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Palestine Market And Financial Sector Overview
MARKET REVIEW- DEMOGRAPHICS

PALESTINE TOTAL POPULATION: 12.77M
In Palestine: 4.95 M (38%)
In the Diaspora: 7.82M (62%)

LITERACY RATE
95%

CURRENCY
Jordanian Dinar JOD
American Dollar USD
Israeli Shekel ILS
GDP | Capita

<table>
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<tr>
<th>Year</th>
<th>GDP Capita</th>
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<td>2009</td>
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<td>$2,943</td>
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<tr>
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</tbody>
</table>

GDP $14.49 billion (2017)

- New potential could unleash $5 billion/year infusion to GDP according to World Bank estimates
## Banks Operating in Palestine

### Local Banks (7)
- Commercial Banks (4)
  - Bank of Palestine (BOP)
  - Palestine Investment Bank (PIBC)
  - Al Quds Bank (QUDS)
  - The National Bank (TNB)
- Islamic Banks (3)
  - Arab Islamic Bank (AIB)
  - Palestine Islamic Bank (ISBK)
  - AL-Safa Bank (SAFA)

### Foreign Banks (7)
- Jordanian (6)
  - Arab Bank
  - Cairo Amman Bank
  - Jordan Ahli Bank
  - Bank of Jordan
- The Housing Bank for Trade & Finance
- Jordan Commercial Bank
- Jordan Kuwaiti Bank
- Other Foreign Banks (1)
  - Egyptian Arab Land Bank

### No. of Branches

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<td>9.797</td>
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<tr>
<td>2038</td>
<td>11.195</td>
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Assets:
- 3.5%
- 4.3%
- 8.06%
Bank of Palestine Market Share in the Palestine Exchange

- Bank of Palestine Market Share in deposits in Banking Sector: 30.61%
- Bank of Palestine Market Share in loans in Banking Sector: 32.27%
BANK OF PALESTINE
OVERVIEW
Growth Of Assets & Milestones

- **1960**: Founding of the bank in Gaza
- **1961**: First bank to introduce computers in Palestine
- **1961**: Bank is closed after the Israeli invasion of Gaza and the West Bank.
- **1995**: First in Palestine to introduce SWIFT services with correspondent banks
- **1994**: Direct links are established with international 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**: Establishment of international trade department and direct dealing with international banks.
- **2002**: Listing of BoP shares on the Palestine Stock Exchange.
- **2003**: Launch of GPRS Point of Sale service and Through ATM’s.
- **2004**: 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**: Establishment of PalPay - Electronic Payment Solutions
- **2012-2013**: Sustained Organic Growth
- **2014**: BOP becomes a member of the Global Alliance of the Banking on Values (GABV)
- **2015**: Acquisition of majority stake in Arab Islamic Bank, providing Islamic Solutions Banking
- **2016**: Merge of Palestine Commercial Bank into BOP
- **2016**: Becomes a Member of the Global Alliance of the Banking on Values (GABV)
- **2017**: Opening of BOP 2nd Representative Office in Shanghai
- **2018**: Opening of BOP’s first representative office in DIFC Dubai, UAE
- **2019**: Opening of BOP’s second representative office in Chile
- **2020**: Merger of Palestine Commercial Bank into BOP
- **2021**: Merger of Palestine Commercial Bank into BOP
- **2022**: Merger of Palestine Commercial Bank into BOP
- **2023**: Merger of Palestine Commercial Bank into BOP
- **2024**: Merger of Palestine Commercial Bank into BOP
- **2025**: Merger of Palestine Commercial Bank into BOP
- **2026**: Merger of Palestine Commercial Bank into BOP
- **2027**: Merger of Palestine Commercial Bank into BOP
- **2028**: Merger of Palestine Commercial Bank into BOP
- **2029**: Merger of Palestine Commercial Bank into BOP
- **2030**: Merger of Palestine Commercial Bank into BOP
Palestine’s largest banking network with **73 BRANCHES** across all major cities & underbanked areas

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<td>2000</td>
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BOP - FLAGSHIP BUILDINGS

BOP - RAMALLAH GENERAL MANAGEMENT HEADQUARTERS

BOP - BETHLEHEM FLAGSHIP BUILDING

BOP - JERICHO FLAGSHIP BUILDING

DIGITAL BRANCHES

TRAINING, WORKSHOPS, & NON-FINANCIAL SERVICES

BUSINESS BANKING

RETAIL BANKING
BOP - FLAGSHIP EAST JERUSALEM - DAHIYAT ALBARID BRANCH

OPENED 2017
There are around 7.8 million Palestinians living in Diaspora with an estimated GDP of $100 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 opened representative office in Chile by 2017, home to large Palestinian Diaspora population.
Dubai International Financial Center (DIFC) 2015

REPRESENTATIVE OFFICE SERVICES:

- Financial Advisory Services.
- Investment Advisory Services.
- Networking and Relationship Management among Diaspora Palestinians.
- Facilitation of Financial Services in Palestine (Account Opening, Fixed Time Deposits and Credit Cards).
- Mortgage Loans and Other Loans in Palestine.
- Treasury Services and Custody Services for Investments in the Palestine Stock Exchange (PEX).
Bank of Palestine
Representative Office - Chile
2017
Over $2.7 billion in loans granted by Bank of Palestine

NPL Ratio 3.36%
Early stage investment vehicle in youth and entrepreneurship

Specialized programs and employees to service Micro, Small, & Medium Sized Enterprizes (MSMEs)

Gender inclusion and women empowerment through a comprehensive program:
- Products
- Non-financial services
- Awareness
- CSR
Digital Banking

Mobile Banking – e-Bank

Cards

E Commerce

Cyber Security
BOP - SUSTAINABILITY STRATEGY

A holistic sustainability strategy:
· Promoting Sustainable Finance
· Developing a Sustainable Economy
· Gender Inclusion
· Investing in Youth
· BOP – A Sustainable Business
· Corporate Social Responsibility (CSR)

Green Loans
BOP created 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

We contribute 5% of our annual profits towards CSR

We hire 6% of all staff – Persons with Disabilities
BOP’S - CORRESPONDENT BANKS

- Citibank
- KEB
- Commerzbank
- Bank of Tokyo-Mitsubishi UFJ
- Handelsbanken
- Intesa Sanpaolo
- Emirates NBD
- BHI
- NAB
- DNB
- National Bank of Abu Dhabi
- ABN AMRO
- NBK
- BCP
- QNB
- Türkiye İş Bankası
- Al Rajhi Bank
- Housing Bank
- KBC
- BBVA
- Ahli Bank
- Arab Banking Corporation (B.S.C.)
- National Bank of Egypt
- Investbank
BOP - MEMBERSHIPS & RECOGNITIONS

**Bank of the Year for Financial Inclusion**

- The Banker: Bank of the Year 2016
- Euromoney: Awards for Excellence 2018
- Global Finance: Trade Finance Provider Award 2017
- Middle East Investor Relations Association: IR Awards Winner 2017
- Emefiance: Middle East Banking Awards 2017
- Global Alliance for Banking on Values
- Global Banking Alliance for Women
- World Economic Forum

**FIII Institute of International Finance**

**BOP - MEMBERSHIPS & RECOGNITIONS**

**Bank of Palestine (BOP)**

"It's high time we get more serious about financial inclusion. We can do much more to position banks at the core of people's lives so that we are meeting their real needs and the needs of the community as a whole."

- Kamal Hezr, Chairman and General Manager

**Palestine: Financial Inclusion Data**

- Population: 11.3
- GDP per capita: $2,334
- Household per 10,000 adults: 20
- Mobile users per 100 people: 20
- Smartphone per 100 people: 35
- Internet penetration: 35%
- Mobile banking users, age 46:
- Financially included population: 33.9

**Financial Inclusion Strategies**

- Well-integrated with other opportunities: BOP has a Bank of Finance, a bank that serves people who are financially excluded. It offers collaborative services through mobile banking, which is increasing financial inclusion.
- By creating a seamless ecosystem, BOP has built several initiatives to meet the needs of women, whether it's through microfinance or providing education on financial literacy.
- A leader in digitalization, BOP has introduced mobile banking solutions that allow people to access financial services without the need for a physical bank branch.
- Building trust and strengthening relationships with customers is a priority for BOP. It provides personalized services that cater to the specific needs of each customer.
- Enhancing financial inclusion: BOP is committed to integrating financial services into people's daily lives. It offers a range of products and services that make it easier for people to manage their finances, save for the future, and plan for their financial security.
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 20 branches Islamic Banking solutions to a growing segment of customers requiring such sharia’ compliant solutions. The bank has assets of USD 1,020,946,793, with net profits H1 2018 of USD 3,372,651.
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. The company ranked number one (out of eight brokerage companies) in Palestine with respect to attracting new investors. It now has a 36.72% market share in terms of number of investors, USD 66 million trading volume in local & regional markets, and more than USD 523 million worth of shares under management.
PalPay® – Palestine Payments – As the leading payment platform company PalPay has been 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 8.06 million, an increase of 21.96% compared with the first half of 2017. The company also continued to sign agreements with additional utility companies in Palestine to allow their clients to make e-payments through the PalPay® system. PalPay® has raised to 100 entities the number of service customers using its platform.

Palpay® creates the first E-government payment platform for paying all tickets, this will help to collect small and big tickets for the government. This will lead to a huge transactions and banking services, this step and the entry of 3G to Palestine will enhance BOP strategy toward E-Banking through mobiles and online banking.

The company also promoted its services regionally, as it was one of the main sponsors of the Cards and Payments Middle East conference that took place in Duba.
Risk management framework

Infrastructure
- People → Mandates, roles & responsibilities
- Organisation structure
- IT → Databases, systems

Processes
- Assessment
- Measurement (inc. tools)
- Monitoring and reporting
- Mitigation and control
- Optimisation

Policies
- Documentation & Implementation of procedures for all business units & product types

Day to day risk management
- Risk analysis
- Limits
- Pricing
- Capital management
- Learning and development
Bank of Palestine has a dedicated Compliance and AML Department.

Compliance and AML are independent and reports to the Board Audit Committee.

Bank of Palestine is in compliance with Local AML and CFT regulations working with the Palestinian Monitory Authority (PMA) and Financial Follow Up Unit (FFU).

New AML and CFT law signed by the president in December 2015. For the first time the Palestinian law addresses combating financing of terrorism.

A presidential decree concerning the enforcement of UN security council resolutions.

Bank of Palestine is in compliance with International AML and CFT regulations and Standards.

Bank of Palestine as part of its compliance adheres to all correspondent banks’ lists including Israeli list, OFAC, EU regulations and other international lists.

Bank of Palestine through the regulatory authorities works with US Treasury (FATCA compliant), IMF and FATF on enhancing the compliance system within the bank.

AML and CFT program is continuously updated through technology and training.

Adhering to a strict policy on updating clients data on a regular basis.

Using advanced AML systems for monitoring accounts clients transactions to detect any potential suspicious transactions.

A third of our employees get intensive training in AML and CFT on a yearly basis.
BANK OF PALESTINE
FINANCIAL HIGHLIGHTS
BOP - KEY PERFORMANCE INDICATORS

Profit Before Tax

Net Profit

Million (USD)
BOP - KEY PERFORMANCE INDICATORS

**Loans**

Billion (USD)

- 2005: 142
- 2006: 156
- 2007: 243
- 2008: 285
- 2009: 343
- 2010: 545
- 2011: 720
- 2012: 976
- 2013: 1,103
- 2014: 1,151
- 2015: 1,388
- 2016: 2,51
- 2017: 2,213
- 2018: 2,64

**Shareholders' Equity**

Million (USD)

- 2005: 43
- 2006: 56
- 2007: 90
- 2008: 123
- 2009: 150
- 2010: 164
- 2011: 194
- 2012: 221
- 2013: 252
- 2014: 280
- 2015: 305
- 2016: 403
- 2017: 449
- 2018: 382
BOP - KEY PERFORMANCE INDICATORS

Paid-Up Capital

Million (USD)

No. of Employees

---

SLIDE N°. 33
BOP - KEY PERFORMANCE INDICATORS

No. of Customers

No. of Branches
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<td>ROE</td>
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<td>Net Interest and Commissions Income/Total Revenues</td>
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<td>Market Share - Deposits</td>
<td>30.61%</td>
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<td>Market Share - Loans</td>
<td>32.27%</td>
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<td>Loans/Deposits Ratio</td>
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70% Young Population

77.5% mobile penetration

61% Internet Penetration

Major opportunity for infrastructure projects

New potential could unleash $5 billion/year infusion to GDP according to World Bank estimates

Reaching the Unbanked (PMA Date: 2018)

- 22.7% of the population (age 15+) have accounts
- 9.2% of the population (age 15+) have formal savings
- 5.1% of the population (age 15+) have formally borrowed