

Palestine Stock Exchange Performance 9M 2014

Macroeconomic Overview

The latest Palestinian economy performance

- Gross Domestic Product (GDP):** preliminary estimates at constant prices showed an increase of 3.9 percent in GDP in Palestine during the 2nd quarter 2014 compared to the 2nd quarter 2013, (increase 8.0% in West Bank and decrease 7.1% in Gaza Strip). And it showed an increase of 5.1 percent in Palestine compared to the 1st quarter 2014 at constant prices, and the base year is 2004. GDP for the 2nd quarter 2014 at constant prices was USD1,493 million for West Bank and USD 481 million for Gaza Strip.
- GDP per capita:** GDP per Capita for Palestine at constant prices was USD 461 during the 2nd quarter 2014, it showed an increase of 0.9 percent compared to the 2nd quarter 2013. As for West Bank at constant prices it was USD 591 during the 2nd quarter 2014, it showed an increase by 5.2 percent during the 2nd quarter 2014 compared to the 2nd quarter 2013, and for Gaza Strip was USD 274 during the 2nd quarter 2014, and it showed a decrease by 10.2 percent during the 2nd quarter 2014 compared to the parallel quarter 2013.
- The unemployment rate among labor force participants hit 26.3%:** using ILO standards, the number of unemployed was 328,800 in the 2nd quarter 2014 compared with 328,000 in the 1st quarter 2014; distributed as 200,400 in Gaza Strip and 128,400 in the West Bank during 2nd quarter 2014. The unemployment rate in Gaza Strip increased from 40.8% in the 1st quarter 2014 to 45.1% in the 2nd quarter 2014 while it decreased in the West Bank from 18.2% to 16.0% during the same period. And the unemployment rate for males in Palestine was 22.8% compared with 39.6% for females in the 2nd quarter 2014.
- Labor Force participating rate:** the number of persons participating in the labor force in Palestine was about 1,249,100 in the 2nd quarter 2014; about 804,600 in the West Bank and about 444,500 in Gaza Strip. The labor force participation rate in the West Bank was 46.4% and 44.7% in Gaza Strip, the gap in the participation rate between males and females in Palestine is still very big, it reached 71.7% for males compared with 19.4% for females.
- Inflation in Q1 2014:** inflation rate in Palestine reached 2.2 percent in the first quarter of 2014 compared with the first quarter of 2013, and 0.6 percent compared with the fourth quarter of 2013. Inflation rate came higher than the rate registered in the previous quarter (2.0 percent) and in the corresponding quarter of 2013 (1.7 percent). This rate is much lower than the rate registered in the MENA region (around 13.0 percent), but higher than in Israel (1.3 percent).
- Illiteracy rates decreased in Palestine from 13.9% in 1997 to 3.7% in 2013:** the illiteracy rate in Palestine is one of the lowest in the world. In 2013 the illiteracy rate among individuals 15 years and over in Palestine was 3.7% (98,432 illiterate): 4.0% in the West Bank (68,093 illiterate) and 3.2% in the Gaza Strip (30,339 illiterate). The male illiteracy rate was 1.6% (21,576 illiterate) and the female rate was 5.9% (76,856 illiterate) in the same year.

- **A deficit decrease in Net Trade Balance in July 2014:** exports decreased in July, 2014 by 27.5% compared to June, 2014. It also decreased by 21.3% compared to July, 2013 and reached USD 54 million. Also, Imports decreased in July 2014 by 16.7% compared to June, 2014. It also decreased by 7.2% compared to July, 2013 and reached USD 383 million. The trade balance which represents the difference between exports and imports showed a decrease in trade deficit by 14.7% compared to June.2014. It also decreased by 4.4% compared to July 2013 and reached USD 329 million.
- **Producer Price Index:** the overall Producer Price Index (PPI) for Palestine with its base year (2011=100) reached 104.42 in August 2014, as it decreased by 0.04% compared to July 2014.
- **Consumer Price Index:** the overall Consumer Price Index (CPI) for Palestine during August 2014 increased by 0.54% compared with July 2014 (increased by 1.08% in Gaza Strip, 0.04% in the West Bank, while it decreased by 0.19% in).
- **Construction Cost Index:** the Construction Cost Index (CCI) for Residential buildings in August 2014 was almost unchanged from July 2014 and remained around 100.71 in the West Bank (base year 2013=100).
- **Industrial Production Index:** the overall Quantity of Industrial Production Index (IPI) in Palestine reached 108.77 during August 2014 with an increase of 9.89% compared to the previous month (Base Year 2011 = 100).
- **Business Cycle Index (PMABCI) for September 2014:** the results showed that the overall PMABCI witnessed a further deterioration, decreasing from -35.5 point in August, to around -36.1 point during September. Such deterioration comes due to shrinkage in Gaza Strip (GS) performance, along with another decline in the West Bank (WB), compared to the previous month, and to the corresponding month of 2013. Such deterioration represents the biggest contraction ever, since starting compiling the index in November 2012, due to the Israeli attack on Gaza Strip.
- The Palestinian Minister of National Economy noted that the national exports strategy that was approved by the Council of Ministers, in its latest meeting, aims to increase the exports volume and merge with the regional and global economies. He also expected that the strategy will lead in achieving increases in the exports products during the coming five years by 67%, 13% yearly, and reducing the trade deficit in the goods trade balance, in addition to reducing the excessive dependence on Israel in the exporting and obtaining raw materials and intermediates.
- Total governmental revenues, for the first 8 months of 2014, reached ILS 6.5 billion, while, total governmental expenses, for the first 8 months of 2014, hit ILS 10.182 billion, around 48.5% were wages and salaries.

PEX Performance in 9M 2014

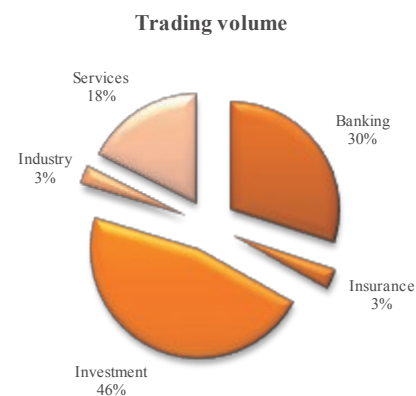
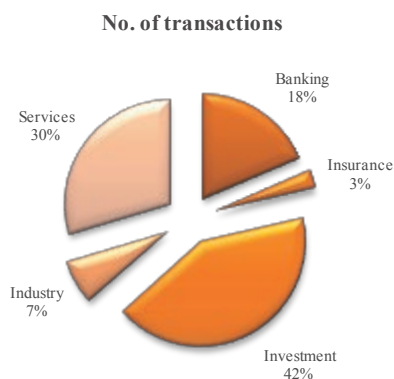
General Performance - 9M 2014 vs. 9M 2013

Period	No. of Trading Sessions	Trading Volume	Daily Average Turnover-Volume	Trading Value \$	Daily Average Turnover-Value	No. of transactions	Daily Average Turnover-Transactions	Market Capitalization \$
9M 2013	185	116,863,210	631,693	196,823,221	1,063,909	32,003	173	2,862,584,533
9M 2014	184	142,319,677	773,477	278,184,098	1,511,870	34,561	188	3,179,464,971
Δ	-0.54%	21.78%	22.44%	41.34%	42.11%	7.99%	8.58%	11.07%

Comparison of Trading Activity - 9M 2014 vs. 9M 2013

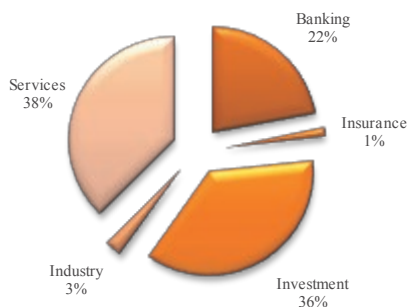
Sector	No. of listed companies		No. of transactions		Trading volume		Trading Value \$		Market Capitalization \$	
	9M 2013	9M 2014	9M 2013	9M 2014	9M 2013	9M 2014	9M 2013	9M 2014	9M 2013	9M 2014
Banking & Financial Services	9	9	8,989	6,435	40,083,663	42,677,170	65,614,536	61,465,814	757,260,723	829,119,803
Insurance	7	7	1,209	970	12,446,022	4,396,130	8,845,112	3,599,101	96,939,125	102,681,000
Investment	8	9	8,250	14,508	40,677,459	66,246,567	39,808,041	101,450,568	394,885,694	603,239,597
Industry	12	12	3,288	2,385	5,939,977	3,983,726	13,007,494	7,096,393	262,448,876	276,781,363
Services	13	12	10,267	10,263	17,716,089	25,016,084	69,548,039	104,572,222	1,351,050,115	1,367,643,208
Total	49	49	32,003	34,561	116,863,210	142,319,677	196,823,222	278,184,098	2,862,584,533	3,179,464,971

Sectors Distribution in 9M 2014

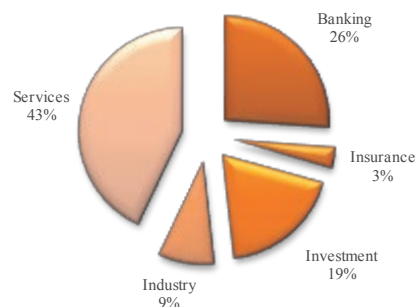


Palestine Stock Exchange Performance 9M 2014

Trading Value



Market Capitalization

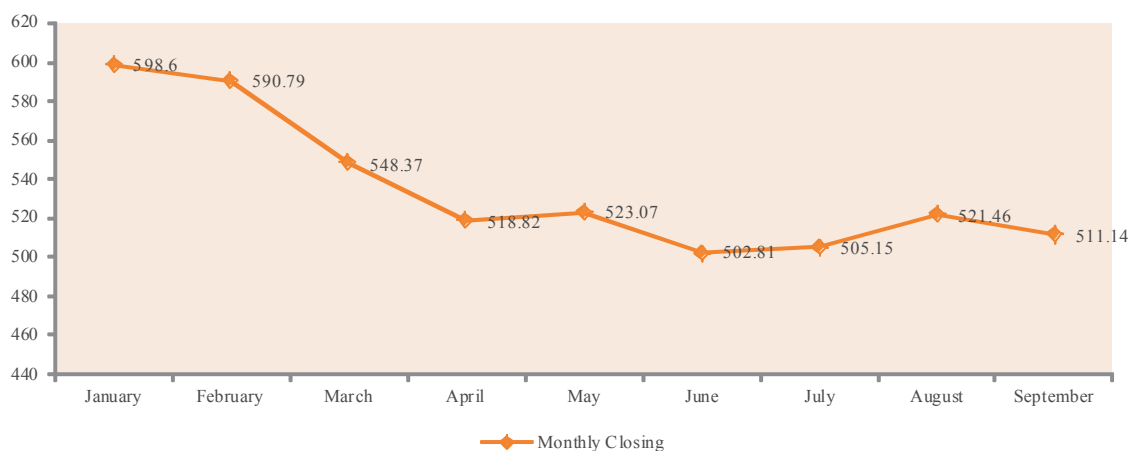


Al Quds Index Constituents as of September 30, 2014; Weights

Sector	Company	Market Capitalization \$	% out of total PEX market cap	% out of total sample market cap
Banking & Financial Services	Bank of Palestine	452,800,000	14.24%	17.44%
	The National Bank	58,000,000	1.82%	2.23%
	Palestine Islamic Bank	63,500,000	2.00%	2.45%
	Arab Islamic Bank	56,000,000	1.76%	2.16%
	Al-Quds bank	44,000,000	1.38%	1.70%
	Total Banks	674,300,000	21.21%	25.98%
Industry	Jerusalem Pharmaceuticals	32,243,400	1.01%	1.24%
	Birzeit Pharmaceutical Company	58,283,899	1.83%	2.25%
	Jerusalem Cigarette Company	11,847,671	0.37%	0.46%
	Total Industry	102,374,970	3.22%	3.94%
Insurance	National Insurance Company	37,800,000	1.19%	1.46%
	Total Insurance	37,800,000	1.19%	1.46%
Investment	Palestine Development & Investment Company	392,500,000	12.34%	15.12%
	Palestine Real Estate Investment Company	53,959,782	1.70%	2.08%
	Palestine Industrial Investment Company	48,924,533	1.54%	1.88%
	Total Investment	495,384,315	15.58%	19.09%
Services	Palestine Telecommunications Company	1,004,359,846	31.59%	38.69%
	Wataniya Palestine Mobile Telecommunications	206,400,000	6.49%	7.95%
	Palestine Electric Company	75,000,000	2.36%	2.89%
	Total Services	1,285,759,846	40.44%	49.54%
Total		2,595,619,131	81.64%	100.00%

Palestine Stock Exchange Performance 9M 2014

Al Quds Index during 9M 2014



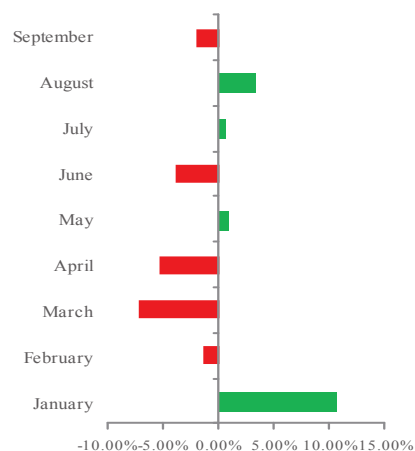
Sectors' Indices Dynamics in 9M 2014

Item	Al-Quds	Banking	Industry	Insurance	Investment	Services
Closing	511.14	119.17	68.42	45.65	28.22	47.27
YTD	-5.60%	-4.60%	0.23%	0.29%	10.23%	-9.50%
High Level	603.03	128.89	69.79	46.57	32.09	58.13
Low Level	499.17	116.32	66.27	43.84	26.04	47.15
Discount to high	-15.24%	-7.54%	-1.96%	-1.98%	-12.06%	-18.68%
Premium to low	2.40%	2.45%	3.24%	4.13%	8.37%	0.25%

Palestine Stock Exchange Performance 9M 2014

Al Quds Index Performance in 9M 2014

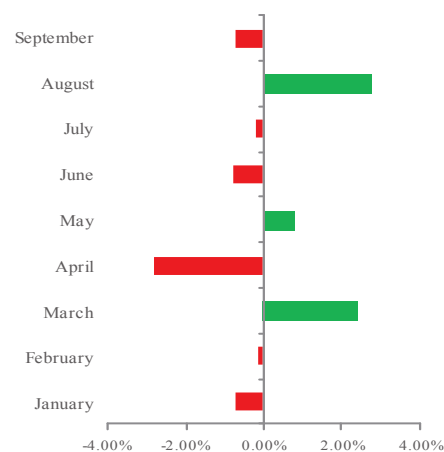
- Al-Quds Index closed at the level of 511.14 in 9M 2014, down by 5.60% compared to its 2013's closing.
- Al-Quds Index constituents' market capitalization hit \$2.60 billion at 9M 2014, accounting for 81.64% of the total PEX market capitalization.
- Al-Quds index touched its low of 499.17 on 09/07/2014 and its high of 603.03 level on 02/02/2014, recording a discount to high of -15.24% and a premium to low of 2.40%.
- Constituents stocks from the services sector contributed by 49.54% of Al-Quds Index' total sample market capitalization in 9M 2014, while from the banking & financial services sector contributed by 25.98% followed by the investment, industry, and insurance sectors by 19.09%, 3.94% and 1.46% respectively.



Sectors' Performance in 9M 2014

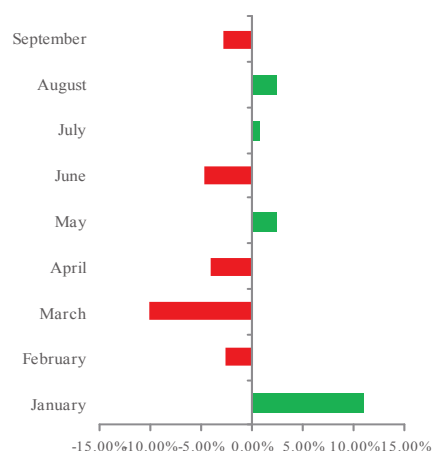
Insurance Sector

- The number of listed insurance companies in the PEX reached 7 in 9M 2014; the same as 9M 2013.
- Insurance Index closed at the level of 45.65 in 9M 2014, up by 0.29% compared to 2013's closing.
- The insurance sector market capitalization increased to \$102.68 million in 9M 2014 from \$96.94 million in 9M 2013, up by 5.92%.
- Trading value of the sector decreased by 59.31% aggregating at \$3.60 million in 9M 2014 from \$8.84 million in 9M 2013.
- The total volume of the sector reached 4.40 million in 9M 2014 from 12.45 million in 9M 2013, down by 64.68%.

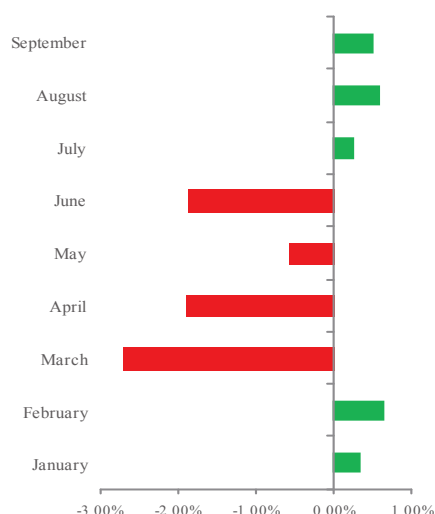


Services Sector

- The number of listed services companies in the PEX reached 12 in 9M 2014, compared to 13 in 9M 2013.
- Services Index closed at the level of 47.27 in 9M 2014, down by 9.50% compared to 2013's closing.
- The services sector market capitalization increased to \$1.37 billion in 9M 2014 from \$1.35 billion in 9M 2013, up by 1.23%.
- Trading value of the sector increased by 50.36% hitting \$104.57 million in 9M 2014 from \$69.55 million in 9M 2013.
- The total volume of the sector reached 25.02 million in 9M 2014 from 17.72 million in 9M 2013, up by 41.21%

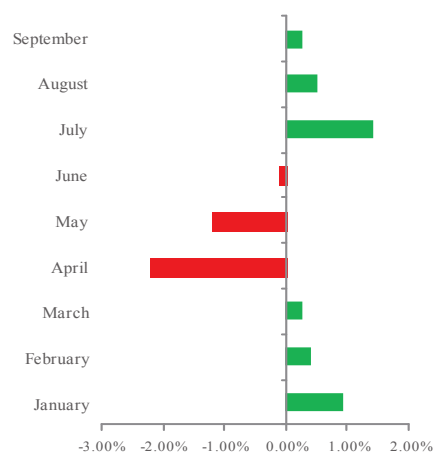
*Banking & Financial Services Sector*

- The number of listed companies in the banking & financial services sector in the PEX reached 9 in 9M 2014, same as 9M 2013.
- Banking & financial services index closed at the level of 119.17 in 9M 2014, down by 4.60% compared to 2013's closing.
- The banking & financial services sector market capitalization increased to \$829.12 million in 9M 2014 from \$757.26 million in 9M 2013, up by 9.49%.
- Trading value of the sector slightly decreased by 6.32% hitting \$61.46 million in 9M 2014 from \$65.61 million in 9M 2013.
- The total volume of the sector reached 42.68 million in 9M 2014 from 40.08 million in 9M 2013, up by 6.47%.

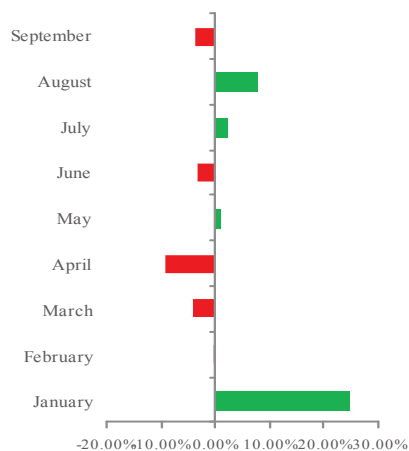


Industry Sector

- The number of listed industrial companies in the PEX reached 12 in 9M 2014, same as 9M 2013.
- Industry Index closed at the level of 68.42 in 9M 2014, up by 0.23% compared to 2013's closing.
- The industry sector market capitalization increased to \$276.78 million in 9M 2014 from \$262.45 million in 9M 2013, up by 5.46%.
- Trading value of the sector decreased by 45.44% million amounting to \$7.10 million in 9M 2014 from \$13.01 million in 9M 2013.
- The total volume of the sector reached 3.98 million in 9M 2014 from 5.94 million in 9M 2013, down by 32.93%.

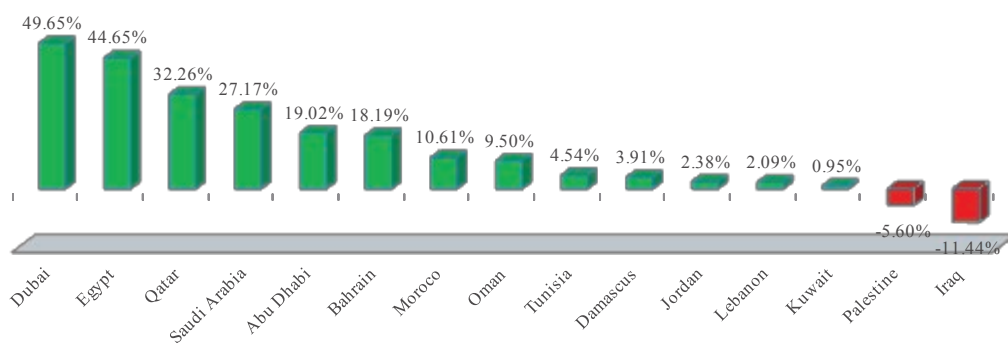
*Investment Sector*

- The number of listed investment companies in the PEX reached 9 in 9M 2014, compared to 8 in 9M 2013.
- Investment Index closed at the level of 28.22 in 9M 2014, up by 10.23% compared to 2013's closing.
- The investment sector market capitalization increased to \$603.24 million in 9M 2014 from \$394.88 million in 9M 2013, up by 52.76%.
- Trading value of the sector significantly increased by 154.85% settling at \$101.45 million in 9M 2014 from \$39.81 million in 9M 2013.
- The total volume of the sector reached 66.25 million in 9M 2014 from 40.68 million in 9M 2013, up by 62.86%.

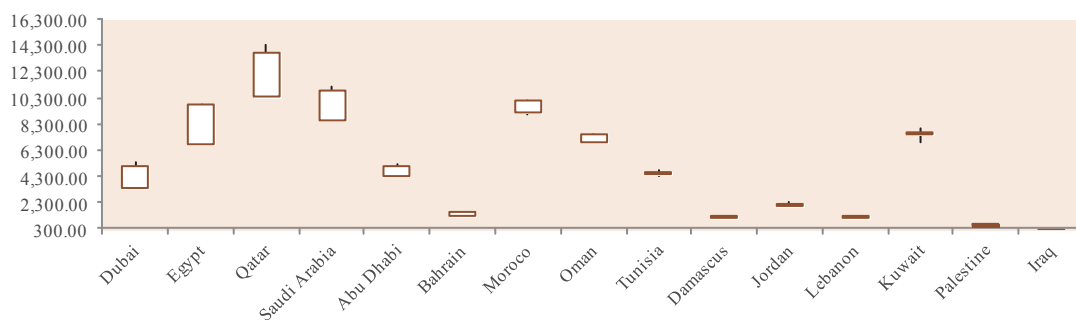


Al Quds Index among the MENA Indices in 9M 2014

Market	Index/ Bloomberg Quote	Market Index				
		Previous Closing	Closing	(%)	High	Low
Dubai	DFMGI:IND	3,369.76	5,042.92	49.65%	5,394.88	3,730.91
Egypt	EGX30:IND	6,782.84	9,811.40	44.65%	9,831.18	6,785.89
Qatar	DSM:IND	10,379.59	13,728.31	32.26%	14,350.50	10,377.59
Saudi Arabia	SASEIDX:IND	8,535.60	10,854.79	27.17%	11,159.50	8,535.22
Abu Dhabi	ADSMI:IND	4,290.30	5,106.29	19.02%	5,255.35	4,290.09
Bahrain	BHSEASI:IND	1,248.86	1,476.02	18.19%	1,494.03	1,246.23
Morocco	MOSENEW:IND	9,114.14	10,080.80	10.61%	10,080.80	9,076.28
Oman	MSM30:IND	6,834.56	7,484.17	9.50%	7,551.42	6,838.31
Tunisia	TUSISE:IND	4,381.32	4,580.30	4.54%	4,716.61	4,319.56
Damascus	DWX:IND	1,249.49	1,298.29	3.91%	1331.74	1211.65
Jordan	JOSMGNFF:IND	2,065.83	2,114.98	2.38%	2,281.03	2,087.75
Lebanon	BLOM:IND	1,150.05	1,174.13	2.09%	1,235.43	1,154.10
Kuwait	KWSEIDX:IND	7,549.52	7,621.51	0.95%	7,871.88	6,895.57
Palestine	PASIS:IND	541.45	511.14	-5.60%	603.03	499.17
Iraq	ISX:IND	113.15	100.20	-11.44%	101.64	87.22



Japanese Candlesticks Analysis in 9M 2014



Major News & Events in 9M 2014

New Listings

- The share of Arab Palestinian Investment Company was listed in Palestine Stock Exchange PEX on 02/03/2014's session under the symbol APIC using the currency of US Dollars. APIC is one of the major investment holding companies in Palestine, which vary their investments in the fields of industry, distribution and services, and different vital sectors. It owns majority stakes in a group that is made up of nine subsidiary companies namely, Siniora Food Industries, National Aluminum and Profiles, Unipal General Trading Company, Central and West Africa for Commercial Agencies, Medical Supplies & Services, Arab Palestinian Shopping Centers, Palestinian Automotive Company, Sky Advertising, Event Management & PR, and the Arab Palestinian Storage and Cooling.

Palestine Stock Exchange is one step far from a global spread

- Among the changes to the Watch List of Markets by the FTSE Group; Palestine will join the Watch List for possible addition to Frontier market status based on the market meeting the five FTSE Quality of Markets criteria required for attaining Frontier status and will be considered for possible addition to Frontier market status at the next annual review in September 2015. This came within the FTSE Country Classification Annual Review, which is carried out every September. FTSE will provide a formal interim update in March 2015, the next Annual Review of the FTSE Watch List markets will take place in September 2015.

PEX News

- September 1, 2014, marked a historical milestone for PEX. The First traded Palestinian bond was listed in the debt instrument sector under the symbol PCB01. Mr. Ahmad Aweidah, CEO of PEX said that PEX is always eager and capable of listing new investment instruments thanks to its modern regulation, state-of-the-art technology and highly skilled personnel. He hoped that this listing will enhance the market's liquidity. The Palestine Commercial Bank issued 10 thousand bonds of \$1000 each to raise its capital; the bond maturity is 5 years with a semiannual coupon of 6.5%. The bonds will be converted into stocks upon maturity in 2019 as per the issuance prospectus.
- The Palestine Capital Market Authority (PCMA) became a Member of The International Organization of Securities Commissions (IOSCO); the highest professional body in the field of global regulation and supervision of financial markets on February 21, 2014. The PCMA is now the 124th ordinary member of IOSCO and the 101st signatory to the Multilateral Memorandum of Understanding (MMOU). The admission of the Palestine Capital Market Authority to the IOSCO, specifically to the signatories of the MMOU, has a reflection and a significant positive impact on the Palestinian securities sector, but extends to include the investment environment in Palestine in general, and increases the confidence of investors in listed equities in Palestine Stock Exchange specifically by foreign and international institutional investors. Where this membership is as an international certificate that the Palestinian securities sector is regulated and monitored by the Palestine Capital Market Authority in accordance with international principles and standards required by the IOSCO that abide by all Member States of the organization, which will contribute to enhancing the investment attractiveness of the Palestine Exchange, specifically international investment, where international investors pay great attention to the membership of the supervisory body on the stock exchange in the IOSCO and occupies an important role in the investment decision.

Companies News

- The CEO of Palestine Electric Company PEC emphasized the company's readiness to run the Gaza power station as soon as fuel is provided for its operation, noting that Palestinian Presidency showed response to solve the fuel problem.
- Palestine Mortgage & Housing Corporation PMHC held an extraordinary general assembly GA meeting on 28/09/2014, whereby, approved transforming the company from a public shareholding company to a private limited company.
- The National Bank TNB, after obtaining the approval of the Palestine Capital Market Authority, offered shares for secondary subscription, starting from the business day of Wednesday morning 17/09/2014 and ended at the end of the business day of Thursday 02/10/2014. Whereby, the number of shares offered for secondary subscription was 25,000,000 shares with a par value of \$25,000,000; \$1 par value per share. The subscription was limited to the bank's shareholders as registered on 27/08/2014, whereas, the shareholders had the right to subscribe by 50% of the total number of their owned shares.
- The National Bank TNB announced signing a preliminary memorandum of understanding with Bank Al-Etihad in Jordan to acquire its assets and liabilities in Palestine, whereby, the final agreement will be signed in the coming few months.
- The National Bank TNB announced signing an agreement to purchase new banking development system with Temenos Company- a leading global provider of banking systems- to provide the bank with the most sophisticated banking system T24.
- The National Bank TNB was awarded with "The Fastest Growing Bank in Palestine" during the annual commemoration of the CPI Financial/Banker Middle East MI to honor the achievements of the banks in the Middle East.
- The National Bank TNB has launched a new program to enable the Jerusalemites to obtain the suitable financing to purchase residential units, expand their existing building, or build new housing units.
- The Palestinian National Beverage Company Coca Cola/ Cappy NBC- owned by The Vegetable Oil Industries Company VOIC by 25.00% -won, for the second time, the award of Sustainable Development for the Year 2013 among the Coca Cola worldwide group in Africa and Asian.
- Al-Quds Bank opened a new branch in Bethlehem, to bring the number of branches to 27 branches scattered in the West Bank and Gaza Strip.
- Al-Quds Bank QUDS signed a cooperation agreement with the German Bank Commerz to strengthen the relations between the two banks and enhance the expansion in specialized areas in the regional and international financial markets, in addition to developing the banking operations and foreign trade.
- Al-Quds Bank QUDS signed an agreement to purchase and run an ATM machines system with the Moroccan PayLogic Company.
- Palestine Islamic Bank ISBK opened a new branch in Jenin City, to bring the number of branches in Palestine to 17.
- The general manager of Palestine Islamic Bank ISBK and the chairman of Byder For Development & Real Estate Company signed a memorandum of understanding to hold real estate speculation to establish a residential neighborhood including villas and super deluxe residential units.

Companies News - Continued

- The board of directors BOD of the Palestinian Company for Distribution and Logistics WASSEL approved raising WASSEL's stake in Paltech Investments to 95%, in its a meeting on 28/09/2014.
- The Palestinian Company For Distribution & Logistics Services WASSEL signed a strategic partnership with Kuehne & Nagel Swiss Company, whereby Wassel will be the exclusive agent of Kuehne in Palestine. According to the agreement, the tracking system- which enables the Palestinian merchants in the export and import sector to track inventory in an automated way through all stages of freight.
- Ahliea Insurance Group AIG opened a new branch in Nablus City; to bring the number of branches to 22 branches scattered in the West Bank and Gaza Strip.
- The CEO of Wataniya Palestine Mobile Telecommunications WATANIYA- the second cellular operator in Palestine- disapproved the Israeli procedures in preventing the entry of supplies and equipment needed to expand the company's business in the West Bank, through not enabling the 3G frequencies and preventing them from providing their services in Gaza Strip as a result of preventing the entry of construction materials and various equipment needed.
- Wataniya Palestine Mobile Telecommunications WATANIYA, signed an agreement with Omnea Telecommunications Company in Jordan to provide international roaming and calls at competitive prices within the so called- one network.
- The Arab Islamic Bank AIB celebrated the opening of its new branches in Yatta and the province of Ramallah and Al-Bireh, to be within the expansive development strategy perused by the bank in order to provide the best service to its clients and helps in retaining them .
- The Chairman of Palestine Telecommunications PALTEL noted that the initial estimates of the losses of the Palestine Telecommunications network due to the Israeli aggression on the Gaza Strip infrastructure so far exceeded JD10 million, and the staff is working to limit the damages to up to the minute.
- Ramallah Summer Resorts PLC announced after obtaining the approval of the Palestine Capital Market Authority and the Companies' Controller offering of (388,953) shares of the company's shares for public subscription. The public offer began, starting from Sunday 16/03/2014 and ended on Tuesday, 08/04/2014. The par value per share offered for subscription is one Jordanian Dinar in addition to a premium of JD 2.25 per share.
- EMEA Finance Magazine granted Bank of Palestine BOP several rewards, including: the award of the best social responsibility program in the Middle East on Al-Bayyara project, to be the first time that is granted this award from the magazine, in addition to the award of "The Best Bank in Palestine" that the bank sustained for 3 years. Moreover, The Banker Magazine also granted Bank of Palestine BOP " The Bank of The Year 2013" within the program of the annual awards given by the international magazine, through a specialized Committee to rate the banks around the world in order to reward and promote high-quality financial products around the world, as it is the first time to include Palestine among categories of awards on an annual basis. Moreover, Banker Middle East ME Foundation awarded Bank of Palestine BOP with "The Best Bank in Palestine" within its classification for the year 2014. The classification was based on BOP's analysis of financial statements over the past years, indicators of growth, the rapid development of the Bank's expansion, and the increase in profits in the year 2013 to reach \$41 million.
- The board of directors of Dar Al-Shifa'a for the Manufacturing of Pharmaceuticals PHARMACARE approved, on its meeting on 18/03/2014, investing \$2 million in the manufacturing company in Iraq.

Other Related News

- Palestine Monetary Authority (PMA) launched the new automated clearing system, Perago Clear, representing the second component of the Automated Transfer System (ATS); the first being the Gross Settlement System (RTGS), stated the PMA in a press release. The achievement was made possible through technical cooperation with the World Bank and the Bank of Italy (Banca D'Italia), financial aid from the Arab Monetary Fund and the collaboration with the banking system in Palestine.
- The governor of Palestine Monetary Authority PMA; Dr. Jihad Al-Wazir said that the Palestinian banks have capital adequacy that exceeds 16%, while others exceed 20%, while, the bank's assets amounted to \$11 billion which resembles the strength of the Palestinian banking system.
- The governor of Palestine Monetary Authority PMA officially began the second phase of applying Basel II and III to keep pace with the best international practices in banking supervision and ongoing developments in those standards, above all are Basel Committee on Banking Supervision standards.
- Palestine Monetary Authority (PMA) issued new instructions aiming at regulating housing and real estate mortgage lending to fit borrowers' financial capabilities, which will contribute to decreasing the risks of mortgage portfolio loans.
- The Palestinian Government decided, to approve restructuring part of the government debt to the Palestinian Banking System using the securitization mechanism, through issuing government bonds. This is based on the government's strategic plan to regulate the government debt with the banking system, restructure the non-performing and in arrears loans in addition to preserving the rights of the public treasury and easing the financial burden, facing the challenges, setting the Palestinian state foundations and preparing the banking system to deal with the bond markets and government debt instruments.
- The Permanent Observer mission of The State of Palestine to The United Nations in Geneva has participated in the special session of The United Nation Conference of Trade and Development UNCTAD, on the 50th anniversary of the organization establishment. Whereby, The Permanent Observer of Palestine; the Ambassador Ibrahim Khareisheh emphasized the right of the developing countries to contribute in launching trade and financial systems that work for development and social justice in all countries.
- The French Development Agency has pledged, during the annual consultations, to support Palestine with around EURO14 million between the years 2014-2015, to finance several development projects in many sectors, including the solid waste and wastewater sectors.
- The International Finance Corporation IFC; a member of the World Bank Group announced investing \$3 million in Palestine Growth Capital Fund that is managed by Abraaj Capital in order to provide funding to SMEs in the West Bank and Gaza Strip to help them grow and create jobs.
- The Board of The Executive Directors of the World Bank approved granting \$40 million to support the strategic reform properties of the Palestinian Authority.
- Palestine Investment Fund PIF held its ordinary GA meeting, whereby, approved transferring \$26 million of its profits for the year 2013 for Palestine state treasury, bringing the total profits transferred to the state treasury since the establishment of the fund in 2003 and till the end of 2013 around \$713.5 million.

Other Related News - Continued

- Dr. Mohammad Mustafa, the economic adviser to President Mahmoud Abbas, emphasized the government willingness to consider and proposal by the private sector regarding the income tax law.
- The Siraj Palestine Fund I, won a prize of the best investment fund in the annual ranking of EMEA Finance Magazine that is specialized in rating the companies and financial institutions in Europe and the MENA Region.
- The Palestinian Minister of National Economy noted that the modified investment promotion law that was lately approved by the Council of Ministries and forwarded to the President for approval, focuses on supporting all the productive sectors in Palestine, in addition to projects that increase employment and exporting or using local resources, besides paying particular attention to the industrial, agricultural, tourism and promising sectors and projects that follow the best standards of environmental conservation and using of alternative energy resources. He also emphasized that the modifications on the law will provide extensive packages of incentives to local and foreign investors- including tax and non-tax incentives- which will contribute in supporting the investment decision and developing the existing investments, in addition to promoting investment in Palestine in a better way.

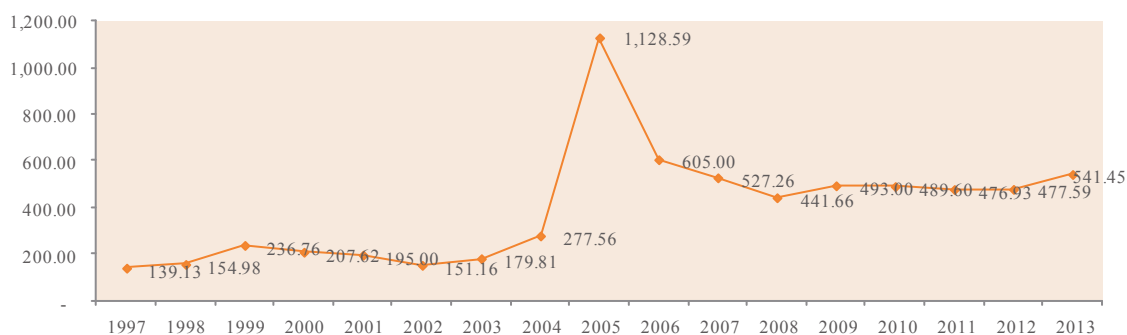
A second Custodian Bank at Palestine Exchange

- Palestine Exchange and Cairo Amman Bank signed a custody agreement by which the Cairo Amman Bank becomes the second custodian bank active on the PEX. This agreement allows the Cairo Amman bank to provide custody services to international and local investors. These include maintaining securities under its custody, organizing and maintaining customer's registries, receiving the value of sold securities and payment for purchased ones, sending periodic reports to customers regarding their portfolios and cash accounts and informing customers about issuer actions relating to dividends. The Cairo Amman Bank will be working in addition to HSBC Middle East, which has been a custodian bank at PEX since 1999.

Appendix 1: PEX Total Yearly Activity (1997-2013)

Year	#. Trading Sessions	Trading Volume	Daily Average Turnover-Volume	Trading Value \$	Daily Average Turnover-Value	# transactions	Daily Average Turnover-Transactions	Market Capitalization \$
1997	66	10,000,276	151,519	25,158,471	381,189	1,957	30	529,057,368
1998	100	16,782,498	167,825	68,642,344	686,423	7,639	76	587,876,243
1999	146	68,892,607	471,867	150,243,919	1,029,068	10,625	73	848,935,775
2000	211	93,351,075	442,422	188,982,443	895,651	20,143	95	766,018,025
2001	161	33,456,535	207,805	74,528,351	462,909	8,205	51	722,631,785
2002	100	18,666,938	186,669	45,084,654	450,847	4,579	46	576,593,466
2003	223	40,350,788	180,945	58,326,445	261,554	10,552	47	650,468,928
2004	244	103,642,845	424,766	200,556,709	821,954	27,296	112	1,096,525,380
2005	246	369,567,295	1,502,306	2,096,178,223	8,521,050	166,807	678	4,457,227,305
2006	238	222,689,351	935,670	1,067,367,951	4,484,739	150,592	633	2,728,811,088
2007	248	299,422,814	1,207,350	813,469,091	3,280,117	157,300	634	2,474,679,018
2008	244	339,168,807	1,390,036	1,185,204,211	4,857,394	152,319	624	2,123,057,098
2009	246	238,877,373	971,046	500,393,398	2,034,120	88,838	361	2,375,366,531
2010	249	230,516,370	925,769	451,208,528	1,812,082	82,625	332	2,449,901,545
2011	248	184,544,375	744,131	365,645,216	1,474,376	61,928	250	2,782,469,900
2012	249	147,304,208	591,583	273,440,422	1,098,154	41,442	166	2,859,140,375
2013	241	202,965,939	842,182	340,774,268	1,414,001	44,425	184	3,247,478,385

Al Quds Index Performance (1997-2013)



Appendix 3: Sectors' Indices (2007-2013)

Year	Banking & Financial Services	Industry	Insurance	Investment	Services
2007	81.52	66.1	77.5	38.27	48.26
2008	78.74	54.38	57.79	22.11	46.92
2009	102.83	55.56	53.65	22.55	49.85
2010	95.08	66.96	47.41	23.41	51.44
2011	95.76	65.99	45.68	20.98	50.85
2012	105.31	63.81	47.47	19.15	49.89
2013	124.92	68.26	45.52	25.6	52.23
CAGR	7.37%	0.54%	-8.49%	-6.48%	1.33%

Report's Sources

- Palestine Central Bureau of Statistics—PCBS.
- Monthly Statistical Newsletters— PEX.
- Palestine Stock Exchange Media Center.
- Sahem Trading & Investment Database.
- Palestine Monetary Authority— PMA.
- Local Newspapers

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