

## H1 2020 Earnings Release

### Bank of Palestine Group announces H1 2020 Preliminary Financial Results

**Covid -19 related lockdowns in the last two quarters have had a negative toll on operations in line with the whole economy**

**Net Profits reported at USD 8.4 million for H1 2020**

**Loan to Deposits ratio 70% & capital adequacy ratio is 14%**

#### **H1 2020 Preliminary Financial Results Highlights**

- Gross Income of USD 109 million for H1 2020, down by 5.4% compared with USD 115 million for the same period in 2019.
- Profit before tax down by 45.4% with USD 18 million compared with USD 33 million in the same period of 2019.
- Net profit of USD 8.4 million for H1 2020 compared to USD 22.4 million for the same period in 2019.
- Total assets at USD 5.30 billion up by 0.72% compared to USD 5.26 billion at the end of 2019.
- Net Loans at USD 3.10 billion, up by 3.9% compared to USD 2.98 billion at the end of 2019.
- Customer deposits at USD 4.32 billion, up by 4.9% compared to USD 4.12 billion at the end of 2019.
- Total shareholders' equity reached USD 419 million, down by 2.6 % compared to USD 430 million at the end of 2019.

**(Ramallah, Palestine September 1<sup>st</sup>, 2020):** Bank of Palestine Group (BOP), announced its H1 2020 preliminary financial consolidated results reporting a gross income of USD 109 million in H1 2020, compared with USD 115 million in H1 2019, reflecting a decrease of 5.4%. The bank's Profit before tax is USD 18 million compared with USD 33 million in H1 2019, with a net profit achieved of USD 8.4 million. Total assets increased to USD 5.30 billion compared with USD 5.26 billion at the end of 2019. The Bank's total shareholders' equity declined to USD 419 million compared with USD 430 million at the end of 2019. The Bank in H1 has taken extra provisions to cushion against expected impact of Covid-19 as bank begins assessment of loan portfolio.

Commenting on the results, **Mr. Hashim Shawa - Chairman of Bank of Palestine Group** said: "In this quarter we started taking extra mitigation measures to ensure business continuity as a forward looking approach. The lockdowns in the last two quarters have affected daily operations, as such revenue and commissions have been negatively



impacted. This in addition to BOP investments portfolio impacted by Covid-19 with a downturn in global financial markets and dividends for 2019 results unpaid from key investments. The bank continues to follow prudent measures in line with IFRS9 accounting principles to increase provisions against unforeseen impact in the face of economic slowdown from Covid-19 and political uncertainties.”

Income from Group companies was also impacted due to lockdown conditions and deferment of payments by banking regulator. Our Islamic Banking subsidiary was not able to charge commissions based on Sharia Principles on postponed installments, which caused losses for the consolidated financial statements based on IFRS9.

“Our banking regulator, the Palestinian Monetary Authority (PMA) took measures from the beginning of COVID-19 in the first quarter of this year by delaying loan payments of all borrowers for 4 months and 6 months for the tourism sector borrowers, giving our customers breathing space. In this quarter, PMA removed the blanket postponement of loan repayments initiated earlier and allowed the banks to deal with their clients’ reference their credit portfolios on a case-by-case basis allowing flexible proactivity on assessing the customer’s credit situation and needs.

As part of our stakeholder commitments; we have begun lending adversely affected SMES through the PMA SME Fund, but more importantly, we continue to uphold our responsibilities to our overall corporate and SME clients providing additional sources of liquidity to on lend to customers in cooperation with international and regional MDBs. We also thank our depositors, for their trust and confidence in the bank by increasing our depositors’ base by 4.9% in the second quarter, added Mr. Shawa.”

**Mr. Rushdi Ghalayini, General Manager of Bank of Palestine** said reference the H1 2020 results: “Our strategic direction that we started before the pandemic came in handy in managing our resilience. The strategic segmentation project finalized in the last years is today serving its purposes during the Covid-19 pandemic; by allowing focused attention to customer segments. Relationship Managers (RMs) for corporate and SME clients are today working closely with customers to assess their credit portfolios supporting clients in managing the stress of their operations under this pandemic.

For retail clients, digitization has also served its purposes, providing a variety of electronic services, and we have seen a major increase in customers’ usage of electronic channels by 40% compared to last year, with transactions conducted over these channels growing by 179% speeding the bank’s thrust to digitization and efficiency.”

In the realm of Fintech, PalPay the Fintech subsidiary of the bank has launched the first E-Wallet in the country targeting the 50% of population that is still unbanked. In addition to that, the bank launched its impact innovation hub called Intersect, which aims to assist



the innovation eco system providing a pipeline of ideas, projects and startups for its fintech arm and the Ibtikar innovation Fund. Intersect will focus on Fintech, Cyber security, social entrepreneurship and impact investment.

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Date: September 1<sup>st</sup>, 2020