

Q3 2020 Earnings Release

Bank of Palestine Group announces Q3 2020 Preliminary Financial Results

Provisions to be increased ahead of year end as Bank takes a conservative position on future outlook in midst of a pandemic & fiscal political crisis

Net Profits reported at USD 14.5 million for Q3 2020

Q3 2020 Preliminary Financial Results Highlights

- Gross Income of USD 165 million for Q3 2020, down by 6.1% compared with USD 176 million for the same period in 2019.
- Profit before tax down by 35.9% with USD 28.1 million compared with USD 43.9 million in the same period of 2019.
- Net profit of USD 14.5 million for Q3 2020 compared to USD 33.9 million for the same period in 2019.
- Total assets at USD 5.44 billion up by 3.4% compared to USD 5.26 billion at the end of 2019.
- Net Loans at USD 3.18 billion, up by 6.6% compared to USD 2.98 billion at the end of 2019.
- Customer deposits at USD 4.45 billion, up by 8% compared to USD 4.12 billion at the end of 2019.
- Total shareholders' equity reached USD 425 million, down by 1.3 % compared to USD 431 million at the end of 2019.

(Ramallah, Palestine November 3rd, 2020): Bank of Palestine Group (BOP), announced its Q3 2020 preliminary financial consolidated results reporting a gross income of USD 165 million in Q3 2020, compared with USD 176 million in Q3 2019, reflecting a decrease of 6.1%. The bank's Profit before tax is USD 28.1 million compared with USD 43.9 million in Q3 2019, with a net profit achieved of USD 14.5 million. Total assets increased to USD 5.44 billion compared with USD 5.26 billion at the end of 2019. The Bank's total shareholders' equity declined to USD 425 million compared with USD 431 million at the end of 2019.

The Bank has taken an extra conservative position on the future outlook increasing provisions in Q3 ahead of year-end in the midst of compounded market conditions; caused by continuing pandemic and a fiscal crisis as a result of the political standoff.



Commenting on the results, **Mr. Hashim Shawa - Chairman of Bank of Palestine Group** said: "In the midst of these externalities, we have opted to take more provisions to cushion against an uncertain outlook. We do this as we continue to enhance operational performance and increased digitization to capture opportunities resulting from efficiencies and business alignment. We have no option but to wither the 2020 downturn as the economic cycle has slowed down due to expected decline in GDP by 8%."

Despite the 57% drop in net profit in Q3, the bank has seen an increase in deposits by 8% with increased client confidence in the bank and its product lines. Credit facilities have also increased by 6.6 % as a result of the bank's credit and business teams working together to help clients adjust their business needs in light of a double slowdown as a result of a pandemic and a political financial crisis.

"We are working with the banking regulator, the Palestinian Monetary Authority (PMA) to ensure the stability of the banking sector ensuring that measures taken by the regulator to mitigate against COVID-19 impact will not harm the banking sector's ability to support the economic recovery. We are calling for incentives, hoping that the regulator would ease up some requirements, providing additional affordable liquidity with guarantees in order to spur lending activity in the midst of these tumultuous times. We have certainly taken advantage of regulatory incentives for the bank to invest in renewable energy by establishing Qudra renewable energy Solutions Company; while also remaining true to our sustainability strategy and SDG strategy with like-minded partners, concluded Mr. Shawa."

Mr. Rushdi Ghalayini, General Manager of Bank of Palestine commented on the Q3 2020 results: "As stated by the chairman we are focused on our proactive client engagements with the segmentation strategy offering dedicated relation Managers (RMs) for corporate and SME clients working out their financial situation as we maintain the health of our portfolio. Additionally, we see good traction with our digital channels and soon the corporate online platform will be rolled out digitally serving this important client segment."

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