Bank of Palestine Group announces Q3 2019 Preliminary Financial Results

Stabilization in macro economy is expected to prevent further economic deterioration enabling flat growth across all indicators

Net Profits reported at USD 34 million for Q3 2019

Q3 2019 Preliminary Financial Results Highlights

- Gross Income of USD 176 million for Q3 2019, up by 5.65% compared with USD 166 million for the same period in 2018.
- Profit before tax down by 10.64% with USD 43.9 million Compared with USD 49.1 million in the same period of 2018.
- Net profit of USD 33.91 million for Q3 2019 down by 12.59% compared to USD 38.80 million for the same period in 2018.
- Total assets at USD 5.13 billion up by 10.19% compared to USD 4.65 billion at the end of 2018.
- Loans at USD 2.96 billion, up by 10.21% compared to USD 2.68 billion at the end of 2018.
- Customer deposits at USD 3.91 billion, up by 4.73% compared to USD 3.73 billion at the end of 2018.
- Total shareholders' equity reached USD 426 million, up by 2.35% compared to USD 416 million at the end of 2018.
- Consolidated NPL Ratio at: 4.36%

(Ramallah, Palestine November 3rd, 2019): Bank of Palestine Group (BOP), announced its Q3 2019 preliminary financial consolidated results reporting a gross income of USD 176,009,504 in Q3 2019, compared with USD 166,595,314 in Q3 2018, reflecting an increase of 5.65%. The bank's Profit before tax is USD 43,910,903 compared with USD 49,139,924 in Q3 2018, with a net profit achieved of USD 33,919,970. Total assets reached USD 5,131,842,540 compared with USD 4,657,182,978 at the end of 2018. The Bank's total shareholders' equity reached USD 426,150,041 compared with USD 416,380,548 at the end of 2018.

Commenting on the results, Mr. Hashim Shawa - Chairman of Bank of Palestine Group said: "While the recession is expected to continue, with slight growth in the bank's operational indicators. We are hoping that Q4 will see stabilization and no further deterioration in the macro economy post the partial resolution of the tax revenue standoff between the Palestinian Government and the Government of Israel."
The receipt by the Palestinian government of ILS 1.5 billion in partial payment of held up tax revenue is a sigh of relief for the local economy; enabling the Palestinian government to pay its public sector employees all arrears in salaries since March 2019 and honor its obligations to private sector vendors and contractors.

This development will stabilize the economic cycle and puts a hold on further deterioration of the economy. This stabilization should be reflected into the macro economy in the next 6 months, as outlook is looking more positive.

"Banks have helped a lot the government with lines of credit to wither the storm and now these loans shall be paid off, and government employees will also be able to honor their loan service obligations.

With the government, paying back banks for some of the loans it had taken to honor its public sector salary obligations during the crisis, this shall help in reducing the risk of additional exposure of banks to government lending and will improve liquidity within the banking sector, added Mr. Shawa."

Mr. Rushdi Ghalayini, General Manager of Bank of Palestine said on the Q3 results; "The bank continues to be focused on its internal realignment despite turbulence in the macro economy. The bank has released an updated version of its mobile banking platform pushing further in its digitization strategy and edging closer towards its focus on the youth segment with added features and speed."

"This digitization thrust goes hand in hand with work within the Fintech subsidiary PalPay to provide e-payment solutions to the unbanked leveraging the new direction by regulators towards allowing additional electronic transactions in the payments and financial eco system, added Mr. Ghalayini."

To improve its internal governance and operations, the bank contracted Deloitte in order to enhance the internal audit function ensuring more controls and risk mitigation. Two important projects continue to forge ahead as the bank is concluding Q3 2019; one is in client segmentation and the other is in restructuring of the HR policies to help increase efficiency and staff motivation.

The bank in the last quarter has participated in SIBOS 2019 Swift banking Conference in London, meeting its correspondent banking network and maintaining continued good relations with global & regional banks.

The bank has won an award as Best Treasury & Cash Management Providers 2019 during SIBOS 2019 in London. The bank was a main sponsor of the first International Conference
on Entrepreneurship in Palestine- ICEP which brought 120 technology companies and investors from Germany and Europe to Palestine for the first time. This was an important exposure opportunity for the Fintech Company; PalPay and the innovation Fund, Ibtikar.

About Bank of Palestine (BOP)

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 company also continued to sign agreements with additional utility companies in Palestine to allow their clients to make e-payments through the PalPay® system. 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 one of the fastest growing brokerage companies in Palestine, playing a major role in the acquisition of new investors into the Palestinian market, and adding new markets to its dealing platform. The company is continuously committed to provide the latest technologies, noting that the company has launched its mobile trading application where it enables its clients to trade in the local, regional, and US markets via one platform, making Al Wasata Securities Co. the first broker in Palestine to provide us a service. The company’s Trading volume is around $65 million in the local, regional and US markets, more than USD 510 Million assets under management, as well as having the highest registered capital between the Palestinian brokerage firms being USD 5 million.

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 26 branches Islamic Banking solutions to a growing segment of customers requiring such sharia’ compliant solutions. The bank has assets of USD 1,208,239,204, with net profits in Q3 2019 of USD 6,523,369.

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