



H1 2019 Earnings Release

Bank of Palestine Group announces H1 2019 Preliminary Financial Results

Growth in Deposits and other indicators despite continued recession in Palestinian economy

Net Profits reported at USD 22.4 million for H1 2019

H1 2019 preliminary Financial Results Highlights

- Gross Income of USD 115.4 million for H1 2019, up by 4.23% compared with USD 110.7 million for the same period in 2018.
- Profit before tax of USD 33 million Compared with USD 34.5 million in the same period of 2018.
- Net profit of USD 22.49 million for H1 2019 compared to USD 24.73 million for the same period in 2018.
- Total assets at USD 4.95 billion, up by 6.37% compared with USD 4.65 billion at the end of 2018
- Gross Loans at USD 2.96 billion, up by 6.27% compared to USD 2.78 billion at the end of 2018.
- Customer deposits at USD 3.85 billion, up by 3.03% compared to USD 3.74 billion at the end of 2018
- Total shareholders' equity reached USD 415 million, compared to USD 416 million at the end of 2018.
- Consolidated NPL Ratio at: 3.95%

(Ramallah, Palestine August 28th, 2019): Bank of Palestine Group (BOP), announced its H1 2019 preliminary financial consolidated results reporting a gross income of USD 115,403,144 in H1 2019, compared with USD 110,716,999 in H1 2018, reflecting an increase of 4.23%. The bank's Profit before tax is USD 33,295,690 compared with USD 34,565,795 in H1 2018, with a net profit achieved of USD 22,492,418. Total assets reached USD 4,953,630,571 compared with USD 4,657,182,978 at the end of 2018. The Bank's total shareholders' equity reached USD 415,165,937 compared with USD 416,380,548 at the end of 2018.

Commenting on the results, Mr. Hashim Shawa - Chairman of Bank of Palestine Group said: "The economy in Palestine has entered a recession because the economic cycle remains dependent on the Palestinian National Authority Salaries to Public Sector employees. The salary cut from March 2019 has negatively affected funding to private sector suppliers.



This continued macro-economic pressure on the bank's operations has hit our P&L as the bank has to be compliant with IFRS9 accounting principles taking on additional provisions to cushion against economic downturn.

Despite the adverse operating environment, we continued to see stable deposits from the retail sector with an increase in deposits by 3.03%. This is evidence of the confidence in the bank and the successful execution of the savings campaigns launched by the bank, in addition to harvesting the fruits of both; the financial inclusion and segmentation strategies. Diversification of income from subsidiaries was positive in H1 2019 especially from the Arab Islamic Bank, again evidence of the potential for market share for Islamic banking in Palestine.

"We continue to operate with the same focus on business operations and internal realignment taking additional measures to mitigate against risks. The bank has unleashed its collection department towards more aggressive collection policy one that is fine-tuned with its segmentation program to enhance the credit cycle to match credit underwriting and collections of both retail and corporate customers. As such, we continue to have confidence in the overall outlook for 2019 despite the challenges maintaining focus on managing risks and operational efficiencies while not losing sight of the future of digital banking and providing sound banking to our customers, concluded Mr. Shawa."

Mr. Rushdi Ghalayini, General Manager of Bank of Palestine said on the H1 2019 results; "looking at our financial indicators, the Bank witnessed an increase of 6.23% in credit facilities in H1 2019. While not deviating from our plan not to increase government loans on the expense of corporate and retail lending, the bank has lent the government additional resources to wither the short-term salary crisis with a projected end in sight by November 2019."

"In terms of business operations, the bank continues to look for risk guarantee programs to support its commitment in lending the SME sector since we enjoy excellent relations with International donor agencies cooperating in a wide range of guarantee funds helping the bank to mitigate risk. In terms of operations, we have continued investment in electronic banking channels and digitization including the launch of the contactless credit cards. This digital innovation remains vibrant both at bank and in Fintech subsidiary Palpay continue to provide market access and new business via new billers.

In terms of investing in our human resources, Korn Ferry Global HR consultants have commenced their mission in reviewing HR policies to provide the bank with best practice HR policies and structures to help increase efficiency and staff motivation, added Mr. Ghalayini."

The bank has won 9 digital awards by Global Finance Magazine for 2019 in the following categories:



In the consumer category:

- 1- Best Consumer Digital Bank
- 2- Best Bill Payment and Presentment
- 3- Best in Mobile Banking
- 4- Best Mobile Banking App
- 5- Most Innovative Digital Bank

In the corporate category:

- 1- Best Overall Corporate/Institutional Digital Bank
- 2- Best Online Cash Management
- 3- Best Integrated Corporate Banking Site
- 4- Most Innovative Digital Bank

With reference to diaspora work, the bank in the summer sponsored two important diaspora conventions in Nablus and Bethlehem. Such events continue to provide it with an edge to network and develop links with the diaspora of Bethlehem across the globe and the diaspora from Nablus in the GCC, Jordan and Europe.

About Bank of Palestine (BOP)

Bank of Palestine has a long embedded presence and experience in Palestine dating back to 1960. Bank of Palestine is constantly growing to be financially inclusive, and socially responsible at the cutting edge of global financial practice and innovation. The bank has the most widespread branch network in Palestine (74 branches), a paid up capital of \$204 million, and assets of over USD 4.95 billion, with 1,731 employees serving more than 917,076 customers. BOP is engaged in retail, corporate, micro & SME, and Diaspora banking operations. BOP is the sole agent for issuing and acquiring Visa and MasterCard in Palestine with over 5,451 Point of Sale merchant terminals nationwide. BOP is involved in large project finance loan syndications. It adopts a holistic sustainability strategy; and has as such worked with the **International Finance Corporation (IFC)** to develop a stringent risk management & governance structure. BOP has been the leader in **Corporate Social Responsibility (CSR)** in Palestine dedicating 5% of its net profit to community & human development.

Bank of Palestine's stock (**PEX: BOP**) has been listed on the Palestine Exchange (PEX) since 2005. It is among the market's blue chip stocks, and represents more than 11.88% of total PEX market capitalization.

Subsidiary Companies



PalPay® – Palestine Payments – As the leading payment platform company PalPay has been successful since inception utilizing the many POS machines and enabling payment of bills from various outlets revolutionizing the payment systems in Palestine. The number of electronic transactions conducted during the year through PalPay® reached more than 16.44 million, an increase of 6% compared with 2017. The company also continued to sign agreements with additional utility companies in Palestine to allow their clients to make e-payments through the PalPay® system. PalPay® has raised to 80 entities the number of service customers using its platform. The company also promoted its services regionally, as it was one of the main sponsors of the Cards and Payments Middle East conference that took place in Dubai. PalPay also was proudly the winner for the biggest worldwide contest in the field of “crisis management and aid” launched by Citi bank (MasterCard, Facebook, Microsoft, IBM and others) . PalPay E-Voucher and cash assistance Platform won the first place in the Citi Tech for integrity challenge; a global competition among 2000 international companies, where 103 finalists representing 25 countries vied for awards at six Demo Days. Overall, applicants came from more than 70 countries and 300 cities.

Al-Wasata Securities has been one of the fastest growing brokerage companies in Palestine, playing a major role in the acquisition of new investors into the Palestinian market, and adding new markets to its dealing platform. The company is continuously committed to provide the latest technologies, noting that the company has launched its mobile trading application where it enables its clients to trade in the local, regional, and US markets via one platform, making Al Wasata Securities Co. the first broker in Palestine to provide us a service. The company’s Trading volume is around \$65 million in the local, regional and US markets, more than USD 510 Million assets under management, as well as having the highest registered capital between the Palestinian brokerage firms being USD 5 million.

Arab Islamic Bank (AIB), is the latest subsidiary addition to Bank of Palestine Group, and in essence is the Islamic banking arm for Bank of Palestine, allowing it to provide with its 23 branches Islamic Banking solutions to a growing segment of customers requiring such sharia’ compliant solutions. The bank has assets of USD 1,150,998,580, with net profits in H1 2019 of USD 4,416,249.

For more information contact:

Kamel Husseini

Chief International and Investors Relations Officer



بنك فلسطين
BANK OF PALESTINE

Tel: +970 2 2946700 | Ext: 9114 | Fax: +970 2 2964703 Mobile: +970 599 205630 |
Email: kamel.husseini@bankofpalestine.com | www.bankofpalestine.com

Doaa Bitawi

Senior Investor Relations Officer

Tel: +970 2 2946700 | Ext: 9086

Email: doaa.bitawi@bankofpalestine.com | www.bankofpalestine.com

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