

For Immediate Release
Bank of Palestine Group
September 15th, 2024

SECOND QUARTER/HALF YEAR 2024 RESULTS AND KEY METRICS



TOTAL REVENUE (GROSS PROFIT) OF \$172 MILLION
PROFIT BEFORE COST OF RISK AND TAX \$88.4 MILLION
NET PROFIT OF \$1.4 MILLION

Key Messages & Highlights

- Total Revenues increased by 2.9% from USD 167.5 million for H1 2023 to USD 172.4 million for H1 2024.
 - Profit before cost of risk and tax increased by 11% from USD 79.7 million for H1 2023 to USD 88.4 million for H1 2024.
 - Net profit decreased by -96.7% from USD 43.1 million for H1 2023 compared to USD 1.4 million for H1 2024 due to extra provisioning and exceptional economic macro pressures.
 - Bank of Palestine Group's market share reached 34.9% and 34.1% in customer deposits and credit facilities, respectively.
 - The Bank sustained an acceptable capital adequacy ratio of 15.72% in H1 2024 which is a testament of the Bank's ability to overcome the impact of the current situation.
 - The Bank has a strong deposit franchise and solid liquidity buffers. Our customer deposits increased from USD 5.81 billion at the end of 2023 to reach USD 6.14 billion at the end of the second quarter 2024 resulting in 5.8% growth. This increase continued even during these uncertain times of the war, which shows a high level of confidence and trust from our clients.
 - Total Assets increased by 5.3% from USD 7.13 million at the end of 2023 to USD 7.50 million at the end of the second quarter 2024.
 - Net loans decreased by -1.3% from USD 3.83 billion at the end of 2023 to 3.79 billion at the end of the second quarter 2024. The decrease is mainly due to the Bank's conservative approach in lending during these difficult times in addition to the effect of foreign currency exchange rate.
 - Enhanced collection and follow-up processes in addition to better NPL management.
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- Total shareholders' equity amounted to USD 558 million at the end of the second quarter of 2024, and USD 560 million at the end of 2023.

Ramallah, Palestine September 15th 2024- Bank of Palestine Group (BoP) announced its financial results reporting net profit for the six – month period ended June 30th 2024 of USD 1.4 million and revenues of USD 172.4 million compared to net profit of USD 43.1 million and revenues of USD 167.5 million for the same period ended June 30th, 2023. Assets increased by 5.3% from USD 7.13 billion at the end of 2023 to USD 7.50 billion at the end of the second quarter 2024. The Bank's total shareholders' equity amounted to USD 558 million at the end of the second quarter of 2024, and USD 560 million at the end of 2023. Results were naturally impacted by current pressures on the economy due to the adverse impact of the ongoing war and as a result of extra credit and cash losses provisioning the bank took as per accounting practice and standards to cushion against these losses and any uncertainty.

Other Messages

- During August 2024, the International Finance Corporation “IFC” and the European Bank for Reconstruction and Development “EBRD” have jointly invested into BOP through a special issuance of shares to further boost its capital and play a pivotal role in economic recovery. IFC invested in 5% stake in the shares of BOP and EBRD invested 3.92%, this investment and increase in BOP capital will be reflected in Q3 financial results.
- Bank of Africa invested in 1.2% of Bank of Palestine's capital. This strategic investment aims to strengthen economic cooperation between Palestine and Morocco and entails cross equity investments between the two entities. This is an evidence of the Bank's solid foundation and investors' confidence in its performance and strategy even during the current challenging period.
- During September 2024, the Bank signed a USD 65 million financing package agreement with IFC, PROPARCO and SANAD to support economic recovery in Palestine with a focus on small and medium sized enterprises (SMEs).
- During March 2024, the Bank signed a \$30 million loan agreement with the European Bank for Reconstruction and Development (EBRD) to support SMEs.
- We continue to forge ahead with our long term strategies in digital transformation, regional expansion and ESG.
- Financially, the bank remains resilient. The management has taken proactive measures, increased credit provisions, and is continuously collaborating with international partners to ensure the ability to weather the challenges ahead. In reference to our contingency planning, management has conducted several stress testing considering all scenarios and put action plans to fend against these negative scenarios.

- Our headquarters and branches in the West Bank continue to operate & serve clients efficiently despite recent developments in the West Bank.

Chairman and CEO Commentary

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

"I would like to assure our shareholders and stakeholders that the Bank's management has been working tirelessly to sustain our operations and to serve our clients at home despite continued challenges posed by the war in Gaza and escalation in the West Bank during the second quarter. We have not been deterred from implementing our strategic plans in light of these challenges at home. Our regional expansion into the MENA and GCC regions is underway. We have received approval by the Central Bank of Egypt to open a representative office in Cairo and we anticipate full operation in the last quarter of the year 2024. We have launched the process of applying for a booking center license in the Abu Dhabi Global Market-ADGM while enhancing our institutional relations in the UAE and the rest of the GCC as part of diversification and targeting our diaspora clients. The bank has managed to attract strategic investors to help raise its capital. We have completed a capital increase of \$ 34 million through onboarding IFC and EBRD as shareholders in the bank through special shares issuance. This capital increase will help preserve our capital adequacy ratio as per our standing as a systemic bank and will allow us to compensate for decreased profitability due to the impact on the economy by the ongoing war. We will continue to work on additional capital increases to position the bank as a leader in future economic recovery and reconstruction."

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

"The second quarter of 2024 saw continued extra credit provisioning as the bank dealt with the continued impact of the war in Gaza. Our measures included provisioning for cash losses and other asset losses in Gaza as the war continued unabated. We have applied extra prudence in dealing with compounded risks and uncertainty through added mitigation to maintain our continued operations and liquidity ratios at par with regulatory requirements and best accounting practice. Despite our focus on risk mitigation and dealing with the imposed risks, our teams remain focused on digital transformation and customer care, financial inclusion, and operational efficiency at our home operations. We are implementing our regional expansion to drive growth through diversification and attracting diaspora business. We remain well positioned with liquidity buffers and strong capitalization to position the bank for the day after economic recovery and reconstruction."

Bank of Palestine
Consolidated Statement of Financial Position
As of June 30, 2024

	<u>30/06/2024</u>	<u>31/12/2023</u>
	USD	USD
Assets		
Cash and balances with Palestine Monetary Authority	1,688,720,722	1,787,611,742
Balances and investments at banks and financial institutions	1,440,889,505	1,005,207,710
Financial assets at fair value through profit or loss	8,199,260	7,793,301
Direct credit facilities and Islamic financing	3,788,538,894	3,839,008,227
Financial assets at fair value through other comprehensive income	59,619,463	60,898,466
Financial assets at amortized cost	216,326,805	159,354,233
Investment in associates and a joint venture	11,785,289	11,858,121
Investment properties	24,562,940	24,776,440
Property, plant and equipment and right of use assets	133,105,203	102,657,226
Deferred Taxes - Assets	35,387,922	29,084,742
Projects in progress	2,552,493	2,268,294
Intangible assets	14,672,568	14,735,600
Other assets	76,496,757	80,806,646
Total Assets	7,500,857,821	7,126,060,748
Liabilities and Equity		
Liabilities		
Palestine Monetary Authority's deposits	279,650,688	203,422,416
Banks and financial institutions' deposits	92,265,835	204,538,769
Customers' deposits	5,826,968,439	5,478,560,065
Cash margins	315,399,422	329,167,229
Subordinated loan	67,500,000	45,000,000
Loans and borrowings	112,710,179	74,045,601
Istidama loans from Palestine Monetary Authority	35,923,745	23,405,534
Deferred Taxes - Liabilities	2,686,546	2,686,546
Lease liabilities	25,259,439	27,094,674
Sundry provisions	56,850,454	53,091,860
Taxes provisions	12,466,548	21,960,224
Other liabilities	115,320,925	102,727,448
Total Liabilities	6,943,002,220	6,565,700,366
Equity		
Paid-in share capital	230,677,334	230,677,334
Additional paid-in capital	30,000,000	29,575,688
perpetual loans	29,575,688	30,000,000
Statutory reserve	69,285,414	69,285,414
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	(2,266,112)	(106,169)
Retained earnings	85,546,621	86,452,694
Total equity holders of the Bank	491,439,982	494,505,998
Non-controlling interests	66,415,619	65,854,384
Total Equity	557,855,601	560,360,382
Total Liabilities and Equity	7,500,857,821	7,126,060,748

Bank of Palestine
Consolidated Income Statement
For the period ended June 30, 2024

	30/06/2024	30/06/2023
	USD	USD
Interest income	127,281,260	112,494,916
Interest expense	-21,466,617	-16,584,074
Net interest income	105,814,643	95,910,842
Net financing and investment income	29,679,391	28,986,117
Net commissions	15,372,670	21,616,415
Net interest, financing, investment and commissions income	150,866,704	146,513,374
Foreign currencies gains	14,360,142	14,109,427
Net gains from financial assets	2,494,354	2,546,293
Bank's share of results of associates and a joint venture	-72,832	31,352
Gain or (loss) from Real estate investment valuation	0	0
Other revenues, net	4,717,965	4,292,711
Gross profit before expected credit losses provisions	172,366,333	167,493,157
Provision for expected credit losses on direct credit facilities and Islamic financing and other receivables, net	-36,681,643	-16,149,669
Provision for expected credit losses on investments, and indirect credit facilities and Islamic financing, net	-51,615,409	285,386
Gross profit	84,069,281	151,628,874
Expenses		
Personnel expenses	-44,285,553	-46,081,691
Other operating expenses	-30,780,017	-32,767,785
Depreciation and amortization	-8,924,077	-8,946,340
Palestine Monetary Authority's fines	0	-40,000
Total expenses	-83,989,647	-87,835,816
Profit before taxes	79,634	63,793,058
Taxes expense	1,324,835	-20,666,459
Profit for the year	1,404,469	43,126,599
Attributable to:		
Equity holders of the Bank	1,039,259	39,114,889
Non-controlling interests	365,210	4,011,710
	1,404,469	43,126,599
Basic and diluted earnings per share	0.00	0.16

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

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