

For Immediate Release  
Bank of Palestine Group  
December 17<sup>th</sup>, 2023

## THIRD QUARTER 2023 RESULTS AND KEY METRICS

<b>ROA<sup>1</sup></b>	<b>ROE<sup>1</sup></b>	<b>CAR</b>	<b>OPERATING C/1%</b>	<b>NET LOANS TO DEPOSITS%</b>
0.52%	5.93%	16.10%	54.53%	67.74%

**TOTAL REVENUE (GROSS PROFIT) OF \$245.8 MILLION**  
**NET PROFIT OF \$25.8 MILLION**  
**ANNUALIZED EARNINGS PER SHARE OF \$0.11**

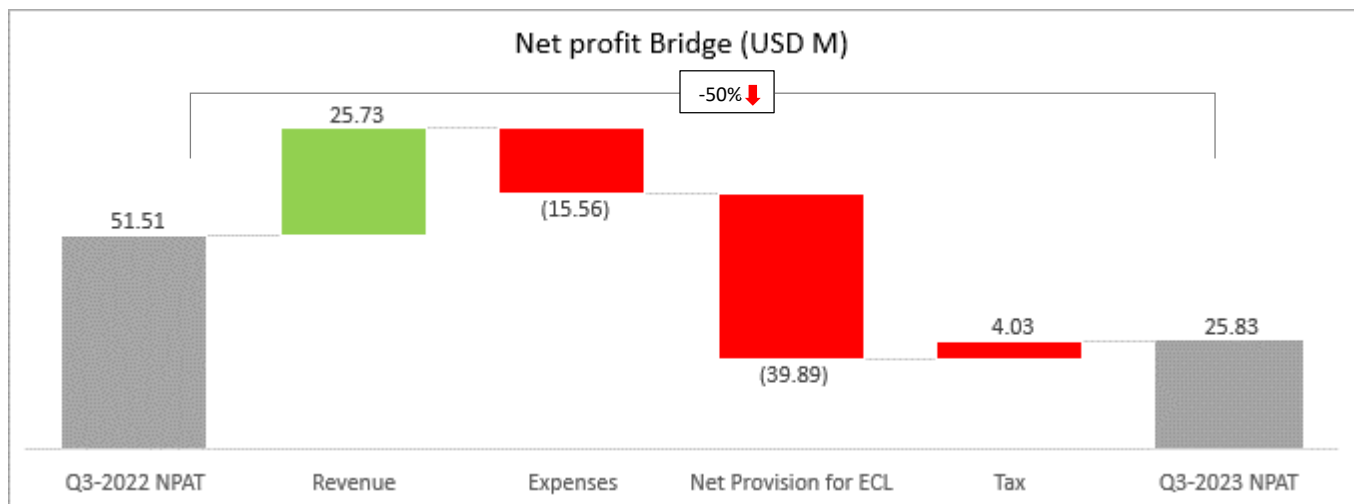
### Key Messages & Highlights

- Total Revenues increased by 11.7% from USD 220 million for Q3 2022 to USD 245.8 million for Q3 2023.
- Assets increased by 2.7% from USD 6.49 billion at the end of 2022 to USD 6.66 billion at the end of Q3 2023.
- Profit before tax decreased by 36% from USD 82.6 million for Q3 2022 to USD 52.8 million for Q3 2023.
- Net profit decreased by 50% from USD 51.5 million for Q3 2022 compared to USD 25.8 million for Q3 2023.
- The reason behind this decline in net profit is due to the extraordinary increase by USD 42.9 million in credit impairment provisions which were allocated to cover the risks associated with the war on Gaza. However, before the war, which was a subsequent event to our reporting period, we would have reported a historic net profit with a growth of 38.3% YoY.
- The Bank has a healthy and solid capital adequacy ratio of 16.10% in Q3 2023 compared to 15.81% at the end of 2022 which is a testament of the Bank's ability to overcome the impact of the current situation.
- In terms of liquidity, the Bank maintained a liquidity coverage ratio of 373% for Q3 2023 compared to 341% for Q3 2022 which is one of the highest ratios among the region and shows the strength of the bank in withstanding any potential challenging scenario.
- Net loans increased by 2.8% from USD 3.57 billion at the end of 2022 to USD 3.67 billion at the end of Q3 2023.

<sup>1</sup> ROA and ROE are presented on an annual basis.

- The Bank has a strong deposit franchise and solid liquidity buffers. Our customer deposits increased from USD 5.27 billion at the end of 2022 to reach USD 5.42 billion at the end of the third quarter 2023 resulting in 2.9% growth. This increase continued even during these difficult times of the war, which shows a high level of confidence and trust from our clients.
- Return on Equity (attributable to BOP shareholders) decreased from 12.65% at the end of 2022 to 5.93% in Q3 2023.
- Earnings per share decreased from \$0.27 for Q3 2022 to \$0.11 for Q3 2023.
- Total shareholders' equity increased by 4.8% from USD 545.9 million at the end of 2022 to USD 572.2 million at the end of Q3 2023.

**Ramallah, Palestine December 17<sup>th</sup> 2023**- Bank of Palestine Group (BoP) announced its financial results for the first nine months of 2023 reporting net profit of USD 25.8 million and revenues of USD 245.8 million compared to net profit of USD 51.5 million and revenues of USD 220 million for the same period ended 2022. Assets increased by 2.7% from USD 6.49 billion at the end of 2022 to USD 6.66 billion at the end of third quarter 2023. The Bank's total shareholders' equity also increased to USD 572.2 million compared with USD 545.9 million at the end of 2022.



**Table: Net Profit Bridge**

### Other Messages

- In reference to our financial position, we have been closely monitoring the evolving situation in light of the pressure on the economy and the slow-down in the West Bank, and as a precautionary measure, we increased our credit impairment provisions in the Bank's Q3 2023 results to cushion against any future shock and mitigate potential impact of economic downturn resulting from the war. As a result of these provisions, the net profit decreased by 50% YoY.



- The Bank performed several stress testing scenarios for credit and liquidity which has successfully passed. These scenarios were built according to the forecast of risks associated with the credit portfolio, liquidity, and capital adequacy. The results of this stress testing show a strong & highly liquid financial position and a solid capital base.
- Our headquarters and branches in the West Bank continue to operate & serve clients efficiently. We have provided full support to our clients in Gaza through ATM replenishments and converting our Point of Sale machines with merchants to Point of Cash in addition to the online banking services.
- Since the beginning of the war, the bank donated USD 860,000 to Gaza relief efforts and is committed to donate much more during the coming period.

### Chairman and CEO Commentary

#### **Mr. Hashim Shawa, Bank of Palestine Group Chairman's statement:**

*"First and foremost, I would like to express my sincere gratitude to all our shareholders and stakeholders for their unwavering support through these challenging times and for their trust in Bank of Palestine.*

#### **Operational Continuity and CSR**

*We entered into this crisis with a very strong position depicting solid capital and high liquidity ratios. Since the beginning of the war, we have implemented our contingency and continuity plans to ensure first the well-being of our employees, customers and all stakeholders in addition to the sustainability of our operations both in the West Bank and Gaza and to provide our clients in Gaza with their basic essential financial and banking needs. Our team has worked tirelessly and heroically in replenishing our ATM Machines in the South and converting our POS Machines into cash ATMs to make sure that our clients and all unbanked can withdraw money. The bank has been working with international development partners on boosting access to finance to help support the bank and the economic development in Palestine in the recovery phase where the bank is expected to play a leading role in supporting economic recovery.*

*In terms of our CSR in Gaza, we have worked with the Humanitarian Aid Institutions to help in the relief efforts and we are committed to donate more for Gaza in the coming period. Our responsiveness to Gaza's humanitarian needs included donations to local NGOs which support internally displaced persons with basic needs and provided financial assistance to hundreds of Gaza residents receiving medical treatments in West Bank, East Jerusalem and Jordanian hospitals. We also contributed to providing winter clothes and gear to help hundreds of internally displaced persons face the advent of winter and cold weather. Furthermore, we have distributed thousands of hot meals to IDPs in Gaza and continue to support humanitarian relief efforts with an eye on interventions in mid-term and long-term once the war ends.*



## Financial Performance

*Our strong financial position and fundamentals coupled with our vigorous and prudent risk management practices have enabled us to weather the storm and remain resilient amidst these uncertain circumstances. We have conducted several stress testing analyses including the worst-case scenarios for credit and liquidity which the bank successfully passed. We have achieved a historic growth in revenues for the first nine months of 2023 and would have reported a remarkable year of net profits, however, to reflect the impact of the war and ensure that the bank comply with all regulatory and international standards and to cushion against any future losses, we have increased our credit impairment provisions in our Q3 2023 financial results by 243%.*

## Future Outlook

*Looking ahead and despite the unprecedented circumstances which make it challenging for us to precisely assess the impact, we remain cautious and optimistic that we will emerge from this war stronger and will capitalize on opportunities that might arise. We will be focusing on digital transformation, financial inclusion, and operational efficiency to drive growth and build upon our strategy. We remain committed to our community and economy and will be supporting our clients in the best way possible to regain their financial health and be able to sustain their business operations.”*

### **Mr. Mahmoud Shawa, Bank of Palestine CEO’s statement:**

*“Following Mr. Chairman’s statement, I would like to reassure all our shareholders and stakeholders that we remain committed to providing value to them and that we are being prudent in dealing with risk and uncertainty through sustained risk mitigation taking appropriate provisions to cushion against any losses as a result of the war. We reported a net profit of \$ 25.8 million, a decrease by 50% compared to Q3 2022 as a result of increasing our credit impairment provisions by 243% YoY to cushion against any losses resulting from the war. We continue our developmental role in Palestine through lending to SMEs and supporting those who were mostly affected by this crisis through working with PMA on their resilience initiatives and by using portfolio guarantees. Our liquidity coverage ratio as of Sep. 30, 2023 was 373% and our capital adequacy ratio was 16.10%. The Bank continues to focus on its customer-driven strategy as it is keen on developing its products and services and tailoring them to fit our clients’ needs. Digital transformation was and will continue to be one of our most significant strategy pillars that we are working on and optimizing to better serve our clients in the safest and most efficient way possible.*



**Bank of Palestine**  
**Consolidated Statement of Financial Position**  
As of September 30, 2023

	<b>30/9/2023</b>	<b>31/12/2022</b>
	<b>USD</b>	<b>USD</b>
<b>Assets</b>		
Cash and balances with Palestine Monetary Authority	2,063,141,747	1,803,515,455
Balances and investments at banks and financial institutions	450,085,496	592,297,476
Financial assets at fair value through profit or loss	8,747,304	9,168,285
Direct credit facilities and Islamic financing	3,671,515,142	3,572,054,865
Financial assets at fair value through other comprehensive income	62,215,045	59,526,233
Financial assets at amortized cost	188,249,721	241,306,472
Investment in associates and a joint venture	11,721,208	11,996,852
Investment properties	24,594,903	22,930,742
Property, plant and equipment and right of use assets	104,794,083	109,275,425
Projects in progress	2,409,621	649,543
Intangible assets	14,733,942	14,984,886
Other assets	61,877,112	50,254,623
<b>Total Assets</b>	<b>6,664,085,324</b>	<b>6,487,960,857</b>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Palestine Monetary Authority's deposits	141,494,403	199,103,950
Banks and financial institutions' deposits	158,481,501	93,668,011
Customers' deposits	5,111,228,467	4,966,613,355
Cash margins	309,138,470	300,110,487
Subordinated loan	52,500,000	60,000,000
Loans and borrowings	73,061,810	77,656,331
Istidama loans from Palestine Monetary Authority	28,880,510	32,110,614
Lease liabilities	27,817,925	30,105,511
Sundry provisions	51,845,926	52,355,497
Taxes provisions	21,193,779	35,440,008
Other liabilities	116,217,131	94,874,472
<b>Total Liabilities</b>	<b>6,091,859,922</b>	<b>5,942,038,236</b>
<b>Equity</b>		
Paid-in share capital	230,677,334	223,958,577
Additional paid-in capital	29,575,688	29,575,688
perpetual loans	30,000,000	-
Statutory reserve	67,974,894	67,974,894
Voluntarily reserve	246,361	246,361
General banking risks reserve	8,374,676	8,374,676
Pro-cyclicality reserve	40,000,000	40,000,000
Fair value reserve	1,413,296	3,344,655
Retained earnings	98,146,112	107,929,885
<b>Total equity holders of the Bank</b>	<b>506,408,361</b>	<b>481,404,736</b>
Non-controlling interests	65,817,041	64,517,885
<b>Total Equity</b>	<b>572,225,402</b>	<b>545,922,621</b>
<b>Total Liabilities and Equity</b>	<b>6,664,085,324</b>	<b>6,487,960,857</b>



**Bank of Palestine**

**Consolidated Income Statement**

For the period ended September 30, 2023

	<u>30/09/2023</u>	<u>30/09/2022</u>
	USD	USD
Interest income	169,688,049	139,536,342
Interest expense	(27,159,182)	(22,215,022)
<b>Net interest income</b>	<b>142,528,867</b>	<b>117,321,320</b>
Net financing and investment income	44,469,332	41,683,526
Net commissions	29,118,486	30,743,871
<b>Net interest, financing, investment and commissions income</b>	<b>216,116,685</b>	<b>189,748,717</b>
Foreign currencies gains	20,618,168	20,134,650
Net gains from financial assets	2,700,417	1,989,756
Bank's share of results of associates and a joint venture	40,100	256,513
Other revenues, net	6,320,205	7,931,462
<b>Gross profit before expected credit losses provisions</b>	<b>245,795,575</b>	<b>220,061,098</b>
Provision for expected credit losses on direct credit facilities and Islamic financing and other receivables, net	(56,355,497)	(16,427,968)
Provision for expected credit losses on investments, and indirect credit facilities and Islamic financing, net	(2,557,948)	(2,597,584)
<b>Gross profit</b>	<b>186,882,130</b>	<b>201,035,546</b>
<b>Expenses</b>		
Personnel expenses	(68,095,891)	(62,232,664)
Other operating expenses	(52,430,129)	(42,837,608)
Depreciation and amortization	(13,457,358)	(13,389,895)
Losses of investment properties	-	-
Palestine Monetary Authority's fines	(60,000)	(25,000)
<b>Total expenses</b>	<b>(134,043,378)</b>	<b>(118,485,167)</b>
<b>Profit before taxes</b>	<b>52,838,752</b>	<b>82,550,379</b>
Taxes expense	(27,005,640)	(31,037,903)
<b>Profit for the year</b>	<b>25,833,112</b>	<b>51,512,476</b>
<b>Attributable to:</b>		
Equity holders of the Bank	22,506,712	46,090,414
Non-controlling interests	3,326,400	5,422,062
	<u>25,833,112</u>	<u>51,512,476</u>
<b>Basic and diluted earnings per share</b>	<u>0.09</u>	<u>0.20</u>



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

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