Palestinian Population

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

60% UNDER THE AGE OF 24
GDP & SECTOR CONTRIBUTION TO GDP IN PALESTINE

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>$1,737</td>
<td>$1,815</td>
<td>$2,185</td>
<td>$2,489</td>
</tr>
</tbody>
</table>

- **Wholesale, retail trade, repair of motor vehicles**: 9%
- **Agriculture, forestry & fishing**: 14%
- **Mining, manufacturing, electricity & water**: 10%
- **Construction**: 13%
- **VAT on imports & Customs Duties**: 2%
- **Transportation & Storage**: 3%
- **Financial & Insurance activities**: 7%
- **Public administration & defense**: 12%
- **Tourism**: 3%
- **Services**: 21%
- **Information & Communication**: 21%
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>
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</tr>
<tr>
<td>The National Bank (TNB)</td>
<td>Bank of Jordan</td>
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</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>
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</tr>
<tr>
<td>Palestine Islamic Bank</td>
<td>Jordan Commercial Bank</td>
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No. of Branches

<table>
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<tr>
<th>Year</th>
<th>Branches</th>
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</thead>
<tbody>
<tr>
<td>2001</td>
<td>124</td>
</tr>
<tr>
<td>2002</td>
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<tr>
<td>2003</td>
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<td>2008</td>
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<td>2009</td>
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<td>2010</td>
<td>211</td>
</tr>
<tr>
<td>2011</td>
<td>226</td>
</tr>
<tr>
<td>2012</td>
<td>232</td>
</tr>
</tbody>
</table>
GDP Growth

» 5.9%

Loan to Deposit Ratio

» 55.2%

Non-Performing Loans

» 2.3%
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**

- **Deposit Insurance Corporation**

  In 2013, the Deposit Insurance Corporation Law was enacted as the result of the intensive efforts in collaboration between the PMA, the Banking Association, and World Bank experts. The law establishes the Palestine Deposit Insurance Corporation which aims at safeguarding small depositors, maintaining the stability of the banking system, and thus mobilizing more savings that would enable banks to play a better role in the economy.

  The PMA joined the International Association of Deposit Insurers (IADI), which has more than 132 countries as members.
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

49 listed companies on PEX (2013) 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
BANK OF PALESTINE OVERVIEW
Growth Of Assets & Milestones
1961 - 1H2013

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.

1981 First bank to introduce computers in Palestine

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 First to establish a card processing center in Palestine

2002 Establishment of international trade department and direct dealing with international banks.

2005 BoP shares are listed on the Palestine Stock Exchange.

2006 Founding of BoP’s investment arm - Al Wasata Securities Co. and opening of its first office in Gaza city.

2009 Launch of GPRS Point of Sale service and Through ATM’s.

2011 Established PalPay® - Electronic Payment Solutions

2011 Established PalPay® - Electronic Payment Solutions
Palestine’s largest banking network with 48 branches across all major cities & underbanked areas

Growth in no. of branches
BOP - General Management Headquarters | Ramallah
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.
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.
$1 billion in loans granted by Bank of Palestine to date

- Retail: 37%
- MSMEs: 32%
- Corporate: 17%
- Government: 14%

$140 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.
Green Loans

In 2010, and for the first time in the region, BOP launched a distinctive programme entitled Green Loans to 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 Chile and the 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

- Middle East IR Society Award: Best Company for Investor Relations in Palestine (2012, 2013)
- Ranked as one of the Top 100 Banks in the Middle East by CPI Financial 100
- The Banker: Best Bank in Palestine (2013)
<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 -$</th>
<th>No. Of New Shares</th>
<th>Outstanding Shares After C.A.</th>
<th>% of Dividend</th>
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</thead>
<tbody>
<tr>
<td><strong>2013</strong></td>
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<tr>
<td>Stock Dividend</td>
<td>26/04/2013</td>
<td>05/05/2013</td>
<td>02/05/2013</td>
<td>134,000,000</td>
<td>16,000,000</td>
<td>150,000,000</td>
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<tr>
<td>Cash Dividend-$</td>
<td>26/04/2013</td>
<td>28/04/2013</td>
<td>02/05/2013</td>
<td>10,050,000</td>
<td></td>
<td>134,000,000</td>
<td>7.5000</td>
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<td><strong>2012</strong></td>
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</tr>
<tr>
<td>Stock Dividend</td>
<td>27/04/2012</td>
<td>29/04/2012</td>
<td>02/05/2012</td>
<td>120,000,000</td>
<td>14,000,000</td>
<td>134,000,000</td>
<td>11.6667</td>
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<td>Cash Dividend-$</td>
<td>27/04/2012</td>
<td>29/04/2012</td>
<td>02/05/2012</td>
<td>9,000,000</td>
<td></td>
<td>120,000,000</td>
<td>7.5000</td>
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<tr>
<td><strong>2011</strong></td>
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<tr>
<td>Stock Dividend</td>
<td>29/04/2011</td>
<td>02/05/2011</td>
<td>40/5/2011</td>
<td>100,000,000</td>
<td>20,000,000</td>
<td>120,000,000</td>
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<td>Cash Dividend-$</td>
<td>30/04/2010</td>
<td>03/05/2010</td>
<td>30/4/2010</td>
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<td>20.0000</td>
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<td><strong>2010</strong></td>
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<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>
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<td><strong>2009</strong></td>
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<tr>
<td>Stock Dividend</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>5.0000</td>
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<td>IFC Private Placement</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><strong>2008</strong></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Secondary Public Offering</td>
<td>06/04/2007</td>
<td>08/04/2007</td>
<td>10/04/2007</td>
<td>46,768,424</td>
<td>13,001,313</td>
<td>59,769,737</td>
<td>35.8171</td>
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<tr>
<td><strong>2006</strong></td>
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<td></td>
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<td></td>
</tr>
<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>47.0000</td>
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</tr>
</tbody>
</table>
1H 2013 results are based on Bank of Palestine's interim results disclosed in August 2013
GROWTH IN THE PALESTINIAN BANKING SECTOR VS. BOP

Year-on-year percentage growth

**Growth in Loans**

- 2008: 17.1%
- 2009: 20.3%
- 2010: 58.8%
- 2011: 32.1%
- 2012: 35.6%

**Growth in Deposits**

- 2008: 23.7%
- 2009: 21.0%
- 2010: 23.1%
- 2011: 3.6%
- 2012: 7.3%
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%

Net Profit: $18.7 million: 1H2013
BOP - Key Performance Indicators

Paid Capital

Shareholders' Equity

$ Million

$ Million

BOP - Key Performance Indicators

- **Growth in no. of Employees**
- **Market share of Loans (%)**
- **Growth in no. of Customers**
- **Market share of Deposits (%)**
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FOR FURTHER INFORMATION PLEASE CONTACT

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