

TNB الوطني

INVESTORS REPORT

Q2 2024





▶ VISION

To be the most pioneering, innovative and robust bank.

Main Objectives:

- Ensure the satisfaction of our shareholders by achieving the best return on investments
- Meet the aspirations of our customers
- Invest in our employees
- Improve the customer's experience
- Achieve the highest levels of banking transparency and governance
- Ensure a sustainable social impact for our community and the national economy
- Digitization and enrolling new high-tech banking solutions to the Palestinian Banking Sector
- Accelerate growth by achieving the best financial and operational indicators

▶ MISSION

To create opportunities of success for our community by being the most responsive bank.

▶ TABLE OF CONTENT

Overview	4
Key Strengths	9
Financial Inclusion	13
Sustainability	15
International Relations	17
Corporate Governance	18
Stock Performance & Shareholding Structure	25
Regulatory Environment	29
Financial Sector Overview	30
TNB's Financial Highlights	32

▶ OVERVIEW

The National Bank (TNB), listed on the Palestine Securities Exchange under the ticker symbol "TNB," stands as Palestine's fastest growing and one of its most trusted financial institutions. Established in 2012 through the merger of Al Rafah Microfinance Bank and the Arab Palestinian Investment Bank, TNB has evolved from a microfinance institution to a full-spectrum provider of corporate, retail, and investment banking services.

With an authorized capital of \$115 million, TNB has consistently delivered robust financial performance, achieving a remarkable 59% year-on-year increase in net profits and maintaining a strong Capital Adequacy Ratio (CAR) of 16.71%, which surpasses both local and international regulatory requirements. Over the years, TNB has expanded its operations through a series of pioneering mergers and acquisitions, such as:

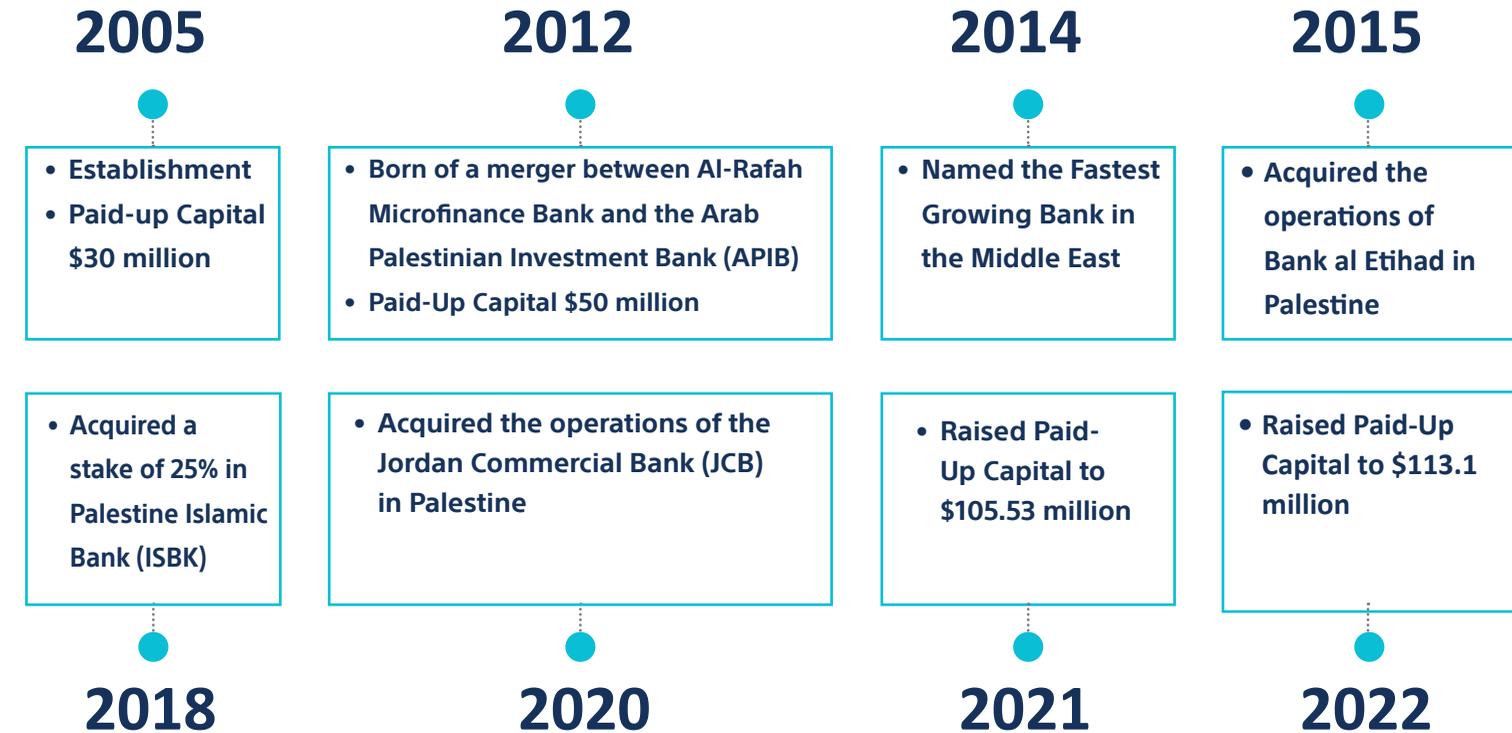
2015: Acquired Bank al Etihad's operations in Palestine, becoming the first Palestinian bank to acquire a Jordanian bank's local assets.

2018: Acquired a 25% stake in the Palestine Islamic Bank (PIB).

2020: Acquired the operations of Jordan Commercial Bank (JCB) in Palestine, further strengthening its local presence.

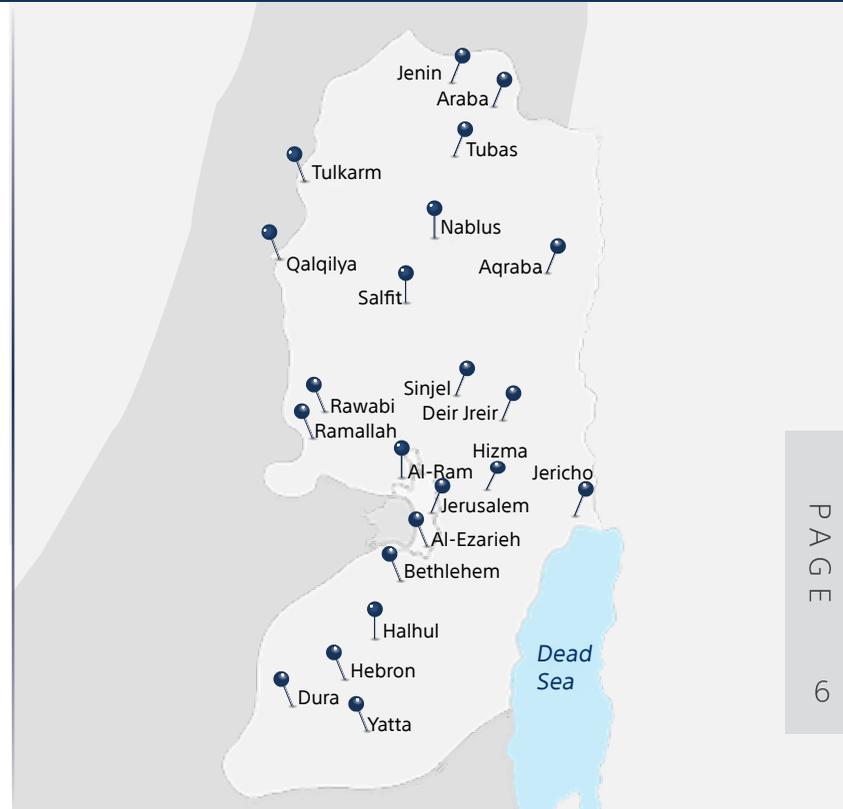
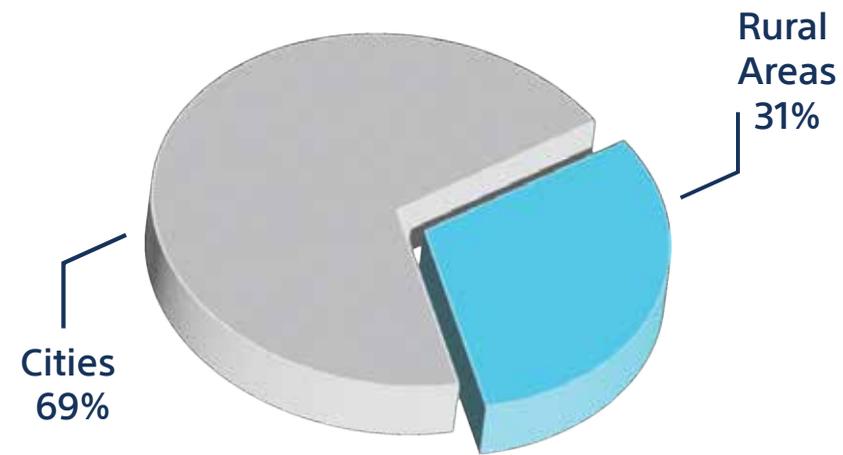
Today, TNB is not only a leader in financial services but also an innovator in the Palestinian banking sector, introducing advanced digital solutions and expanding its footprint in underserved areas. Through these initiatives, TNB is committed to supporting national economic development, achieving operational excellence, and fostering a positive social impact within the communities it serves.

▶ MILESTONES
MERGERS & ACQUISITIONS



▶ BRANCHES NETWORK

Geographic Expansion



▶ E-CHANNELS SERVING MORE THAN 194,000 CLIENTS

TNB Online & Mobile
31,938 active users
13.13% Growth compared to Q1 2024

Digital Service Center
47,115 tickets
2%

Digital Onboarding

- ✓ Savings Accounts
- ✓ Current Accounts
- ✓ Financial Inclusion Accounts

High-tech ATMs
45 ATMs
32% in rural areas
 Responsive ATMs for blind and visually impaired in each governorate
72% serve handicapped

▶ **SUBSIDIARIES**



Watan Investment Company (WatanInvest)

WatanInvest, the premier investment subsidiary of The National Bank, provides a comprehensive suite of financial and investment advisory services tailored for both private individuals and corporate clients. Headquartered in Palestine, WatanInvest specializes in delivering strategic financial solutions across multiple sectors, including Shariah-compliant options that meet the unique needs of the Palestinian market.

With a portfolio exceeding \$100 million, WatanInvest has played a pivotal role in some of Palestine's landmark financial transactions since the late 1990s. These include managing major bond issuances and public offerings for prominent entities like the Palestine Electric Company and the Palestine Mortgage and Housing Corporation. Additionally, WatanInvest collaborates with international institutions such as the International Finance Corporation (IFC) and the German Investment and Development Corporation (DEG) on impactful infrastructure projects.

As The National Bank's dedicated investment arm, WatanInvest combines deep local expertise with global financial standards to support its clients through every phase of the business cycle, from mergers and acquisitions to capital restructuring. This unique blend of regional insight and international reach enables WatanInvest to guide investors towards achieving their long-term strategic objectives in Palestine's evolving financial landscape.

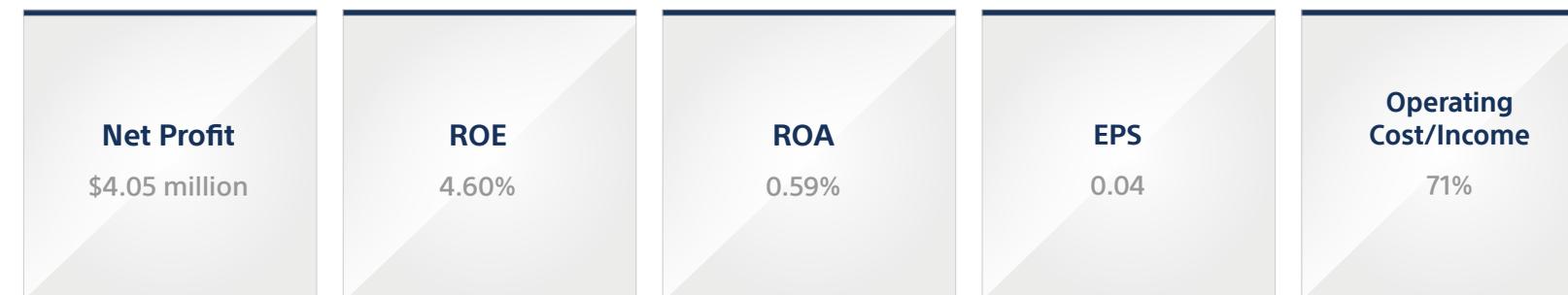
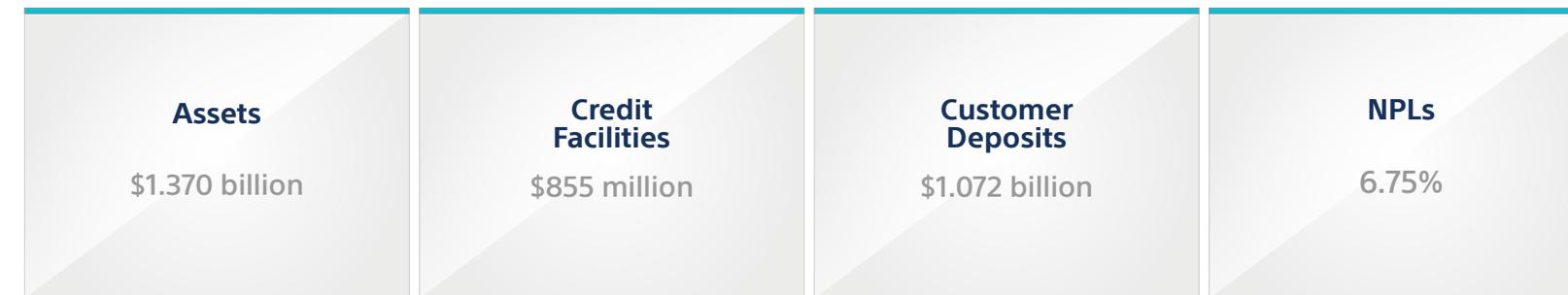


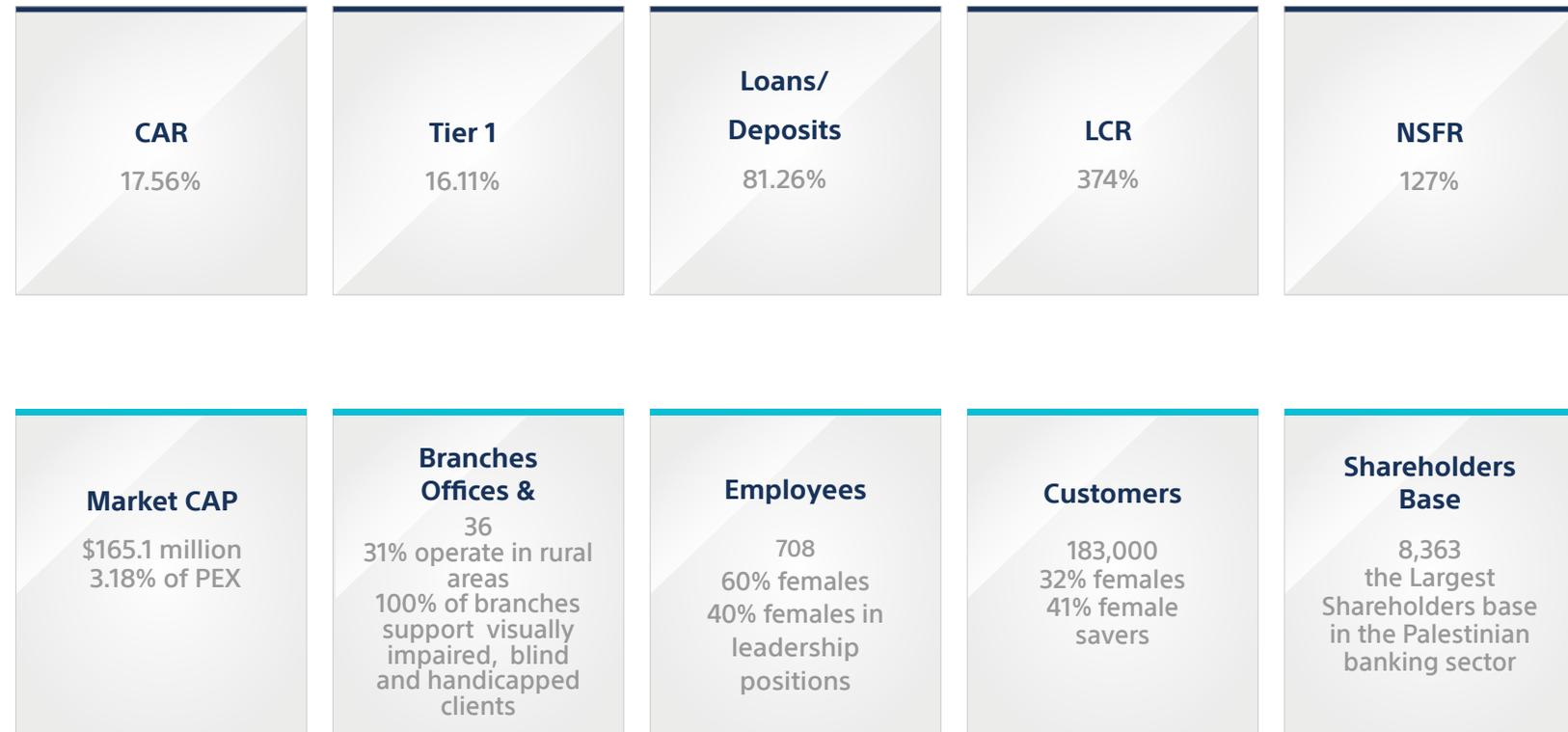
National Islamic Investment Company (NIIC)

The National Bank owns %100 of the National Islamic Investment Company, which was established in 2018. Through NIIC, TNB acquired a direct stake in the Palestine Islamic Bank (PIB) amounting to %25 of its shares.

KEY STRENGTHS - Q2 2024

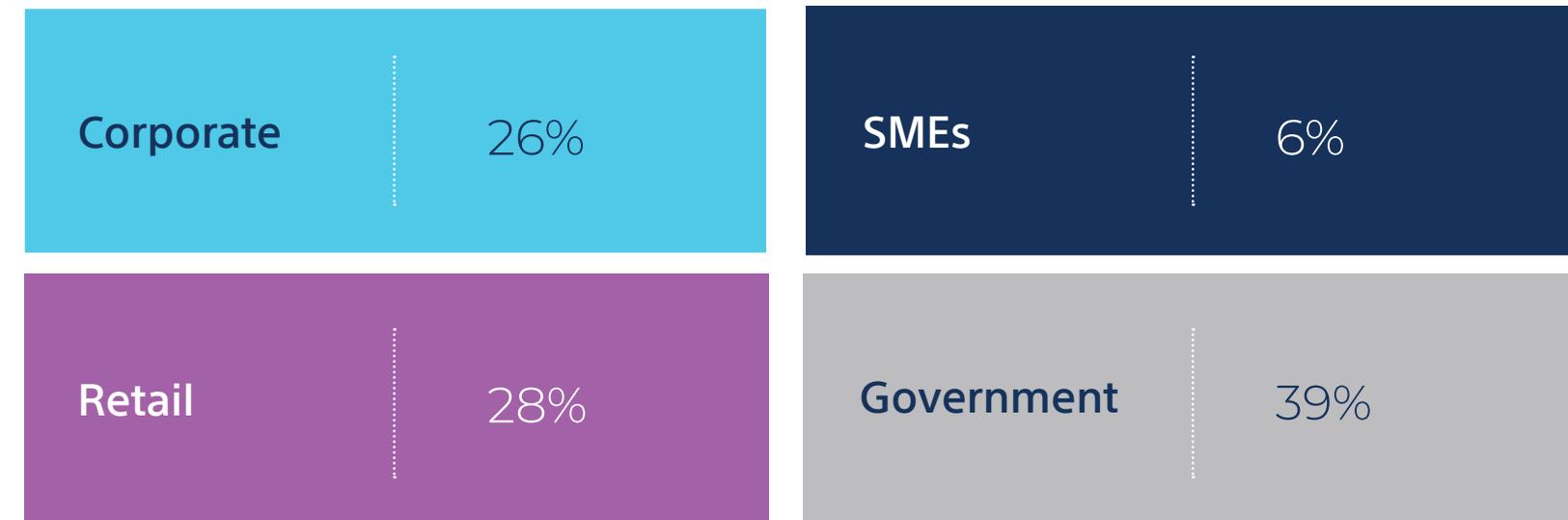
- **Best Profitable Palestinian Bank in 2023**
- **The Palestinian Bank with the highest Capital Adequacy Ratio of 17.56%**
- **Strong Liquidity ratio above the regulatory requirements**
- **Second largest Palestinian Bank in terms of market value of \$165.1 million**
- **Second largest Palestinian Bank in terms of paid-up capital of \$113.1 million**





▶ LOANS PORTFOLIO

Total Portfolio: \$855 million
Credit Facilities Portfolio



▶ LOANS PORTFOLIO

SMEs Total Gross Portfolio : \$73 million

By Sector

Green	\$1.5 million
Social	\$10.9 million
Industrial	\$4.9 million
Others	\$54.1 million

By Gender

12%
Female

88%
Male

▶ WOMEN, YOUTH, KIDS, SMEs, PEOPLE WITH DISABILITIES

- First bank in Palestine to finance micro enterprises for people with disabilities
- Our branches, ATMs and website support visually impaired, blind and handicapped clients
- Ongoing financial literacy sessions for students in universities and schools
- Financing zero interest rate SME loans of \$3.5 million for women led businesses
- Special banking products for women



- 41% of our savers are women and girls
- Investing in Fintech startups led by innovative Palestinian youth
- Non-financial initiatives for women entrepreneurs in digital marketing and e-commerce



▶ DIGITIZATION AND TECHNOLOGY



- Enrolling the first Digital Service Center of its kind in Palestine which offers a full remote banking experience for clients
- Enrolling the first digital onboarding service in Palestine which includes, savings, current and financial inclusion accounts
- Advanced Online and Mobile Banking Platforms
- High-tech ATM network
- Fully automated retail banking workflow
- Investing in Fintech start-ups led by Palestinian innovative youth
- Ongoing financial literacy on information and cyber security

▶ SUSTAINABILITY

Towards a Sustainable Future in Palestine



TNB's solar park "Noor Jericho"

Main Objectives:

- Ensure Good Governance
- Promote Modern and Sustainable Banking
- Financial Inclusion
- Community Support
- Mitigating Climate Change Risks
- Investing in our Employees



Highlights

- TNB acquired a stake of 1.17 MW in “Noor Jericho” solar park which allows the Bank to fulfil the energy requirements of almost 80% of its operations.
- TNB reduced direct GHG emissions (Scope 1) by 42 tons.
- TNB reduced indirect GHG emissions (Scope 2) by 679 tons.
- TNB contributes 3% of its annual net profit towards CSR sustainable initiatives.
- 100% of our Branches and ATM network support people with disabilities.



▶ CORRESPONDENT BANKS AND INTERNATIONAL RELATIONS

The National Bank’s network covers all major regional banks in Palestine as well as the world’s top financial institutions. Additional selective correspondent relationships are also maintained in certain countries where Palestine conducts active trading.

The National Bank’s Treasury and Investment Departments work closely with correspondent banks in New York, Copenhagen, Frankfurt and the Middle East to expand the bank’s dominant share of Palestinian trade. The network of correspondents and partnerships includes various first-class international banking and financial institutions, such as Commerzbank, Bank of New York Mellon, MasterCard and VISA.



SHAREHOLDERS

Exceeding 8,400 shareholders, The National Bank commands the largest shareholders base in the Palestinian banking sector and attracts the most respected and successful companies and businesspeople to its board.

MAJOR SHAREHOLDERS

Ownership 19.22%	Arkaan Real Estate Company 21,736,760	Ownership 15.90%	Enterprise Investment Company (EIC) 17,980,729
Ownership 15.13%	Jordan Commercial Bank (JCB) 17,116,337	Ownership 9.99%	Bank al Etihad/Jordan 11,299,258
Ownership 6.31%	Mrs. Manal Zraiq 7,137,253	Ownership 5.88%	Mr. Samir Zraiq 6,651,918
		Ownership 5.78%	Palestine Telecommunication Company 6,536,900

▶ BOARD OF DIRECTORS



Samir Zraiq

Chairman

Chairman of Palestine Investment & Development Company
Specialty: Business and Investment



Omar Masri

Vice Chairman

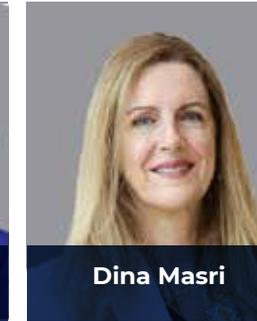
Managing Director of Edgo Group- Oil & Gas (MENA Region)
Specialty: Business, Banking, Investment and Sustainability



Manal Zraiq

Member

Chairwoman of Al-Mustaqbal Schools and Zoom Advertising Company
Specialty: Business, investment and Women Empowerment



Dina Masri

Member

Director of Palestine Tourism Investment Co. Ltd.
Specialty: Business, Banking and Environmental Studies



Ayoub Zurob

Independent Member

CEO of Al-Mashareq Insurance Company
Specialty: Finance, Risk Management and Governance



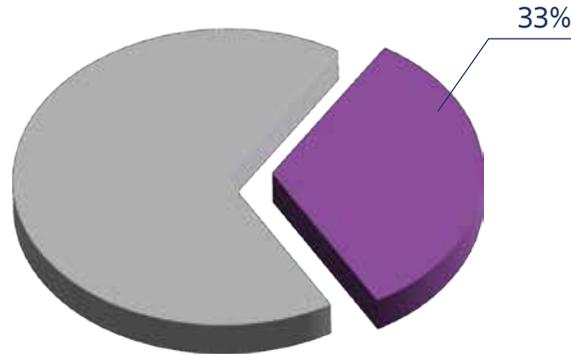
Kamal Abu Khadijeh

Minority Shareholders Representative

General Manager of Rasil Express (Fedex)
Specialty: Business and Finance

BoD Composition

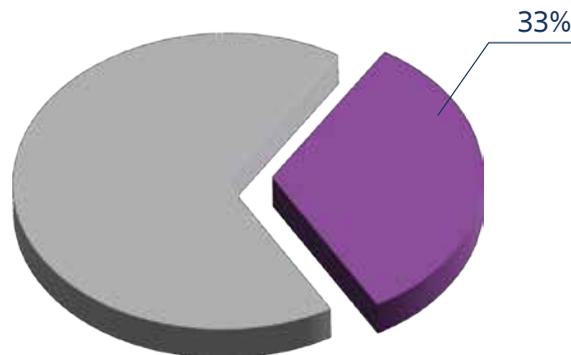
- Independent members
- Non-Independent



33%
Independent Members

Gender

- Females
- Males



33%
Female Members

▶ EXECUTIVE MANAGEMENT



Salameh Khalil

Chief Executive Officer

Experience: Financial Planning and Strategy, Risk Management, Treasury, Internal Controls, Audit, and Accounting

- Represented Paltel on TNB's BoD for 9 years
- Holds a BA in Accounting, Birzeit University
- CPA, CIA, CPFS, MFC
- Joined TNB's Executive Team in 2021

Haitham Najjar
Chief Strategy Officer

Joined 2010

Anan Zagha
Chief Financial Officer

Joined 2020

Mahmoud Nawahda
Chief Operations Officer

Joined 2020

Adel Hassan
Chief Technology Officer

Joined 2020

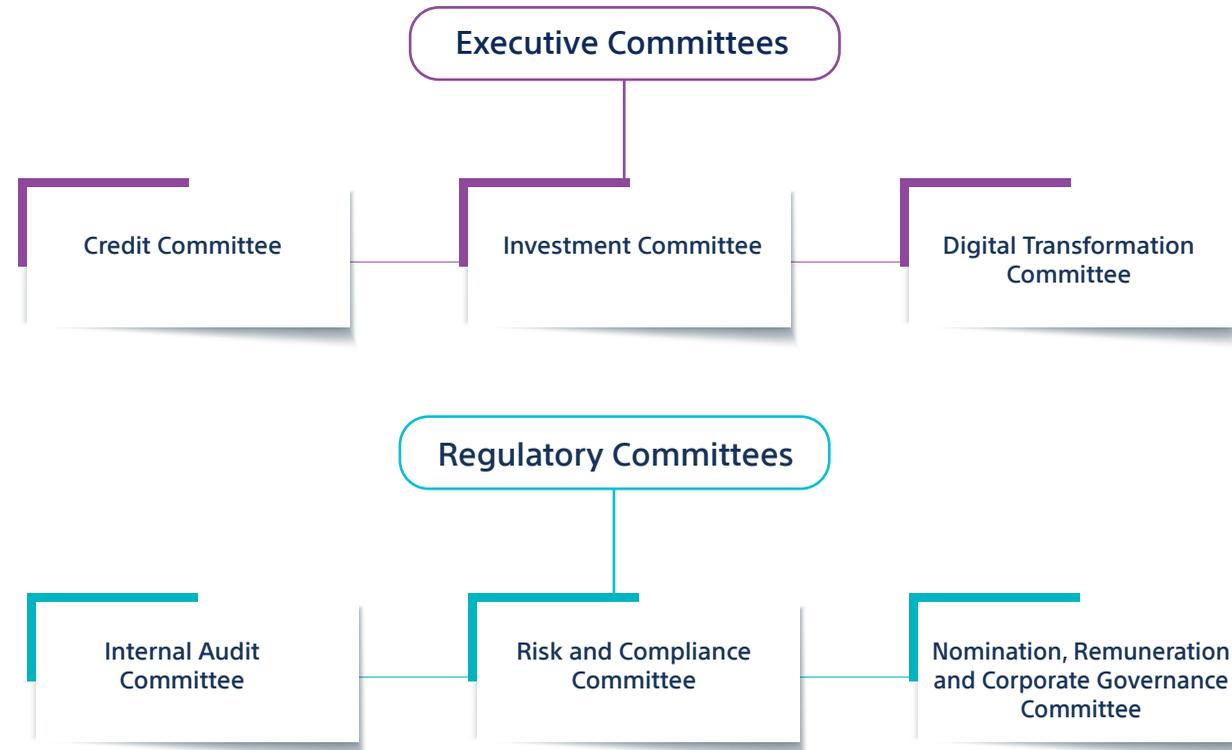
Ayman Dahadha
Chief Retail Banking Officer

Joined 2021

50%
Master

50%
Bachelor

▶ BoD COMMITTEES



▶ POLICIES AND CONTROLS

The National Bank is dedicated to upholding superior standards of good governance to ensure compliance and minimise potential risks. This includes fostering an effective regulatory framework within the Bank's operations and ensuring that all departments adhere to pertinent laws. Therefore, TNB has developed:

- ▶ Stakeholders Rights Policy
- ▶ Shareholder Rights Protection Policy
- ▶ General Framework for Interaction and Communication with Minority Shareholders
- ▶ Whistleblowing Policy
- ▶ Anti-Bribery & Corruption Policy
- ▶ Conflict of Interest Policy

▶ COMPLIANCE, AML AND CFT

- ▶ Complying with the Palestine Monetary Authority instructions and the Palestinian laws
- ▶ Automated compliance risk management system (RCM)
- ▶ Full automated AML monitoring system
- ▶ 100% of transactions are screened for money laundering on daily basis
- ▶ Periodic AML checks in reference to UN, EU, US-OFAC lists
- ▶ Sustainability- related risks are integrated in the Capital Adequacy assessment

▶ STOCK PERFORMANCE

Listed on Palestine Stock Exchange (PEX)

Symbol: TNB

ISIN: PS1006112053

Market Capitalization: \$165.1 million
(3.92% of PEX)

Number of Issued Shares: \$113.1 million

Closing Price: \$1.46

EPS: \$0.04

Highest Price Q2 2024

1.47

Lowest Price Q2 2024

1.45

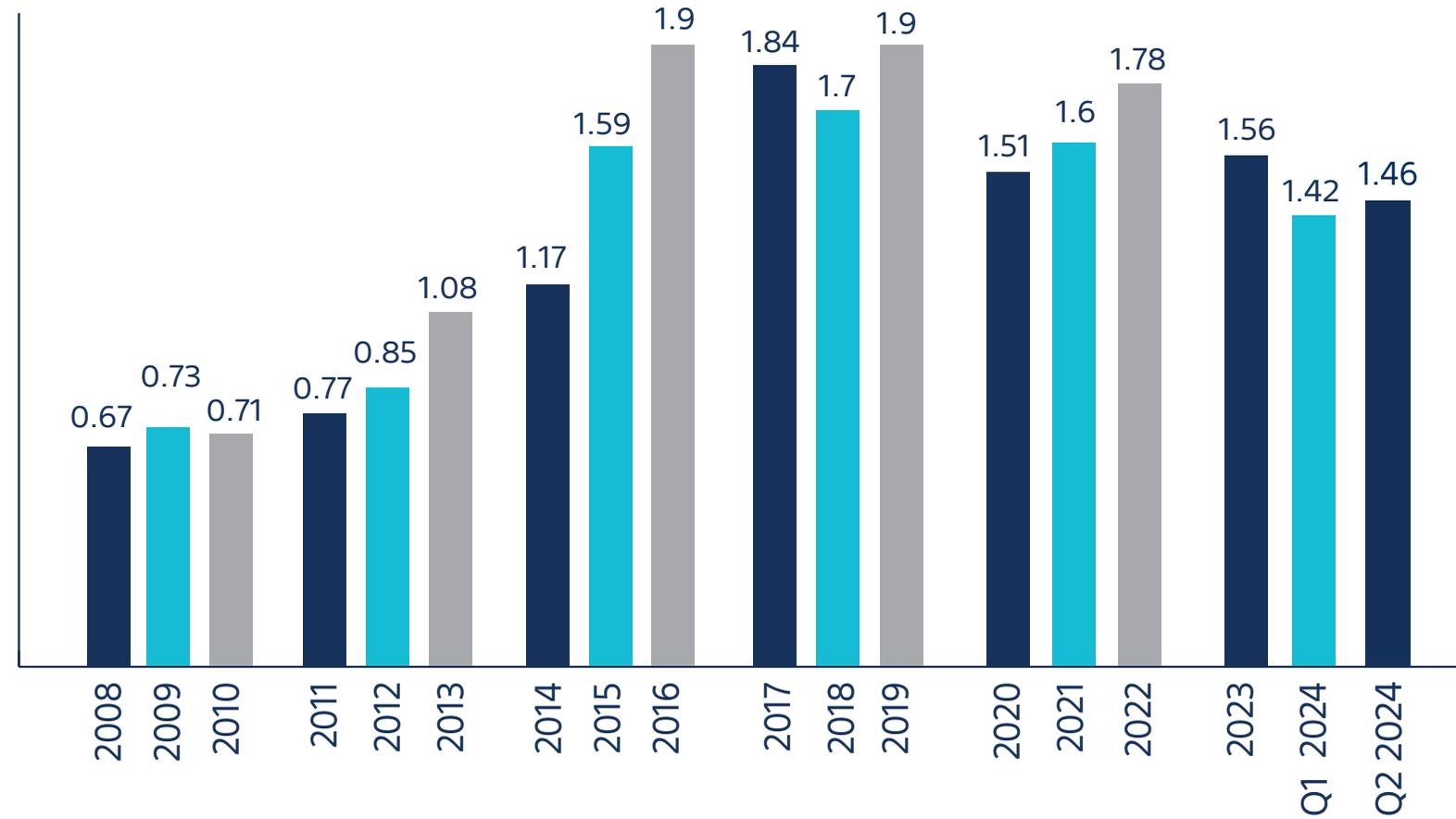
Closing Price Q1 2024

1.42

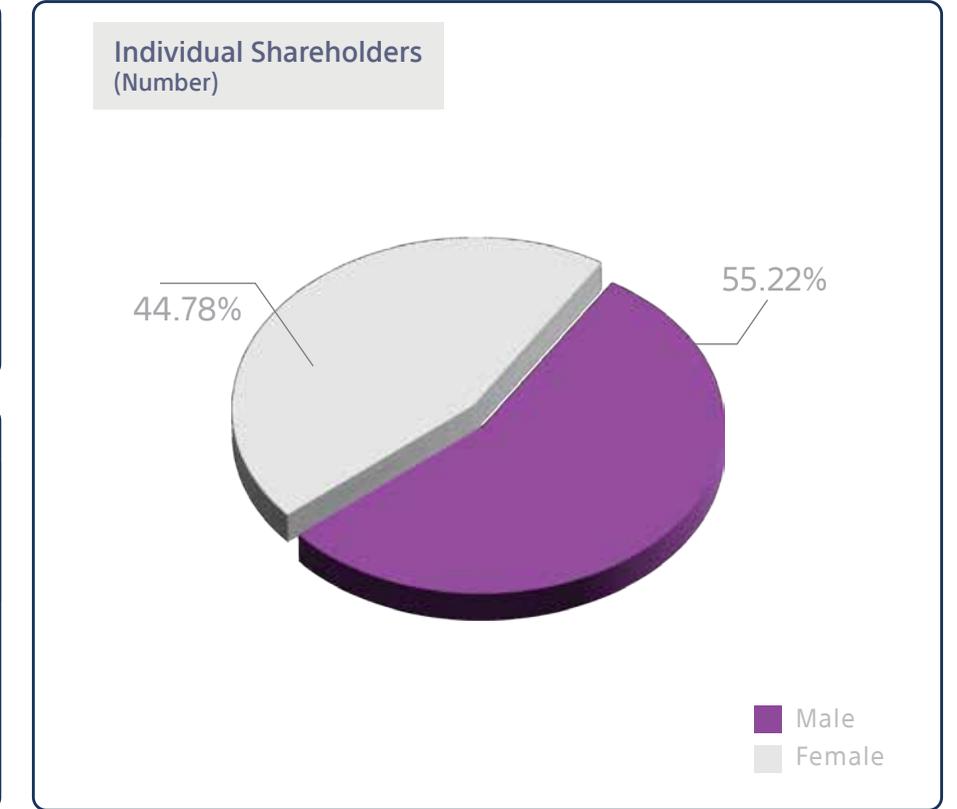
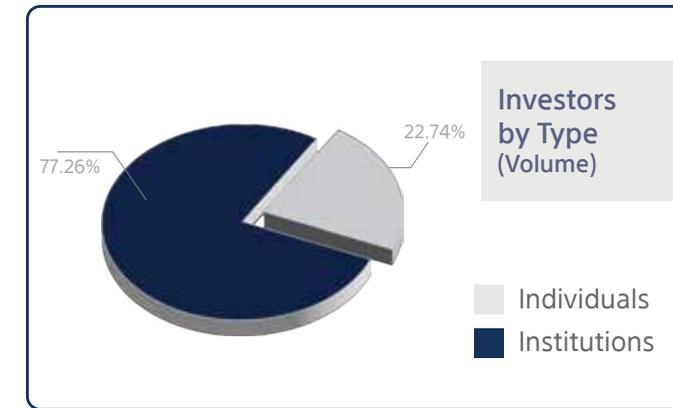
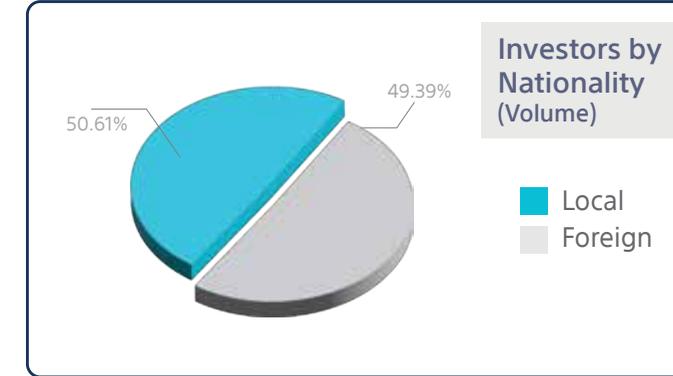
Closing Price Q2 2024

1.46

Closing Price



SHAREHOLDING STRUCTURE



▶ PUBLIC OFFERINGS & DIVIDENDS

Cash Dividends Percentage	2023	\$5.7 million 5.00%
Stock Dividends Percentage	2022	\$8.5 million shares 8.13%

	2019	2020	2021	2022	2023
Paid-up Capital	\$78 million (after (TNB) acquired a stake of 25% of (PIB))	\$92 million (after acquiring JCB)	\$105 million (after the secondary offering)	\$113.1 million	\$113.1 million
Equity	\$95.6 million	\$119.4 million	\$145.9 million	\$164.6 million	\$172.5 million
Securities Closing Price	1.90	1.51	1.60	1.78	1.56

▶ REGULATORY ENVIRONMENT



Palestine Monetary Authority (PMA)

The Palestine Monetary Authority (PMA) is an independent public institution responsible for formulating and implementing monetary and banking policies, to ensure the soundness of the banking sector and the balanced growth of the local economy.

The PMA primary goal is to maintain monetary and financial stability and promote sustainable economic growth.



Palestine Capital Market Authority (PCMA)

The Palestine Capital Market Authority was established as an autonomous agency by law no. (13) Of the year (2004).

The PCMA aims to create the appropriate environment to achieve stability and growth in the capital market and protect the rights of consumers, by regulating, developing, and supervising the activities of the non-banking financial sectors subject to the supervision of the PCMA represented in the sectors of insurance, securities, financial leasing and financial mortgage.

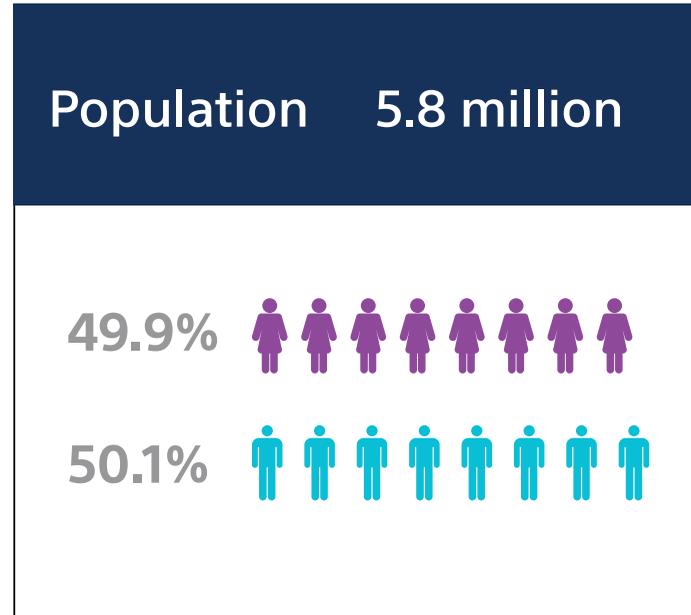


Palestine Exchange (PEX)

PEX was Established in 1995 as a private company aimed at promoting investment in Palestine the PEX held its inaugural trading session in February 1997.

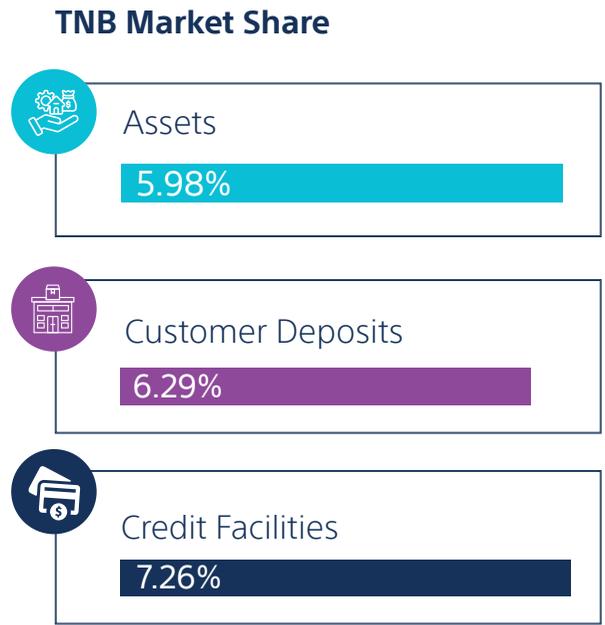
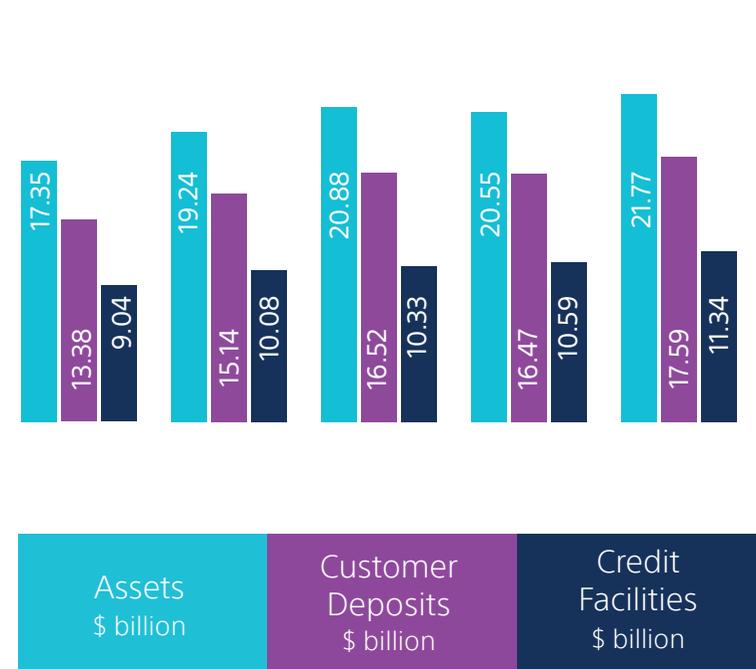
In 2010 PEX transformed itself to become the second publicly traded Arab stock exchange entirely owned by the private sector.

▶ FINANCIAL SECTOR OVERVIEW



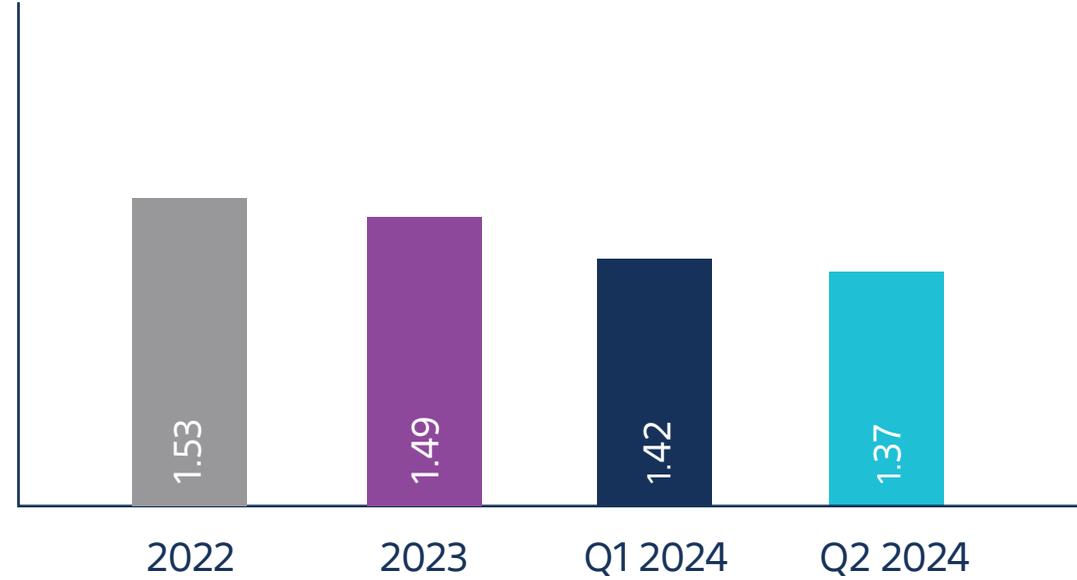
*Palestinian Central Bureau of Statistics (2023)

▶ BANKING SECTOR FINANCIAL HIGHLIGHTS



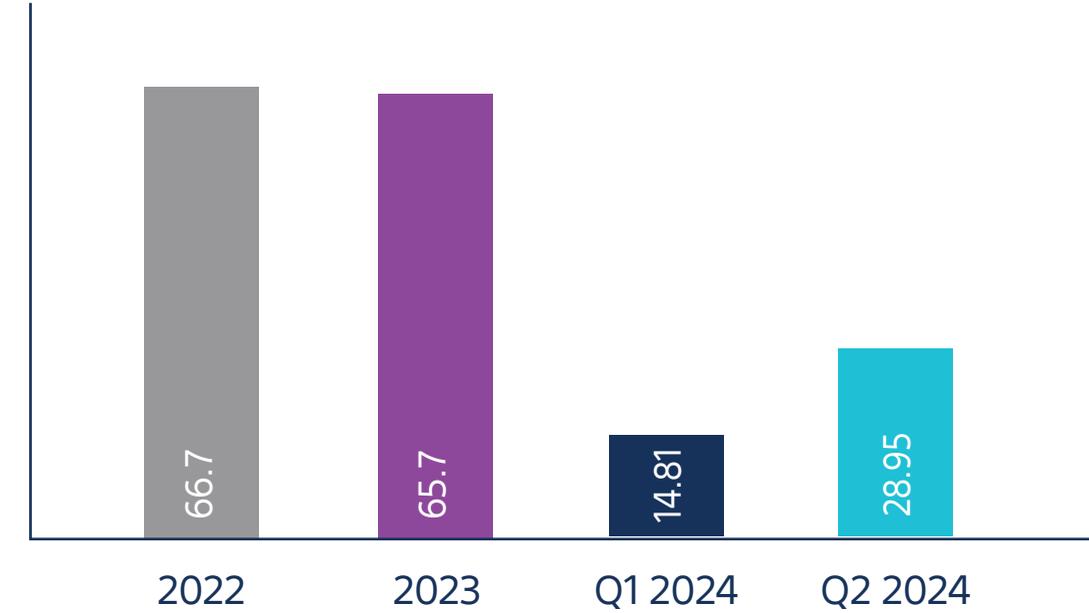
▶ TNB'S FINANCIAL HIGHLIGHTS

ASSETS



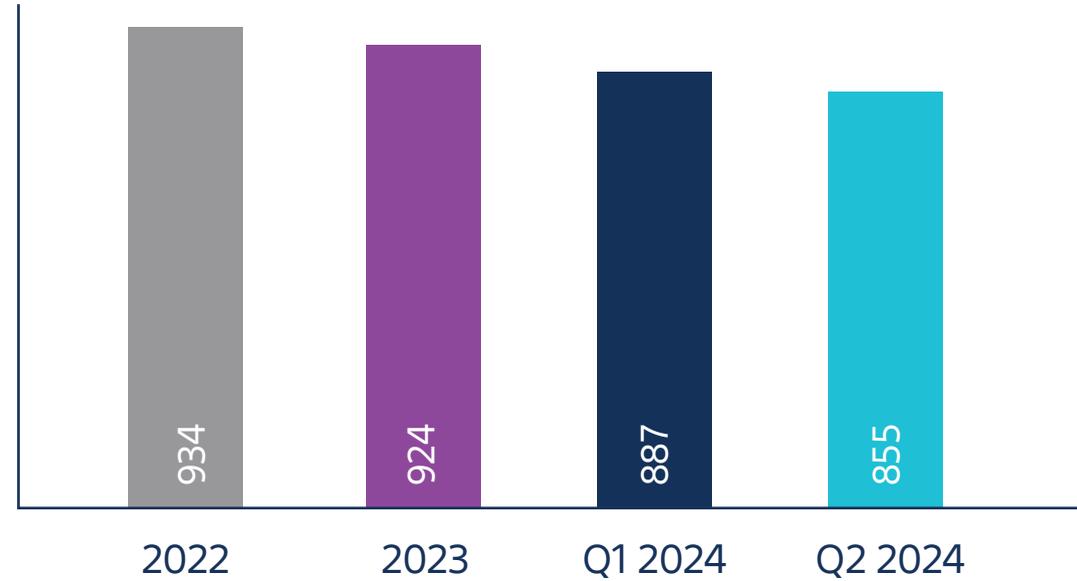
\$1.37 billion

TOTAL REVENUE



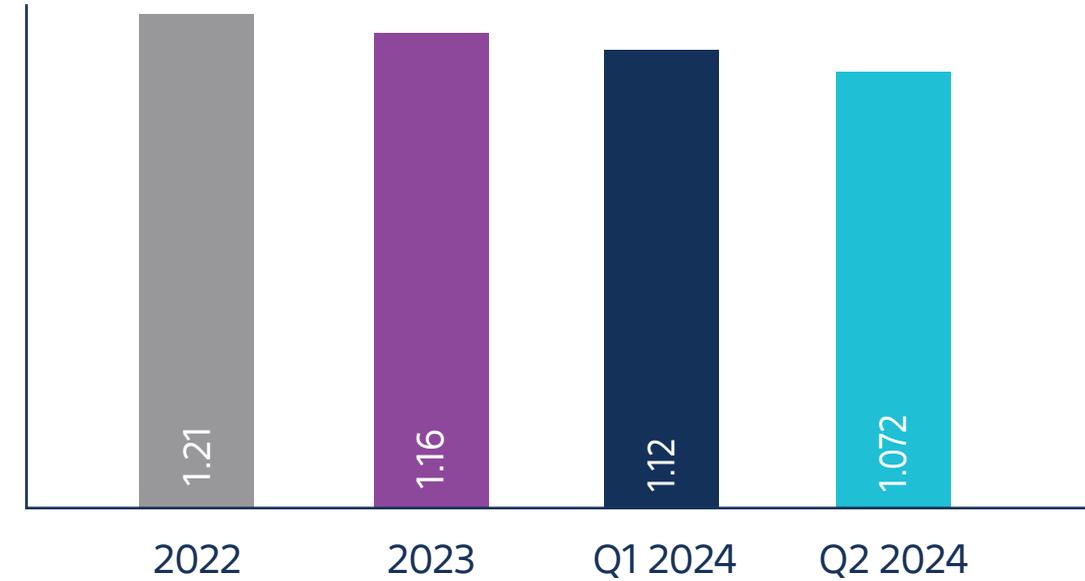
\$28.95 million

CREDIT FACILITIES



\$855 million

CUSTOMER DEPOSITS



\$1.072 billion