IR Advisory/Announcement:

Bank of Palestine board of directors recommends distribution of $25,351,129 in dividends for the year 2016

Ramallah, Palestine (March 12th, 2017): The board of Directors of Bank of Palestine (BOP) announced the holding of its Annual General Assembly Meeting (AGM) on Thursday, April 6th, 2017 in Ramallah, and via video conference in Gaza. The board recommended to the AGM distribution of $25,351,129 in dividends for the bank's profits in 2016, a percentage of 13% of the bank's paid up capital.

The recommendation to distribute $25,351,129 to shareholders in proportion to each shareholder's ownership in paid up capital as of April 5, 2017 is as follows:

- **$20,359,814 as cash dividends**, equivalent to 10.44% of the nominal value of the share;
- **$4,991,315 as stock dividends**, equivalent to 2.56% of the nominal value of the share

Mr. Hashim Shawa, Chairman and General Manager of Bank of Palestine said that this recommendation is consistent with the bank’s commitment to its shareholders in sustained dividends distribution on annual basis; while ensuring the continued capital adequacy for the bank in order to maintain its ability to grow organically in pursuit of innate opportunities in the Palestine banking market.

The bank witnessed a 22.91% growth in its net profit as a result of continued organic growth in banking operations in Palestine both in branch expansion, and enhanced digital banking channels. The latest merger of the former Palestinian Commercial Bank (PCB) with Bank of Palestine and the acquisition of controlling shares at Arab Islamic Bank (AIB) both have positively contributed to the upward movement of key performance indicators; in branch expansion, customers, deposits and credit facilities. The AIB share acquisition additionally impacted the positive growth in income providing BOP with a promising entry into Islamic operations.

Bank of Palestine end of year 2016 preliminary financial results reported an operating income of USD177,496,684 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.

Overall loan portfolio was at USD 2,213,463,765 with a marked increase of 59.38%; compared to USD 1,388,805,441. BOP's continued to maintain 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. 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.

BOP has undertaken a dual strategy of maintaining its organic growth and achieving healthy diversification of income from subsidiaries. The Bank remains committed towards offering value to customers and shareholders; while adhering to highest standards of compliance, risk management, and sustainability practices as it looks ahead to 2017 with a positive outlook.

**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 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 6,000 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 15.24% 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.

**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. 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 500 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 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 $26,769,377 in 2016 compared with $22,348,949 in 2015, reflecting an increase of 19.77%. the bank’s net profit reached $6,220,821 achieving a 19.59% increase in comparison with $5,201,692 in 2015.

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