

Flash Result Report

Bank of Palestine - BOP



3/2/2010

Research Department

Research@Sahem-inv.com

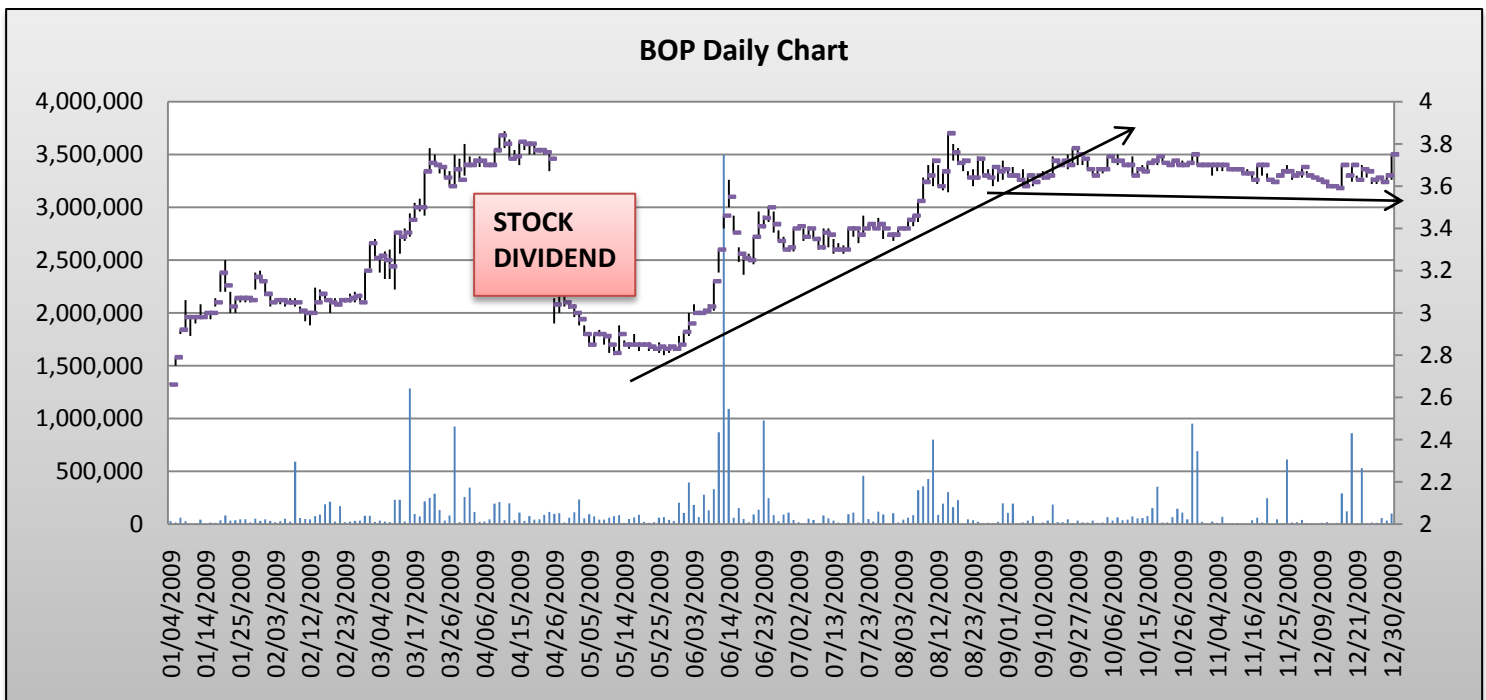
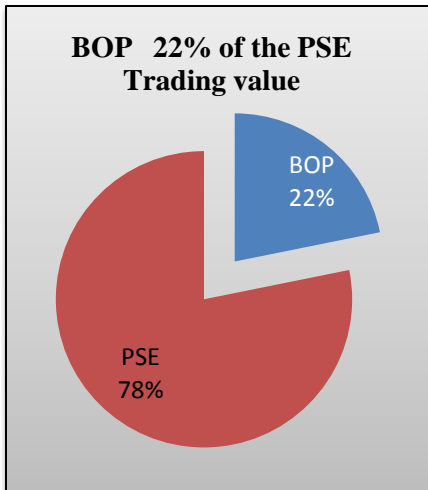
SYMBOL	BOP
MARKET PRICE	3.70
52 WEEK HIGH	3.86
52 WEEKS LOW	2.80
CAPITAL (000)	100,000
BOOK VALUE	1.50
CURRENCY	USD
EPS	0.282
P/E	13.12
SECTOR P/E	13.08
MARKET P/E	11.2
MARKET CAP	370 Million

Bank Of Palestine

Listed in Palestine Securities Exchange

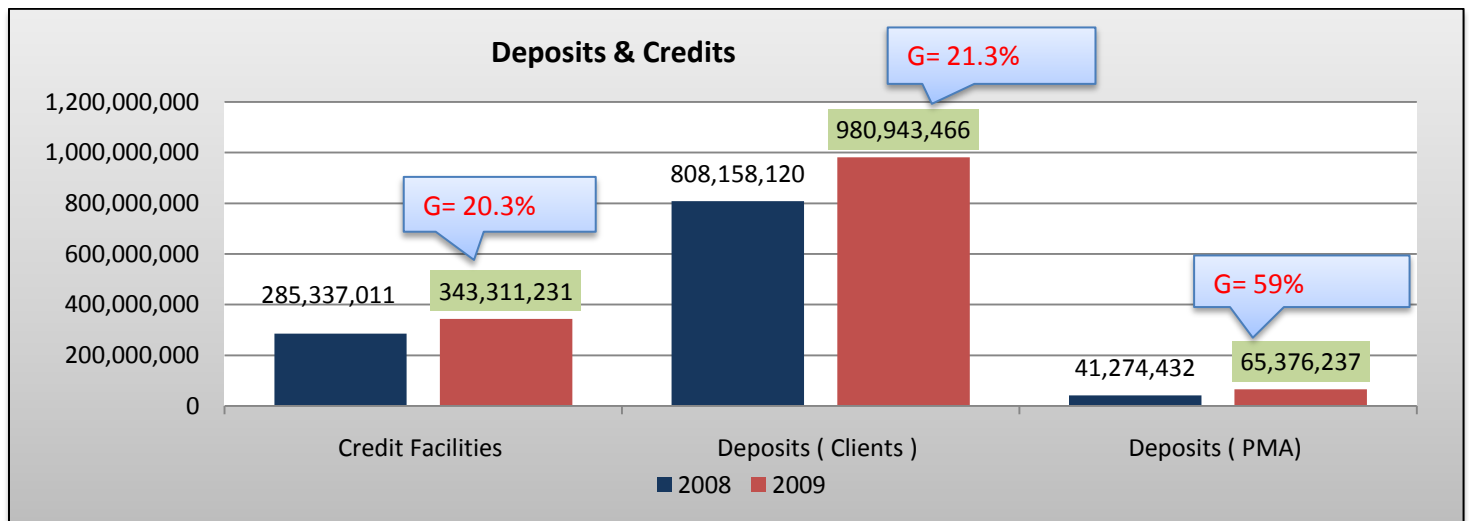
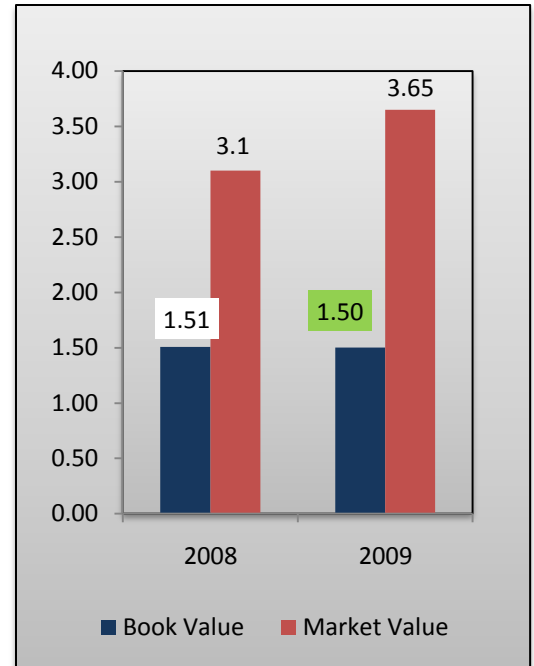
Bank of Palestine P.L.C. is a Palestinian financial institution operating through the Palestinian Authority region with 32 branches and offices, in addition to its headquarters in Gaza city. The Bank provides both personal and corporate banking services. The personal banking services include current and saving accounts, loans, credit cards, certified deposit, international money transfer and other banking services. The corporate banking services include project financing, letters of credit, letters of guarantee, financing commercial contracts, bills collection, credit facilities, international money transfer, card acceptance, electronic banking services and treasury services. The Bank's subsidiaries are 2000 Investment and Money Transfer Co., Securities Brokerage Co., and Al Wasata Securities.

Currently, there are 21 banks operating in Palestine through a network of more than 180 branches and representative offices. Of this total, there are eleven foreign banks that comprise of eight Jordanian and two Egyptian banks, in addition to one branch for the HSBC. Three of the banks operating in Palestine are Islamic and the remaining are commercial non-Islamic banks. Regarding trading activity in 2009, 93.88 million shares were traded accounting for 39.3% of total traded shares. The value of traded shares stood at USD 176.88 million, 35.35% of the total value of traded shares. There were 24,375 contracts executed, which stand for 27.44% of total executed contracts in the PSE in 2008 .



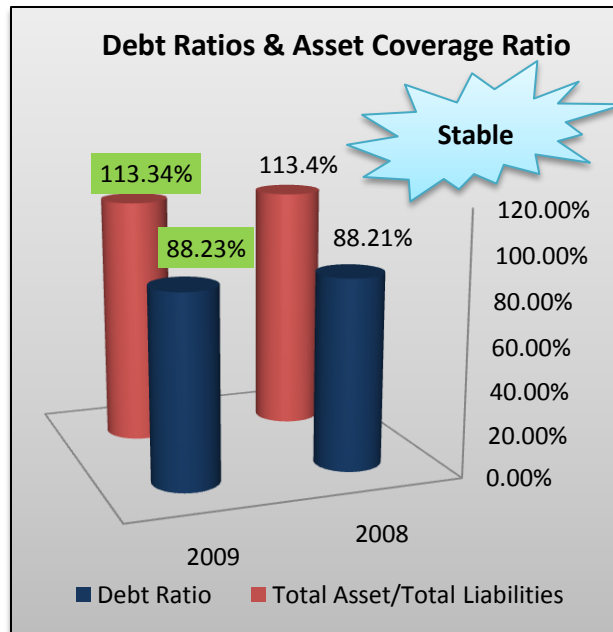
BALANCE SHEET

CATEGORIES	2008	2009	Δ%
TOTAL ASSET	1,045,784,065	1,281,830,469	22.57%
CURRENT ASSET	1,021,140,250	1,252,790,158	22.69%
NON-CURRENT ASSET	24,643,815	29,040,311	17.84%
SECURITIES (TRADING)	11,765,851	21,362,124	81.56%
SECURITIES (AVAILABLE FOR SALE)	94,020,044	210,403,643	123.7%
CREDIT FACILITIES	285,337,011	343,311,231	20.32%
TOTAL EQUITY	123,169,873	150,879,817	22.50%
CAPITAL	81,404,137	100,000,000	22.84%
MINORITY INTEREST	495,831	594,745	19.95%
STATUTORY RESERVES	10,092,391	12,930,206	28.12%
RETAINED EARNING	19,382,844	23,614,897	21.83%
TOTAL EQUITY FOR SHARE HOLDER	122,674,042	150,285,072	22.51%
TOTAL LIABILITIES	922,514,192	1,130,950,652	22.59%
DEPOSITS (CLIENTS)	808,158,120	980,943,466	21.38%
DEPOSITS (PMA)	41,274,432	65,376,237	58.39%



- 1- Total Asset increased by 22.57% resulted from
 - ✓ Increasing of securities available for sale from USD 5.9 Million dollars at the end of 2008 to USD 14.5 million dollars.
 - ✓ Increasing of trading securities by 81%
 - ✓ Increasing of clients credit facilities by 20.3% amounted of USD 58 Million Dollar.
- 2- Total Liabilities increased by 22.5% affected by an increased of Clients deposit by 21.38% and PMA deposit by 58.3%
- 3- Bank of Palestine increased its capital from 81.4 million share to 100 Million, by stock dividends.
- 4- Bop also enhanced its legal reserve by USD 2.8 million dollar

RATIO ANALYSIS	2008	2009
BOOK VALUE	1.51	1.50
MARKET VALUE	3.10	3.75
P/BV	2.06	2.43
TOTAL ASSET/EQUITY	8.49	8.50
TOTAL LIABILITIES /EQUITY	7.49	7.50
TOTAL ASSET/TOTAL LIABILITIES	113.4%	113.34%
LONG TERM DEBT / LONG TERM CAPITAL	90.85%	90.75%
DEBT RATIO	88.21%	88.23%
TOTAL ASSET TURN OVER	4.62%	2.89%
CURRENT ASSET TURN OVER	4.73%	2.96%
FIX ASSET TURN OVER	38.76%	62.4
CURRENT RATIO	1.11	1.10
WORKING CAPITAL	98,626,058	121,839,506

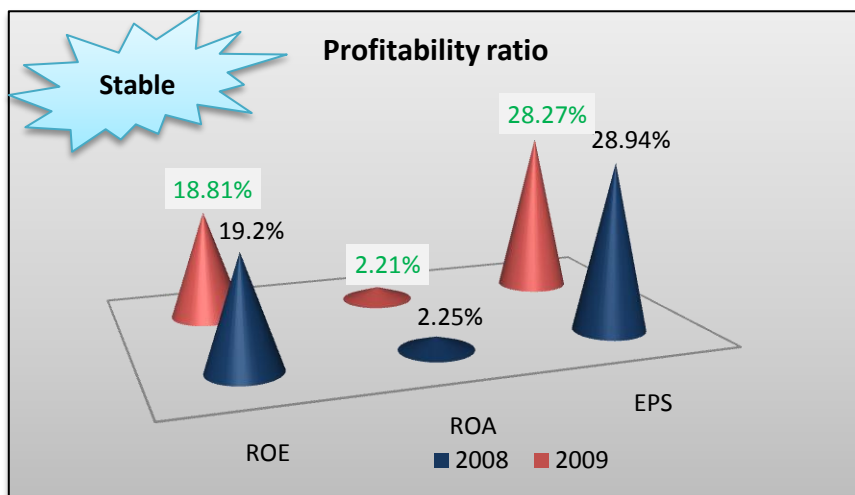


INCOME STATEMENT

CATEGORIES	2008	2009	Δ%
INTEREST REVENUES	48,337,598	37,028,954	-23.40%
COMMISSION INCOME	9,242,038	13,147,965	104.18%
GAIN FORM FINANCIAL INSTRUMENT	-2,821,142	147,506	105.23%
OTHER OPERATING INCOME	8,806,530	13,506,520	53.37%
OPERATING INCOME	48,925,145	46,129,501	-5.71%
TOTAL EXPENSES	31,134,330	29,999,688	-3.64%
NET PROFIT	23,610,956	28,371,928	20.16%
NET ASSET ATTRIBUTABLE TO EQUITY HOLDER OF THE PARENT	23,556,336	28,273,014	20.02%

Bank of Palestine (BOP) net profit attributable to the share holder increased by 20.02% this increased ascribed to :

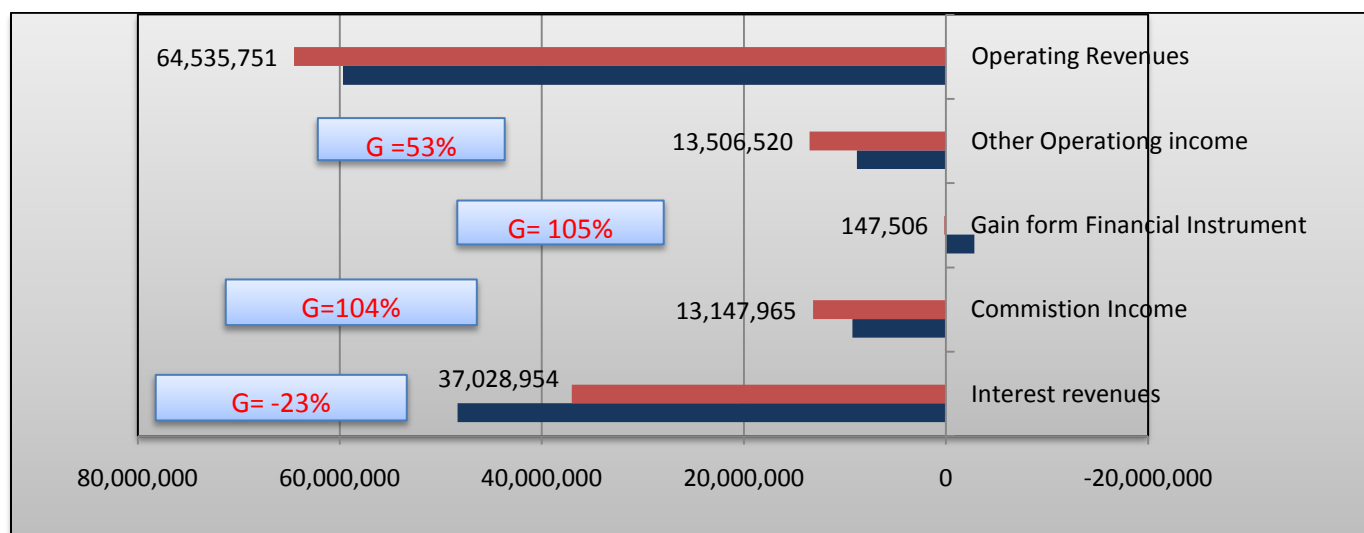
- ✓ An increased of the bank commission revenues by 104%
- ✓ Gains form financial instrument by 105%



Bank of palestine profitability Ratio relatively stable at the end of 2009 , inspite of an increased of Capital from 81.4 Million share at the end of 2008 to 100 Million at the end of 4Q2009

Earning per share(EPS) achieve 0.28 which is the highest among other listed banks on PSE , ROA relativey on the average of banking Suitable standers and Return Of Equity also the highest among PSE banking sector

Bank of Palestine



RATIO ANALYSIS	2008	2009
EPS	28.94%	28.27%
ROA	2.25%	2.21%
ROE	19.2%	18.81%
TOTAL CREDIT FACILITIES /TOTAL DEPOSIT	33.59%	32.81%
PROFIT MARGIN	48.73%	76.35%
P/E	10.71	13.25
DIVIDEND PER SHARE	0	n/a
TURN OVER RATIO	74.48%	34.51%
DIVIDEND PAYOUT RATIO	0.00%	n/a
DIVIDEND YIELD	0.00%	n/a

✓ Share holder Equity rose by 22.5% in 2009 amounted USD 150.3 million this was large due to the retaining of total of USD 28.3 million from net income and increased of capital form 81.4 Million to 100 Million which are distributed as stock dividend .

✓ Closely looking at the component of (Interest and commission income) the core Business of the bank , its notice that interest revenues decrease by 23.4% , however , Commission income increase by 104%

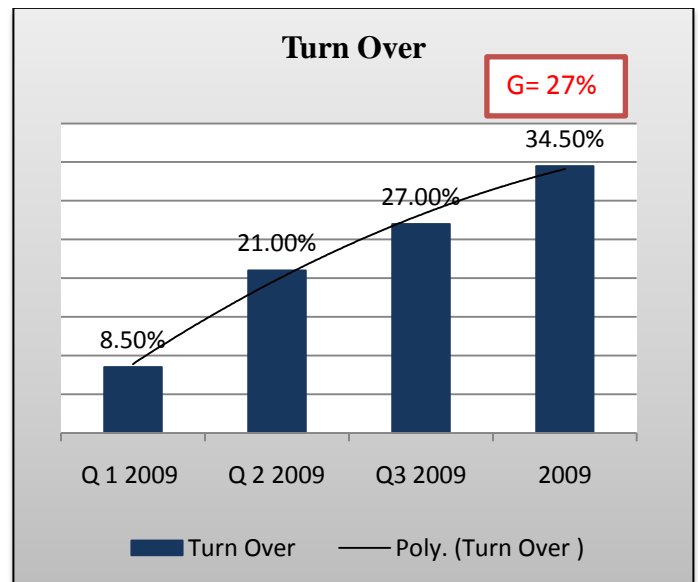
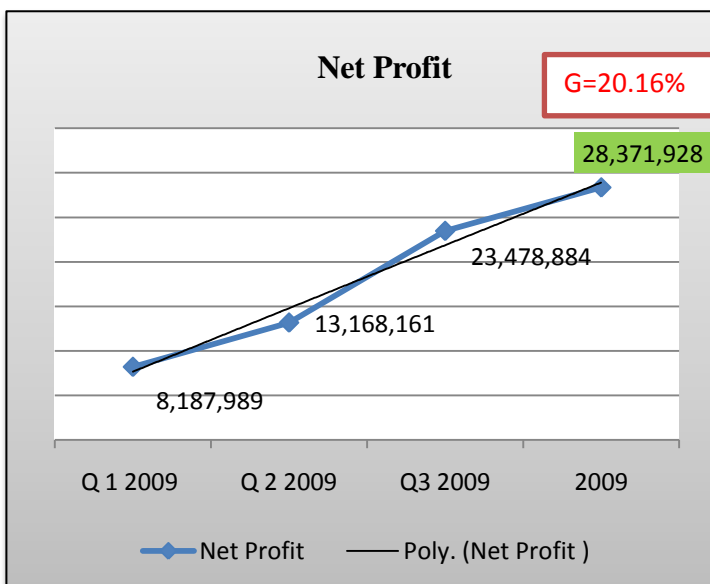
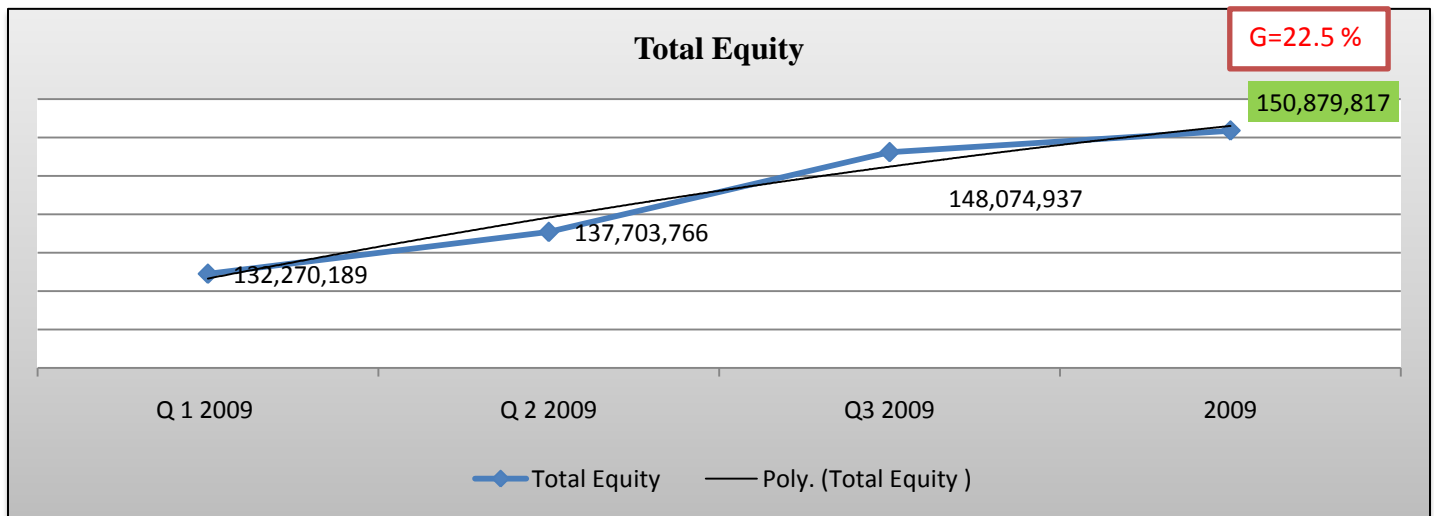
✓ Total expenses decrease by 3.6% because the income statement at the end of 2009 Primary financial statement did not reflect any legal and doubtful credit facilities provision .

✓ The Bank enjoys a fair liquidity position as its clear from total credit facilities to total deposits ratio of 32% . the current ratio stood at 1.10x at the end of 2009 .

SYMBOL	MARKET VALUE	BOOK VLAUE	EPS	P/E
BOP	3.75	1.50	0.28	13.3
Quds	1.21	0.98	0.10	12.2
AMB	0.73	0.96	0.08	9.6
PIBC	1.2	1.53	0.07	17.0
PCB	0.8	0.90	0.07	12.0
AIB	1.15	1.23	0.06	19.8
ISBK	0.701	1.00	(0.00)	0.0

“the bank P/E ratio of 13.3x was based on the price USD 3.75 Recorded on 30 Dec 2009 The simple average multiple for other listed bank on PSE amounted to 14.10x , Comparing the bank’s multiple with this average puts BOP in the Undervalued zone , thus , the bank stock would be under valued by 6% .”

	Q 1 2009	Q 2 2009	Δ%	Q3 2009	Δ%	2009	Δ%
Total Asset	1,083,660,054	1,177,050,200	8.62%	1,285,025,811	9.17%	1,281,830,469	-0.25%
Total liabilities	951,389,865	1,039,346,434	9.25%	1,136,950,874	9.39%	1,130,950,652	-0.53%
Total Equity	132,270,189	137,703,766	4.11%	148,074,937	7.53%	150,879,817	1.89%
Net Profit	8,187,989	13,168,161	60.82%	23,478,884	78.30%	28,371,928	20.84%
Interest Income	9,739,515	18,710,246	92.11%	27,552,712	47.26%	37,028,954	34.39%
Gross Income	13,356,561	27,418,828	105.28%	40,789,149	48.76%	57,189,348	40.21%
EPS	0.08	0.13	64.63%	0.230	74.64%	0.280	21.74%
P/BV	2.27	2.4	5.73%	2.46	2.50%	2.485	1.02%
Turn Over	8.50%	21.00%	147.06%	27.00%	28.57%	34.50%	27.78%



Recent news :



"IFC-BoP Agreement to Help Bank of Palestine Strengthen Risk Management Systems , Bank of Palestine and International Finance Corporation (IFC), a member of the World Bank Group, has signed the agreement of advisory services project to strengthen risk management and corporate governance system. The agreement will help increase financing for small and medium enterprises, and economic growth in West Bank and Gaza ”



"Signing the Agreement of, Syndicated Bank loan with Bank of Palestine and Cairo Amman Bank , he Arab Hotels Company has signed a syndicated loan agreement with both Bank of Palestine, and Cairo Amman Bank, for funding the company to accomplish Movenpick Hotel Project, the biggest five stars hotel in Ramallah".



"BoP Celebrates the Opening of Its New Branch in Ya'bad , Bank of Palestine celebrated the opening of its new branch in Ya'bad - Jenin with the presence of Dr. Jihad Alwazer, Governor of the Palestine Monetary Authority, Mr. Hashim Shawa, Chairman and General Manager of BoP, Rushdi Al Ghalayini, Deputy General Manager of BoP, Mr. Hani Nasser, Assistant General Manager, Mr. Tawfiq Badarna, member of the Municipal Council of Ya'bad, besides a large number of bankers and businessmen".

Thank you

RESEARCH DEPARTMENT:

MAJD KHALIFEH

Mkhalifeh@sahem-inv.com

HAITHAM NAJJAR

Hnajjar@sahem-Inv.com



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