Press Release

Bank of Palestine Announces net profit of USD 53.05 million for FY 2016

“2016 results reflected the dual effect of organic growth and diversification of income from subsidiary operations”

Financial Results Highlights

- Net profit of USD 53.055 million for year end 2016 with a 22.91% increase compared to USD 43.167 million in 2015.
- Gross Income of USD 177.496 million for year-end 2016, up by 29.76%, compared with USD 136.787 million in 2015.
- Total assets up by 47.88% at USD 4.118 billion at year end 2016 compared with USD 2.785 billion at the end of 2015.
- Loans at USD 2.213 billion at year end 2016, up by 59.38% compared to USD 1.388 billion at the end of 2015.
- Customer deposits at USD 3.143 billion at year end 2016, up by 40.15% from USD 2.242 billion at the end of 2015.
- Total shareholders’ equity reached USD 403.574 million year end 2016, an increase of 32% compared with USD 305.756 million at the end of 2015.

February 15th, Ramallah, Palestine: Bank of Palestine (BOP), reporting its first consolidated annual results after the successful merger with Palestine Commercial Bank (PCB) announced its end of year 2016 preliminary financial results reporting an operating income of USD 177,496,684 in 2016, compared with USD 136,787,234 for the same period in 2015, reflecting an increase of 29.76%. The bank’s net profit reached USD 53,055,980 achieving a 22.91% increase in comparison with USD 43,167,433 in 2015.

The Bank was able to achieve both organic growth from its own operations and diversified income from investments in subsidiary companies; mainly from its increased stake in Islamic Banking Operations. The Bank’s continued thrust into Medium & Small Enterprises -MSMEs including women banking with a healthy diversified lending strategy increased overall loan portfolio to USD 2,213,463,765 with a marked increase of 59.38%; compared to USD 1,388,805,441. BOP’s continued to maintain below industry standard Non Performing Loan Ratio of only 2%.

The bank’s customer deposits reached USD 3,143,151,591 at the end of 2016, marking an increase of 40.15% compared with USD 2,242,782,298 at the end of 2015. These positive upward outcomes are a result of increased outreach to the unbanked segment of the population through sustained financial inclusion assisted by both an additional branch network spanning the West Bank and Gaza; in addition to enhancing Digital
Banking channels delivering online banking interface and mobile customer experience round the clock reaching additional customer segments.

Total assets grew by 47.88% reaching USD 4,118,629,230 compared with USD 2,785,203,240 at the end of 2015. The Bank’s total shareholders' equity reached USD 403,574,797 with an increase of 32% compared with USD 305,756,304 in 2015.

Commenting on the results, Mr. Hashim Shawa - Chairman and General Manager of Bank of Palestine said: “While bank of Palestine continues to grow organically as a result of its niche strategic direction towards MSME lending and women banking achieving higher goals and standards in financial inclusion, we have also seen the positive results from income diversification as result of our investment in subsidiary operations. Our majority stake in the Arab Islamic Bank (AIB) have positively impacted both the Balance Sheet and income statement of BOP. Today Bank of Palestine is able to provide full coverage of banking & financial services including Islamic Banking Solutions with a huge potential of growth in the local market for Islamic Banking. Our other subsidiary investments also contributed to the diversified financial results of 2016. Both Palpay with its increased market penetration in the electronic payment domain and Al Wasata brokerage firm in its marked volumes of transactions attracting additional customers.”

Bank of Palestine’s efforts in financial inclusion aimed at serving the still 50% unbanked population was duly recognized by the Global Alliance for Banking on Values – GABV (www.gabv.org). Bank of Palestine was accepted as full-fledged member in the alliance as the first Bank from the Middle East Region. The Bank was also awarded Best Global Bank in Financial Inclusion by the Banker Magazine of the Financial Times in December 2016 in recognition for its pioneering work in women inclusion under the women flagship Felestineya Program and for its innovative financial inclusion through electronic payment platforms targeting the rural and the unbanked in Palestine.

“As for the future, we shall continue to focus on developing e channels and delving more into digital banking to support efficient growth in line with new technology trends and customer segmentation targeting the 70% of the population under age of 34 as we move forward in solidifying our end of 2016 year results, added Mr. Shawa.”

2016 was the year we did not only grow in size and operations, but a year we also grew in values while continuing to apply highest standards of modern banking. We hereby refer to 2016 as the year we achieved: Modernized Banking Entrenched in Values, 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 (67 branches), a paid up capital of $195 million, and assets of over USD 4.118 billion, with 1,600 employees serving around 780,000 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 6,000 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. The Bank today has increased its subsidiary holdings and is acting as a group providing complementarity and synergy to its core banking services.

**Subsidiary Companies**

**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 8.7 million, an increase of 36% compared with last year. The company also continued to sign agreements with additional various types of billers in Palestine to allow their clients to make e-payments through the PalPay® system. PalPay® has raised to 60 entities the number of service customers using its platform. The company also promoted its services regionally, as it participated in GITEX Technology week 2016 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 30% market share in terms of number of investors, USD 225 million trading volume in local & regional markets, and more than USD 509 million worth of shares under management. In 2016, Al-Wasata won the EMEA
Finance and the Global Investor ISF awards for Best Broker in Palestine for the fourth 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 13 branches Islamic Banking solutions to a growing segment of customers requiring such sharia’ compliant solutions. AIB announced its end of year 2016 preliminary financial results reporting an operating income of USD 26,769,377 in 2016, compared with USD 22,348,949 for the same period in 2015, reflecting an increase of 19.77%. The bank’s net profit reached USD 6,220,821 achieving a 19.59% increase in comparison with USD 5,201692 in 2015.

Please find web link to FY 2016 Financial Statements in English:


And web link to FY 2016 Financial Statements in Arabic:

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

Financial Inclusion Film:

https://www.youtube.com/watch?v=j3j_dMGNE0g

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