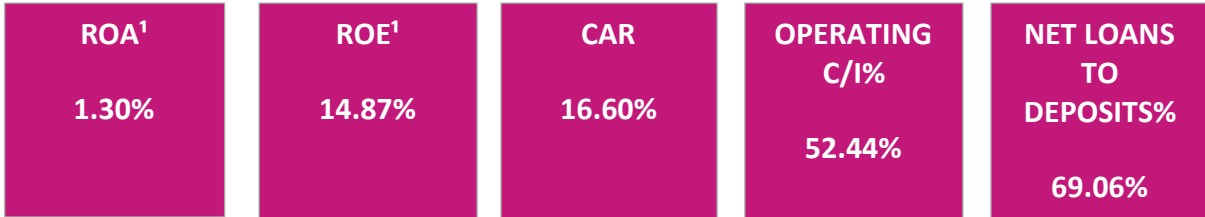


For Immediate Release
Bank of Palestine Group
August 15th, 2023

SECOND QUARTER/HALF YEAR 2023 RESULTS AND KEY METRICS



TOTAL REVENUE (GROSS PROFIT) OF \$167.5 MILLION
NET PROFIT OF \$43 MILLION
ANNUALIZED EARNINGS PER SHARE OF \$0.33

Key Messages & Highlights

- Total Revenues increased by 16.8% from USD 143.4 million for H1 2022 to USD 167.5 million for H1 2023.
- Profit before tax increased by 18.2% from USD 54.0 million for H1 2022 to USD 63.8 million for H1 2023.
- Enhanced collection and follow-up processes in addition to better NPL management also resulted in improved cost of risk and lower NPL ratio.
- Net profit increased by 23.7% from USD 34.9 million for H1 2022 compared to USD 43.1 million for H1 2023.
- Return on Equity (attributable to BOP shareholders) increased from 12.65% at the end of 2022 to 14.87% in H1 2023.
- Earnings per share increased from 0.14 for H1 2022 to 0.16 (\$0.33 annualized) for H1 2023.
- The Bank has a healthy and solid capital adequacy ratio of 16.60% in H1 2023 compared to 15.81% at the end of 2022.
- This increase in capital adequacy ratio is due to healthier quality assets and the investment of JICA in additional tier 1 capital in an amount of \$ 30 million.
- Assets increased by 2.0% from USD 6.49 billion at the end of 2022 to USD 6.62 billion at the end of H1 2023.
- Net loans increased by 3.6% from USD 3.57 billion at the end of 2022 to USD 3.70 billion at the end of H1 2023.

¹ 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 5.36 billion at the end of the second quarter 2023 resulting in 1.8% growth.
- Bank of Palestine Group’s market share reached 31.87% and 32.96% in customer deposits and credit facilities, respectively.
- Total shareholders' equity increased by 8.5% from USD 545.9 million at the end of 2022 to USD 592.4 million at the end of H1 2023.

Ramallah, Palestine August 15th 2023- Bank of Palestine Group (BoP) announced its financial results for the six-month period ended June 30th, 2023 reporting net profit of USD 43.1 million and revenues of USD 167.5 million compared to net profit of USD 34.9 million and gross profit of USD 143.4 million for the same period ended 2022. Assets increased by 2% from USD 6.49 billion at the end of 2022 to USD 6.62 billion at the end of the second quarter 2023. The Bank’s total shareholders' equity also increased to USD 592.4 million compared with USD 545.9 million at the end of 2022.

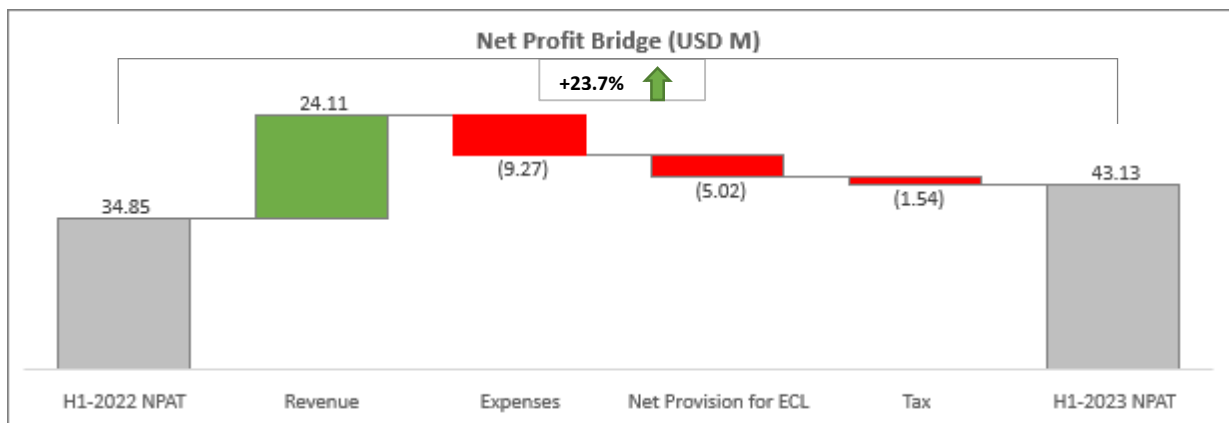


Table: Net Profit Bridge

Other Messages

- Enhanced digital capabilities and customer experience through launching Apple Pay and the SoftPOS application, which transforms smart devices into a device for accepting various digital payments through cards, electronic wallets, payment through QR code and other electronic payment methods.
- Bank of Palestine was awarded by EBRD the “Most Active Issuing Bank 2022” Award in Trade Finance and “Best Bank” Award from Global Finance in Palestine.
- BOP has become the first bank in Palestine and the Middle East to deposit funds in Citi’s Sustainable Deposit Solution. Citi’s Sustainable Deposit Solution supports clients when investing their excess cash and meeting their sustainability goals.

Chairman and CEO Commentary

Mr. Hashim Shawa, Bank of Palestine Group Chairman said: *“We continue the year with determination to implement our 5-year strategy with full thrust. At the core of this strategy is digital and branch transformation in order to make our customer experience seamless and our operations efficient. We have managed our operations focusing on sustainability and growth while generating value for our shareholders and engagements with all our stakeholders.*

Commenting on the results of the first half of 2023, Mr. Mahmoud Shawa, the Bank’s CEO added: *“We are proud of our teams embracing our 5-year growth strategy achieving sustained and robust growth across our operations. Organic growth of our credit portfolio and diversified investment strategy have duly contributed to higher revenues. We continue to be prudent in dealing with risks and uncertainty through sustained risk mitigation taking appropriate provisions to cushion against any losses in line with international financial standards. Our capital adequacy ratio has increased to reach 16.60%, which is directly correlated, to the high quality of assets, and the investment in a \$ 30 million perpetual bond by JICA strengthening our CAR through this investment in our tier 1 capital. Our results demonstrate management’s alignment and commitment to the Bank’s growth strategy while investing in people, innovative products, digitization and sustainability.*

Bank of Palestine
Consolidated Statement of Financial Position
As of June 30, 2023

	<u>30/6/2023</u>	<u>31/12/2022</u>
	USD	USD
Assets		
Cash and balances with Palestine Monetary Authority	1,759,327,932	1,803,515,455
Balances and investments at banks and financial institutions	639,724,779	592,297,476
Financial assets at fair value through profit or loss	7,453,830	9,168,285
Direct credit facilities and Islamic financing	3,702,088,522	3,572,054,865
Financial assets at fair value through other comprehensive income	63,105,848	59,526,233
Financial assets at amortized cost	219,819,999	241,306,472
Investment in associates and a joint venture	11,712,460	11,996,852
Investment properties	22,784,439	22,930,742
Property, plant and equipment and right of use assets	106,673,160	109,275,425
Projects in progress	1,648,604	649,543
Intangible assets	14,687,293	14,984,886
Other assets	66,517,144	50,254,623
Total Assets	6,615,544,010	6,487,960,857
Liabilities and Equity		
Liabilities		
Palestine Monetary Authority's deposits	124,013,319	199,103,950
Banks and financial institutions' deposits	138,924,626	93,668,011
Customers' deposits	5,050,302,159	4,966,613,355
Cash margins	310,435,643	300,110,487
Subordinated loan	52,500,000	60,000,000
Loans and borrowings	73,432,810	77,656,331
Istidama loans from Palestine Monetary Authority	30,000,891	32,110,614
Lease liabilities	28,480,742	30,105,511
Sundry provisions	51,768,796	52,355,497
Taxes provisions	37,536,642	35,440,008
Other liabilities	125,726,055	94,874,472
Total Liabilities	6,023,121,683	5,942,038,236
Equity		
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	3,375,406	3,344,655
Retained earnings	115,735,212	107,929,885
Total equity holders of the Bank	525,959,571	481,404,736
Non-controlling interests	66,462,756	64,517,885
Total Equity	592,422,327	545,922,621
Total Liabilities and Equity	6,615,544,010	6,487,960,857

Bank of Palestine

Consolidated Income Statement

For the period ended June 30, 2023

	30/6/2023	30/6/2022
	USD	USD
Interest income	112,494,916	90,229,834
Interest expense	(16,584,074)	(14,063,717)
Net interest income	95,910,842	76,166,117
Net financing and investment income	28,986,117	27,084,769
Net commissions	21,616,415	20,035,913
Net interest, financing, investment and commissions income	146,513,374	123,286,799
Foreign currencies gains	14,109,427	11,545,176
Net gains from financial assets	2,546,293	2,058,582
Bank's share of results of associates and a joint venture	31,352	100,811
Other revenues, net	4,292,711	6,392,199
Gross profit before expected credit losses provisions	167,493,157	143,383,567
Provision for expected credit losses on direct credit facilities and Islamic financing and other receivables, net	(16,149,669)	(9,395,677)
Provision for expected credit losses on investments, and indirect credit facilities and Islamic financing, net	285,386	(1,448,777)
Gross profit	151,628,874	132,539,113
Expenses		
Personnel expenses	(46,081,691)	(41,214,710)
Other operating expenses	(32,767,785)	(28,250,853)
Depreciation and amortization	(8,946,340)	(8,872,058)
Losses of investment properties	0	(200,000)
Palestine Monetary Authority's fines	(40,000)	(25,000)
Total expenses	(87,835,816)	(78,562,621)
Profit before taxes	63,793,058	53,976,492
Taxes expense	(20,666,459)	(19,126,339)
Profit for the year	43,126,599	34,850,153
Attributable to:		
Equity holders of the Bank	39,114,889	31,210,049
Non-controlling interests	4,011,710	3,640,104
	43,126,599	34,850,153
Basic and diluted earnings per share	0.16	0.14

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

Kamel Hussein

Chief Strategic Relations & Engagements Officer

Tel: +970 2 2946700 | Ext: 9114 | Fax: +970 2 2964703 Mobile: +970 599 205630|

Email: kamel.husseini@bankofpalestine.com | www.bankofpalestine.com

Catherine Halteh

Head of Investor Relations

Tel: +970 2 2946700 | Ext: 3465 | Fax: +970 2 2955236 Mobile: +970 599 390429|

Email: catherine.halteh@bop.ps | www.bankofpalestine.com

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