Press Release

Bank of Palestine Group announces Q3 2018 Preliminary Financial Results

With lingering macro-economic challenges net profit remains flat reflecting internal realignment and risk mitigation mode for the long term

Q3 2018 Preliminary Financial Results Highlights

- Gross Income of USD 173.1 million for Q3 2018, up by 5.73% compared with USD 163.7 million for the same period in 2017.
- Profit before tax down by 8.7% with USD 49.1 million Compared with USD 53.8 million in the same period of 2017.
- Net profit of USD 38.8 million for Q3 2018 compared to USD 38.5 million for the same period in 2017.
- Total assets at USD 4.76 billion compared with USD 4.88 billion at the end of 2017.
- Loans at USD 2.67 billion, up by 5.7% compared to USD 2.51 billion at the end of 2017.
- Customer deposits at USD 3.77 billion, compared to USD 3.76 billion at the end of 2017.
- Total shareholders' equity reached USD 397 million, compared to USD 450 million at the end of 2017.
- Consolidated NPL Ratio at: 3.7%

Ramallah, Palestine (November 12th, 2018): Bank of Palestine Group (BOP), announced its Q3 2018 preliminary financial results reporting a gross profit before taxes of USD 49,139,924 in Q3 2018, compared with USD 53,823,552 for the same period in 2017, The group achieved positive net profit of USD 38,806,676.

Commenting on the results, Mr. Hashim Shawa - Chairman of Bank of Palestine Group said: "Despite operating challenges on the Macro Economic Level, BOP maintained a flat positive organic growth reflecting a conservative approach in order to cushion for future uncertainties given our long term strategy."

In the face of these continuing challenges, the bank has appointed a new Chief Risk Officer with extensive credit background to enhance its credit risk management policies. It is also continuing with Internal realignment to ensure a lean efficiency mode with centralization of operations and enhancement of customer segmentation. Despite strain on deposits, the Loan to deposit ratio remains healthy at 70% providing good liquidity.
Mitigating the lingering macro challenges, the bank has decreased exposure to government lending and has adopted a more conservative lending approach in Gaza with an increased push towards more acquisition of retail and commercial banking clients via enhancement of electronic banking channels and digitization. In the area of product development, efforts are focused on youth segment development where digital channels are very pertinent.

Customer acquisition is expected to be aided in the coming period via the official launch of the Mobile Branch under the retail segment focusing on rural areas and fringe areas with increased numbers of potential clients that are unbanked.

"We are reacting to these challenges with risk mitigation, increased provisioning and diversification. As such, as part of this diversification strategy, the bank is investing in high quality investment portfolios abroad and leveraging its representative offices to create more business with the 8 million strong diaspora Palestinians in the globe. We shall continue to focus our energy on the outlook for 2019; which is to ensure a robust bank with healthy indicators given the prudence and risk mitigation being applied in today’s uncertain macro-economic conditions," concluded Mr. Shawa.

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 (74 branches), a paid up capital of $200 million, and assets of over USD 4.76 billion, with 1,731 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 5% 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.
**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 1,060,087,256, with net profits in Q3 2018 of USD 5,376,889. 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 attached Q3 2018 Preliminary Financial Statements in English.

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