

For Immediate Release  
Bank of Palestine Group  
March 17<sup>th</sup>, 2024

## FOURTH QUARTER AND FULL YEAR 2023 PRELIMINARY RESULTS AND KEY METRICS

ROA <sup>1</sup> 0.23%	ROE <sup>1</sup> 2.49%	OPERATING C/I% 53.13%	NET LOANS TO DEPOSITS% 66.10%
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**TOTAL REVENUE (GROSS PROFIT) OF \$327.8 MILLION**  
**NET PROFIT OF \$16.5 MILLION**  
**ANNUALIZED EARNINGS PER SHARE OF \$0.04**

### Key Messages & Highlights

- **Total Revenues** increased by 10.2% from USD 297.5 million for FY 2022 to USD 327.8 million for FY 2023.
- **Profit before tax** decreased by -83.3% from USD 107.3 million for FY 2022 to USD 17.9 million for FY 2023.
- **Net profit** decreased by -75.3% from USD 66.6 million for FY 2022 compared to USD 16.5 million for FY 2023. This decrease in net profit is mainly due to recording extra credit impairment provisions in a total amount of USD 135.7 million for FY 2023 compared to USD 28.4 million for FY 2022 to cushion against any risk associated with the war on Gaza.
- **Earnings per share** decreased from \$0.27 for FY 2022 to \$0.04 for FY 2023.
- Net loans increase by 7.5% from USD 3.57 billion at the end of 2022 to 3.84 billion at the end of 2023.
- 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 5.81 billion at the end of 2023 resulting in 10.3% growth. This increase continued even during these difficult times of the war, which shows a high level of confidence and trust from our clients.
- The Bank maintained **strong liquidity position** even during this crisis where our Liquidity Coverage Ratio reached 742% for FY 2023 compared with 341% for FY 2022.
- **Return on Equity** (attributable to BOP shareholders) decreased from 12.65% at the end of 2022 to 2.49% at the end of 2023.
- Total **shareholders' equity** increased by 2.6% from USD 546 million at the end of 2022 to USD 560 million at the end of 2023.

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

**Ramallah, Palestine March 14<sup>th</sup> 2024-** Bank of Palestine Group (BoP) announced its preliminary financial results reporting net profit for the year-ended 2023 of USD 16.5 million and revenues of USD 327.8 million compared to net profit of USD 66.6 million and revenues of USD 297.5 million for the same period ended 2022. Assets increased by 9.8% from USD 6.49 billion at the end of 2022 to USD 7.13 billion at the end of 2023. The Bank's total shareholders' equity also increased to USD 560 million compared with USD 545.9 million at the end of 2022.

## Other Messages

- BOP signed a subordinated loan agreement with Arab Fund for Social and Economic Development in Kuwait with an amount of USD 30 million in support of the Palestinian SMEs.
- Financially, the bank remains resilient despite recording a huge amount of credit impairment provisions to cushion against any losses because of the war on Gaza. The bank increased its credit impairment provisions by USD 109 million as a result of the war.
- The Bank of Palestine Group joined the Principles for Responsible Banking (PRB), affiliated with the Finance Initiative of the United Nations Environment Programme.
- 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.
- The Bank donated USD 1.5 million towards humanitarian relief efforts in Gaza in 2023 since the war started benefiting 1.5 million people.

## Chairman and CEO Commentary

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

*We are witnessing unprecedented challenges and we have acted with exceptional prudence and sense of duty towards our shareholders, customers and staff. The end of year results for 2023 reflect this prudence and our commitment to our journey towards sustainability and continuity for the days ahead post this tragic period."*

We are grateful for our employees in Gaza and the West Bank for their hard work and dedication during the war on Gaza that started in October 2023. Despite the tragic situation in Gaza our staff continued to support our customers' needs, risking their lives to provide services and working with our Fintech arm Palpay to provide payment solutions to all the humanitarian aid organizations. Our interventions in Gaza were also in line with our commitment to our community in its hour of need. Our bank provided USD\$ 1.5 million in urgent humanitarian support to Gaza providing 1.5 million persons with food, essential supplies, winter clothing, sanitary facilities, and other assistance.

While we will factor the impact of this war on our operations, we remain focused on the future. With strong liquidity and financial stamina, we are setting our eyes towards playing a major role in the post-war economic recovery and reconstruction. To this effect we are working with all our partners in the Multilateral Development Banks to prepare for the economic recovery phase. The resilience of our staff and operations inspires us to forge ahead to continue with our 5-year strategy to align our services in retail and SME business with a focus on digital transformation as we look forward. This strategy entails regional expansion providing our customers with links to outside markets in the region.

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

As stated by our chairman this was a challenging year. Our exceptional performance and record financial achievements were disrupted by the war on October 7th. While we have attracted additional deposits despite the war and enjoy a strong liquidity position, our net profits decreased because of the need to take higher than usual credit impairment provisions because of the war. Our stress testing in Gaza factored in the worst-case scenario and provided cushions against the shocks expected to be incurred with the immediate adoption of already designed continuity plans. One such cushion is the high provisions. Such plans have managed to help the bank absorb the tremors of the war.

In the West Bank our credit team is working with our clients to help restructure their loans, providing advisory and support and walking them through the crisis. Our commitment to our clients remains unwavering, especially in times of crisis and we will continue to adopt a prudent financial management strategy while focusing on a healthy portfolio. We have signed a USD\$30 million subordinated loan with the Arab Fund in Kuwait to provide on lending to our SME clients. We continue to work with our partners at home and abroad towards ensuring the sustainability of our banking operations and the well-being of our clients and stakeholder community.

**Bank of Palestine**  
**Consolidated Statement of Financial Position**  
As of December 31, 2023

	12/31/2023	12/31/2022
	USD	USD
<b>Assets</b>		
Cash and balances with Palestine Monetary Authority	1,787,611,742	1,803,515,455
Balances and investments at banks and financial institutions	1,005,207,710	592,297,476
Financial assets at fair value through profit or loss	7,793,301	9,168,285
Direct credit facilities and Islamic financing	3,839,008,227	3,572,054,865
Financial assets at fair value through other comprehensive income	60,898,466	59,526,233
Financial assets at amortized cost	159,354,233	241,306,472
Investment in associates and a joint venture	11,858,121	11,996,852
Investment properties	24,776,440	22,930,742
Property, plant and equipment and right of use assets	102,657,226	109,275,425
Deferred Taxes - Assets	29,084,742	-
Projects in progress	2,268,294	649,543
Intangible assets	14,735,600	14,984,886
Other assets	80,806,646	50,254,623
<b>Total Assets</b>	<b>7,126,060,748</b>	<b>6,487,960,857</b>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Palestine Monetary Authority's deposits	203,422,416	199,103,950
Banks and financial institutions' deposits	204,538,769	93,668,011
Customers' deposits	5,478,560,065	4,966,613,355
Cash margins	329,167,229	300,110,487
Subordinated loan	45,000,000	60,000,000
Loans and borrowings	74,045,601	77,656,331
Istidama loans from Palestine Monetary Authority	23,405,534	32,110,614
Deferred Taxes - Liabilities	2,686,546	-
Lease liabilities	27,094,674	30,105,511
Sundry provisions	53,091,860	52,355,497
Taxes provisions	21,960,224	35,440,008
Other liabilities	102,727,448	94,874,472
<b>Total Liabilities</b>	<b>6,565,700,366</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	69,206,210	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	(106,169)	3,344,655
Retained earnings	85,739,853	107,929,885
<b>Total equity holders of the Bank</b>	<b>493,713,953</b>	<b>481,404,736</b>
Non-controlling interests	66,646,429	64,517,885
<b>Total Equity</b>	<b>560,360,382</b>	<b>545,922,621</b>
<b>Total Liabilities and Equity</b>	<b>7,126,060,748</b>	<b>6,487,960,857</b>



**Bank of Palestine**  
**Consolidated Income Statement**  
For the Year ended December 31, 2023

	31/12/2023	31/12/2022
	USD	USD
Interest income	228,394,210	190,311,172
Interest expense	37,566,523-	30,298,572-
<b>Net interest income</b>	<b>190,827,687</b>	<b>160,012,600</b>
Net financing and investment income	61,077,325	56,155,334
Net commissions	38,099,503	40,114,898
<b>Net interest, financing, investment and commissions income</b>	<b>290,004,515</b>	<b>256,282,832</b>
Foreign currencies gains	26,709,780	28,036,643
Net gains from financial assets	2,627,960	1,384,594
Bank's share of results of associates and a joint venture	177,013	2,625,800
Gain or (loss) from Real estate investment valuation	181,533	16,723-
Other revenues, net	8,103,011	9,230,606
<b>Gross profit before expected credit losses provisions</b>	<b>327,803,812</b>	<b>297,543,752</b>
Provision for expected credit losses on direct credit facilities and Islamic financing and other receivables, net	100,009,801-	24,637,541-
Provision for expected credit losses on investments, and indirect credit facilities and Islamic financing, net	35,702,367-	3,816,883-
<b>Gross profit</b>	<b>192,091,644</b>	<b>269,089,328</b>
<b>Expenses</b>		
Personnel expenses	88,436,910-	85,654,173-
Other operating expenses	67,667,316-	58,201,126-
Depreciation and amortization	17,991,164-	17,871,196-
Palestine Monetary Authority's fines	60,000-	25,000-
<b>Total expenses</b>	<b>174,155,390-</b>	<b>161,751,495-</b>
<b>Profit before taxes</b>	<b>17,936,254</b>	<b>107,337,833</b>
Taxes expense	1,445,740-	40,691,196-
<b>Profit for the year</b>	<b>16,490,514</b>	<b>66,646,637</b>
<b>Attributable to:</b>		
Equity holders of the Bank	12,313,158	60,912,868
Non-controlling interests	4,177,356	5,733,769
	16,490,514	66,646,637
<b>Basic and diluted earnings per share</b>	<b>0.04</b>	<b>0.26</b>

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

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