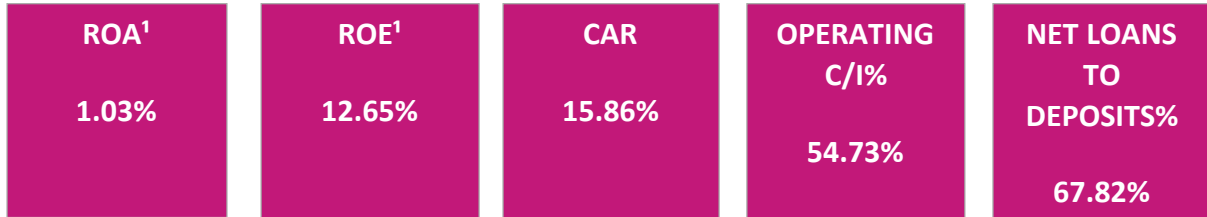


For Immediate Release
Bank of Palestine Group
February 22th, 2023

FOURTH QUARTER AND FULL YEAR 2022 PRELIMINARY RESULTS AND KEY METRICS



TOTAL REVENUE (GROSS PROFIT) OF \$299.2 MILLION

NET PROFIT OF \$66.6 MILLION

EARNINGS PER SHARE OF \$0.27

Key Messages & Highlights

- Total Revenues increased by 14.1% from USD 262.2 million for FY 2021 to USD 299.2 million for FY 2022.
- Profit before tax increased by 26.87% from USD 84.6 million for FY 2021 to USD 107.3 million for FY 2022.
- Improved efficiency of operating expenses and improved funding costs contributed to higher profits.
- Bank of Palestine Group's market share reached 31.98% and 33.73% in customer deposits and credit facilities, respectively.
- Enhanced collection and follow-up processes in addition to better NPL management.
- Better commission performance growth of 6.6% compared to the same period prior year due to increased business activities.
- Cost to income ratio decreased from 67.8% for FY 2021 to 64.12% for FY 2022.
- Net profit increased by 18.5% from USD 56.3 million for FY 2021 compared to USD 66.6 million for FY 2022.
- Return on Equity (attributable to BOP shareholders) increased from 11.29% in FY 2021 to 12.65% in FY 2022.
- Earnings per share increased from \$0.23 for FY 2021 to \$0.27 for FY 2022.
- The Bank has a solid and strong capital with a 15.86% capital adequacy ratio.
- Net loans increase by 3.44% from USD 3.45 billion at the end of 2021 to 3.57 billion at the end of 2022.
- The Bank has a strong deposit franchise and solid liquidity buffers. Our customer deposits reached USD 5.27 billion at the end of 2022.
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¹ ROA and ROE are presented on an annual basis.

- Total shareholders' equity increased by 10% from USD 496 million at the end of 2021 to USD 546 million at the end of 2022.

Ramallah, Palestine February 15th 2023- Bank of Palestine Group (BoP) announced its financial results reporting net profit for the year-ended 2022 of USD 66.6 million and revenues of USD 299.2 million compared to net profit of USD 56.3 million and revenues of USD 262.2 million for the same period ended 2021. Flat assets with slight change to USD 6.49 billion compared with USD 6.51 billion at the end of 2021. The Bank's total shareholders' equity also increased to USD 546 million compared with USD 496 million at the end of 2021.

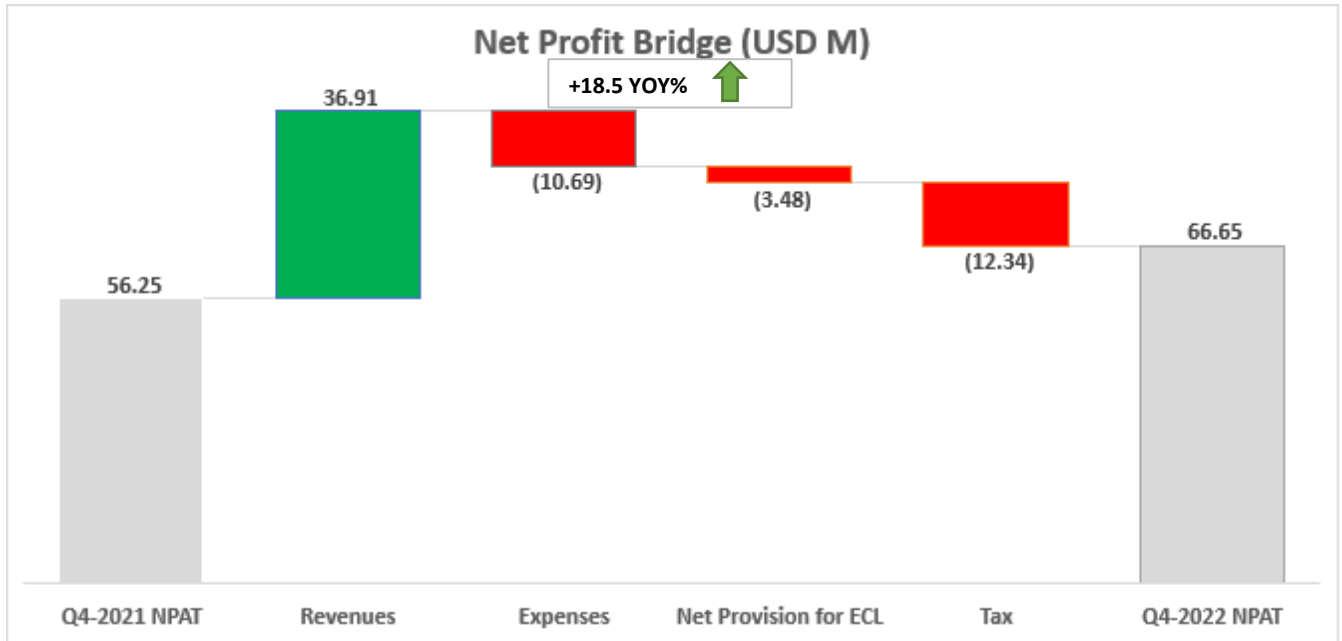


Table: Net Profit Bridge

Other Messages

- Bank of Palestine and EBRD organized the first Climate Risk Management and the Financial Sector conference in Palestine
- Bank of Palestine participated in the European Union – Palestine Business Forum Public-Private Dialogue
- Bank of Palestine hired Strategy& Co. Consulting Firm to help build the Bank's 5-year business plan
- Bank of Palestine bought a 9% stake in Mada Al Arab Company²
- In terms of financial inclusion, the Bank launched new bundles for women in business supporting this underserved segment
- 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

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.

- 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: “2022 was a year full of achievements and growth on the business and operations level despite the constant regional and global economic challenges. We have continued placing sustainability and digitization as a top priority in our services and partnerships. During 2022, we have proven not only resilience and responsiveness to the circumstances but also our commitment and passion to contribute to the ecosystem building in Palestine. Through Ibtikar VC Fund and Intersect Innovation Hub, we place the youth and Palestinian innovators at our core priorities because we believe they are the future. We remain committed to achieving profit with purpose. I would like to thank the whole group and employees for their tireless efforts and contribution to the success and economic footprint we continue to develop each year. Despite the challenges, our favorable demographics and market dynamics remain conducive to our growth strategies in all segments especially the SMEs, youth and women. We are embarking on an upcoming 5-year business plan that will help reshape the focus of our core business achieving organic growth at home and abroad continued Mr. Shawa .”

Mr. Mahmoud Shawa, the Bank’s CEO commented: “Creating long-term value for our shareholders has been one of our major goals and I am pleased that we have accomplished historic profits and returns aligned with a progress on sustainability and digitalization. The Group achieved a record net profit of \$ 66.6 m (18.5% YoY) which is a testament of sustainable growth in our core business as well as increased efficiencies. As part of the digitization strategy, at the end of 2022, the Bank hired a chief transformation officer and Chief Information Technology Officer with regional experience to help accelerate our transformation with more digital products and services. We continue our commitment to lending 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- and accessing regional and global networks through memberships and thought leadership events.

Annex: Bank of Palestine Group Financials
Consolidated Statement of Financial Position
For the year ended December 31, 2022

	<u>12/31/2022</u>	<u>12/31/2021</u>
	<u>USD</u>	<u>USD</u>
Assets		
Cash and balances with Palestine Monetary Authority	1,803,515,455	1,779,579,889
Balances and investments at banks and financial institutions	592,297,476	782,230,313
Financial assets at fair value through profit or loss	9,168,285	10,253,849
Direct credit facilities and Islamic financing	3,572,054,865	3,453,207,160
Financial assets at fair value through other comprehensive income	59,526,233	42,255,262
Financial assets at amortized cost	241,306,472	228,845,417
Investment in associates and a joint venture	11,996,852	9,671,052
Investment properties	22,930,742	25,962,178
Property, plant and equipment	80,296,852	84,488,989
Right of use assets	28,978,573	31,408,825
Projects in progress	649,543	1,366,792
Intangible assets	14,984,886	14,613,893
Other assets	50,254,623	44,338,187
Total Assets	6,487,960,857	6,508,221,806
Liabilities and Equity		
Liabilities		
Palestine Monetary Authority's deposits	199,103,950	242,439,107
Banks and financial institutions' deposits	93,668,011	120,061,868
Customers' deposits	4,966,613,355	5,013,551,326
Cash margins	300,110,487	291,588,276
Subordinated loan	60,000,000	72,500,000
Loans and borrowings	77,656,331	48,442,500
Istidama loans from Palestine Monetary Authority	32,110,614	22,307,552
Lease liabilities	30,105,511	31,900,160
Sundry provisions	52,355,497	50,983,323
Taxes provisions	35,440,008	21,492,314
Other liabilities	94,874,472	96,855,951
Total Liabilities	5,942,038,236	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	67,974,894	61,883,607
Voluntarily reserve	246,361	246,361
General banking risks reserve	8,374,676	10,311,877
Pro-cyclicality reserve	40,000,000	40,000,000
Fair value reserve	3,344,655	(1,692,549)
Retained earnings	107,929,885	77,612,532
Total equity holders of the Bank	481,404,736	435,371,043
Non-controlling interests	64,517,885	60,728,386
Total Equity	545,922,621	496,099,429
Total Liabilities and Equity	6,487,960,857	6,508,221,806

Bank of Palestine
Consolidated Income Statement
For the year ended December 31, 2022

	2022	2021
	USD	USD
Interest Income	190,311,172	174,693,883
Interest Expenses	(30,298,572)	(38,906,250)
Net Interest Income	160,012,600	135,787,633
Net financing and investment income	56,155,334	50,166,699
Net commissions income	40,114,898	37,643,732
Net Interest and Commissions Income	256,282,832	223,598,064
Foreign Currency Gain	28,036,643	22,094,579
Net gains from financial assets portfolio	1,384,594	7,951,831
Losses from sale of investment properties	(249,870)	-
Gains/ (losses) from revaluation of investment properties	233,147	(285,740)
Bank's share of results of associates and a joint venture	2,625,799	460,415
Other revenues	10,846,952	8,429,423
Gross profit before expected credit losses provisions	299,160,097	262,248,572
Provision for expected credit losses on direct credit facilities and Islamic financing and other receivables, net	(24,281,878)	(22,768,138)
Provision for expected credit losses on investments, and indirect credit facilities and Islamic financing, net	(3,816,883)	(1,846,010)
Gross profit	271,061,336	237,634,424
Expenses		
Personnel Expenses	(85,630,488)	(82,172,194)
Other operating expenses	(58,275,419)	(50,857,509)
Depreciation and amortization	(17,871,196)	(17,927,102)
Written off credit facilities not previously provided for	(1,921,400)	(2,052,766)
Palestine Monetary Authority's fines	(25,000)	(20,000)
Total Expenses	(163,723,503)	(153,029,571)
Profit before taxes	107,337,833	84,604,853
Tax expense	(40,691,196)	(28,350,526)
Profit after taxes	66,646,637	56,254,327

Comprehensive Income Statement
For the year ended December 31, 2022

	2022	2021
	USD	USD
Profit for the year	66,646,637	56,254,327
Comprehensive Income Items:		
Gains from revaluation of financial assets through other comprehensive income items	4,658,654	3,845,690
Total items that will not be classified to the consolidated income statement	4,658,654	3,845,690
Total comprehensive income for the year	71,305,291	60,100,017

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

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