

For Immediate Release
Bank of Palestine Group
November 20th, 2024

THIRD QUARTER 2024 RESULTS AND KEY METRICS



TOTAL REVENUE (GROSS PROFIT) OF \$263 MILLION
PROFIT BEFORE COST OF RISK AND TAX \$136 MILLION

Key Messages & Highlights

- Total Revenues increased by 7.0% from USD 245.8 million for Q3 2023 to USD 263 million for Q3 2024.
 - Profit before cost of risk and tax increased by 22% from USD 112 million for Q3 2023 to USD 136 million for Q3 2024.
 - profitability decreased by 169.6% from USD 25.8 million for Q3 2023 to USD (17.9) million for Q3 2024 due to extra provisioning and mainly from credit impairments and cash lost.
 - Bank of Palestine Group's market share reached 35.6% and 34.5% in customer deposits and credit facilities, respectively.
 - The Bank sustained a robust capital adequacy ratio of 16.01% in Q3 2024 which is a testament of the Bank's ability to overcome the impact of the current situation.
 - The Bank has a strong deposit franchise and solid liquidity buffers. Our customer deposits increased from USD 5.81 billion at the end of 2023 to reach USD 6.51 billion at the end of the third quarter 2024 resulting in 12.2% growth. This increase continued even during these uncertain times of the war, which shows a high level of confidence and trust from our clients.
 - Total Assets increased by 10.1% from USD 7.13 million at the end of 2023 to USD 7.85 million at the end of the third quarter 2024.
 - Net loans increased by 0.7% from USD 3.83 billion at the end of 2023 to 3.86 billion at the end of the third quarter 2024 with bank continuing to lend economic sectors.
 - Enhanced collection and follow-up processes in addition to better NPL management.
 - Total shareholders' equity amounted to USD 569 million at the end of the third quarter of 2024, and USD 560 million at the end of 2023.
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Ramallah, Palestine November 20th 2024 - Bank of Palestine Group (BoP) announced its financial results reporting revenues of USD 263 million compared to revenues of USD 245.8 million for the same period ended September 30th 2023. While profitability for the first nine months period ended September 30th 2024 decreased to USD (17.9) million compared to net profit of USD 25.8 million of same period last year due to exceptional credit impairments and cash losses provisions as a result of the ongoing Gaza War. Total assets increased by 10.1% from USD 7.13 billion at the end of 2023 to USD 7.85 billion at the end of the third quarter 2024. The Bank's total shareholders' equity amounted to USD 569 million at the end of the third quarter of 2024 compared to USD 560 million at the end of 2023. The continued state of war in Gaza has impacted negatively the entire economic cycle including in the West Bank.

Other Messages

- The bank worked diligently with International and Regional Multilateral Development Agencies to raise capital and obtain financial tools to provide a cushion for the bank continued lending to SMEs and to support the bank's regional expansion.
- The Bank created the position of Chief Strategy and Transformation Officer to provide dedicated focus to implementation of the 5-year strategy at home and in the region with focus on digital transformation, efficiency and regional expansion in the GCC and MENA regions.
- The bank also created the position of Chief Business Development Officer for Regional Expansion to provide focus on regional business development among the global Palestinian community.
- The bank while focused on its external mission of strategic engagements and capital raising it remained at the forefront of supporting its staff in Gaza and Cairo maintaining salaries and support to staff remaining in Gaza and those who fled to Egypt.
- The bank continued to provide basic banking services through digital channels and through the network of its Fintech Co. PalPay in Gaza where cash availability has become a big challenge.
- The bank remained vigilant in terms of its stakeholder engagement and sustainability commitments inside and outside the bank concluding its sustainability report for the past year and working with other stakeholders on assessing the materiality matrix of the stakeholders. These commitments were translated to several social investment initiatives in Gaza.
- Regional expansion efforts witnessed the Egyptian central bank approving the license for a rep office in Cairo.

Chairman and CEO Commentary

Mr. Hashim Shawa, Bank of Palestine Group Chairman's statement:

"We continue to face unprecedented challenges in Q3 2024 with no end in sight to the war in Gaza. As you saw from our results the bank took extra credit provisions and accounted for lost cash in Gaza as per accounting and reporting principles. This has impacted negatively our net profit but did not impact our entire financial position. Our operational results showed growth across all our main indicators despite these challenges. The bank was able to raise capital during the war earning the trust and investment of key Multilateral Development Agencies. In fact, the bank raised USD\$ 250 million in the last 9 months in various financial instruments and investments from these agencies. We shall continue to look forward to being well positioned to play an active role in economic recovery and reconstruction post the war with a focus on regional expansion in the GCC and MENA regions."

Mr. Mahmoud Shawa, Bank of Palestine CEO's statement:

"Bank of Palestine demonstrated operational resilience and efficiency during the past 9 months of a very tough year. The bank was able to sustain its operational capacity against all the pressures of the past period achieving growth in all indicators. During such a challenging year it is only natural that as a systemic bank we take extra prudent decisions to mitigate against credit impairments and account for lost cash in Gaza due to the war. The Growth in total assets, deposits, credit facilities, shareholders equity and gross revenues indicate that the bank organic growth was maintained including ability to raise capital maintaining a high Capital Adequacy Ratio. The bank is moving ahead in implementing its strategy including digital transformation, efficiency, expanding and improving the SME products and services in addition to regional expansion."

Bank of Palestine
Consolidated Statement of Financial Position
As of September 30, 2024

	<u>30/09/2024</u>	<u>31/12/2023</u>
	USD	USD
Assets		
Cash and balances with Palestine Monetary Authority	2,088,940,242	1,787,611,742
Balances and investments at banks and financial institutions	1,336,052,022	1,005,207,710
Financial assets at fair value through profit or loss	8,435,733	7,793,301
Direct credit facilities and Islamic financing	3,865,801,681	3,839,008,227
Financial assets at fair value through other comprehensive income	58,163,655	60,898,466
Financial assets at amortized cost	196,855,637	159,354,233
Investment in associates and a joint venture	12,029,304	11,858,121
Investment properties	24,562,940	24,776,440
Property, plant and equipment and right of use assets	132,097,307	102,657,226
Deferred Taxes - Assets	42,072,275	29,084,742
Projects in progress	2,178,570	2,268,294
Intangible assets	14,736,887	14,735,600
Other assets	62,682,511	80,806,646
Total Assets	7,844,608,764	7,126,060,748
Liabilities and Equity		
Liabilities		
Palestine Monetary Authority's deposits	259,404,960	203,422,416
Banks and financial institutions' deposits	58,970,074	204,538,769
Customers' deposits	6,203,744,948	5,478,560,065
Cash margins	313,335,090	329,167,229
Subordinated loan	67,500,000	45,000,000
Loans and borrowings	111,088,218	74,045,601
Istidama loans from Palestine Monetary Authority	39,722,937	23,405,534
Deferred Taxes - Liabilities	2,686,546	2,686,546
Lease liabilities	24,679,248	27,094,674
Sundry provisions	58,040,090	53,091,860
Taxes provisions	9,038,058	21,960,224
Other liabilities	127,005,247	102,727,448
Total Liabilities	7,275,215,416	6,565,700,366
Equity		
Paid-in share capital	253,274,850	230,677,334
Additional paid-in capital	41,043,176	29,575,688
perpetual loans	30,000,000	30,000,000
Statutory reserve	69,285,414	69,285,414
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	(4,436,102)	(106,169)
Retained earnings	65,050,995	86,452,694
Total equity holders of the Bank	502,839,370	494,505,998
Non-controlling interests	66,553,978	65,854,384
Total Equity	569,393,348	560,360,382
Total Liabilities and Equity	7,844,608,764	7,126,060,748

Bank of Palestine
Consolidated Income Statement
For the period ended September 30, 2024

	30/09/2024	30/09/2023
	USD	USD
Interest income	194,257,297	169,688,049
Interest expense	(33,870,824)	(27,159,182)
Net interest income	160,386,473	142,528,867
Net financing and investment income	46,695,117	44,469,332
Net commissions	22,373,538	29,118,486
Net interest, financing, investment and commissions income	229,455,128	216,116,685
Foreign currencies gains	24,783,614	20,618,168
Net gains from financial assets	2,555,775	2,700,417
Bank's share of results of associates and a joint venture	171,183	40,100
Other revenues, net	5,880,522	6,320,205
Gross profit before expected credit losses provisions	262,846,222	245,795,575
Provision for expected credit losses on direct credit facilities and Islamic financing and other receivables, net	(53,370,275)	(56,355,497)
Provision for expected credit losses on investments, and indirect credit facilities and Islamic financing, net	(107,139,136)	(2,557,948)
Gross profit	102,336,811	186,882,130
Expenses		
Personnel expenses	(64,651,268)	(68,095,891)
Other operating expenses	(48,528,223)	(52,430,129)
Depreciation and amortization	(13,303,475)	(13,457,358)
Palestine Monetary Authority's fines	0	(60,000)
Total expenses	(126,482,966)	(134,043,378)
Profit before taxes	(24,146,155)	52,838,752
Taxes expense	6,171,678	(27,005,640)
Profit for the year	(17,974,477)	25,833,112
Attributable to:		
Equity holders of the Bank	(18,477,672)	22,506,712
Non-controlling interests	503,195	3,326,400
	(17,974,477)	25,833,112
Basic and diluted earnings per share	(0.09)	0.09

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

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