

الوطني TNB

The National Bank LTD.

**Interim Condensed Consolidated
Financial Statements
(UNAUDITED)**

June 30, 2023



The National Bank Company Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at June 30, 2023

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
	U.S. \$	U.S. \$
Assets		
Cash and balances at Palestine Monetary Authority	221,790,723	234,756,606
Balances at banks and financial institutions	92,647,589	205,445,739
Financial assets at fair value through profit or loss	333,600	336,000
Direct credit facilities	952,625,525	934,068,830
Financial assets at fair value through other comprehensive income	7,228,376	7,148,340
Financial assets at amortized cost	51,023,692	40,286,684
Investment in associates	51,185,633	50,240,259
Property, plant and equipment	22,213,871	20,946,235
Right of use assets	7,200,889	6,000,996
Projects in progress	551,195	273,695
Intangible assets	3,477,370	3,849,183
Deferred tax assets	5,061,391	4,709,866
Other assets	18,274,604	24,255,119
Total assets	1,433,614,458	1,532,317,552
Liabilities and equity		
Liabilities		
Banks and financial institutions' deposits	18,535,013	67,636,451
Customers' deposits	1,086,945,111	1,133,202,691
Cash margins	79,615,422	75,610,768
Loans and borrowings	18,917,191	20,379,457
Subordinated loans	18,500,000	31,000,000
Sundry provisions	6,960,639	6,581,214
Lease liabilities	6,800,885	5,907,210
Taxes provisions	6,751,995	4,720,244
Other liabilities	23,800,048	22,655,355
Total liabilities	1,266,826,304	1,367,693,390
Equity		
Paid-in share capital	113,100,000	113,100,000
Share premium	17,770,333	17,770,333
Statutory reserve	7,786,540	7,786,540
General banking risks reserve	3,484,033	3,484,033
Pro-cyclicality reserve	5,216,291	5,216,291
Fair value reserve	(2,062,239)	(2,262,093)
Retained earnings	21,493,196	19,529,058
Net equity	166,788,154	164,624,162
Total liabilities and equity	1,433,614,458	1,532,317,552

The National Bank Company Ltd.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three-month and six-month periods ended June 30, 2023

	For the three-month period ended June 30		For the six-month period ended June 30	
	2023	2022	2023	2022
	(Unaudited) U.S. \$	(Unaudited) U.S. \$	(Unaudited) U.S. \$	(Unaudited) U.S. \$
Interest income	17,006,258	14,060,960	34,165,176	28,254,874
Interest expense	(3,993,509)	(4,433,441)	(8,072,312)	(9,039,009)
Net interest income	13,012,749	9,627,519	26,092,864	19,215,865
Net commissions income	1,764,212	1,769,240	3,512,410	3,607,295
Net interest and commissions income	14,776,961	11,396,759	29,605,274	22,823,160
Foreign currencies gains	1,692,613	2,037,006	3,893,582	3,656,072
Net gains from financial assets portfolio	2,400	256,256	236,798	1,422,555
Bank's share of the associate's results of operations	1,020,565	964,696	2,104,025	1,783,721
Expected credit losses recoveries	574,178	1,712,946	1,962,129	3,093,239
Other revenues	550,349	216,604	554,970	223,304
Gross profit	18,617,066	16,584,267	38,356,778	33,002,051
Expenses				
Personnel expenses	(5,784,868)	(5,281,753)	(11,406,483)	(10,578,214)
Other operating expenses	(3,868,810)	(3,154,924)	(7,915,379)	(6,554,807)
Depreciation and amortization	(1,451,753)	(1,190,283)	(2,837,904)	(2,374,550)
Expected credit losses provisions	(2,737,578)	(1,974,003)	(6,021,098)	(5,244,410)
Total expenses	(13,843,009)	(11,600,963)	(28,180,864)	(24,751,981)
Profit for the period before taxes	4,774,057	4,983,304	10,175,914	8,250,070
Taxes expense	(980,000)	(750,000)	(2,573,769)	(1,250,000)
Profit for the period	3,794,057	4,233,304	7,602,145	7,000,070
Basic and diluted earnings per share for the period for the bank shareholders	0,03	0,04	0,07	0,06

The National Bank Company Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the three-month and six-month periods ended June 30, 2023

	For the three-month period ended June 30		For the six-month period ended June 30	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Profit for the period	3,794,057	4,233,304	7,602,145	7,000,070
Items won't be reclassified to the consolidated income statement in subsequent periods:				
Change in the fair value of financial assets	(183,802)	1,406,193	133,000	1,753,133
Bank's share of associate's other comprehensive income	(32,688)	(247,893)	83,847	(197,841)
Total other comprehensive income	(216,490)	1,158,300	216,847	1,555,292
Net comprehensive income for the period	<u>3,577,567</u>	<u>5,391,604</u>	<u>7,818,992</u>	<u>8,555,362</u>

The National Bank Company Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended June 30, 2023

	Reserves							
	Paid-in share capital	Share premium	Statutory	General banking risks	Pro- cyclicality	Fair value	Retained earnings	Net equity holders of the Bank
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
June 30, 2023								
Balance, beginning of the period	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 period	-	-	-	-	-	-	7,602,145	7,602,145
Other comprehensive income	-	-	-	-	-	216,847	-	216,847
Net comprehensive income for the period	-	-	-	-	-	216,847	7,602,145	7,818,992
Sale of financial assets at fair value through other comprehensive income items	-	-	-	-	-	(16,993)	16,993	-
Stock dividends	-	-	-	-	-	-	(5,655,000)	(5,655,000)
Balance, end of the period (unaudited)	<u>113,100,000</u>	<u>17,770,333</u>	<u>7,786,540</u>	<u>3,484,033</u>	<u>5,216,291</u>	<u>(2,062,239)</u>	<u>21,493,196</u>	<u>166,788,154</u>
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
Profit for the period	-	-	-	-	-	-	7,000,070	7,000,070
Other comprehensive income	-	-	-	-	-	1,555,292	-	1,555,292
Net comprehensive income for the period	-	-	-	-	-	1,555,292	7,000,070	8,555,362
Sale of financial assets at fair value through other comprehensive income items	-	-	-	-	-	(428,696)	428,696	-
Stock dividends	8,503,653	-	-	-	-	-	(8,503,653)	-
Transfers	42,399	-	-	-	-	-	(42,399)	-
Balance, end of the period (unaudited)	<u>113,100,000</u>	<u>17,770,333</u>	<u>6,086,418</u>	<u>4,085,562</u>	<u>5,216,291</u>	<u>(907,075)</u>	<u>8,948,641</u>	<u>154,300,170</u>

The National Bank Company Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS For the six-months period ended June 30, 2023

	For the six-month period ended June 30	
	2023	2022
	Unaudited U.S. \$	Unaudited U.S. \$
Operating activities		
Profit for the period before taxes	10,175,914	8,250,070
Adjustments:		
Depreciation and amortization	2,837,904	2,374,550
Net gains from financial assets portfolio	(236,798)	(1,422,555)
Bank's share of the associate's results of operations	(2,104,025)	(1,783,721)
Interest on lease liabilities	153,381	118,008
Expected credit losses provision, net	4,058,969	2,151,171
Sundry provisions	635,615	641,680
Losses from sale of property, plant, and equipment	9,255	-
Other non-cash items	(55,854)	275,551
	15,474,361	10,604,754
Changes in assets and liabilities:		
Restricted balances at banks and financial institutions	63,812	(627,802)
Statutory cash reserve at Palestine Monetary Authority	(2,726,723)	5,909,583
Direct credit facilities	(22,637,974)	5,850,899
Other assets	5,980,515	(13,935,081)
Customers' deposits	(46,257,580)	(72,552,439)
Cash margins	4,004,654	6,641,853
Other liabilities	877,105	(1,145,502)
Net cash flows used in operating activities before taxes and provisions paid	(45,221,830)	(59,253,735)
Taxes paid	(893,736)	212,627
Payments on sundry provisions	(256,190)	(539,438)
Net cash flows used in operating activities	(46,371,756)	(59,580,546)
Investing activities		
Balances at banks and financial institutions maturing after three months	-	21,786,415
Purchase of property, plant, and equipment	(2,686,579)	(525,121)
Sales of property, plant, and equipment	17,679	-
Projects in progress	(277,500)	(1,552)
Purchase of intangible assets	(425,563)	(304,724)
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
Sale of financial assets at fair value through other comprehensive income	52,964	4,023,517
Purchase of financial assets at amortized cost	(13,470,716)	-
Matured of financial assets at amortized cost	2,820,874	-
Cash dividends received	1,481,696	2,285,709
Net cash flows (used in) from investing activities	(12,487,145)	27,052,448
Financing activities		
Cash dividends paid	(5,387,412)	-
Loans and borrowings	(1,462,266)	(7,053,167)
Subordinated loans	(12,500,000)	(4,000,000)
Lease liabilities paid	(1,104,771)	(987,510)
Net cash flows used in financing activities	(20,454,449)	(12,040,677)
Decrease in cash and cash equivalents	(79,313,350)	(44,568,775)
Cash and cash equivalents, beginning of the period	253,523,008	299,589,824
Cash and cash equivalents, end of the period	174,209,658	255,021,049
Interest expense paid	7,869,000	8,298,929
Interest revenue received	32,730,703	25,663,113