

الوطني TNB

The National Bank LTD. Interim Condensed Consolidated Financial Statements

(UNAUDITED)
June 30, 2022



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

| | June 30, 2022 | December 31, 2021 |
|---|----------------------|----------------------|
| | (Unaudited) | (Audited) |
| | U.S. \$ | U.S. \$ |
| Assets | | |
| Cash and balances at Palestine Monetary Authority | 230,998,482 | 290,606,441 |
| Balances at banks and financial institutions | 270,918,183 | 319,725,002 |
| Financial assets at fair value through profit or loss | 2,048,249 | 1,487,573 |
| Direct credit facilities | 871,772,639 | 879,617,049 |
| Financial assets at fair value through other comprehensive income | 15,435,755 | 17,706,139 |
| Financial assets at amortized cost | 25,212,042 | 25,674,745 |
| Investment in associates | 48,170,662 | 48,090,281 |
| Property, plant and equipment | 18,776,911 | 19,824,277 |
| Right of use assets | 6,170,673 | 6,826,148 |
| Projects in progress | 271,247 | 269,695 |
| Intangible assets | 4,784,552 | 5,079,498 |
| Deferred tax assets | 4,374,322 | 4,163,823 |
| Other assets | 26,199,297 | 11,688,938 |
| Total assets | 1,525,133,014 | 1,630,759,609 |
| Liabilities and equity | | |
| Liabilities | | |
| Banks and financial institutions' deposits | 110,559,045 | 147,387,483 |
| Customers' deposits | 1,066,833,426 | 1,139,385,865 |
| Cash margins | 78,764,706 | 72,122,853 |
| Loans and borrowings | 43,952,140 | 51,005,307 |
| Subordinated loans | 31,000,000 | 35,000,000 |
| Sundry provisions | 6,428,528 | 6,326,286 |
| Lease liabilities | 5,719,364 | 6,715,176 |
| Taxes provisions | 2,930,496 | 1,281,190 |
| Other liabilities | 24,645,139 | 25,790,641 |
| Total liabilities | 1,370,832,844 | 1,485,014,801 |
| Equity | | |
| Paid-in share capital | 113,100,000 | 104,553,948 |
| Share premium | 17,770,333 | 17,770,333 |
| Statutory reserve | 6,086,418 | 6,086,418 |
| General banking risks reserve | 4,085,562 | 4,085,562 |
| Pro-cyclicality reserve | 5,216,291 | 5,216,291 |
| Fair value reserve | (907,075) | (2,033,671) |
| Retained earnings | 8,948,641 | 10,065,927 |
| Net equity | 154,300,170 | 145,744,808 |
| Total liabilities and equity | 1,525,133,014 | 1,630,759,609 |

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three-month and six-month periods ended June 30, 2022

| | For the three-month period ended June 30 | | For the six-month period ended June 30 | |
|--|---|------------------------|---|------------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (Unaudited) U.S. \$ | (Unaudited) U.S. \$ | (Unaudited) U.S. \$ | (Unaudited) U.S. \$ |
| Interest income | 14,060,960 | 14,275,018 | 28,254,874 | 28,540,684 |
| Interest expense | (4,433,441) | (5,294,356) | (9,039,009) | (11,324,624) |
| Net interest income | 9,627,519 | 8,980,662 | 19,215,865 | 17,216,060 |
| Net financing and investment income | - | 12,599,545 | - | 24,294,044 |
| Net commissions income | 1,769,240 | 3,813,421 | 3,607,295 | 7,759,330 |
| Net interest and commissions income | 11,396,759 | 25,393,628 | 22,823,160 | 49,269,434 |
| Foreign currencies gains | 2,037,006 | 2,475,857 | 3,656,072 | 5,139,130 |
| Net gains from financial assets portfolio | 256,256 | 501,243 | 1,422,555 | 1,598,715 |
| Bank's share of the associates' results of operations | 964,696 | 111,314 | 1,783,721 | 105,778 |
| Expected credit losses recoveries | 1,712,946 | 1,514,586 | 3,093,239 | 2,861,876 |
| Other revenues | 216,604 | 3,398,099 | 223,304 | 3,445,372 |
| Gross profit | 16,584,267 | 33,394,727 | 33,002,051 | 62,420,305 |
| Expenses | | | | |
| Personnel expenses | (5,281,753) | (10,840,959) | (10,578,214) | (19,888,180) |
| Other operating expenses | (3,154,924) | (7,064,112) | (6,554,807) | (12,377,219) |
| Depreciation and amortization | (1,190,283) | (2,462,028) | (2,374,550) | (4,950,561) |
| Expected credit losses provisions | (1,974,003) | (5,750,095) | (5,244,410) | (10,504,814) |
| Investments properties impairment | - | (594,156) | - | (694,156) |
| Total expenses | (11,600,963) | (26,711,350) | (24,751,981) | (48,414,930) |
| Profit for the period before taxes | 4,983,304 | 6,683,377 | 8,250,070 | 14,005,375 |
| Taxes expense | (750,000) | (2,197,647) | (1,250,000) | (4,573,377) |
| Profit for the period | 4,233,304 | 4,485,730 | 7,000,070 | 9,431,998 |
| Attributable to: | | | | |
| Equity holders of the Bank | 4,233,304 | 1,982,519 | 7,000,070 | 4,009,347 |
| Non-controlling interests | - | 2,503,211 | - | 5,422,651 |
| | 4,233,304 | 4,485,730 | 7,000,070 | 9,431,998 |
| Basic and diluted earnings per share for the period for the parent company shareholders | 0,04 | 0,02 | 0,06 | 0,04 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and six-month periods ended June 30, 2022

| | For the three-month period ended June 30 | | For the six-month period ended June 30 | |
|--|---|-------------|---|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | U.S. \$ | U.S. \$ | U.S. \$ | U.S. \$ |
| Profit for the period | 4,233,304 | 4,485,730 | 7,000,070 | 9,431,998 |
| Items won't be reclassified to the consolidated income statement in subsequent periods: | | | | |
| Change in the fair value of financial assets | 1,406,193 | 4,310,204 | 1,753,133 | 3,296,325 |
| Bank's share of associate's other comprehensive income | (247,893) | - | (197,841) | (49,749) |
| Total other comprehensive income | 1,158,300 | 4,310,204 | 1,555,292 | 3,246,576 |
| Net comprehensive income for the period | 5,391,604 | 8,795,934 | 8,555,362 | 12,678,574 |
| Attributable to: | | | | |
| Equity holders of the Bank | 5,391,604 | 5,492,403 | 8,555,362 | 6,699,677 |
| Non-controlling interests | - | 3,303,531 | - | 5,978,897 |
| | 5,391,604 | 8,795,934 | 8,555,362 | 12,678,574 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended June 30, 2022

| | Paid-in share capital U.S. \$ | Share premium U.S. \$ | Reserves | | | | Retained earnings U.S. \$ | Net equity holders of the Bank U.S. \$ | Non-controlling interests U.S. \$ | Net equity U.S. \$ |
|---|----------------------------------|--------------------------|----------------------|----------------------------------|----------------------------|-----------------------|------------------------------|---|--------------------------------------|-----------------------|
| | | | Statutory U.S. \$ | General banking risks U.S. \$ | Pro-cyclicality U.S. \$ | Fair value U.S. \$ | | | | |
| June 30, 2022 | | | | | | | | | | |
| Balance, beginning of the period | 104,553,948 | 17,770,333 | 6,086,418 | 4,085,562 | 5,216,291 | (2,033,671) | 10,065,927 | 145,744,808 | - | 145,744,808 |
| Profit for the period | - | - | - | - | - | - | 7,000,070 | 7,000,070 | - | 7,000,070 |
| Other comprehensive income | - | - | - | - | - | 1,555,292 | - | 1,555,292 | - | 1,555,292 |
| Net comprehensive income for the period | - | - | - | - | - | 1,555,292 | 7,000,070 | 8,555,362 | - | 8,555,362 |
| Sale of financial assets at fair value through other comprehensive income items | - | - | - | - | - | (428,696) | 428,696 | - | - | - |
| Stock dividends (note 1) | 8,503,653 | - | - | - | - | - | (8,503,653) | - | - | - |
| Transfers | 42,399 | - | - | - | - | - | (42,399) | - | - | - |
| Balance, end of the period (unaudited) | 113,100,000 | 17,770,333 | 6,086,418 | 4,085,562 | 5,216,291 | (907,075) | 8,948,641 | 154,300,170 | - | 154,300,170 |
| June 30, 2021 | | | | | | | | | | |
| Balance, beginning of the period | 91,764,707 | 17,770,333 | 5,236,409 | 4,085,562 | 5,216,291 | (6,881,906) | 2,296,925 | 119,488,321 | 101,456,699 | 220,945,020 |
| Profit for the period | - | - | - | - | - | - | 4,009,347 | 4,009,347 | 5,422,651 | 9,431,998 |
| Other comprehensive income | - | - | - | - | - | 2,690,330 | - | 2,690,330 | 556,246 | 3,246,576 |
| Net comprehensive income for the period | - | - | - | - | - | 2,690,330 | 4,009,347 | 6,699,677 | 5,978,897 | 12,678,574 |
| Balance, end of the period (unaudited) | 91,764,707 | 17,770,333 | 5,236,409 | 4,085,562 | 5,216,291 | (4,191,576) | 6,306,272 | 126,187,998 | 107,435,596 | 233,623,594 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-months period ended June 30, 2022

| | For the six-month period ended June 30 | |
|--|---|----------------------|
| | 2022 | 2021 |
| | Unaudited U.S. \$ | Unaudited U.S. \$ |
| Operating activities | | |
| Profit for the period before taxes | 8,250,070 | 14,005,375 |
| Adjustments: | | |
| Depreciation and amortization | 2,374,550 | 4,950,561 |
| Net gains from financial assets portfolio | (1,422,555) | (1,598,715) |
| Bank's share of the associates' results of operations | (1,783,721) | (105,778) |
| Interest on lease liabilities | 118,008 | 244,019 |
| Expected credit losses provision, net | 2,151,171 | 7,642,938 |
| Valuation of deposits at below market interest rate | - | 408,572 |
| Modification gains arising of Islamic financing of a subsidiary | - | (1,708,220) |
| Sundry provisions | 641,680 | 1,977,542 |
| Investments properties impairment | - | 694,156 |
| Losses from sale of property, plant, and equipment | - | 7,962 |
| Other non-cash items | 275,551 | (89,432) |
| | 10,604,754 | 26,428,980 |
| Changes in assets and liabilities: | | |
| Restricted balances at banks and financial institutions | (627,802) | 202,230 |
| Statutory cash reserve at Palestine Monetary Authority | 5,909,583 | (15,283,629) |
| Direct credit facilities and Islamic financing | 5,850,899 | 26,626,142 |
| Other assets | (13,935,081) | 68,555,242 |
| Customers' deposits | (72,552,439) | 72,865,393 |
| Cash margins | 6,641,853 | (22,069,561) |
| Other liabilities | (1,145,502) | 7,088,792 |
| Net cash flows (used in) from operating activities before taxes and provisions paid | (59,253,735) | 164,413,589 |
| Taxes recovered (paid) | 212,627 | (4,202,284) |
| Payments on sundry provisions | (539,438) | (2,250,702) |
| Net cash flows (used in) from operating activities | (59,580,546) | 157,960,603 |
| Investing activities | | |
| Balances at banks and financial institutions maturing after three months | 21,786,415 | 15,485,356 |
| Purchase of investments properties | - | (7,862,504) |
| Purchase of property, plant, and equipment | (525,121) | (782,651) |
| Projects in progress | (1,552) | (183,126) |
| Purchase of intangible assets | (304,724) | (258,745) |
| Purchase of financial assets at fair value through profit or loss | (1,002,680) | - |
| Sale of financial assets at fair value through profit or loss | 790,884 | - |
| Purchase of financial assets at fair value through other comprehensive income | - | (5,126,508) |
| Sale of financial assets at fair value through other comprehensive income | 4,023,517 | - |
| Purchase of financial assets at amortized cost | - | (2,127,750) |
| Matured of financial assets at amortized cost | - | 5,856,424 |
| Cash dividends received | 2,285,709 | 1,619,819 |
| Net cash flows from investing activities | 27,052,448 | 6,620,315 |
| Financing activities | | |
| Cash dividends paid | - | (89,244) |
| Loans and borrowings | (7,053,167) | (6,697,185) |
| Subordinated loans | (4,000,000) | |
| Lease liabilities paid | (987,510) | (1,924,500) |
| Net cash flows used in financing activities | (12,040,677) | (8,710,929) |
| (Decrease) Increase in cash and cash equivalents | (44,568,775) | 155,869,989 |
| Cash and cash equivalents, beginning of the period | 299,589,824 | 544,610,581 |
| Cash and cash equivalents, end of the period | 255,021,049 | 700,480,570 |
| Interest expense paid | 8,298,929 | 9,819,181 |
| Interest revenue received | 25,663,113 | 22,916,822 |

