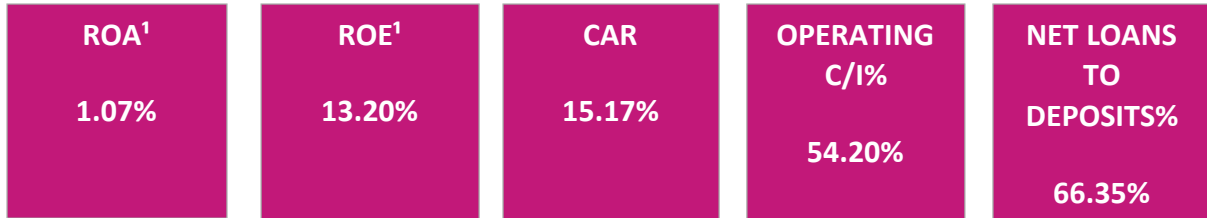


For Immediate Release
Bank of Palestine Group
November 16th, 2022

THIRD QUARTER 2022 RESULTS AND KEY METRICS



TOTAL REVENUE (GROSS PROFIT) OF \$221.3 MILLION
NET PROFIT OF \$51.5 MILLION
EARNINGS PER SHARE OF \$0.27

Key Messages & Highlights

- Total Revenues increased by 13.7% from USD 194.5 million for Q3 2021 to USD 221.3 million for Q3 2022.
- Profit before tax increased by 26.2% from USD 65.4 million for Q3 2021 to USD 82.6 million for Q3 2022.
- Sustained reduction of operating expenses and improved funding costs contributed to higher profits.
- Bank of Palestine Group's market share experienced growth both in credit facilities and deposits by approximately 1% each resulting in a market share of 32.71% and 34.52% in customer deposits and credit facilities, respectively.
- Enhanced collection and follow-up processes in addition to better NPL management also resulted in improved cost of risk and lower NPL ratio to reach 4.37 % down from 4.71%
- Better commission performance of 10% compared to the same period prior year due to increased business activities.
- Cost to income ratio decreased from 66.38% for Q3 2021 to 62.69% for Q3 2022.
- Net profit increased by 15.0% from USD 44.8 million for Q3 2021 compared to USD 51.5 million for Q3 2022.
- Return on Equity (attributable to BOP shareholders) increased from 12.05% in Q3 2021 to 13.20% in Q3 2022.
- Earnings per share increased from \$0.24 for Q3 2021 to \$0.27 (annualized) for Q3 2022.
- The Bank has a solid and strong capital with a 15.17% capital adequacy ratio.
- Flat assets decreased with a slight change by -1.2% from USD 6.51 billion at the end of 2021 to USD 6.43 billion at the end of the third quarter 2022.

¹ ROA and ROE are presented on an annual basis.

- Net loans increase by 2.1% from USD 3.45 billion at the end of 2021 to 3.52 billion at the end of the third quarter 2022.
- The Bank has a strong deposit franchise and solid liquidity buffers. Our customer deposits reached USD 5.31 billion at the end of the third quarter 2022.
- The reason behind the flat/slight decline in assets is the depreciation of the USD vs I
- Total shareholders' equity increased by 6.9% from USD 496.1 million at the end of 2021 to USD 529.7 million at the end of the third quarter 2022.

Ramallah, Palestine November 16th 2022- Bank of Palestine Group (BoP) announced its financial results reporting net profit for the first nine months of 2022 of USD 51.5 million and revenues of USD 221.3 million compared to net profit of USD 44.8 million and revenues of USD 194.5 million for the same period ended 2021. Flat assets with slight change to USD 6.43 billion compared with USD 6.51 billion at the end of 2021. The Bank's total shareholders' equity also increased to USD 529.7 million compared with USD 496.1 million at the end of 2021.

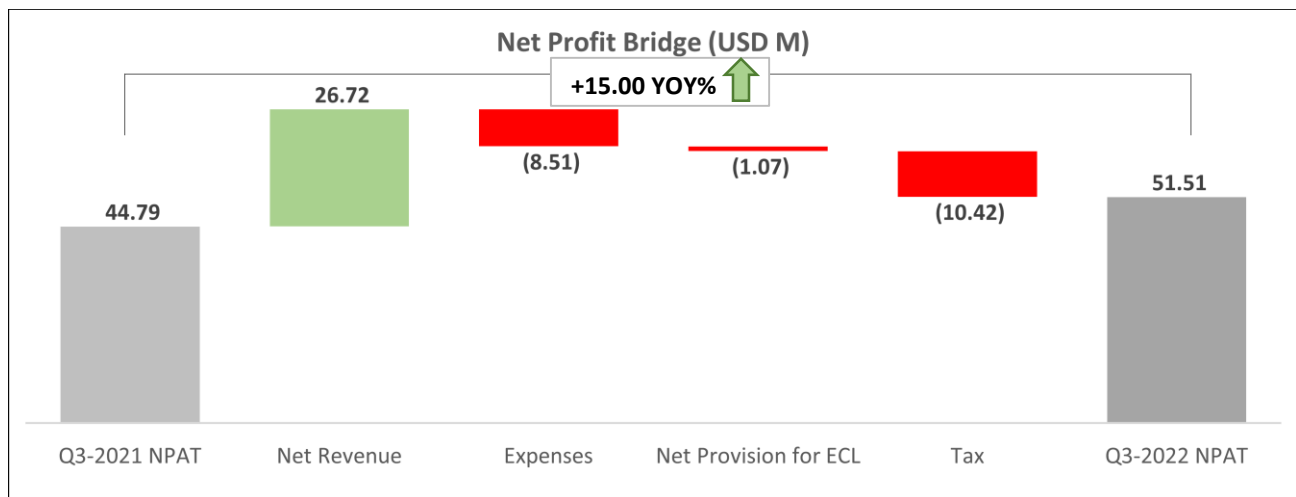


Table: Net Profit Bridge

Other Messages

- Bank of Palestine bought a **9% stake** in Mada Al Arab Company²
- The Bank sponsored the International Conference on Entrepreneurship – Palestine “**ICEP 4.0**” which took place in Dubai giving Palestinian startups the opportunity to pitch in front of many potential investors
- The Bank team participated in **Sibos**, which is the global financial services networking annual event organized by SWIFT
- The Bank also participated in the annual Investor Forum organized by the Global Impact Investing Network “**GIIN**” and is the largest in-person global gathering of impact investors
- Bank of Palestine was selected and awarded by **The Banker** as the **Bank of the Year 2022 - Palestine**
- BoP became a member of the “**Palestine Green Building Council**” as part of its sustainability strategy
- BoP participated in sponsoring the **Fintech Summit 2022**

Chairman and CEO Commentary

Mr. Hashim Shawa, Bank of Palestine Group Chairman said: “While we remain cognizant of regional and global economic challenges, we have continued implementing our sustainability and digital transformation strategies to cushion against any turbulence. Our prudent approach remains aligned with our shared values preserving our stakeholders’ rights and returns. The Group demonstrated sustainable growth throughout the first nine months of 2022 translating our efforts in enhanced efficiencies and boosting our portfolio while keeping good provisions. The favorable demographics and market dynamics continue to support our growth strategies in all segments especially the SMEs, youth and women. Our upcoming 5-year business plan will help reshape the business we do and the impact we create on the lives of many. We look forward for more growth and expansion investment opportunities in Palestine and abroad.”

Mr. Mahmoud Shawa, the Bank’s CEO commented: “The Group achieved a net profit of \$ 51.5 m (15% YoY) which is a testament of sustainable growth in our core business as well as increased efficiencies. Higher interest rates are also reflected in our financials contributing to higher revenues. As part of the digitization strategy, the Bank hired more IT employees to help accelerate our transformation with more digital products and services that are completed at the lowest costs, fastest and easiest ways. We continue on lending to SMEs especially projects that are environmentally friendly in cooperation with our strategic partners. The Bank is looking for growth opportunities that will enable us to better serve our stakeholders and securing their investments while complying with all regulatory requirements and AML/CTF rules.

The Bank continues to be recognized in the region and country with distinguished awards- winning the Bank of the Year 2022 from the Banker.

² Mada Al Arab Company is a telecommunication and Internet service provider to both the residential and business sectors. It’s considered one of the fastest growing telecom and digital companies in the Palestinian Market.

Annex: Bank of Palestine Group Financials
Consolidated Statement of Financial Position
As of September 30, 2022

	<u>9/30/2022</u>	<u>12/31/2021</u>
	USD	USD
Assets		
Cash and balances with Palestine Monetary Authority	1,780,408,822	1,779,579,889
Balances and investments at banks and financial institutions	609,091,541	782,230,313
Financial assets at fair value through profit or loss	10,801,339	10,253,849
Direct credit facilities and Islamic financing	3,524,851,774	3,453,207,160
Financial assets at fair value through other comprehensive income	57,524,006	42,255,262
Financial assets at amortized cost	217,982,724	228,845,417
Investment in associates and a joint venture	9,927,565	9,671,052
Investment properties	25,769,178	25,962,178
Property, plant and equipment and right of use assets	111,403,402	115,897,814
Projects in progress	1,395,576	1,366,792
Intangible assets	15,373,435	14,613,893
Other assets	67,967,793	44,338,187
Total Assets	6,432,497,155	6,508,221,806
Liabilities and Equity		
Liabilities		
Palestine Monetary Authority's deposits	123,819,330	242,439,107
Banks and financial institutions' deposits	94,885,731	120,061,868
Customers' deposits	5,013,930,516	5,013,551,326
Cash margins	298,660,383	291,588,276
Subordinated loan	67,500,000	72,500,000
Loans and borrowings	61,565,728	48,442,500
Istidama loans from Palestine Monetary Authority	32,195,268	22,307,552
Lease liabilities	30,774,334	31,900,160
Sundry provisions	54,100,960	50,983,323
Taxes provisions	32,900,792	21,492,314
Other liabilities	92,453,871	96,855,951
Total Liabilities	5,902,786,913	6,012,122,377
Equity		
Paid-in share capital	223,958,577	217,433,527
Additional paid-in capital	29,575,688	29,575,688
Statutory reserve	61,883,607	61,883,607
Voluntarily reserve	246,361	246,361
General banking risks reserve	8,374,674	10,311,877
Pro-cyclicality reserve	40,000,000	40,000,000
Fair value reserve	2,206,178	(1,692,549)
Retained earnings	99,248,721	77,612,532
Total equity holders of the Bank	465,493,806	435,371,043
Non-controlling interests	64,216,436	60,728,386
Total Equity	529,710,242	496,099,429
Total Liabilities and Equity	6,432,497,155	6,508,221,806

Bank of Palestine
Consolidated Income Statement
For the period ended September 30, 2022

	2022	2021
	USD	USD
Interest Income	139,536,342	131,828,290
Interest Expenses	(22,215,022)	(30,244,103)
Net Interest Income	117,321,320	101,584,187
Net financing and investment income	41,683,526	35,184,868
Net commissions income	30,743,871	28,018,533
Net Interest and Commissions Income	189,748,717	164,787,588
Foreign Currency Gain	20,134,650	16,265,112
Net gains from financial assets portfolio	1,989,756	6,407,742
Bank's share of results of associates and a joint venture	256,513	318,194
Other revenues	9,130,497	6,764,411
Gross Profit	221,260,133	194,543,047
Expenses		
Personnel Expenses	(62,232,664)	(59,342,181)
Other operating expenses	(42,637,608)	(37,168,835)
Depreciation and amortization	(13,389,895)	(13,414,258)
Change in fair value of investment properties	(200,000)	
Provision for expected credit losses, net	(18,783,279)	(17,711,711)
Credit facilities not previously provided for and written off	(1,441,308)	(1,494,988)
Palestine Monetary Authority's fines	(25,000)	
Total Expenses	(138,709,754)	(129,131,973)
Profit before taxes	82,550,379	65,411,074
Tax expense	(31,037,903)	(20,618,511)
Profit after taxes	51,512,476	44,792,563

Comprehensive Income Statement
For the period ended September 30, 2022

	2022	2021
	USD	USD
Profit for the period	51,512,476	44,792,563
Comprehensive Income Items:		
Change in the fair value of financial assets	3,580,433	3,272,059
Total Other Comprehensive Income items	3,580,433	3,272,059
Total comprehensive income for the period	55,092,909	48,064,622

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

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