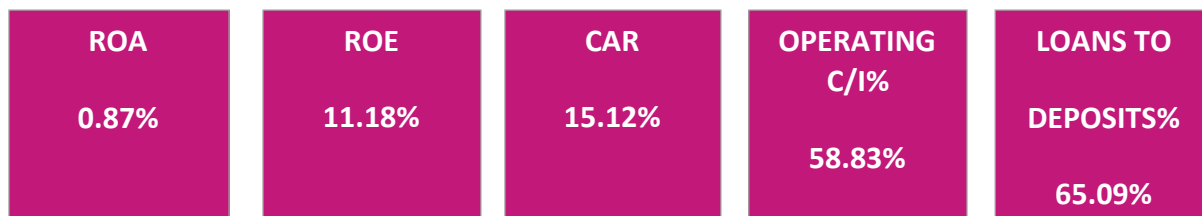


For Immediate Release
Bank of Palestine Group
February 15, 2022

FULL YEAR 2021 PRELIMINARY RESULTS AND KEY METRICS



NET REVENUE (GROSS PROFIT) OF \$262.2 MILLION
NET PROFIT OF \$56.5 MILLION
EARNINGS PER SHARE OF \$0.23

Key Messages & Highlights

- Revenues increased by 18.0% from USD 222.2 million for the YE 2020 to USD 262.2 million for the YE 2021.
- Profit before tax increased by 110.3% from USD 40.2 million for the YE 2020 to USD 84.4 million for the YE 2021.
- There was a significant gain in foreign exchange due to the increase in the volume of transactions driven by competitive prices and digital channels trading.
- Furthermore, improved gains were realized from investment portfolio due to better dividends payout and the recovery of stock exchanges in the region.
- Better control of operating expenses and enhanced collection process contributed to higher profits.
- Enhanced collection and follow-up processes in addition to better NPL management also resulted in improved cost of risk and lower NPL ratio.
- Cost to income ratio decreased from 80.9% for the YE 2020 to 67.8% for the YE 2021.
- Enhanced performance of BOP subsidiaries; Palpay and Al-Wasata with a solid growth for Arab Islamic Bank.
- Net profit increased by 152.1% from USD 22.4 million for the YE 2020 compared to USD 56.5 million for the YE 2021.
- Return on Equity increased from 5.24% at the end of 2020 to 11.18% at the end of 2021.
- Earnings per share increased from 0.10 at the end of 2020 to 0.23 at the end of 2021.
- Capital adequacy ratio reached its highest levels in BOP Group history from 14.24% at the end of 2020 to 15.12% at the end of 2021.
- Total assets increased by 12.0% from USD 5.8 billion at the end of 2020 to USD 6.5 billion at the end of 2021.

- Net Loans increased by 5.7% from USD 3.3 billion at the end of 2020 to USD 3.5 billion at the end of 2021.
- Customer deposits increased by 9.7 % from USD 4.8 billion at the end of 2020 to USD 5.3 billion at the end of 2021.
- Total shareholders' equity increased by 14.5% from USD 433.5 million at the end of 2020 to USD 496.2 million at the end of 2021.

Other Messages during 2021

- The Bank increased its paid up capital to USD 217.4 million through a private placement with FISEA - the AFD Group Investment Vehicle advised by Proparco. FISEA is now a strategic partnership and shareholder of Bank of Palestine with an ownership of 3.34%. This partnership includes a technical assistance program to boost BOP's initiatives to invest in sustainability.
- Bank of Palestine has won the World's Best Trade Finance Providers 2021 Country Award by Global Finance.
- Bank of Palestine signed a trade facilitation program with EBRD with a USD 5 million limit to support local exporters and importers while expanding its correspondent banking network.
- BOP Group closed the year 2021 with a thrust in sustainability that would be reflected on all its operations, engagements and relations.

Ramallah, Palestine February 15, 2022- Bank of Palestine Group (BoP) announced its financial results reporting net profit for the year ended 2021 of USD 56.5 million and revenues of USD 262.2 million compared to net profit of USD 22.4 million and gross profit of USD 222.2 million for the year ended 2020. Total assets increased to USD 6.5 billion compared with USD 5.8 billion at the end of 2020. The Bank's total shareholders' equity also increased to USD 496.2 million compared with USD 433.5 million at the end of 2020.

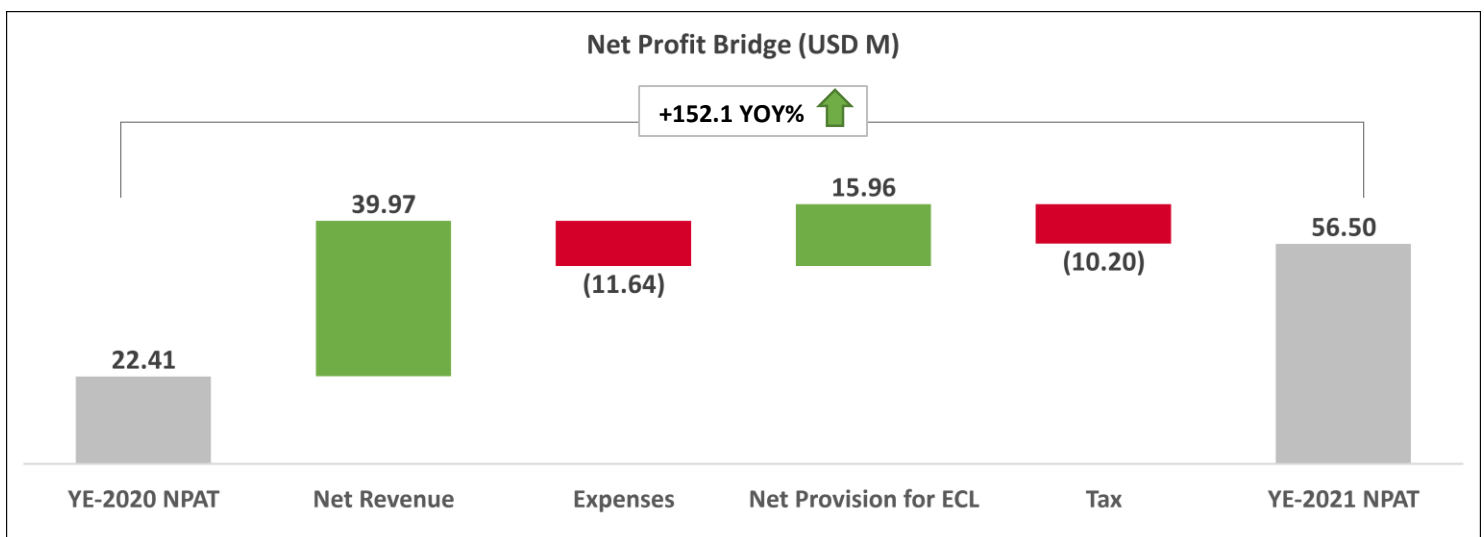


Table: Net Profit Bridge

Chairman and CEO Commentary

*Commenting on year 2021's performance, **Mr. Hashim Shawa, Bank of Palestine Group Chairman** said: "The Group has proved not only resilience and adaptability but also the ability of transforming challenges into opportunities. During the unprecedented times of economic downturn as a result of the global pandemic, we were able to accelerate our plans in digitalization and sustainability to enhance customer satisfaction and grow our stakeholders' value while keeping them safe. 2021 marks as an important milestone in the Group's journey in which we reflected our value-rooted vision through our thrust in sustainability, digital transformation and financial inclusion. The Bank continues to uphold its commitment to growing the economy despite the macroeconomic challenges in Palestine".*

***Mr. Mahmoud Shawa, the Bank's CEO** commented: "Throughout the operating quarters of 2021, the Bank demonstrated growth and strength in its financial performance and capital structure. The Group achieved a net profit of USD 56.5 m which is the highest in its history with solid capital adequacy ratio of 15.12%. On the projects' level, the Bank finalized its segmentation project for better customer service and being more efficient on operations and enhanced its digital banking services to respond to its customers' needs. As part of its financial inclusion and sustainability strategies, the Bank continues to support SMEs, women in business, energy efficiency and renewable energy projects in addition to developing new product programs for Retail & SMEs. As for our employees, the Bank has started a new project in performance evaluation in line with the new organizational restructuring and career development plans. In 2022, we will see the fruits of the implementation of the new digital consumer experience in line with our transformation journey and we will continue to support our society and maintain a clean environment."*

Annex: Bank of Palestine Group Financials

Bank of Palestine

Consolidated Statement of Financial Position

As of December 31, 2021

	<u>12/31/2021</u>	<u>12/31/2020</u>
	USD	USD
Assets		
Cash and balances with Palestine Monetary Authority	1,779,579,889	1,323,410,056
Balances and investments at banks and financial institutions	782,817,995	747,858,727
Financial assets at fair value through profit or loss	10,253,849	18,735,305
Direct credit facilities and Islamic financing	3,453,139,478	3,266,748,588
Financial assets at fair value through other comprehensive income	42,028,862	28,559,024
Financial assets at amortized cost	229,645,417	205,499,230
Investment in associates and a joint venture	9,652,487	5,946,380
Investment properties	25,962,178	25,884,919
Property, plant and equipment and right of use assets	115,897,814	121,430,377
Projects in progress	1,366,792	2,680,297
Intangible assets	14,613,893	15,428,395
Other assets	43,298,245	47,628,690
Total Assets	6,508,256,899	5,809,809,988
Liabilities and Equity		
Liabilities		
Palestine Monetary Authority's deposits	242,439,107	168,347,302
Banks and financial institutions' deposits	120,061,868	82,088,201
Customers' deposits	5,013,697,756	4,580,935,374
Cash margins	291,588,276	253,088,880
Subordinated loan	72,500,000	75,000,000
Loans and borrowings	48,442,500	27,636,180
Istidama loans from Palestine Monetary Authority	22,307,552	9,134,926
Lease liabilities	31,900,160	33,453,914
Sundry provisions	50,983,323	48,851,375
Taxes provisions	21,086,957	4,610,652
Other liabilities	97,067,400	93,142,513
Total Liabilities	6,012,074,899	5,376,289,317
Equity		
Paid-in share capital	217,433,527	208,080,000
Additional paid-in capital	29,575,688	24,848,415
Statutory reserve	61,896,623	56,970,341
Voluntarily reserve	246,361	246,361
General banking risks reserve	10,311,877	10,311,877
Pro-cyclicality reserve	40,000,000	40,000,000
Fair value reserve	(1,888,233)	(4,999,792)
Retained earnings	77,729,642	43,763,159
Total equity holders of the Bank	435,305,485	379,220,361
Non-controlling interests	60,876,515	54,300,310
Total Equity	496,182,000	433,520,671
Total Liabilities and Equity	6,508,256,899	5,809,809,988

Bank of Palestine

Consolidated Income Statement

For the year ended December 31, 2021

	2021	2020
	USD	USD
Interest Income	166,252,374	161,289,379
Interest Expenses	(38,906,250)	(42,650,597)
Net Interest Income	127,346,124	118,638,782
Net financing and investment income	50,166,699	35,662,682
Net commissions income	46,085,241	43,156,485
Net Interest and Commissions Income	223,598,064	197,457,949
Foreign Currency Gain	22,113,144	16,745,839
Net gains from financial assets portfolio	7,951,831	611,729
Change in fair value of investment properties	(285,740)	48,050
Bank's share of results of associates and a joint venture	441,850	442,861
Other revenues	8,396,247	6,941,015
Gross Profit	262,215,396	222,247,443
Expenses		
Personnel Expenses	(82,647,551)	(73,595,572)
Other operating expenses	(51,622,367)	(48,620,126)
Depreciation and amortization	(17,927,102)	(18,858,916)
Provision for expected credit losses, net	(23,496,115)	(39,457,786)
Credit facilities not previously provided for and written off	(2,052,766)	(1,532,623)
Palestine Monetary Authority's fines	(20,000)	(22,052)
Total Expenses	(177,765,901)	(182,087,075)
Profit before taxes	84,449,495	40,160,368
Tax expense	(27,945,169)	(17,748,220)
Profit after taxes	56,504,326	22,412,148

Comprehensive Income Statement

For the year ended December 31, 2021

	2021	2020
	USD	USD
Profit for the period	56,504,326	22,412,148
Comprehensive Income Items:		
Change in the fair value of financial assets	3,678,291	(1,322,007)
Total Other Comprehensive Income items	3,678,291	(1,322,007)
Total comprehensive income for the period	60,182,617	21,090,141

For more information, please contact:

Kamel Hussein

Chief Strategic Relations & Engagements Officer

Tel: +970 2 2946700 | Ext: 9114 | Fax: +970 2 2964703 Mobile: +970 599 205630|

Email: kamel.husseini@bankofpalestine.com/www.bankofpalestine.com

Catherine Halteh

Head of Investor Relations

Tel: +970 2 2946700 | Ext: 3465| Fax: +970 2 2955236 Mobile: +970 599 390429|

Email: catherine.halteh@bop.ps/www.bankofpalestine.com

Date: February 15th, 2022