Bank of Palestine announces H1 2016 Preliminary Financial Results

Net Profit of USD 24.41 million up by 7.25% post sustained organic growth & consolidation of Arab Islamic Bank H1 results into accounts

Merger of Palestine Commercial Bank to be consolidated into accounts in Q4 2016

Preliminary Financial Results Highlights

- Net profit of USD 24.41 million for half year 2016 with a %7.25 increase compared to 2015.
- Gross Income of USD 82.49 million for half year 2016, up by %19.25, compared with USD 69.17 million in 2015
- Total assets up by %39.96 at USD 3.898 billion compared with USD 2.785 billion at the end of 2015
- Loans at USD 1.954 billion, up by %40.72 compared to USD 1.388 billion at the end of 2015.
- Customer deposits at USD 2.967 billion, up by 32.33% from USD 2.242 billion at the end of 2015
- Total shareholders' equity reached USD 346 million, an increase of %13.24, compared with USD 305 million at the end of 2015.
- NPL Ratio at around 1.4%

Ramallah, Palestine (August 22nd , 2016): Bank of Palestine (BOP), announced its half year 2016 preliminary financial results reporting a gross income of USD 82,491,754 in H1 2016, compared with USD 69,177,984 for the same period in 2015, reflecting an increase of %19.25. The bank's net profit reached USD 24,414,699, achieving a %7.25 increase in comparison with USD 22,764,002 at the same period in 2015.

Commenting on the results, Mr. Hashim Shawa - Chairman and General Manager of Bank of Palestine said: “Our operating results for H1 2016 reflect both the consolidation of financial results of our latest acquisition of majority stake in the Arab Islamic Bank (AIB) and the sustained growth strategy the Bank adopted in its 2016 strategic outlook. We continued to pay attention in the first half of 2016 to our fundamentals in market segmentation. The Micro, Small and Medium Enterprises –MSMEs in addition to other segments continued to increase our overall loan portfolio to USD 1,954,290,953; contributing to our revenue stream, while we continue to support employment generation among this key economic segment. Increased exposure to MSMEs, small industries through a partnership program with the Palestinian Federation of Industries and sustained women lending inroads have proven that such segments enjoy credit
disciplines allowing the Bank to continue preserving a very industry acceptable low Non-Performing Loan Ratio at around 1.4% while sustaining such organic growth.”

Bank of Palestine built on the results of its previous year in catering to customer care and offered additional saving schemes attracting groups of family, friends and professional circles. This campaign and regular customer care improvements pushed customer deposits to USD 2,967,848,283 at H1 of 2016, marking an increase of %32.33 compared with USD 2,242,782,298 at end of 2015. Deposits also naturally increased in response to consolidation of AIB results into accounts. These traditional services were augmented by supporting E-banking services intended to deliver expanded online banking interface and mobile customer experience through joint programs with Electronic Payment subsidiary PalPay. BOP continued to expand its own branch network in pursuit of customer outreach and added a number of additional branches in Gaza and in the West Bank in key locations targeting the various customer segmentation reaching a threshold of 62 branches and offices.


H1 2016 preliminary results reflected the consolidation into the accounts the results for that period of BOP’s latest subsidiary addition; the Arab Islamic Bank (AIB). This consolidation, resulting from the additional acquisition of 31% stake in AIB which provided BOP with a majority stake of 51.98% in an Islamic Banking operation in Palestine; making available Islamic Banking solutions to a growing segment of the population. The market share for Islamic banking in Palestine is only at 11% with potential of growth to 25%. AIB has 11 branches in the West Bank and Gaza with and a growing customer base.

Another significant achievement during first half of 2016 was the official inauguration of Bank of Palestine’s first Representative office at Dubai International Financial Center (DIFC) in Dubai. This first representative office at an international financial hub like DIFC Dubai is clear testimony to the international standards of governance and management Bank of Palestine has achieved.

Mr. Shawa added: “this latest subsidiary addition coupled with the BOP office in Dubai has positioned the bank with the ability to provide full spectrum banking services; including Corporate, MSMEs, Retail; Diaspora Banking and now Islamic Banking Products. We are committed to continue to look for opportunities to grow our core
banking operations at home and leverage the Palestine diaspora network abroad. With our recent Office at DIFC Dubai; we are now poised to leverage growing business linkages between Palestine and its wide spread diaspora in the Levant and the Gulf Region as starters. We have seen positive results of these achievements reflected in H1 2016 results hoping for sustained results end of year as we see the results of the Q1 merger of the Palestine Commercial Bank (PCB) into BOP come into effect in 4th quarter consolidated results.”

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 (62 branches), a paid up capital of $185 million, and assets of over USD 3.898 billion, with 1,500 employees serving around 750,000 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 5,900 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 (update numbers of wasata and palpay from 2016 h1)

PalPay® – Palestine Payments – was very active and 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 6.4 million, an increase of 5% 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 45 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.
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 26.91% market share in terms of number of investors, USD 186 million trading volume in local & regional markets, and more than USD 462 million worth of shares under management. In 2015, Al-Wasata won the EMEA Finance and the Global Investor ISF awards for Best Broker in Palestine for the third consecutive year.

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 11 branches Islamic Banking solutions to a growing segment of customers requiring such sharia’ compliant solutions.

Please find web link to H1 2016 Preliminary Financial Statements in English:


And web link to H1 2016 Preliminary Financial Statements in Arabic:

https://bop.ps/ar/ir/financial-docs

For more information contact:

Kamel Husseini; Head of Department
International and Investors Affairs

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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