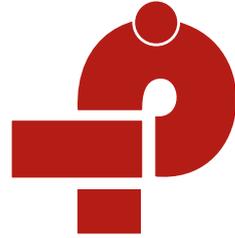


بنك الاستثمار الفلسطيني
Palestine Investment Bank



The 14th Annual Report for the Year 2008

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PIB's Board of Directors

Mr. Abdul Qader Al-Qadi

Chairman of the Board of Directors

Mr. Abdul Azeez Abu Dayeh

Vice Chairman

Mr. Hani Al-Qadi

Designated Member

Mr. Mahmoud Abu Al-Rub

(Member)

Dr. Adnan Istaitieh

Representative of
Al-Salam International Investment Company – Qatar

Dr. Farouq Zuaiter

(Member)

Mr. Ibrahim Abu Dayeh

(Member)

Mr. Wael Al-Qadi

(Member)

Mr. Samer Al-Qadi

(Member)

Mr. Jamil Al Mu'ti

(Member)

Mr. Omer Al Haj Abed

Representative of
Al Shrooq Real estate & Investment Co.

PIB's Executive Management

Mr. Zakaria Ghawanmeh

General Manager

Mr. Fawzi Al Johari

Assistant General Manager

Mr. Dia Al Deen Ghaleb Abed Al Fattah

Financial & Administrative Manager

Mr. Salah Al Deen Faris

IT Manager

Lawyer/ Mr. Hosam Al Deen Al Attereh

Legislative Counselor

Messer's Saba Co.

Independent External Auditors

Number of working staff as of 31st Dec 2008

employees (162)

The Bank's Mission: Vision, Tasks, Values and Future Options

- By all exerted effort and diligence, we seek to establish a pioneering financial banking institution in Palestine, through providing distinguished financial and banking services to a base of clientele, employing highly qualified & competent staff; who carry out their work in a conducive environment; supported with advanced technology; and carefully chosen banking services; applying top professional and ethical standards, for the purpose of achieving advanced and superior financial results.
- PIB is fully committed to participating in the growth, building and development of the Palestinian economy.
- Our core values are based on truthfulness and honesty to self and to others; a continuous quest for excellence and fulfillment of promises we made; to abide by the foundations of institutional governance in all our activities; to stand the challenge of discovering the best means satisfying our clientele; and to be always and wherever we are found committed to social responsibilities.
- Our future plans key objectives are growth and development whilst satisfying needs and wishes of our clients in total competence and effectiveness; increasing their funds with maximum care and responsibility; following up creating and developing new products for the Palestinian banking market; enhancing our financial position by controlling risk factors; developing human resources and effectively introducing modern technology for the continuation of distinctiveness in performance; and increasing competence in dealing with our clientele in absolute transparency.

SERVICES & PRODUCTS

Banking Services:

- Opening all types of current and saving accounts.
- Providing all kinds of deposits in different currencies.
- Providing personal, housing, & commercial loans.
- Providing auto car finance.
- Financing exports.
- Financing all kinds of small and medium scale enterprises.
- Financing contractors' enterprises.
- Financing Industries.
- Financing real estate & stocks investment.
- Issuing visa credit cards (golden & silver)
- Automated Teller Machine (ATM) services.
- E-payment: direct debit of telephone, electricity, and water bills.
- SWIFT services

Commercial Services

- Letters of Credit (L/C's)
- Letters of Guarantee (L/G's).
- All kinds of Bank's Transfers (local & foreign).
- Collection Policies.

Treasury and Investment Services:

- Investing in international & local securities exchange markets.
- Managing investment portfolios.
- Purchasing and selling bonds and stocks, in addition to financial brokerage via Global Securities Co.
- Purchasing and selling currency notes.
- Trading in time contracts of foreign currencies.

A Message by the Chairman

In the Name of Allah, the most Merciful, the most Compassionate

Dear valued Shareholders,

On my behalf and on behalf of my colleagues, members of the board of directors, I am delighted to welcome you on this occasion, and to present to you the 14th annual report of the bank's results and accomplishments for the year ended 2008. This report includes the consolidated balance sheet and income statement as of 31st Dec 2008 in addition to details of the financial statements.

Dear Investors,

The Palestinian economy witnessed many challenges as a consequence of Israeli occupation of the west bank and Gaza strip. Many structural defects were imposed by the circumstances accompanying occupation. The year 2008 was a critical year to the Palestinian economy, due to the consequences of erecting the apartheid wall, the escalating Gaza events and the continuing disruption of the country in 2008.

Dear Investors,

PIB's board and management work under the most difficult circumstances persistently to serve its clientele through developing the economic state throughout its domain of existence. This resulted in the management's deep-rooted trust in this establishment. Despite all the challenges and difficulties facing the economic sector, including the banking industry, in 2008 the bank gave the best return to stockholders due to the board and management's determination to fulfill its well thought and planned out goals.

Dear Investors,

Financial results for the year ended show a distinctive growth in net income before taxes and provisions at a ratio of 20.6% whereas gross income reached 6.03 million dollars in comparison with 5 million dollars at year ended 2007. And a 20.39% growth

in the clients' deposits given that the total deposits' reached 122.8 million dollars when compared to 102 million dollars in 2007.

Net facilities granted to various economic sectors in 2008, is 36.75 million dollars which achieved a growth ratio of 46% over the 2007 figures of 25.18 million dollars.

Financial results also indicates a decrease in the PMA and banks' deposits due to PMA's big amount withdrawals which in effect decreased the total assets at a ratio of 14.4%. Given the net results achieved the board of director's recommends the general assembly of distributing 10% of capital cash dividends to shareholders which equal 4 million dollars.

Dear Investors,

I take the chance here to assure you that the board of directors and executive management will continue the work towards success in spite of the challenges, promising to always be faithful to our goals of caring and driving this bank to the leading positions of the Palestinian banking industry.

Finally, I thank our shareholder's for their support and trust in this establishment to achieve its goals. We also offer our thanks and gratitude to our stakeholders and clientele for their trust given to the bank and its executive management.

May Peace and Allah's Blessings be Upon You.

Abdul Qader Al-Qadi
Chairman

Accomplishments Achieved in the Year Ended 2008

1- Finance

Throughout 2008, in spite of the fact that Palestinian authority paid off 70.7% of its debt balance of USD 50.12 million at the year ended 31/12/2007, the bank managed to increase its net facilities granted for other sectors by 46% .whereas the net facilities increased to USD 36.75 million against USD 25.18 million at 31/12/2007.

The same working policy was followed in the year 2008 enabling diversifying facilities portfolio to cover the various economic, investment, industrial, commercial and service sectors; where credit departments worked on analyzing the financial capabilities, historical record of borrowers, and the soundness of their collaterals in order to guarantee the quality of the facilities portfolio. Thus big companies that have proven to have feasible projects, fixed sources of payment, and a known cash flow were targeted & approached. This has led to the expansion of the base of the Bank clientele and the realization of larger dealing potentialities and opportunities.

The Bank's credit policy has proven its credibility within different situations. Also it has succeeded in achieving the highest possible balancing degree among a series of important considerations; mainly achieving good growth rate at the level of direct facilities in a manner that meets the requirements of management in terms of guarantees and cash flow; and continuing to use the approach of periodical review of granted banking facilities, in order to guarantee a good credit performance and enhance building up sufficient provisions early on, in case a need emerged in the future.

For the goal of increasing revenues during the last year, the Bank's management focused on marketing indirect facilities, and commission-producing banking services such as letters of credit, letters of guarantee, transfers, collection policies and acceptances, to reach USD 23.87 million at a growth ratio of 28.75%.

Provisions for Bad Debts

In light of the known credit risks, existing debts are studied and monitored periodically where these debts are categorized quality wise. Based on that, the required allocation is determined for every client separately in accordance with standards stipulated by Palestine Monetary Authority.

2- Internal Monitoring and Internal Control Regulations

The Bank has intensified its efforts to strengthen the internal monitoring and control regulations in a manner that guarantees abiding by all the laws, regulations and administrative procedures. In the same context, periodical auditing and scrutiny operations of the Bank accounts and assets are conducted to ascertain the accuracy and soundness of the various banking operations and to ensure its compliance with legislations which govern them. For this effect reports and memos are presented periodically to the Board of Directors.

3- Branches

As the year 2008 began Beitonia branch and Beit Ommer office in Hebron started their banking activities. In addition to a new office in Hawara / Nablus which started at 23/11/2008 in accord with modern standards. Regular maintenance for safeguarding the Bank's branches façades and interiors were carried on. in addition to renewing Beit Sahour office. The Board of Directors pays a great attention to renovating branches; equipping them with what suits modern technology; in a manner that provides all services to the clientele wherever they are and at the level they anticipate; and to answer their wishes through providing complete and distinguished banking services that cover all Palestinian territories.

Throughout the year 2008, many working and internal monitoring guides and regulations which cover the working procedures of all branches and meet their needs, were developed for the purpose of elevating competency and effectiveness in service performance; improving productivity; exploiting human resources potentials; benefiting from the available technology at the Bank; and achieving savings in the Bank's operations.

4- Investments

The Bank continued to act in accordance with the set policy, in terms of excellence, diversity and quality of investments. Such investments were in shareholding companies which offer various services particularly in the field of communication, housing, productive industries and securities exchange markets within a long-term investment portfolio.

5- Promotion of Technology and Information Systems

The IT Department persisted on developing the automation of various banking and investment services; introducing updates for the promotion of communication channels with clientele. All these efforts are for the sake of offering additional services that would add an element of speed to the operational system, facilitating the procedures of dealing, meeting clients' needs and contributing to their success in a way that achieves the highest level of customer satisfaction.

The Bank's management is keen to keep up with the latest updates in technology and automated systems. Therefore, PIB implemented a comprehensive plan to develop its service system and procedures and to introduce up to date technologies through SWIFT services. On the same track, Global Securities Co. introduced e-trading for its clientele.

6- Human Resources

Our staff is one of the fundamental elements of the Bank's success, excellence and distinctiveness. For this reason the Board of Directors works continuously on developing their skills and capacities through delegating them to attend seminars and courses which cover; preliminary training, investment and banking activities, finance and credit analysis, & acknowledgment of legal aspects that govern the banking operations. All are set according to a considered plan for the end of serving and maintaining the bank's base of clientele and keeping up with the latest in the banking services.

In respect of promotions, the Board of Directors follows a considered policy based on fair ground contingent on the exerted efforts by each employee.

7- External Banking Services and the Various Treasury Activities

The Bank's Board of Directors diligently seeks, through its services in the field of treasury, investment, financial brokerage services, and foreign currency exchange, to invest and employ its various financial assets in the different currencies in various financial and money market instruments locally and internationally.

PIB continued occupying an advanced position in the field of treasury and banking services in traded foreign currencies. Also PIB continued issuing transfers, tourist checks, cashier checks, and buying and selling of foreign currencies through the Bank's correspondents' network spreading all over the world.

The treasury department activities have achieved significant positive results in the field of foreign currencies' trading operations at an increase ratio of 57% from the year 2007 which in turn contributed to increasing the total revenues of the Bank.

8- Global Securities Co.

PIB is highly concerned with providing new investment services in the field of financial brokerage business. PIB was engaged in buying and selling stocks, working as a commission-based broker, a financial consultant for investments in securities, in addition to working as a buying and selling broker for the benefit of the portfolio.

The company also issues periodical reports about the stocks of national and local companies and provides those reports to its clientele. As well as checking account balances through the website.

9- Credit Cards (VISA)

The bank continued issuing local and international VISA cards in order to excel in serving its clientele and meet the set goals based on a well-monitored system by exchanging and transferring information in a record time taking into consideration risks involved in this service.

10- SWIFT services

SWIFT service is added to the quality services offered to the banks' clientele in all its' areas of existence. Necessary requirements and procedures were undertaken to make this service available.

11-Competitive bank's state

PIB's management worked throughout 2008 to increase its market share from clients deposits at a ratio of 20.39% compared to 2007 figures, in addition to increasing its share of facilities granted to various economic sectors at a ratio of 46% against 2007 figures.

2008 Significant Financial Indicators and Ratios In Comparison with the Year 2007

(In US Dollars Million)

Item	2008	2007
Most Significant Results of Operations		
Net Interests and Commissions	8.88	7.63
Net Profits before Taxes and Provisions	6.03	5.00
Net Profits after Taxes and Provisions	2.98	4.13
Earnings Per Share	0.075	0.1
Most Significant Budget Items		
Assets	214.61	250.65
Credit Facilities- Net	51.43	75.30
Clients' Deposits	122.75	102.00
Banks Deposits	24.23	80.00
Total shareholders' Equity	61.64	61.30
Most Significant Financial Ratios		
Rate of Return on Assets	1.37%	1.70%
Rate of Return on Shareholders' Equity	4.78%	6.80%
Total Doubtful Debts to Total Facilities	2.90%	5.60%
Provisions of Doubtful Debts	42.43%	48.70%
Cash Flow	5.60%	8.21%
Loans to Assets	23.96%	29.90%
Shareholders' Equity to Total Deposits	41.94%	33.70%
Shareholders' Equity to Total Assets	28.72%	24.40%
Cash Balance: Cash In Hand and Banks Deposits	96.00%	83.20%

Future Plan for 2009

PIB management, Board and Executive body, will pursue the set plan that aims at enhancing the Bank's position in the Palestinian banking market; providing exceptional services to its clients; contributing to Palestinian economic growth; strengthening the financial status of the Bank; and developing the Shareholders' Equity. The strategic plan of the Bank includes the following goals which will be targeted during the year 2009:-

- Increasing the bank's budget figures under the auspices of a highly skilled management in the existing and the newly established branches which started up working on the onset of 2008.
- Promoting the marketing strategies at the Bank's various branches in order to maintain existing clients through fulfilling their needs and wishes; bringing over new clients; increasing the retail facilities and individual loans and raising its ratio of total bank's facilities especially housing loans, auto car loans and personal loans.
- Expanding the base of depositors in all currencies by offering reasonable interest rates and incentives. And through the optimal use of these assets especially in granting credit facilities and focusing on the big shareholding companies, big institutions and the governmental sector employees.
- Managing local investment portfolios for the clients and creating a qualitative change in the area of private and personal investment services through step by step follow up of the latest international changes in the financial and investment markets.
- Paying attention to the bank's staff body by working on elevating their competency and capacities, shepherding them, rewarding exceptional personnel, encouraging teamwork themes, and recruiting exceptional competencies for particular activities.
- Contribute to the enhancement of the Palestinian national economy & infrastructure. In this regard the Bank's administration eyes with great interest the Palestinian capital investors living abroad for the purpose of attract-

ing their savings and engaging them in successful investment projects in Palestine.

- Diligent and continuous work in marketing credit cards (VISA) to increase the number of its users.
- Strengthening relations and cooperation with the monetary authority, banks, and local and international institutions.
- Keeping a high liquidity ratio to cover the needs of the Bank clientele at any time.
- Increasing the size of indirect facilities (such as letters of guarantee & letters of credit), and banking services (such as transfers) which return on the bank good commissions.
- Keeping the competitive factor the Bank works to achieve in terms of elevating the level and diversity of offered banking services.
- Increasing the size of shareholders' equity and realizing a return ratio 10% at minimum.

Highlights on the Final Financial Statements

Assets

By the end of 2008, the total assets, excluding the contra accounts, reached USD 214.61 million against USD 250.65 million by the end of 2007. The most important featured changes in assets were distributed as follows:-

	2008	2007	Increase/decrease
Governmental facilities	14.70	50.12	(35.42)
Other sectors' facilities	36.70	25.18	11.52
Cash in hand and at banks	141.10	151.40	(10.30)

Liabilities

The balance of deposits in current accounts, demand deposits, saving accounts, time deposits, cash margins and banks' deposits reached as of 31/12/2008 an amount of USD 122.75 million against USD 102 million as of 31/12/2007; an increase of USD 20.75 million, at a growth ratio of 20.30%. While the PMA and banks' deposits dropped from USD 80 million as of 31/12/2007 to USD 24.23 million as of 31/12/2008.

Palestine Investment Bank has been able, by virtue of its good reputation in the financial market, to increase its market share of deposits at a ratio exceeding 20% despite the intense competitive environment and the difficult economic and political conditions which have been witnessed in the year 2008.

Contra Accounts

The balances of indirect facilities as of 31/12/2008 reached an amount of USD 14.43 million against USD 10.51 million as of 31/12/2007 at a ratio of 37.3% as shown in the following table:

Amount in USD Million

	2008	2007	ratio of increase %
Letters of Guarantee	11.93	8.63	38.2
Letters of Credit	2.5	1.88	33.0
Total	14.43	10.51	37.3

Net Profits

In accord with 2008 strategic plan, and through the continuous efforts the BOD and the executive body have exerted, PIB achieved good profits. The bank continued developing its assets, and investing in different types of investments, in addition, to controlling non-operating expenses. Despite the exceptional conditions in the Palestinian territories, net profits for 2008 reached USD 6.03 million before taxes and provisions against USD 5 million in 2007, which were calculated in accordance with the regulations of Palestine Monetary Authority.

Revenues

The total actual revenues during the year 2008 reached an amount of USD 14.65 million against 14.36 million in 2007. Interests and commissions of total revenues reached USD 12.77 million, indicating a ratio of 87.2%.

Expenses

Interests and paid commissions of total expenses reached USD 3.89 million in 2008 against USD 5.51 million in 2007; at a decrease ratio of 29.4%. Other expenses were distributed as shown in the following table:

Item	2008 Amount (million USD)	2007 Amount (million USD)
General and Administrative Expenses	4.76	3.84
Loss in investments held for trading	1.68	---
Provisions for Taxes	1.14	0.82
Provision for Bad debt facilities	0.22	---

Cash Flow and Management of Assets & Liabilities

The Bank has maintained high cash flow rates in order to fulfill its commitments in the short- and long-terms to all clients and banks. For this end, PIB is compliant with a comprehensive balanced policy set for dealing with maturing assets and liabilities whose ultimate aim is achieving the optimal return on investments.

The qualitative operational policies and the fully considered risk management of assets and liabilities have led to improvement of the various financial and operational performance indicators.

Despite the instability of economic activities and the humble growth ratios, the Bank has worked to raise the competency of its financial utilizations. Also PIB has been able to fortify the structure of its assets by focusing on the high-return components while taking into consideration the balancing factor between risks and profits. A senior executive committee regularly reviews the assets and liabilities management plans, whereas the following table shows the current balances:-

Item	2008 (Million USD)	%	2007 (Million USD)	%
Cash In Hand and at Banks	141.08	65.73	151.4	60.2
Investments in companies' stocks	11.39	5.31	15.5	6.2
Total cash and cash equivalent	152.47	71.04	166.9	66.4
Credit Facilities- Net	51.43	23.96	75.3	29.9
Other assets	10.71	5.00	9.3	3.7
Total Assets	214.61	100	251.5	100

The following table shows the positive development in the private money resources between 2007 and 2008:-

Amount in USD Million

Item	2008	2007	Increase (Decrease)	Increase (Decrease) Ratio
Clients Deposits and Cash Margins	122.80	102	20.80	20.39%
Banks and Financial Institutions Deposits	24.20	80	(55.80)	(69.75%)
Total	147	182	(35.00)	(19.23%)

Shareholders' Equity

In this respect, the Bank's policy is to develop its own funds and preserve shareholders' equity which is considered the chief element of production in banks. Based on that, the size of investments and the level of risk that the Bank can endure are determined and thus are the size of revenues and profits.

Information disclosures to shareholders

The bank's management discloses necessary investment information through various ways; It publishes information on bank's website in addition to the websites of Palestine securities exchange market and Palestine capital market authority. As well as distributing the financial report by mail to shareholders. The bank also publishes the financial statements in the local newspapers.

Shareholders holding more than 5% of shares

Name	No. of shares as of 31/12/2008	Shareholding Percentage	No. of shares as of 31/12/2007	Shareholding Percentage
Abdel Qader Al Qadi	7,570,000	18.93%	7,570,000	18.93%
Abdel Aziz Abu Dayyeh	2,886,202	7.22%	2,886,202	7.22%
Mahmoud Abu Al Rob	3,000,000	7.50%	3,000,000	7.50%
Al Yazan Investment co.	4,000,000	10.00%	3,841,564	9.60%
Al Salam International co.	2,980,000	7.45%	2,980,000	7.45%

Shares Held by Members of the BOD

Name	Title	No. of shares as of 31/12/2008	Shareholding Percentage
Abdel Qader Al Qadi	Chairman	7,570,000	18.93%
Abdel Aziz Abu Dayyeh	Vice chairman	2,886,202	7.22%
Hani al Qadi	Designated Member	1,200,000	3.00%
Mahmoud Abu Al Rob	Member	3,000,000	7.50%
Dr. Farouq Zuaiter	Member	10,500	0.03%
Al Salam International Investment co. - Qatar	Member	2,980,000	7.45%
Al Shrooq Real estate & Investment Co.	Member	1,813,219	4.53%
Wael Al Qadi	Member	1,200,000	3.00%
Ibrahim Abu Dayyeh	Member	1,312,000	3.28%
Samer Al Qadi	Member	1,019,200	3.00%
Jamil Al Mu'ti	Member	200,000	0.50%

PIB's shareholders

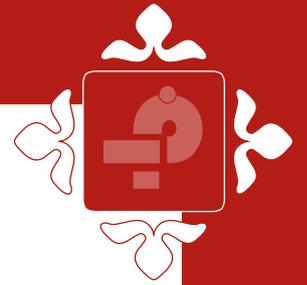
PIB's shareholder's as of 31/12/2008 were 186 shareholder

PIB's stock trading movement in stock market throughout 2008

Number of shares traded
4987204

Dollar Value
7881995

Highest price	Lowest price	Closing price
Dollar		
1.94	1.4	1.94



**PALESTINE INVESTMENT BANK
PUBLIC SHAREHOLDING COMPANY, LTD
EL-BIREH - PALESTINE**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008**



**PALESTINE INVESTMENT BANK
PUBLIC SHAREHOLDING COMPANY, LTD
EL-BIREH - PALESTINE**

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Independent Auditor's Report

To the General Assembly of Shareholders Palestine Investment Bank (Public Shareholding Company, LTD.) El-Bireh - Palestine

Report on the financial statements:

We have audited the accompanying consolidated financial statements of Palestine Investment Bank (Public Shareholding Co. Ltd) and its subsidiary, which comprise of the consolidated statement of financial position as of December 31, 2008, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended , and a summary of significant accounting policies and other explanatory notes .

Management's responsibility for the financial statements:

The management of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the consolidated financial statements give a true and fair view of the financial position of "Palestine Investment Bank" and its subsidiary as of December 31, 2008 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and we recommend the General Assembly to approve these consolidated financial statements.

Ramallah:
March 19, 2009

Saba & Co.

(Statement – A)

PALESTINE INVESTMENT BANK
PUBLIC SHAREHOLDING COMPANY, LTD
EL-BIREH - PALESTINE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2008

ASSETS :	Note	December 31,2008 U.S. Dollar	December 31,2007 U.S. Dollar
Cash in Hand and at Banks	4	129,067,671	142,012,297
Cash and Mandatory Reserve With the Palestinian Monetary Authority	5	12,010,145	9,346,845
Financial Assets Held for Trading	6	801,426	1,117,653
Financial Assets Available for Sale	7	10,586,788	14,338,379
Credit Facilities – Net	8	51,426,546	75,289,682
Other Assets	9	5,446,778	2,672,156
Deferred Tax Asset	10	1,194,524	1,094,455
Fixed Assets – Net	11	1,948,117	1,998,116
Lands	12	2,130,005	2,783,739
Total Assets		214,612,000	250,653,322
		=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY:			
LIABILITIES:			
Banks and Financial Institutions Deposits	13	24,233,270	80,026,259
Customers' Deposits	14	104,713,597	91,844,997
Cash Margin	15	18,034,620	10,163,147
Sundry Provisions	16	1,286,626	1,026,269
Provision for Taxes	17	1,130,977	1,520,146
Other Liabilities	18	3,574,747	4,775,321
Total Liabilities		152,973,837	189,356,139
SHAREHOLDERS' EQUITY :			
Paid - up Capital	19	40,000,000	40,000,000
Statutory Reserve	20	5,972,151	5,559,659
Voluntary Reserve	20	7,536,636	7,536,636
Special Reserve	20	2,805,726	2,805,726
Reserve for General Banking Risks	20	868,239	602,239
Proposed Dividends	21	4,000,000	4,000,000
Cumulative Change in the Fair Value of Financial Assets Available for Sale	22	(2,456,825)	(2,757,493)
Retained Earnings	23	2,912,236	3,550,416
Net Shareholders' Equity		61,638,163	61,297,183
Total Liabilities and Shareholders' Equity		214,612,000	250,653,322
		=====	=====

The Accompanying Notes Constitute an Integral Part of These Statements

(Statement – B)

PALESTINE INVESTMENT BANK
PUBLIC SHAREHOLDING COMPANY, LTD
EL-BIREH - PALESTINE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	Year Ended December 31, 2008 U.S. Dollar	Year Ended December 31, 2007 U.S. Dollar
Interest Income	24	10,378,381	11,454,716
Commission Income	25	2,390,792	1,687,186
Total Interest and Commission Income		12,769,173	13,141,902
Interest Expense	26	(3,398,846)	(5,082,529)
Net Commission Expense		(492,619)	(431,532)
Total Interest and Commission Expenses		(3,891,465)	(5,514,061)
Net Interest and Commission Income		8,877,708	7,627,841
Gain from Trading and Revaluation of Foreign Currencies		492,343	313,592
Gain from Sale of Fixed Assets		(11,097)	1,287
Gain from Sale of Land		55,716	--
Gain from Sale of Financial Assets and Dividends	27	1,670,998	771,168
Unrealized Gain (Loss) from Investments Held for Trading		(327,690)	130,161
		1,880,270	1,216,208
Employees Expenses	28	(2,782,120)	(2,323,143)
General and Administrative Expenses	29	(1,622,750)	(1,205,811)
Depreciation		(361,697)	(315,611)
Provision for Impairment in Securities		(1,678,321)	--
Provision for Impairment of Credit Facilities		(220,000)	--
		(6,664,888)	(3,844,565)
Net Income before Taxes		4,093,090	4,999,484
Taxes	17	(1,143,779)	(819,487)
Net Income after Taxes		2,949,311	4,179,997
		=====	=====
Other Comprehensive Income (Loss):			
Change in Fair Value of Financial Assets Available for Sale		300,668	(51,348)
Appropriation to Reserve for General Banking Risks		(266,000)	--
		34,668	(51,348)
Compressive Income for the Year		2,983,979	4,128,649
		=====	=====

The Accompanying Notes Constitute an Integral Part of These Statements

(Statement – C)
PALESTINE INVESTMENT BANK
PUBLIC SHAREHOLDING COMPANY, LTD
EL-BIREH – PALESTIN

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008
(Amounts are Expressed in U.S.Dollar)

	Paid-up Capital	Reserves			Reserve for General Banking Risks	Proposed Dividends	Cumulative Change in Fair Value	Retained Earnings	Net Shareholders' Equity
		Statutory	Voluntary	Special					
December 31, 2008									
Balance as of December 31, 2007	40,000,000	5,559,659	7,536,636	2,805,826	602,239	4,000,000	(2,757,493)	3,550,416	61,297,183
Net Income for the Year 2008	--	--	--	--	--	--	--	2,949,311	2,949,311
Remuneration Paid	--	--	--	--	--	--	--	(226,000)	(226,000)
Transferred to Reserves	--	412,492	--	--	266,000	--	--	(678,492)	--
Proposed Dividends	--	--	--	--	--	4,000,000	--	(4,000,000)	(4,000,000)
Change in Fair Value of Financial Assets Available for Sale	--	--	--	--	--	--	300,668	--	300,668
Provision No Longer Required	--	--	--	--	--	--	--	1,317,001	1,317,001
Balance as of December 31, 2008	40,000,000	5,972,151	7,536,636	2,805,726	868,239	4,000,000	(2,456,825)	2,912,236	61,698,163
December 31, 2007									
Balance as of December 31, 2006	40,000,000	5,059,711	7,536,636	2,805,726	602,239	--	(2,674,410)	4,434,867	57,764,769
Net Income for the Year 2007	--	--	--	--	--	--	--	4,179,997	4,179,997
Remuneration Paid for 2006	--	--	--	--	--	--	--	(295,000)	(295,000)
Accrued Remuneration for 2007	--	--	--	--	--	--	--	(269,500)	(269,500)
Transferred to Statutory Reserve	--	499,948	--	--	--	--	--	(499,948)	--
Proposed Dividends	--	--	--	--	--	4,000,000	--	(4,000,000)	--
Change in Fair Value of Financial Assets Available for Sale	--	--	--	--	--	--	(83,083)	--	(83,083)
Balance as of December 31, 2007	40,000,000	5,559,659	7,536,636	2,805,726	602,239	4,000,000	(2,757,493)	3,550,416	61,297,183

The Accompanying Notes Constitute an Integral Part of These Statements

(Statement – D)
1 of 2

PALESTINE INVESTMENT BANK
PUBLIC SHAREHOLDING COMPANY, LTD
EL-BIREH - PALESTINE

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Year Ended December 31, 2008 U.S. Dollar	Year Ended December 31, 2007 U.S. Dollar
Cash Flows From Operating Activities :		
Net Income Before Taxes	4,093,090	4,999,484
Adjustments:		
Depreciation	361,697	315,611
Loss (Gain) from Sale of Fixed Assets	11,097	(1,133)
Gain from Sale of Land	(55,716)	--
Provision for Vacations and Indemnities	384,680	242,945
Gain from Sale of Securities	(1,168,569)	(168,278)
Unrealized Loss (Gain) from Investments Held for Trading	327,690	(130,161)
Provision for Impairment in Securities	1,678,321	--
Reconciliation of VAT	299,581	--
Provision for Impairment of Credit Facilities	220,000	--
Net Cash Flow from Operating Activities Before Changes in Operating Assets and Liabilities	<u>6,151,871</u>	<u>5,258,468</u>
(Increase) Decrease in Assets:		
Cash at Banks- Deposits Maturing After Three Months	(8,000,000)	--
Mandatory Reserve at Palestinian Monetary Authority	(1,949,789)	(1,715,082)
Credit Facilities	23,643,136	3,851,875
Other Assets	(2,784,222)	(706,709)
	10,909,125	1,430,084
Increase (Decrease) in Liabilities:		
Banks and Financial Institutions Deposits-		
Maturing After Three Months	(254,118)	31,185
Customers' Deposits	12,868,600	18,846,254
Cash Margin	7,871,473	3,525,399
Other Liabilities	(1,198,406)	(310,348)
	19,287,549	22,092,490
Net Cash Flow from Operating Activities Before Taxes, Indemnities and Remuneration	36,348,545	28781,042
Taxes Paid	(615,597)	(250,000)
Indemnities Paid	(124,323)	(75,704)
Remuneration Paid	(269,500)	(295,000)
Net Cash Flow from Operating Activities After Taxes , Indemnities and Remuneration	<u>35,339,125</u>	<u>28,160,338</u>

The Accompanying Notes Constitute an Integral Part of These Statements

(Statement – D)
2 of 2

PALESTINE INVESTMENT BANK
PUBLIC SHAREHOLDING COMPANY, LTD
EL-BIREH - PALESTINE

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Year Ended December 31, 2008 U.S. Dollar	Year Ended December 31, 2007 U.S. Dollar
Cash Flows From Investing Activities :		
Purchase of Land	--	(758,927)
Additions to Fixed Assets	(355,400)	(645,277)
Purchase of Securities	(11,463)	(256,985)
Proceeds from Sale of Fixed Assets	42,205	1,865
Proceeds from Sale of Securities	3,542,507	1,226,871
Proceeds from Sale of Land	709,450	--
Net Cash Flow from (Used) in Investing Activities	3,927,299	(432,453)
Cash Flows From Financing Activities :		
Dividends Distributed to Shareholders	(3,958,668)	--
Cash Used in Financing Activities	(3,958,668)	--
Net Increase in Cash and Cash Equivalent	35,307,356	27,727,885
Cash and Cash Equivalent at Beginning of the Year	62,557,241	34,829,356
Cash and Cash Equivalent at End of the Year	97,864,997	62,557,241
<u>Represented By:</u>		
Cash and Cheques in Hand	9,923,583	9,015,475
Cash at Banks	111,144,088	132,996,822
Cash at PMA	1,030,596	317,085
Banks' and Financial Institution Deposits	(24,233,270)	(79,772,141)
	97,864,997	62,557,241
	=====	=====

The Accompanying Notes Constitute an Integral Part of These
Statements

**PALESTINE INVESTMENT BANK
PUBLIC SHAREHOLDING COMPANY, LTD
EL-BIREH - PALESTINE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Amounts are Expressed in U.S.Dollar)**

1. The Bank and its Activities:

- Palestine Investment Bank P.L.C. (the Bank) was established in Gaza City in Palestine on August 10, 1994 as a public shareholding company with a share capital of U.S.Dollar 20 million, in accordance with the Company's Law of 1929, and was registered under registration number 563200864. The Bank started operations during March 1995, and is currently operating through its Head Office in El-Bireh and its seven branches located in Ramallah, Nablus, Hebron, Gaza, Jericho, Bethlehem and Betunia. The registered address of the Bank (Head quarters and EL – Bireh Branch is: EL - Bireh – Ramallah, P.O. Box 3675).
- The Bank is engaged in providing all banking services in accordance with the regulations of the Palestinian Monetary Authority and all laws and regulations prevailing in Palestine.
- The number of the Bank's employees is (162) employee as of December 31, 2008 (142 employee as of December 31, 2007).
- The consolidated financial statements of the bank and its subsidiary were approved by the Board of Directors on March 19, 2009. These consolidated financial statements are subject for approval by the General Assembly in its forthcoming ordinary meeting.

2. Significant Accounting Policies:

a. Basis of Presentation of Financial Statements:

- The accompanying financial statements are presented in accordance with International Financial Reporting Standards and in conformity with the prevalent laws and regulations in the Palestinian Autonomous Territories.
- The financial statements are presented on historical cost bases with the exception of trading and available for sale securities that are presented at fair value.
- The financial statements are presented in U.S.Dollars which is the Bank's functional currency.
- The financial statements of the subsidiary are presented in Jordanian Dinar. For consolidation purposes, assets, liabilities, income and expenses of the subsidiary were converted to U.S. Dollar using the exchange rate prevailing at the financial position date, which is constant over the year and equal USD 1.4014 / JD.
- The accompanying consolidated financial statements include the financial statements of the bank's branches in El-Bireh, Nablus, Hebron, Gaza, Jericho, Bethlehem and Betunia, and the financial statements of General Management in El-Bireh, in addition to the financial statements of the subsidiary (the Global Securities Co) , which is wholly owned by the Bank.

The Global Securities Co. (GSC) is a private shareholding company incorporated in accordance with the companies law number (12) of 1964 at share capital of Jordanian Dinar one million. During the year 2007, the share capital of GSC increased by JD 1.5 Million to become JD 2.5 Million. The GSC Involves in trading of securities as a broker.

The consolidation was made after excluding inter-branch transactions and after eliminating inter-company account balances between the bank and its subsidiary.

- The accounting policies of the subsidiary are the same of those applied by the bank.

- The accounting policies applied in 2007 are consistent with those applied in previous years.

b. Adoption of New and Revised International Financial Reporting Standards:

■ Standards and interpretations in issue not yet adopted

At the date of authorization of these consolidated financial statements; the following standards and interpretations were in issue but not yet effective:

Effective for accounting periods beginning on or after January 1, 2009

IAS 1 (Revised)	Presentation of financial statements
IAS 16 (Revised)	Property, plant and equipment
IAS 19 (Revised)	Employee benefits
IAS 20 (Revised)	Government grants and disclosure of government assistance
IAS 23 (Revised)	Borrowing costs
IAS 27 (Revised)	Consolidated and separate financial statements
IAS 28 (Revised)	Investments in associates
IAS 29 (Revised)	Financial reporting in hyperinflationary economies
IAS 31 (Revised)	Interests in joint ventures
IAS 32 (Revised)	Financial instruments: Presentation
IAS 36 (Revised)	Impairment of assets
IAS 38 (Revised)	Intangible assets
IAS 39 (Revised)	Financial instruments: Recognition and measurement
IAS 40 (Revised)	Investment property
IAS 41 (Revised)	Agriculture
IFRS 1 (Revised)	First-time adoption of International Financial Reporting Standards
IFRS 2 (Revised)	Share-based payment
IFRS 8	Operating segments
IFRIC 15	Agreements for the construction of real estate

Others:	
IFRS 3 (Revised)	Business Combinations (effective for accounting periods beginning on or after July 1, 2009)
IFRS 5	Non-current assets held for sale and discontinued operations (effective for accounting periods beginning on or after July 1, 2009)
IFRIC 13	Customer loyalty programs (effective for accounting periods beginning on or after July 1, 2009)
IFRIC 16	Hedges of a net investment in a foreign operation (effective for accounting periods beginning on or after July 1, 2009)
IFRIC 17	Distribution of non-cash assets to owners (effective for accounting periods beginning on or after July 1, 2009)

The bank's management believes that these standards and interpretations will be adopted in the financial statements on January 1, 2009, and according to their effective dates. This adoption may not have a material impact on the bank's financial statements at the first phase of adoption.

c. The following is a summary of the significant accounting policies:

Segment Information:

- A business segment is a distinguishable component of an entity engaged in providing an individual product or service or a group of related products or services subject to risks and returns different from those of other business segments.
- A geographical segment is a distinguishable component of an entity engaged in providing products or services within a particular economic environment subject to risks and returns different from those of components operating in other economic environments.

Credit Facilities:

Direct credit facilities are financial assets that have fixed or specific payments, the bank has granted to customers or acquired, and have no market prices in active markets.

- Credit facilities are stated net of provision for impairment losses and interest in suspense.

- Provision for impairment losses is taken on non-performing credit facilities when management realizes the uncollectability of the debt or part of it. This provision is calculated based on the Palestinian Monetary Authority instructions.
- Interests and commissions on non-performing credit facilities are suspended in accordance with the instructions of the Palestinian Monetary Authority. No interest and commission are computed on classified credit facilities when such facilities are subject to legal proceedings.
- Uncollectible credit facilities are written off by decreasing the provision for credit facilities. Any surplus in the provision as well as any amount collected from credit facilities previously written off are taken to the statement of income.

Financial Assets Held for Trading:

- Financial assets held for trading represent investments in stocks of companies in active markets. Moreover, the purpose of keeping these investments is to generate profits from the fluctuation in short-term market prices or a trading profit margin.
- Financial assets held for trading are initially recognized at fair value when purchased (acquisition expenses are booked in the statement of income when purchased). They are subsequently re-measured to fair value, and the resulting change is included in the income statement in the period in which it arises. Moreover, fair value differences resulting from the translation of foreign currency non-monetary assets are taken to the statement of income.
- Distributed income or realized interest is recorded in the statement of income.

Financial Assets Available for Sale:

Available-for-sale financial assets are those financial assets held by the Bank and classified as neither trading nor held-to-maturity financial assets.

- Available-for-sale financial assets are initially recorded at fair value including acquisition costs. They are subsequently re-measured to fair value as of the date of the financial statements. Moreover, changes in fair value are recorded in a separate account within stockholders' equity. When these assets are fully or partially sold, disposed of, or determined to be impaired, the income or losses are recorded in the statement of income, including the related amounts previously recorded within stockholders' equity. The loss resulting from the impaired value of the debt instruments is reversed when it is objectively evident that the increase in their fair value occurred after the losses had been recognized and recorded in the statement of income. Impairment losses resulting from the decline in the value of equity securities is reversed through the cumulative change in fair value.
- Income and losses resulting from the foreign exchange of interest-bearing debt instruments are included in the statement of income. The differences in the foreign currency of equity instruments are included in the cumulative change in fair value within shareholders' equity.
- Interest from available-for-sale financial instruments is recorded in the statement of income using the effective interest method. Impairment in assets is recorded in the statement of income when incurred.
- Financial instruments for which fair value can not be reliably determined are shown at cost. The impairment is recorded in the statement of income.

Fair Value:

Fair value represents the closing market prices of financial assets on the date of the financial statements. In case declared market prices do not exist, active trading of some financial assets is not available, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.

The valuation methods aim at providing a fair value reflecting the expectations of the market, expected risks and expected benefits.

Financial assets, the fair value of which can not be reliably measured, are stated at cost less any impairment.

Impairment in the Value of Financial Assets:

The Bank reviews the values of financial assets on the date of the financial position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio. In case such indications exist, the recoverable value is estimated so as to determine the impairment loss.

The impairment is determined as follows:

- The impairment in financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.
- The impairment in the financial assets available for sale recorded at fair value represents the difference between the book value and fair value.
- The impairment in the financial assets recorded at cost is determined on the basis of the present value of the expected cash flows discounted at the market interest rate of similar instruments.

The impairment in value is recorded in the statement of income. Any surplus in the following period resulting from previous declines in the fair value of financial

assets is taken to the statement of income except for the impairment in available-for-sale equity securities which is reversed through the cumulative change in fair value.

Fixed Assets:

Fixed assets are stated at cost net of accumulated depreciation. Depreciation is computed using the straight - line method based on the estimated useful lives of respective fixed assets at annual rates ranking from 2% to 25%.

When the carrying amounts of fixed assets exceed their recoverable values, assets are written down, and impairment losses are recorded in the statement of income.

The useful lives of fixed assets are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, as a change in estimate.

Fixed assets are disposed off when there is no expected future benefit from the use of that Asset.

Assets Seized by the Bank:

Assets seized by the Bank are shown under “other assets” at the acquisition value or fair value, whichever is lower. As of the financial position date, these assets are revalued individually at fair value. Any decline in their market value is taken to the statement of income whereas any such increase is not recognized. A subsequent increase is taken to the statement of income to the extent of loss previously recorded.

Provisions:

Provisions are recognized when the Bank has an obligation on the date of the financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provision for Employees End of Service Indemnity:

Provision for staff indemnity is computed and accounted for based on the Bank's bylaws which are significantly similar to labor law. The employees' end of services indemnity provision is estimated on the basis of one month salary for each year of service. The required provision for indemnities for the year is recorded in the statement of income, while payments to departing employees are deducted from the provision amount.

Taxes:

- Income tax expenses represent accrued and deferred taxes.
- Income tax expense is accounted for on the basis of taxable income, Moreover, income subject to tax differs from income declared in the financial statements because the latter includes non-taxable revenue or tax un – deductible expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions of the Tax Authorities.
- Deferred taxes are taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount.
- Deferred tax is calculated according to the rates expected to be applied when the tax liability is settled or tax assets are recognized. Deferred tax assets are reviewed as of the date of the financial position, and reduced in case it is expected that no benefit will arise there from, partially or totally.

Realization of Income and Recognition of Expenses:

- Interest income is recognized based on the effective interest method, except for interest and commission on non-performing facilities which are not recognized as revenue but are taken to the interest and commission in suspense account until they are received in cash.
- Expenses are recognized on the accrual basis.

- Commission is recorded as revenue when the related services are rendered, and dividend revenue from companies is recognized when earned (or when approved by the shareholders general assembly of the investee) .

Recognition of Financial Assets:

Purchase and sale of financial assets are recognized on the trade date (the date the Bank is liable to sell or purchase the financial asset.)

Cash and Cash Equivalents:

Cash and cash equivalents comprise cash balances with PMA and balances with banks and financial institutions maturing within three months, less balances due to banks and financial institutions maturing within three months and restricted funds.

Accounting Estimates:

Management, through applying the accounting policies, uses assumptions and estimates with impacts on the recognition of the balances recorded in the financial statements. Some of these assumptions are as follows:

- Tax expense is charged for in accordance with applicable laws, regulations and accounting standards and by taking into consideration the share for the year from deferred tax.
- End of service indemnity is calculated based on the labor law applied in Palestine.
- A provision for performing and non-performing loans is taken on the bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRS). The outcome of these bases and estimates is compared against the adequacy of the provisions as per the PMA instructions. The strictest outcome that conforms to (IFRS) is used for

the purpose of determining the provision.

- Impairment loss (if any) is taken after a sufficient and recent evaluation of the acquired properties. The impairment loss is reviewed periodically.
- Management performs a frequent review of the financial assets stated at cost to estimate any probable decline in their value. Impairment loss (if any) is taken to the statement of income as an expense for the period.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general status of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the statement of income.

Foreign Currencies:

The Bank adopts the U.S.Dollar as its reporting currency. Moreover, the Bank deals mainly in U.S.Dollar, New Israeli Shekel and Jordanian Dinar and maintains separate register for each currency. Foreign currency transactions are recorded at its U.S. Dollar equivalent at the exchange rates prevailing at the date of each transaction. Assets and liabilities denominated in foreign currencies are translated into U.S. Dollar equivalent at the exchange rates ruling at year end and the resultant difference on exchange is taken to the statement of income.

Foreign currency exchange rates against U.S.Dollar at the balance sheet date were as follows:

	December 31,2008 U.S. Dollar	December 31, 2007 U.S. Dollar
New Israeli Shekel (N.I.S)	0.265534	0.259471
Jordanian Dinar (JD)	1.4104	1.4104
European Euro	1.4124	1.4731

3. Risk Management:

The Board of Directors performs its role in ensuring that the Bank manages the various risks and adopts the policies and procedures that streamline the Bank's risks management through the Risks and Audit Committees. Moreover, the Bank sets the risks acceptable limits (risk appetite). The Risks Management Department evaluates, controls, and recommends mitigating risks, and submits the necessary reports to higher management independently from the other Bank's departments (risk takers) which perform other banking activities in order to ensure the objectivity of the Risks Management Department in analyzing the various risk types.

Furthermore, the Risks Management Department is responsible for the market, credit, and liquidity risks (within the Assets and Liabilities Model) of the Bank's local and external branches.

a. Credit Risk:

Credit risk refers to the risk that the counterparty will default on its credit terms and/or its creditworthiness deteriorates resulting in financial loss to the Bank.

The Board of Directors periodically reviews the credit risk management policies compatible with the laws and PMA instructions after being prepared by the concerned departments. Moreover, the Board of Directors ensures that management of the Bank works according to their policies and executes the related requirements. These policies include the Bank's credit policy through which many factors are determined such as:

- Setting clear requirements, policies, and decision-making procedures relating to the new or to be renewed credit facilities or any material amendment thereon within specified authorities that match the size and specifications of the credit facilities. Among the factors taken into consideration when granting credit are the purpose of the credit facilities and payment sources.
- Taking decisions within qualified management levels. Moreover, the Bank has various credit committees at the executive management level and the Board of Directors level. This is done away from the impact of conflict of interest and in a manner that guarantees the soundness and independence of the evaluation procedures of the customer requesting credit and the related compatibility with the Bank's credit policy requirements.
- Laying out clear and effective policies and procedures for managing and executing credit including continuous analysis of the ability and readiness of the borrower to pay according to contractual terms, monitoring the credit documentation and any credit terms and covenants, and continuously controlling and evaluating guarantees.

- Establishing adequate policies and procedures to ensure evaluation and management of non-performing credit and its classification in addition to evaluating the adequacy of the provisions monthly based on the instructions of the PMA and other regulatory authorities under which the Bank operates. This is in addition to a clear policy for writing off debt. Moreover, the Board of Directors approves the adequacy of these provisions.
- Having specified and documented controls and ceilings with clear policies and procedures that guarantee commitment to these ceilings and the necessity to obtain prior approvals for any excesses. These controls and ceilings are reviewed and amended periodically, if necessary. Moreover, there are ceilings specified and approved by the Board of Directors relating to dealing with the various banks, countries, and economic sectors.

a/1. Credit exposures according to the degree of risk are categorized according to the following table:

2008	Individuals	Property Loans	Corporations	Small and Medium Companies	Government and Public Sector	Total
	USD	USD	USD	USD	USD	USD
Low risk	6,590,934	--	12,068,725	5,946,278	14,651,863	39,257,800
Acceptable risk	1,282,891	--	6,542,743	1,337,872	--	9,163,506
Of which is due:*						
within 30 days	--	--	--	--	--	--
from 31 to 60 days	--	--	--	--	--	--
Under watch	11,929	--	--	--	--	11,929
Non-performing:	30,542	--	--	--	--	30,542
Below level	462,784	--	--	--	--	462,784
Allowance provided	1,074,176	455,276	1,492,406	231,807	24,117	3,277,782
Bad debt	--	--	--	--	--	--
Total	9,453,256	455,276	20,103,874	7,515,957	14,675,980	52,204,343
Less: Impairment provision	(48,252)	(2,718)	(25,539)	(51,276)	(1,120)	(128,905)
Less: Interest in suspense	(306,779)	--	(235,684)	(83,432)	(22,997)	(648,892)
Net	9,098,225	452,558	19,842,651	7,381,249	14,651,863	51,426,546

2007	Individuals	Property Loans	Corporations	Small and Medium Companies	Government and Public Sector	Total
	USD	USD	USD	USD	USD	USD
Low risk	4,467,000	--	1,989,980	3,703,400	49,260,000	59,420,380
Acceptable risk	1,914,500	--	8,127,537	1,993,610	1,611,000	13,646,647
Of which is due:*						
within 30 days	--	--	--	--	--	--
from 31 to 60 days	--	--	--	--	--	--
Under watch	14,280	--	17,600	10,500	--	42,380
Non-performing:	82,627	--	4,080	3,795	--	90,502
Below level	29,143	--	14,440	6,695	--	50,278
Allowance provided	1,416,000	--	2,142,447	1,273,000	--	4,831,447
Bad debt	--	--	--	--	--	--
Total	7,923,550	--	12,296,084	6,991,000	50,871,000	78,081,634
Less: Impairment provision	(1,146,906)	--	(367,624)	(598,341)	--	(2,112,871)
Less: Interest in suspense	(216,002)	--	(86,753)	(376,326)	--	(679,081)
Net	6,560,642	--	11,841,707	6,016,333	50,871,000	75,289,682

Liquidity risk may result from the Bank's disability to meet its obligations. The maturities of assets and liabilities as of December 31, 2008 were as follows:

a/2. Credit exposures according to the degree of risk are categorized according to the following table:

2008	Individuals	Property Loans	Companies	Government and Public Sector	Total
	USD	USD	USD	USD	USD
Guarantees against:					
Low risk	5,115,300	--	16,597,906	14,675,980	36,389,186
Acceptable risk	4,850,463	--	9,696,737	--	14,547,200
Under watch	--	--	--	--	--
Non-performing:	8,445	--	805	--	9,250
Below level	255,231	--	185,068	--	440,299
Allowance provided	285,737	--	689,321	--	975,058
Bad debt	--	--	--	--	--
Total	10,515,176	--	27,169,837	14,675,980	52,360,993
Of it:					
Cash Margins	3,511,827	--	11,005,102	--	14,516,929
Acceptable bank guarantees	1,780,405	--	--	--	1,780,405
Real estate	1,572,200	--	2,996,692	--	4,568,892
Trade stocks	2,980,333	--	10,908,132	--	13,888,465
Vehicles and equipment	670,411	--	2,259,911	--	2,930,322
Government Guarantee	--	--	--	14,675,980	14,675,980
Total	10,515,176	--	27,169,837	14,675,980	52,360,993

2007	Individuals	Property Loans	Companies	Government and Public Sector	Total
Guarantees against:	USD	USD	USD	USD	USD
Low risk	3,528,900	--	4,513,104	49,260,000	57,302,004
Acceptable risk	1,531,600	--	7,740,380	1,611,000	10,882,980
Under watch	11,424	--	22,380	--	33,804
Non-performing:	66,101	--	6,301	--	72,402
Below level	23,314	--	16,905	--	40,219
Allowance provided	1,132,800	--	2,732,800	--	3,865,600
Bad debt	--	--	--	--	--
Total	6,294,139	--	15,031,870	50,871,000	72,197,009
Of it:					
Cash Margins	2,502,948	--	5,737,155	--	8,240,103
Acceptable bank guarantees	629,414		1,602,189	--	2,231,603
Real estate	1,273,535	--	3,182,965	--	4,456,500
Trade stocks	1,258,828	--	3,006,374	--	4,265,202
Vehicles and equipment	629,414	--	1,503,187	--	2,132,601
Government Guarantee	--	--	--	50,871,000	50,871,000
Total	6,294,139	--	15,031,870	50,871,000	72,197,009

b. Liquidity Risk:

The Bank adopts the policy of diversifying financial resources within the various economic and geographical areas in addition to diversifying customers. The policy concentrates on analyzing the maturities of the assets and liabilities to achieve congruence monitor liquidity risks and control gaps. It is also concerned with maintaining an adequate balance of liquidity and easily liquidifiable balances to meet withdrawals.

	Within 3 Months	Over 3 to 6 Months	Over 6 Months to 12 Months	Over 12 Months	Without Maturity	Total
U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar
121,067,671	8,000,000	--	--	--	--	129,067,671
1,030,596	--	--	--	--	10,979,549	12,010,145
801,426	--	--	--	--	--	801,426
--	--	--	--	--	10,586,788	10,586,788
22,540,255	5,301,528	20,594,237	2,990,526	81,600	--	51,426,546
--	--	--	--	--	5,365,178	5,446,778
--	--	--	--	--	1,194,524	1,194,524
--	--	--	--	--	4,078,122	4,078,122
145,439,948	13,301,528	20,594,237	3,072,126	32,204,161	32,204,161	214,612,000
=====	=====	=====	=====	=====	=====	=====
24,233,270	--	--	--	--	--	24,233,270
98,015,570	1,709,226	4,988,801	--	--	--	104,713,597
18,034,620	--	--	--	--	1,286,626	18,034,620
--	--	1,130,977	--	--	--	2,417,603
3,574,747	--	--	--	--	--	3,574,747
--	--	--	--	--	61,638,163	61,638,163
143,858,207	1,709,226	6,119,778	--	--	62,924,789	214,612,000
=====	=====	=====	=====	=====	=====	=====
1,581,741	11,592,302	14,474,459	3,072,126	(30,720,628)	--	--
=====	=====	=====	=====	=====	=====	=====
1,581,741	13,174,043	27,648,502	30,720,628	--	--	--
=====	=====	=====	=====	=====	=====	=====

Liquidity Risk-2007:

The maturities of assets and liabilities as of December 31, 2007 were as follows:

	Within 3 Months	Over 3 to 6 Months	Over 6 Months to 12 Months	Over 12 Months	Without Maturity	Total
Assets:	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar
Cash in Hand and at Banks	142,012,297	--	--	--	--	142,012,297
Cash and Mandatory Reserve With the Palestinian Monetary Authority	--	--	--	--	9,029,760	9,346,845
Financial Assets Held for Trading	317,085	--	--	--	--	1,117,653
Financial Assets Available for Sale	1,117,653	--	--	--	14,338,379	14,338,379
Credit Facilities-Net	19,747,635	949,526	29,764,976	24,827,545	--	75,289,682
Other Assets	--	--	--	91,200	3,410,559	3,501,759
Deferred Tax Assets	--	--	--	--	1,094,455	1,094,455
Fixed Assets-Net and Land	--	--	--	--	4,781,855	4,781,855
Total Assets	163,194,670	949,526	29,764,976	24,918,745	32,655,008	251,482,925
Liabilities and Shareholders' Equity:						
Banks' and Financial Institutions Deposits	79,772,141	--	254,118	--	--	80,026,259
Customers' Deposits	87,682,646	4,162,351	--	--	--	91,844,997
Cash Margin	10,163,147	--	--	--	--	10,163,147
Provisions	1,520,146	--	--	--	1,026,269	2,546,415
Other Liabilities	5,604,924	--	--	--	--	5,604,924
Net Shareholders' Equity	--	--	--	--	61,297,183	61,297,183
Total Liabilities and Shareholders' Equity	184,743,004	4,162,351	254,118	--	62,323,452	251,482,925
Difference of Liquidity Sensitivity	(21,548,334)	(3,212,825)	29,510,858	24,918,745	(29,668,444)	--
Accumulated Difference of Liquidity Sensitivity	(21,548,334)	(24,761,159)	4,749,699	29,668,444	--	--

c. Market Risk:

Market risk is the potential losses that may arise from the changes in market prices such as the change in interest rates, foreign currency exchange rates, and equity instrument prices, and consequently, the change in the fair value of the cash flows of the on-and off – balance sheet financial instruments.

The Bank has specified policies and procedures through which market risks are identified, measured, monitored, and controlled. These policies and procedures are reviewed periodically. Moreover, the Investment Policy Committee studies and recommends them after ensuring their compatibility with the instructions of the PMA. After that, they are approved by the Board of Directors.

The acceptable risks policy is set within the Treasury operations and includes ceilings that govern market risks. These ceilings are adopted and their application is ensured periodically and constantly through monitoring their implementation by the Risks Management Department and submitting various periodic reports to the Assets and Liabilities Committee as well as the Board of Directors.

• Interest Rate Risk:

Interest rate risk results from the potential change in interest rates, and consequently, the potential impact on the cash flows or the fair value of financial instruments.

The Bank is exposed to interest rate risks as a result of the timing gaps of reprising assets and liabilities. These gaps are periodically monitored by the Assets and Liabilities Committee. Moreover, various hedging methods are used to remain within the acceptable interest rate gap limits.

Interest Rate Sensitivity – 2008:

	Within 3 Months	Over 3 to 12 Months	Over 6 Months to 12 Months	Over 12 Months	Not Subject to Interest Rate Risk	Total
Assets:						
Cash in Hand and at Banks	U.S. Dollar 92,396,029	U.S. Dollar 8,000,000	U.S. Dollar --	U.S. Dollar --	U.S. Dollar 28,671,642	U.S. Dollar 129,067,671
Cash and Compulsory Reserve						
With the Palestinian Monetary Authority	--	--	--	--	12,010,145	12,010,145
Financial Assets Held for Trading	801,426	--	--	--	--	801,426
Financial Assets Available for Sale	--	--	--	--	10,586,788	10,586,788
Credit Facilities-Net	22,540,255	5,301,528	20,594,237	2,990,526	--	51,426,546
Other Assets	--	--	--	--	5,446,778	5,446,778
Deferred Tax Assets	--	--	--	--	1,194,524	1,194,524
Fixed Assets-Net and Land	--	--	--	--	4,078,122	4,078,122
Total Assets	115,737,710	13,301,528	20,594,237	2,990,526	61,987,999	214,612,000
	=====	=====	=====	=====	=====	=====
Liabilities and Shareholders' Equity:						
Banks' and Financial Institutions		--	--	--	10,200,424	24,233,270
Deposits	14,032,846	--	--	--	--	--
Customers' Deposits	72,887,622	1,709,226	4,988,801	--	25,127,948	104,713,597
Cash Margin	18,034,620	--	--	--	--	18,034,620
Provisions	--	--	--	--	2,417,603	2,417,603
Other Liabilities	--	--	--	--	3,574,747	3,574,747
Net Shareholders' Equity	--	--	--	--	61,638,163	61,638,163
Total Liabilities and Shareholders' Equity	104,955,088	1,709,226	4,988,801	--	102,958,885	214,612,000
	=====	=====	=====	=====	=====	=====
Difference of Interest Rate Sensitivity	10,782,622	11,592,302	15,605,436	2,990,526	(40,970,886)	--
Accumulated Difference of Interest Rate Sensitivity	10,782,622	22,374,924	37,980,360	40,970,886	--	--
	=====	=====	=====	=====	=====	=====

Interest Rate Sensitivity – 2007:

	Within 3 Months	Over 3 to 12 Months	Over 6 Months to 12 Months	Over 12 Months	Not Subject to Interest Rate Risk	Total
Assets:	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar
Cash in Hand and at Banks	108,296,732	--	--	--	33,715,565	142,012,297
Cash and Compulsory Reserve	--	--	--	--	--	--
With the Palestinian Monetary Authority	--	--	--	--	9,346,845	9,346,845
Financial Assets Held for Trading	--	--	--	--	1,117,653	1,117,653
Financial Assets Available for Sale	--	--	--	--	14,338,379	14,338,379
Credit Facilities-Net	19,747,635	949,526	29,764,976	24,827,545	--	75,289,682
Other Assets	--	--	--	--	3,501,759	3,501,759
Deferred Tax Assets	--	--	--	--	1,094,455	1,094,455
Fixed Assets-Net and Land	--	--	--	--	4,781,855	4,781,855
Total Assets	128,044,367	949,526	29,764,976	24,827,545	67,896,511	251,482,925
	=====	=====	=====	=====	=====	=====
Liabilities and Shareholders' Equity:						
Banks' and Financial Institutions		--	254,118	--	2,867,864	80,026,259
Deposits	76,904,277	--	--	--	--	--
Customers' Deposits	62,353,740	4,162,352	--	--	25,328,905	91,844,997
Cash Margin	10,163,147	--	--	--	--	10,163,147
Provisions	--	--	--	--	2,546,415	2,546,415
Other Liabilities	--	--	--	--	5,604,924	5,604,924
Net Shareholders' Equity	--	--	--	--	61,297,183	61,297,183
Total Liabilities and Shareholders' Equity	149,421,164	4,162,352	254,118	--	97,645,291	251,482,925
	=====	=====	=====	=====	=====	=====
Difference of Interest Rate Sensitivity	(21,376,797)	(3,212,826)	29,510,858	24,827,545	(29,748,780)	--
Accumulated Difference of Interest Rate Sensitivity	(21,376,797)	(24,589,623)	4,921,235	29,748,780	--	--
	=====	=====	=====	=====	=====	=====

- **Foreign currencies risk:**

The currencies positions are monitored daily to ensure that they are within the determined limits. Moreover, the related reports are submitted to the Assets and Liabilities Committee and Board of Directors.

The following table summarizes the net currencies positions for basic currencies the bank deals with:

	2008 U.S. Dollar	2007 U.S. Dollar
Jordan Dinar	896,738	1,311,811
New Israeli Shekel	(134,234)	268,506
Euro	--	17,876
U.S. Dollar	(776,446)	(2,950,185)
Sterling Pound	196	361
Swiss Frank	7	160,236
Other Currencies	13,739	1,191,378

- **Risks of Changes in Shares Prices:**

This represents the risk resulting from the decline in the fair value of the investment portfolio of the shares due to the changes in the value of the shares indicators and the change in the value of shares individually. The Bank manages this risk through diversification of investment portfolio among different geographical areas and economical sectors.

4. Cash in Hand and at Banks:

	December 31, 2008 U.S. Dollar	December 31, 2007 U.S. Dollar
Cash and Cheques in Hand	9,923,583	9,015,475
Current Deposits at Local Banks	1,806,598	402,625
Time Deposits at Local Banks	42,919,093	27,060,526
Current Deposits at Foreign Banks	10,410,525	2,184,874
Time Deposits at Foreign Banks	64,007,872	103,348,797
	129,067,671	142,012,297
In Other Currencies	43,154,576	74,092,488
	=====	=====

Deposits at banks include non – interest bearing deposits amounted to U.S.Dollar 18,748,058 as of December 31, 2008 (U.S.Dollar 24,802,426 as of December 31, 2007).

5. Cash and Mandatory Reserve With the Palestinian Monetary Authority:

Cash and mandatory reserves with the Palestinian Monetary Authority as of December 31, 2008 consist of the following:

	U.S. Dollar	Other Currencies U.S. Dollar	Total December 31, 2008 U.S. Dollar	Total December 31, 2007 U.S. Dollar
Mandatory Reserve	5,643,383	5,336,166	10,979,549	9,029,760
Current Account	971,404	59,192	1,030,596	317,085
	6,614,787	5,395,358	12,010,145	9,346,845
	=====	=====	=====	=====

According to Instructions No. (5) of 2008 of the Palestinian Monetary Authority (PMA) dated December 29, 2008, the Bank should maintain with PMA mandatory cash reserve at percentages of all customers deposits. PMA stopped to pay interest on the balances of mandatory cash reserve effective May 2001. Mandatory cash reserve is calculated at the end of each month using the following rates:

Deposits in New Israeli Shekel	8%
Deposits in Other Currencies	9%

6. Financial Assets Held for Trading:

Financial assets held for trading represent investments in quoted equity securities of Local and Jordanian Companies. These securities are being traded in Palestine Stock Exchange and Amman Financial Market and stated at fair value as follows:

	December 31, 2008 U.S. Dollar	December 31, 2007 U. S. Dollar
Jordan Electricity Co.	106,466	446,836
Arab Bank PLC	320,733	165,529
Mediterranean for Tourism Investments Co.	5,922	5,869
Palestine International Bank	104	104
Palestine Telecommunications Co.	213,904	213,471
Palestine Plastic Industrial Co.	437	903
Palestine Industrial Investment Co.	5,268	11,062
Palestine Investment and Development Co.	146,412	--
Palestine Development and Investment Co.	1,363	269,647
Golden Wheat Mills Co.	--	1,444
Palestine Electricity Co.	817	--
Bank of Palestine	--	2,788
	801,426	1,117,653
	=====	=====

7. Financial Assets Available for Sale:

Financial assets available for sale represent investments in shares in Companies in Jordanian Dinars, U.S.Dollar and other currencies. Financial assets available for sale as of December 31, 2008 are stated in the accompanying consolidated statement of financial position at fair value as follows:

	December 31, 2008			December 31, 2007		
	Listed	Unlisted	Total	Listed	Unlisted	Total
	U.S.Dollar	U.S.Dollar	U.S.Dollar	U.S.Dollar	U.S.Dollar	U.S.Dollar
U.S.Dollar	396,495	--	396,495	730,673	10,000	740,673
Jordanian Dinar	9,790,838	49,083	9,839,921	10,593,176	24,542	10,617,718
Other Currencies	350,372	--	350,372	2,979,988	--	2,979,988
	10,537,705	49,083	10,586,788	14,303,837	34,542	14,338,379
	=====	=====	=====	=====	=====	=====

The difference resulted from the revaluation of financial assets available for sale at their fair value as of December 31, 2008 amounted to U.S.Dollar 2,456,825 representing unrealized loss (U.S. Dollar 2,757,493 representing unrealized loss as of December 31, 2007) . Financial assets available for sale have been reduced during the year ended December 31, 2008 by an amount of U.S. Dollar 1,678,321 representing the impairment losses of certain securities.

8. Credit Facilities – Net :

	December 31,2008 U.S. Dollar	December 31, 2007 U. S. Dollar
Individuals (Retail) :		
Overdraft Facilities	6,502,253	6,285,765
Loans and Advances	16,442,811	6,664,374
Others	21,424	120,451
	22,966,488	13,070,590
Real – Estate	--	1,611,407
Companies:		
Overdraft Facilities	12,721,339	9,266,838
Loans and Advances	1,840,536	4,011,254
	14,561,875	13,278,092
Public Sector	14,675,980	50,121,545
	52,204,343	78,081,634
Interest In – Suspense	(128,905)	(697,081)
Provision for Impairment Losses	(648,892)	(2,112,871)
Net Credit Facilities	51,426,546	75,289,682
	=====	=====

a. Activity in the provision for impairment losses during the year was as follows:

	December 31,2008 U.S.Dollar	December 31,2007 U.S.Dollar
Balance – Beginning of the Year	2,112,871	2,205,456
Additions During the Year	220,000	--
Amounts Written off During the Year	--	(133,736)
Valuation Difference	(11,827)	41,151
Disposed off Out the Financial Position *	(1,672,152)	--
Balance - End of the Year	648,892	2,112,871
	=====	=====

b. Activity in interest in suspense during the year was as follows:

	December 31, 2008 U.S. Dollar	December 31, 2007 U. S. Dollar
Balance-Beginning of the Year	679,081	711,194
Suspended Interest During the Year	117,505	62,964
Suspended Interest Transferred to Income	(49,772)	(4,325)
Interest Written-off During the Year	(36,510)	(90,752)
Disposed off Out the Financial Position *	(581,399)	--
Balance-End of the Year	128,905	679,081
	=====	=====

* Based on the instructions of the Palestinian Monetary Authority, an amount of U.S.Dollar 2,253,551 has been disposed off out of the financial position. This represents non-performing credit facilities past – due for more than six years and fully provided for, of which is U.S.Dollar 1,672,152 being the value of the provision for impairment of credit facilities and U.S.Dollar 581,399 being the related interest in- suspense.

c. The distribution of credit facilities among main sectors is as follows:

	December 31, 2008 U.S. Dollar	December 31, 2007 U. S. Dollar
Public Sector / Government	14,092,866	50,020,505
Semi Government	583,114	101,040
	14,675,980	50,121,545
Private Sector:		
Corporations and Institutions	14,561,875	13,693,684
Individuals	22,966,488	14,266,405
	37,528,363	27,960,089
	52,204,343	78,081,634
	=====	=====

d. The distribution of credit facilities among the different economical sectors is as follows:

	December 31,2008 U.S. Dollar	December 31, 2007 U. S. Dollar
Palestinian Authority	14,092,866	50,020,505
Palestinian Authority – Local Authorities	22,997	57,130
Public Sector – Non Financial Institutions	558,997	43,911
Establishing New Real – Estate	1,091,123	849,738
Manufacturing	1,174,896	1,515,488
Tourism	2,107,514	3,049,536
Investment in Securities – Corporate	49,689	--
Investment in Securities – Individuals	118,084	--
Retail Business	1,721,958	3,040,730
Wholesale Business	3,185,900	5,391,964
Financing Consumables	9,132,396	12,248,439
Other Purposes – Private Sector	18,819,018	1,185,112
	52,075,438	77,402,553
	=====	=====

9. Other Assets :

	December 31,2008 U.S. Dollar	December 31, 2007 U. S. Dollar
Cheques Under Clearance	3,193,133	1,502,051
Prepaid Expenses	483,354	410,672
Seized Real Estate *	81,600	91,200
Accrued Interest Income	581,550	434,594
Accounts Receivable	1,107,141	233,639
	5,446,778	2,672,156
	=====	=====

* In accordance with the instructions of the Palestinian Monetary Authority (MPA), the maximum period for the bank to maintain this type of assets is five years, when this period expires, the bank has to demand for extension. However, the bank obtained a permit from the PMA to continue possessing assets for an amount of U.S. Dollar 318,404, while the Bank still in the process to obtain a permit to continue possesses assets for an amount of U.S. Dollar 81,600, in addition to a piece of land in Bethlehem for an amount of U.S Dollar 203,726 .

The following is the movement in the account balance as of December 31, 2008 and 2007:

	Seized Real Estate	
	2008	2007
	USD	USD
Opening Balance	91,200	100,800
Accumulated Depreciation on		
the Apartments	(9,600)	(9,620)
Ending Balance	81,600	91,200
	=====	=====

10. Deferred Tax Asset:

The balance of this account is composed of tax benefits arising from tax temporary differences from the below accounts:

	Balance Beginning of Year USD	Amounts Released USD	Additions USD	Balance End of Year USD	Deferred Tax Asset USD
December 31, 2008					
Provision for Impairment Losses	2,112,871	(11,827)	220,000	2,321,044	642,094
Provision for Staff Indemnity	1,026,269	(124,323)	384,680	1,286,626	355,931
Interest In-Suspense	679,081	(86,282)	117,505	710,304	196,499
	3,818,221	(222,432)	722,185	4,317,974	1,194,524
	=====	=====	=====	=====	=====
December 31, 2007					
Provision for Impairment Losses	2,205,456	(133,365)	40,780	2,112,871	605,633
Provision for Staff Indemnity	859,028	(75,704)	242,945	1,026,269	294,170
Interest In-Suspense	711,194	(93,291)	61,177	679,080	194,652
	3,775,678	(302,360)	344,902	3,818,220	1,094,455
	=====	=====	=====	=====	=====

The following is the movement in the account balance as of December 31, 2008 and 2007:

	2008 USD	2007 USD
Opening Balance	1,094,455	1,082,260
Additions	199,785	99,375
Disposals	(99,716)	(87,180)
Ending Balance	1,194,524	1,094,455
	=====	=====

11. Fixed Assets - Net:

December 31, 2008	Balance- Beginning of Year U.S.Dollar	Additions/ Depreciation U.S.Dollar	Disposals U.S.Dollar	Balance- End of Year U.S.Dollar
<u>Cost :</u>				
Furniture	278,498	14,720	--	293,218
Computers	913,562	107,820	(601)	1,020,781
Telecommunication Devices	113,224	5,573	--	118,797
Automated Teller Machines	357,127	95,701	--	452,828
Calculators and Printers	223,735	46,028	(4,934)	264,829
Safes	291,374	15,088	--	306,462
Decorations and Partitions	749,526	26,404	--	775,930
Electricity Substructures	379,489	15,486	(1,973)	393,002
Air Conditions and Heating	140,801	2,201	--	143,002
Alarm System	260,906	5,769	--	266,675
Motor Vehicles	196,451	--	--	196,451
Safety Doors	65,069	20,610	--	85,679
Real Estate	456,534	--	(76,000)	380,534
	4,426,296	355,400	(83,508)	4,698,188
	=====	=====	=====	=====
<u>Accumulated Depreciation:</u>				
Furniture	140,394	18,857	--	159,251
Computer	670,650	72,233	(52)	742,831
Telecommunication Devices	77,684	6,663	--	84,347
Automated Teller Machines	66,243	83,495	--	149,738
Calculators and Printers	114,137	17,536	(2,167)	129,506
Safes	148,334	17,778	--	166,112
Decorations and Partitions	553,599	33,615	--	587,214
Electricity Substructures	254,530	20,932	(244)	275,518
Air Conditions and Heating	79,691	16,553	--	96,244
Alarm System	212,439	16,993	--	229,432
Motor Vehicles	58,602	29,468	--	88,070
Safety Doors	22,968	3,894	--	26,862
Real Estate	28,909	14,080	(27,743)	15,246
	2,428,180	352,097	(30,206)	2,750,071
	=====	=====	=====	=====
Net Book Value	1,998,116			1,948,117
	=====			=====

December 31, 2007	Balance-Beginning of Year U.S.Dollar	Additions/ Depreciation U.S.Dollar	Disposals U.S.Dollar	Balance-End of Year U.S.Dollar
<u>Cost :</u>				
Furniture	236,553	41,945	--	278,498
Computers	793,281	121,151	(870)	913,562
Telecommunication Devices	108,316	4,908	--	113,224
Automated Teller Machines	216,405	140,722	--	357,127
Calculators and Printers	166,477	57,258	--	223,735
Safes	237,094	54,280	--	291,374
Decorations and Partitions	658,449	91,278	(201)	749,526
Electricity Substructures	393,967	68,497	(82,975)	379,489
Air Conditions and Heating	102,923	37,888	(10)	140,801
Alarm System	242,001	18,905	--	260,906
Motor Vehicles	196,451	--	--	196,451
Safety Doors	56,624	8,445	--	65,069
Real Estate	456,534	--	--	456,534
	3,865,075	645,277	(84,056)	4,426,296
	=====	=====	=====	=====
<u>Accumulated Depreciation:</u>				
Furniture	123,875	16,519	--	140,394
Computer	618,803	52,055	(208)	670,650
Telecommunication Devices	71,505	6,179	--	77,684
Automated Teller Machines	--	66,374	(131)	66,243
Calculators and Printers	102,976	11,161	--	114,137
Safes	133,929	14,405	--	148,334
Decorations and Partitions	499,693	53,906	--	553,599
Electricity Substructures	322,497	15,008	(82,975)	254,530
Air Conditions and Heating	70,666	9,035	(10)	79,691
Alarm System	198,781	13,658	--	212,439
Motor Vehicles	29,134	29,468	--	58,602
Safety Doors	19,571	3,397	--	22,968
Real Estate	14,063	14,846	--	28,909
	2,205,493	306,011	(83,324)	2,428,180
	=====	=====	=====	=====
Net Book Value	1,659,582			1,998,116
	=====			=====

12. Lands:

	Area/Sqm	December 31, 2008 U. S. Dollar	December 31, 2007 U. S. Dollar
El-Bireh Land	2,997	1,926,279	1,926,279
Gaza Land	950	--	653,734
Bethlehem Land-Transferred			
from Seized Assets	2,620	203,726	203,726
	6,567	2,130,005	2,783,739
	=====	=====	=====

During 2007, the bank purchased a piece of land of an area of sq.m 1.647 in an amount of U.S.Dollar 713,000 plus other related expense of U.S. Dollar 44,953. This piece of land located at Al-Irsal Street in the City of El – Bireh. The purpose of this piece of land is to erect a building for the Bank’s General Management and a branch. Lands are stated at historical cost as of December 31, 2008 and 2007.

During 2008, the bank sold Gaza land for JD 503,000 (equivalent to U.S.Dollar 709,450). The resultant profit from the sale of the land is U.S.Dollar 55,716 and was booked in the statement of income for the year.

13. Banks and Financial Institutions Deposits:

	December 31,2008 U.S. Dollar	December 31, 2007 U. S. Dollar
Deposits – Palestinian Monetary Authority	275,520	50,163,773
Demand Deposits-Local Banks	553,708	2,244,437
Fixed Deposits-Local Banks	16,826,859	26,035,181
Fixed Deposits-Foreign Banks	--	254,119
Demand Deposits – Foreign Banks	6,577,183	1,328,749
	24,233,270	80,026,259
	=====	=====

14. Customers' Deposits :

	December 31 , 2008 U .S. Dollar	December 31, 2007 U. S. Dollar
Demand Deposits	43,910,437	30,851,465
Saving Accounts	15,627,472	12,913,715
Time Deposits	45,000,655	47,829,483
Others	175,033	250,334
	104,713,597 =====	91,844,997 =====

15. Cash Margin :

	December 31, 2008 U .S. Dollar	December 31, 2007 U. S. Dollar
Cash Margin Against Direct Credit Facilities	14,516,935	8,339,044
Cash Margin Against Indirect Credit Facilities	3,517,685	1,824,103
	18,034,620 =====	10,163,147 =====

16. Sundry Provisions :

	December 31, 2008 U .S. Dollar	December 31, 2007 U. S. Dollar
Provision for Staff Vacations and Indemnity	1,286,626	1,026,269
	1,286,626 =====	1,026,269 =====

Movement on provision for staff vacations and end of service indemnity for the year ended December 31, 2007 and 2008 was as follows:

	December 31, 2008 U .S. Dollar	December 31, 2007 U. S. Dollar
Balance-Beginning of the Year	1,026,269	859,028
Additions During the Year	384,680	242,945
Payments Made During the Year	(124,323)	(75,704)
Balance – End of the Year	1,286,626	1,026,269
	=====	=====

17. Provisions for Taxes :

Movement in provision for taxes was as follows:

	December 31, 2008 U .S. Dollar	December 31, 2007 U. S. Dollar
Balance-Beginning of the Year	1,520,146	938,464
Additions During the Year	1,243,848	831,682
Value Added Tax	299,581	--
Payments Against Prior Years	(502,726)	--
Advance Payments	(112,871)	(250,000)
Surplus Transferred to Retained Earnings	(1,317,001)	--
Balance- End of the Year	1,130,977	1,520,146
	=====	=====

Provision for taxes appearing on the statement of income represents the following:

	December 31, 2008	December 31, 2007
Accrued Taxes	1,243,848	831,682
Deferred Tax Asset	(199,785)	(99,375)
Deferred Tax Amortized	99,716	87,180
	1,143,779	819,487
	=====	=====

During the year 2008, the bank obtained from the Income Tax Authority and the Value Added Tax Authority tax clearances up to the year 2007. Accordingly, the bank revealed excess in the provision for taxes in the amount of U.S.Dollar 1,317,001 and booked the amount in the retained earnings as the excess belongs to previous years. Moreover, the Taxes Authorities recognized to the benefit of the bank an excess in the provision for taxes in the previous years in the amount of U.S. Dollar 472,742. The bank did not record this excess, but used it to settle the monthly accrued VAT. On the other hand, the amount of excess was not included as part of the provision for taxes, but it was included as part of the accrued expenses. During the current year, the balance of the excess of U.S. Dollar 299,581 was transferred to the provision for taxes in light of reaching final settlements with the Taxes Authorities up to end of 2007.

The bank is subject for tax on income at 15% in accordance with the Income Tax Law, and subject for VAT on profit and on salaries at 14.5%.

18. Other Liabilities :

	December 31, 2008 U .S. Dollar	December 31, 2007 U. S. Dollar
Accrued Interest Expenses	146,334	348,234
Accrued Expenses	197,300	602,314
Accrued Remuneration	226,000	269,500
Accounts Payable	1,624,066	1,965,218
Certified Bank Checks Issued	962,635	804,846
Certified Transfers and Checks	69,731	110,456
Other Credit Balances	84,770	83,378
Dividends Payable	44,846	3,514
Inter – Bank Accounts	219,065	587,861
	3,574,747	4,775,321
	=====	=====

19. Paid-up Capital:

The paid-up capital of the Bank is U.S.Dollar 20,000,000 which has been collected through public offering of 2,000,000 ordinary shares at a par value of U.S.Dollar 10 per share. On June 11, 2000, the general assembly of the Bank in its extra-ordinary meeting resolved to split the share par value to U.S.Dollar 1 per share. Accordingly, the Bank's authorized and paid-up capital became 20,000,000 shares at a par value of U.S.Dollar 1 per share. On July 18, 2000, the companies registrar approved this share split.

On May 14, 2006, the general assembly of the Bank in its extra – ordinary meeting resolved to increase the capital by an amount of U. S. Dollar 20,000,000 through capitalizing the amount from retained earnings as of December 31, 2005. Thus, the share capital of the Bank reached U. S. Dollar 40,000,000 as of December 31, 2006 and comprised 40,000,000 shares of U. S. Dollar (1) par value / share.

Capital Risk Management:

The Bank's Policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the banking business. The impact of the level of capital on shareholders' return is also recognized and the bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank has complied with the capital requirements imposed by the Palestinian Monetary Authority which require that the ratio of regulatory capital to assets weighted by risks and market risks (capital adequacy ratio) be not less than 12%.

However, the Bank's primary capital and regulatory capital are as follows:

	December 31, 2008		December 31, 2007	
	U.S. Dollar	Percentage	U.S. Dollar	Percentage
Primary Capital	40,838,860	39,72%	43,827,857	41.97%
Regulatory Capital	57,734,341	56.15%	62,215,292	59.58%

Shareholder's equity as of December 31, 2008 consists of paid up capital, statutory reserve, other reserves, and retained earnings of U.S.Dollar 57,638,163; equivalent to 26.86% of total assets as of that date .

20. Reserves:

- Statutory Reserve

In accordance with the Bank's Bylaws and the companies law, 10% of the Bank's annual net profit before taxes should be transferred to a statutory reserve account until the reserve balance equals the Bank's share capital. The statutory reserve can not be appropriated to shareholders.

- Voluntary Reserve

The Bank's general assembly, based on the Board of Directors recommendation, can appropriate up to 20% of the annual net profit before taxes as a voluntary reserve.

- Special Reserve

The special reserve has been appropriated based on certain parentages recommended by the Bank's Board of Directors to fulfill any future needs of the Bank. The special reserve could be used or distributed to shareholders based on a Board of Directors resolution.

- Reserve for General Banking Risks

Pursuant to PMA instructions and the requirements of International Financial Reporting Standards, reserve for general banking risks is computed on performing loans and indirect credit facilities. This reserve is shown under Shareholders' equity.

21. Proposed Dividends :

Pursuant to the recommendation of the Chairman of the Board of Directors to the General Assembly, 10% from the paid capital of an amount of U.S. Dollar 4,000,000 has been proposed to be distributed as cash dividends to the shareholders against 2008 profit.

22. Change in Fair Value :

	December 31, 2008 U .S. Dollar	December 31, 2007 U. S. Dollar
Balance – Beginning of the Year	2,757,493	2,674,410
Un – Realized Profit (Loss) Due to		
Fair Value Valuation	(300,668)	83,083
Balance – End of the Year	2,456,825	2,757,493
	=====	=====

23. Retained Earnings :

	December 31, 2008 U .S. Dollar	December 31, 2007 U. S. Dollar
Balance – Beginning of the Year	3,550,416	4,434,867
Income for the Year	2,949,311	4,179,997
Proposed Dividends	(4,000,000)	(4,000,000)
Transferred to Statutory Reserve	(412,492)	(499,948)
Transferred to General Reserve for Loan Losses	(266,000)	--
Execs in Provision for Taxes	1,317,001	--
Board of Directors Remuneration	(226,000)	(564,500)
Balance – End of the Year	2,912,236	3,550,416
	=====	=====

Retained earnings as of December 31, 2008 and 2007 include an amount of U.S. Dollar 1,194,524 and an amount of U.S. Dollar 1,094,455 respectively being deferred tax assets. Utilizing these tax benefits is restricted unless being realized partially or totally.

24. Interest Income:

	Year Ended December 31, 2008 U.S. Dollar	Year Ended December 31, 2007 U.S. Dollar
Direct credit facilities :		
Individuals (Retail):		
Overdrafts Facilities	1,282,576	906,970
Loans and Advances	2,980,333	4,641,095
Others	9,224	91,671
	4,272,133	5,639,736
Companies :		
Overdraft Facilities	1,359,164	171,234
Loans and Advances	132,816	871,215
	1,491,980	1,042,449
Public Sector	2,373,800	4,219,086
Palestine Monetary Authority	23,752	52,904
Bank and Financial Institutions	2,216,716	500,541
	10,378,381	11,454,716

25. Commission Income :

	Year Ended December 31, 2008 U.S.Dollar	Year Ended December 31, 2007 U.S.Dollar
Commission from Direct Credit Facilities	113,679	40,852
Commission from Indirect Credit Facilities	375,540	320,510
Others	1,901,573	1,325,824
	2,390,792	1,687,186

26. Interest Expense:

	Year Ended December 31,2008 U.S. Dollar	Year Ended December 31,2007 U.S. Dollar
Banks and Financial Institutions Deposits	1,373,412	2,844,624
Customer's Deposit :		
Current Accounts and Demand Deposit	9,108	50,097
Saving Accounts	59,378	80,597
Time Deposits	1,636,738	1,880,547
Cash Margin	320,210	226,664
	3,398,846	5,082,529

27. Gain from Sale of Financial Assets and Dividends :

During the year ended December 31, 2008 , the bank realized gain from sale of financial assets and received dividends on shares as per the below details :

	2008			2007		
	Gain from Sale of Financial Assets USD	Dividends Received USD	Total USD	Gain from Sale of Financial Assets USD	Dividends Received USD	Total USD
Pal Tel	209,002	498,765	707,767	--	403,152	403,152
Padico	5,178	--	5,178	17,801	28,940	46,741
Golden Wheat Mills Co.	(4,277)	--	(4,277)	--	--	--
Arab Paints Industries Co.	(7,541)	--	(7,541)	--	--	--
Al- Salam International Co.	881,612	--	881,612	150,477	155,542	306,019
Mediterranean for Tourism Investment Co.	--	161	161	--	--	--
Arab Bank Plc	--	3,503	3,503	--	--	--
Bank of Palestine	387	--	387	--	--	--
Jordan Electricity Co.	84,174	--	84,174	--	15,256	15,256
Palestine Electricity Co.	34	--	34	--	--	--
	1,168,569	502,429	1,670,998	168,278	602,890	771,168
	=====	=====	=====	=====	=====	=====

28. Employees Expenses :

	Year Ended December 31, 2008 U.S.Dollar	Year Ended December 31, 2007 U.S.Dollar
Salaries and Related Expenses	2,159,890	1,853,469
Staff Annual Leave and End of Service Indemnity	358,180	242,149
Value Added Tax on Salaries	264,050	227,525
	2,782,120	2,323,143
	=====	=====

Salaries and related expenses include the Bank's contribution into the employees provident fund. In accordance with the provident fund policy, the Bank deducts monthly 5% from the basic salary of each employee and contributes 10% of the employee's basic salary. The provident fund is maintained in a special account under customers deposits. The average interest rate paid to the provident fund during the year was 3.5% (4.5% for the year ended December 31, 2007). The provident fund balance as of December 31, 2008 amounted to U.S.Dollar 535,051 (U.S.Dollar 551,151 as of December 31, 2007).

29. General and Administrative Expenses:

	Year Ended December 31, 2008 U.S.Dollar	Year Ended December 31, 2007 U.S.Dollar
Abroad Missions	18,312	31,061
Travel and Transportation	55,457	42,194
Rent	259,408	208,689
Water and Electricity	119,425	76,725
Telecommunications	129,596	127,471
Insurance	36,310	38,635
Advertisement	71,468	45,582
Professional Fees	164,629	68,467
Licenses and Membership Fees	226,329	173,322
Stationery and Printing	86,213	53,193
Fuel	43,438	30,585
Maintenance and Repairs	32,526	84,233
Hospitality	47,409	44,794
Other Expenses	119,535	142,131
Establishment of New Branches Expenses	212,695	38,729
	1,622,750 =====	1,205,811 =====

30. Segmentation of Bank's Activities:

The Bank is organized, for managerial purposes, into two major sectors; individual and corporate accounts and treasury. Individual accounts include following up on individual customers accounts, and granting them loans, credit, credit cards, and other services. Corporate accounts include following up on deposits, credit facilities, and other banking services related to customers. Treasury includes providing dealing services and management of the Bank's funds.

	Individuals USD	Corporations USD	Finance USD	Treasury USD	Others USD	Total 2008 USD	Total 2007 USD
Gross income	1,344,462	--	5,701,674	4,482,648	3,120,659	14,649,443	14,358,191
Provision for credit facilities	--	--	(220,000)	--	--	(220,000)	--
Gross profit	1,344,462	--	5,481,674	4,482,648	3,120,659	14,429,443	14,358,191
Undistributed expenditures	(958,840)	--	(3,909,408)	(3,196,924)	(2,271,181)	(10,336,353)	(9,358,626)
Profit (loss) before taxes	385,622	--	1,572,266	1,285,724	849,487	4,093,090	4,999,565
Taxes	(94,148)	--	(383,863)	(313,905)	(351,863)	(1,143,779)	(819,487)
Profit (loss) after taxes	291,474	--	1,188,403	971,819	497,615	2,949,311	4,179,997
Additional Information:							
Sector's Assets	3,804,908	--	51,426,546	139,322,334	20,058,212	214,612,000	250,653,322
Sector's Liabilities	79,318,142	--	--	23,663,723	49,991,972	152,973,837	189,356,139
Capital expenditures	--	--	--	--	355,400	355,400	645,277
Depreciation	--	--	--	--	361,697	361,697	315,611

31. Credit Risk Exposure According to Sector:

a. Exposure According to Geographical Areas:

Geographical Area	Inside Palestine USD	Middle East Countries USD	Europe USD	Asia * USD	Africa * USD	America USD	Total USD
Balances at PMA	12,010,145	--	--	--	--	--	12,010,145
Balances at banks & financial institutions	44,005,691	75,138,397	--	--	--	--	119,144,088
Credit facilities:							
Individuals	22,923,402	43,086	--	--	--	--	22,966,488
Small companies	1,069,623	--	--	--	--	--	1,069,488
Big companies	12,714,455	--	--	--	--	--	12,714,455
Government and public sector	14,675,980	--	--	--	--	--	14,675,980
Financial Assets Available for Sale	10,236,416	350,372	--	--	--	--	10,586,788
Trading financial assets	368,305	433,121	--	--	--	--	801,426
Other assets	20,643,007	--	--	--	--	--	20,643,007
Total for the current year	138,647,024	75,964,976	--	--	--	--	214,612,000
Total/comparative figures	141,734,130	108,919,192	--	--	--	--	250,653,322

* Excluding Middle East Countries.

b. Exposure According to Economic Sector:
December 31, 2008

Economic Sector	Financial USD	Industrial USD	Trade USD	Real estate USD	Agricultural USD	Shares USD	Individuals USD	Government & public sector USD	Total USD
Balances at PMA	12,010,145	--	--	--	--	--	--	--	12,010,145
Balances at banks & financial institutions	119,144,088	--	--	--	--	--	--	--	119,144,088
Credit facilities	--	1,711,654	13,541,718	--	--	214,279	21,282,915	14,675,980	51,426,546
Financial assets held for trading	801,426	--	--	--	--	--	--	--	801,426
Financial asset available for sale	--	--	--	--	--	10,586,788	--	--	10,586,788
Others assets	18,017,857	--	--	2,625,150	--	--	--	--	20,643,007
Total for the current year	149,973,516	1,711,654	13,541,718	2,625,150	--	10,801,067	21,282,915	14,675,980	214,612,000

December 31, 2007

Economic Sector	Financial USD	Industrial USD	Trade USD	Real estate USD	Agricultural USD	Shares USD	Individuals USD	Government & public sector USD	Total USD
Balances at PMA	9,346,845	--	--	--	--	--	--	--	9,346,845
Balances at banks & financial institutions	132,996,822	--	--	--	--	--	--	--	132,996,822
Credit facilities	10,486,140	--	--	1,611,407	--	--	13,070,590	50,121,545	75,289,682
Financial assets available for sale	--	--	--	--	--	14,338,379	--	--	14,338,379
Others assets	16,325,548	--	--	3,185,649	--	--	--	--	19,511,197
Total for the current year	169,155,355	--	--	4,797,056	--	14,338,379	13,070,590	50,121,545	251,482,925

32. Related Party Transactions:

These represent transactions with related parties, i.e. shareholders, directors and senior management and companies of which they are principle owners.

The following represent the balances of transactions that have been entered into with related parties:

	December 31,2008 U.S. Dollar	December 31,2007 U.S. Dollar
Balance Sheet Items -		
Direct credit facilities	3,965,240	1,683,794
Deposits and margin accounts	727,799	1,340,441
Off Balance Sheet Items -		
Letters of guarantee	2,115,656	2,115,656
Income Statement Items -		
Interest and commission income	297,394	126,629
Interest and commission expense	15,861	6,425
Additional Information -		
Non-performing credit facilities	29,707	30,951
Provision for impairment losses	16,485	6,723
Interest and commission in suspense	13,222	94,181
Benefits (Salaries, wages, and bonuses) for the General Manger	132,342	117,488
Remunerations	226,000	269,500

33. Commitments and Contingent Liabilities:

	December 31,2008 U.S. Dollar	December 31,2007 U.S. Dollar
Unutilized Credit Facilities	4,287,662	4,062,567
Letters of Guarantee	11,925,352	8,632,110
Letters of Credit	2,498,304	1,878,503
Acceptances	1,780,405	1,417,464
Commitments on Contracts	3,376,238	2,550,229
	23,867,961	18,540,873

34. Board of Directors Remuneration:

Based on the Board recommendation and the approval of the General Assembly of the shareholders in their ordinary meeting held in Amman / Jordan on May 18, 2008, an amount of U.S.Dollar 269,500 has been paid to the chairman and the members of the Board of Directors for 2007 in accordance with the Bank's By-Laws. Moreover, an amount of U.S.Dollar 226,000 has been reserved as accrued remuneration for the Chairman and the members of the Board of Directors for the year 2008 (Note 18).

The validity of this transaction is subject to the approval of the General Assembly as well as the endorsement of the PMA.

35. Comparative Figures:

Certain comparative figures were reclassified to conform to the current year presentation.



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Branches and Offices of Palestine Investment Bank

Al-Bireh / Ramallah

General Management and Headquarters

Al-Nahda Square, AL-Hilal St., Dirar Al-Taweel Building,
P.O. Box 3675 Al-Bireh
Tel: +970 (2) 2407880/2/3
Fax: +970 (2) 2407881/7

Gaza

Al-Rimal – Omar Al-Mukhtar St.

P.O. Box 4047-4045 Gaza
Tel: +970 (8) 2822105/6
Fax: +970 (8) 2822107

Nablus

Hamdi Kanaan St. (branching out of Palestine Street)
Gallery Center Building – Second Floor
P.O. Box 725 Nablus
Tel: +970 (9) 2385051/6
Fax: +970 (9) 2385057

Bethlehem

Al-Jabal St. – Central Market Way
P.O. Box 275 Bethlehem
Tel: +970 (2) 2770888
Fax: +970 (2) 2770889

Hebron

Al-Manarah Circle
P.O. Box 782 Hebron
Tel: +970 (2) 2252701/5
Fax: +970 (2) 2252706

Beitounia Branch

Ramallah – Industrial Zone
Main St. Al Quds Building
P.O. Box 3675 - Ramallah
Tel: +970 (2) 2901682/3/4/5
Fax: +970 (2) 2901686

Beit Ummar Office

Hebron – Main St.
P.O. Box 682 - Hebron
Tel: +970 (2) 2521402/4/6
Fax: +970 (2) 2521408

Jericho

Hisham Palace St.
P.O. Box 46 Jericho
Tel: +970 (2) 2321035/6
Fax: +970 (2) 2323602

Beit Sahur Office

Souq Al-Shaab St.
P.O. Box 169 Beit Sahur
Tel: +970 (2) 2774702/3
Fax: +970 (2) 2774705

Hawara office

Main street
P.O.Box 725 Nablus
Tel: +970 (9) 2591041/6
Fax: +970 (9) 2591045

Offices under Construction Bani Nuaim Office /Hebron Governorate

PIB'S Subsidiary Global Securities Company

Nablus Branch

Hamdi Kan'an St.
Galaria Center
P.O. Box 1776
Tel : +970 (9) 2387880
Fax : +970 (9) 2385060

Headquarters

Ramallah – Al Bireh
Al Nahda Square
Dirar Al Taweel Bld.
P.O. Box 4267
Tel : +970 (2) 2413021/2
Fax : +970 (2) 2413025

Gaza Branch

Al Rimal – Omer Al Mukhtar St.
P.O. Box 4047
Tel : +970 (8) 2886660/1
Fax : +970 (8) 2886662