Palestinian Population

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4</td>
<td>298,334</td>
<td>282,425</td>
</tr>
<tr>
<td>5-9</td>
<td>258,015</td>
<td>263,732</td>
</tr>
<tr>
<td>10-14</td>
<td>245,053</td>
<td>233,004</td>
</tr>
<tr>
<td>15-19</td>
<td>165,555</td>
<td>157,745</td>
</tr>
<tr>
<td>20-24</td>
<td>146,517</td>
<td>139,235</td>
</tr>
<tr>
<td>25-29</td>
<td>122,474</td>
<td>115,575</td>
</tr>
<tr>
<td>30-34</td>
<td>102,863</td>
<td>95,856</td>
</tr>
<tr>
<td>35-39</td>
<td>83,910</td>
<td>77,627</td>
</tr>
<tr>
<td>40-44</td>
<td>61,570</td>
<td>58,337</td>
</tr>
<tr>
<td>45-49</td>
<td>41,384</td>
<td>41,330</td>
</tr>
<tr>
<td>50-54</td>
<td>20,051</td>
<td>19,218</td>
</tr>
<tr>
<td>55-59</td>
<td>6,050</td>
<td>5,309</td>
</tr>
<tr>
<td>60-64</td>
<td>2,510</td>
<td>2,694</td>
</tr>
<tr>
<td>65-69</td>
<td>1,228</td>
<td>1,228</td>
</tr>
<tr>
<td>70-74</td>
<td>93</td>
<td>93</td>
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<tr>
<td>75-79</td>
<td>8</td>
<td>8</td>
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<tr>
<td>80-84</td>
<td>6,050</td>
<td>6,050</td>
</tr>
<tr>
<td>85-89</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>90-94</td>
<td>2,510</td>
<td>2,510</td>
</tr>
<tr>
<td>95-99</td>
<td>14,958</td>
<td>14,958</td>
</tr>
<tr>
<td>100+</td>
<td>676</td>
<td>93</td>
</tr>
</tbody>
</table>

TOTAL POPULATION: 11.6 M

In Palestine: 4.4 M (37.7%)
In the Diaspora: 7.2 M

LITERACY RATE
95%

CURRENCY
Jordanian Dinar JOD
American Dollar USD
Israeli Shekel ILS

UNDER THE AGE OF 24
60%
75.8%
GDP & Sector Contribution to GDP in Palestine in 2011

**GDP/ Capita**

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>$1,356</td>
<td>$1,415</td>
<td>$1,510</td>
<td>$1,614</td>
</tr>
</tbody>
</table>

**10.7% GDP Growth**

The total GDP growth for 2011 registered 10.7% compared to the total GDP level in 2010.
17 BANKS Operating in Palestine

<table>
<thead>
<tr>
<th>Local Banks (7)</th>
<th>Foreign Banks (10)</th>
<th>Other Foreign Banks (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Banks (5)</td>
<td>Jordanian (8)</td>
<td>Egyptian Arab Land Bank</td>
</tr>
<tr>
<td>Bank of Palestine (BOP)</td>
<td>Cairo Amman Bank</td>
<td>HSBC Bank Middle East Limited</td>
</tr>
<tr>
<td>Palestine Investment Bank (PIBC)</td>
<td>Arab Bank</td>
<td></td>
</tr>
<tr>
<td>Palestine Commercial Bank (PCB)</td>
<td>Jordan Kuwait Bank</td>
<td></td>
</tr>
<tr>
<td>Al Quds Bank (QUDS)</td>
<td>Jordan Ahli Bank</td>
<td></td>
</tr>
<tr>
<td>The National Bank (TNB)</td>
<td>Bank of Jordan</td>
<td></td>
</tr>
<tr>
<td>Islamic Banks (2)</td>
<td>Union Bank</td>
<td></td>
</tr>
<tr>
<td>Arab Islamic Bank (AIB)</td>
<td>The Housing Bank for Trade &amp; Finance</td>
<td></td>
</tr>
<tr>
<td>Palestine Islamic Bank</td>
<td>Jordan Commercial Bank</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001 124</td>
</tr>
<tr>
<td>2002 125</td>
</tr>
<tr>
<td>2003 131</td>
</tr>
<tr>
<td>2004 133</td>
</tr>
<tr>
<td>2005 139</td>
</tr>
<tr>
<td>2006 151</td>
</tr>
<tr>
<td>2007 160</td>
</tr>
<tr>
<td>2008 190</td>
</tr>
<tr>
<td>2009 209</td>
</tr>
<tr>
<td>2010 211</td>
</tr>
<tr>
<td>2011 226</td>
</tr>
<tr>
<td>2012 232</td>
</tr>
</tbody>
</table>
BANKING SECTOR OVERVIEW - Assets | Deposits | Loans

$ Billion


Deposits: 1.220 957 1.072 1.428 1.786 1.903 1.758 1.721 2.164 3.553 4.111
PALESTINE VS. REGION

GDP Growth Vs. MENA: 2010-11

10.7%

ROA Vs. MENA: 2010

2.6%

Loan to Deposit Ratio Vs. MENA: 2011

51.6%

Non-Performing Loans Vs. MENA: 2010

3%
Palestine Capital Market Authority (PCMA)
- Established in 2004
- Its jurisdiction encompasses securities, insurance, financial mortgages, leasing sectors, and non-banking financial institutions

Palestine Monetary Authority (PMA)
- Established in 1995
- IMF, 2011: "The PMA is capable and ready to assume the role of the Palestinian central bank"
- Installed one of the first electronic credit bureaus in the Middle East
The Palestine Monetary Authority (PMA) is the emerging Central Bank of Palestine. Its overall purpose is to ensure price stability and contribute to the stability and effectiveness of the Palestinian financial system.

The PMA was established in 1995 by a presidential decree as an independent institution and later by an act of the Palestine Legislative Council PMA Law Number (2) of 1997, which outlined the full authority and autonomy of the PMA. Since 2007, the PMA has made notable progress in institutional reform, enabling it to fulfil the core functions of a central bank.

Below is a summary of the main institutional reforms.

- Strengthening the Supervision and Regulatory Framework
- Electronic Credit Bureau & Credit Scoring Systems
- Electronic Payment System (RTGS)
- Monetary Operations Department

- Strengthening the Financial Sector's Legal Framework

A new Banking Law was enacted in November 2010 to strengthen the financial sector’s legal framework. This law aims to maintain a strong and stable financial system, based on fair competition, and to maintain the integrity of this system to ensure renewed confidence from clients and shareholders alike.

- Introduced the IBAN to Palestine end of 2012
THE WORLD BANK’S DOING BUSINESS REPORT 2013

Protecting Investors

- Palestine’s Rank: 49
  (out of 185 countries)
- Palestine’s rank in the region: 3
  (after Saudi and Kuwait)

Enforcing Contracts

- Palestine’s rank in the region: 5
Established in 1995 – first trading session in 1997

Listed on PEX

48 listed companies on PEX (end of 2012) with market capitalization of about USD 3 billion

Operates under the supervision of the Palestine Capital Market Authority

One of the most rewarding exchanges in the region in terms of return on investment (ROI) which averaged 6% per annum over the last five years
Growth Of Assets & Milestones
1961-2012

- 1960: Founding of the bank in Gaza
- 1961: First bank to introduce computers in Palestine
- 1967: Bank is closed after the Israeli invasion of Gaza and the West Bank.
- 1969: Establishment of international trade department and direct dealing with international banks.
- 1994: Direct links are established with international banks.
- 1995: First in Palestine to introduce SWIFT services with correspondent banks.
- 1998: First to establish a card processing center in Palestine.
- 1999: Introduction of ATM’s and Points of Sale to the banking system.
- 2000: Launch of GPRS Point of Sale service and Through ATM’s.
- 2002: Introduction of ATM’s and Points of Sale to the banking system.
- 2005: BoP shares are listed on the Palestine Stock Exchange.
- 2006: First in Palestine to introduce SWIFT services with correspondent banks.
- 2007: First in Palestine to introduce SWIFT services with correspondent banks.
- 2008: First to establish a card processing center in Palestine.
- 2009: Launch of GPRS Point of Sale service and through ATM’s.
- 2010: Establishment of international trade department and direct dealing with international banks.
- 2011: Introduction of ATM’s and Points of Sale to the banking system.
- 2012: First in Palestine to introduce SWIFT services with correspondent banks.
Palestine’s largest banking network with 48 branches across all major cities & underbanked areas

Growth in no. of branches

BOP - Expansion of Banking Network
BOP - Hebron & Bethlehem Flagship Buildings
Bank of Palestine holds the leading market position as the agent for VISA and Mastercard and sole provider of Palestine’s Point of Sale merchant network around 5000 - nationwide.
PalPay® is a leading Palestinian E-payment solutions provider for prepaid and utility payment systems.

These solutions will enable end users to pay utility bills and top-up mobile vouchers from Bank of Palestine ATMs, nationwide POS machines or by using Bank of Palestine electronic services such as online and mobile banking.

Our aim is to provide a complete solution for E-payment systems in Palestine. We provide our clients with full management capabilities to control business and revenues, maximize revenues through selling prepaid services and electronic money collection.
BOP - Subsidiary Companies - Al Wasata Securities Co.

- **Al-Wasata Securities**: Is the brokerage arm of Bank of Palestine, established in 2006 to provide brokerage solutions and services for trading in Palestine Exchange and other regional markets.

- **Al-Wasata** provides its services through its licensed brokers from the Palestinian Capital Market Authority and Palestine Exchange and through the E-trading system that facilitates trading in the Palestine Exchange from outside countries.

- Assets under management reached $360 million at the end of 2012.

- In 2012 and since its establishment (for the 6th consecutive year) Al-Wasata has been the number 1 broker in terms of number of new investor accounts opened (out of a total of 8 brokerage companies in Palestine).

- Al-Wasata had the highest trading volume in the second half of 2012 compared with the other brokerage companies in Palestine.
$976 million in loans granted by Bank of Palestine to date

$160 million
granted to over 2,000 MSMEs sustaining 10,000 jobs
**MSME’s** make up 90% of the Palestinian economy.

Bop has financed MSME’s in several industries including:

- Industry, commerce, services, agriculture, tourism, and construction.
- Fairtrade Olive Oil - Medium Business Loan
- Kindergarten - Micro Loan to Female Entrepreneur
- Printing House - Small Business Loan
- Fisherman Loans
In 2010, and for the first time in the region, BoP launched a distinctive program entitled the Green Loans Program in partnership with the company Green Palestine.

The program will enable residents of rural areas to invest in renewable access to energy and resources such as:

- Solar Energy
- Greywater Recycling
- Rainwater Harvesting
There are over 7 million Palestinians living in Diaspora with an estimated GDP of $70 billion.

BoP has established a dedicated Diaspora Unit, with the purpose of strengthening bonds with Palestinians living in Diaspora, in addition to offering them competitive services in:

- Retail Banking
- Corporate Banking
- Business Advisory Services
- Investment and Brokerage Services

BoP is planning to open representative offices in both Santiago, Chile and Dubai, UAE by 2014. These two countries are home to large Palestinian Diaspora populations.
A holistic sustainability strategy:

- Building a sustainable economy.
- Promoting sustainable finance.
- Developing communities.

*We contribute 5% of annual net profits towards CSR*
BOP - Awards

BEST BANK IN PALESTINE

- EUROMONEY AWARD FOR EXCELLENCE: BEST BANK IN PALESTINE (2011, 2012)
- GLOBAL FINANCE: BEST BANK IN PALESTINE (2012)
- MIDDLE EAST IR SOCIETY AWARD: BEST COMPANY FOR INVESTOR RELATIONS IN PALESTINE
- GLOBAL FINANCE: BEST TRADE FINANCE BANK IN PALESTINE (2012)
- EMEA FINANCE: BEST BANK IN PALESTINE (2011, 2012)
- CPI FINANCIAL/BANKER ME: BEST BANK IN PALESTINE 2012
- CPI FINANCIAL/BANKER ME: FASTEST GROWING BANK IN PALESTINE 2012
- RANKED IN 2012 AS ONE OF THE TOP 100 BANKS IN THE MIDDLE EAST BY CPI FINANCIAL 100
- FT/IFC: SUSTAINABLE BANK OF THE YEAR NOMINATION 2012
<table>
<thead>
<tr>
<th>C. A. Type</th>
<th>Announcement Date</th>
<th>Dividend Date</th>
<th>Record Date</th>
<th>Outstanding Shares Before C.A.</th>
<th>Cash Dividends -$</th>
<th>No. Of New Shares</th>
<th>Outstanding Shares After C.A.</th>
<th>% of Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock Dividend</td>
<td>27/04/2012</td>
<td>29/04/2012</td>
<td>2/5/2012</td>
<td>120,000,000</td>
<td>14,000,000</td>
<td>120,000,000</td>
<td>134,000,000</td>
<td>11.6667</td>
</tr>
<tr>
<td>Cash Dividends-$</td>
<td>27/04/2012</td>
<td>29/04/2012</td>
<td>2/5/2012</td>
<td>120,000,000</td>
<td>9,000,000</td>
<td>120,000,000</td>
<td>120,000,000</td>
<td>7.5000</td>
</tr>
<tr>
<td>Stock Dividend</td>
<td>29/04/2011</td>
<td>2/5/2011</td>
<td>4/5/2011</td>
<td>100,000,000</td>
<td>20,000,000</td>
<td>120,000,000</td>
<td>120,000,000</td>
<td>20.0000</td>
</tr>
<tr>
<td>Cash Dividends-$</td>
<td>30/4/2010</td>
<td>3/5/2010</td>
<td>30/4/2010</td>
<td>100,000,000</td>
<td>20,000,000</td>
<td>100,000,000</td>
<td>100,000,000</td>
<td>20.0000</td>
</tr>
<tr>
<td>Stock Dividend</td>
<td>24/04/2009</td>
<td>26/04/2009</td>
<td>28/04/2009</td>
<td>81,404,137</td>
<td>18,595,863</td>
<td>100,000,000</td>
<td>100,000,000</td>
<td>22.8439</td>
</tr>
<tr>
<td>IFC Private Placement</td>
<td>15/06/2008</td>
<td>16/06/2008</td>
<td>15/06/2008</td>
<td>77,333,930</td>
<td>4,070,207</td>
<td>81,404,137</td>
<td>77,333,930</td>
<td>5.0000</td>
</tr>
<tr>
<td>Stock Dividend</td>
<td>25/04/2008</td>
<td>27/04/2008</td>
<td>29/04/2008</td>
<td>59,769,737</td>
<td>17,564,193</td>
<td>77,333,930</td>
<td>37.5557</td>
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<tr>
<td>Stock Dividend</td>
<td>14/04/2006</td>
<td>16/04/2006</td>
<td>18/04/2006</td>
<td>24,693,296</td>
<td>11,605,850</td>
<td>36,299,146</td>
<td>36,299,146</td>
<td>47.0000</td>
</tr>
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</table>
2012 results are based on Bank of Palestine's preliminary results disclosed on February 13, 2013
BOP - Key Performance Indicators

### CAGR from 2007 - 2012
- **Loans**: 32.01%
- **Customer Deposits**: 17.99%
- **Shareholder Equity**: 20.22%
- **Assets**: 18.85%
- **Net Profits**: 13.26%

---

**Assets**

- Yearly values from 2002 to 2012.
- Chart showing evolution in $ Million.

**Deposits**

- Yearly values from 2002 to 2012.
- Chart showing evolution in $ Million.

**Loans**

- Yearly values from 2002 to 2012.
- Chart showing evolution in $ Million.

**Net Profit**

- Yearly values from 2002 to 2012.
- Chart showing evolution in $ Million.
BOP - Key Performance Indicators

- **Market share of Loans (%)**
  - 2003: 11.02%
  - 2004: 12.23%
  - 2005: 13.3%
  - 2006: 14.3%
  - 2007: 14.8%
  - 2008: 17.6%
  - 2009: 17.26%
  - 2010: 19.19%
  - 2011: 20.54%
  - 2012: 23.75%

- **Market share of Deposits (%)**
  - 2003: 5.98%
  - 2004: 7.26%
  - 2005: 8.98%
  - 2006: 11.3%
  - 2007: 12.93%
  - 2008: 14.03%
  - 2009: 16.71%
  - 2010: 18.44%
  - 2011: 18.6%
  - 2012: 20.79%

- **Growth in no. of Employees**
  - 2002: 386
  - 2003: 423
  - 2004: 564
  - 2005: 635
  - 2006: 695
  - 2007: 752
  - 2008: 864
  - 2009: 1,061
  - 2010: 1,139

- **Growth in no. of Customers**
  - 2002: 84,202
  - 2003: 112,289
  - 2004: 154,026
  - 2005: 195,987
  - 2006: 222,866
  - 2007: 256,240
  - 2008: 376,489
  - 2009: 429,149
  - 2010: 483,887
  - 2011: 542,199
  - 2012: 621,983

- **NPLs**

- **Gross loans**

- **Provisions**

- **Acceptable collaterals for NPLs**

- **NPLs/gross loans**

- **Coverage ratio = provisions / NPLs**

- **Acceptable collaterals for NPLs / NPLs**
<table>
<thead>
<tr>
<th>Ratio</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA (net profit/total assets)</td>
<td>1.93%</td>
</tr>
<tr>
<td>ROE (net profit / total equity)</td>
<td>17.50%</td>
</tr>
<tr>
<td>Leverage (total assets/total equity)</td>
<td>9.08%</td>
</tr>
<tr>
<td>Spread (yield on earning assets-cost of funds)</td>
<td>4.14%</td>
</tr>
<tr>
<td>Net interest margin (net interest income/earning assets)</td>
<td>4.09%</td>
</tr>
<tr>
<td>Other operating margin (total non-interest income/total assets)</td>
<td>1.92%</td>
</tr>
<tr>
<td>Efficiency Ratio (overhead costs/total operating income)</td>
<td>50.71%</td>
</tr>
<tr>
<td>Overhead Cost (overhead/ Assets )</td>
<td>2.58%</td>
</tr>
<tr>
<td>Yield on EA (interest income/earning assets)</td>
<td>4.27%</td>
</tr>
<tr>
<td>Cost of Funds (interest expense /interest bearing liabilities)</td>
<td>0.58%</td>
</tr>
</tbody>
</table>
BOP makes up 14% of total PEX market cap

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Capitalization</th>
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</thead>
<tbody>
<tr>
<td>2010</td>
<td>$340,000,000</td>
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<tr>
<td>2011</td>
<td>$348,000,000</td>
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<tr>
<td>2012</td>
<td>$400,660,000</td>
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</table>

<table>
<thead>
<tr>
<th>February 20, 2012</th>
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</thead>
<tbody>
<tr>
<td>Share price</td>
</tr>
<tr>
<td>Earning per share</td>
</tr>
<tr>
<td>Price to earning per share</td>
</tr>
<tr>
<td>Book value</td>
</tr>
<tr>
<td>Price to book</td>
</tr>
</tbody>
</table>