



FY 2018 Earnings Release

Bank of Palestine Group announces FY 2018 Preliminary Financial Results

Net Profit of USD 54 million is maintained with a deeper thrust into digital banking and innovation at Group level

Board of directors meeting set for end of February 2019 to decide on date for 2018 AGM

Preliminary Financial Results Highlights

- Gross Income of USD 231.9million for Q4 2018, up by 4.97% compared with USD 220.9 million for the same period in 2017.
- Net profit of USD 54.1 million for FY 2018 compared to USD 54 million for the same period in 2017.
- Profit before tax down by 4.33% with USD 69.8 million compared with USD 72.9 million in the same period of 2017.
- Total assets at USD 4.65 billion compared with USD 4.88 billion at the end of 2017
- Loans at USD 2.68 billion, up by 6.69% compared to USD 2.51 billion at the end of 2017.
- Customer deposits at USD 3.73 billion, compared to USD 3.76 billion at the end of 2017
- Total shareholders' equity reached USD 415 million, compared to USD 449 million at the end of 2017.
- Consolidated NPL Ratio at: 3.6%

Ramallah, Palestine (February 19th, 2019): Bank of Palestine Group (BOP), announced its FY 2018 preliminary financial consolidated results reporting a gross income of USD 231,910,631 in 2018, compared with USD 220,934,607 in 2017, reflecting an increase of 4.97%. The bank's Profit before tax is USD 69,825,341 compared with USD 72,983,244 in 2017, with a net profit achieved of USD 54,110,093. Total assets reached USD 4,656,104,580 compared with USD 4,884,822,851 at the end of 2017. The Bank's total shareholders' equity reached USD 415,262,485 compared with USD 449,961,687 at the end of 2017.

Commenting on the results, Mr. Hashim Shawa - Chairman of Bank of Palestine Group said: "Despite operating challenges on a Macro Economic Level, BOP maintained a flat organic growth with a conservative approach in order to cushion for future uncertainties. 2018 was a challenging year; however; bank of Palestine's internal policies and resilience allowed it to adapt to market conditions achieving a smooth transition of the year while focusing on segmentation, alignment and internal efficiencies."



Bank of Palestine has adopted a prudent and risk sensitive lending approach in West Bank and Gaza because of the difficult market conditions and economic stagnation. Bank has reached a saturation point in physical expansion and has started leveraging existing branches and electronic channels while focusing on segmentation, especially among women and youth, reducing cost and enhancing revenue. Customer acquisition will be aided in coming period via the official launch of the Mobile Branch under the retail segment focusing on rural areas and remote areas with increased numbers of potential clients that are unbanked.

Mr. Shawa added: “diversification of income from subsidiaries was positive in 2018 especially from the Arab Islamic Bank. The outlook for 2019 remains focused on ensuring a robust bank with healthy indicators with continued risk mitigation; enhancement of the digitization strategy and achieving additional operational efficiencies. Such an outlook will also include relationship building abroad through our Investor Relations, Diaspora Relations Strategy, and International Representative Offices strategy as well in support of the group’s investment in digital innovation through sourcing strategic investors, and added value expertise and know how.”

Commenting on operations at bank, Mr. Rushdi Ghalayini, General Manager, said: “despite strain on deposits in the overall banking sector in the country; Bank of Palestine continued to enjoy healthy Loan to deposit ratio at 70% providing good liquidity. This is evidence of the confidence and trust in BOP’s financial inclusion. As part of this strategy we will continue investing in electronic banking channels and digitization both at bank and in fintech subsidiary Palpay. We look forward to onboard new business and new billers via our digital channels.

Customer deposits reached USD 3,735,178,556 in 2018 compared with USD 3,768,631,970 at end of 2017. The loan portfolio increased to USD 2,687,155,003 compared to USD 2,518,590,540 at the end of 2017 with a growth of 6.69%. In tandem with the growth in the Bank's loan portfolio, the bank is keeping a very acceptable Non-Performing Loan Ratio at around 3.6%.

“As far as our financial standing and compliance with regulatory requirements; we are happy to confirm that the Bank applied Liquidity Coverage Ratio in Basel III and Net Stability Funding Ratio successfully. The Bank as such has a robust capital adequacy ratio and has fully applied Basel II and shall finish applying Basel III in 2020, concluded Mr. Al Ghalayini.”



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 \$200 million, and assets of over USD 4.65 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 the fastest growing brokerage company in Palestine playing a major role in the acquisition of new investors into the Palestinian market. The company ranked number one (out of eight brokerage companies) in Palestine with respect to attracting new investors. It now has a 26.83% market share in terms of number of investors, USD 115 million trading volume in local & regional markets, and more than USD 502 million worth of shares under management.

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 20 branches Islamic Banking solutions to a growing segment of customers requiring such sharia' compliant solutions. The bank has assets of USD 1,061,184,764, with net profits in 2018 of USD 7,103,320.

Please find web link to FY 2018 Preliminary Financial Statements in English:

& web link to FY 2018 Preliminary Financial Statements in Arabic:

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