H1 2017 Earnings Release

Bank of Palestine announces H1 2017 Preliminary Financial Results

Net Profit of USD 24.72 million is recorded while maintaining robust asset size in Palestinian market

Preliminary Financial Results Highlights

- Gross Income of USD 108.33 million for half year 2017, up by 31.33%, compared with USD 82.49 million in the same period of 2016.
- Profit before tax up by 10.68% with USD 34.97 million Compared with USD 31.59 million in the same period of 2016,
- Net profit of USD 24.72 million for half year 2017 with a 1.26% increase compared with USD 24.41 million in the same period of 2016.
- Total assets up by 13.06% at USD 4.65 billion compared with USD 4.11 billion at year end of 2016.
- Loans at USD 2.40 billion, up by 8.58% compared to USD 2.21 billion at year end of 2016.
- Customer deposits at USD 3.56 billion, up by 13.33% from USD 3.14 billion at year end of 2016.
- Total shareholders' equity reached USD 418 million, with an increase of 3.62%, compared with USD 403 million at year end of 2016.
- NPL Ratio at around 2.32%

Ramallah, Palestine (August 21st, 2017): Bank of Palestine (BOP), announced its half year 2017 preliminary financial results reporting a gross income of USD 108,337,517 in H1 2017, compared with USD 82,491,754 for the same period in 2016, reflecting an increase of 31.33%. The bank’s Profit before tax is up by 10.68% with USD 34,970,391 compared with USD 31,597,016 in the same period of 2016, with a net profit achieved of USD 24,722,552. Total assets grew by 13.06% reaching USD 4,656,357,657 compared with USD 4,118,629,230 at the end of 2016. The Bank’s total shareholders' equity reached USD 418,200,707 with an increase of 3.62% compared with USD 403,574,797 at the end of 2016.

Commenting on the results, Mr. Hashim Shawa - Chairman and General Manager of Bank of Palestine said: “Despite challenges in the market place, Bank of Palestine has maintained double digit organic growth across our financial indicators compared to same period last year. We have continued to enhance the strategy of diversification of income as an integral part of the overall growth strategy with positive results for our subsidiaries Arab Islamic Bank and Palpay. Arab Islamic Bank had just issued an IPO resulting in the
increase of the capital base to USD$75 million providing ample adequacy for growth in the Islamic banking operations of this subsidiary."

Growth was witnessed in customer deposits, loans, assets with a healthy capital adequacy for the bank at 14.25%. With a Loan to deposit ratio of 67.47% Bank of Palestine continues to have a strong liquidity position for further lending.

"Our future growth plans foresee untapped SME loans in unbanked and marginalized areas of the country and with the Jerusalem branch in the holy city becoming fully operational 3rd quarter 2017; a new inaccessible market in the past shall be served by the bank. We therefore shall continue the focus on Financial Inclusion programs targeting youth and women. We have continued promotion of the saving programs targeting children from birth until age 17 with a special incentive to encourage children to save from an early age. In addition to focus on retail business strategy with dedicated direct sales team to augment retail services, offering incentives for customers for using Bank credit cards in a bid to promote the culture of using cards," added Mr. Shawa.

Customer deposits reached USD 3,562,200,140 at H1 of 2017, marking an increase of 13.33% compared with USD 3,143,151,591 at end of 2016. The loan portfolio increased to USD 2,403,412,623 compared to USD 2,213,463,765 at the end of 2016 with a growth of 8.58%. In tandem with the growth in the Bank's loan portfolio, the bank is keeping a very acceptable Non-Performing Loan Ratio at around 2.32% while sustaining such organic growth.

Mr. Shawa concluded that the bank looks with a positive forward outlook into the future based on key external and internal developments taking place during the next period leading up to year end 2017.

Internationally, the Chile representative office officially opening 4th quarter of this year, tapping the diaspora potential in the Latin America region and bridging opportunities with the Dubai representative office and the Palestine head office; will enhance the Bank's international connection with Palestinian Diaspora and regional-international investors garnering additional cross border business and transactions.

Domestically, the bank views with favor the enforcement of the new Electronic Transactions law, which is destined to help boost the Bank’s continuing efforts to improve the digital channels enhancing key electronic services like e commerce, international transfers and improving internal efficiencies.
**Internally,** the centralization of operations is underway with impact to be felt in optimization of resources, and customer service and efficiency helping the bottom line with positive impact on the results in the future.

**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 (68 branches), a paid up capital of $200 million, and assets of over USD 4.65 billion, with 1,695 employees serving more than 890,000 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 6,600 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 15% of total PEX market capitalization.

**Subsidiary 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 6.6 million, an increase of 2.92% compared with last year. 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 52 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 103 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 16 branches Islamic Banking solutions to a growing segment of customers requiring such sharia’ compliant solutions. The bank has assets of USD 940 million, deposits of USD 750 million with net profits in H1 2017 of USD 4.01 million. Benchmarked against the banking sector AIB’s assets grew by 18.89% 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 2017 Preliminary Financial Statements in English:


& web link to H1 2017 Preliminary Financial Statements in Arabic:


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](http://www.bankofpalestine.com)

Date: August 21st, 2017