



Palestine

Capital Market  
Authority

2024

Annual  
Report





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



# Board of Directors



*Dr. Mohamed Nasr*  
Chairman



*Mr. Azmi Haj Mohammad*  
Deputy Chairman  
Ministry of National Economy



*Mr. Mahmoud Nofal*  
Ministry of Finance



*Mr. Riyad Abu Shahadeh*  
Palestinian Monetary Authority



*Mr. Joseph Nesnas*  
Banking Sector



*Mr. Ayoub Zurub*  
Private Sector



*Mr. Bassim Khoury*  
Private Sector



# Vision

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



## **Dr. Mohamed Nasr**

The year 2014 witnessed critical developments on the political and economic environment. Among these were the formation of the Palestinian National Unity Government and the submission of a draft resolution to the United Nations Security Council to end the occupation and declare the Palestinian state as well as the Palestinian leadership's decision to join the United Nations organizations. Last year also saw the cruel Israeli attack on Gaza strip, the rapid - paced expansion of settlements in West Bank and the withholding of the Palestinian National Authority's financial dues by Israel. However, on the global economic level, markets observed a sharp plunge in global oil prices in the second half of the year accompanied by considerable appreciation of the US Dollar against other currencies including the Israeli Shekel and the Euro.

These events have had a profound impact on the Palestinian economy in general, and the Palestinian capital market in particular. Last year, the Palestinian economy has shrunk for the first time in the past eight years and unemployment rates sharply climbed. In addition, AL-Quds index dropped more than 5% in 2014 while the aggregate net profits of listed companies declined around 7% compared with their 2013 record. Nevertheless, the annual net profits realized by three-quarters of companies listed in Palestine Exchange exceeded 275 Million USD in 2014.

In spite of these challenges, Palestine Capital Market Authority (PCMA) could accomplish a number of outstanding achievements in several areas including the regulatory, supervisory, the international outreach and the capacity building domains. One of the most prominent achievements of PCMA was its admission to

the International Organization of Securities Commissions (IOSCO) and the admission of State of Palestine through PCMA as a new signatory to the IOSCO's Multilateral Memorandum of Understanding (MMOU). Indeed, the ratification of the Financial Leasing Law by decree number (6) of 2014 and licensing a number of companies in this promising sector represent a significant accomplishment for PCMA. Likewise, putting the corporate governance scorecard into the pilot implementation phase after finalizing its development together with the PCMA's participation in formulating the National Strategy for financial Inclusion with the Palestine Monetary Authority stand as key endeavors of PCMA. That's not to mention the great efforts expended by PCMA to maintain its memberships in international and regional relevant organizations and carry out a group of financial awareness programs and campaigns.

I would like to extend my sincere thanks here to the former Board of Directors and especially to the former chairman, his excellency Mr. Maher Masri, for the tremendous efforts and contributions to develop PCMA and promote its position as an efficient and transparent institution. I would also like to thank the PCMA's management and staff for their dedication, devotion and tireless work to support PCMA sectors.

I aspire that PCMA will sustain the current momentum in 2015 in order to realize further accomplishments. I also wish that 2015 will be a rich year of attainments for the Palestinian economy in general and PCMA in particular, and to continue working as a team toward achieving PCMA's vision to promote a sound capital market and protect the interests of its stakeholders.





## Abeer Odeh

It pleases me to present to you the 2014 Annual Report of Palestine Capital Market Authority (PCMA) that carries between its covers the most remarkable highlights, achievements, and activities of the PCMA on institutional and external levels.

The year of 2014 marks a remarkable and vital year to PCMA acting on its first year as an ordinary member of the International Organization of Securities Commissions (IOSCO) that commenced assuming its membership role through actively participating in and contributing to the missions of IOSCO's technical committees. PCMA's involvement in international committees as such has created new prospects for international cooperation and allowed PCMA to stay updated with the latest international practices and integrating them into the Palestinian securities sector. In addition, PCMA's experience as a regional pioneer in developing and implementing a Corporate Governance Scorecard that provides quantitative tools to measure companies' adherence to the mandatory and optional rules of the Corporate Governance Code has granted the firm to act as an outlet of knowledge sharing its endeavors and success stories with other regulators.

Meanwhile, PCMA maintained its responsibility toward regulation, supervision and development of the Palestinian capital market sectors in a manner that ensures the achievement of its institutional goals and strategic plan for the years 2012-2015. With regard to its regulatory and supervisory roles, the issuance of the financial leasing law was made possible after His Excellency President Mahmoud Abbas endorsed the law in 2014. Unequivocally, the ratification of the law constituted a significant milestone in PCMA's goal toward completing the legal framework of the emerging financial leasing sector, which is expected to have a positive impact on driving the growth of small and medium-size companies as considered a cornerstone of the Palestinian economy.

Indeed, in 2014, PCMA has come a long way in developing the National Strategy for Financial Inclusion hand in hand with the Palestine Monetary Authority and stakeholders from economic, governmental, and other key sectors. The importance of the National Strategy for Financial Inclusion emanates from its objective to bring the greatest possible advantage to all segments of society through their integration into the financial system and in turn expanding the base of financial services' users in Palestine.

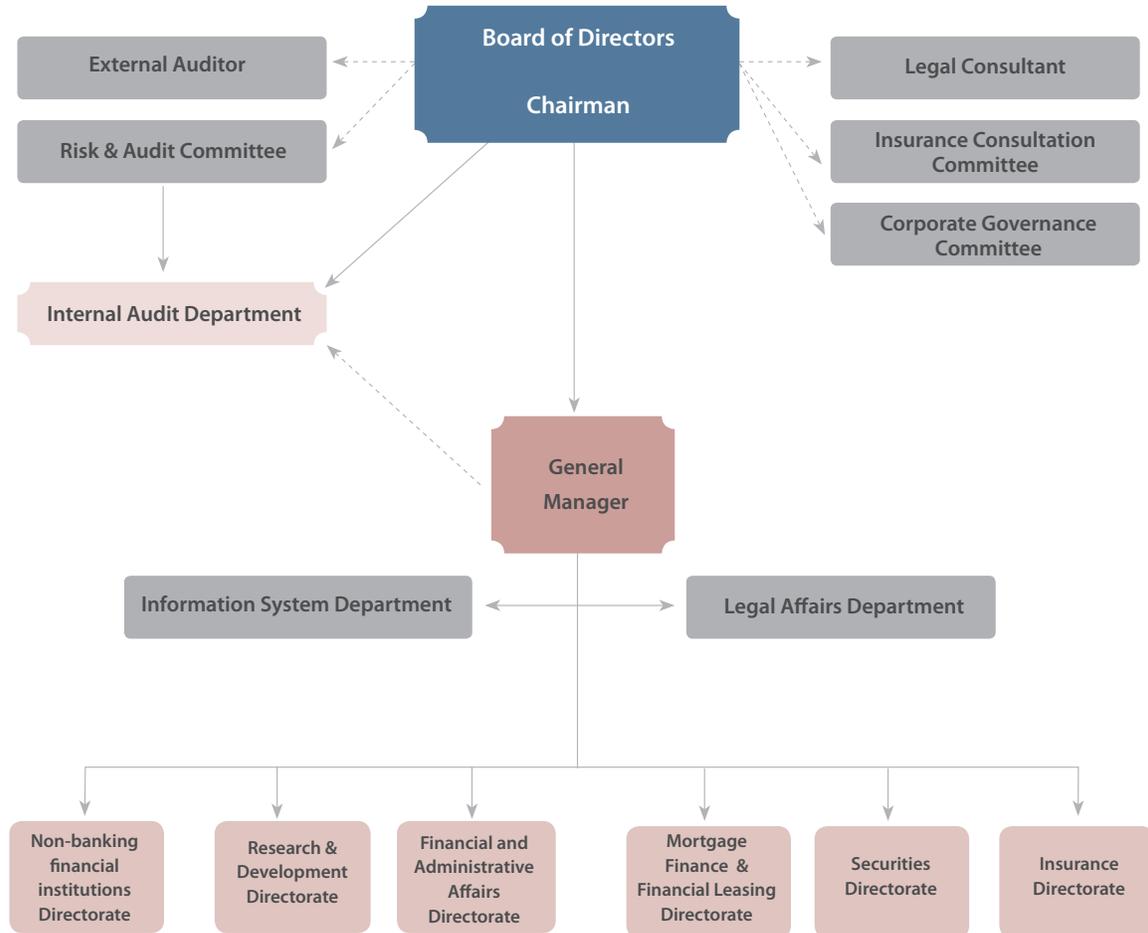
On the other hand, PCMA's achievement on the institutional level included the upgrade and improvement of the electronic infrastructure through the development of electronic systems that have facilitated the PCMA's administrative and supervisory operations.

As I'm going over these distinguished achievements, I want to seize the opportunity to thank PCMA's board of directors for the unceasing support they have offered as well as to PCMA staff members for their steadfast efforts and outstanding professionalism that continue to help PCMA accomplish its goals.

I would also like to thank the International Organization of Securities Commissions (IOSCO) for the persistent cooperation and support it's showed to PCMA since its admission as a new member.

Last but not least, I want to extend my gratitude to all the international and Arab organizations that contributed to the achievement of PCMA's goals through their unwavering assistance.

## Organizational Chart



## Palestine Capital Market Authority:

During 2014, PCMA scored several achievements that directly paved the way for the accomplishment of its strategic plan. The most noticeable ones included signing the Multilateral Memorandum of Understanding (MMOU) of the International Organization of Securities Commissions (IOSCO), which took place in a signing ceremony at the IOSCO's 39th annual general meeting during the fourth quarter of 2014. As well, PCMA signed a memorandum of understanding with Palestine Monetary Authority early 2014 to create the National strategy for Financial Inclusion in Palestine. The memorandum set the outline of the strategy formulation process, identified the international standards and benchmarks that the strategy should embrace, established the roles of the stakeholders, and specified the timeline for strategy formulation. Following to the first meeting of the strategy steering committee, tangible steps were embarked upon to approve the action plan and form the project management unit and the technical team as well as approving their terms of reference.

On the regulatory aspect, PCMA witnessed the ratification of the Financial Leasing Law in the presidential decree (6) for 2014 after its endorsement by His Excellency President Mahmoud Abbas in the first quarter of 2014. This is considered a very important milestone of PCMA toward the completion of the legal and supervisory framework of the Financial Leasing sector – one of the vital sectors to drive economic growth and prosperity in Palestine. In 2014, PCMA also continued to implement its strategic plan 2012-2015 along with the development initiatives to develop the legal and supervisory framework of its sectors, and improve its internal work environment alongside with building the capacity of its staff and other professionals in the nonbanking financial sectors. PCMA could implement these projects with generous assistance from partners and international donor organizations.

### **Corporate Governance:**

The year 2014 is considered an exceptional year for promoting Corporate Governance in Palestine, especially since this year observed the pilot implementation phase of the corporate governance scorecard subsequent to the development phase which concluded in 2013. The pilot implementation took the form of self-assessment whereby PCMA distributed surveys across the listed companies in Palestine Exchange during the third quarter of 2014 and requested them to fill the surveys and return them by the end of the same quarter. Concurrently, PCMA developed a computerized analytical model that allows it to gather answers from complete surveys, analyze them and calculate the scores on various levels – aggregate market level for the all companies in Palestine Exchange, sectorial levels for the five sectors in Palestine Exchange and finally based on the three categories of paid up capital size.

By the end of the survey completion period, most companies have responded to their surveys except one. The data were collected from the surveys and processed into primary results. Afterwards, PCMA arranged five workshops for all listed companies to discuss the progress and the challenges that faced these companies in the pilot implementation of the scorecard model. Based on the companies' comments, PCMA revised the scorecard model in a way that makes it avoid any pitfalls in the actual implementation phase.

Furthermore, PCMA worked closely with the International Finance Corporation (IFC) to develop a corporate governance course and encourage local universities to introduce the course in their curriculum, thus promote the familiarity of their students to the corporate governance topic.

### **Securities Sector:**

The securities sector has undergone through major developments in 2014. The securities directorate within PCMA cooperated with Palestine Exchange to review the existing disclosure system and propose measures to improve its mechanisms, which led to the development of an electronic disclosure system. This system was created to facilitate the automation of the disclosure operations within the capital market sectors and enable those who are subject to PCMA's oversight to provide their disclosures to PCMA and Palestine exchange through filling an electronic form and sending it to PCMA who publish these disclosures to the public after scrutinizing them and saving them in the database.

Moreover, the level of cross-border information sharing and co-operation between PCMA and securities commissions in other countries has significantly improved after the admission of PCMA to the International Organization of Securities Commissions (IOSCO) and joining the Multilateral Memorandum of Understanding (MMoU). In relation to that, the securities directorate within PCMA answered a group of inquiries received from IOSCO's member about the mechanisms used by PCMA in regulating and supervising the securities sector.

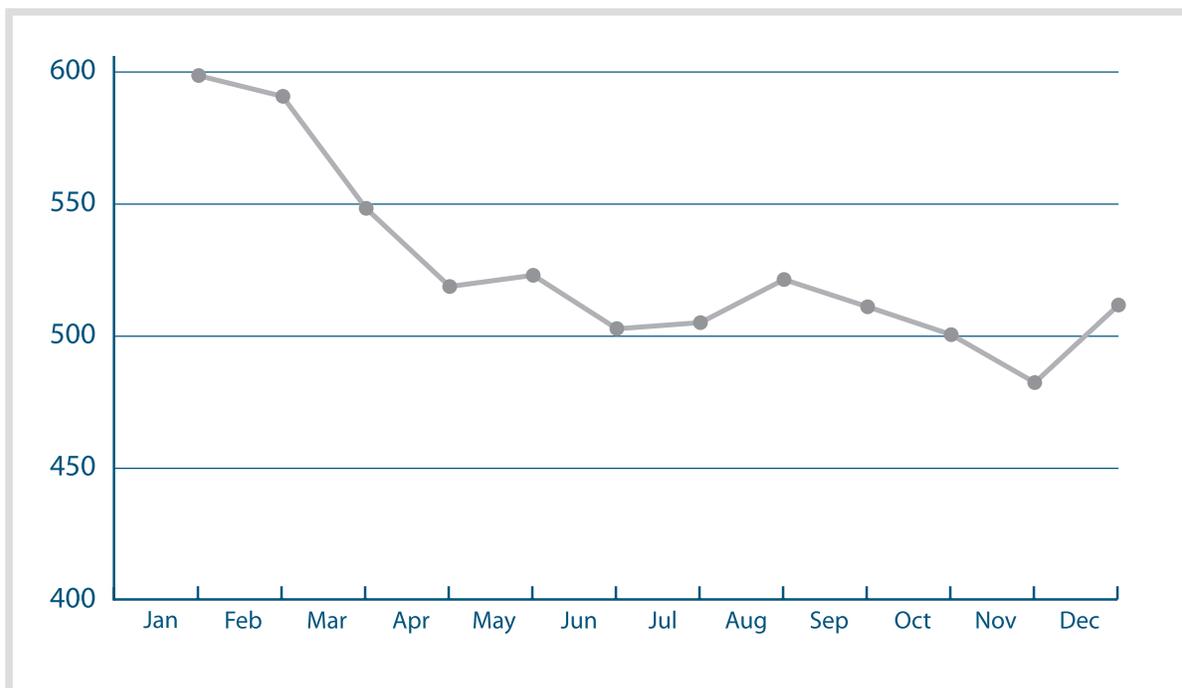
At the end of 2014, AL-Quds index decrease by 5% compared with previous year record as it closed at 511.77 points, 29.68 points lower than that in 2013.

## Key indicators of Palestine Securities Sector for the year 2014

### Al-Quds Index Quarterly Performance 2014

Period	Al-Quds index	Percentage change compared with previous quarter (%)	Percentage change compared with 1/1/2014 (%)
1/01/2014	541.45	---	---
31/03/2014	548.37	1.28	1.28
30/06/2014	502.81	-8.31	-7.14
30/09/2014	511.14	1.66	-5.60
31/12/2014	511.77	0.12	-5.48

Al-Quds Index 2014



## PEX trading activities, 2013-2014

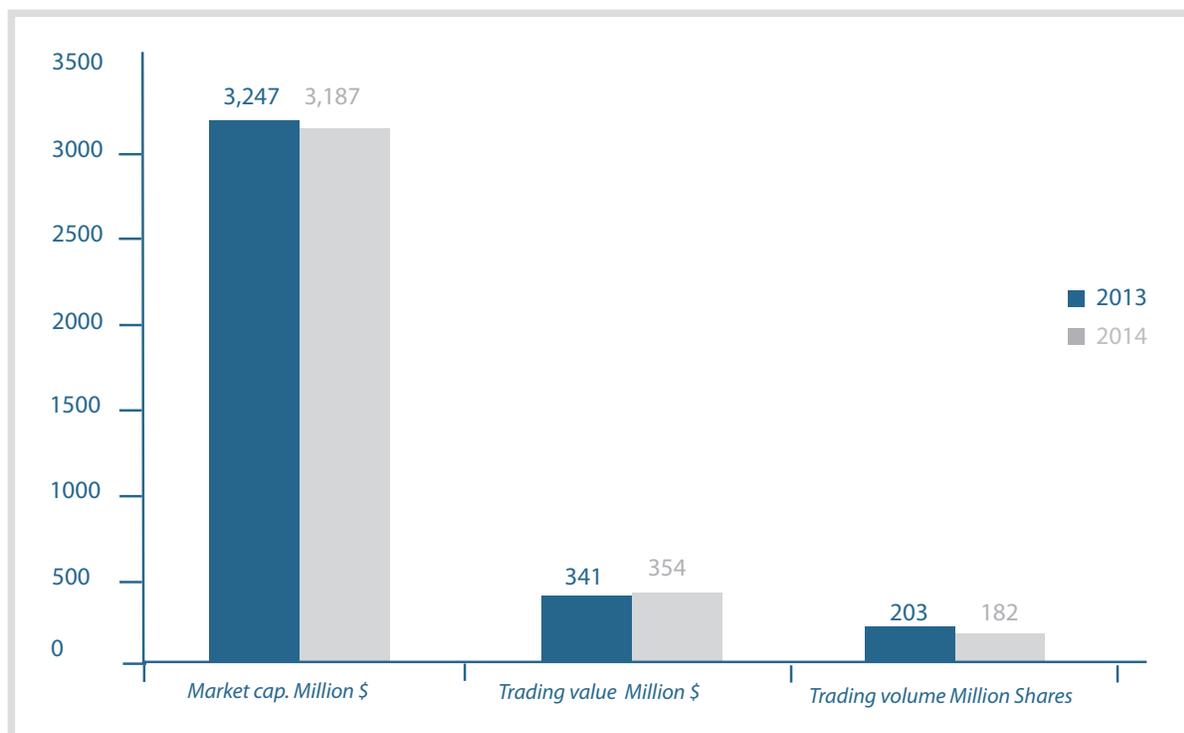
Year	Trading Sessions	Trading volume	Trading value (\$)	Number of transactions	Average daily trading value (\$)	Market Capitalization (\$)
2013	241	202,965,939	340,774,270	44,425	1,414,001	3,247,478,385
2014	245	181,545,154	353,917,125	41,257	1,444,560	3,187,259,624

## Market capitalization trading value as percentage of GDP

Discription	2013 (%)	2014* (%)
Market capitalization as % of GDP (constant prices)	43.43	42.63
Trading value as % of GDP (constant prices)	4.56	4.73

\* 2013 GDP was adopted because 2014 GDP was not published yet.

## Market capitalization, trading value, and trading volume 2013 - 2014



## Listed companies performance for the period ending 31/12/2014

	Company Name	Symbol	Currency	Net Profit (Loss)
1	Arab Islamic Bank	AIB	\$	4,129,844
2	Bank of Palestine	BOP	\$	40,222,506
3	Palestine Islamic Bank	ISBK	\$	7,537,607
4	Palestine Commercial Bank	PCB	\$	1,198,637
5	Palestine Investment Bank	PIBC	\$	2,829,494
6	Palestine Securities	PSE	\$	243,224
7	Al Quds Bank	QUDS	\$	7,232,904
8	The National Bank	TNB	\$	4,438,380
9	Arab Paint Products	APC	JD	595,355
10	Palestine Poultry	AZIZA	JD	2,322,241
11	Birzeit Pharmaceuticals	BPC	\$	4,209,475
12	Al Shark Electrode	ELECTRODE	JD	91,480
13	Golden Wheat Mills	GMC	JD	163,681
14	Jerusalem Cigarette	JCC	JD	-2,491,021
15	Jerusalem Pharmaceuticals	JPH	\$	1,409,833
16	Palestine Plastic Industries	LADAEN	JD	- 494,870
17	National Aluminum and Profile	NAPCO	JD	782,783
18	The National Cartoon Industry	NCI	\$	314,664
19	The Vegetables Oil Industries	VOIC	JD	4,885,075
20	Dar Al-Shifa'a for the Manufacturing of Pharmaceuticals	PHARMACARE	\$	945,363
21	Ahliea Insurance Group	AIG	\$	2,270,471
22	Global United Insurance	GUI	\$	719,372
23	Al Mashriq Insurance (*)	MIC	\$	325,585
24	National Insurance	NIC	\$	2,641,147
25	Palestine Insurance	PICO	\$	2,504,279
26	Al-Takaful Palestinian Insurance	TIC	\$	1,924,573
27	Trust International Insurance Company	TRUST	\$	2,362,362
28	Arab Palestinian Investment Company (APIC)	APIC	\$	11,346,829
29	Al-Aqariya Trading Investment	AQARIYA	JD	- 748,768
30	Arab Investors	ARAB	JD	- 487,322
31	Palestine Development & Investments	PADICO	\$	19,195,000
32	Palestine Investment & Development	PID	JD	111,704
33	Palatine Industrial Investment	PIIC	JD	3,173,445
34	Palestine Real Estate Investment	PRICO	JD	- 2,418,619
35	Union construction and Investment	UCI	\$	471,649
36	Al-Wataniah Towers	ABRAJ	\$	104,742
37	Jerusalem Real Estate Investment	JREI	\$	- 966,894
38	The Arab Hotels	AHC	JD	- 621,079
39	Arab Real estate Establishment	ARE	JD	- 160,329

40	Globalcom Telecommunications	GCOM	\$	- 591,478
41	Nablus Surgical Center	NSC	JD	2,339
42	PALAQAR For Real Estate Dev. & Management	PALAQAR	JD	- 301,877
43	Palestine Telecommunications	PALTEL	JD	85,068,000
44	Palestine Electric	PEC	\$	1,884,873
45	Arab Palestinian Shopping Centers	PLAZA	JD	- 468,141
46	The Ramallah Summer Resorts	RSR	JD	-116,509
47	Palestinian Distribution & Logistics SRVs	WASSEL	\$	- 3,500,177
48	WATANIYA Palestine Mobile Telecomm.	WATANIYA	\$	-16,525,607

\* Symbol is suspended

### PEX monthly trading activities, 2014

Month	Volume	Value (\$)	Trading sessions	# of transactions	Al- Quds Index
January	29,829,261	15,684,514	19	7,060	598.6
February	26,135,795	15,177,173	20	5,743	590.79
March	20,442,562	19,835,121	22	4,631	548.37
April	9,441,090	48,014,557	22	4,002	518.82
May	7,463,383	20,935,220	19	3,072	523.07
June	15,612,050	11,551,717	22	3,201	502.81
July	3,327,941	21,657,305	17	1,597	505.15
August	8,557,188	30,293,199	21	3,014	521.46
September	21,510,407	13,674,416	22	2,241	511.14
October	13,024,704	10,373,024	18	17,62	500.59
November	13,707,342	105,800,302	21	1,946	482.45
December	12,493,431	27,777,722	22	2,988	511.77

### Insurance Sector :

The insurance directorate within PCMA upholds its commitment to promote the Palestinian insurance sector and strengthening its role as a vital sector to the Palestinian economy. Therefore, the insurance directorate has taken several steps in 2014 to improve the regulatory and legal framework for the insurance sector. In this regard, PCMA issued a decision to reassemble the Consultation Committee on Insurance Affairs, amendment of the reinsurance arrangements instructions for insurance companies, issuance a circular regarding vehicles insurance, ratification of the regulation on the distribution and investment basis of Insurance companies' assets, and finally the amendment of instructions on the insurance companies professional code of conduct.

Furthermore, the insurance directorate carried on its supervisory activities over the insurance companies to ensure their financial ability to meet their obligations. It also followed up on the execution of the plans to correct the financial situations of insurance companies, which included the

liquidation of some of their investments to settle outstanding claims and improve their liquidity. PCMA has enforced punitive measures on companies that didn't achieve a satisfactory level of compliance.

In parallel, PCMA completed the self-assessment phase of its insurance regulatory and supervisory framework against the Insurance Core Principles (ICPs) issued by the International Association of Insurance Supervisors (IAIS) and based on the results of the self-assessment, it prepared a strategic action plan that address the Palestinian insurance regulatory and supervisory framework inline with the best international practices like the (ICPs) while considering the Palestinian local context. It's worth mentioning that this project was provided by the Arab Forum of Insurance Regulators Commissions (AFIRC) to Palestine alongside with Morocco, Tunisia and Libya, and is funded by the World Bank.

In 2014, the insurance sector achieved a growth of 7.75% comparing with last year and 81% comparing over the last six years. The insurance portfolio considerably increased from \$94,310,529 at the end of 2008 to \$171,002,187 at the end of 2014.

### Key indicators for Palestinian insurance sector for the year 2014:

#### A. Financial and operational performance for insurance sector 2013-2014

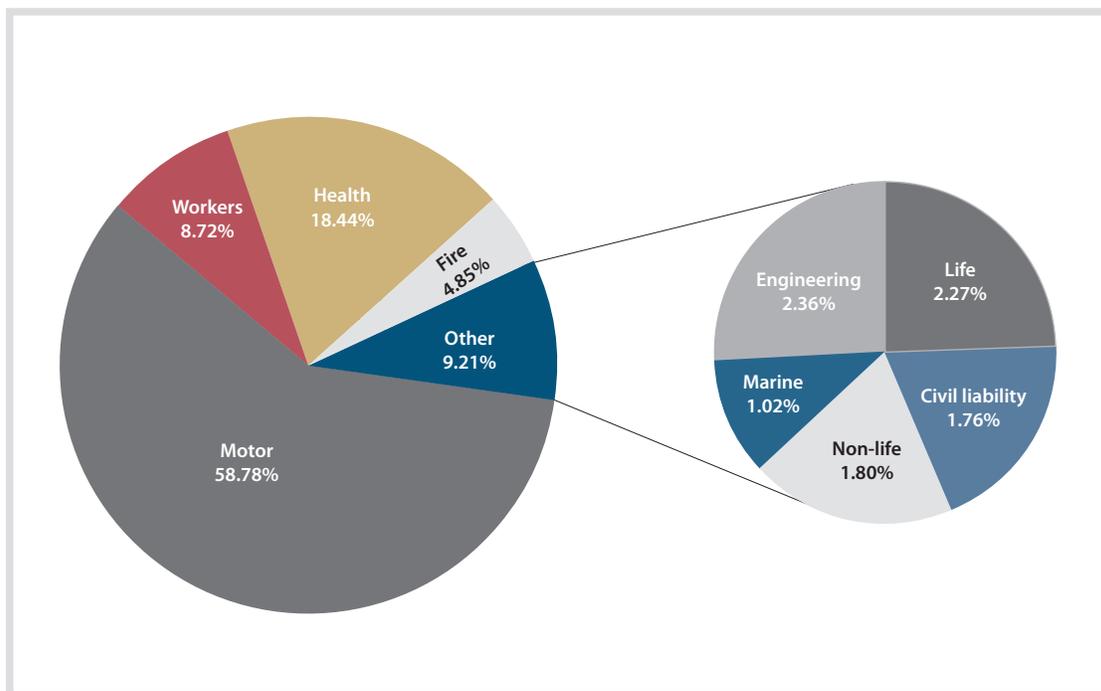
Currency: (US Dollar)

	Description	2013	2014
General information	Number of insurance companies	10	10
	Number of insurance companies branches	114	111
	Number of insurance companies employees	1,075	1175
	Number of insurance agents and producers	225	215
Insurance sector results	Motor insurance premiums	92,484,598	100,509,449
	Workers insurance premiums	13,876,676	14,909,560
	Health insurance premiums	27,529,464	31,528,273
	Fire insurance premiums	9,266,699	8,301,980
	Marine insurance premiums	1,808,964	1,747,879
	Engineering insurance premiums	4,103,595	4,031,935
	Civil liability insurance premiums	2,756,519	3,005,688
	Non-life insurance premiums	3,105,533	3,086,256
	Life insurance premiums	3,775,925	3,881,167
	Total insurance premiums	158,707,973	171,002,187
	Total paid- up claims	88,700,399	108,070,231
	Net incurred claims	82,535,070	88,942,562
	General and administrative expenses*	40,736,376	42,544,212
	Net income after tax	12,435,880	13,952,946
Net profit of technical insurance activities	8,555,834	14,802,411	

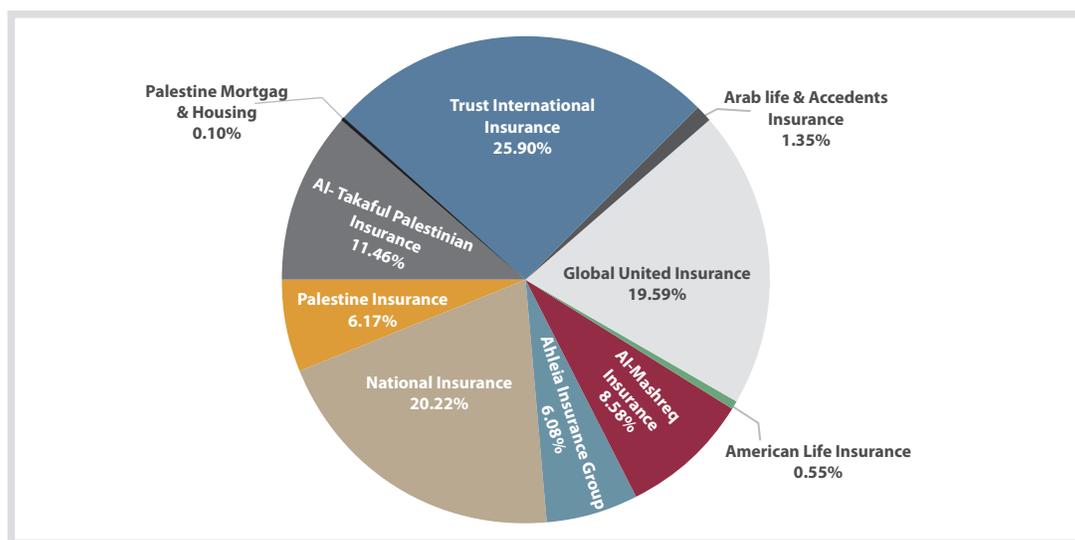
Summary of assets and liabilities for insurance sector	Total current assets	231,409,070	227,551,321
	Total non-current assets	135,593,152	155,489,179
	Total investments	187,044,275	193,549,682
	Total receivables	74,239,539	72,592,502
	Net receivables	61,077,669	60,220,242
	Accounts payable	13,707,617	16,760,616
	Total assets	367,002,222	383,040,500
	Total insurance policies assets	31,235,002	29,440,523
	Total non-current liabilities	9,698,497	11,084,644
	Total current liabilities	237,486,754	235,298,346
	Total insurance policies liabilities	177,883,913	170,118,470
	Paid-up capital	67,874,806	69,687,306
	Statutory reserve	10,920,223	12,132,883
	Optional reserve	7,288,250	6,792,532
	Cumulative change in assets fair value	12,486,376	17,993,413
	Retained earnings (losses)	8,194,190	13,693,576
	<b>Total shareholder's equity</b>	<b>119,816,971</b>	<b>136,657,510</b>

\* General and administrative expenses include both distributed and un distributed general and administrative expenses.

**B. Total insurance portfolio per product as it is on 31/12/2014 (total value of 171,002,187 US Dollar)**



**C. Total insurance portfolio per company as it is on 31/12/2014 (total value of 171,002,187 US Dollar)**



**D. Aggregate balance sheet as it is on 31/12/2014**

Currency: (US Dollar)

Description	2013	2014
<b>Non-current assets</b>		
Net property, plant and equipment	29,477,077	35,438,736
Real estate investments	52,501,914	56,390,276
Contributions in affiliated companies	11,414,861	12,348,015
Loans for related parties	4,381,565	4,384,946
Financial investments available for sale	32,028,140	37,992,026
Financial investments holding to maturity	938,029	185,872
Cheques under collections (due after more than 12 months)	881,806	2,279,421
Restricted deposits	1,500,000	1,750,000
Deferred tax assets	2,469,760	4,719,887
<b>Total non-current assets</b>	<b>135,593,152</b>	<b>155,489,179</b>
<b>Current assets</b>		
Financial investments for trading	37,878,041	39,001,869
Insurance policies, current risk- motor	1,993,255	1,790,177
Insurance policies, current risk- non-life	4,240,657	4,963,944
Insurance policies, reported claims- motor	12,447,952	12,318,653
Insurance policies, reported claims-non-life	11,869,355	9,760,508
Insurance policies- life	683,783	607,241
<b>Total insurance policies</b>	<b>31,235,002</b>	<b>29,440,523</b>
Accounts receivable for insurance & reinsurance companies	3,736,485	4,482,143
Accounts receivable	74,239,539	72,592,502
(Provision for accounts receivable)	(13,161,870)	(12,372,260)
<b>Net accounts receivable</b>	<b>61,077,669</b>	<b>60,220,242</b>
Other accounts receivable	9,129,284	9,920,841
Cheques under collections (due within 12 months)	26,232,670	29,368,135

Bank deposits	46,401,725	41,496,678
Cash and cash equivalent	15,553,949	13,620,890
Inventories	164,245	0
<b>Total current assets</b>	<b>231,409,070</b>	<b>227,551,321</b>
<b>Total assets</b>	<b>367,002,222</b>	<b>383,040,500</b>
<b>Shareholder's equity and liabilities</b>		
<b>Shareholder's equity</b>		
Paid-up capital	67,874,806	69,687,306
Statutory reserve	10,920,223	12,132,883
Optional reserve	7,288,250	6,792,532
Issuance premium (discount)	75,000	330,390
Cumulative change in fair value	12,486,376	17,993,413
Changes in foreign currency exchange	334,248	(2,120,134)
Retained earnings (losses)	8,194,190	13,693,576
Minority interest	1,717,040	6,611,151
Treasury stocks	(118,506)	(174,465)
Head office current account	11,045,344	11,710,858
<b>Total shareholder's equity</b>	<b>119,816,971</b>	<b>136,657,510</b>
<b>Surplus of Takaful fund subscribers</b>	<b>0</b>	<b>0</b>
<b>Non-current liabilities</b>		
Provision for end of services benefits	9,698,497	10,834,644
Long term loans	0	250,000
<b>Total non-current liabilities</b>	<b>9,698,497</b>	<b>11,084,644</b>
<b>Current liabilities</b>		
Insurance policies liabilities		
Current risks reserve, motor	32,718,956	33,383,828
Current risks reserve, non-life	16,715,440	17,244,740
Mathematical reserve, life	12,028,129	10,963,605
Total	61,462,525	61,592,173
Outstanding reported claims reserve, motor (compulsory)	46,244,543	41,704,679
Outstanding reported claims reserve, motor (TP)	31,026,493	28,456,412
Outstanding claims reserve, non-life	31,643,301	27,300,884
Unreported outstanding claims reserve	6,322,563	9,962,188
Claims reserve, life	1,184,488	1,102,134
Total	116,421,388	108,526,297
Total current liabilities (insurance policies)	177,883,913	170,118,470
Accounts payable	13,707,617	16,760,616
Accounts payable for insurance & reinsurance companies	8,049,358	7,191,868
Accrued expenses	1,056,861	1,334,567
Other provisions	9,234,770	11,808,486
Other accounts payable	22,369,919	19,094,291
Accounts payable, banks	56,134	3,319,861
Deferred cheques	5,128,182	5,670,187
<b>Total current liabilities</b>	<b>237,486,754</b>	<b>235,298,346</b>
<b>Total shareholder's equity and liabilities</b>	<b>367,002,222</b>	<b>383,040,500</b>

## E. Aggregate income statement for the year ended 31/12/2014

Currency: (US Dollar)

Description	2013	2014
Written insurance premiums	158,707,973	171,002,187
(Reinsurer's share of written premiums)	(18,958,813)	(21,376,227)
Net insurance written premiums	139,749,160	149,625,960
±Change in current risks reserve- mathematical life insurance reserve	(4,960,889)	(1,338,733)
±Reinsurer's share in change of current risks reserve- mathematical life insurance reserve	(1,575,299)	552,594
Net earned premiums	133,212,972	148,839,821
Income from insurance activities	996,284	933,686
Reinsurance commission	2,725,768	3,168,181
(Paid-up commissions)	(10,695,999)	(9,624,339)
Other revenues from insurance activities	(315,530)	227,054
Net revenues from insurance activities	125,923,495	143,544,403
(Paid- up claims)	(88,700,399)	(108,070,231)
(Paid up premiums to cover loss's surplus)	(73,400)	(54,213)
Reinsurer's share of paid up claims	15,428,198	15,322,536
±Change in reserve of outstanding and unreported claims	(11,943,004)	4,416,814
±Reinsurer's share of change in reserve of outstanding and unreported claims	2,753,535	(557,468)
Net incurred claims	(82,535,070)	(88,942,562)
(Losses) profits of currency exchange in converting technical reserves to US Dollar	925,182	(2,069,099)
(Distributed general and administrative expenses)	(31,852,890)	(31,683,165)
(Agency fees and speculation expenses) *	(3,904,883)	(6,047,166)
Total expenses of insurance activities	(117,367,661)	(128,741,992)
Net profit of technical insurance activities	8,555,834	14,802,411
Revenues (investments, rents,, interests.,etc)	17,848,325	13,539,922
±Currency differences	1,003,874	(2,405,046)
Provisions of increase (decrease) in fair value of investments	0	3,812,838

(Undistributed administrative expenses)	(8,883,486)	(10,861,047)
(Allowance for doubtful account)	(1,108,578)	(527,634)
(Other expenses)	(537,529)	(210,440)
Provision (redemption), takaful fund subscribers loan**	(582,469)	0
Net income before tax	16,295,971	18,151,004
(Value added and income tax)	(3,860,091)	(4,198,058)
<b>Net income</b>	<b>12,435,880</b>	<b>13,952,946</b>

\* 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:

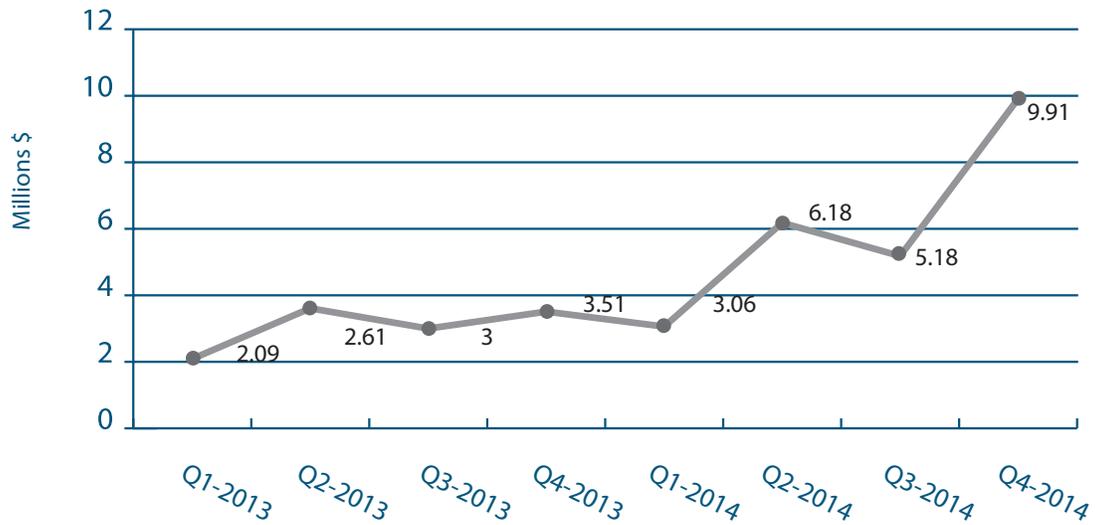
The Financial Leasing sector has undergone fundamental advancements on the legal and regulatory level which were culminated in the endorsement of the Financial Leasing Law by decree number (6) for the year 2014 by His Excellency President Mahmoud Abbas in January 2014. The law was then published in the issue (107) of the official gazette on 28/05/2014 and was enforced 30 days following to the publishing date.

On November 24th 2014, PCMA organized a conference in cooperation with the International finance Corporation (IFC) titled "Promoting the access of small and middle sized companies to finance through financial leasing." The conference was held subsequent to the endorsement of the Financial Leasing Law to increase the awareness about financial leasing as a new financing tool in Palestine, to shed light on its legal and regulatory environment since the law was recently passed and to demonstrate the potential of this sector to contribute to economic growth and development in Palestine.

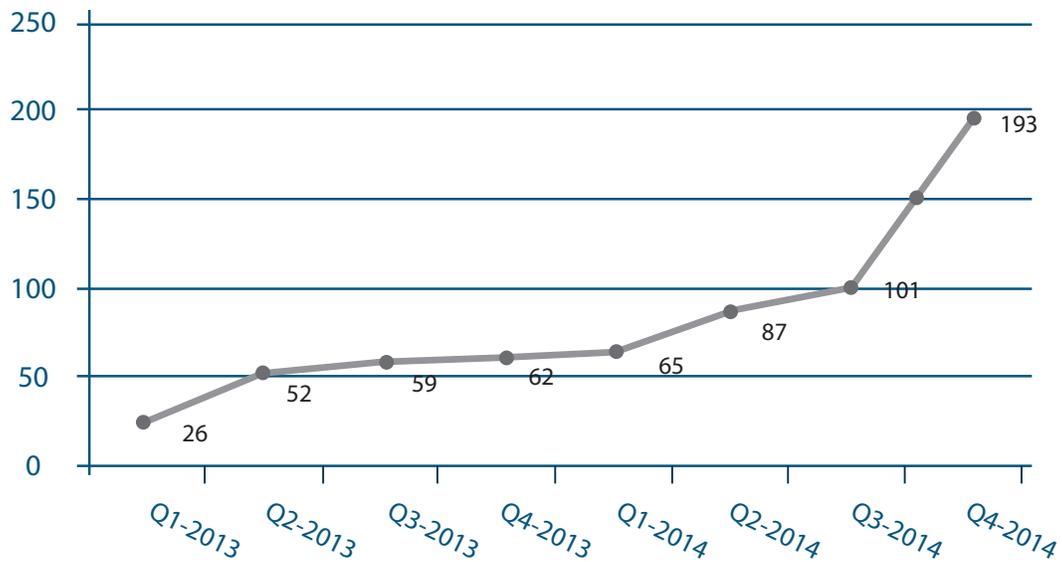
In 2014, The Affordable Mortgage and Loan Corporation (AMAL) was registered by PCMA as a new mortgage finance company to join the Palestinian mortgage finance market with the Palestine mortgage and Housing Corporation (PMHC). Meanwhile, the percentage of refinanced mortgage-backed loans by mortgage finance companies represented 9.3% of the total mortgage-backed loans portfolio offered by all banks, estimated 334.9 Million USD according to the numbers released by Palestine Monetary Authority.

In regard to the technical instructions prepared by AFI concerning capital adequacy and loans' provisions of the Mortgage Finance companies, PCMA reviewed these instructions and reached a final drafts that are expected to be ratified and passed in the first quarter of 2015. The review of these instructions involved the participation of stakeholders and experts along with licensed mortgage finance companies.

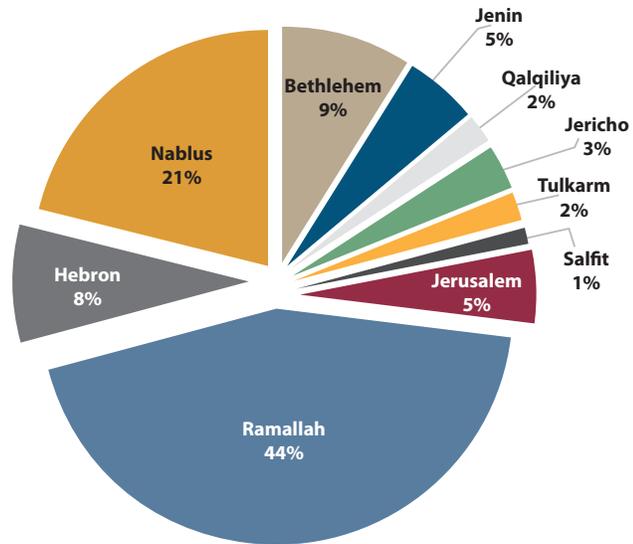
**The quarterly development of total investment of financial leasing contracts for the period 2013-2014**



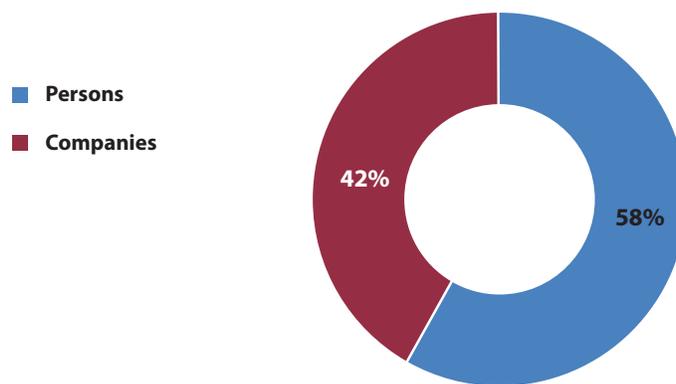
**The quarterly development of the number of financial leasing contracts for the period 2013-2014**



The distribution of financial leasing contracts across regions in 2014



The distribution of financial leasing contracts based on the nature of contractees for 2014



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