

Press Release

Bank of Palestine Group announces H1 2018 Preliminary Financial Results

Organic Growth in Income and Net Profit is maintained amid external economic pressures

H1 2018 Preliminary Financial Results Highlights

- Gross Income of USD 114.92 million for Q2 2018, up by 6.08% compared with USD 108.33 million for the same period in 2017.
- Net profit of USD 24.73 million for Q2 2018 with a 0.03% increase compared to USD 24.72 million for the same period in 2017.
- Total assets at USD 4.56 billion compared with USD 4.88 billion at the end of 2017
- Loans at USD 2.6 billion, up by 3.40% compared to USD 2.51 billion at the end of 2017.
- Customer deposits at USD 3.67 billion, compared to USD 3.76 billion at the end of 2017
- Total shareholders' equity reached USD 382 million, compared to USD 449 million at the end of 2017.
- Consolidated NPL Ratio at: 3.6%

Ramallah, Palestine (September 2nd, 2018): Bank of Palestine Group (BOP), announced its Half year – H1 2018 preliminary financial results reporting a gross income of USD 114,926,166 in H1 2018, compared with USD 108,337,517 for the same period in 2017, reflecting an increase of 6.08%. The group achieved net profit of USD 24,730,547.

Commenting on the results, Mr. Hashim Shawa - Chairman of Bank of Palestine Group said: “Despite operating challenges in the market place affecting some of the group’s performance indicators, Bank of Palestine maintained having healthy net profits with a conservative approach in order to cushion for future uncertainties. We are satisfied with current market share for the bank and our focus is now centered on internal alignment while sustaining healthy indicators and figures through a lean efficiency mode with centralization of operations and enhancement of customer segmentation.”

Bank of Palestine has successfully applied the IFRS 9 accounting standards making the bank in compliance with international standards with a forward looking expected credit loss model.

“Although we remain concerned about external political and economic challenges, but we are confident in the group’s risk mitigation and management. The Bank has implemented sound financial practices; and remains forward looking while adopting a



more conservative credit provisioning in line with our risk mitigation practice, added Mr. Shawa.”

The Bank’s strategy is well diversified and cushioning against any market tremors by decreasing exposure to government lending and pursuing a policy of attracting more retail and commercial banking clients. Despite strain on deposits, the Loan to deposit ratio remains healthy at 70% providing good liquidity for future growth.

The bank has continued investment in electronic banking channels and digitization both at bank and in fintech subsidiary Palpay that continues to provide market access and new business. During the past two quarters of 2018 approximately 42% of subscriptions to new products came from digital channels.

Product development at bank remains focused on diversification and on Youth segment development where digital channels are very pertinent. Programs included: Hackathons in order to design the flagship “Sabaya Shabab” youth program; Felestinya Relaunch towards more women financial inclusion, added impetus towards the new savings program “Ana Wa Shatarti” in order to attract new segments, rolling out of a new student loans program, in addition to programs targeting Palestinian Laborers working across the green line.

The Group’s financial inclusion strategy in remaining quarters of 2018 will receive an enhancement with the introduction of the **first mobile Branch car** under the retail segment focusing on rural areas targeting increased numbers of potential clients that are still unbanked.

The internal focused strategy will continue to see the implementation of enhancement of efficiency through the Segmentation strategy in 2018 with additional focus on retail business; corporate, diaspora and international organizations.

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 (73 branches), a paid up capital of \$200 million, and assets of over USD 4.56 billion, with 1,706 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 6% 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 13.62% of total PEX market capitalization.

Group Companies

PalPay® – Palestine Payments – is a leading payment platform, PalPay has been successful since inception utilizing more than 3000 POS machines and different payment outlets to enable bill and fees payment, mobile recharge, loans repayment among many other services from various services providers, revolutionizing payment systems in Palestine. The number of electronic transactions conducted during the first half of the year through PalPay® reached more than 8.06 million, an increase of 21.96% compared with the first half of 2017. The company also continued to sign agreements with additional service providers in Palestine to allow their clients to make e-payments through the PalPay® system. PalPay® currently has 100 services available to customers to use through all payment outlets.

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 36.72% market share in terms of number of new investors, USD 66 million trading volume in local & regional markets, and more than USD 523 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 1,020,946,793, with net profits in H1 2018 of USD 3,372,651. Benchmarked against the banking sector AIB's assets grew by 30% while the assets growth in the entire banking sector was 10% clearly indicating the potential for growth for AIB in the coming years. AIB AGM approved a capital raise in 2017 to meet its growth potential.

Please find web link to H1 2018 Preliminary Financial Statements in English:

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