Press Release

Bank of Palestine Group announces Q1 2018 Preliminary Financial Results

Net Profit of USD 12.4 million is achieved; preserving a strategy of stable growth amid regional uncertainty

Q1 2018 Preliminary Financial Results Highlights

- Gross Income of USD 60 million for Q1 2018, up by 13.60%, compared with USD 52 million for the same period in 2017.
- Profit before tax up by 2.15% with USD 16.90 million compared with USD 16.55 million in the same period of 2017.
- Net profit of USD 12.4 million for Q1 2018 with a 0.58% increase compared to USD 12.3 million for the same period in 2017.
- Total assets at USD 4.80 billion compared with USD 4.88 billion at the end of 2017
- Loans at USD 2.55 billion, up by 1.49% compared to USD 2.51 billion at the end of 2017.
- Customer deposits at USD 3.65 billion, compared to USD 3.76 billion at the end of 2017.
- Total shareholders' equity reached USD 436 million, compared to USD 449 million at the end of 2017.
- Consolidated NPL Ratio at: 2.3%

Ramallah, Palestine (May 7th, 2018): Bank of Palestine Group (BOP), announced its first quarter of year 2018 preliminary financial results reporting a gross income of USD 60,046,172 in Q1 2018, compared with USD 52,859,864 for the same period in 2017, reflecting an increase of 13.60%. The bank’s Profit before tax is up by 2.15% with USD 16,909,640 compared with USD 16,553,433 in the same period of 2017, with a net profit achieved of USD 12,417,912. Total assets stood at USD 4,804,394,604 and the Bank’s total shareholders' equity was at USD 436,172,458.

Commenting on the results, Mr. Hashim Shawa - Chairman of Bank of Palestine Group said: “Consolidated financial results for Q1 of this year are within expectations given the external pressures on the economy because of uncertain political conditions at home and in the region. The Bank of Palestine Group is working to implement the directions of the board for more efficiency; income diversification, product segmentation, in addition to geographic diversification in order to capture the potential new markets in Jerusalem and youth segments via digital services.”

Bank of Palestine’s operational results have continued to achieve stable conservative growth as we aim to cushion against possible adverse events in the market place. Our financial results are also not immune from global interest hikes; affecting directly our cost
of funds. However, we continue to see other performance indicators still maintaining growth. Gross profit was up by 13.60%, and profit before taxes was up by 2.15%. These results are indicative of the influence on performance of external pressures of sudden government tax policy especially in operations in Gaza. While these conditions might put a dent on economic growth in the short term, we are confident that the conditions will ameliorate as per some positive signs in the horizon. Consolidated NPL ratios remained healthy and risk mitigation enables the bank to be adaptive to these conditions especially given the fact bank of Palestine is categorized by regulators as systematically important bank. Our Loan to deposit ratio remains at 70% providing good liquidity for further lending and growth in the future.

Mr. Shawa added: “Not perturbed by external uncertainties, we have as such focused our efforts on internal alignment and modernization while we whither the externalities of the day. We will be building on the results of our AGM for 2017; where we distributed 13.5% of bank’s paid up capital to our shareholders and approved to raise the bank’s capital to USD 250 million in the next years as we see the innate potentials for sustained growth. With this commitment to shareholder value, operational prudence and our adaptability to market fluctuations, we are confident in the ability to move forward with our internal business plans. Such plans included; modernizing the corporate structure across the group’s operations providing more focus on strategic goals in addition to operational synergies across group companies. Continued investment in electronic banking channels and digitization both at bank and in fintech subsidiary Palpay will be key bracing for the full entry of 3G services in remaining quarters of 2018 with more focus on retail business and CRMs for corporates 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 (71 branches), a paid up capital of $200 million, and assets of over USD 4.80 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** – 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 14.4 million, an increase of 26% compared with 2016. 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 65 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 180 million trading volume in local & regional markets, and more than USD 486 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 18 branches Islamic Banking solutions to a growing segment of customers requiring such sharia’ compliant solutions. The bank has assets of USD 1,041,103,696, with net profits in Q1 2018 of USD 1,402,175. 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 Q1 2018 Preliminary Financial Statements in English:
For more information contact:

Kamel Husseini

Chief International and Investors Relations Officer

Tel: +970 2 2946700 | Ext: 9114 | Fax: +970 2 2964703  Mobile: +970 599 205630|
Email: kamel.husseini@bankofpalestine.com | www.bankofpalestine.com

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