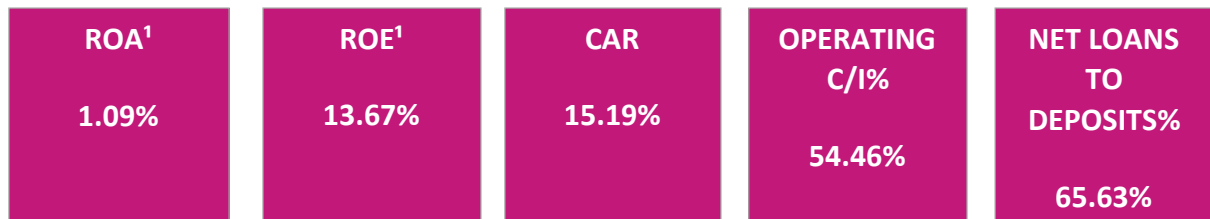


For Immediate Release
Bank of Palestine Group
May 18th, 2022

FIRST QUARTER 2022 RESULTS AND KEY METRICS



NET REVENUE (GROSS PROFIT) OF \$70.5 MILLION
NET PROFIT OF \$17.6 MILLION
EARNINGS PER SHARE OF \$0.072

Key Messages & Highlights

- Revenues increased by 14.7% from USD 61.5 million for Q1 2021 to USD 70.5 million for Q1 2022.
- Profit before tax increased by 53.0% from USD 17.3 million for Q1 2021 to USD 26.5 million for Q1 2022.
- Continuance of better control of operating expenses contributed to higher profits.
- Enhanced collection and follow-up processes in addition to better NPL management also resulted in improved cost of risk and lower NPL ratio.
- Better commission performance of 24.2% compared to the same period prior year due to increased business activities.
- Cost to income ratio decreased from 67.74% for Q1 2021 to 62.4% for Q1 2022.
- Net profit increased by 55.1% from USD 11.3 million for Q1 2021 compared to USD 17.6 million for Q2 2022.
- Return on Equity increased from 11.34% in Q1 2021 to 13.7% in Q1 2022.
- Earnings per share increased from 0.048 for Q1 2021 to 0.072 for Q1 2022.
- Capital adequacy ratio reached 15.19% in Q1 2022.
- Flat assets with a slight change by -0.4% from USD 6.51 billion at the end of 2021 to USD 6.48 billion at the end of the first quarter 2022.
- Net Loans increased by 1.1% from USD 3.45 billion at the end of 2021 to USD 3.49 billion at the end of the first quarter 2022.
- Customer deposits increased by 0.22% from USD 5.31 billion at the end of 2021 to USD 5.32 billion at the end of the first quarter 2022.

¹ ROA and ROE are presented on an annual basis.

- Total shareholders' equity increased by 3.7% from USD 496.1 million at the end of 2021 to USD 514.6 million at the end of the first quarter 2022.

Ramallah, Palestine May 18th 2022- Bank of Palestine Group (BoP) announced its financial results reporting net profit for the three-month period ended 2022 of USD 17.6 million and revenues of USD 70.5 million compared to net profit of USD 11.3 million and gross profit of USD 61.5 million for the same period ended 2021. Flat assets with slight change to USD 6.48 billion compared with USD 6.51 billion at the end of 2021. The Bank's total shareholders' equity also increased to USD 514.6 million compared with USD 496.1 million at the end of 2021.

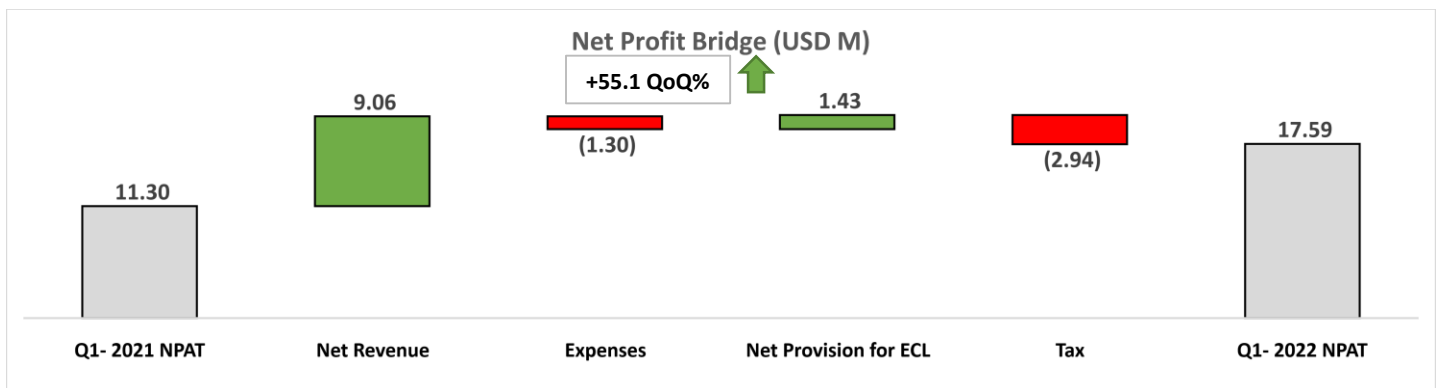


Table: Net Profit Bridge

Chairman and CEO Commentary

Mr. Hashim Shawa, Bank of Palestine Group Chairman said: “We are proud of Bank of Palestine’s Group’s results for the first quarter of 2022 demonstrating growth and strength in its capital structure and financial performance. While we are observing global and local risks and uncertainties in 2022, we continue the implementation of our strategies in sustainability and digitization, cognizant of our responsibilities towards our stakeholders. Our risk mitigation strategies coupled with our commitment to growing the economy will remain our dual approach moving ahead”.

Commenting on the results of the first quarter of 2022 **Mr. Mahmoud Shawa, the Bank’s CEO** commented: “The Group’s financial results and the growth in net profits reflect both improved efficiencies as well as the increase in business activities. The Group achieved a net profit of USD 17.6 m which is the highest quarterly profit in its history with solid capital adequacy ratio of 15.19%.

We continue providing our clients with enhanced and up-to date digital banking services as well as employing our financial inclusion and sustainability strategies in lending to women, youth and disabled. The Bank continues to support SMEs, energy efficiency and renewable energy projects in addition to developing new product programs for Retail & SMEs. Furthermore, the Bank also is focused on growing the business banking portfolio in tandem with additional demand by corporates for finance as a result of economic recovery post COVID-19 ramifications.”

Annex: Bank of Palestine Group Financials

Bank of Palestine

Consolidated Statement of Financial Position

As of March 31, 2022

	3/31/2022	12/31/2021
	USD	USD
Assets		
Cash and balances with Palestine Monetary Authority	1,814,154,000	1,779,579,889
Balances and investments at banks and financial institutions	674,188,026	782,230,313
Financial assets at fair value through profit or loss	10,903,287	10,253,849
Direct credit facilities and Islamic financing	3,489,477,924	3,453,207,160
Financial assets at fair value through other comprehensive income	46,591,724	42,255,262
Financial assets at amortized cost	236,721,327	228,845,417
Investment in associates and a joint venture	9,810,558	9,671,052
Investment properties	26,142,678	25,962,178
Property, plant and equipment and right of use assets	113,125,398	115,897,814
Projects in progress	1,298,524	1,366,792
Intangible assets	15,023,588	14,613,893
Other assets	47,277,647	44,338,187
Total Assets	6,484,714,681	6,508,221,806
Liabilities and Equity		
Liabilities		
Palestine Monetary Authority's deposits	196,562,586	242,439,107
Banks and financial institutions' deposits	107,342,806	120,061,868
Customers' deposits	4,996,781,440	5,013,551,326
Cash margins	319,967,892	291,588,276
Subordinated loan	72,500,000	72,500,000
Loans and borrowings	55,756,063	48,442,500
Istidama loans from Palestine Monetary Authority	28,065,083	22,307,552
Lease liabilities	30,690,893	31,900,160
Sundry provisions	52,299,472	50,983,323
Taxes provisions	14,502,370	21,492,314
Other liabilities	95,612,353	96,855,951
Total Liabilities	5,970,080,958	6,012,122,377
Equity		
Paid-in share capital	217,433,527	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	10,311,877	10,311,877
Pro-cyclicality reserve	40,000,000	40,000,000
Fair value reserve	(726,511)	(1,692,549)
Retained earnings	93,319,789	77,612,532
Total equity holders of the Bank	452,044,338	435,371,043
Non-controlling interests	62,589,385	60,728,386
Total Equity	514,633,723	496,099,429
Total Liabilities and Equity	6,484,714,681	6,508,221,806

Bank of Palestine

Consolidated Income Statement

For the three-month period ended March 31, 2022

	<u>2022</u>	<u>2021</u>
	USD	USD
Interest Income	40,818,153	40,593,941
Interest Expenses	(7,441,729)	(10,381,476)
Net Interest Income	33,376,424	30,212,465
Net financing and investment income	13,295,536	10,869,936
Net commissions income	13,282,887	10,693,526
Net Interest and Commissions Income	59,954,847	51,775,927
Foreign Currency Gain	6,090,455	6,078,284
Net gains from financial assets portfolio	1,093,360	582,892
Change in fair value of investment properties	-	-
Bank's share of results of associates and a joint venture	139,506	113,715
Other revenues	3,246,781	2,913,955
Gross Profit	70,524,949	61,464,773
Expenses		
Personnel Expenses	(20,435,671)	(19,585,947)
Other operating expenses	(12,929,226)	(12,250,180)
Depreciation and amortization	(4,497,940)	(4,691,745)
Provision for expected credit losses, net	(5,592,440)	(7,018,778)
Credit facilities not previously provided for and written off	(523,122)	(577,465)
Palestine Monetary Authority's fines	(25,000)	(10,000)
Total Expenses	(44,003,399)	(44,134,115)
Profit before taxes	26,521,550	17,330,658
Tax expense	(8,929,801)	(5,991,600)
Profit after taxes	17,591,749	11,339,058

Comprehensive Income Statement

For the three-month period ended March 31, 2022

	<u>2022</u>	<u>2021</u>
	USD	USD
Profit for the period	17,591,749	11,339,058
Comprehensive Income Items:		
Change in the fair value of financial assets	942,545	1,204,449
Total Other Comprehensive Income items	942,545	1,204,449
Total comprehensive income for the period	18,534,294	12,543,507

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

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