

Flash Result—1H 2010

Bank of Palestine

Ticker	Sector	Trading Currency	ISIN	Current price	Market Capitalization	52 Week High	52 Week Low
BOP	Banking & Financial Services	USD	PS1004112600	3.20	320,000,000	3.80	3.05

Bank Overview

Bank of Palestine is the first and the largest national bank. It was founded in 1960 and commenced its operations on February 21, 1961 by giving small loans to projects and businesses and giving limited short-term personal loans. Bank of Palestine is the most geographically distributed bank with a banking network of 42 branches and sub-branches spreading from Jenin in the North to Rafah in the South. 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.

Major Developments in 1H 2010

April 2010– The extraordinary general assembly of Bank of Palestine approved raising the bank's authorized capital to \$200 million. Also the ordinary general assembly approved the board of directors' recommendation to distribute 21.40% from the capital as cash dividends- \$21.40 million- to the shareholders for the fiscal year of 2009.

June 2010– The investment committee of Bank of Palestine announced that the bank purchased a strategic stake in Jordan Invest Bank (JIFB) of 6,779,960 as of %8.75 of its capital.

Financial Highlights

Bank of Palestine reported a growth in the net income from interests & commissions by 10.85% to amount \$24.20 million in 1H 2010 compared to \$21.83 million in 1H 2009; commissions income recorded a higher increase than interests income.

Gains from foreign currencies settled at \$2.33 million in 1H 2010 rising by 21.85% compared to 1H 2009, also other operating revenues grew by 25.65% recording a figure of \$2.29 million, opposed to a drop in income from financial assets by \$1.07 million when amounted \$0.21 million in 1H 2010.

Item	1H 2009	1H 2010
Net Interests & Commissions Income	21,833,350	24,201,426
Total Operating Revenues	28,602,036	30,530,588
Total Expenses	15,405,567	18,498,130
Net Income	13,168,161	14,089,123
EPS	0.132	0.141

In aggregate, total operating revenues grew by 6.74% in 1H 2010 to reach \$30.53 million compared to \$28.60 million in 1H 2009; constituting 84.30% from bank's gross revenues.

Bank of Palestine also realized an investment income of \$5.69 million in 1H 2010 compared to \$3.09 million in 1H 2009, adding up to the bank's total revenues to amount \$36.22 million rising by 14.28% compared to 1H 2009.

Total expenses stood at \$18.50 million in 1H 2010 increasing by 20.07% due to an increase in operating expenses in which have followed the operating revenues growth.

In total, net income amounted to \$14.09 million in 1H 2010 recording a growth of 6.99% compared to 1H 2009, and registered an EPS of \$0.14.

Bank of Palestine reported a growth in total assets of 7.71%, when amounted \$1.38 billion in 1H 2010 compared to \$1.28 billion in 2009, stimulated by an increase in both current & non-current assets.

Current assets settled at \$1.35 billion in 1H 2010 rising by an amount of \$97.15 million compared to 2009, attributed to a remarkable growth in net credit facilities by 32.94% to hit a figure of \$456.41 million in 1H 2010, in addition to an increase in the value of investment securities & available for sale securities by 15.47% to reach \$247.40 million in 1H 2010, opposed to a drop in the overall bank's cash and deposits that was majorly represented in a drop in Bank of Palestine's deposits in PMA by 35.27% to hit \$98.16 million in 1H 2010.

Non-current assets increased by 5.99% in 1H 2010 to reach \$30.78 million compared to \$29.04 million in 2009, ascribed to the increase in the value of investment in land, real estate & equipment.

In total, current assets contributed 97.77% to the bank's total assets in 1H 2010.

Bank of Palestine's total liabilities- represented in current liabilities only- witnessed an increase in 1H 2010 by 9.58% to reach \$1.24 billion compared to \$1.13 billion in 2009. This increase was driven mainly by the growth in total deposits in the bank to hit a figure of \$1.18 billion in 1H 2010 compared to \$1.09 billion in 2009; a growth of 8.60% that was consequent to an increase in clients' deposits by 11.94% - an amount of \$117.16 million- when reached \$1.10 billion in 1H 2010 that constituted 93.07% of total deposits, also banks & financial institutions' deposits increased by an amount of \$6.31 million to amount \$8.74 million in 1H 2010 in addition to a growth in the cash insurances by \$5.03 million when settled at \$42.76 million in 1H 2010.

Total shareholders' equity stood at \$141.33 million in 1H 2010 (\$140.74 million for equity holders of the parent), declining by 6.33% compared to the settled amount of \$150.88 million in 2009 (\$150.30 million for equity holders of the parent), due to a drop in retained earnings by 39.13% which was parallel to the mentioned drop in the bank's cash that was ascribed to cash dividends distribution to shareholders, retained earnings stood at \$14.11 million in 1H 2010 compared to \$23.17 million in 2009.

Financial Ratios

Bank of Palestine reported a good profitability indicators, ROA stood at 1.02%, ROE at 9.97% and profit margin at 46.15%.

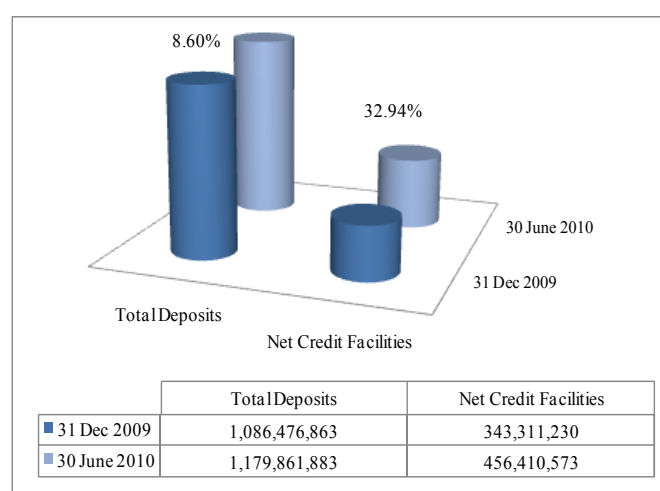
Net interests & commissions income constituted 79.27% of total operating revenues, and 66.82% of total revenues and amounted 1.75% of the bank's assets.

Net credit facilities contributed by 33.03% of total assets and amounted to 38.68% of the bank's total deposits.

Total deposits constituted 95.11% of total liabilities and amounted to 85.38% of total assets.

Working capital reached \$110.55 million with a net ratio of 8%.

Item	31 Dec 2009	1H 2010
Current Assets	1,253,977,191	1,351,128,146
Non-current assets	29,040,311	30,780,858
Total Assets	1,283,017,502	1,381,909,004
Current Liabilities	1,132,137,685	1,240,575,028
Non-current liabilities	-	-
Total Liabilities	1,132,137,685	1,240,575,028
Subscribed Capital	100,000,000	100,000,000
Shareholders' Equity	150,879,817	141,333,976



Item	1H 2010
ROA	1.02%
ROE	9.97%
Equity to Assets	10.23%
Current Ratio	1.09
Equity/Deposits	11.98%
Facilities/Deposits	38.68%
Facilities/Assets	33.03%
Deposits/Assets	85.38%
Equity/Facilities	30.97%
Deposits/Liabilities	95.11%
Net Interest & Commissions Income/Facilities	5.30%
Interest Income & Commission/Assets	1.75%
Interest Income/Operating Revenues	79.27%
Working Capital	110,553,118
Net Working Capital Ratio	8.00%
Profit Margin	46.15%

Market Indicators

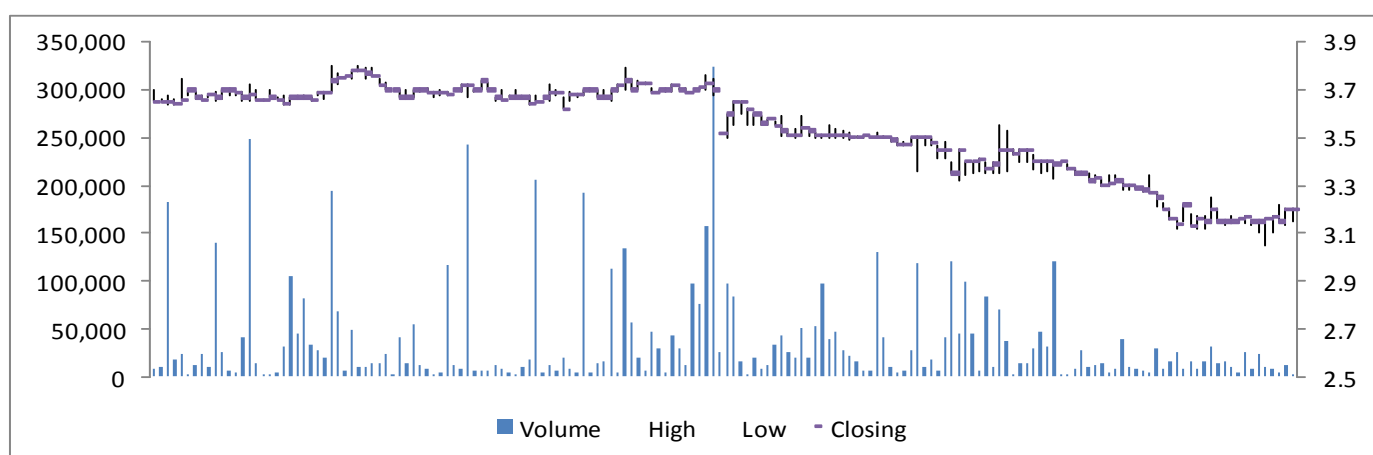
BOP's share is currently trading above its book value, and recording a forward PE of 12.24 times as of the end of 1H 2010.

The bank's market cap stood at \$345 million at the end of 1H 2010 declining by 8.00% compared to the settled value at Dec 30, 2009.

Trading volume of BOP reached 5.94 million shares for the period between Jan 1—June 30, 2010

Item	2009	1H 2010
Price	3.75	3.45
Book value	1.50	1.41
Price/book value	249.51%	245.14%
PE e	13.20	12.24
Market Capitalization	375,000,000	345,000,000
Turnover	31.44%	5.94%

BOP's Performance (Jan 01– Aug 29/ 2010)



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