

SAFA BANK P.L.C

FINANCIAL STATEMENTS

DECEMBER 31, 2025



STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	2025	2024
	U.S. \$	U.S. \$
Assets		
Cash and balances with Palestine Monetary Authority	108,486,592	99,902,866
Balances and deposits at banks and financial institutions	58,911,947	30,066,458
Direct Islamic financing	151,662,703	198,262,059
Financial assets at amortized cost	32,931,263	9,100,500
Property, plant and equipment	11,550,442	11,555,110
Right-of-use assets	1,183,414	1,424,223
Intangible assets	943,241	666,336
Projects in progress	477,886	707,705
Other assets	3,688,286	2,638,358
Total assets	369,835,774	354,323,615
Liabilities and Quasi-equity and Equity		
Liabilities		
Palestine Monetary Authority's balances and deposits	14,547,512	21,732,455
Banks and financial institutions' deposits	20,710,431	-
Customers' current deposits	35,476,487	43,867,787
Cash margins	8,919,152	9,180,045
Sundry provisions	2,208,187	1,796,877
Tax provisions	1,002,562	792,546
Lease liabilities	1,354,410	1,569,556
Other liabilities	4,696,868	4,437,998
Total liabilities	88,915,609	83,377,264
Quasi-equity		
Participatory investment accounts	222,213,058	209,616,766
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Equity		
Paid-in share capital	63,796,651	63,796,651
Statutory reserve	105,257	105,257
General banking risk reserve	4,011,606	4,011,606
Pro-cyclicality reserve	1,543,911	1,543,911
Accumulated losses	(10,750,318)	(8,127,840)
Net equity	58,707,107	61,329,585
Total liabilities and quasi-equity and equity	369,835,774	354,323,615
Off-balance sheet assets under management	72,023,173	44,303,656
Commitments and contingent liabilities	17,777,060	14,921,369



STATEMENT OF INCOME AND COMPREHENSIVE INCOME

For the year ended December 31, 2025

	2025	2024
	U.S. \$	U.S. \$
Revenue		
Financing revenue	9,666,027	14,505,219
Investments return, net	2,478,801	943,717
The Bank's share of income from off-balance sheet assets under management	912,336	179,145
Total revenues from financing and investments, and the Bank's share from Mudarib	13,057,164	15,628,081
Fees and commissions income	681,227	760,298
Fees and commissions expenses	(247,583)	(239,044)
Net income from fees and commissions	433,644	521,254
Foreign currency exchange gains	760,699	763,675
Other revenues	200,183	-
Total revenue	14,451,690	16,913,010
Expenses		
Personnel expenses	(6,480,947)	(5,911,778)
Other operating expenses	(4,525,627)	(4,424,677)
Depreciation and amortization	(1,252,987)	(1,321,594)
Expected credit losses provision, net	(2,488,838)	(9,543,778)
Palestine Monetary Authority penalties	-	(90,000)
Loss for the year before taxes, and attribution related to quasi-equity	(296,709)	(4,378,817)
Less: net profit attribution related to quasi-equity	(2,175,769)	(3,549,023)
Net loss for the year before taxes	(2,472,478)	(7,927,840)
Taxes expense	(150,000)	(200,000)
Net loss for the year	(2,622,478)	(8,127,840)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(2,622,478)	(8,127,840)
Basic and diluted loss per share for the year	(0.041)	(0.127)



STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY
For the year ended December 31, 2025

	2025 U.S. \$	2024 U.S. \$
Loss for the year before taxes, and attribution related to quasi-equity	(296,709)	(4,378,817)
Less: income not attributable to quasi-equity	(2,179,247)	(1,694,668)
Add: expenses not attributable to quasi-equity	11,570,170	19,315,734
Net profit for the year before net profit attributable to quasi-equity and before Bank's share as Mudarib	9,094,214	13,242,249
Less: Mudarib share	(7,623,502)	(11,004,490)
Add: support provided by the Bank	705,057	1,311,264
Net profit attributable to quasi-equity	<u>2,175,769</u>	<u>3,549,023</u>



STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

	Paid-in share Capital U.S. \$	Statutory Reserve U.S. \$	General banking risk reserve U.S. \$	Pro-cyclicality reserve U.S. \$	Accumulated Losses U.S. \$	Net equity U.S. \$
December 31, 2025						
Balance, beginning of the year	63,796,651	105,257	4,011,606	1,543,911	(8,127,840)	61,329,585
Loss for the year	-	-	-	-	(2,622,478)	(2,622,478)
Total comprehensive income for the year	-	-	-	-	(2,622,478)	(2,622,478)
Balance, end of the year	63,796,651	105,257	4,011,606	1,543,911	(10,750,318)	58,707,107

	Paid-in share Capital U.S. \$	Statutory Reserve U.S. \$	General banking risk reserve U.S. \$	Pro-cyclicality reserve U.S. \$	Accumulated Losses U.S. \$	Net equity U.S. \$
December 31, 2024						
Balance, beginning of the year	75,000,000	105,257	4,011,606	1,543,911	(22,865,817)	57,794,957
Loss for the year	-	-	-	-	(8,127,840)	(8,127,840)
Total comprehensive income for the year	-	-	-	-	(8,127,840)	(8,127,840)
Amortization of accumulated losses	(22,865,817)	-	-	-	22,865,817	-
Increase in paid-in capital	11,662,468	-	-	-	-	11,662,468
Balance, end of the year	63,796,651	105,257	4,011,606	1,543,911	(8,127,840)	61,329,585



STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	2025	2024
	U.S. \$	U.S. \$
<u>Operating activities</u>		
Loss for the year before taxes	(2,472,478)	(7,927,840)
Adjustments for:		
Sundry provisions	491,397	380,361
Depreciation and amortization	1,252,987	1,321,594
Finance cost on lease liability	35,344	40,432
Expected credit losses provision, net	2,488,838	9,543,778
Loss on disposal of property, plant and equipment	-	3,126
Return from financial assets at amortized cost	(1,595,212)	(24,599)
Net amortization of discount and premium on financial assets at amortized cost	113,001	939
Currency exchange difference	58,306	(4,580)
	<u>372,183</u>	<u>3,333,211</u>
Changes in assets and liabilities:		
Statutory cash reserve	(1,698,609)	6,225,505
Balances and deposits at banks and financial institutions maturing after three months	(10,444,307)	13,123,432
Palestine Monetary Authority's deposits maturing after three months	(665,000)	(470,000)
Direct Islamic financing	44,302,364	74,804,391
Other assets	(476,493)	1,689,896
Customers' current deposits	(8,391,300)	(11,577,030)
Cash margins	(260,893)	23,636
Other liabilities	182,488	(1,205,312)
Net cash flows from operating activities before provisions	<u>22,920,433</u>	<u>85,947,729</u>
Sundry provisions paid	(78,377)	(227,553)
Net cash flows from operating activities	<u>22,842,056</u>	<u>85,720,176</u>
<u>Investing activities</u>		
Purchase of property, plant and equipment	(753,935)	(287,756)
Purchase of intangible assets	(254,425)	(181,523)
Additions on projects in progress	(46,236)	(116,969)
Purchase of financial assets at amortized cost	(24,061,190)	(9,111,800)
Gains received on financial assets at amortized cost	1,021,777	-
Net cash flows used in investing activities	<u>(24,094,009)</u>	<u>(9,698,048)</u>
<u>Financing activities</u>		
Increase in paid-in capital	-	11,662,468
Lease liabilities paid	(250,490)	(275,230)
Change in participatory investment accounts	12,596,292	(79,641,008)
Net cash flows from (used in) financing activities	<u>12,345,802</u>	<u>(68,253,770)</u>
Increase in cash and cash equivalents	<u>11,093,849</u>	<u>7,768,358</u>
Cash and cash equivalents, beginning of the year	74,872,121	67,103,763
Cash and cash equivalents, end of the year	<u>85,965,970</u>	<u>74,872,121</u>

STATEMENT OF CHANGES IN OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT

For the year ended December 31, 2025

	As of January 31, 2025 U.S. \$	Changes during the year			As of December 31, 2025 U.S. \$
		(Withdrawals)/ Investment U.S. \$	Total revenue U.S. \$	Distributed profits U.S. \$	
December 31, 2025					
Government financings	19,870,476	8,064,360	1,295,753	(989,668)	27,934,836
Other financings	22,593,246	20,995,091	2,796,058	(2,217,503)	43,588,337
Investment deposits at banks	1,839,934	(1,339,934)	77,474	(49,778)	500,000
	<u>44,303,656</u>	<u>27,719,517</u>	<u>4,169,285</u>	<u>(3,256,949)</u>	<u>72,023,173</u>
	As of January 31, 2024 U.S. \$	Changes during the year			As of December 31, 2024 U.S. \$
		(Withdrawals)/ Investment U.S. \$	Total revenue U.S. \$	Distributed profits U.S. \$	Bank's fees as an agent U.S. \$
December 31, 2024					
Government financings	18,208,375	1,662,101	919,300	(767,815)	(151,485)
Other financings	1,386,655	21,206,591	139,731	(120,538)	(19,193)
Investment deposits at banks	-	1,839,934	29,129	(20,662)	(8,467)
	<u>19,595,030</u>	<u>24,708,626</u>	<u>1,088,160</u>	<u>(909,015)</u>	<u>(179,145)</u>

