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)

Age % of total population
- 0-14: 60%
- 15-24: 15.78%
- 25-34: 25.78%
- UNDER THE AGE OF 24: 75.8%
GDP & SECTOR CONTRIBUTION TO GDP IN PALESTINE

**GDP/ Capita**

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP/ Capita</th>
</tr>
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<tbody>
<tr>
<td>2008</td>
<td>$1,737</td>
</tr>
<tr>
<td>2009</td>
<td>$1,815</td>
</tr>
<tr>
<td>2010</td>
<td>$2,185</td>
</tr>
<tr>
<td>2011</td>
<td>$2,489</td>
</tr>
<tr>
<td>2012</td>
<td>$2,500</td>
</tr>
</tbody>
</table>

**Diagram**

- **Services**: 21%
- **Information & Communication**: 7%
- **Tourism**: 3%
- **Public administration & defense**: 14%
- **Agriculture, forestry & fishing**: 12%
- **Mining, manufacturing, electricity & water**: 4%
- **Construction**: 10%
- **VAT on imports & Customs Duties**: 13%
- **Transportation & Storage**: 5%
- **Financial & Insurance activities**: 2%
17 BANKS Operating in Palestine

<table>
<thead>
<tr>
<th>Local Banks (7)</th>
<th>Foreign Banks (10)</th>
<th>Other Foreign Banks (2)</th>
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</thead>
<tbody>
<tr>
<td>Commercial Banks (5)</td>
<td>Jordanian (8)</td>
<td></td>
</tr>
<tr>
<td>Bank of Palestine (BOP)</td>
<td>Cairo Amman Bank</td>
<td>Egyptian Arab Land Bank</td>
</tr>
<tr>
<td>Palestine Investment Bank (PIBC)</td>
<td>Arab Bank</td>
<td>HSBC Bank Middle East Limited</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>
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<tr>
<td>Palestine Islamic Bank</td>
<td>Jordan Commercial Bank</td>
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</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Branches</th>
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<tbody>
<tr>
<td>2001</td>
<td>124</td>
</tr>
<tr>
<td>2002</td>
<td>125</td>
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<tr>
<td>2003</td>
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<td>2009</td>
<td>209</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>
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</tbody>
</table>
BANKING SECTOR OVERVIEW - Assets | Deposits | Loans

Assets

Deposits

Loans

$ Billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
<th>Deposits</th>
<th>Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>4.423</td>
<td>3.399</td>
<td>1.220</td>
</tr>
<tr>
<td>2002</td>
<td>4.269</td>
<td>3.430</td>
<td>1.072</td>
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<tr>
<td>2003</td>
<td>4.729</td>
<td>3.624</td>
<td>1.428</td>
</tr>
<tr>
<td>2004</td>
<td>5.114</td>
<td>3.958</td>
<td>1.786</td>
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<td>2005</td>
<td>5.601</td>
<td>4.190</td>
<td>1.903</td>
</tr>
<tr>
<td>2006</td>
<td>5.737</td>
<td>4.203</td>
<td>1.758</td>
</tr>
<tr>
<td>2007</td>
<td>6.983</td>
<td>5.118</td>
<td>1.721</td>
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<td>2008</td>
<td>7.401</td>
<td>5.847</td>
<td>2.164</td>
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<td>2009</td>
<td>7.876</td>
<td>6.295</td>
<td>3.553</td>
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<tr>
<td>2010</td>
<td>9.110</td>
<td>6.972</td>
<td>4.111</td>
</tr>
<tr>
<td>2011</td>
<td>9.797</td>
<td>7.484</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>226</td>
<td></td>
<td></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.
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
THE PALESTINE EXCHANGE

- 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
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

1985 Direct links are established with international banks.

1994 First in Palestine to introduce SWIFT services with international banks.

1995 First in Palestine to introduce SWIFT services with correspondent banks.

1998 First to establish a card processing center in Palestine.

2000 Introduction of ATM’s and Points of Sale to the banking system.

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.

2012 Established PalPay® - Electronic Payment Solutions.

2010 US$ 497,000,000

2011 US$ 2.34 billion

2012 US$ 2 billion

2013 US$ 1,653,960,732

2014 US$1,545,000,000

2015 US$1,280,000,000

2016 US$ 1 billion

1961-1984 US$ 2 billion
Palestine’s largest banking network with 50 branches across all major cities & underbanked areas

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

- 36% Retail
- 31% MSMEs
- 19% Corporate
- 14% Government

$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.
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
- Other environmentally friendly projects
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.
BOP - SUSTAINABILITY

A holistic sustainability strategy:

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

We contribute 5% of annual net profits towards CSR.
BEST BANK IN PALESTINE

- GLOBAL FINANCE: BEST BANK IN PALESTINE (2012, 2013)
- MIDDLE EAST IR SOCIETY AWARD: BEST COMPANY FOR INVESTOR RELATIONS IN PALESTINE (2012, 2013)
- GLOBAL FINANCE: BEST TRADE FINANCE BANK IN PALESTINE (2012, 2013)
- CPI FINANCIAL/BANKER ME: BEST BANK 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 -$</th>
<th>No. Of New Shares</th>
<th>Outstanding Shares After C.A.</th>
<th>% of Dividend</th>
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</thead>
<tbody>
<tr>
<td>Stock Dividend</td>
<td>26/04/2013</td>
<td>05/05/2013</td>
<td>02/05/2013</td>
<td>134,000,000</td>
<td>16,000,000</td>
<td>150,000,000</td>
<td>11.94</td>
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<tr>
<td>Cash Dividend-$</td>
<td>26/04/2013</td>
<td>28/04/2013</td>
<td>02/05/2013</td>
<td>10,050,000</td>
<td>134,000,000</td>
<td>7.5000</td>
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<td></td>
</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>
<td></td>
</tr>
<tr>
<td>Cash Dividend-$</td>
<td>27/04/2012</td>
<td>29/04/2012</td>
<td>02/05/2012</td>
<td>9,000,000</td>
<td>120,000,000</td>
<td>7.5000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock Dividend</td>
<td>29/04/2011</td>
<td>02/05/2011</td>
<td>40/5/2011</td>
<td>100,000,000</td>
<td>20,000,000</td>
<td>120,000,000</td>
<td>20.0000</td>
<td></td>
</tr>
<tr>
<td>Cash Dividend-$</td>
<td>30/04/2010</td>
<td>03/05/2010</td>
<td>30/4/2010</td>
<td>100,000,000</td>
<td>20,000,000</td>
<td>100,000,000</td>
<td>20.0000</td>
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<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>22.8439</td>
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<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>
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<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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<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>
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<td>11,605,850</td>
<td>36,299,146</td>
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</tbody>
</table>
BOP'S CORRESPONDENT BANKS

HSBC - The world's local bank

Citi - Citi never sleeps

BBVA

Deutsche Bank

Bank of Tokyo-Mitsubishi UFJ

QNB

Türkiye İş Bankası

Bank Hapoalim

Fortis Bank

KEB Commerzbank

Emirates NBD

National Bank of Abu Dhabi

BNP Paribas

National Bank of Egypt

Intesa Sanpaolo

Australia Bank Asia

ABN AMRO

DNB

Handelsbanken

Grupo Popular

Argentaria

Al Rajhi Bank
GROWTH IN THE PALESTINIAN BANKING SECTOR VS. BOP

Year-on-year percentage growth
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%

Profit before tax: $38.6 million: 3Q2013
Visit our 2012 Annual Report Website

Save Paper & Go Digital

bop.ps/ir/en/ar2012