



Palestine
Capital Market
Authority

2013

Annual
Report



Palestine
Capital Market
Authority

2023

Annual
Report



*His excellency Mahmoud Abbas
President of The State of Palestine*

Board of Directors



Mr. Maher Masri
Chairman



Mr. Azmi Haj Mohammad
Deputy Chairman
Ministry of National Economy



Mr. Mahmoud Nofal
Ministry of Finance



Mr. Reyad Abu Shahadeh
Palestinian Monetary Authority



Mr. Nabil Abudiah
Banking Sector



Mr. Aziz Abdel Jawad
Private Sector



Mr. Said Abu Hijleh
Private Sector

Vision

An effective regulatory authority that aims at developing a sound capital market and protect the interests of stakeholders.

Mission

Regulate supervise and oversee the securities, insurance, financial leasing and mortgage finance sectors in Palestine and ensure that their workings comply with the principles of transparency, fairness and integrity inline with international best practices.

Strategic goals

- Revision and completion of the secondary bylaws within the; securities, insurance, financial leasing and mortgage finance sectors in accordance with IOSCO, IAIS and Basel standards, and follow up on mortgage finance and financial leasing laws issuance.
- Insure compliance of targeted sectors with capital markets related laws, regulations and instructions.
- Provide information and data on capital market sectors through developing databases and review and develop the quality of disclosures.
- Completion of infrastructure needed to enhance corporate governance through developing corporate governance abiding measurement tools, and increase corporate governance education and awareness.
- Improve the efficiency of the technical and operational processes through developing staff capabilities and internal work environment.
- Create joint frameworks with the local stakeholders in order to remove conflicts in common work environment.
- Implement financial awareness programs targeting specific groups and the general public, and participate in developing the national strategy for financial education.
- Enhance PCMA presence and exchange of experience with local, regional and international bodies through participating in regular meetings held by these bodies and contribute to the work of technical committees.

Chairman



Maher Masri

The year 2013 marks the end of my two-term service (8 years) as chairman of the board of directors of PCMA. Taking stock of these years I find them full of challenges, progress and achievements. I must say I was privileged to work with a highly qualified and dedicated Board which set policies based on a strategic vision and worked from there to build the legal framework that regulates the financial non-banking sector. By the end of 2013, I can safely claim that the bulk of this work has been accomplished; and for that matter this would not have been achieved without the presence of a competent executive body which accumulated vast experience through time by engaging in advanced training and educational programs and repeated workshops and conferences. PCMA had been aware that it could not succeed in its endeavor to regulate and promote the financial non-banking sector without establishing partnership and cooperation with

other stakeholders, internally and externally, including practitioners in the sector, the Palestinian Monetary Authority, Palestine Exchange, the Registrar of companies and arab and international representative organizations.

Concurrently PCMA spearheaded the drive for introducing the culture of corporate governance through consecutive awareness campaigns culminating in the issuance of the code of corporate governance for Palestine and incorporating it in its directives to practicing companies. This holistic approach projected itself in a higher level of compliance and transparency which resulted in an improved environment for investment.

I am confident that PCMA will continue in the future its pursuit to attain a higher level of performance for the benefit of the financial non-banking sector.



Abeer Odeh

I am pleased to present the Palestine Capital Market Authority (PCMA's) Annual Report for the year 2013. Indeed, the year 2013 was full with achievements and success stories, as the PCMA completed all the requirements for the full membership for the International Organization of Securities Committees (IOSCO), and the IOSCO board approved the membership application of the PCMA, which was accepted in the meeting that held on the 21st of February 2014 in Kuala Lumpur, Malaysia to become the 124th ordinary member and the 101st signatory to the Multilateral Memorandum of Understanding (MMOU).

This achievement is considered to be one of the most notable achievements for our Authority as it culminates the tremendous efforts and dedications that were spent on the course of four years by the PCMA staff and the Palestinian local expertise.

The PCMA admission to the IOSCO has positive consequences on the Palestinian securities sector and the investment climate in general since it plays a significant role in increasing the investors' confidence especially the foreign and institutional investors in the securities listed in Palestine Exchange (PEX). In addition, the membership also serves as an international endorsement that PCMA regulates and monitors the Palestinian securities market in accordance with the IOSCO international standards and principles, which enhances the ability of Palestine Stock Exchange to attract international investors who pay a great attention to the membership as a part of their investment decision.

Under the leasing sector, Mr. President Mahmoud Abbas signed a presidential decree to issue the financial leasing law.

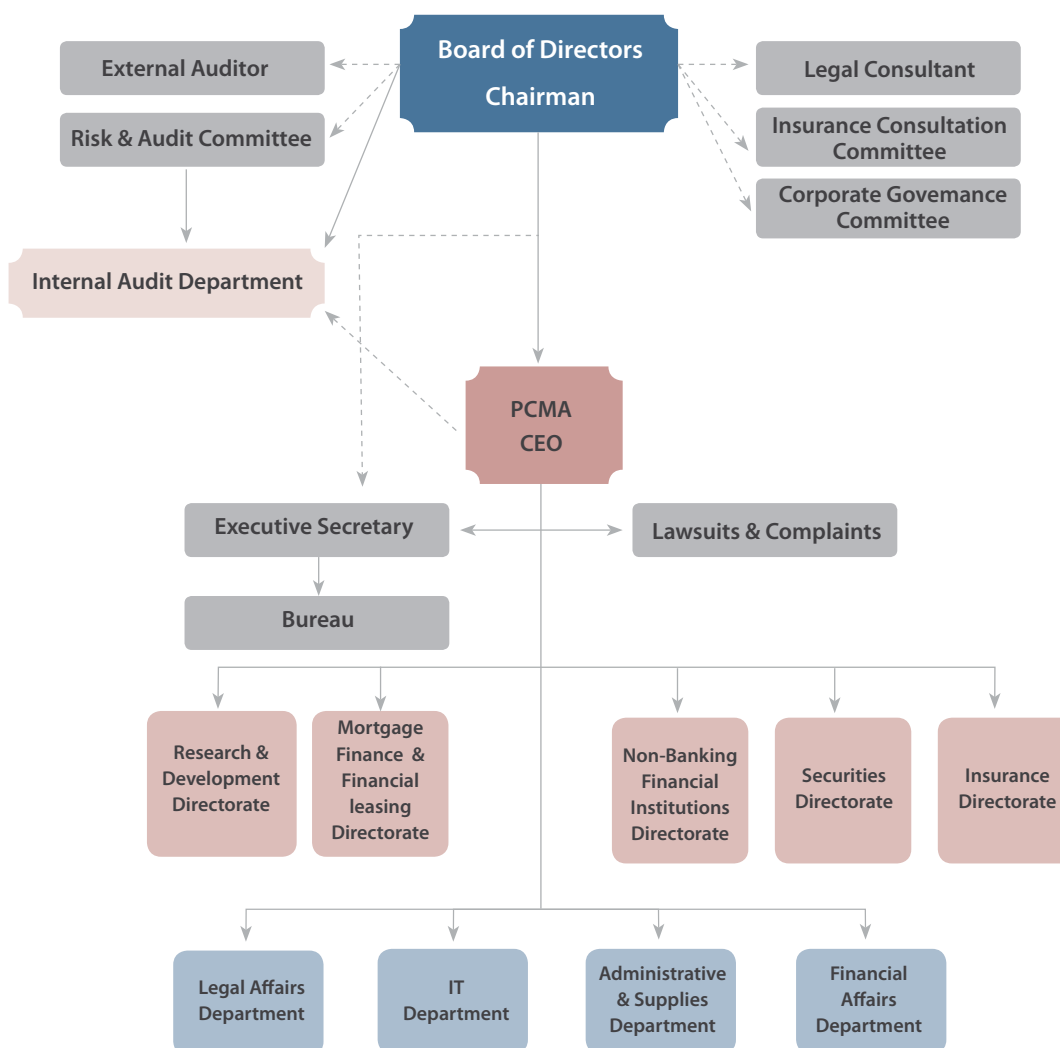
The consolidated efforts of the Palestine Capital markets Authority - the regulator of the financial leasing in Palestine- along with the International Finance Corporation (IFC) led to the development and the issuance of the law. This law was drafted according to the international best practices in financial leasing represented by the model leasing law. The model leasing law was issued by the International Institute of the unification of Private Law in Italy (UNIDROIT), thus making the Palestinian law the first law in the MENA region that resembles the 2008 approved UNIDROIT model leasing law in structure and context.

The introduction of a new financing tool is very important to the economy, financial leasing is a medium to long term asset-based financing tool. It uses the underlying asset as the collateral without the request of extra collateral, thus making it a more lucrative option for entrepreneurs and business owners to access income-producing assets. It also helps the companies within the economy to keep pace with more advanced technology which will lead to higher quality products, increases the ability to compete, to improve profitability and in turn create job opportunities which is eventually leads to economic growth.

Last but not least, I would like to thank Mr. Maher Masri, Chairman of the Board for his support and dedication throughout the 8 years as a Chairman and as a mentor to each and everyone in the PCMA, I would like also to thank outgoing board members and welcome the new board members.

I would like to thank the PCMA staff for their hard work and dedication throughout 2013. The remarkable achievements that the PCMA has achieved could have not been possible without their calibers.

Organizational Chart



Palestine Capital Market Authority:

In 2013, PCMA witnessed major developments in several domains that directly contributed to the accomplishment of its strategic goals and ultimately to the fulfillment of its mission.

Throughout the last four years and particularly during 2013, PCMA has expended extensive efforts to revise its regulatory frameworks in accordance with the standards of the International Organization of Securities Commissions (IOSCO). These efforts were culminated after the Board of Directors of IOSCO announced the acceptance of PCMA as an ordinary member during its meeting which was held in Kuala Lumpur, Malaysia in February 2014. As a result, the State of Palestine, through PCMA, was admitted as a new signatory on the Multilateral Memorandum of Understanding (MMoU). The importance of the IOSCO membership arises from serving as an international endorsement that PCMA regulates and monitors the Palestinian securities sector in accordance with the IOSCO international standards and principles, which are the global benchmark for the best practices in this field.

Additionally, PCMA maintained its worthy endeavors to strengthen and develop the regulatory frame-

works that govern its overseen sectors. The endorsement of the Financial Leasing Law by his excellency President Mahmoud Abbas early 2014 served as a significant milestone in the process of regulating the Financial Leasing sector in Palestine and an essential prerequisite to the development of the sector, which is considered a promising one in the Palestinian economy.

Concurrently, PCMA emphasized its efforts on improving the capabilities of financial professionals through developing a certification program specifically tailored for the Palestinian securities sector. During 2013, PCMA, in cooperation with the Chartered Institute of Securities and Investment (CISI) based in London, released the "Palestinian Securities Sector –Rules and Regulations" certificate. This certificate is considered the first in Palestine in terms of being developed in accordance to the international standards and based on the Palestinian securities rules and regulations to target professionals in the securities sector, hence placing Palestine as the fourth country to offer such a certificate among Arab Countries.

Furthermore, in 2013, PCMA finalized the development of the Corporate Governance Scorecard which measures the level of compliance of public shareholding companies in Palestine with the corporate governance rules. PCMA developed the scorecard in cooperation with the International Finance Corporation (IFC) to provide an objective tool for measuring the improvement in the corporate governance of public shareholding companies, which reflects PCMA's commitment to developing the corporate governance indicators in Palestine. PCMA intends to implement the corporate governance scorecard in 2014.

Corporate Governance:

Regarded as the responsible body for the implementation of the corporate governance code and its rules, PCMA extended its efforts to implement the recommendations of the two-year action plan (2011-2012). In the meantime, PCMA prepared a detailed road map for the years 2013-2014, which was approved by the National Committee for Corporate Governance in 2013.

Last year marked several achievements for PCMA in the area of corporate governance. First, PCMA finalized the development of the corporate governance scorecard which measures public shareholding companies adherence to the rules of the corporate governance code. Second, the authority signed a memorandum of understanding with The Coalition for Accountability and Integrity (AMAN) to reinforce corporate governance through the implementation of several activities manifested in the road map 2013-2014. Third, PCMA extended the cooperation with International Finance Corporation (IFC) in the field of corporate governance through working on a memorandum of cooperation that covers the years 2014-2015. Finally, PCMA launched the governance website to serve as a primary source of information about corporate governance in Palestine and an effective tool for raising awareness about corporate governance in general.

Securities Sector:

The acceptance of PCMA as a member of the International Organization of Securities Commissions (IOSCO) and the due acceptance of the State of Palestine, through PCMA, as a new signatory to the Multilateral Memorandum of Understanding (MMOU) have positive implications on the securities sector. The IOSCO membership provides an international endorsement that the Palestinian securities sector is regulated and supervised according to the IOSCO standards, which are considered the best practices in this area. It also gives a good indicator about the investment climate in Palestine and increases investors' confidence in the securities sector. In that context, the securities directorate focused its momentum in 2013 on enhancing the level of stability and integrity of the Palestinian securities sector through establishing new regulations in line with IOSCO standards.

During 2013, the securities directorate prepared the Management and Audit Instructions, which were approved by the board of directors in its meeting number (05/2013). These instructions covered the areas of executive management, the internal and external auditing functions, risk management system, and separation of duties in the securities companies.

Moreover, the Board of Directors issued a decree to extend the trading session in the Palestine Exchange (PEX) and limit fluctuation rates in securities prices as follows 7.5% for the primary market and 5% for the secondary market. Additionally, PCMA focused on stimulating securities trading in Palestine Exchange (PEX) through introducing new instructions that permit and organize using trade on margin as a new trading tool, improving the diversity of trading tools available to investors in the market.

The securities directorate developed new supervision methods and inspection techniques taking into consideration the IOSCO recommendation to move from rule-based supervision toward risk-based supervision. In this regard, the securities directorate with technical assistance from the World Bank, reviewed its supervisory and regulatory frameworks used to oversee the Palestine Exchange and the Depository and Settlement Center (CDS) and adopted a risk-based supervision and inspection methodologies. Consequently, these steps helped in elevating the level of supervision over the securities sector.

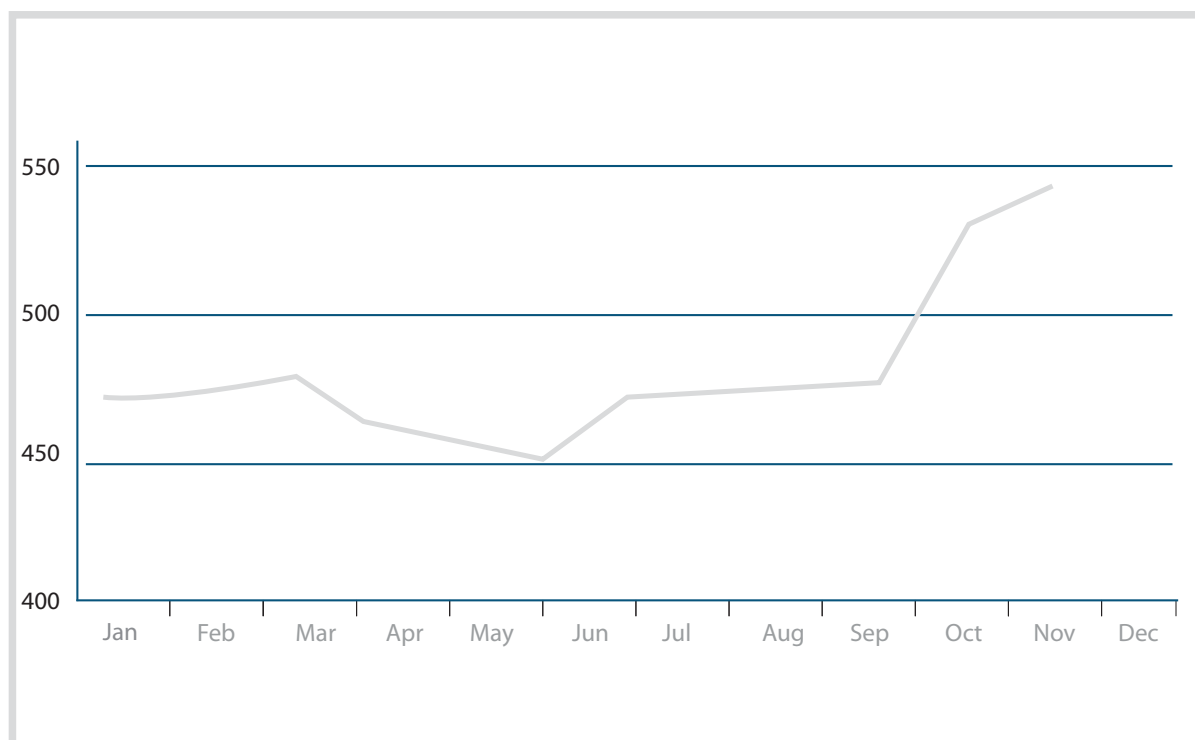
At the end of 2013, AL-Quds index increased by 13.37% above its previous year record after it closed at 541.45 points, 63.86 points higher than that of 2012.

Key indicators of Palestine Securities Sector for the year 2013

Al-Quds Index Quarterly Performance, 2013

Period	Al-Quds Index	Percentage change compared with previous quarter (%)	Percentage change compared with 1/1/2013 (%)
1/1/2013	477.59	---	---
31/3/2013	473.00	- 0.96	- 0.96
30/6/2013	452.52	- 4.33	- 5.25
30/9/2013	470.16	3.90	- 1.56
31/12/2013	541.45	15.16	13.37

Al-Quds Index 2013



PEX trading activities, 2012 -2013

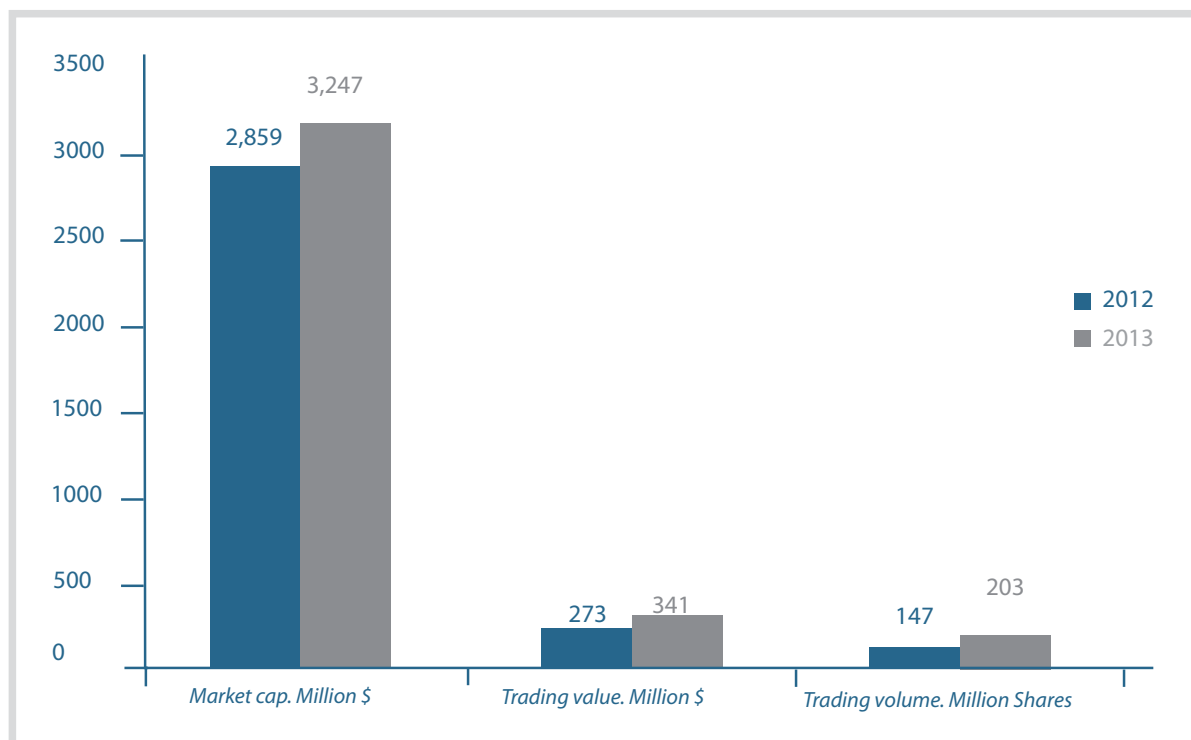
Year	Trading sessions	Trading volume	Trading value (\$)	Number of transactions	Average daily trading value (\$)	Market capitalization (\$)
2012	249	147,304,208	273,440,440	41,442	1,098,154	2,859,140,375
2013	241	202,965,939	340,774,270	44,425	1,414,001	3,247,478,385

Market capitalization and trading value as percentage of GDP

Discription	2012 (%)	2013* (%)
Market capitalization as % of GDP	42.06	47.77
Trading value as % of GDP	4.02	5.01

* 2012 GDP was adopted because 2013 GDP was not published yet.

Market capitalization, trading value, and trading volume 2012 - 2013



Listed companies performance for the period ending 31/12/2013

	Company Name	Symbol	Currency	Net Profit (Loss)
1	Arab Islamic Bank	AIB	\$	3,500,463
2	Bank of Palestine	BOP	\$	40,438,831
3	Palestine Islamic Bank	ISBK	\$	6,526,862
4	Palestine Commercial Bank	PCB	\$	114,682
5	Palestine Investment Bank	PIBC	\$	1,958,574
6	Palestine Mortgage & Housing Corporation	PMHC	\$	216,340
7	Palestine Securities Exchange	PSE	\$	(219,630)
8	Al Quds Bank	QUDS	\$	4,739,649
9	The National Bank	TNB	\$	3,600,243
10	Arab Company for Paint Products	APC	JD	801,855
11	Palestine Poultry	AZIZA	JD	3,361,674
12	Birzeit Pharmaceuticals	BPC	\$	5,480,204
13	Al Shark Electrode	ELECTRODE	JD	96,235
14	Golden Wheat Mills	GMC	JD	214,946
15	Jerusalem Cigarette	JCC	JD	610,867
16	Jerusalem Pharmaceuticals	JPH	\$	2,248,123
17	Palestine Plastic Industries	LADAEN	JD	(569,124)
18	National Aluminum and Profile (NAPCO)	NAPCO	JD	747,644
19	The National Cartoon Industry	NCI	\$	458,561
20	The Vegetables Oil Industries	VOIC	JD	4,835,621
21	Dar Al - Shifa Pharmaceuticals	PHARMACARE	\$	1,688,233
22	Ahliea Insurance Group	AIG	\$	2,041,548
23	Global United Insurance	GUI	\$	820,629
24	Al Mashriq Insurance *	MIC	\$	151,858
25	National Insurance	NIC	\$	5,586,640
26	Palestine Insurance	PICO	\$	36,381
27	Al-Takaful Palestinian Insurance	TIC	\$	755,334
28	Trust International Insurance Company	TRUST	\$	2,936,927
29	Arab Palestinian Investment Company (APIC)	APIC	\$	10,980,695
30	Al-Aqariya Trading Investment	AQARIYA	JD	(139,577)
31	Arab Investors	ARAB	JD	84,539
32	Palestine Development & Investments	PADICO	\$	25,335,000
33	Palestine Investment & Development	PID	JD	209,686
34	Palatine Industrial Investment	PIIC	JD	4,171,227
35	Palestine Real Estate Investment	PRICO	JD	(2,779,144)
36	Union construction and Investment	UCI	\$	353,318
37	Al-Wataniah Towers	ABRAJ	\$	352,437
38	Jerusalem Real Estate Investment	JREI	\$	(1,785,339)
39	The Arab Hotels	AHC	JD	(1,017,360)

40	Arab Real estate Establishment	ARE	JD	(321,755)
41	Globalcom Telecommunications	GCOM	\$	(1,497,560)
42	Nablus Surgical Center	NSC	JD	836,313
43	PALAQAR For Real Estate Dev. & Management	PALAQAR	JD	(159,048)
44	Palestine Telecommunication	PALTEL	JD	91,827,000
45	Palestine Electric	PEC	\$	4,561,995
46	Arab Palestinian Shopping Centers	PLAZA	JD	(307,890)
47	The Ramallah Summer Resorts	RSR	JD	65,093
48	Palestinian Distribution & Logistics SRVs	WASSEL	JD	9,923
49	WATANIYA Palestine Mobile Telecomm	WATANIYA	\$	(21,324,882)

* Symbol is suspended.

PEX monthly trading activities, 2013

Month	Volume	Value (\$)	Trading sessions	# of transactions	Al- Quds Index
January	7,884,474	15,684,514	18	3,110	472.17
February	10,260,101	15,177,173	20	3,012	471.52
March	11,144,151	19,835,121	21	3,124	473.00
April	18,660,669	48,014,557	22	4,487	456.84
May	18,508,311	20,935,220	21	3,388	456.98
June	6,530,717	11,551,717	20	2,929	452.52
July	12,919,795	21,657,305	23	3,993	473.16
August	21,148,226	30,293,199	18	4,755	468.80
September	9,806,766	13,674,416	22	3,205	470.16
October	6,794,062	10,373,024	18	2,275	479.13
November	67,026,090	105,800,302	19	6,635	529.80
December	12,282,577	27,777,722	19	3,512	541.45

Insurance Sector :

As a part of the insurance directorate's commitment to promoting its supervision over the insurance sector and aligning its regulatory and supervisory frameworks to the best international practices, it embarked on a project that aims to assess its supervisory framework against the global Insurance Core Principles (ICP) promulgated by the International Association of Insurance Supervisor (IAIS), and to develop an action plan to address key issues found by the assessment. It is noteworthy that the project is funded by the World Bank in cooperation with the Arab Forum of Insurance Regulatory Commissions (AFIRC).

Likewise, the insurance directorate pursued new endeavors to strengthen its supervision over the insurance sector and empower its growth during 2013. In this regard, the insurance directorate requested insurance companies to generate annual actuarial reports starting from 2013. After PCMA received and analyzed the first group of the actuarial reports in 2013, it required insurance companies to increase their technical reserves.

In addition, the insurance directorate implemented the Unified Insurance Policy for third-party liability on physical injury and material damage. The unified policy merged the mandatory motor insurance with the civil

liability for physical damage toward a third-party into one policy and improved the terms of insurance coverage. Finally, the directorate implemented a risk-based supervision plan that takes into consideration the priorities, depth, and breadth of supervision for each company.

Key indicators for Palestinian insurance sector for the year 2013:

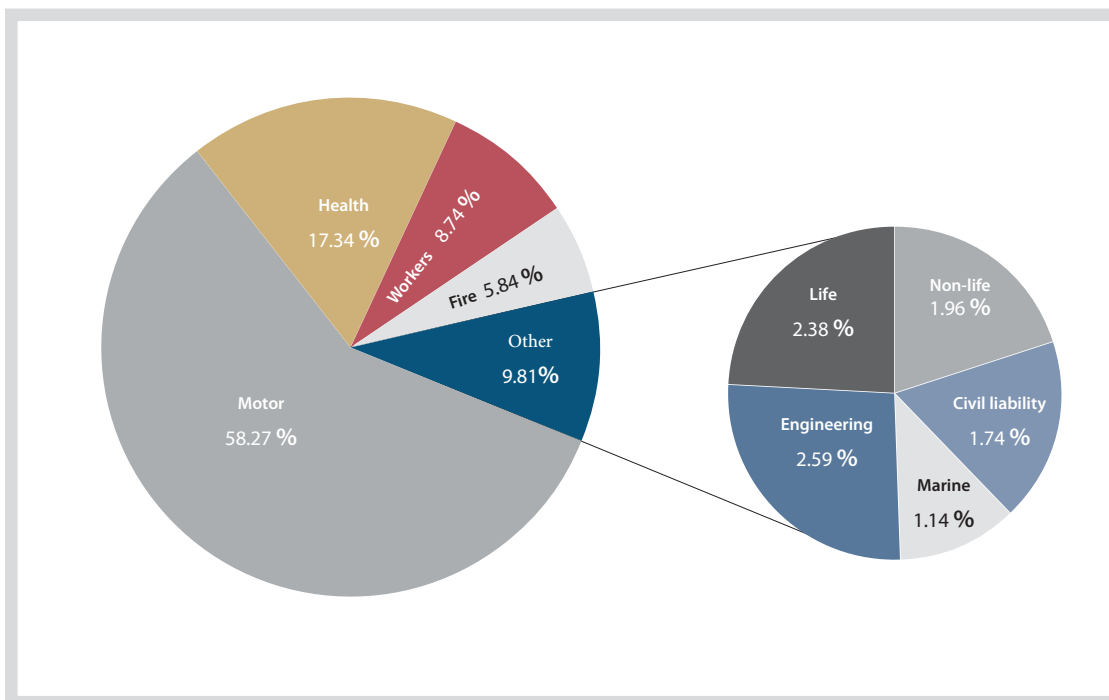
A. Financial and operational performance for insurance sector 2012-2013

Currency: (US Dollar)

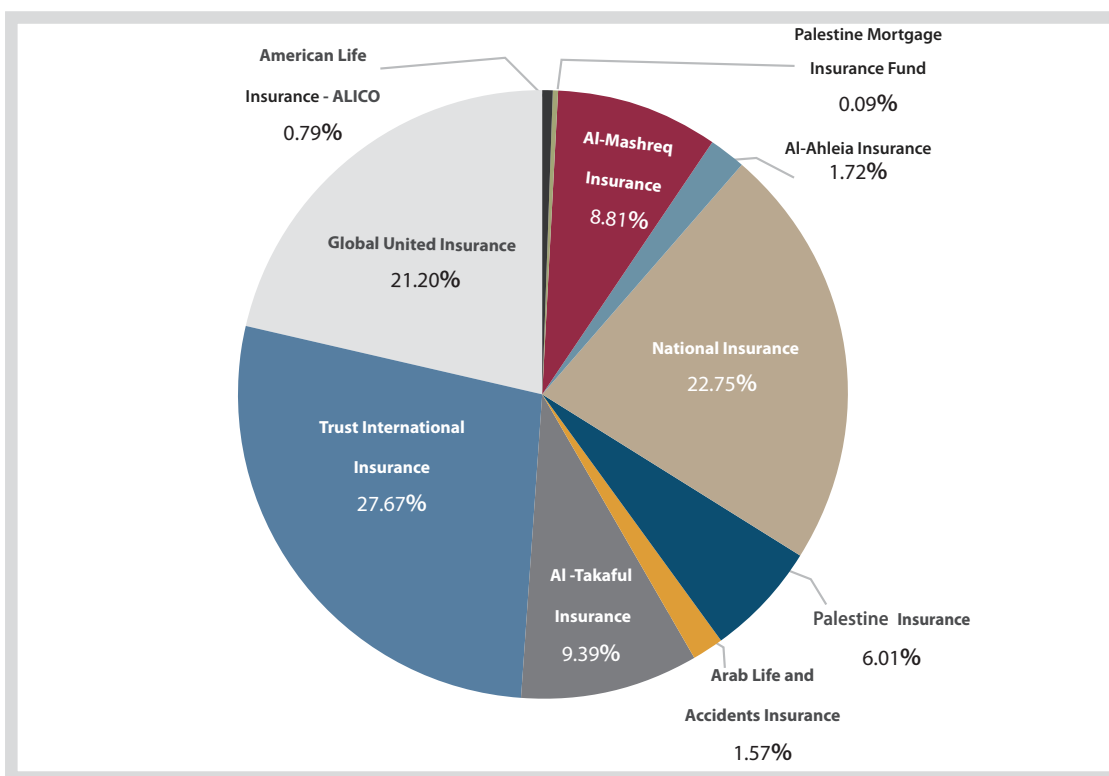
	Description	2012	2013
General information	Number of insurance companies	10	10
	Number of insurance companies branches	111	114
	Number of insurance companies employees	1,035	1,075
	Number of insurance agents and producers	229	225
Insurance sector results	Motor insurance premiums	87,943,842	92,484,598
	Workers insurance premiums	13,731,389	13,876,676
	Health insurance premiums	20,379,721	27,529,464
	Fire insurance premiums	8,647,193	9,266,699
	Marine insurance premiums	1,732,971	1,808,964
	Engineering insurance premiums	3,441,574	4,103,595
	Civil liability insurance premiums	2,284,751	2,756,519
	Non-life insurance premiums	2,742,854	3,105,533
	Life insurance premiums	3,560,862	3,775,925
	Total insurance premiums	144,465,157	158,707,973
	Total paid- up claims	88,420,157	88,700,399
	Net incurred claims	79,485,193	82,535,070
	General and administrative expenses*	36,841,184	40,736,376
	Net income after tax	7,273,404	12,435,880
Net profit of technical insurance activities	10,285,280	8,555,834	
Summary of assets and liabilities for insurance sector	Total current assets	199,613,500	231,409,070
	Total non-current assets	140,378,083	135,593,152
	Total investments	184,619,450	187,044,275
	Total receivables	87,960,243	74,239,539
	Net receivables	75,042,925	61,077,669
	Accounts payable	12,845,327	13,707,617
	Total assets	339,991,583	367,002,222
	Total insurance policies assets	32,229,708	31,235,002
	Total non-current liabilities	8,686,162	9,698,497
	Total current liabilities	222,389,365	237,486,754
	Total insurance policies liabilities	160,264,776	177,883,913
	Paid-up capital	67,187,306	67,874,806
	Statutory reserve	9,714,116	10,920,223
	Optional reserve	4,882,806	7,288,250
	Cumulative change in assets fair value	10,666,379	12,486,376
	Retained earnings (losses)	4,543,317	8,194,190
	Total shareholder's equity	108,790,033	119,816,971

* General and administrative expenses include both distributed and undistributed general and administrative expenses.

B. Total insurance portfolio per product as it is on 31/12/2013 (total value of 158,707,973 US Dollar)



C. Total insurance portfolio per company as it is on 31/12/2013 (total value of 158,707,973 US Dollar)



D. Aggregate balance sheet as it is on 31/12/2013

Currency: (US Dollar)

Description	2012	2013
Non-current assets		
Net property, plant and equipment	27,593,474	29,477,077
Real estate investments	51,682,079	52,501,914
Contributions in affiliated companies	9,949,893	11,414,861
Loans for related parties	2,255,146	4,381,565
Financial investments available for sale	30,300,971	32,028,140
Financial investments holding to maturity	15,792,341	938,029
Cheques under collections (due after more than 12 months)	311,839	881,806
Restricted deposits	500,000	1,500,000
Deferred tax assets	1,992,340	2,469,760
Total non-current assets	140,378,083	135,593,152
Current assets		
Financial investments for trading	24,975,069	37,878,041
Insurance policies, current risk- motor	1,765,362	1,993,255
Insurance policies, current risk- non-life	5,215,112	4,240,657
Insurance policies, reported claims- motor	12,537,763	12,447,952
Insurance policies, reported claims-non-life	11,156,750	11,869,355
Insurance policies- life	1,554,721	683,783
Total insurance policies	32,229,708	31,235,002
Accounts receivable for insurance & reinsurance companies	3,930,366	3,736,485
Accounts receivable	63,388,154	74,239,539
(Provision for accounts receivable)	(12,917,318)	(13,161,870)
Net accounts receivable	50,470,836	61,077,669
Other accounts receivable	6,452,048	9,129,284
Cheques under collections (due within 12 months)	20,329,884	26,232,670
Bank deposits	49,163,951	46,401,725
Cash and cash equivalent	11,882,959	15,553,949
Inventories	178,679	164,245
Total current assets	199,613,500	231,409,070
Total assets	339,991,583	367,002,222
Shareholder's equity and liabilities		
Shareholder's equity		
Paid-up capital	67,187,306	67,874,806
Statutory reserve	9,714,116	10,920,223
Optional reserve	4,882,806	7,288,250
Issuance premium (discount)	75,000	75,000

Cumulative change in fair value	10,666,379	12,486,376
Changes in foreign currency exchange	(1,149,957)	334,248
Retained earnings (losses)	4,543,317	8,194,190
Minority interest	1,482,952	1,717,040
Treasury stocks	(403,694)	(118,506)
Head office current account	11,791,808	11,045,344
Total shareholder's equity	108,790,033	119,816,971
Surplus of Takaful fund subscribers	126,023	0
Non-current liabilities		
Provision for end of services benefits	8,686,162	9,698,497
Total non-current liabilities	8,686,162	9,698,497
Current liabilities		
Insurance policies liabilities		
Current risks reserve, motor	27,449,548	32,718,956
Current risks reserve, non-life	14,996,137	16,715,440
Mathematical reserve, life	14,075,738	12,028,129
Total	56,521,423	61,462,525
Outstanding reported claims reserve, motor (compulsory)	49,486,448	46,244,543
Outstanding reported claims reserve, motor (TP)	19,710,244	31,026,493
Outstanding claims reserve, non-life	29,521,310	31,643,301
Unreported outstanding claims reserve	3,962,101	6,322,563
Claims reserve, life	1,063,250	1,184,488
Total	103,743,353	116,421,388
Total current liabilities (insurance policies)	160,264,776	177,883,913
Accounts payable	12,845,327	13,707,617
Accounts payable for insurance & reinsurance companies	9,379,543	8,049,358
Accrued expenses	389,726	1,056,861
Other provisions	13,508,843	9,234,770
Other accounts payable	18,171,027	22,369,919
Accounts payable, banks	2,229,366	56,134
Deferred cheques	5,600,757	5,128,182
Total current liabilities	222,389,365	237,486,754
Total shareholder's equity and liabilities	339,991,583	367,002,222

E. Aggregate income statement for the year ended 31/12/2013

Currency: (US Dollar)

Description	2012	2013
Written insurance premiums	144,465,157	158,707,973
(Reinsurer's share of written premiums)	(22,691,434)	(18,958,813)
Net insurance written premiums	121,773,723	139,749,160
±Change in current risks reserve- mathematical life insurance reserve	4,313,134	(4,960,889)
±Reinsurer's share in change of current risks reserve- mathematical life insurance reserve	(678,381)	(1,575,299)
Net earned premiums	125,408,476	133,212,972
Income from insurance activities	663,754	996,284
Reinsurance commission	3,703,304	2,725,768
(Paid-up commissions)	(7,635,839)	(10,695,999)
Other revenues from insurance activities	51,481	(315,530)
Net revenues from insurance activities	122,191,176	125,923,495
(Paid- up claims)	(88,420,157)	(88,700,399)
(Paid up premiums to cover loss's surplus)	(49,450)	(73,400)
Reinsurer's share of paid up claims	13,599,780	15,428,198
±Change in reserve of outstanding and unreported claims	(5,393,147)	(11,943,004)
±Reinsurer's share of change in reserve of outstanding and unreported claims	777,781	2,753,535
Net incurred claims	(79,485,193)	(82,535,070)
(Losses) profits of currency exchange in converting technical reserves to US Dollar	(306,523)	925,182
(Distributed general and administrative expenses)	28,774,136	(31,852,890)
(Agency fees and speculation expenses)*	3,340,044	(3,904,883)
Total expenses of insurance activities	(111,905,896)	(117,367,661)
Net profit of technical insurance activities	10,285,280	8,555,834
Revenues (investments, rents, interests.,etc)	11,007,380	17,848,325
±Currency differences	1,113,110	1,003,874
Provisions of increase (decrease) in fair value of investments	422,710	0

(Undistributed administrative expenses)	(8,067,048)	(8,883,486)
(Allowance for doubtful account)	(1,816,096)	(1,108,578)
(Other expenses)	(235,066)	(537,529)
Provision (redemption), takaful fund subscribers loan**	0	(582,469)
Net income before tax	12,710,270	16,295,971
(Value added and income tax)	(5,436,866)	(3,860,091)
Net income	7,273,404	12,435,880

*Agency fees and speculation expenses are remunerations payable to shareholders for their efforts in managing the operations and the investments on behalf of Al Takaful participants.

** Provision (redemption)- Al-Takaful fund subscribers' loans is the remaining balance of the total contributions paid by policyholders during the year after deducting incurred claims, paid-up claims, expenses, technical reserves, and the agency fees.

Mortgage Finance & Financial Leasing Sectors:

The endorsement of the leasing law by his excellency President Mahmoud Abbas in January 2014 is considered one of the remarkable steps that PCMA accomplished toward completing its regulatory and supervisory frameworks that govern the financial leasing sector in Palestine. The financial leasing law was drafted in harmony with the Palestinian laws and regulations and in accordance with the best international practices in this field, specifically the standard leasing law approved by the International Institute for the Unification of Private Law (UNIDROIT) for the year 2008.

In the meanwhile, the Mortgage Finance and Financial Leasing directorate undertook steps to create the solid foundations that support the operations of the financial leasing sector including reviewing the value added tax (VAT) on leasing contracts with the Value Added Tax department in the Ministry of Finance with the objective of issuing suitable instructions in that regard.

On the other hand, the mortgage finance sector didn't observe any regulatory changes during 2013 as the mortgage finance law draft was not endorsed during the year. Nevertheless, the mortgage finance & financial leasing directorate, in cooperation with the main stakeholders, reviewed instructions and mechanisms pertaining to the activities of the sector. The revised instructions covered the capital adequacy, provisions, and credit criteria of mortgage finance companies. In addition, the directorate reviewed the criteria used for appraising the market value of lands in Palestine.

Since real estate appraisal is considered a core activity in the mortgage finance sector, the mortgage finance and financial leasing directorate focused its efforts on licensing qualified real estate appraisers in a manner that conforms to the real estate appraisal licensing instructions approved in 2012, which require all real estate appraisers to receive training courses and pass an exam before receiving their licenses. In that respect, PCMA in cooperation with the Palestinian Banking Institute organized a training course in real estate appraisal and conducted examinations for the appraisers at the end of the course.

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