sectors. This integrated responsibility demonstrates TNB's commitment to supporting the national economy and improving the lives of Palestinians. It seeks to preserve the environment by implementing policies that support sustainable development and reduce the environmental impact of its activities.

According to financial statements, TNB's social contributions amounted to $537,717 in 2024, making it the second largest Palestinian bank in terms of the volume of social contributions. The bank's contributions were divided among the following sectors:

	Sector	Contribution in USD	Number of institutional partnerships
1	Relief	298,337	9
2	Health and environment	11,228	2
3	Education	11,130	4
4	Development	196,575	5
5	Women empowerment	14,959	15
6	Special needs care	5,488	1
Total		537,717	36

Our sustainable projects

Environmental preservation and national energy independence

As a leader among banks, TNB acquired a stake in the "Noor Jericho" solar power plant, owned by Masader, a subsidiary of the Palestine Investment Fund. This stake will meet the energy needs of its branches and head office covered by the Jerusalem District Electricity Company. This investment represents an environmental, national, and social step. Palestine is one of the countries with the highest number of sunny days per year, and the shift to renewable energy will play an effective role and help in solving the energy crisis, while preserving the environment sustainably and using its natural resources without causing harm. The results of the reports by the end of 2024 showed that The National Bank was able to:

- Reduce carbon dioxide emissions (CO2) by 5,617,792 kg
- Reduce nitrogen monoxide emissions (NO) by 21,535 kg
- Reduce sulfur dioxide emissions (SO2) by 33,707 kg

Since 2019, The National Bank has continued its efforts to protect and preserve the environment. It has adopted sustainable practices in its operations and initiatives related to best governance practices (ESG) to achieve sustainability in its operations. TNB aspires to fully rely on alternative energy sources in its operations.

Economic Empowerment of Palestinian Women

Since 2015, the empowerment of Palestinian women has been a significant sector and a fundamental pillar of TNB's corporate social responsibility program, its business initiatives, and its product launches. The National Bank has allocated a portion of its community contributions to focus on empowering Palestinian women and promoting their financial inclusion, following the launch of the "Hayati" program, which aims to empower women economically. The total ceiling for interest-free productive loans provided by TNB to Palestinian women entrepreneurs has reached $3.5 million. The success stories of these projects and the entrepreneurs who lead them highlight real-life achievements.

Excerpts from The National Bank's Social Role in 2024

In response to the emergency humanitarian situation in Gaza

The National Bank makes a series of humanitarian relief interventions in Gaza

The National Bank's social contributions in 2024 focused on emergency humanitarian relief following the war on Gaza. It launched a series of relief interventions in cooperation with the Ma'an Development Center. This included distributing food baskets and hot meals to thousands of displaced families in shelters in the northern, southern, and central governorates, in addition to providing drinking water and bread.

The National Bank provides thousands of hot meals to displaced people in Gaza in cooperation with the Ma'an Development Center.

The National Bank provided thousands of daily hot meals during the month of Ramadan in 2024, in cooperation with the Ma'an Development Center. The program targeted shelters in the northern, southern, and central governorates. More than 12,000 meals were provided to more than 55,000 displaced people through hospitals in these areas and through Ma'an Center staff and volunteers.

TNB provides drinking water and bread amid the worsening water crisis and food insecurity in Gaza

In light of the worsening drinking water crisis in the Gaza Strip, The National Bank provided drinking water to more than 64,000 displaced people in northern Gaza through its official relief partner in the Strip, the Ma'an Development Center. Due to food insecurity, especially in the northern governorate, The National Bank provided bread to people in northern Gaza.

The National Bank cooperates with the Palestinian Alimony Fund to provide food parcels to women-headed households in the Gaza Strip

As part of its efforts to provide relief in the Gaza Strip and mitigate the effects of the war on the humanitarian situation there, The National Bank also cooperated with the Palestinian Alimony Fund to provide food parcels to women-headed households in the Gaza Strip.

TNB launched the "Good Convoys" initiative to distribute 80 tons of food supplies to Palestinian families in the West Bank.

Given the repercussions of the Gaza war on the daily economic situation in the West Bank, The National Bank also launched the "Good Convoys" initiative during Ramadan 2024, distributing 80 tons of food supplies to affected Palestinian families in the West Bank. The initiative was implemented through governorates that prepared lists of the families most in need, and TNB employees helped in delivering the parcels.

The National Bank Supports the Development of Digital Technology in Palestine

The National Bank is a Key Partner of the Flow Accelerator in the Orange Corners Program for Young Entrepreneurs

In an effort by The National Bank to promote a digital future in Palestine and help Palestinian youth in transforming their digital fintech ideas into digital programs and platforms, TNB and the Flow Accelerator signed a partnership agreement as part of the Orange Corners 2025 Program, supported by the Dutch government. The program focuses on developing pioneering technological solutions by providing comprehensive support to young entrepreneurs and enabling them to access markets.

In addition to financial support, TNB will provide a range of non-financial services, including mentorship and consultations on financial models and benchmarking, holding workshops for participants on credit management and raising their financial and banking awareness. It also participated in the committees that judged and evaluated the participants' ideas.

The National Bank Supports the Empowerment of Palestinian Women Through Education

Given the importance of education as a cornerstone of economic and social empowerment, and its contribution to an educated and informed young generation capable of building the nation, The National Bank and the Ramallah and Al-Bireh Governorates renewed their partnership agreement to provide university scholarships to female students with limited financial means. This agreement aims to support their continued education at Palestinian universities.

The National Bank Supports People with Disabilities

In 2024, The National Bank supported several initiatives for children with special needs, including the diagnosis and treatment of children with brain and behavioral disorders, in cooperation with the Takween Center.

To facilitate banking transactions for people with visual disabilities and ensure their financial inclusion, TNB developed a set of services in 2024 to meet their needs. Such services include a speaking application that allows them to listen to the content of contracts, account opening forms, and loan applications which are read directly to the customer without the need for an intermediary. Through this application, a visually impaired or blind person can, after scanning the Braille address on the brochures, listen to the details of the bank's products and learn about their terms and conditions. TNB also set up an ATM with speaker capabilities for each major governorate, to facilitate electronic transactions for the visually impaired.

The National Bank is an effective partner in promoting financial inclusion and banking education among Palestinian university students.

In 2024, The National Bank and its staff traveled throughout Palestine to promote financial inclusion among university students. The team spread banking awareness by providing a range of educational materials focused on raising awareness about electronic payments, encouraging students to rationalize the use of cash and switch to electronic channels for banking transactions. The campaign targeted nine Palestinian universities and benefited thousands of students.

International Initiatives

International Initiatives adopted and implemented by TNB

The National Bank oversees the integration of international ethical, social, and environmental initiatives into its business and adheres to best practices in implementing their principles, to guarantee an integral contribution towards developing the Palestinian society.

United Nations Global Compact

In 2013, The National Bank was proud to join the United Nations Global Compact (UNGC) initiative for business and become a signatory to the UNGC´s universally accepted ten principles for human rights, labor, environment and anti-corruption. The National Bank integrated these principles into its day-to-day operations and has since designed a variety of responsible and sustainable lending products to match the diverse and evolving needs of the Palestinian society.

The ten principles are:

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle 2: make sure that they are not complicit in human rights abuses.

Labor

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4: the elimination of all forms of forced and compulsory labor.
- Principle 5: the effective abolition of child labor.
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges.
- Principle 8: undertake initiatives to promote greater environmental responsibility.
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The Women's Empowerment Principles (WEPs)

Ever since inception, The National Bank focuses on gender equality through its unique programs, enabling women to be self-dependent and productive members of the Palestinian society. In the year 2015, The National Bank has signed the Women Empowerment Principles which is a joint initiative of the United Nations Global Compact.

The seven principles:

- Principle 1: Establish high-level corporate leadership for gender equality.
- Principle 2: Treat all women and men fairly at work – respect and support human rights and nondiscrimination.
- Principle 3: Ensure the health, safety and well-being of all women and men workers.
- Principle 4: Promote education, training, and professional development for women.
- Principle 5: Implement enterprise development, supply chain and marketing practices that empower women.
- Principle 6: Promote equality through community initiatives and advocacy.
- Principle 7: Measure and publicly report on progress to achieve gender equality.

OPIC Environmental and Social policy

The National Bank is proud to be the first bank in Palestine to adopt and implement OPIC's Social and Environmental policy. To ensure the best implementation, The National Bank has built a strict monitoring system to track its investments and projects adhering to the policy's principles on compliance with law, human rights, gender equality and women's empowerment, labour right, protection of natural habitats, conservation of biological diversity, climate change, pollution prevention and resource efficiency, public health, physical and cultural heritage and the protection of agricultural lands and soil conservation.

Branchs' Network

Headquarters
Ramallah, Al Maysoun, Mahmoud Darwish Square
Tel: 02 2946090
Fax: 02 2946114
P.O. Box 700, Ramallah, Palestine

Branches

Al Masyoun Branch:
Mahmoud Darwish Square,
the National Bank HQ
P.O. Box 700
Tel: 02 2977731
Fax: 02 2977730

Ramallah Branch:
Al Irsal Street, Al Masa building
P.O. Box 700
Tel: 02 2978700
Fax: 02 2978701

Al Maydan Branch:
Yaser Arafat Square, Ramallah
P.O. Box 700
Tel: 02 2983311
Fax: 02 2983310

Deir Jarir Branch:
Deir Jarir, Main Street
P.O. Box 700
Tel: 02 2899781
Fax: 02 2899786

Rawabi Branch:
Commercial Center, Rawabi city
P.O. Box 700
Tel: 02 2825171
Fax: 02 2825172

Icon Mall Branch:
Icon Mall, Surda
P.O. Box 700
Tel: 02 2929570
Fax: 02 2923671

Sinjel Branch:
Sinjel, Municipality building
P.O. Box 1
Tel: 02 2808070
Fax: 02 2808071

Dahyet Al Bareed Branch:
Beit Hanina, Jerusalem
P.O. Box 60376
Tel: 02 2348970
Fax: 02 2348971

Al Ram Branch:
Main Street
P.O. Box 1
Tel: 02 2348920
Fax: 02 2348921

Hizma Branch:
Main Street
P.O. Box 1
Tel: 02 2353370
Fax: 02 2353371

Eizariya Branch:
Eskan Square
P.O. Box 30
Tel: 02 2792407
Fax: 02 2792411

Nablus Branch:
Amman Street, Trust Building
P.O. Box 13
Tel: 09 2380802
Fax: 09 2380801

Rafidia Branch:
Nablus, Rafidia – Main Street
P.O. Box 200
Tel: 09 2354101
Fax: 09 2354110

Nablus Branch:
City Center, Anabtawi Building
P.O. Box 1502
Tel: 09 2382191
Fax: 09 2381958

Aqraba Branch:
City Center
P.O. Box 13
Tel: 09 2597641
Fax: 09 2597640

Jenin Branch:
Abu Sbaa Center
P.O. Box 195
Tel: 04 2502931
Fax: 04 2502930

Jenin Branch:
Alnasra street. Saad el Din Khalaf
P.O. Box 112
Tel: 04 2502088
Fax: 04 2502087

Arraba Branch:
Arraba
P.O. Box 195
Tel: 04 2469870
Fax: 04 2469871

Hebron Branch:
Al Salam Street
P.O. Box 313
Tel: 02 2216222
Fax: 02 2216231

Doura Branch:
Jaffa Street, Kazem Al Shareef Building
P.O. Box 2022
Tel: 02 2281871
Fax: 02 2281870

Bethlehem Branch:
Jerusalem Hebron Street
P.O. Box 633
Tel: 02 2771370
Fax: 02 2771371

Bethlehem Branch:
Almahd Street
P.O. Box 172
Tel: 02 2767230
Fax: 02 2767237

Tulkarem Branch:
Yasser Arafat Street, Kettaneh Building
P.O. Box 63
Tel: 09 2696980
Fax: 09 2696981

Tulkarem Branch:
City Center, Samarah W Alaraj Building, El Shemali Street
P.O. Box 330
Tel: 09 2676585
Fax: 09 2676591

Salfeet Branch:
Almadeena Almonawara Street, next to the Open University in Jerusalem
P.O. Box 55
Tel: 09 2519225
Fax: 09 25119205

OFFICES:

Nablus Municipality Office
Nablus, Nablus Municipality
Tel: 09-2333484

Hebron Court Office
Hebron, Hebron Court
Tel: 02-2255420

Doura Court Office
Doura, Doura Court
Tel: 02-2285328

Ramallah Court Office
Ramallah, Ramallah Court
Tel: 02-2422251

Salfeet Court Office
Salfeet, Salfeet Court
Tel: 09-2565847

Tulkarm Court Office
Tulkarm, Tulkarm Court
Tel: 09-2689580

Qalqelia Court Office
Qalqelia, Qalqelia Court
Tel: 09-2930778

Nablus Court Office
Nablus, Nablus Court
Tel: 09-2330405

Yatta Court Office
Yatta, Yatta Court
Tel: 09-2565847

jenin Court Office
jenin, jenin Court
Tel: 04-2502930

Tubas Court Office
Tubas, Tubas Court
Tel: 09-2573233

Halhul Court Office
Halhul, Halhul Court
Tel: 02-2244308

ATM Network

Ramallah and Al Bireh Governorate
- Al Masyoun, National Bank Building, near Mahmoud Darwish Square
- Al Maydan Branch, Yaser Arafat Square, Ramallah
- Ramallah Branch, Al Irsal Street, Al Masah Building
- Deir Jarir Branch, Main Street
- Plaza Mall, Al Balou'
- Gardens Supermarket, Al Teereh
- Atari and Ilyan Gas Station, Industrial Zone, Betunia Street
- Al Swais Gas Station, Ramallah Street – Jerusalem
- Birzeit, Harb Supermarket, Main Street
- Jawwal Headquarters, Bira, Al Balou'
- Al Sahel Street, Ramallah el Tahta, near Odeh Store
- Sinjil Branch: Municipality Street
- Ramallah el Tahta branch, Berlin Street
- Icon Mall Branch, Icon Mall, Surda

Rawabi City
- Rawabi Branch, Commercial Center

Jerusalem Governorate
- Al Ram Branch, Main Street
- Al Ram Branch, near Faisal Al Hussaini Stadium
- Dahyet Al Barred Branch; Beit Hanina
- Hizma Branch, Main Street
- Al Ezarieh Branch, El Iskan Roundabout

Bethlehem Governorate
- Bethlehem Branch, Jerusalem – Hebron
- Nativity Street, next to Nissan Halls
- Beit Jala, near Beit Jala Municipality
- Beit Sahour, Al Shaeb Market

Hebron Governorate
- Hebron Branch, Al Salam Street
- Bravo Supermarket, Ain Sara Street
- Dora Branch, Jaffa Street

Jericho Governorate
- Al Huda gas station, Main Street

Nablus Governorate
- Nablus Branch, Amman Street, Trust Building
- Rafidya, Rafidya Branch – Main Street
- Commercial Center, City Center
- Aqraba, City Center
- University National Alnajah Hospital ATM

Jenin Governorate
- Jenin Branch, Commercial Abu El Sebaa Complex
- Arraba, Arraba Branch
- Arab American University
- Prince Faisal Street (Al Makated Street)
- Jenin Branch, Alnasrah Street, Saad el Din Khalaf

Tulkarem Governorate
- Tulkarem Branch, Kittna Building
- Tulkarem Branch, City Center, Sammara w Al Araj, El Shamali Street

Salfeet Governorate
- Salfeet Branch, Almadeena Almonawara Street, next to the Open University in Jerusalem

Format and Ways of Delivering Information to Shareholders

- Distributing the annual report to shareholders through the headquarters and branches in all areas and through the mail.
- Through the bank’s website, where financial and managerial data and reports are published.
- Through the Palestinian Exchange and the Capital Market Authority websites, where financial statements are published quarterly, semi-annually, and annually.
- Announcements in local newspapers.

For more information, contact the Investor Relations Department at the National Bank on the following:

The National Bank – Headquarters

Ramallah – Al Masyoun – Mahmoud Darwish Circle

Tel: 02 2946090 extension 9022

Fax: 02 2946114

Email: IR@TNB.PS

External Auditor Report

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C.R. No. 562201038

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Independent Auditor's Report
To the Shareholders of The National Bank Ltd.

Qualified Opinion

We have audited the consolidated financial statements of The National Bank Ltd and its subsidiaries (collectively "the Bank"), which comprise the consolidated statement of financial position as at December 31, 2024, consolidated income statement, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including information about material accounting policies and information.

In our opinion, except for the potential effects of the matters described in the paragraph of the basis for the qualified opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for the Qualified Opinion

The auditor's report for Palestine Islamic Bank, an associate company owned by TNB, includes a qualification on the net book value of its assets in the Gaza Strip. The gross value, along with the related impairment losses and net book value, is disclosed in Note (49) to the consolidated financial statements. This qualification arises due to the inability to obtain sufficient audit evidence regarding the adequacy of impairments made for these assets, given the uncertainty resulting from the consequences of war on Gaza Strip. Consequently, we were unable to determine whether adjustments were necessary to TNB's investment carrying value in the associate company as of December 31, 2024, or its share of results for the year then ended. The audit report on the consolidated financial statements for the year ending December 31, 2023, was qualified for the same reason.

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Code of Ethics for professional accountants' (including International Independence Standards) (IESBA Code), In addition to the other professional conduct requirements that are appropriate to audit the consolidated financial statements in Palestine, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

In addition to the matters described in the basis for the qualified opinion paragraph, we have identified the following issues as the key audit matters to be disclosed in our report. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters, accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Expected Credit Losses "ECL" provision	
Key Audit Matter	**Audit Procedures**
The estimation process of the expected credit losses of credit facilities in accordance with IFRS (9) is important and complex as it requires significant judgement. IFRS (9) requires the use of the ECL model, which requires the Bank's management to use various assumptions and estimates to determine both the time and value of ECL in addition to applying judgment in determining the inputs within the impairment measurement process, including collaterals and default date. Given the importance of the provisions applied in IFRS (9) and the credit exposures that form a major part of the Bank's assets, ECL calculation is considered a key audit matter. Gross credit facilities amounted to U.S. $ 870,900,877 as at December 31, 2024. The related ECL amounted to U.S. $ 53,914,406 as at December 31, 2024. Accounting policies estimates and significant accounting judgments, disclosures of the ECL, and credit risk management are detailed in notes (2, 7, 35, 41 and 49) to the consolidated financial statements.	Our audit procedures included assessing the controls on procedures for granting, recording and monitoring credit facilities, and the process of measuring ECL, including the requirements of the Palestine Monetary Authority (PMA) to verify the effectiveness of the main controls are in place, which determine the impairment in credit facilities and the required provisions against them. Our procedures for testing controls also included assessing whether key controls, in the aforementioned processes had been designed, applied and effectively implemented; in addition to performing the following assessment procedures: - The Bank's policies related to the ECL provision in accordance with IFRS (9). - Key assumptions and judgments related to the material increase in credit risk, the definition of default, and the use of macroeconomic inputs to verify that the ECL amounts recorded reflect the underlying credit quality and macroeconomic trends. - The appropriateness of the Bank's staging. - The appropriateness of determining Exposure at Default (EAD), including the consideration of the cash flows repayments and the resultant arithmetical calculations. - The appropriateness of the Probability of Defaults (PD), Exposure at Default (EAD) and Loss Given Defaults (LGD) used for different exposures at different stages. - The appropriateness and objectivity of the internal evaluation of credit facilities and financing. - The accuracy and appropriateness of ECL calculation process - Credit facilities transferred between stages, and the determination basis of significant increase in credit facilities and financing risk in regard to timely identification with a significant deterioration in credit quality. - ECL calculation for credit facilities determined to be individually impaired. We also obtained an understanding of the latest developments in estimated future cash flows, current financial position and any rescheduling or restructuring agreements. - Procedures followed for collaterals valuation in accordance with the evaluation policies of the Bank. - Assessed the adequacy of the disclosures to the consolidated financial statements to ensure compliance with IFRS (9).

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Other information included in the Bank's 2024 Annual Report

Other information consists of the information included in the Bank's 2024 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. It is expected that we will be provided with the bank's annual report for the year 2024 subsequent to the date of our report on the consolidated financial statements. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information when obtaining it and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's consolidated financial statements reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

Shape the future with confidence

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern, If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report; however, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Bank audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Bank as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Bank audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements as at December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

Our appointment as the external auditor for the year ended 31 December 2024 has been made by the Board of Directors, following approval from the Palestine Monetary Authority, and is subject to endorsement at the first General Assembly meeting to be held. Furthermore, the financial statements for the year ended 31 December 2023 and the related auditor's report thereon will also be subject to the approval of the General Assembly at the same meeting.

Ernst & Young – Middle East
License # 206/2012

Sa'ed Abdallah

Ernst + Young

Sa'ed Abdallah
License # 105/2003

April 6, 2024
Ramallah – Palestine

The National Bank
Public Shareholding Company Ltd.
Consolidated Financial Statements
December 31, 2023

The National Bank Company Ltd.

Consolidated Statement of Financial Position
As at December 31, 2024

	Note	2024 U.S. $	2023 U.S. $
Assets			
Cash and balances with Palestine Monetary Authority	4	263,466,069	240,672,167
Balances at banks and financial institutions	5	172,978,700	158,394,798
Financial assets at fair value through profit or loss	6	240,000	285,600
Direct credit facilities, net	7	808,063,138	923,954,240
Financial assets at fair value through other comprehensive income items	8	5,612,892	6,332,279
Financial assets at amortized cost	9	52,397,364	51,253,674
Investment in associates	10	50,207,568	50,151,383
Property, plant and equipment	11	21,490,003	21,884,324
Right of use assets	12	6,228,480	6,755,187
Projects in progress	13	1,063,806	1,803,479
Intangible assets	14	2,724,930	2,748,420
Deferred tax assets	15	7,208,746	6,298,657
Other assets	16	7,266,989	20,329,757
Total assets		1,398,948,685	1,490,863,965
Liabilities and Equity			
Liabilities			
Banks and financial institutions' deposits	17	5,266,385	27,904,797
Customers' deposits	18	1,064,822,321	1,090,942,293
Cash margins	19	63,675,042	73,091,609
Loans and borrowings	20	54,752,832	57,489,158
Subordinated loans	21	2,000,000	18,500,000
Sundry provisions	22	7,491,491	7,333,258
Taxes provisions	23	3,147,061	4,806,531
Lease liabilities	24	6,011,748	6,485,590
Other liabilities	25	19,129,637	31,769,857
Total liabilities		1,226,296,517	1,318,323,093
Equity			
Paid-in share capital	1	113,100,000	113,100,000
Share premium	26	17,770,333	17,770,333
Statutory reserve	27	9,329,283	9,226,758
General banking risks reserve	27	3,484,033	3,484,033
Pro-cyclicality reserve	27	5,216,291	5,216,291
Fair value reserve	8	(4,023,511)	(3,109,557)
Retained earnings		27,775,739	26,853,014
Net equity		172,652,168	172,540,872
Total liabilities and equity		1,398,948,685	1,490,863,965

The National Bank Company Ltd.

Consolidated Income Statement
For the year ended December 31, 2024

	Note	2024	2023
		U.S. $	U.S. $
Interest income	28	65,100,765	66,339,127
Interest expense	29	(18,102,964)	(17,028,499)
Net interest income		46,997,801	49,310,628
Net commissions income	30	4,039,282	5,973,803
Net interest and commissions income		51,037,083	55,284,431
Foreign currency gains		4,657,571	7,073,819
Net gains from financial assets portfolio	31	150,936	205,589
Bank share of the associate's results of operations	10	250,752	1,220,996
Other revenues	32	109,458	1,942,849
Gross profit		56,205,800	65,727,684
Expenses			
Personnel expenses	33	(20,807,677)	(23,083,062)
Other operating expenses	34	(12,872,581)	(15,083,619)
Depreciation and amortization	11 & 12 & 14	(6,073,989)	(5,913,145)
Expected credit losses provision, net	35	(14,527,913)	(6,255,909)
Total expenses		(54,282,160)	(50,335,735)
Profit for the year before taxes		1,923,640	15,391,949
Taxes expense	23	(898,390)	(989,769)
Profit for the year		1,025,250	14,402,180
Basic and diluted earnings per share of the profit for the year attributable to the equity holders of the Bank	36	0,01	0,13

The National Bank Company Ltd.

Consolidated Statement of Comprehensive Income
For the year ended December 31, 2024

	Note	2024	2023
		U.S. $	U.S. $
Profit for the year		1,025,250	14,402,180
Other comprehensive income items			
Items not to be reclassified to consolidated income statement in subsequent periods:			
Change in the fair value of financial assets	8	(719,387)	(763,096)
Bank's share of associate's other comprehensive income items	8 & 10	(194,567)	(67,374)
Total other comprehensive income		(913,954)	(830,470)
Net comprehensive income for the year		111,296	13,571,710

The National Bank Company Ltd.
Consolidated Statement of Changes in Equity
For the year ended December 31, 2024

	Paid-in share capital U.S. $	Share premium U.S. $	Reserves: Statutory U.S. $	Reserves: General banking risks U.S. $	Reserves: Pro-cyclicality U.S. $	Reserves: Fair value U.S. $	Retained earnings U.S. $	Net equity U.S. $
December 31, 2024								
Balance, beginning of the year	113,100,000	17,770,333	9,226,758	3,484,033	5,216,291	(3,109,557)	26,853,014	172,540,872
Profit for the year	-	-	-	-	-	-	1,025,250	1,025,250
Other comprehensive income items	-	-	-	-	-	(913,954)	-	(913,954)
Total comprehensive income for the year	-	-	-	-	-	(913,954)	1,025,250	111,296
Transfers to reserves	-	-	102,525	-	-	-	(102,525)	-
Balance, end of the year	113,100,000	17,770,333	9,329,283	3,484,033	5,216,291	(4,023,511)	27,775,739	172,652,168

	Paid-in share capital U.S. $	Share premium U.S. $	Reserves: Statutory U.S. $	Reserves: General banking risks U.S. $	Reserves: Pro-cyclicality U.S. $	Reserves: Fair value U.S. $	Retained earnings U.S. $	Net equity U.S. $
December 31, 2023								
Balance, beginning of the year	113,100,000	17,770,333	7,786,540	3,484,033	5,216,291	(2,262,093)	19,529,058	164,624,162
Profit for the year	-	-	-	-	-	-	14,402,180	14,402,180
Other comprehensive income items	-	-	-	-	-	(830,470)	-	(830,470)
Total comprehensive income for the year	-	-	-	-	-	(830,470)	14,402,180	13,571,710
Sale of financial assets at fair value through other comprehensive income items (note 8)	-	-	-	-	-	(16,994)	16,994	-
Cash dividends (note 1)	-	-	-	-	-	-	(5,655,000)	(5,655,000)
Transfers to reserves	-	-	1,440,218	-	-	-	(1,440,218)	-
Balance, end of the year	113,100,000	17,770,333	9,226,758	3,484,033	5,216,291	(3,109,557)	26,853,014	172,540,872

The National Bank Company Ltd.
Consolidated Statement of Cash Flows
For the year ended December 31, 2024

	Note	2024 U.S. $	2023 U.S. $
Operating activities			
Profit for the year before taxes		1,923,640	15,391,949
Adjustments:			
Depreciation and amortization	11 & 12 & 14	6,073,989	5,913,145
Net gains from financial assets portfolio	31	(150,936)	(205,589)
Bank's share of the associate's results of operations	10	(250,752)	(1,220,996)
Interest on lease liabilities	24	270,402	285,858
Expected credit losses provision, net	35	14,527,913	6,255,909
Sundry provisions	22	1,385,483	1,351,266
Losses (Gains) on sale of property, plant and equipment		57,465	(562)
Other non-cash items		112,028	(262,863)
		23,949,232	27,508,117
Changes in assets and liabilities:			
Restricted balances at banks and financial institutions		4,390,365	(422,985)
Statutory cash reserve at Palestine Monetary Authority		5,920,129	3,373,957
Direct credit facilities, net		101,331,746	3,848,875
Other assets		13,062,768	3,711,922
Customers' deposits		(26,119,972)	(42,260,398)
Cash margins		(9,416,567)	(2,519,159)
Other liabilities		(12,579,274)	9,114,502
Net cash flows from operating activities before paid taxes and provisions		100,538,427	2,354,831
Taxes (paid) recovered		(3,467,949)	(2,491,867)
Payments on sundry provisions		(1,227,250)	(599,222)
Net cash flows from (used in) operating activities		95,843,228	(736,258)
Investing activities:			
Purchase of property, plant and equipment		(704,843)	(3,924,963)
Sale of property, plant and equipment		-	27,497
Projects in progress		(2,194,919)	(1,529,784)
Purchase of intangible assets		(601,440)	(514,469)
Net change in financial assets at fair value through other comprehensive income items		-	52,965
Purchase of financial assets at amortized cost		(8,295,279)	(13,552,122)
Maturity of financial assets at amortized cost		7,052,186	2,820,874
Cash dividends received		196,536	1,498,487
Net cash flows from investing activities		(4,547,759)	(15,121,515)
Financing activities:			
Cash dividends paid		(60,946)	(5,441,560)
Loans and borrowings		(2,736,326)	37,109,701
Subordinated loans		(16,500,000)	(12,500,000)
Lease liabilities paid		(1,690,305)	(1,740,736)
Net cash flows (used in) from financing activities		(20,987,577)	17,427,405
Increase in cash and cash equivalents		70,307,892	1,569,632
Cash and cash equivalents, beginning of the year		255,092,640	253,523,008
Cash and cash equivalents, end of the year	37	325,400,532	255,092,640
Interests expense paid		20,084,535	14,629,976
Interests revenue received		68,669,524	69,105,001

The National Bank Company Ltd.

Notes to the Consolidated Financial Statements
As at December 31, 2024

1. General

The National Bank Company Ltd. (the Bank) was registered in 2005 in Ramallah, Palestine under the name of "Al-Rafah Bank for Micro Finance" as a public shareholding limited company under registration no. (562601146) with its head office in Ramallah – Palestine.

The Bank provides all banking activities related to its activities within the framework of the laws in force in Palestine through its head office, its 25 branches and its 13 offices located in major Palestinian cities, as well as regular banking services. The Bank also finances the financial needs of the small enterprise sector and other sectors.

The Extraordinary General Assembly decided in its meeting held on July 29, 2021, to raise the Bank's paid-in capital by 15% and to raise the authorized capital from U.S.$ 100 million to U.S. $110 million, with a nominal value of U.S. $ 1 per share.

The Bank's issued and paid-in capital as of December 31, 2021 amounted to U.S. $ 104,553,948, with a nominal value of U.S.$ 1 per share.

The General Assembly decided in its meeting held on May 15, 2022, to increase the authorized capital from U.S.$ 110 million U.S.$ to 115 million, and to approve the board of directors' recommendation to distribute dividends as bonus shares to shareholders at a rate of 8.13% of the paid-up capital, resulting in the paid-up capital increasing to U.S.$ 113,100,000 US dollars after the increase.

The Bank's General Assembly also decided in its meeting held on May 3, 2023, to distribute cash dividends of U.S.$ 0.05 per share, amounting to U.S.$ 5,655,000.

The Bank's personnel reached (666) and (725) employees as at December 31, 2024 and 2023, respectively.

The consolidated financial statements as at December 31, 2024 were authorized for issuance by the Bank's Board of Directors on March 13, 2025.

2. Consolidated financial statements

The consolidated financial statements comprise the financial statements of The National Bank (the Bank) and its subsidiaries as at December 31, 2024.

The financial statements of the subsidiaries, which are National Islamic Investment Company (NIIC) and Watan Private Investment Company, are consolidated with the Bank's financial statements based on the consolidation of a line-by-line basis of assets, liabilities and result of the Bank with the assets, liabilities, and results of subsidiaries, after eliminating all intercompany balances and transactions between the Bank and its subsidiaries.

The reporting dates of the subsidiaries and the Bank are identical. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Bank's accounting policies.

The Bank's ownership in the subsidiaries' share capital was as follows:

	Country of incorporation and operations	Ownership %		Subscribed capital U.S.$	
		2024	2023	2024	2023
National Islamic Investment Company	Palestine	100	100	74,000,000	74,000,000
Watan Private Investment Company	Palestine	100	100	110,000	110,000

3. Accounting policies

3.1 Basis of consolidation of financial statements

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries as of December 31, 2024. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee to affect its returns.

The Bank controls an investee if, and only if, the Bank has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

The Bank re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above three elements of control. Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement from the date the Bank gains control until the date the Bank ceases to control the subsidiary. The effect of the change in the ownership percentage in the subsidiaries (without losing control of them) is recorded as transactions between owners.

All intra-Bank balances, transactions, unrealized gains and losses resulting from relating party transactions and dividends are eliminated in full.

The non-controlling interest's share of losses is recorded even if there is a deficit in the non-controlling interest's equity.

In the event that the Bank loses control over the subsidiaries, the assets (including goodwill) and liabilities of the subsidiaries and the book value of the interests of the non-controlling parties are excluded, and the surplus or deficit from the disposal is recorded in the consolidated income statement. Any remaining investment is carried at fair value.

3.2 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).

The Bank complies with the local prevailing laws, and in conformity with Palestine Monetary Authority (PMA) regulations.

The consolidated financial statements have been prepared under a historical cost basis, except for financial Instruments at fair value through profit or loss, financial assets at fair value through other comprehensive income items and financial derivatives that have been measured at fair value at the date of the consolidated financial statements.

The consolidated financial statements are presented in U.S. Dollars (U.S. $), which is the functional currency of the Bank.

3.3 Changes in accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the prior year except for the adoption of new amendments on the standards effective as of January 1, 2024 shown below:

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments were applied retrospectively from January 1, 2024 for sale and leaseback transactions entered into after the date of initial application of International Financial Reporting Standard No. (16).

The amendments had no impact on the Bank's consolidated financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

What is meant by a right to defer settlement That a right to defer must exist at the end of the reporting period

That classification is unaffected by the likelihood that an entity will exercise its deferral right. That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments were applied retrospectively from January 1, 2024. The amendments did not have a material impact on the Bank's consolidated financial statements. The amendments had no impact on the Bank's consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments were applied retrospectively from January 1, 2024. The amendments did not have a material impact on the Bank's consolidated financial statements. The amendments had no impact on the Bank's consolidated financial statements.

3.4 International Financial Reporting Standards (IFRS), new interpretations, and amendments issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's consolidated financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations when they become effective:

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only.

The Bank is working to determine all the effects of the amendments on the main consolidated financial statements and their related notes.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Bank's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

This standard will result in new presentation of the income statement with some new required totals, in addition to the disclosure of management-defined performance measures.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.o n

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The amendments are not expected to have a material impact on the Bank's consolidated financial statements.

4. Significant Accounting Policy Information

Revenues recognition

The effective interest rate method
According to IFRS (9) Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost, financial instruments designated at Fair value through profit or loss (FVTPL). Interest income on interest bearing financial assets measured at Fair value through other comprehensive income items (FVOCI) under IFRS (9). The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the consolidated statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortized through interest and similar income in the consolidated other comprehensive income statement.

Interest and similar income and expense
For all financial instruments measured at amortized cost, financial instruments designated at FVOCI and FVTPL, interest income or expense is recorded using the EIR.
The calculation takes into account all of the contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

When the recorded value of a financial asset or a bank of similar financial assets has been reduced by an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fees and commissions income
The Bank's income from fees and commissions is generated through a variety of financial services it provides to customers. Revenue from fees and commissions is recognized at the amount that reflects the consideration the Bank expects to receive in exchange for these services that have been provided. The obligations of performance, and the timing of their fulfillment, are identified and defined at the contract inception date. The Bank's revenue contracts do not include multiple performance obligations.

When the Bank provides a service to its customers, the consideration is recognized and recorded immediately upon service delivery at a specific time or at the end of the contract period for the service provided over the contract term.

The Bank considers itself the principal for the revenues it provides due to its control over the services before they are transferred to the customer.

Fees and commissions from providing services recognized over a specific time period
These fees include charges for services rendered within a defined time, accounted for the same period, including credit commissions and custodial service fees, where the customer receives and benefits from the Bank's offerings simultaneously.

The Bank's fees and commissions from services recognized over a specified time period include:

Custodial fees: The Bank charges a fixed annual fee for providing custodial services to its customers, which includes safekeeping purchased securities and processing any income from dividend distributions and interest payments. The customer's share of these services is transferred evenly over the service period, and these fees are recognized as revenue evenly throughout this period, based on elapsed time.

Credit fees integral to financial instruments such as loan origination fees, loan commitment fees that are likely to be drawn, and other related credit fees. Since the benefit of the services is transferred to the customer evenly over a specified period, the fees are recognized as revenue on a straight-line basis.

Fees and commissions from providing services recognized at a specific point in time
Fees and commissions from providing services recognized at a specific point are recognized as soon as the Bank fulfills its performance obligations and transfers control of these services to the customer. This typically occurs upon completion of a transaction or service, or against fees associated with specific performance, after meeting the performance criteria. These fees and commissions arise from negotiating or participating in negotiations for a third party, such as brokerage, where the Bank commits to successfully completing a specific deal outlined in the contract.

Brokerage fees: The Bank buys and sells securities on behalf of its customers and charges a fixed commission for each transaction. The Bank's obligation is to execute these transactions on behalf of the customer, and revenue is recognized once each transaction is executed (i.e., on the trade date) with the commission payable at the trade date. The Bank pays a sales commission to agents for each transaction in return for some brokerage work performed.

The Bank has chosen to apply the practical expedient that allows it to recognize the commission immediately because its consumption period is one year or less.

Contract balances

Contract balances are recognized in the consolidated statement of financial position as follows:

- Fees and commissions receivable included in "Other Assets," representing the Bank's right to an unconditional amount of consideration (only subject to the passage of time for its collection), measured at amortized cost and subject to the expected credit loss provision.

- Prepaid unearned fees and commissions included in "Other Liabilities," representing the Bank's obligation to transfer services to a customer for which consideration has been received in advance. The obligation from unearned fees and commissions received is recognized upon receipt or when due (whichever is earlier). Revenue from unearned fees and commissions is recognized as the bank provides the corresponding services.

Net income realized from trading

Net trading income includes all profits and losses from changes in fair value, related interest income or expenses, and dividend distributions for financial assets and liabilities held for trading.

Dividend income revenues

Dividend income revenues or losses are realized from trading investments in financial assets are recognized upon completion of the trading operation, and dividend income from invested companies is recognized when there is a right to receive it.

Net loss from financial assets and liabilities at fair value through profit or loss

Net loss from financial assets and liabilities at fair value through profit or loss represents non-trading derivatives held for risk management in economic hedging relationships but not designated in financial hedging relationships for assets and liabilities at fair value through profit or loss, as well as non-trading assets at fair value through profit or loss, as required by International Financial Reporting Standard (IFRS 9). This includes changes in fair value, interest, dividends distributed, and exchange rate differences.

Net loss from the derecognition of financial assets at amortized cost or through other comprehensive income items

Net loss from the derecognition of financial assets at amortized cost or through other comprehensive income items includes net loss or profit from the exclusion of financial assets at amortized cost recognized upon sale or derecognition, calculated based on the difference between the carrying amount (including any impairment) and the proceeds received.

Rental and service revenues

Rental and service revenues are classified from leasing contracts that do not transfer the risks and benefits of ownership from the lessor to the lessee as operating leases. The cost incurred in operating lease contracts is added to the book value of the leased asset and recognized as rental income over the lease period.

Financial Instruments – Initial Recognition

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

Day 1 for profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognizes the difference between the transaction price and fair value in net income of the bank. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

Measurement categories of financial assets and liabilities

The Bank classifies its financial assets (Debt Instruments) based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost
- Fair value through other comprehensive income
- Fair value through profit or loss

The Bank classifies and measures its derivative and trading portfolio at FVTPL. The Bank may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

Financial Assets and Liabilities

The Bank only measures due from banks, loans and advances to customers and other financial investments at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below:

Business model assessment
The Bank determines its business model at the level that best reflects how it manages banks of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

The Business model assessment depends on reasonably expected scenarios without taking into consideration the "worst-case" or "stress test" scenarios.

If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The solely payments of principal and interest (SPPI test)
As a second step of its classification process the Bank assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Derivatives recorded at fair value through profit or loss
A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Bank enters into derivative transactions with various counterparties. These include interest rate swaps, futures and cross-currency swaps. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied.

Debt instruments at FVOCI
The bank applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost.

Where the bank holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to the consolidated income statement.

Equity instruments at FVOCI
Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS (32) Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to the consolidated income statement. Dividends are recognized in consolidated income statement as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets at fair value through profit or loss
Financial assets and financial liabilities at FVTPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in Consolidated income statement with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the Consolidated income statement. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earnt on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in Consolidated income statement as other operating income when the right to the payment has been established.

Financial guarantees, letters of credit and unutilized facilities ceilings
The Bank issues financial guarantees, letters of credit and loan commitments. Financial guarantees are initially recognized in the consolidated financial statements (within other liabilities) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the consolidated income statement as provision for expected credit losses.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the ECL requirements.

The premium received is recognized in the consolidated income statement net of fees and commission income on a straight-line basis over the life of the guarantee.

The Bank occasionally issues loan commitments at below market interest rates drawdown. Such commitments are subsequently measured at the higher of the amount of the ECL and the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

Derecognition of financial assets and liabilities
Derecognition due to substantial modification of terms and conditions

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage (1) for ECL measurement purposes.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition.

Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification

A. Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a bank of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.
The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients

- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset

Or

- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Bank's continuing involvement, in which case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

B. Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in consolidated income statement.

Impairment of financial assets

Overview of the ECL principles

Applying the International Financial Reporting Standard No. (9) has fundamentally changed the method of calculating the impairment loss on facilities for the Bank through the approach of the expected credit loss method with a forward-looking view instead of recognizing the loss when the loss is incurred according to International Accounting Standard No. (39) from January 1, 2018.

The Bank recorded the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts "financial instruments".

Equity instruments are not subject to impairment test under IFRS (9).

The ECL allowance is based on the credit losses expected to arise over 12 months' expected credit loss (12mECL). Unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the life of the asset (the lifetime expected credit loss or "LTECL").

The 12mECL is the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit loss has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its financial assets into stage (1), stage (2) and stage (3), as described below:

Stage (1)	When financial assets that its credit risk haven't increased dramatically since initial recognition, the Bank recognizes an allowance based on 12mECLs.
Stage (2)	When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs.
Stage (3)	Financial assets considered credit impaired. The Bank records an allowance for the LTECLs.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a portion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

<u>The calculation of ECLs</u>
The Bank calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation of the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD	The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
LGD	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as percentage of the EAD.

When estimating the ECLs, the Bank considers three scenarios (a base case, best and worst). Each of these is associated with different percentages of PDs, EADs and LGDs.

The mechanics of the ECL method are summarized below:

Stage (1)	The 12mECL is calculated as the portion of LTECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
Stage (2)	When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage (3)	For financial assets considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage (2) assets, with the PD set at 100%and the PD is larger than stage (1) and 2.
Loan commitments and letters of credit	When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financial asset is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the commitment.

<u>Credit cards and other revolving facilities</u>
The Bank does not limit its exposure to credit losses to the contractual notice period, but, instead, calculated ECL over a period that reflects the Bank's expectations of the customers' behavior, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products.

The interest rate used to discount the ECLs for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

<u>Bad debt not previously provided for and written off</u>
The facilities that its borrower passed away and do not have sufficient collaterals are written-off in accordance with PMA instructions.

<u>Forward looking information</u>
In its ECL model, the Bank relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Inflation rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Bank's accounting policy for collateral assigned to it through its lending arrangements under IFRS (9) is the same is it was under IAS (39) and PMA instructions.

Collateral, unless repossessed, is not recorded on the Bank's consolidated statements of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using appropriate methods. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers.

Repossessed Collaterals

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold taking into consideration the relevant PMA instructions. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are categorized as assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date, in line with the Bank's policy.

In its normal course of business, the Bank engages external agents to recover funds from repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customer/ obligators. As a result of this practice, the residential properties under legal repossession processes are not recorded on the consolidated statement of financial position.

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery taking into consideration PMA instructions with regard to this matter.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are deducted from expected credit loss expense.

Forborne and modified facilities and financing

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to the otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties. Modifications may include extension of payments or agreeing to new financing terms. Classification decisions between Stage (2) and Stage (3) are determined on a case-by-case basis.

Lease Contracts

The Bank assesses at contract date whether it is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration paid.

The Bank applies a unified recognition and measurement methodology for all leases, except for short-term leases and leases of low-value assets. The Bank recognizes lease liabilities of lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the bank and payments of penalties for terminating a lease, if the lease term reflects the bank's exercising the option to terminate as per the lease contract.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the bank uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Fair value measurement

The Bank measures some of its financial instruments, and non-financial assets such as investment properties, at fair value at the consolidated financial statements date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:

- Level 1 —Quoted (unadjusted) market prices in active markets
- Level 2 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Certified external appraisers participate in the valuation of material assets. After discussions with the appraisers, the Bank selects the methods and inputs to be used for the valuation in each case.

For the purpose of disclosing the fair value, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Investment in associates

Investment in an associate is accounted for using the equity method. An associate is an entity over which the Bank has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, investment in an associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in Bank's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Bank's share in the associate's results is recorded in the consolidated income statement. Unrealized gains and losses resulting from transactions between the Bank and its associate are eliminated to the extent of its interest in the associate.

The reporting dates of the associates and the Bank are identical and the associates' accounting policies conform to those used by the Bank for like transactions and events in similar circumstances.

After application of the equity method, the Bank determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Bank determines whether there is objective evidence that the investments in the associates are impaired, if there is such evidence, the Bank calculates the amount of impairment as the difference between the recoverable amounts of the associates and their carrying value, then recognizes the difference in the consolidated income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any, such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other costs are recognized in the consolidated income statement as incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets (except for land) as follows:

	Useful life (Years)
Real estates	40
Furniture, equipment and leasehold improvements	5-20
Computers	6
Vehicles	6
Solar Energy	10-20

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Business acquisitions and goodwill

Business acquisitions are accounted for using the acquisition method. The acquisition cost represents the total fair value of the consideration paid on the date of acquisition and the value of the non-controlling interests in the acquire. At any Business acquisition, the Bank assesses the non-controlling interests' share of the acquired at fair value. Acquisition costs are recognized in the consolidated income statement.

Upon acquisition, the Bank evaluates and classifies the financial assets and liabilities of the acquired in accordance with the contractual terms and economic conditions at the date of acquisition.

In the case of a Business acquisition as a result of the acquisition, the investment previously classified as the acquired is measured at fair value on the date of acquisition. The difference between the fair value and the carrying amount of an investment previously recognized is recognized in the consolidated income statement.

Goodwill arising from the acquisition of subsidiaries is recognized at cost, which represents the increase in the consideration transferred from the Bank's share of net assets and liabilities acquired from the subsidiary. If the consideration is less than the fair value of the net assets of the subsidiary, the difference is recognized as gain in the consolidated income statement.

Subsequent to initial recognition, goodwill is recognized at cost less any accumulated impairment losses. For the purpose of carrying out a study on impairment of goodwill, goodwill is allocated at the acquisition date to the units or bank of units generating cash and expected to benefit from the consolidation process, regardless of whether the other assets and liabilities of the Bank have been allocated to these units or not.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment of non-financial assets
The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other banks' assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiplies quoted share prices for publicly traded companies or other available fair value indicators.

Intangible Assets
Intangible assets acquired through mergers are stated at fair value at the date of acquisition, while other intangible assets (not acquired through mergers) are recorded at cost.

Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives using the straight-line method and recorded as an expense in the consolidated income statement. Intangible assets with indefinite lives are reviewed in statement income for impairment as of the consolidated financial statements date, and impairment loss is recorded in the consolidated income statement.

Intangible assets resulting from the banks operations are not capitalized. They are rather recorded in the consolidated income statement in the same period.

Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

Intangible assets with a finite life are recorded at cost less annual amortization. The intangible assets include computer software and programs. The Bank management estimates the useful life in a straight-line method over the expected useful life which ranges from five to ten years.

Financial derivatives
Derivative financial instruments (such as foreing currencies forward deals, future interest contracts, swap contracts, foreign exchange options rights) are recognized in the consolidated statement of financial position at fair value .

Derivatives held for hedging purposes
Fair value hedges: A hedge against the risk of changes in the fair value of the bank's assets and liabilities. If the conditions for a fair value hedge are applicable, the gains and losses resulting from the change in the fair value of the hedged derivative financial instruments and the change in the fair value of the hedged assets or liabilities are recorded in the consolidated income statement.

Cash flow hedges: It is the hedging of the risks of changes in cash flows of the current and expected assets and liabilities of the bank that have an impact on the consolidated income statement. If the conditions for an effective cash flow hedge apply, the gains or losses resulting from the change in the fair value of the hedging instrument are recorded in the other comprehensive income items and transferred to the consolidated income statement in the period in which the hedged cash flow affects the consolidated income statement.

Hedges to which the conditions for effective hedging do not apply, gains or losses arising from the change in the fair value of the hedging instrument are recorded in the consolidated income statement.

Hedging of a net investment in foreign units: If the hedging conditions apply to the net investment in foreign units, the profits or losses resulting from the change in the fair value of the hedging instrument are recorded within the items of other comprehensive income, and are transferred to the consolidated income statement when the investment in the foreign unit is sold.

Hedges for which the conditions for effective hedging do not apply to the gains or losses arising from the change in the fair value of the hedging instrument are recorded in the consolidated income statement.

Derivatives held for trading purposes
The fair value of derivative financial instruments held for trading purposes is recognized in the consolidated statement of financial position, and the change in fair value is recorded in the consolidated statement of income.

Projects in progress
The projects in progress represent the costs of establishing, finishing, expanding and improving the Bank new branches and other projects that have not ended up to the date of the consolidated financial statements. Upon completion of the execution of each project it will be transferred to property, plant and equipment or intangible assets. A decrease in the carrying amount of projects in progress is recorded when there is evidence that the carrying amount of the projects cannot be recovered. If such indicators exist, the carrying amount of the projects is reduced to the recoverable amount.

Offsetting
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and the Bank intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Capital cost of issuing or buying the Bank's shares
Cost arising from the issuance or purchase of the bank's shares are charged to retained earnings (net of the tax effect of these costs, if any). If the shares issuance or purchase process is incomplete these costs are recorded as expenses in the consolidated income statement.

Assets under management on behalf of customers
These represent the accounts managed by the bank on behalf of its customers, but do not represent part of the bank's assets. The fees and commissions on managing these accounts are taken to the consolidated income statement. Moreover, a provision is taken for the decline in the value of capital-guaranteed portfolios managed on behalf of its customers.

Provisions
Provisions are recognized when the Bank has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Taxes provision
International Accounting Standard No. (12) mandates the recognition of temporary timing differences as of the date of the consolidated statement of financial position as deferred taxes. As a result, the Bank may record deferred tax assets or liabilities. Deferred taxes are the taxes expected to be paid or recovered due to temporary timing differences between the values of assets or liabilities in the consolidated financial statements and the values used for calculating taxable profit. Deferred taxes are calculated using the liability method in the consolidated statement of financial position and are computed according to the tax rates expected to be applied when the tax obligation is settled or the deferred tax assets are realized.

Tax expenses due are calculated based on the taxable profits, which differ from the profits reported in the consolidated financial statements as the reported profits include non-taxable revenues or expenses not deductible in the fiscal year but in subsequent years, or acceptable tax losses carried forward, or items that are not taxable or deductible for tax purposes.

A netting is conducted between deferred tax assets and deferred tax liabilities, and the net amount is only shown in the consolidated financial statements when there are enforceable legal rights and when they are settled on a net basis or when the realization of assets and settlement of liabilities occur simultaneously.

Provision for employees' benefits
Provision is made for employees' benefits is estimated in accordance with the Labor Law effective in Palestine and the Bank personnel's policy.

Foreign currencies
Transactions in foreign currencies during the year are recorded at the exchange rates prevailing on the date of the transactions.

Monetary assets and liabilities are converted at average foreign exchange rates prevailing at the date of the consolidated statement of financial position.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are reconverted into U.S. $ on the date that the fair value was determined.

Gains and losses arising from converting foreign currencies into US dollars are recorded in the consolidated income statement.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, balances with PMA, balances with banks and financial institutions, less balances with banks and financial institutions maturing after three months and banks and financial institutions' deposits and statutory cash reserve.

Segments information
A business segment consists of assets and operations providing goods or services that are exposed to risks and returns different from those of other business segments.

A geographic segment relates to goods or services within an economic environment exposed to risks and returns different from those of other segments working in other economic environments.

Use of estimates
The preparation of consolidated financial statements and the application of accounting policies require management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and the disclosure of the consolidated financial statements. Due to the use of these estimates and assumptions, actual results may differ from estimates and may require an adjustment to the carrying amounts of future assets or liabilities.

Other disclosures that indicate the Bank's exposure to risks include the following clarifications:

- Risk management (note 42)
- Capital management (note 46)

In the Bank's management's belief that its estimates within the consolidated financial statements are reasonable, and they are as follows:

Impairment of goodwill
The determination of impairment of goodwill is based on an estimation of the value in use of the cash-generating units over which goodwill has been distributed. This requires estimating the future cash flows from the cash-generating units and choosing the proper discount rates to calculate the present value of those future cash flows.

Useful lives of tangible and intangible assets
The Bank's management reassesses the useful lives of tangible and intangible assets., and makes adjustments if applicable, at each financial year end.

Determining the lease term for contracts with renewal and termination options
The Bank determines the lease term as the non-cancellable period of the lease, plus any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

Legal case provision
The legal cases brought against the Bank are allocated to meet any legal liabilities based on the opinion of the Bank's legal advisor.

Provision for employees' benefits
The Bank management uses certain estimates and assumptions to determine the amount of employee benefits. Management believes that these estimates and assumptions are reasonable. Employees benefits expense for the year was charged in accordance with the Palestinian Labor Law and in line with international accounting standards.

Provision for income tax
The Bank's management uses certain estimates in determining the provision for income tax. The Bank's management believes that the estimates and assumptions used are reasonable. Provisions for income tax expense for the year was charged in accordance with the laws and regulation of the region at which the bank operates, and in line with international accounting standards.

Financial assets at amortized cost
The management periodically reviews the financial assets that appear at amortized cost to estimate any impairment in their value, and the impairment is taken into the unconsolidated income statement for the year.

Fair Value of financial instruments
The determination of the ECL provision for credit facilities requires the Bank's management to make assumptions and judgments to estimate the amounts and timing of future cash flows, as well as to estimate any significant increase in the credit risk of financial assets after initial recognition, and to consider future measurement information for ECL.

Going concern principle

These financial statements have been prepared on a going concern basis. The Board of Directors believes that all available measures are being taken to maintain the Bank's continuity and continue its operations in the current business environment and economic conditions as depicted in note (49), noting that the majority of the Bank's business, revenues and cash flows are achieved in the West Bank.

Expected credit losses (ECL) provision

Financial assets are assessed for impairment on the basis described in "impairment of financial assets".

The provision for ECL is reviewed in accordance with the principles established by the Palestine Monetary Authority and IFRS (9). The determination of provision for ECL expected from management requires judgments and judgments to be made to estimate the amounts and timing of future cash flows, as well as to estimate any significant increase in the credit risk of financial assets after initial recognition, taking into consideration future measurement information for ECL.

The Bank has calculated the provision for ECL for financial assets in accordance with international reporting standards and is consistent with the instructions of the PMA.

The Bank's policy of identifying the common elements to measure credit risk and ECL on an individual basis is based on:

- Retail portfolio: individual basis at facility/ customer level
- Corporate portfolio: individual basis at facility / customer level
- Deposits at Financial Institutions and PMA: individual basis at facility / bank level
- Debt instruments measured at amortized cost (bonds): individual basis at instrument level.
- Off –balance sheet items: individual basis at facility / customer level

Inputs, assumptions and techniques used for ECL calculation – IFRS (9) methodology

Key concepts in IFRS (9) that have the most significant impact and require a high level of judgment, as considered by the Bank while determining the impact assessment, are:

- Assessment of significant increase in credit risk (SICR)

To assess whether the credit risk on a financial asset has increased significantly since origination, the Bank compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Bank's existing risk management processes.

The assessment of significant increases in credit risk will be performed quarterly for each individual exposure based on the below factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage (1) to Stage (2):

- Management has established thresholds for significant increases in credit risk based on movement in the customer's internal credit grade and the related PDs relative to initial recognition.
- IFRS 9 (Financial Instruments) includes a presumption of a significant increase in credit risk for financial instruments that have defaulted and matured for more than 30 days. In this regard, the Bank has approved a 30-day period.
- All performing facilities with DPD greater than or equal to 30 DPD on previous quarter
- Any customer identified by the senior management / Board as having significant increase in credit risk and enhanced monitoring is required.
- All facilities that have been restructured in the past due to credit risk related factors or which were NPL in the past 12 months to be considered Stage 2.
- All facilities working in high credit risk industries (identified at assessment date if any)
- All facilities identified by regulatory authorities or government to have an SICR.
- All customer exposures breaching debt covenants.
- All corporate customers that have decrease in Expected Cash flow and liquidity issues, assessing feasibility studies for new projects, increase in debt ratios etc.
- Two or more notches decrease in the financial assets rating.
- The Bank rebuts the 30 days past due rule if the Bank has reasonable and supportable information that is available without undue cost or effort and demonstrates that the credit risk has not increased significantly since initial recognition.

Movements between Stage (2) and Stage (3) are based on whether financial assets are credit- impaired as at the reporting date. The determination of credit-impairment under IFRS (9) will be similar to the individual assessment of financial assets for objective evidence of impairment under IAS (39), as mentioned in the " Definition of default" below.

- Macroeconomic factors, forward looking information and multiple scenarios

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment in cooperation with international expert in this area.

PD, Loss Given Default (LGD) and Exposure at Default (EAD) inputs used to estimate Stage (1) and Stage (2) credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

- Definition of default

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes including the comprehensiveness of the definition of quantitative and non-quantitative information during the selection process IFRS (9) does not define default but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due. In addition to some qualitative factors such as financial difficulties, bankruptcy, death or others.

- Expected Life

When measuring ECL, the Bank must consider the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Bank is exposed to credit risk and where the credit losses would not be mitigated by management actions.

IFRS (9) governance

To ensure proper compliance of the IFRS (9) implementation, a steering committee was formed consisting of the Risk Management Manager, Credit Quality Head, Chief Financial Officer, and other related Banks' department including the Bank's head of IT. The steering committee is responsible to provide decisions / feedback on the work plan regarding implementation and adoption of IFRS (9) to ensure all relevant policies and procedures are updated in line with the new requirements and systems are modified / updated for the new requirements, in addition to present the ECL results to the top management and related Committees of the Board of Directors.

4. Cash and balances with Palestine Monetary Authority

The details of this item is as follows:

	2024	2023
	U.S. $	U.S. $
Cash on hand	155,517,923	109,526,365
Balances with PMA:		
Current and demand accounts	11,118,055	28,431,532
Statutory cash reserve	97,101,356	103,021,485
	263,737,334	240,979,382
Provision for expected credit losses	(271,265)	(307,215)
	263,466,069	240,672,167

- According to Palestine Monetary Authority's instructions No. (10/2022) regarding the statutory cash reserve, the Bank should maintain a restricted-withdrawal statutory reserve balance with Palestine Monetary Authority at 9%of the deposits included in the mandatory reserve pool, in addition to 100%of the dormant balances. A percentage of 20%of this reserve is allocated to meet the results of clearing and settlements under the name "Settlement Reserve". The Bank may not dispose of the mandatory reserve with Palestine Monetary Authority, with the exception of the settlement reserve, which the Bank is allowed to exploit in accordance with the instructions in force. According to PMA circular number (2/2012) the outstanding balance of credit facilities granted in Jerusalem for some sectors are deducted before the statutory reserve is calculated.
- PMA does not pay interest on statutory cash reserves, current and demand accounts.

Following is the summary of the movement on the gross balances with PMA:

	2024			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	131,453,017	-	-	131,453,017
Net change during the year	(23,233,606)	-	-	(23,233,606)
Balance, end of the year	108,219,411	-	-	108,219,411

	2023			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	133,079,225	-	-	133,079,225
Net change during the year	(1,626,208)	-	-	(1,626,208)
Balance, end of the year	131,453,017	-	-	131,453,017

The movement on the provision for expected credit losses for the balances with the Palestine Monetary Authority is as follows:

	December 31, 2024			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	307,215	-	-	307,215
Net re-measurement of expected credit losses for the year	(35,950)	-	-	(35,950)
Balance, end of the year	271,265	-	-	271,265

	December 31, 2023			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	320,650	-	-	320,650
Net re-measurement of expected credit loss for the year	(13,435)	-	-	(13,435)
Balance, end of the year	307,215	-	-	307,215

5. Balances at banks and financial institutions

	2024	2023
	U.S. $	U.S. $
Local banks and financial institutions:		
Current and demand accounts	7,829,269	5,626,173
Deposits maturing within 3 months	1,000,000	23,603,757
	8,829,269	29,229,930
Foreign banks and financial institutions:		
Current and demand accounts	22,729,693	59,591,242
Deposits maturing within 3 months	141,481,537	69,618,293
	164,211,230	129,209,535
	173,040,499	158,439,465
Provision for expected credit losses	(61,799)	(44,667)
	172,978,700	158,394,798

- Non-interest bearing balances at banks and financial institutions amounted to U.S. $ 30,558,962 and U.S. $ 65,217,415 as at December 31, 2024 and 2023, respectively.
- Restricted balances at banks and financial institutions amounted to U.S. $ 9,009,560 and U.S. $ 13,399,925 as at December 31, 2024 and 2023, respectively.

Following is the summary of movement on the gross balances with banks and financial institutions:

	December 31, 2024			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	158,439,465	-	-	158,439,465
Net change during the year	14,601,034	-	-	14,601,034
Balance, end of the year	173,040,499	-	-	173,040,499

	December 31, 2023			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	205,454,585	-	-	205,454,585
Net change during the year	(47,015,120)	-	-	(47,015,120)
Balance, end of the year	158,439,465	-	-	158,439,465

The movement on the provision for expected credit losses for the balances at banks and financial institutions is as follows:

	December 31, 2024			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	44,667	-	-	44,667
Net re-measurement of expected credit loss for the year	17,132	-	-	17,132
Balance, end of the year	61,799	-	-	61,799

	December 31, 2023			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	8,846	-	-	8,846
Net re-measurement of expected credit loss for the year	35,821	-	-	35,821
Balance, end of the year	44,667	-	-	44,667

6. Financial assets at fair value through profit or loss

	2024	2023
	U.S. $	U.S. $
Quoted shares listed at Palestine Exchange	240,000	285,600
	240,000	285,600

The Bank recorded the valuation losses in the consolidated income statement of an amount of U.S. $ 45,600 as at December 31, 2024, compared to valuation gains in the consolidated income statement of an amount of U.S. $ 50,400 as of December 31, 2023 (Note 31).

7. Direct credit facilities, net

	2024	2023
	U.S. $	U.S. $
Retails		
Overdrafts accounts	14,317,481	10,153,342
Loans and discounted bills	238,900,967	255,929,511
Corporates		
Overdrafts accounts	21,842,762	24,480,964
Loans and discounted bills	200,064,315	257,454,737
Medium and small enterprises		
Overdrafts accounts	2,305,216	4,293,867
Loans and discounted bills	42,165,110	56,919,446
Government and public sector		
Overdraft accounts	76,444,741	73,534,987
Loans and discounted bills	274,860,285	291,239,892
	870,900,877	974,006,746
Suspended interest and profit	(8,923,333)	(8,331,148)
Provision for expected credit losses	(53,914,406)	(41,721,358)
	808,063,138	923,954,240

- Non-performing credit facilities net of suspended interest and profit, according to PMA regulations net of suspended interest and profit, amounted to U.S. $ 114,355,670 and U.S. $ 86,112,926 representing 13,27%and 8.92%of direct credit facilities net of suspended interest and profit as at December 31, 2024 and 2023, respectively.
- Defaulted credit facilities, according to PMA regulations net of suspended interest and profit, amounted to U.S. $ 63,641,965 and U.S. $ 66,585,811 representing 7,38% and 6.90%of direct credit facilities net of suspended interest and profit as at December 31, 2024 and 2023, respectively.
- According to PMA circular number (1/2008), defaulted direct credit facilities for more than 6 years were excluded from the Bank's consolidated financial statements. These defaulted facilities amounted to U.S. $ 22,061,209 and U.S. $ 19,146,814 as at December 31, 2024 and 2023, the balance of provision and suspended interest and profit for defaulted accounts amounted to U.S. $ 13,545,803 and U.S. $ 11,251,741 compared to U.S. $ 8,515,406 and U.S. $ 7,895,073 as at December 31, 2024 and 2023, respectively.
- Direct credit facilities granted to the Palestinian National Authority amounted to U.S. $ 351,305,026 representing 40.34%of total direct credit facilities as at December 31, 2024 compared to U.S. $ 364,774,879 representing 37.45%of total direct credit facilities as at December 31, 2023.
- Credit facilities granted to non-residents as at December 31, 2024 and 2023 amounted to U.S. $ 1,291,474 and U.S. $ 1,405,726 , respectively.
- Credit facilities granted to public sector employees as at December 31, 2024 and 2023 amounted to U.S. $ 120,483,040 and U.S. $ 126,845,522, representing 13.83%and 13.02%of the total direct credit facilities, respectively.
- Direct credit facilities granted to green line workers as at December 31, 2024 and 2023 amounted to U.S. $ 3,036,874 and U.S. $ 3,252,392, representing 0.35%and 0.33%of the total direct credit facilities.
- Credit card balances as of December 31, 2024 and 2023 amounted to U.S. $ 4,981,473 and U.S. $ 4,398,216, respectively.
- Overdrawn current accounts balances as at December 31, 2024 and 2023 amounted to U.S.$ 961,547 and U.S.$ 2,372,191, respectively.
- Credit facilities guaranteed by loan guarantee institutions as at December 31, 2024 and 2023 amounted to U.S. $ 19,931,675 and U.S. $ 19,122,485, respectively.
- Fair value of collaterals obtained in line of direct credit facilities, amounted to U.S. $ 244,308,606 and U.S. $ 293,293,652 as at December 31, 2024 and 2023, respectively.
- Fair value of collaterals obtained against indirect credit facilities, amounted to U.S. $ 10,397,052 and U.S. $ 10,440,930 as at December 31, 2024 and 2023, respectively.

Suspended interest and profit

Following is the summary of the movement on the suspended interest and profit:

	2024	2023
	U.S. $	U.S. $
Balance, beginning of the year	8,331,148	12,016,508
Suspended interests and profits during the year	3,236,097	5,692,609
Suspended interests and profits transferred to revenues during the year	(665,377)	(394,602)
Suspended interests written off during the year	(447,075)	(3,872,747)
Transferred to off balance sheet	(777,300)	-
Interests and profits in suspense related to the credit facilities being defaulted for more than 6 years.	(667,456)	(5,035,818)
Currency exchange differences	(86,704)	(74,802)
Balance, end of the year	8,923,333	8,331,148

Following is the summary of the movement on the gross balance of direct credit facilities:

	December 31, 2024			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	798,483,529	100,606,258	74,916,959	974,006,746
Net change during the year	(71,048,882)	(27,704,331)	(120,157)	(98,873,370)
Transferred to stage (1)	5,612,539	(5,031,728)	(580,811)	-
Transferred to stage (2)	(118,016,435)	125,004,119	(6,987,684)	-
Transferred to stage (3)	(4,441,646)	(5,127,844)	9,569,490	-
Write-off	-	-	(447,075)	(447,075)
Transferred to off balance sheet	-	-	(777,300)	(777,300)
Transferred from credit facilities that have been defaulted for more than 6 years	-	-	(3,008,124)	(3,008,124)
Balance, end of the year	610,589,105	187,746,474	72,565,298	870,900,877

	December 31, 2023			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	836,025,010	77,488,757	76,316,044	989,829,811
Net change during the year	(12,160,697)	15,979,363	(2,956,484)	862,182
Transferred to stage (1)	18,787,656	(16,757,950)	(2,029,706)	-
Transferred to stage (2)	(40,167,031)	45,391,835	(5,224,804)	-
Transferred to stage (3)	(4,001,409)	(21,495,747)	25,497,156	-
Write-off	-	-	(4,427,501)	(4,427,501)
Transferred from credit facilities that have been defaulted for more than 6 years	-	-	(12,257,746)	(12,257,746)
Balance, end of the year	798,483,529	100,606,258	74,916,959	974,006,746

Provision for expected credit losses

Following is the movement on the provision for expected credit losses:

	December 31, 2024			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	11,666,896	3,827,218	26,227,244	41,721,358
Transferred to stage (1)	521,812	(284,494)	(237,318)	-
Transferred to stage (2)	(2,439,083)	3,031,000	(591,917)	-
Transferred to stage (3)	(62,306)	(252,590)	314,896	-
Recovery of credit loss provision	(884,641)	(1,059,495)	(1,878,869)	(3,823,005)
Net re-measurement of expected credit losses for the year	(180,481)	3,309,722	15,141,092	18,270,333
Transferred from provision of defaulted direct credit facilities for more than 6 years	-	-	(2,340,668)	(2,340,668)
Currency exchange differences	(8,622)	(6,378)	(10,324)	(25,324)
Other	-	-	111,712	111,712
Balance, end of the year	8,613,575	8,564,983	36,735,848	53,914,406

	December 31, 2023			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	7,689,059	3,374,391	32,681,023	43,744,473
Transferred to stage (1)	2,402,608	(1,469,191)	(933,417)	-
Transferred to stage (2)	(425,776)	2,671,795	(2,246,019)	-
Transferred to stage (3)	(46,176)	(1,130,851)	1,177,027	-
Recovery of credit loss provision	(387,376)	(310,363)	(1,938,288)	(2,636,027)
Net re-measurement of expected credit losses for the year	2,516,938	716,349	5,668,455	8,901,742
Transferred from provision of defaulted direct credit facilities for more than 6 years	-	-	(7,221,928)	(7,221,928)
Write-off	-	-	(754,754)	(754,754)
Currency exchange differences	(82,381)	(24,912)	(62,754)	(170,047)
Other	-	-	(142,101)	(142,101)
Balance, end of the year	11,666,896	3,827,218	26,227,244	41,721,358

Following is the movement on the expected credit loss provision for direct credit facilities that have been defaulted for more than 6 years:

	2024	2023
	U.S. $	U.S. $
Balance, beginning of the year	11,251,741	4,186,567
Transferred from expected credit losses provision for direct credit facilities	2,340,668	7,221,928
Bad debts	-	(216,469)
Currency exchange differences	(46,606)	59,715
Balance, end of the year	13,545,803	11,251,741

Following is the distribution of credit facilities net of suspended interests by economic sector:

	2024	2023
	U.S. $	U.S. $
Public sector	351,305,026	364,774,879
Real estate and construction loans	175,405,462	194,170,981
Industry, trade and agricultural sector	125,612,410	167,489,381
Service sector	80,297,785	101,658,841
Consumption loans	129,356,861	137,581,516
	861,977,544	965,675,598

8. Financial assets at fair value through other comprehensive income items

	2024	2023
	U.S. $	U.S. $
Shares quoted in Palestine Security Exchange	4,849,052	5,559,299
Shares quoted in foreign financial markets	685,472	694,612
Unquoted shares	78,368	78,368
	5,612,892	6,332,279

Following is the movement on the fair value reserve account:

	2024	2023
	U.S. $	U.S. $
Balance, beginning of the year	(3,109,557)	(2,262,093)
Change in fair value	(719,387)	(763,096)
Sale of financial assets at fair value through other comprehensive income items	-	(16,994)
Bank's share of associate's other comprehensive income items	(194,567)	(67,374)
Balance, end of the year	(4,023,511)	(3,109,557)

9. Financial assets at amortized cost

Financial assets at amortized costs consist of the following:

	Bonds and treasury bills*	Quoted bonds**	Unquoted bonds***	Total
	U.S. $	U.S. $	U.S. $	U.S. $
December 31, 2024				
Local	-	-	10,081,600	10,081,600
Foreign	7,384,915	39,837,184	-	47,222,099
	7,384,915	39,837,184	10,081,600	57,303,699
Provision for expected credit losses	(4,845,769)	(27,002)	(33,564)	(4,906,335)
	2,539,146	39,810,182	10,048,036	52,397,364
December 31, 2023				
Local	-	-	10,207,400	10,207,400
Foreign	14,537,214	31,315,992	-	45,853,206
	14,537,214	31,315,992	10,207,400	56,060,606
Provision for expected credit losses	(4,759,680)	(24,957)	(22,295)	(4,806,932)
	9,777,534	31,291,035	10,185,105	51,253,674

* Financial assets at amortized cost represent the Bank's investment in quoted Lebanese treasury bills and Omani, Saudi and Canadian government treasury bonds, where the interest rate on these assets ranges from 4.72%to 7.63%and matures within one to nine years. During 2020 the Bank classified the Lebanese bonds as defaulted instruments based on the announced ratings of international rating agencies, the total recorded provisions against these bonds amounted U. S. $ 4.84 million. In addition, the Bank has suspended interest revenues from these bonds.

** This item represents the Bank's investment in financial bonds issued by foreign companies maturing within one to nine years, with an interest rates on bonds ranges from 4.55%to 6.90%

*** This item represents the Bank's investment in financial bonds issued by local companies maturing within one to two years, with an interest rates on the bonds range from (EURO IBOR 6 months +1.6%), with a minimum range between 4.75%to 7.81%

Following is the summary of the movement on the gross of financial assets at amortized cost:

2024	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	48,713,083	1,980,588	5,366,935	56,060,606
Net change during the year	1,215,842	14,186	13,065	1,243,093
Balance, end of the year	49,928,925	1,994,774	5,380,000	57,303,699

2023	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	39,813,168	-	5,312,640	45,125,808
Transfer to stage (2)	(1,968,579)	1,968,579	-	-
Net change during the year	10,868,494	12,009	54,295	10,934,798
Balance, end of the year	48,713,083	1,980,588	5,366,935	56,060,606

The movement on provision for expected credit losses for financial assets at amortized cost is as follows:

2024	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	45,088	24,342	4,737,502	4,806,932
Net re-measurement of expected credit losses for the year	(5,792)	697	104,498	99,403
Balance, end of the year	39,296	25,039	4,842,000	4,906,335

2023	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balance, beginning of the year	101,622	-	4,737,502	4,839,124
Transfer to stage (2)	(5,065)	5,065	-	-
Net re-measurement of expected credit losses for the year	(51,469)	19,277	-	(32,192)
Balance, end of the year	45,088	24,342	4,737,502	4,806,932

10. Investment in associates

	Ownership percentage		Book Value	
	2024	2023	2024	2023
	%	%	U.S. $	U.S. $
Palestine Islamic Bank	24.85	24.85	50,207,568	50,151,383
			50,207,568	50,151,383

The summary of the movement on investments in associates is as follow:

	2024	2023
	U.S. $	U.S. $
Balance, beginning of the year	50,151,383	50,240,259
Bank's share of results of the associate	250,752	1,220,996
Bank's share in other comprehensive income items of the associate	(194,567)	(67,374)
Cash dividends	-	(1,242,498)
Balance, end of the year	50,207,568	50,151,383

The following table provides a summary of the financial information related to the Bank's investments in associates company as at 31 December 2024 and 2023:

	Palestine Islamic Bank	
	2024	2023
Financial position of associates	U.S. $	U.S. $
Total assets	1,599,846,630	1,567,621,149
Total liabilities	1,451,618,932	1,419,619,547
Net equity	148,227,698	148,001,602
Book value before adjustment	36,834,583	36,778,398
Implied goodwill	13,372,985	13,372,985
Book value after adjustment	50,207,568	50,151,383
Revenue and Business Results		
Net revenue	64,907,814	70,707,231
Operational, administrative and general expenses	(35,044,461)	(35,685,056)
Depreciation and amortization	(4,576,847)	(4,548,844)
Financing expenses	(136,395)	(151,877)
Impairment losses	(26,461,987)	(25,984,664)
Other income	2,340,738	2,522,925
Profit before tax for the year	1,028,862	6,859,715
Tax expense	(19,794)	(1,946,252)
Net profit for the year after tax	1,009,068	4,913,463
The Bank's share of the results of the year's business year	250,752	1,220,996
The Bank's share of other comprehensive income items	(194,567)	(67,374)

11. Property, plant and equipment

Following is the summary of the movement of property ,plant and equipment during the year 2024:

December 31, 2024	Real estate properties	Furniture, equipment and leasehold improvements	Computers	Vehicles	Solar panels	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Cost:						
Balance, beginning of the year	11,543,410	31,173,465	5,924,132	1,259,140	1,463,973	51,364,120
Additions	-	499,867	164,643	40,000	333	704,843
Transfer from intangible assets (note 14)	-	836,419	84,295	-	-	920,714
Transfer from projects in progress (Note 13)	-	1,665,271	41,026	-	-	1,706,297
Disposals	-	(1,445,127)	(1,217)	(73,054)	-	(1,519,398)
Reclassification	(2,092,127)	200,767	(1,454,379)	(23,033)	-	(3,368,772)
Balance, end of year	9,451,283	32,930,662	4,758,500	1,203,053	1,464,306	49,807,804
Accumulated depreciation:						
Balance, beginning of the year	3,238,735	20,584,546	4,790,206	556,104	310,205	29,479,796
Depreciation	122,917	2,395,122	844,209	31,260	87,104	3,480,612
Transfer from intangible assets (note 14)	-	179,922	8,176	-	-	188,098
Disposals	-	(1,388,090)	(789)	(73,054)	-	(1,461,933)
Reclassification	(2,092,127)	200,767	(1,454,379)	(23,033)	-	(3,368,772)
Balance, end of the year	1,269,525	21,972,267	4,187,423	491,277	397,309	28,317,801
Net book value at December 31, 2024	8,181,758	10,958,395	571,077	711,776	1,066,997	21,490,003
Net book value at December 31, 2023	8,304,675	10,588,919	1,133,926	703,036	1,153,768	21,884,324

December 31, 2023	Real estate properties	Furniture, equipment and leasehold improvements	Computers	Vehicles	Solar panels	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Cost:						
Balance, beginning of the year	11,543,410	27,783,193	5,587,888	1,259,140	1,463,973	47,637,604
Additions	-	3,588,719	336,244	-	-	3,924,963
Disposals	-	(198,447)	-	-	-	(198,447)
Balance, end of year	11,543,410	31,173,465	5,924,132	1,259,140	1,463,973	51,364,120
Accumulated depreciation:						
Balance, beginning of the year	3,052,987	18,578,474	4,300,590	529,276	230,042	26,691,369
Depreciation	185,748	2,177,584	489,616	26,828	80,163	2,959,939
Disposals	-	(171,512)	-	-	-	(171,512)
Balance, end of the year	3,238,735	20,584,546	4,790,206	556,104	310,205	29,479,796
Net book value at December 31, 2023	8,304,675	10,588,919	1,133,926	703,036	1,153,768	21,884,324
Net book value at December 31, 2022	8,490,423	9,204,719	1,287,298	729,864	1,233,931	20,946,235

During 2024, the Bank implemented a resource management system to organize its tangible and intangible assets. The scope of implementation included recoding all tangible assets across all bank locations, identifying and sorting all intangible assets, and reorganizing them into a unified asset register. This process resulted in the reclassification of many assets within asset categories. This process had no financial impact on the bank.

12. Right of use assets

This item represents the right to use of branches, cars and ATMs. The expected useful life of branches, ATMs and cars was calculated over a period ranges from 5 to 10 years. Following is the movement on the right to use assets:

	2024	2023
	U.S. $	U.S. $
Balance, beginning of the year	6,755,187	6,000,996
Additions during the year	954,028	2,495,729
Disposals	(7,967)	(403,564)
Depreciation for the year	(1,472,768)	(1,337,974)
Balance, end of the year	6,228,480	6,755,187

13. Projects in progress

This item comprises of expansion works and leasehold improvements for Watan (subsidiary). Following is the movement on projects in progress during the year:

	2024	2023
	U.S. $	U.S. $
Balance, beginning of the year	1,803,479	273,695
Additions	2,194,919	1,529,784
Transferred to property, plant and equipment (note 11)	(1,706,297)	-
Transferred to intangible assets (note 14)	(1,228,295)	-
Balance, end of the year	1,063,806	1,803,479

14. Intangible assets

	2024	2023
	U.S. $	U.S. $
Computer programs	2,724,930	2,748,420
	2,724,930	2,748,420

Movement on computer programs and intangible assets during both years was as follows:

	2024	2023
	U.S. $	U.S. $
Balance, beginning of the year	2,748,420	3,849,183
Additions	601,440	514,469
Transferred from projects in progress (note 13)	1,228,295	-
Amortization	(1,120,609)	(1,615,232)
Transferred to property, plant and equipment (note 11)	(732,616)	-
Balance, end of the year	2,724,930	2,748,420

15. Deferred tax assets

Deferred tax assets is calculated on impairment losses related to direct and indirect credit facilities, balances with banks and financial institutions, and financial assets at amortized cost in addition to some other accounts.

Following is the movement on deferred tax assets:

	2024	2023
	U.S. $	U.S. $
Balance, beginning of the year	6,298,657	4,709,866
Additions	910,089	1,588,791
Balance, end of the year	7,208,746	6,298,657

16. Other assets

This item includes the following:

	2024	2023
	U.S. $	U.S. $
Accrued interest income	3,266,642	8,835,401
Clearing Cheques	1,762,540	4,779,806
Prepaid expenses	734,486	2,140,991
Printings and stationery	377,288	297,386
Seized assets	180,000	-
Due from related party	165,825	850,212
Settlement accounts for ATM and credit cards	-	2,463,539
Others	780,208	962,422
	7,266,989	20,329,757

17. Banks and financial institutions' deposits

	2024	2023
	U.S. $	U.S. $
Local banks and financial institutions:		
Current and demand deposits	4,797,218	1,682,110
Deposits maturing within 3 months	-	23,513,500
	4,797,218	25,195,610
Foreign banks and financial institutions:		
Current and demand deposits	469,167	2,709,187
	469,167	2,709,187
	5,266,385	27,904,797

18. Customers' deposits

	2024 U.S. $	2023 U.S. $
Retails		
Current and demand accounts	152,613,610	148,618,930
Saving deposits	263,103,558	299,269,713
Term deposits	163,564,001	174,578,231
Debit balances – temporarily credit	186,511	465,106
Corporates		
Current and demand accounts	106,771,870	89,529,195
Saving deposits	5,223,605	5,328,994
Term deposits	76,979,869	73,225,743
Debit balances – temporarily credit	1,725,968	1,302,334
SME		
Current and demand accounts	66,694,997	66,300,926
Saving deposits	4,778,585	7,308,309
Term deposits	41,149,841	51,230,893
Debit balances – temporarily credit	589,978	41,989
Government and public sector		
Current and demand accounts	101,815,826	90,459,186
Saving deposits	896,689	790,256
Term deposits	78,727,413	82,492,488
	1,064,822,321	1,090,942,293

- Public sector deposits as at December 31, 2024 and 2023 amounted to U.S. $ 181,439,928 and U.S. $ 173,741,930 representing 17,04%and 15,93%of total deposits, respectively.
- Non-interest bearing deposits amounted to U.S. $ 595,362,777 and U.S. $ 652,329,264 representing 55,91% and 59,80% of the total deposits as at December 31, 2024 and 2023, respectively.
- Customer rigid deposits as at December 31, 2024 and 2023 amounted to U.S. $ 42,766,786 and U.S. $ 34,395,478, representing 4.02% and 3.15% of total deposits, respectively.

19. Cash margins

This item consists of cash margins against:

	2024 U.S. $	2023 U.S. $
Direct credit facilities	45,358,127	49,638,781
Indirect credit facilities	2,811,503	7,690,416
Others	15,505,412	15,762,412
	63,675,042	73,091,609

- Interest-bearing cash margins as at December 31, 2024 and 2023 amounted to U.S. $ 13,703,329 and U.S. $ 16,296,293, representing 21,52%and 22.30%of the total cash margins, respectively.

20. Loans and borrowings

	Balance in U.S. $	Collateral	Interest rate (%)
2024			
European Investment Bank*	27,321,000	None	2,204%+ LIBOR Euro 6 months
Palestine Monetary Authority**	27,431,832	None	3,9
	54,752,832		

	Balance in U.S. $	Collateral	Interest rate (%)
2023			
European Investment Bank*	38,629,500	None	2,204%+ LIBOR Euro 6 months
Palestine Monetary Authority**	18,304,098	None	5,25
Sanad Fund for MSME***	555,560	None	4.1
	57,489,158		

* During 2020, the Bank signed an agreement with the European Investment Bank to support small and medium enterprises. During 2023, the Bank withdrew EUR 35 million from the signed agreement during the year. This loan is repaid in 8 equal semi-annual installments, the first installment is due on February 16, 2024 and the repayment expires on August 16, 2027, at an interest rate of 2,204%+ 6 months Euro-SOFER.

** During 2020, the Palestine Monetary Authority granted the bank incentive deposits of ILS 200 million divided into three deposits maturing over three years at a maturity of a deposit each year with interest ranging between 1.6%and 2% as incentives for the bank as a result of its acquisition of Jordan Commercial Bank branches in Palestine, the first deposit was due during 2021 worth ILS 67 million, and the second deposit was due during 2022 with a value of ILS 67 million. During the year 2023, the Bank renewed the deposit from the Palestine Monetary Authority in the amount of ILS 66 million maturing on 13 August, 2024 at an interest rate of 5.25% The Bank has fully repaid the deposit amount during the early months of the year 2024. During June 2024, the Palestine Monetary Authority granted the Bank a loan of NIS 100 million at a fixed interest rate of 3.9% maturing in October 2025.

*** In 2019, the Bank signed an agreement with the Sanad Fund for Micro, Small and Medium Enterprises in the amount of U.S. $ 5 million to support small and medium enterprises. This loan is repaid in 9 equal semi-annual installments, the first installment is due on January 5, 2020 and was repaid on January 5, 2024. The loan is due at an interest rate of 6.4127% and it was agreed between the two parties during 2021 to reduce the interest rate on the loan to 4.1%

21.Subordinated loans

Over the past years, the Bank has obtained subsidy loans under agreements signed with several local individuals and companies totaling U.S. $ 40 million at an annual interest rate ranging from 5.15% to 5.75% repaid on a monthly basis, while the principal is repaid at maturity during 2024 and 2025. For the purposes of calculating capital adequacy, the Bank calculates loans as part of the second tranche of the Bank's capital in accordance with the instructions of the Palestine Monetary Authority emanating from the decisions of the Basel Committee.

During the year, the Bank repaid U.S. $ 16.5 million of these subordinated loans for a balance of U.S. $ 2 million as at December 31, 2024 compared to U.S. $ 18.5 million as at December 31, 2023.

22.Sundry Provisions

Following is the summary of the movement on the sundry provisions during the year:

	Balance, beginning of the year	Provided during the year	Paid during year	Balance, end of the year
	U.S. $	U.S. $	U.S. $	U.S. $
December 31, 2024				
Employees' end of service provision	7,133,258	1,385,483	(1,227,250)	7,291,491
Lawsuits provision	200,000	-	-	200,000
	7,333,258	1,385,483	(1,227,250)	7,491,491
December 31, 2023				
Employees' end of service provision	6,381,214	1,351,266	(599,222)	7,133,258
Lawsuits provision	200,000	-	-	200,000
	6,581,214	1,351,266	(599,222)	7,333,258

Provision for employees' benefits is made in accordance with the Labor Law effective in Palestine and the Bank personnel's policy.

23. Taxes provisions

	2024	2023
	U.S. $	U.S. $
Balance, beginning of the year	4,806,531	4,720,244
Provision for the year	2,042,869	5,671,710
Excess in prior years provisions	-	(3,034,000)
Discount on paid advances	(234,390)	(59,150)
Payments during the year	(3,467,949)	(2,491,867)
Currency variance	-	(406)
Balance, end of the year	3,147,061	4,806,531

The Bank has obtained final clearances from the Income Tax and Value Added Tax departments for the results of their business until 2022. The bank has submitted the tax return for the results of operations for the year 2023 on time, and the tax advisor is following up to reach final settlement.

Watan company (the subsidiary) reached a final tax settlement with the Income Tax Department for its results of operations up to the year 2020. The company has not reached a final clearance with the Income Tax Department for its results of operations for the years 2021, 2022 and 2023, noting that the company submitted its tax returns on time and is continuing to follow up on the final settlement with the tax authorities.

The income tax rates is 15%and value added tax rate is %16 for the years 2023 and 2024. According to Law No. (4) for the year 2014, concerning the amendment of Law No. (8) for the year 2011 related to income taxes, the income tax rate on profits resulted from financing small and medium enterprises equals to %10 from those profits.

Taxes expense reported in consolidated income statement represents the following:

	2024	2023
	U.S. $	U.S. $
Provision for the current year	2,042,869	5,671,710
Excess in prior years provisions	-	(3,034,000)
Amortization of deferred tax assets, net	(910,089)	(1,588,791)
Discount on paid advances	(234,390)	(59,150)
Taxes expense for the year	898,390	989,769

Reconciliation between accounting income and taxable income is as follows:

	2024	2023
	U.S. $	U.S. $
Accounting profit	1,923,640	15,391,949
Profit subject to Value Added Tax	8,483,759	22,542,266
Profit subject to income tax	1,617,592	13,819,684
Value Added Tax on profit for the year	1,170,174	3,109,278
Income tax	554,639	2,340,038
Total taxes for the year	1,724,813	5,449,316
Provision for the year	2,042,869	5,671,710

The Bank's management and tax consultant believe that the taxes provisions are sufficient to cover all tax liabilities.

24. Lease liabilities

Following is the movement on lease liabilities:

	2024	2023
	U.S. $	U.S. $
Balance, beginning of the year	6,485,590	5,907,210
Additions	954,028	2,495,729
Disposals	(7,967)	(462,471)
Payments	(1,690,305)	(1,740,736)
Interest expense on lease liabilities	270,402	285,858
Balance, end of the year	6,011,748	6,485,590

The amount of the lease expense for short-term contracts and lease contracts of low-value assets that were recognized in the consolidated income statement for the year ended December 31, 2024 amounted to U.S. $ 419,555 and for the year ended December 31, 2023 amounted to U.S. $ 318,539 (Note 34).

25. Other liabilities

	2024	2023
	U.S. $	U.S. $
Unpaid accrued interest	3,825,187	5,806,758
Settlement accounts for ATM and credit cards	2,732,083	3,485,088
Negative financial derivatives	2,514,123	6,712,417
Accrued expenses	2,013,005	2,136,990
Accounts payable	1,631,013	3,446,442
Unearned interest and commission income	1,112,062	1,821,615
Accrued payroll taxes	1,006,803	539,865
Unpaid cash dividends	963,023	1,023,969
Certified checks and incoming transfers	725,093	3,019,487
Provision for Palestine Deposit Insurance Corporation	427,757	454,000
Restricted balances	395,555	400,863
Accrued bonuses	172,500	1,232,706
Istidama loans	132,536	236,179
Others	1,478,897	1,453,478
	19,129,637	31,769,857

26. Share premium

On January 25, 2015, the Bank and Union Bank–Jordan signed an agreement enabling the admission of the later as a strategic partner in the Bank with a 5.4% share of capital, equivalent of 4,031,794 shares of U.S. $ 1 par value for each share, and share premium of U.S. $ 0.14 per share, resulting in a total share premium of U.S. $ 564,451.

Additionally, on July 29, 2020, the Bank and Jordan Commercial Bank (JCB) signed an agreement enabling the admission of JCB as a strategic partner in the Bank with a 15% share of capital, equivalent of 13,764,707 shares of U.S. $ 1 par value for each share, and share premium of U.S. $ 1.25 per share, resulting in a total share premium of U.S. $ 17,205,882.

27. Reserves

– Statutory reserve

As required by the corporate and Banking Law, 10% of net profit is transferred to the statutory reserve and shall continue until the total reserve balance equals the Bank's paid-in share capital. The reserve is not to be utilized without PMA's prior approval.

– General banking risks reserve

This item represents the amount of risk reserve deducted in accordance with PMA's regulations number (6/2015) based on 1.5% of direct credit facilities after deducting expected credit losses provision for credit facilities and suspended interest and profit and 0.5%of indirect credit facilities. According to PMA's generalization number (53/2013), the general banking risks reserve is not held against the small and medium sized companies if the conditions indicated in the generalization are applicable on it. During 2018, the Bank adopted IFRS (9), and recorded the impact of IFRS (9) from this reserve, in reference to Stage (1) and Stage (2) expected credit losses, as per PMA instructions number (2/2018). The reserve is not to be utilized or reduced without PMA's prior approval.

– Pro-cyclicality reserve

This reserve represents 15% of net profit in accordance with PMA's instruction No. (6/2015), the Bank seized transfers to the reserve according to PMA instructions No. (1/2018) which set the percentage at 0.57%of risk-weighted assets as anti-cyclical capital buffer. The instructions allow Banks to utilize the pro-cyclicity reserve balance for the purpose of this buffer. According PMA instructions No. (13/2019) the percentage is set to be 0.66%of risk-weighted assets as anti-cyclical capital buffer for the year 2019. The bank will be obligated to disclosure requirements of the anti-cyclical capital buffer starting from March 31, 2023. The Banks are not allowed to utilize the balance of the reserve without PMA's prior approval. During 2022, PMA issued instructions No. (8/2022) regarding the anti-cyclical capital buffer, so that the percentage is 0.5%of risk-weighted assets, and the commitment to form the buffer within a maximum period of March 31, 2023. The Bank is also prohibited from disposing of the amounts allocated in the periodic fluctuations reserve item, except for capitalization, after obtaining the prior written PMA's approval.

28. Interest income

This item represents the interest income on the following accounts:

	2024	2023
	U.S. $	U.S. $
Retails		
Overdraft accounts	647,395	788,344
Loans and discounted bills	16,193,633	19,003,589
	16,841,028	19,791,933
Corporates		
Overdraft accounts	1,906,688	2,135,531
Loans and discounted bills	16,633,612	20,262,409
	18,540,300	22,397,940
Government and public sector	20,139,931	19,265,617
	55,521,259	61,455,490
Balances at banks and financial institutions	6,761,719	2,449,241
Financial assets at amortized cost, net	2,817,787	2,434,396
	65,100,765	66,339,127

29. Interest expense

This item comprises the following accounts:

	2024	2023
	U.S. $	U.S. $
Interest on customers' deposits:		
Current and demand accounts	921,217	584,559
Term deposits	12,641,083	12,849,473
Cash margins	464,432	550,042
Interests on loans and borrowings	2,644,389	1,512,734
Interest on subordinated loans	972,853	1,153,819
Interest on banks and financial institutions' deposits	188,588	92,014
Interest paid on lease liabilities	270,402	285,858
	18,102,964	17,028,499

30. Net commissions income

	2024	2023
	U.S. $	U.S. $
Commissions income		
Direct credit facilities	1,647,992	2,423,107
Account management	888,039	1,137,137
Transfers	350,588	809,967
Returned and deferred checks	1,109,700	1,053,057
Commission on cash deposit	161,641	542,924
Indirect credit facilities	389,403	591,839
Other banking services	199,281	599,995
	4,746,644	7,158,026
Commissions expense	(707,362)	(1,184,223)
	4,039,282	5,973,803

31. Net gains from financial assets portfolio

	2024	2023
	U.S. $	U.S. $
Dividend from financial assets at FVTOCI	196,536	255,989
Losses on sale of financial assets at FVTPL	(45,600)	(50,400)
	150,936	205,589

32. Other revenues

	2024	2023
	U.S. $	U.S. $
Recovery of restricted balances with the bank	-	1,317,000
Others	109,458	625,849
	109,458	1,942,849

33. Personnel expenses

	2024	2023
	U.S. $	U.S. $
Salaries, allowances, and benefits of employees	14,929,485	16,401,784
Value Added Tax on salaries	2,455,322	2,946,021
Provision for employees' benefits	1,385,483	1,351,266
Bank's contribution to the provident fund*	960,399	976,582
Health insurance	800,762	747,769
Training expense	106,700	288,849
Travel and transportation	104,313	281,684
Clothing	20,445	18,639
Others	44,768	70,468
	20,807,677	23,083,062

* The Bank contributes 10% of the basic salary of the employee and the employee contributes between 5%to 10%of the basic salary to the Provident Fund based on the years of employment. The uninvested Provident Fund balance is shown under customers' deposits.

34. Other operating expenses

	2024	2023
	U.S. $	U.S. $
Fees, licenses and subscriptions	4,841,045	5,267,764
Palestine Deposit Insurance Corporation subscription fees	1,805,317	1,820,177
Insurance	1,385,639	1,460,831
Professional and consulting fees	831,052	868,359
Maintenance	728,218	1,138,650
Advertisements and marketing	438,447	1,744,053
Telephone and postage	429,197	253,758
Rent (note 24)	419,555	318,539
Donations and sponsorships*	360,000	420,000
Utilities	272,530	261,683
Stationary and printings	195,451	237,550
Property tax	194,212	106,458
Board of Directors Remuneration	172,500	201,295
Hospitality	98,037	93,348
Cash shipment	81,950	82,339
Transportation and vehicle expenses	73,615	49,160
Others	545,816	759,655
	12,872,581	15,083,619

* The Bank provides donations and sponsorships in the social, sports and other fields as part of the Bank's policy to build bonds of trust between the various building blocks of society. The percentage of donations from the net profit for the year is 35.11%for the year 2024 compared to 2.92%of the net profit for the year 2023.

35. Net re-measurement of provision for expected credit losses for the year

The item consists of net re-measurement for expected credit losses:

	2024			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balances with Palestine Monetary Authority (Note 4)	(35,950)	-	-	(35,950)
Balances at banks and financial institutions (Note 5)	17,132	-	-	17,132
Direct and indirect credit facilities, net (Note 7)	(1,065,122)	2,250,227	13,262,223	14,447,328
Financial assets at amortized cost (Note 9)	(5,792)	697	104,498	99,403
	(1,089,732)	2,250,924	13,366,721	14,527,913

	2023			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Balances with Palestine Monetary Authority (Note 4)	(13,435)	-	-	(13,435)
Balances at banks and financial institutions (Note 5)	35,821	-	-	35,821
Direct and indirect credit facilities, net (Note 7)	2,129,562	405,986	3,730,167	6,265,715
Financial assets at amortized cost (Note 9)	(56,534)	24,342	-	(32,192)
	2,095,414	430,328	3,730,167	6,255,909

36. Basic and diluted earnings per share

	2024	2023
	U.S. $	
Profit for the year attributable to shareholders of the Bank	1,025,250	14,402,180
	Shares	
Weighted average of subscribed shares	113,100,000	113,100,000
	U.S. $	
Basic and diluted earnings per share from profit of the year	0.01	0.13

37. Cash and cash equivalents

	2024	2022
	U.S. $	U.S. $
Cash and balances with Palestine Monetary Authority	263,737,334	240,979,382
Add: Balances at banks and financial institutions maturing within 3 months	173,040,499	158,439,465
Less: Banks and financial institutions' deposits maturing within 3 months	(5,266,385)	27,904,797))
Restricted balances at banks and financial institutions	(9,009,560)	(13,399,925)
Statutory cash reserve	(97,101,356)	(103,021,485)
	325,400,532	255,092,640

38. Related party transactions

The Bank considers the major shareholders, Board of Directors, key management personnel of the Bank, and entities controlled, jointly controlled or significantly influenced by such parties as related parties. Following are the balances as at December 31, 2023 and 2022 and the transactions with related parties:

2024	Board Members & Executive Management U.S. $	Major Shareholders U.S. $	Other* U.S. $	Total U.S. $
Statement of consolidated financial position items:				
Direct credit facilities, net	10,354,772	-	4,060,381	14,415,153
Customers' deposits	15,409,311	20,463,241	6,677,493	42,550,045
Cash margins	512,665	1,200	494,824	1,008,689
Accounts payable	-	209,583	-	209,583
Other assets	-	165,825	-	165,825
Consolidated off balance sheet items:				
Letters of guarantees	1,215,219	401,051	-	1,616,270
Unutilized credit limits	619,199	-	128,034	747,233

2023	Board Members & Executive Management U.S. $	Major Shareholders U.S. $	Other* U.S. $	Total U.S. $
Statement of consolidated financial position items:				
Direct credit facilities, net	9,582,935	-	3,544,352	13,127,287
Customers' deposits	12,634,000	18,067,763	3,687,088	34,388,851
Cash margins	953,854	1,304	14,694	969,852
Accounts payable	-	204,764	-	204,764
Other assets	-	850,212	-	850,212
Consolidated off balance sheet items:				
Letters of guarantees	1,215,219	409,756	-	1,624,975
Unutilized credit limits	2,605,088	139,167	236,279	2,980,534

	Board Members & Executive Management	Major Shareholders	Other*	Total
	U.S. $	U.S. $	U.S. $	U.S. $
December 31, 2024 Consolidated income statement items:				
Interest and commission income	587,885	-	157,326	745,211
Interest and commission expense	311,572	531,724	8,132	851,428
Telephone and postage and Leased lines	-	2,445,176	-	2,445,176
Remuneration of Board Members	172,500	-	-	172,500

	Board Members & Executive Management	Major Shareholders	Other*	Total
	U.S. $	U.S. $	U.S. $	U.S. $
December 31, 2023 Consolidated income statement items:				
Interest and commission income	744,240	44,810	218,850	1,007,900
Interest and commission expense	313,049	656,289	68,213	1,037,551
Telephone and postage and Leased lines	-	2,185,412	-	2,185,412
Remuneration of Board Members	201,295	-	-	201,295

* This item includes branch managers, employees other than the executive management and their relatives, as disclosed to the Palestine Monetary Authority.

- Direct credit facilities granted to related parties as at December 31, 2024 and 2023 constitute 1.78% and 1.42% respectively, of net direct credit facilities. Note that the facilities of related parties represent facilities granted to members of the Board of Directors and executive management or under their sponsorship.

- Direct credit facilities granted to related parties as at December 31, 2024 and 2023 constitute 10.44%and 9.15% respectively, of the Bank's capital base.

- Interest rates on credit facilities granted to relevant parties range as follows:

	2024	2023
	U.S. $	U.S. $
Board Members and their Stakeholders	%9-%6.25	%9-%6.25
Bank employees identified as relevant as per the instructions	%12 - %2	%12 - %2
Others	%7	%7
Credit Cards	%24-%12	%24-%12

Interest rates on deposits range from zero to 4%(including current accounts).

The following is a summary of the benefits (salaries, bonuses and other benefits) of senior management:

	2024	2023
	U.S. $	U.S. $
Executive management share of salaries and related benefits (short-term benefits)	1,134,950	1,307,767
Executive management share of indemnity (long-term benefits)	55,762	69,735
TNB Board of Directors' remunerations	172,500	201,295

Board of Director remunerations for the years ended 2024 and 2023 were as follows:

	2024	2023
	U.S. $	U.S. $
Samir Zraiq	41,250	40,000
Dina M. Masri	26,875	27,500
Kamal Abu Khadijeh	26,875	27,500
Omar M. Masri	26,875	23,750
Ayoub Zurub	26,250	23,750
Manal Zraiq	24,375	23,750
Aziz Abdul Jawad	-	7,634
Abdel Nasser Tebi	-	7,634
Nemir Abdelwahed	-	7,009
Cesar Hani Kolajin	-	6,384
Isam Salfiti	-	6,384
	172,500	201,295

39. Fair value measurement

The following table provides the quantitative fair value measurement hierarchy of the Bank's assets and liabilities as of December 31, 2024 and 2023:

December 31, 2024	Date of measurement	Total U.S. $	Measurement of fair value by: Quoted prices in active markets (Level 1) U.S. $	Significant observable input (Level 2) U.S. $	Significant non-observable inputs (Level 3) U.S. $
Financial assets at fair value:					
Financial assets at fair value through profit or loss (Note6):					
Quoted – Palestine Security Exchange	December 31, 2024	240,000	240,000	-	-
Financial assets at fair value through other comprehensive income (Note 8):					
Quoted – Palestine Security Exchange	December 31, 2024	4,849,052	4,849,052	-	-
Quoted – foreign markets	December 31, 2024	685,472	685,472	-	-
Unquoted	December 31, 2024	78,368	-	-	78,368
Financial assets for which fair value is disclosed:					
Financial assets at amortized cost (Note 9):					
Quoted	December 31, 2024	42,624,557	42,624,557	-	-
Unquoted	December 31, 2024	10,072,071	-	-	10,072,071
Financial liabilities measured at its fair value:					
Negative financial derivatives (note25)	December 31, 2024	2,514,123	-	2,514,123	-

December 31, 2023	Date of measurement	Total U.S. $	Measurement of fair value by: Quoted prices in active markets (Level 1) U.S. $	Significant observable input (Level 2) U.S. $	Significant non-observable inputs (Level 3) U.S. $
Financial assets at fair value:					
Financial assets at fair value through profit or loss (Note):					
Quoted – Palestine Security Exchange	December 31, 2023	285,600	285,600	-	-
Financial assets at fair value through other comprehensive income (Note):					
Quoted – Palestine Security Exchange	December 31, 2023	5,559,299	5,559,299	-	-
Quoted – foreign markets	December 31, 2023	694,612	694,612	-	-
Unquoted	December 31, 2023	78,368	-	-	78,368
Financial assets for which fair value is disclosed:					
Financial assets at amortized cost (Note):					
Quoted	December 31, 2023	33,868,418	33,868,418	-	-
Unquoted	December 31, 2023	17,353,991	-	-	17,353,991
Financial liabilities measured at its fair value:					
Negative financial derivatives (note)	December 31, 2023	6,712,417	-	6,712,417	-

Fair value of financial assets and liabilities

The table below represents a comparison of the carrying amounts and fair values of financial instruments as at December 31, 2023 and 2022:

	Carrying amount 2024 U.S. $	Carrying amount 2023 U.S. $	Fair value 2024 U.S. $	Fair value 2023 U.S. $
Financial assets				
Cash and balances with Palestine Monetary Authority	263,466,069	240,672,167	263,466,069	240,672,167
Balances at banks and financial institutions	172,978,700	158,394,798	172,978,700	158,394,798
Financial assets at fair value through profit or loss	240,000	285,600	240,000	285,600
Direct credit facilities, net	808,063,138	923,954,240	808,063,138	923,954,240
Financial assets at fair value through other comprehensive income				
Quoted	5,534,524	6,253,911	5,534,524	6,253,911
Unquoted	78,368	78,368	78,368	78,368
Financial assets at amortized cost:				
Quoted	42,349,328	33,899,683	42,624,557	33,868,418
Unquoted	10,048,036	17,353,991	10,072,071	17,353,991
Other financial assets	5,975,215	17,891,380	5,975,215	17,891,380
Total assets	1,308,733,378	1,398,784,138	1,309,032,642	1,398,752,873
Financial liabilities				
Banks' and financial institutions' deposits	5,266,385	27,904,797	5,266,385	27,904,797
Customers' deposits	1,064,822,321	1,090,942,293	1,064,822,321	1,090,942,293
Cash margins	63,675,042	73,091,609	63,675,042	73,091,609
Loans and borrowings	54,752,832	57,489,158	54,752,832	57,489,158
Subordinated loans	2,000,000	18,500,000	2,000,000	18,500,000
Lease liabilities	6,011,748	6,485,590	6,011,748	6,485,590
Other financial liabilities	18,017,575	29,948,242	18,017,575	29,948,242
Total liabilities	1,214,545,903	1,304,361,689	1,214,545,903	1,304,361,689

Fair values of financial assets and liabilities are shown in accordance with the values at which exchanges between interested parties can take place, excluding compulsory sales or liquidations.

The fair values of cash, balances with the Palestine Monetary Authority, balances with banks and banking institutions, other financial assets, deposits of banks and banking institutions, customer deposits, cash insurances and other financial liabilities are very close to their book values as these instruments have short-term repayment or collection periods.

The fair value of financial assets at fair value is determined by gains or losses and financial assets at fair value through other comprehensive income items and financial assets at amortized cost listed, which have market prices at their trading prices at the date of the consolidated financial statements.

Financial assets at unincluded amortized cost, borrowed funds, supporting loans and lease liabilities are shown by discounting projected cash flows using the prevailing interest rates in the financial markets.

The fair value of direct credit facilities was determined by studying various variables such as interest rates, risk factors and debtor capacity. The book value of the credit facility does not differ from its fair value as at December 31, 2024.

40. Concentration of assets and liabilities

2024	Palestine	Jordan	Europe	USA	Others	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Cash and balances with PMA	263,466,069	-	-	-	-	263,466,069
Balances at banks and financial institutions	12,942,803	82,249,544	74,764,106	2,653,859	368,388	172,978,700
Financial asset at fair value through profit or loss	240,000	-	-	-	-	240,000
Direct credit facilities, net	806,771,664	9,664	4,371	61,897	1,215,542	808,063,138
Financial assets at fair value through other comprehensive income	4,927,420	685,472	-	-	-	5,612,892
Financial assets at amortized cost	10,048,036	-	11,488,057	9,635,181	21,226,090	52,397,364
Investment in associates	50,207,568	-	-	-	-	50,207,568
Property, plant and equipment	21,490,003	-	-	-	-	21,490,003
Right of use assets	6,228,480	-	-	-	-	6,228,480
Projects in progress	1,063,806	-	-	-	-	1,063,806
Intangible assets	2,724,930	-	-	-	-	2,724,930
Deferred tax assets	7,208,746	-	-	-	-	7,208,746
Other assets	7,266,989	-	-	-	-	7,266,989
Total Assets	1,194,586,514	82,944,680	86,256,534	12,350,937	22,810,020	1,398,948,685
Banks and financial institutions' deposits	4,797,218	-	-	-	469,167	5,266,385
Customers' deposits	1,060,804,925	229,377	1,643,559	1,536,412	608,048	1,064,822,321
Cash margins	62,667,634	1,087	1,002,932	2,630	759	63,675,042
Loans and borrowings	27,431,832	-	27,321,000	-	-	54,752,832
Subordinated loans	2,000,000	-	-	-	-	2,000,000
Sundry provisions	7,491,491	-	-	-	-	7,491,491
Taxes provisions	3,147,061	-	-	-	-	3,147,061
Lease liabilities	6,011,748	-	-	-	-	6,011,748
Other liabilities	19,129,637	-	-	-	-	19,129,637
Total Liabilities	1,193,481,546	230,464	29,967,491	1,539,042	1,077,974	1,226,296,517
Paid-in share capital	113,100,000	-	-	-	-	113,100,000
Share premium	17,770,333	-	-	-	-	17,770,333
Statutory reserve	9,329,283	-	-	-	-	9,329,283
General banking risks reserve	3,484,033	-	-	-	-	3,484,033
Pro-cyclicality reserve	5,216,291	-	-	-	-	5,216,291
Fair value reserve	(1,861,049)	(2,162,462)	-	-	-	(4,023,511)
Retained earnings	27,775,739	-	-	-	-	27,775,739
Net Equity	174,814,630	(2,162,462)	-	-	-	172,652,168
Total liabilities and equity	1,368,296,176	(1,931,998)	29,967,491	1,539,042	1,077,974	1,398,948,685
Consolidated off balance sheet items:						
Letters of guarantees	18,239,029	50,000	-	-	-	18,289,029
Letters of credit	4,610,744	660,000	4,186,917	-	2,074,347	11,532,008
Unutilized direct credit facilities limits	28,452,251	-	-	-	-	28,452,251
	51,302,024	710,000	4,186,917	-	2,074,347	58,273,288

2023	Palestine	Jordan	Europe	USA	Others	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Cash and balances with PMA	240,672,167	-	-	-	-	240,672,167
Balances at banks and financial institutions	29,214,925	39,743,759	71,573,976	17,288,536	573,602	158,394,798
Financial asset at fair value through profit or loss	285,600		-	-	-	285,600
Direct credit facilities, net	922,548,514	6,607	26,612	61,438	1,311,069	923,954,240
Financial assets at fair value through other comprehensive income	5,637,667	694,612	-	-	-	6,332,279
Financial assets at amortized cost	10,185,105	7,168,886	9,294,892	5,226,284	19,378,507	51,253,674
Investment in associates	50,151,383	-	-	-	-	50,151,383
Property, plant and equipment	21,884,324	-	-	-	-	21,884,324
Right of use assets	6,755,187	-	-	-	-	6,755,187
Projects in progress	1,803,479	-	-	-	-	1,803,479
Intangible assets	2,748,420	-	-	-	-	2,748,420
Deferred tax assets	6,298,657	-	-	-	-	6,298,657
Other assets	16,701,870	3,616,224	10,638	-	1,025	20,329,757
Total Assets	1,314,887,298	51,230,088	80,906,118	22,576,258	21,264,203	1,490,863,965
Banks and financial institutions' deposits	25,195,615	-	2,679,678	-	29,504	27,904,797
Customers' deposits	1,086,398,163	570,676	1,140,856	1,904,707	927,891	1,090,942,293
Cash margins	73,083,217	2,374	1,138	3,251	1,629	73,091,609
Loans and borrowings	18,304,098	-	39,185,060	-	-	57,489,158
Subordinated loans	18,500,000	-	-	-	-	18,500,000
Sundry provisions	7,333,258	-	-	-	-	7,333,258
Taxes provisions	4,806,531	-	-	-	-	4,806,531
Lease liabilities	6,485,590	-	-	-	-	6,485,590
Other liabilities	31,769,857	-	-	-	-	31,769,857
Total Liabilities	1,271,876,329	573,050	43,006,732	1,907,958	959,024	1,318,323,093
Paid-in share capital	113,100,000	-	-	-	-	113,100,000
Share premium	17,770,333	-	-	-	-	17,770,333
Statutory reserve	9,226,758	-	-	-	-	9,226,758
General banking risks reserve	3,484,033	-	-	-	-	3,484,033
Pro-cyclicality reserve	5,216,291	-	-	-	-	5,216,291
Fair value reserve	(927,005)	(2,182,552)	-	-	-	(3,109,557)
Retained earnings	26,853,014	-	-	-	-	26,853,014
Net Equity	174,723,424	(2,182,552)	-	-	-	172,540,872
Total liabilities and equity	1,446,599,753	(1,609,502)	43,006,732	1,907,958	959,024	1,490,863,965
Consolidated off balance sheet items:						
Letters of guarantees	26,041,583	390,000	78,663	-	-	26,510,246
Letters of credit	10,518,664	-	1,247,181	-	-	11,765,845
Unutilized direct credit facilities limits	32,749,855	-	-	-	-	32,749,855
	69,310,102	390,000	1,325,844	-	-	71,025,946

41. Risk management

The Bank's risk management committee, which comprises members of the Board of Directors together with executive management, supervises the general framework of risk management. The Committee monitors and evaluates credit risks, operating, liquidity risks and market risks and any other future risks. The Bank is developing its risk management function through programs, measurement tools, and controls and monitoring procedures.

Following is a summary of the risks:

I. Credit risks

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Bank. The Bank, through credit risk management, sets ceilings for direct credit facilities (retail or corporate) and total loans granted to each sector and each geographical area. The Bank also monitors credit risks, continuously evaluates the credit standing of customers, and obtains appropriate collaterals from customers.

1. Exposures to credit risks (net of ECL provisions and interest in suspense and prior to collaterals and other risk mitigations):

	2024	2023
	U.S. $	U.S. $
Consolidated statement of financial position items		
Balances with Palestine Monetary Authority	107,948,146	131,145,802
Balances at banks and financial institutions	172,978,700	158,394,798
Direct credit facilities, net	808,063,138	923,954,240
Financial assets at amortized cost	52,397,364	51,253,674
Other financial assets	5,975,215	17,891,380
	1,147,362,563	1,282,639,894
Consolidated off balance sheet items		
Letters of guarantee	18,289,029	26,510,246
Letters of credit	11,532,008	11,765,845
Unutilized credit limits	28,452,251	32,749,855
	58,273,288	71,025,946
	1,205,635,851	1,353,665,840

2. Credit risk exposure for each risk rating is distributed as follows:

	Retails	Real estates	Corporates	Government and public sector	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
December 31, 2024					
Low risk	43,914,580	81,683,438	133,686,061	351,305,026	610,589,105
Acceptable risk	38,452,937	63,393,115	35,186,718	-	137,032,770
Watch list	25,974,621	19,738,895	5,000,188	-	50,713,704
Non-performing:					
Substandard	2,761,096	903,895	1,016,933	-	4,681,924
Doubtful	2,070,768	2,610,003	1,268,282	-	5,949,053
Loss	15,399,419	8,607,209	37,927,693	-	61,934,321
Total	128,573,421	176,936,555	214,085,875	351,305,026	870,900,877
Suspended interests	(3,202,590)	(1,531,093)	(4,189,650)	-	(8,923,333)
Expected credit losses provision	(14,829,545)	(16,428,528)	(17,052,301)	(5,604,032)	(53,914,406)
	110,541,286	158,976,934	192,843,924	345,700,994	808,063,138

	Retails	Real estates	Corporates	Government and public sector	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
December 31, 2023					
Low risk	98,138,695	150,574,436	184,995,519	364,774,879	798,483,529
Acceptable risk	5,855,999	31,698,133	43,525,011	-	81,079,143
Watch list	9,966,730	4,338,914	5,221,471	-	19,527,115
Non-performing:					
Substandard	3,860,022	551,771	3,657,676	-	8,069,469
Doubtful	3,181,601	1,268,485	14,201,038	-	18,651,124
Loss	14,015,296	6,905,182	27,275,888	-	48,196,366
Total	135,018,343	195,336,921	278,876,603	364,774,879	974,006,746
Suspended interests	(2,763,954)	(1,165,940)	(4,401,254)	-	(8,331,148)
Expected credit losses provision	(12,008,330)	(14,367,530)	(9,831,084)	(5,514,414)	(41,721,358)
	120,246,059	179,803,451	264,644,265	359,260,465	923,954,240

3. Following is the fair value of collaterals obtained against total credit exposures as at December 31, 2024 and 2023:

December 31, 2024	Gross credit risk exposure	Fair value of collaterals: Cash margins	Real estate	Quoted stocks	Vehicles and equipment	Others	Total collaterals	Net Exposure after collaterals	ECL
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Credit exposures relating to items on consolidated statement of financial position:									
Balances at Palestine Monetary Authority	108,219,411	-	-	-	-	-	-	108,219,411	271,265
Balances at banks and financial institutions	173,040,499	-	-	-	-	-	-	173,040,499	61,799
Direct credit facilities:									
Retails	253,218,448	21,595,319	57,784,584	318,698	9,846,533	2,775,287	92,320,421	160,898,027	21,009,702
SMEs	44,470,326	3,375,212	21,710,178	10,226	4,506,434	6,940,663	36,542,713	7,927,613	4,098,930
Corporates	221,907,077	17,359,045	56,098,318	10,744,970	13,657,057	5,071,304	102,930,694	118,976,383	23,150,836
Government and public sector	351,305,026	6,304,163	-	-	-	-	6,304,163	345,000,863	5,604,032
Financial assets at amortized cost	57,303,699	-	-	6,210,615	-	-	6,210,615	51,093,084	4,906,335
Other financial assets	5,975,215	-	-	-	-	-	-	5,975,215	-
Total	1,215,439,701	48,633,739	135,593,080	17,284,509	28,010,024	14,787,254	244,308,606	971,131,095	59,102,899
Credit exposures of consolidated off balance sheet items:	58,273,288	10,397,052	-	-	-	-	10,397,052	47,876,236	50,906
	58,273,288	10,397,052	-	-	-	-	10,397,052	47,876,236	50,906

December 31, 2023	Gross credit risk exposure	Fair value of collaterals: Cash margins	Real estate	Quoted stocks	Vehicles and equipment	Others	Total collaterals	Net Exposure after collaterals	ECL
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Credit exposures relating to items on consolidated statement of financial position:									
Balances at Palestine Monetary Authority	131,453,017	-	-	-	-	-	-	131,453,017	307,215
Balances at banks and financial institutions	158,439,465	-	-	-	-	-	-	158,439,465	44,667
Direct credit facilities:									
Retails	266,082,853	15,346,265	60,407,121	258,777	10,557,017	10,469,233	97,038,413	169,044,440	15,117,016
SMEs	61,213,313	6,271,124	27,870,060	126,572	4,546,338	7,439,238	46,253,332	14,959,981	3,876,207
Corporates	281,935,701	20,593,190	90,819,700	9,528,342	12,788,950	5,416,182	139,146,364	142,789,337	17,114,126
Government and public sector	364,774,879	2,769,599	-	-	-	-	2,769,599	362,005,280	5,514,414
Financial assets at amortized cost	56,060,606	-	-	8,085,944	-	-	8,085,944	47,974,662	4,806,932
Other financial assets	17,891,380	-	-	-	-	-	-	17,891,380	-
Total	1,337,851,214	44,980,178	179,096,881	17,999,635	27,892,305	23,324,653	293,293,652	1,044,557,562	46,780,577
Credit exposures of consolidated off balance sheet items:	71,025,946	10,440,930	-	-	-	-	10,440,930	60,585,016	99,595
	71,025,946	10,440,930	-	-	-	-	10,440,930	60,585,016	99,595

4. Fair value of collaterals obtained against Stage (3) credit exposures as at December 31, 2024 and 2023 is as follows:

December 31, 2024	Gross credit risk exposure	Fair value of collaterals: Cash margins	Accepted bank guarantees	Real estate	Quoted stocks	Vehicles and equipment	Others	Total collaterals	Net Exposure after collaterals	ECL
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Credit exposures relating to items on consolidated statement of financial position:										
Retails	20,967,779	870,981	-	5,920,418	-	2,330,357	122,319	9,244,075	11,723,704	13,109,783
SMEs	9,234,880	1,512,446	-	5,011,765	-	779,010	5,430	7,308,651	1,926,229	3,831,768
Corporates	33,439,306	322,798	-	13,164,848	1,865,137	904,701	-	16,257,484	17,181,822	19,794,297
Total	63,641,965	2,706,225	-	24,097,031	1,865,137	4,014,068	127,749	32,810,210	30,831,755	36,735,848

December 31, 2023	Gross credit risk exposure	Fair value of collaterals: Cash margins	Accepted bank guarantees	Real estate	Quoted stocks	Vehicles and equipment	Others	Total collaterals	Net Exposure after collaterals	ECL
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Credit exposures relating to items on consolidated statement of financial position:										
Retails	20,218,212	862,203	-	6,263,619	-	2,813,521	101,853	10,041,196	10,177,016	9,700,117
SMEs	8,415,997	1,545,856	-	4,922,902	-	617,408	5,478	7,091,644	1,324,353	3,268,544
Corporates	37,951,602	1,165,055	-	21,288,782	1,540,682	1,629,341	-	25,623,860	12,327,742	13,258,583
Total	66,585,811	3,573,114	-	32,475,303	1,540,682	5,060,270	107,331	42,756,700	23,829,111	26,227,244

5. Concentration in risk exposures according to the geographical area is as follows:

	Palestine	Arab countries	Europe	USA	Others	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Balances with Palestine Monetary Authority	107,948,146	-	-	-	-	107,948,146
Balances at banks and financial institutions	8,829,269	82,617,932	78,877,640	2,653,859	-	172,978,700
Direct credit facilities, net	806,771,664	9,664	4,371	61,897	1,215,542	808,063,138
Financial assets at amortized cost	10,048,036	9,160,126	11,488,057	9,635,181	12,065,964	52,397,364
Other financial assets	5,975,215	-	-	-	-	5,975,215
Total as at December 31, 2024	939,572,330	91,787,722	90,370,068	12,350,937	13,281,506	1,147,362,563
Total as at December 31, 2023	1,107,357,839	61,277,622	80,879,506	22,514,820	10,610,107	1,282,639,894
Consolidated off balance sheet items:						
Letters of guarantees	18,239,029	50,000	-	-	-	18,289,029
Letters of credit	4,610,744	660,000	4,186,917	-	2,074,347	11,532,008
Unutilized direct credit facilities limits	28,452,251	-	-	-	-	28,452,251
Balance as December 31, 2024	51,302,024	710,000	4,186,917	-	2,074,347	58,273,288
Balance as December 31, 2023	69,310,102	390,000	1,325,844	-	-	71,025,946

6. Concentration of risk exposures according to IFRS (9) Stages as at December 31, 2024 and 2023 is as follows:

	December 31, 2024			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Palestine	733,484,722	179,081,491	27,006,117	939,572,330
Arab countries	89,279,987	1,969,735	538,000	91,787,722
Europe	90,370,068	-	-	90,370,068
USA	12,350,937	-	-	12,350,937
Others	13,281,506	-	-	13,281,506
Total	938,767,220	181,051,226	27,544,117	1,147,362,563

	December 31, 2023			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Palestine	970,220,232	96,779,040	40,358,567	1,107,357,839
Arab countries	58,691,943	1,956,246	629,433	61,277,622
Europe	80,879,506	-	-	80,879,506
USA	22,514,820	-	-	22,514,820
Others	10,610,107	-	-	10,610,107
Total	1,142,916,608	98,735,286	40,988,000	1,282,639,894

7. Concentration in risk exposures according to economic sector is as follows:

	Public	Financial	Commercial	Real estate	Other	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Balances with Palestine Monetary Authority	-	107,948,146	-	-	-	107,948,146
Balances at banks and financial institutions	-	172,978,700	-	-	-	172,978,700
Direct credit facilities, net	345,700,994	-	117,876,049	158,646,806	185,839,289	808,063,138
Financial assets at amortized cost	-	52,397,364	-	-	-	52,397,364
Other financial assets	-	5,975,215	-	-	-	5,975,215
Total as at December 31, 2024	345,700,994	339,299,425	117,876,049	158,646,806	185,839,289	1,147,362,563

	Public	Financial	Commercial	Real estate	Other	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Balances with Palestine Monetary Authority	-	131,145,802	-	-	-	131,145,802
Balances at banks and financial institutions	-	158,394,798	-	-	-	158,394,798
Direct credit facilities, net	359,260,465	-	159,901,616	179,803,451	224,988,708	923,954,240
Financial assets at amortized cost	-	51,253,674	-	-	-	51,253,674
Other financial assets	-	17,891,380	-	-	-	17,891,380
Total as at December 31, 2023	359,260,465	358,685,654	159,901,616	179,803,451	224,988,708	1,282,639,894

8. Distribution of risk exposures according to IFRS (9) stages as at December 31, 2024 and 2023 is as follows:

	2024			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Cash and balances with PMA	107,948,146	-	-	107,948,146
Balances at banks and financial institutions	172,978,700	-	-	172,978,700
Public sector	345,700,994	-	-	345,700,994
Real estate	70,178,086	79,732,507	8,736,213	158,646,806
Manufacturing, trade and agriculture	70,874,808	34,766,916	12,234,325	117,876,049
Services sector	64,525,649	5,650,557	2,068,959	72,245,165
Consumption loans	50,695,993	58,931,511	3,966,620	113,594,124
Financial assets at amortized cost	49,889,629	1,969,735	538,000	52,397,364
Other financial assets	5,975,215	-	-	5,975,215
Total	938,767,220	181,051,226	27,544,117	1,147,362,563

	2023			
	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $	U.S. $	U.S. $	U.S. $
Cash and balances with PMA	131,145,802	-	-	131,145,802
Balances at banks and financial institutions	158,394,798	-	-	158,394,798
Public sector	359,260,465	-	-	359,260,465
Real estate	133,704,313	35,313,182	10,785,956	179,803,451
Manufacturing, trade and agriculture	105,268,576	41,642,304	12,990,736	159,901,616
Services sector	78,929,752	6,602,338	13,353,466	98,885,556
Consumption loans	109,653,527	13,221,216	3,228,409	126,103,152
Financial assets at amortized cost	48,667,995	1,956,246	629,433	51,253,674
Other financial assets	17,891,380	-	-	17,891,380
Total	1,142,916,608	98,735,286	40,988,000	1,282,639,894

9. Macroeconomic Factors, Forward Looking Information and Multiple Scenarios:

When estimating the ECLs, the Bank considers three scenarios (a base case, best and worst). Each of these is associated with different PDs, EADs and LGDs.

Following are the macroeconomic factors impact on the forward-looking information based on multiple scenarios as at December 31, 2024:

Macro-economic variables	Scenario used	Assigned weight for each scenario (%)	Percentage change in macro-economic variables (%) 2024	Percentage change in macro-economic variables (%) 2025	Percentage change in macro-economic variables (%) 2026	Percentage change in macro-economic variables (%) 2027	Percentage change in macro-economic variables (%) 2028
GDP	Base case	40	(24.85)	(0.60)	14.43	7.78	(2.59)
	Best case	-	(17.61)	6.64	21.67	15.02	4.65
	Worst case	60	(32.09)	(7.84)	7.18	0.53	(9.84)
Inflation rates	Base case	40	2.50	2.54	2.59	2.61	2.63
	Best case	-	4.88	4.93	4.97	5.00	5.01
	Worst case	60	0.12	0.16	0.20	0.23	0.25

Following are the macroeconomic factors impact on the forward-looking information based on multiple scenarios as at December 31, 2023:

Macro-economic variables	Scenario used	Assigned weight for each scenario (%)	Percentage change in macro-economic variables (%) 2023	Percentage change in macro-economic variables (%) 2024	Percentage change in macro-economic variables (%) 2025	Percentage change in macro-economic variables (%) 2026	Percentage change in macro-economic variables (%) 2027
GDP	Base case	40	(3.70)	(6.80)	0.40	4.25	4.09
	Best case	-	3.28	0.18	7.38	11.24	11.08
	Worst case	60	(10.68)	(13.78)	(6.59)	(2.73)	(2.89)
Inflation rates	Base case	40	3.31	3.33	3.31	3.31	3.31
	Best case	-	1.57	1.59	1.57	1.57	1.56
	Worst case	60	5.06	5.07	5.06	5.05	5.05

10. Classification of debt securities based on risk degree

The table below analyzes the credit exposure of the debt securities using the credit rating as per the global credit rating agencies:

	2024 U.S. $	2023 U.S. $
Private Sector:		
AAA+ to A-	39,829,179	31,790,494
BBB+ to B-	1,982,149	8,648,642
Less than B-	538,000	629,433
Unrated	10,048,036	10,185,105
Total	52,397,364	51,253,674

II. Market risk

Market risk arises from changes in interest rate risk, equity price risk and foreign currency risk. The Bank's board of Directors sets the limits for acceptable risks. This is periodically monitored by the Bank's management.

1. Interest rate risk

Interest rate risk arises from the probable effects of changes in interest rates on the value of financial instruments. The Bank is exposed to interest rate risk as a result of mismatch or the existence of a gap between assets and liabilities according to their maturities, or re-pricing interest rates in certain periods. The Bank manages those risks by reviewing the interest rate on assets and liabilities in through its strategy on risk management.

Interest rates on assets and liabilities are reviewed periodically. The Bank regularly follows up the actual cost of funds and takes appropriate decisions regarding pricing, based on the prevailing prices.

The effect of decreases in interest rate is expected to be equal and opposite to the effect of the increase shown below:

	2024		2023	
Currency	Increase in interest rate (basis points)	Interest income sensitivity (consolidated income statement)	Increase in interest rate (basis points)	Interest income sensitivity (consolidated income statement)
U.S. $	10	(171,162)	10	(249,870)
ILS	10	(100,908)	10	(146,504)
JOD	10	(111,655)	10	(107,151)
Other currencies	10	2,654	10	(4,320)

December 31, 2024	Less than 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 to 3 years	More than 3 years	Non-interest bearing	Total
	Interest rate re-pricing sensitivity gap							
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Assets								
Cash and balances with PMA	-	-	-	-	-	-	263,466,069	263,466,069
Balances with banks and financial institutions	142,419,738	-	-	-	-	-	30,558,962	172,978,700
Financial assets at fair value through profit or loss	-	-	-	-	-	-	240,000	240,000
Direct credit facilities, net	13,678,941	13,363,441	66,814,029	52,135,152	149,338,751	512,732,824	-	808,063,138
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	5,612,892	5,612,892
Financial assets at amortized cost	2,283,626	2,077,034		877,250	29,166,381	17,993,073	-	52,397,364
Investment in associates	-	-	-	-	-	-	50,207,568	50,207,568
Property, plant and Equipment	-	-	-	-	-	-	21,490,003	21,490,003
Right of use assets	-	-	-	-	-	-	6,228,480	6,228,480
Projects in progress	-	-	-	-	-	-	1,063,806	1,063,806
Intangible assets	-	-	-	-	-	-	2,724,930	2,724,930
Deferred tax assets	-	-	-	-	-	-	7,208,746	7,208,746
Other assets	-	-	-	-	-	-	7,266,989	7,266,989
Total assets	158,382,305	15,440,475	66,814,029	53,012,402	178,505,132	530,725,897	396,068,445	1,398,948,685
Liabilities								
Banks and financial institutions' deposits	-	-	-	-	-	-	5,266,385	5,266,385
Customers' deposits	270,376,966	64,743,281	42,300,401	91,679,950	358,946	-	595,362,777	1,064,822,321
Cash margins	1,039,065	1,013,899	5,069,257	3,955,554	2,625,554	-	49,971,713	63,675,042
Loans and borrowings	27,431,832	4,553,500	-	4,553,500	18,214,000	-	-	54,752,832
Subordinated loans	-	2,000,000	-	-	-	-	-	2,000,000
Sundry provisions	-	-	-	-	-	-	7,491,491	7,491,491
Taxes provisions	-	-	-	-	-		3,147,061	3,147,061
Lease Liabilities	9,797	19,594	34,119	427,798	1,615,912	3,904,528	-	6,011,748
Other Liabilities	-	-	-	-	-	-	19,129,637	19,129,637
Total liabilities	298,857,660	72,330,274	47,403,777	100,616,802	22,814,412	3,904,528	680,369,064	1,226,296,517
Equity								
Paid-in share capital	-	-	-	-	-	-	113,100,000	113,100,000
Share premium	-	-	-	-	-	-	17,770,333	17,770,333
Statutory reserve	-	-	-	-	-	-	9,329,283	9,329,283
General banking risks reserve	-	-	-	-	-	-	3,484,033	3,484,033
Pro-cyclicality reserve	-	-	-	-	-	-	5,216,291	5,216,291
Fair value reserve	-	-	-	-	-	-	(4,023,511)	(4,023,511)
Retained earnings	-	-	-	-	-	-	27,775,739	27,775,739
Net equity	-	-	-	-	-	-	172,652,168	172,652,168
Total liabilities and equity	298,857,660	72,330,274	47,403,777	100,616,802	22,814,412	3,904,528	853,021,232	1,398,948,685
Interest rate re-pricing sensitivity gap	(140,475,355)	(56,889,799)	19,410,252	(47,604,400)	155,690,720	526,821,369	(456,952,787)	-
Cumulative gap	(140,475,355)	(197,365,154)	(177,954,902)	(225,559,302)	(69,868,582)	456,952,787	-	-

December 31, 2023	Less than 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 to 3 years	More than 3 years	Non-interest bearing	Total
	Interest rate re-pricing sensitivity gap							
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Assets								
Cash and balances with PMA	-	-	-	-	-	-	240,672,167	240,672,167
Balances with banks and financial institutions	73,988,426	14,976,080	-	-	-	-	69,430,292	158,394,798
Financial assets at fair value through profit or loss	-	-	-	-	-	-	285,600	285,600
Direct credit facilities, net	15,620,279	15,241,974	76,206,248	59,463,924	170,331,681	587,090,134	-	923,954,240
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	6,332,279	6,332,279
Financial assets at amortized cost	445,404	-	-	7,351,982	24,675,222	18,781,066	-	51,253,674
Investment in associates	-	-	-	-	-	-	50,151,383	50,151,383
Property, plant and Equipment	-	-	-	-	-	-	21,884,324	21,884,324
Right of use assets	-	-	-	-	-	-	6,755,187	6,755,187
Projects in progress	-	-	-	-	-	-	1,803,479	1,803,479
Intangible assets	-	-	-	-	-	-	2,748,420	2,748,420
Deferred tax assets	-	-	-	-	-	-	6,298,657	6,298,657
Other assets	-	-	-	-	-	-	20,329,757	20,329,757
Total assets	90,054,109	30,218,054	76,206,248	66,815,906	195,006,903	605,871,200	426,691,545	1,490,863,965
Liabilities								
Banks and financial institutions' deposits	4,360,000	15,000,000	-	-	-	-	8,544,797	27,904,797
Customers' deposits	111,793,005	69,613,314	57,117,519	139,310,266	60,361,940	-	652,746,249	1,090,942,293
Cash margins	1,235,679	1,205,753	6,028,478	4,704,036	3,122,369	-	56,795,294	73,091,609
Loans and borrowings	555,560	4,828,687	-	23,132,786	28,972,125	-	-	57,489,158
Subordinated loans	-	-	-	16,500,000	2,000,000	-	-	18,500,000
Sundry provisions	-	-	-	-	-	-	7,333,258	7,333,258
Taxes provisions	-	-	-	-	-	-	4,806,531	4,806,531
Lease Liabilities	10,009	20,017	34,856	437,044	1,650,836	4,332,828	-	6,485,590
Other Liabilities	-	-	-	-	-	-	31,769,857	31,769,857
Total liabilities	117,954,253	90,667,771	63,180,853	184,084,132	96,107,270	4,332,828	761,995,986	1,318,323,093
Equity								
Paid-in share capital	-	-	-	-	-	-	113,100,000	113,100,000
Share premium	-	-	-	-	-	-	17,770,333	17,770,333
Statutory reserve	-	-	-	-	-	-	9,226,758	9,226,758
General banking risks reserve	-	-	-	-	-	-	3,484,033	3,484,033
Pro-cyclicality reserve	-	-	-	-	-	-	5,216,291	5,216,291
Fair value reserve	-	-	-	-	-	-	(3,109,557)	(3,109,557)
Retained earnings	-	-	-	-	-	-	26,853,014	26,853,014
Net equity	-	-	-	-	-	-	172,540,872	172,540,872
Total liabilities and equity	117,954,253	90,667,771	63,180,853	184,084,132	96,107,270	4,332,828	934,536,858	1,490,863,965
Interest rate re-pricing sensitivity gap	(27,900,144)	(60,449,717)	13,025,395	(117,268,226)	98,899,633	601,538,372	(507,845,313)	-
Cumulative gap	(27,900,144)	(88,349,861)	(75,324,466)	(192,592,692)	(93,693,059)	507,845,313	-	-

2. Equity price change risk

Equity price risk results from changes in fair value of equity instruments. The effect of the expected decrease in equity instrument prices is equal and opposite to the effect of the increase stated below:

	2024			2023		
Market	Increase in Index (%)	Effect on consolidated income statement U.S. $	Effect on consolidated equity U.S. $	Increase in index (%)	Effect on consolidated income statement U.S. $	Effect on consolidated equity U.S. $
Palestine Security Exchange	10	24,000	484,905	10	28,560	555,930
Foreign financial markets	10	-	68,547	10	-	69,461
Unquoted Shares	10	-	7,837	10	-	7,837

3. Foreign currency risk

These are the risks of the change in value of financial instruments resulting from the change in foreign exchange rates. The U.S. $ is the functional currency of the Bank. The Board of Directors sets the limit of the financial position for each currency, and such position is monitored on a daily basis to ensure maintaining the foreign currency position within the established limits.

The Jordanian Dinar (JOD) exchange rate is pegged to US Dollar exchange rate, so foreign currency risk of (JOD) is not material on the Bank's consolidated financial statements.

The effect of decrease in currency rate (%) is expected to be equal and opposite to the effect of the increase shown below:

	2024		2023	
Currency	Increase in currency rate %	Effect on consolidated income statement U.S. $	Increase in currency rate %	Effect on consolidated income statement U.S. $
ILS	10	17,859	10	(311,351)
Other currencies	10	(154,874)	10	291,101

Following is the net foreign currencies position of the Bank:

December 31, 2024	JOD U.S. $	ILS U.S. $	Other currencies U.S. $	Total U.S. $
Assets				
Cash and balances at PMA	33,851,182	167,810,963	4,903,995	206,566,140
Balances at banks and financial institutions	82,204,359	23,079,575	37,328,814	142,612,748
Direct credit facilities, net	119,498,049	446,412,357	50,968,860	616,879,266
Financial assets at amortized cost	-	-	2,081,600	2,081,600
Other financial assets	3,834,142	2,839,388	187,916	6,861,446
Total assets	239,387,732	640,142,283	95,471,185	975,001,200
Liabilities				
Banks and financial institutions' deposits	201,108	568,524	1,064	770,696
Customers' deposits	230,152,859	408,526,758	64,832,080	703,511,697
Cash margins	6,796,246	27,644,630	3,183,810	37,624,686
Loans and borrowings	-	27,431,832	27,321,000	54,752,832
Other financial liabilities	3,124,836	175,791,953	109,579	179,026,368
Total liabilities	240,275,049	639,963,697	95,447,533	975,686,279
Net concentration in the consolidated statement of financial position	(887,317)	178,586	23,652	(685,079)
Contingent liabilities off the consolidated statement of financial position	2,207,268	11,586,392	6,703,142	20,496,802

December 31, 2023	JOD U.S. $	ILS U.S. $	Other currencies U.S. $	Total U.S. $
Assets				
Cash and balances at PMA	32,944,963	151,222,148	4,926,093	189,093,204
Balances at banks and financial institutions	39,378,569	22,578,415	31,025,996	92,982,980
Direct credit facilities, net	136,171,118	486,384,597	55,875,346	678,431,061
Financial assets at amortized cost	7,168,886	-	2,197,295	9,366,181
Other financial assets	30,125,913	4,315,395	679,124	35,120,432
Total assets	245,789,449	664,500,555	94,703,854	1,004,993,858
Liabilities				
Banks and financial institutions' deposits	1,983,532	574,776	941	2,559,249
Customers' deposits	231,118,900	441,707,361	43,186,370	716,012,631
Cash margins	7,940,144	33,976,105	3,658,493	45,574,742
Loans and borrowings	-	18,304,098	38,629,500	56,933,598
Other financial liabilities	3,041,860	173,051,725	6,317,536	182,411,121
Total liabilities	244,084,436	667,614,065	91,792,840	1,003,491,341
Net concentration in the consolidated statement of financial position	1,705,013	(3,113,510)	2,911,014	1,502,517
Contingent liabilities off the consolidated statement of financial position	2,276,076	11,202,532	6,489,821	19,968,429

III. Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets and liabilities with liquidity in mind, and monitors future cash flows and liquidity and maintains sufficient amount of cash and cash equivalents and liquid financial assets.

Liquidity management policy at the Bank aims to maximize sources of liquidity at the lowest possible cost. Liquidity management aims to maintain stable sources of funding that is considered reliable with an appropriate cost.

Liquidity is measured, controlled and managed on the basis of normal and emergency conditions. This includes the use of analysis of the maturities of the assets and liabilities and various financial ratios. The table below summarizes the allocation of liabilities (undiscounted) on the basis of the remaining contractual liability as at the financial statements date:

December 31, 2024	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months up to 1 year	From 1 to 3 years	More than 3 years	Without maturity	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Liabilities:								
Banks' and financial institutions' deposits	5,266,385	-	-	-	-	-	-	5,266,385
Customers' deposits	866,493,664	66,046,900	42,611,838	92,680,145	366,034	-	-	1,068,198,581
Cash margins	1,039,065	1,018,616	5,069,257	3,955,554	52,597,267	-	-	63,679,759
Loans and borrowings	27,431,832	4,553,500	-	4,553,500	18,214,000	-	-	54,752,832
Subordinated loans	-	2,000,000	-	-	-	-	-	2,000,000
Sundry provisions	-	-	-	-	-		7,491,491	7,491,491
Taxes provisions	-	-	-	3,147,061	-	-	-	3,147,061
Lease liabilities	26,048	51,871	77,246	470,185	2,785,306	3,168,870	-	6,579,526
Other liabilities	12,178,759	742,241	-	6,208,637	-	-	-	19,129,637
Total liabilities	912,435,753	74,413,128	47,758,341	111,015,082	73,962,607	3,168,870	7,491,491	1,230,245,272

December 31, 2023	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months up to 1 year	From 1 to 3 years	More than 3 years	Without maturity	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Liabilities:								
Banks' and financial institutions' deposits	12,904,797	15,000,000	-	-	-	-	-	27,904,797
Customers' deposits	765,033,586	70,621,977	57,559,385	140,304,127	62,086,122	-	-	1,095,605,197
Cash margins	1,236,635	1,205,753	6,028,478	4,704,036	59,917,663	-	-	73,092,565
Loans and borrowings	567,392	6,045,113	-	24,314,595	22,036,833	10,109,403	-	63,073,336
Subordinated loans	-	-	-	17,257,266	2,116,219	-	-	19,373,485
Sundry provisions	-	-	-	-	-	-	7,333,258	7,333,258
Taxes provisions	-	-	-	4,806,531	-	-	-	4,806,531
Lease liabilities	26,810	53,391	79,510	483,958	2,866,901	3,611,885	-	7,122,455
Other liabilities	20,226,359	1,232,706	-	9,673,750	-	-	637,042	31,769,857
Total liabilities	799,995,579	94,158,940	63,667,373	201,544,263	149,023,738	13,721,288	7,970,300	1,330,081,481

Liquidity Coverage Ratio (LCR)

During 2018, PMA issued instructions No. (4/2018) in regard to Liquidity Coverage Ratio (LCR) which is considered one of the quantitative corrective tools issued by Basel Committee. LCR should not be lower than 100%in any case. LCR objective is to promote the short-term resilience of the liquidity risk profile of the Bank by ensuring that they have sufficient High-quality liquid assets to survive a significant stress scenario lasting 30 calendar days, and to keep the Bank services from the day of the stress until the Bank initiates corrective procedures in an efficient way.

The table below shows the calculation of the mentioned ratio as of December 31, 2024:

	Amount before discount rates / (average) flows	Amount after discount rates / (average) flows
	U.S. $	U.S. $
High quality liquid assets*	286,564,734	278,115,574
Retail deposits including small and medium corporates:		
A- Stable deposits	216,321,269	10,816,063
B- Less stable deposits	432,082,293	53,271,215
Deposits and other unguaranteed facilities for companies without retail and small business customers:		
A- Operating deposits	20,832,135	5,208,034
B- Non-operating deposits	128,708,223	97,888,716
Guaranteed financing and deposits	797,943,920	167,184,028
Non-cancelled credit lines and required liquidity within 30 days	28,452,251	8,126,812
Any other cash outflows	402,325,325	26,778,044
Gross cash outflows	1,228,721,49 6	202,088,884
Other cash inflows	180,903,744	142,299,793
Gross cash inflow	180,903,744	142,299,793
Net cash outflow after adjustments		59,789,091
Total high-quality liquid assets after adjustments		278,115,574
Net cash outflow after adjustment		59,789,091
Liquidity Coverage Ratio (%)		%465
Minimum percentage according to PMA instructions (%)		%100

The table below shows the calculation of the mentioned ratio as of December 31, 2023:

	Amount before discount rates / (average) flows	Amount after discount rates / (average) flows
	U.S. $	U.S. $
High quality liquid assets*	268,622,567	256,835,311
Retail deposits including small and medium corporates:		
C- Stable deposits	235,279,206	11,763,960
D- Less stable deposits	354,994,102	41,429,006
Deposits and other unguaranteed facilities for companies without retail and small business customers:		
C- Operating deposits	16,461,671	1,068,828
D- Non-operating deposits	191,682,852	76,673,141
Guaranteed financing and deposits	798,417,831	130,934,935
Non-cancelled credit lines and required liquidity within 30 days	32,749,855	1,637,493
Any other cash outflows	412,241,953	26,733,896
Gross cash outflows	1,243,409,639	159,306,324
Other cash inflows	152,643,828	78,726,421
Gross cash inflow	152,643,828	78,726,421
Net cash outflow after adjustments		80,579,903
Total high-quality liquid assets after adjustments		256,835,311
Net cash outflow after adjustment		80,579,903
Liquidity Coverage Ratio (%)		%319
Minimum percentage according to PMA instructions (%)		%100

Net Stable Funding Ratio (NSFR)

PMA issued instructions No. (5/2018) in regard of applying Net Stable Funding Ratio (NSFR), which is considered one of key reforms to promote a more resilient banking sector. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability, In all cases, this percentage must not be less than 100%

The table below shows the calculation of the mentioned ratio as of December 31, 2024 and 2023:

	2024	2023
	U.S. $	U.S. $
Stable retail deposits and small institutions	178,917,564	183,290,953
Less stable retail deposits and small institutions	205,628,058	223,916,502
Guaranteed and unguaranteed financing (deposits)	463,061,998	492,105,235
Other deposits and financing	184,738,860	195,732,072
Other commitments (not included in previous categories)	2,834,141	12,829,549
Gross stable funding available	1,035,180,621	1,107,874,311
Level 1 unrestricted high quality liquid assets	28,475	27,722
Level 2 -type (A) unrestricted high quality liquid assets	1,206,611	818,882
Level 2 -type (B) unrestricted high quality liquid assets	17,830,086	15,564,814
Loans	622,089,571	741,584,499
Unquoted financial assets	9,164,022	14,384,868
Quoted financial assets	3,703,853	2,667,413
Non-performing loans	39,193,617	62,693,178
Other assets	39,789,605	12,209,509
Revocable and unconditional credit facilities and liquidity	1,422,613	1,825,696
Future obligations	1,229,291	1,637,493
Gross stable funding required	735,657,744	853,414,074
Net Stable Funding Ratio	%141	%130
Minimum percentage according to PMA instructions (%)	%100	%100

<u>Financial Leverage Ratio</u>

The Palestine Monetary Authority issued Instructions No. (24/2021) regarding the application of the financial leverage ratio, as these instructions aim to reduce the accumulation of financial leverage in banks in order to reduce any pressures on the financial system and the economy in general, and to enhance capital requirements. It should be noted that the financial leverage ratio should not be less than 4%in all cases.

The table below shows the calculation of the financial leverage ratio as of December 31, 2024:

	2024
	U.S. $
Total exposure scale	1,632,511,557
Regulatory amendments related to investments in banks, financial institutions, insurance companies, and commercial entities combined for accounting purposes, but outside the scope of the regulatory assembly	
Adjustments related to derivative exposures	38,173,068
Adjustments related to off balance sheet items	163,021,401
Other adjustments/ exposures	36,943,743
Total Exposure Scale	2,724,930
First tranche of capital net capital	128,270,137
Financial leverage ratio as of December 31, 2024	%9,22
Minimum percentage according to PMA instructions (%)	%4

	2023
	U.S. $
Total exposure scale	1,715,363,865
Regulatory amendments related to investments in banks, financial institutions, insurance companies, and commercial entities combined for accounting purposes, but outside the scope of the regulatory assembly	37,060,036
Adjustments related to derivative exposures	139,559,737
Adjustments related to off balance sheet items	47,570,239
Other adjustments/ exposures	2,748,420
Total Exposure Scale	1,488,425,433
First tranche of capital net capital	129,248,383
Financial leverage ratio as of December 31, 2023	%8.68
Minimum percentage according to PMA instructions (%)	4%

42. Segments information

a. Information on the Bank's business segments:

For management purposes, the Bank is organized into four major business segments:

- Retail accounts: Includes handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and other services.
- Corporate and institution accounts: Includes handling loans, credit facilities, deposits and current accounts for corporate and institutional customers.
- Public sector accounts: Includes handling loans, credit facilities, deposits and current accounts for public sector.
- Treasury: Includes providing trading and treasury services and managing the Bank's funds and investments.

in addition, the bank's activities were distributed into two main business sectors

Following are the Bank's business segments according to operations:

December 31, 2024	Retails	public sector	Corporate	Treasury	Other	2024	2023
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Gross revenues	19,409,952	20,330,558	20,577,777	14,638,765	109,458	75,066,510	83,940,406
Net re-measurement of expected credit losses provision for the year	(6,896,010)	(89,618)	(7,461,700)	(80,585)	-	(14,527,913)	(6,255,909)
Segment results	7,360,109	16,895,265	7,588,853	9,994,604	(160,944)	41,677,887	59,471,775
Unallocated expenses						39,754,247	44,079,826
Profit for the year before taxes						1,923,640	15,391,949
Taxes expense						(898,390)	(989,769)
Profit for the year						1,025,250	14,402,180
Other information							
Total segment assets	227,649,832	345,700,994	234,712,312	544,902,593	45,982,954	1,398,948,685	1,490,863,965
Total segment liabilities	611,578,431	191,878,238	325,040,694	62,019,217	35,779,937	1,226,296,517	1,318,323,093
Investment in associates						50,207,568	50,151,383
Capital expenditures						3,501,202	5,969,216
Depreciation and amortization						6,073,989	5,913,145

b. Geographical distribution information

The following is the geographic distribution of the Bank's revenue, assets and capital expenditures:

	Local		Foreign		Total	
	2024	2023	2024	2023	2024	2023
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Gross revenues	65,813,228	79,597,755	9,253,282	4,342,651	75,066,510	83,940,406
Total assets	1,194,586,514	1,314,887,298	204,362,171	175,976,667	1,398,948,685	1,490,863,965
Capital expenditures	3,501,202	5,969,216	-	-	3,501,202	5,969,216

43. Maturities of assets and liabilities

The following table depicts the analysis of assets and liabilities according to their expected maturities:

December 31, 2024	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 3 years	More than 3 years	Non-interest bearing	Total
Assets	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Cash and balances with PMA	10,846,790	-	-	-	-	-	252,619,279	263,466,069
Balances at banks and financial institutions	142,419,738	-	-	-	-	-	30,558,962	172,978,700
Financial asset at fair value through profit or loss	-	-	-	-	-	-	240,000	240,000
Direct credit facilities, net	13,678,941	13,363,441	66,814,029	52,135,152	149,338,751	512,732,824	-	808,063,138
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	5,612,892	5,612,892
Financial assets at amortized Cost	2,283,626	2,077,034	-	877,250	29,166,381	17,993,073		52,397,364
Investment in associates	-	-	-	-	-	-	50,207,568	50,207,568
Property, plant and equipment	-	-	-	-	-	-	21,490,003	21,490,003
Right of use assets	-	-	-	-	-	-	6,228,480	6,228,480
Projects in progress	-	-	-	-	-	-	1,063,806	1,063,806
Intangible assets		-	-	-	-	-	2,724,930	2,724,930
Deferred tax assets	-	-	-	-	-	-	7,208,746	7,208,746
Other assets	-	-	-	-	-	-	7,266,989	7,266,989
Total Assets	169,229,095	15,440,475	66,814,029	53,012,402	178,505,132	530,725,897	385,221,655	1,398,948,685
Liabilities								
Banks and financial institutions' deposits	5,266,385	-	-	-	-	-	-	5,266,385
Customers' deposits	865,739,743	64,743,281	42,300,401	91,679,950	358,946	-	-	1,064,822,321
Cash margins	1,039,065	1,013,899	5,069,257	3,955,554	52,597,267	-	-	63,675,042
Loans and Borrowing	27,431,832	4,553,500	-	4,553,500	18,214,000	-	-	54,752,832
Subordinated loans	-	2,000,000	-	-	-	-	-	2,000,000
Sundry provisions	-	-	-	-	-	-	7,491,491	7,491,491
Taxes provisions	-	-	-	3,147,061	-	-	-	3,147,061
Lease liabilities	23,897	47,588	70,868	431,362	2,555,327	2,882,706	-	6,011,748
Other liabilities	12,178,759	742,241	-	6,208,637	-	-	-	19,129,637
Total Liabilities	911,679,681	73,100,509	47,440,526	109,976,064	73,725,540	2,882,706	7,491,491	1,226,296,517
Equity								
Paid-in share capital	-	-	-	-	-	-	113,100,000	113,100,000
Share premium	-	-		-	-	-	17,770,333	17,770,333
Statutory reserve	-	-	-	-	-	-	9,329,283	9,329,283
General banking risks reserve	-	-	-	-	-		3,484,033	3,484,033
Pro-cyclicality reserve	-	-	-	-	-	-	5,216,291	5,216,291
Fair value reserve	-	-	-	-	-	-	(4,023,511)	(4,023,511)
Retained earnings	-	-	-	-	-	-	27,775,739	27,775,739
Net equity	-	-	-	-	-	-	172,652,168	172,652,168
Total liabilities and equity	911,679,681	73,100,509	47,440,526	109,976,064	73,725,540	2,882,706	180,143,659	1,398,948,685
Maturity gap	(742,450,586)	(57,660,034)	19,373,503	(56,963,662)	104,779,592	527,843,191	205,077,996	-
Cumulative maturity gap	(742,450,586)	(800,110,620)	(780,737,117)	(837,700,779)	(732,921,187)	(205,077,996)	-	-

December 31, 2023	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 3 years	More than 3 years	Non-interest bearing	Total
Assets	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Cash and balances with PMA	28,124,317	-	-	-	-	-	212,547,850	240,672,167
Balances at banks and financial institutions	130,018,793	14,976,080	-	-	-	-	13,399,925	158,394798
Financial asset at fair value through profit or loss	-	-	-	-	-	-	285,600	285,600
Direct credit facilities, net	15,620,279	15,241,974	76,206,248	59,463,924	170,331,681	587,090,134	-	923,954,240
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	6,332,279	6,332,279
Financial assets at amortized Cost	445,404	-	-	7,351,982	24,675,222	18,781,066	-	51,253,674
Investment in associates	-	-	-	-	-	-	50,151,383	50,151,383
Property, plant and equipment	-	-	-	-	-	-	21,884,324	21,884,324
Right of use assets	-	-	-	-	-	-	6,755,187	6,755,187
Projects in progress	-	-	-	-	-	-	1,803,479	1,803,479
Intangible assets	-	-	-	-	-	-	2,748,420	2,748,420
Deferred tax assets	-	-	-	-	-	-	6,298,657	6,298,657
Other assets	-	-	-	-	-	-	20,329,757	20,329,757
Total Assets	174,208,793	30,218,054	76,206,248	66,815,906	195,006,903	605,871,200	342,536,861	1,490,863,965
Liabilities								
Banks and financial institutions' deposits	12,904,797	15,000,000	-	-	-	-	-	27,904,797
Customers' deposits	764,539,254	69,613,314	57,117,519	139,310,266	60,361,940	-	-	1,090,942,293
Cash margins	1,235,679	1,205,753	6,028,478	4,704,036	59,917,663	-	-	73,091,609
Loans and Borrowing	555,560	4,828,687	-	23,132,785	19,314,750	9,657,376	-	57,489,158
Subordinated loans	-	-	-	16,500,000	2,000,000	-	-	18,500,000
Sundry provisions	-	-	-	-	-	-	7,333,258	7,333,258
Taxes provisions	-	-	-	4,806,531	-	-	-	4,806,531
Lease liabilities	24,413	48,617	72,400	440,684	2,610,554	3,288,922	-	6,485,590
Other liabilities	20,226,359	1,232,706	-	9,673,750	-	-	637,042	31,769,857
Total Liabilities	799,486,062	91,929,077	63,218,397	198,568,052	144,204,907	12,946,298	7,970,300	1,318,323,093
Equity								
Paid-in share capital	-	-	-	-	-	-	113,100,000	113,100,000
Share premium	-	-	-	-	-	-	17,770,333	17,770,333
Statutory reserve	-	-	-	-	-	-	9,226,758	9,226,758
General banking risks reserve	-	-	-	-	-	-	3,484,033	3,484,033
Pro-cyclicality reserve	-	-	-	-	-	-	5,216,291	5,216,291
Fair value reserve	-	-	-	-	-	-	(3,109,557)	(3,109,557)
Retained earnings	-	-	-	-	-	-	26,853,014	26,853,014
Net equity	-	-	-	-	-	-	172,540,872	172,540,872
Total liabilities and equity	799,486,062	91,929,077	63,218,397	198,568,052	144,204,907	12,946,298	180,511,172	1,490,863,965
Maturity gap	(625,277,269)	(61,711,023)	12,987,851	(131,752,146)	50,801,996	592,924,902	162,025,689	-
Cumulative maturity gap	(625,277,269)	(686,988,292)	(674,000,441)	(805,752,587)	(754,950,591)	(162,025,689)	-	-

44. Bank development policies

Based on the bank's strategic plan and the bank's keenness to meet the banking needs of customers and serve them in an integrated manner, the bank has expanded into many new sectors to serve this goal, as the most prominent features of the bank's strategic plan are the following:

- Launching a new banking system and supporting systems as one of the main pillars on which the bank is based.
- Establish a central archive for all financial and non-financial transactions of the bank.
- Expanding the network of branches and ATMs to cover all areas in the West Bank. Work on creating investment service division to manage Bank's and customers' investments.
- Automate all workflows of the bank to accelerate the bank's operations and provide services to customers easily, quickly and remotely. Train and develop specialized team for various banking services.
- Developing new non-traditional products that meet the multiple banking needs of customers in terms of lending and investment in all banking sectors (individuals, companies, small enterprises, treasury, and small and medium enterprises).
- Improve customer service procedures with speed and efficiency that reflect the bank's vision and objectives.
- Developing the investment arm of the Bank to enhance investment management for the benefit of customers and the Bank.
- Building and developing strategic partnerships with financial institutions and companies.
- Developing and training a specialized team in various banking matters from the bank's human staff.

45. Capital management

The primary objective of the Bank's capital management is to ensure that it maintains adequate capital ratios in order to support its business and maximize shareholder value. The Bank manages its capital structure and makes adjustments to it in light of changes in business and economic conditions. The Bank did not make any adjustments to the goals, and policies concerning capital management for years 2024 and 2023.

The capital adequacy ratio is computed in accordance with the PMA's instructions number (8/2018). The following is the capital adequacy ratio for the year:

	2024			2023		
	Amount	Percentage to assets	Percentage to risk – weighted assets	Amount	Percentage to assets	Percentage to risk – weighted assets
	U.S. $	%	%	U.S. $	%	%
Regulatory capital	138,019,567	9,87	17,77	143,482,497	9,62	16,71
Basic capital	128,270,137	9,17	16,52	129,248,383	8,67	15,05

The Bank manages capital in a manner that ensures the continuity of its operations and achieves the highest possible return on shareholders' equity. The capital for the year 2022 is computed in accordance with PMA instructions No. (8/2018), as shown in the following table:

	2024	2023
	U.S. $	U.S. $
Net common stocks (CET 1)	128,270,137	129,248,383
Tier 1 of capital	128,270,137	129,248,383
Tier 2 of capital	9,749,430	14,234,114
Capital base	138,019,567	143,482,497
Credit risk	653,600,294	737,734,337
Market risk	5,139,206	3,684,711
Operational risk	117,883,353	117,266,218
Total risk weighted assets	776,622,853	858,685,266
	%	%
Percentage of net common stocks (CET 1) to risk weighted assets	16.52	15.05
Percentage of Tier 1 of capital to risk weighted assets	16.52	15.05
Percentage of Tier 2 of capital to risk weighted assets	1.26	1.66
Percentage of Tier 1 to assets	9.17	8.67
Percentage of regulatory capital to assets	9.87	9.62
Capital adequacy ratio	17.77	16.71

46. Commitments and contingencies

The total outstanding commitments and contingent liabilities as at the consolidated financial statements date are as follows:

	2024	2023
	U.S. $	U.S. $
Letters of guarantees	18,289,029	26,510,246
Letters of credit	11,532,008	11,765,845
Unutilized credit limits	28,452,251	32,749,855
	58,273,288	71,025,946

47. Law suits against the Bank

The value of the cases brought against the Bank amounted to a total amount of U.S. $67,677,807 and U.S. $ 61,201,642 as at December 31, 2024 and 2023, respectively. Noting that the majority of this amount of U.S. $ 32,594,766 is related to the operational event lawsuits, and in the opinion of the legal advisor and the executive management of the bank, that they are not based on any legal basis.

The Bank's management and lawyer believe that the provision is sufficient against these litigations except what is assigned.

48.Concentration of risk per geographic area

The Bank carries out its activities in Palestine. The political and economic destabilization in the area increases the risk of carrying out business and could adversely affect performance.

49.War on the Gaza Strip

At the beginning of October 2023, the Gaza Strip (the Strip) was exposed to a war, which significantly affected all economic activities in the Strip, in addition to destruction of many facilities and properties. The West Bank has also been affected by the closures and restrictions on the movement of between cities and repeating closure for outside boarders.

These events has negatively affected economic activities in Palestine, and lead to a decrease in private sector revenues, green lines Palestinian workers' earnings, government revenue from local taxes and fees, clearance revenues compared to the beginning of the war, and consequently, it may affect the ability of customers to meet their obligations towards the Banks on time. The Bank's exposure to the facilities granted to the government, its employees, and green line Palestine workers is disclosed in Note (7).

Management's actions

In response to the war on the Gaza Strip, from the first day, the Bank has activated its business continuity and crisis plans to address the effects of this war on The Bank, which was represented by several measures as follows:

- Identifying possible closure scenarios in the West Bank to ensure the continuity of the bank's essential functions and defining responsibilities for emergency teams for different scenarios, in addition to activate remote work systems and distribute employees across branches closer to their places of residences
- The Bank worked on evaluating all the horizons of this war, which is represented in preparing stress scenarios for the following horizons:
  - Direct effects inside the Gaza Strip
  - Liquidity management and its indicators
  - The effects in the West Bank areas
  - Investment in the Palestine Islamic Bank
  - Operational risks

However, it is expected that this event will affect the Bank's operational activities, investments, revenues, and business results due to the following effects:

A. The direct effects on the Bank from banking operations inside the Gaza Strip:

- The Bank does not have any branches or offices that provide financial and banking services to customers inside the Gaza Strip.
- The Bank does not have any facilities granted to customers inside the Gaza Strip.
- The Bank does not have cash in vaults or ATMs inside the Gaza Strip.

Therefore, there are no direct effects on The National Bank from banking operations inside the Gaza Strip as a result of the war.

B. Cash and Liquidity:

The Bank regularly monitors its liquidity situation to ensure sufficient levels of liquidity to meet its anticipated needs and continue its operations.

As at December 31, 2024, cash and balances at the Palestine Monetary Authority, excluding the statutory cash reserve (Note 4), and balances at banks and financial institutions (Note 5), amounted to U.S. $ 339,676,477, representing 31,90%of total customer deposits.

The liquidity coverage ratio and the stable funding ratio are higher than the ratios set by the Palestine Monetary Authority, as disclosed in Note (41).

C. Effects in the West Bank areas - Provision for expected credit losses:

The Bank has assessed borrowers for indicators of inability to pay, taking into consideration the underlying reason for any financial difficulty and whether it is likely to be temporary as a result of the war or long-term. At the end of this year and prior year, the Bank has also updated the macroeconomic factors and updated the probability weighted scenarios by applying a greater weight of 60%for the worst-case scenario starting December 31, 2023, which led to an increase in the provision for expected credit losses.

D. Investment in the associate company (Palestine Islamic Bank):

The National Bank owns 24.85% of the Palestine Islamic Bank (PIB) as of December 31, 2024 and 2023. PIB is considered one of the banks operating in the Gaza Strip affected by the war. The net book value of the investment in the PIB amounted to U.S. $ 50,207,568 (2023: U.S. $ 50,151,383). The net book value of PIB's assets in the Gaza Strip as of December 31, 2024 amounted to U.S. $ 93,004,640 (2023: U.S. $ 135,398,760), after deducting impairment provisions amounted to U.S. $ 40,055,565 (2023: U.S. $ 27,779,081). PIB's management calculated these provisions according to their best estimate and based on available information in light of the state of uncertainty beyond management's control due to the continuation of the war.

E. Operational Risks:

The Bank believes it has sufficient financial resources to continue its operations in the West Bank by taking the necessary actions to adapt to emerging changes and ensure the Bank's continuity through the implementation of continuity plans.

As a result, the effects of this ongoing war are still unclear and cannot be accurately predicted at the current time. The management continues to monitor this event and study its impact on the financial position and operational performance of the Bank. Moreover, management believes that there are no substantial doubts about the Bank's or its associate company's ability to continue their businesses in the future.

50. Subsequent Events

Subsequent to the date of the financial statements, the President of the State of Palestine issued Decision-Law No. (3) of 2025 to organize dealing with the loan's installments and terms. This law grants the Palestinian Monetary Authority the right, in specific cases outlined in the Decision-Law, to issue binding instructions to banks to amend loan terms and installments, including extending repayment periods, restructuring debts and installments, or determining interest rates, ensuring that the interest rate does not exceed the interbank lending rate. Accordingly, the Palestinian Monetary Authority issued Instruction No. (1) of 2025 regarding the management of debt maturities of credit financing granted to individuals in Gaza Strip and public sector employees in West Bank, the instructions requested the Banks to shift the repayment schedule for all loans in Gaza Strip for the period from October 1, 2023, until July 1, 2025. In addition, the repayment schedule for all loans for public sector employees in West Bank should be shifted from October 1, 2023, until December 31, 2024, through granting a new loan to the borrowers, with the bank collecting interest on the due amounts that does not exceed the interbank lending rate (6 Months SOFR).

This event is considered a modification to assets according to International Financial Reporting Standard (IFRS) No. 9, which requires the recognition of the difference between the present value of the modified contractual cash flows, discounted at the original effective interest rate, and the total book value prior to the modification as a credit facilities modification loss within the consolidated income statement. According to the preliminary estimates by the bank's management, the financial impact of these modifications is expected to amount to $ U.S 2 million, which will be recorded in the consolidated income statement for the year 2025. As a result of these modifications, the bank has updated the inputs used for calculating the Expected Credit Loss (ECL) provision for the year 2024.