

SECOND QUARTER/HALF YEAR 2022 RESULTS AND KEY METRICS

ROA¹	ROE¹	CAR	OPERATING C/I%	NET LOANS TO DEPOSITS%
1.11%	13.60%	15.33%	55.16%	66.08%

NET REVENUE (GROSS PROFIT) OF \$144.1 MILLION
NET PROFIT OF \$34.9 MILLION
EARNINGS PER SHARE OF \$0.14

Key Messages & Highlights

- Revenues increased by 15.3% from USD 115.8 million for H1 2021 to USD 133.5 million for H1 2022.
- Profit before tax increased by 26.3% from USD 42.7 million for H1 2021 to USD 54.0 million for H1 2022.
- Enhanced collection and follow-up processes in addition to better NPL management also resulted in improved cost of risk and lower NPL ratio.
- Cost to income ratio decreased from 66.5% for H1 2021 to 62.6% for H1 2022 as part of our efficiency strategy.
- Net profit increased by 20.4% from USD 29.0 million for H1 2021 compared to USD 34.9 million for H1 2022.
- Return on Equity increased from 11.7% in H1 2021 to 13.6% in H1 2022.
- Earnings per share increased from 0.12 for H1 2021 to 0.14 (\$0.28 annualized) for H1 2022.
- The Bank has a healthy capital adequacy ratio of 15.33% in H1 2022.
- Assets decreased with a slight change by -3.2 % from USD 6.51 billion at the end of 2021 to USD 6.30 billion at the end of the second quarter 2022.
- Net loans slightly decreased by -0.6% from USD 3.45 billion at the end of 2021 to USD 3.43 billion at the end of the second quarter 2022.
- Customer deposits decreased slightly by -2.1% from USD 5.31 billion at the end of 2021 to USD 5.19 billion at the end of the second quarter 2022.
- The reason behind the flat/slight decline in assets, net loan and customer deposits is the depreciation of the USD vs ILS.

¹ ROA and ROE are presented on an annual basis.

- Total shareholders' equity increased by 3.3% from USD 496.1 million at the end of 2021 to USD 512.6 million at the end of the second quarter 2022.

Ramallah, Palestine August 15th 2022- Bank of Palestine Group (BoP) announced its financial results for the six-month period ended June 30th, 2022 reporting net profit for the six-month period ended 2022 of USD 34.9 million and revenues of USD 144.1 million compared to net profit of USD 28.9 million and gross profit of USD 127.4 million for the same period ended 2021. Assets slightly decreased to USD 6.30 billion compared with USD 6.51 billion at the end of 2021. The Bank's total shareholders' equity also increased to USD 512.6 million compared with USD 496.1 million at the end of 2021.

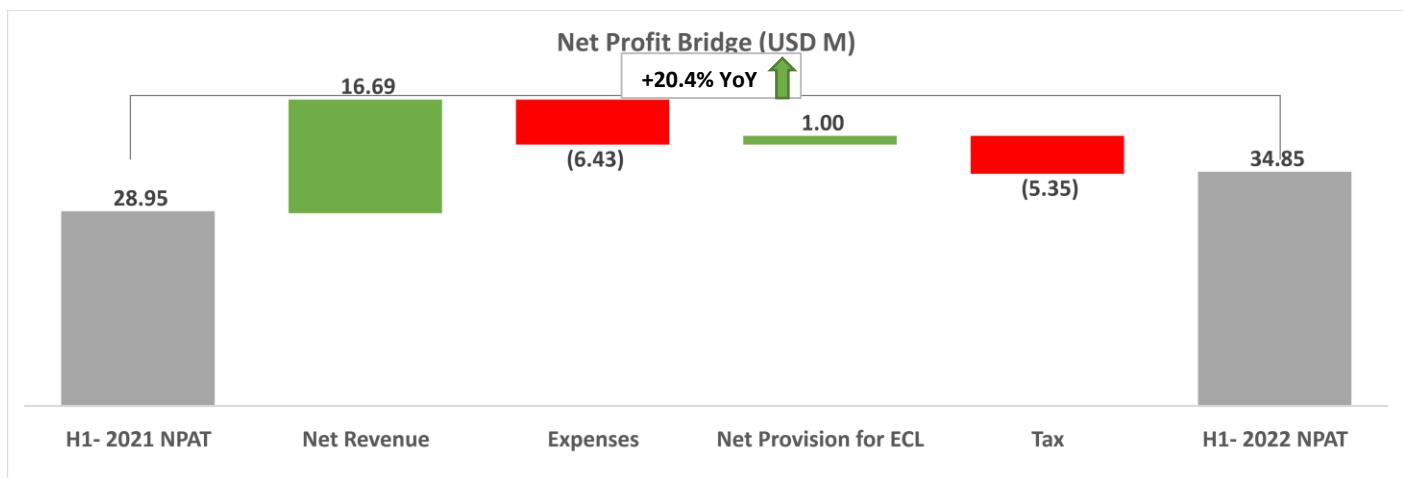


Table: Net Profit Bridge

Other Messages

- Bank of Palestine bought a 9% stake in Mada Al Arab Company²
- Bank of Palestine developed a new corresponding banking network with Bank of New York Mellon
- Bank of Palestine became a member of the “Global Impact Investing Network” – GIIN
- Bank of Palestine earned two awards from Global Finance: “Best Bank” in Palestine and “Best Bank in Treasury and Cash Management” in Palestine for 2022

² Mada Al Arab Company is a telecommunication and Internet service provider to both the residential and business sectors. It's considered one of the fastest growing telecom and digital companies in the Palestinian Market.

Chairman and CEO Commentary

Mr. Hashim Shawa, Bank of Palestine Group Chairman said: “We are proud of the Group’s robust financial performance demonstrating growth in the first six-month of 2022, maintaining strong capital structure while implementing our strategies in sustainability and digitalization. As we look forward to providing our clients and shareholders with the best value and returns, we are embarking on a strategic review of our business operations for the next 5 years looking for growth. We continue focusing on diversifying our revenue sources through either increasing our subsidiaries’ market share or investing in new businesses and segments”.

Commenting on the results of the second quarter/half year of 2022 Mr. Mahmoud Shawa, the Bank’s CEO commented: “The Group achieved a net profit of \$ 34.9 which is the highest half-year profit in the Bank’s history reflecting growth in our core business as well as increased efficiencies. The Bank continues to place serious efforts on collection and follow-up on NPLs which resulted in a decrease in the NPL ratio from 4.60% to 4.47%. Furthermore, and in line with our digital transformation strategy, the Bank has invested in Mada Al Arab Company which is a leading fiber optic company that will enable us to expand the knowledge economy at both householders and enterprise level through fiber connectivity.

As part of our sustainability efforts and impact initiatives, we are happy to announce that the Bank became a member of the Global Impact Investing Network “GIIN” to explore opportunities for partnerships with international reputable organizations on how we can create a better world for future generations taking into consideration climate change, reduction of carbon footprint and contribution to societal needs.

The Bank continues to be recognized in the region and country with distinguished awards- winning the Best Bank in Palestine in Treasury and Cash Management and the Best Bank in Palestine for 2022 from Global Finance Magazine. The Bank was also recognized by EBRD with the sustainability silver award for gender and economic inclusion.

Annex: Bank of Palestine Group Financials
Bank of Palestine
Consolidated Statement of Financial Position
As of June 30, 2022

	30/06/2022	31/12/2021
	USD	USD
Assets		
Cash and balances with Palestine Monetary Authority	1,836,877,591	1,779,579,889
Balances and investments at banks and financial institutions	504,823,536	782,230,313
Financial assets at fair value through profit or loss	10,561,902	10,253,849
Direct credit facilities and Islamic financing	3,432,412,540	3,453,207,160
Financial assets at fair value through other comprehensive income	51,408,113	42,255,262
Financial assets at amortized cost	235,917,794	228,845,417
Investment in associates and a joint venture	9,771,863	9,671,052
Investment properties	25,961,678	25,962,178
Property, plant and equipment and right of use assets	111,855,554	115,897,814
Projects in progress	1,333,506	1,366,792
Intangible assets	15,509,252	14,613,893
Other assets	64,905,535	44,338,187
Total Assets	6,301,338,864	6,508,221,806
Liabilities and Equity		
Liabilities		
Palestine Monetary Authority's deposits	160,235,069	242,439,107
Banks and financial institutions' deposits	83,629,464	120,061,868
Customers' deposits	4,894,524,059	5,013,551,326
Cash margins	299,608,426	291,588,276
Subordinated loan	67,500,000	72,500,000
Loans and borrowings	52,431,978	48,442,500
Istidama loans from Palestine Monetary Authority	30,118,017	22,307,552
Lease liabilities	30,344,976	31,900,160
Sundry provisions	53,490,320	50,983,323
Taxes provisions	21,002,701	21,492,314
Other liabilities	95,813,643	96,855,951
Total Liabilities	5,788,698,653	6,012,122,377
Equity		
Paid-in share capital	223,958,577	217,433,527
Additional paid-in capital	29,575,688	29,575,688
Statutory reserve	61,883,607	61,883,607
Voluntarily reserve	246,361	246,361
General banking risks reserve	8,374,674	10,311,877
Pro-cyclicality reserve	40,000,000	40,000,000
Fair value reserve	1,505,424	(1,692,549)
Retained earnings	84,670,147	77,612,532
Total equity holders of the Bank	450,214,478	435,371,043
Non-controlling interests	62,425,733	60,728,386
Total Equity	512,640,211	496,099,429
Total Liabilities and Equity	6,301,338,864	6,508,221,806

Bank of Palestine

Consolidated Income Statement

For the period ended June 30, 2022

	<u>30/06/2022</u>	<u>30/06/2021</u>
	<u>USD</u>	<u>USD</u>
Interest Income	90,229,834	86,930,484
Interest Expenses	(14,063,717)	(21,032,222)
Net Interest Income	76,166,117	65,898,262
Net financing and investment income	27,084,769	21,590,742
Net commissions income	20,035,913	18,213,955
Net Interest and Commissions Income	123,286,799	105,702,959
Foreign Currency Gain	11,545,176	10,765,112
Net gains from financial assets portfolio	2,050,289	5,036,263
Bank's share of results of associates and a joint venture	100,811	169,380
Other revenues	7,153,520	5,771,167
Gross Profit before expected credit losses provisions	144,136,595	127,444,881
Provision for expected credit losses on direct credit facilities and islamic financing and other receivables, net	(9,205,351)	(11,398,055)
Provision for expected credit losses on investments, and indirect credit facilities and islamic financing, net	(1,448,777)	(254,595)
Gross Profit	133,482,467	115,792,231
Expenses		
Personnel Expenses	(41,214,710)	(39,296,399)
Other operating expenses	(28,250,853)	(23,557,090)
Depreciation and amortization	(8,872,058)	(9,095,555)
Losses from revaluation of investment properties	(200,000)	-
Written-off credit facilities not previously provisioned for	(943,354)	(1,122,291)
Palestine Monetary Authority's fines	(25,000)	-
Total Expenses	(79,505,975)	(73,071,335)
Profit before taxes	53,976,492	42,720,896
Tax expense	(19,126,339)	(13,774,383)
Profit after taxes	34,850,153	28,946,513
Attributable to:		
Equity holders of the bank	31,210,049	26,070,694
Non-controlling interests	3,640,104	2,875,819
	<u>34,850,153</u>	<u>28,946,513</u>

Comprehensive Income Statement

For the period ended June 30, 2022

	<u>30/06/2022</u>	<u>30/06/2021</u>
	<u>USD</u>	<u>USD</u>
Profit for the period	34,850,153	28,946,513
Comprehensive Income Items:		
Change in the fair value of financial assets	3,172,725	3,694,916
Total Other Comprehensive Income items	3,172,725	3,694,916
Total comprehensive income for the period	38,022,878	32,641,429

For the full set of financial statements, please visit our [website](#). For more information, please contact:

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