

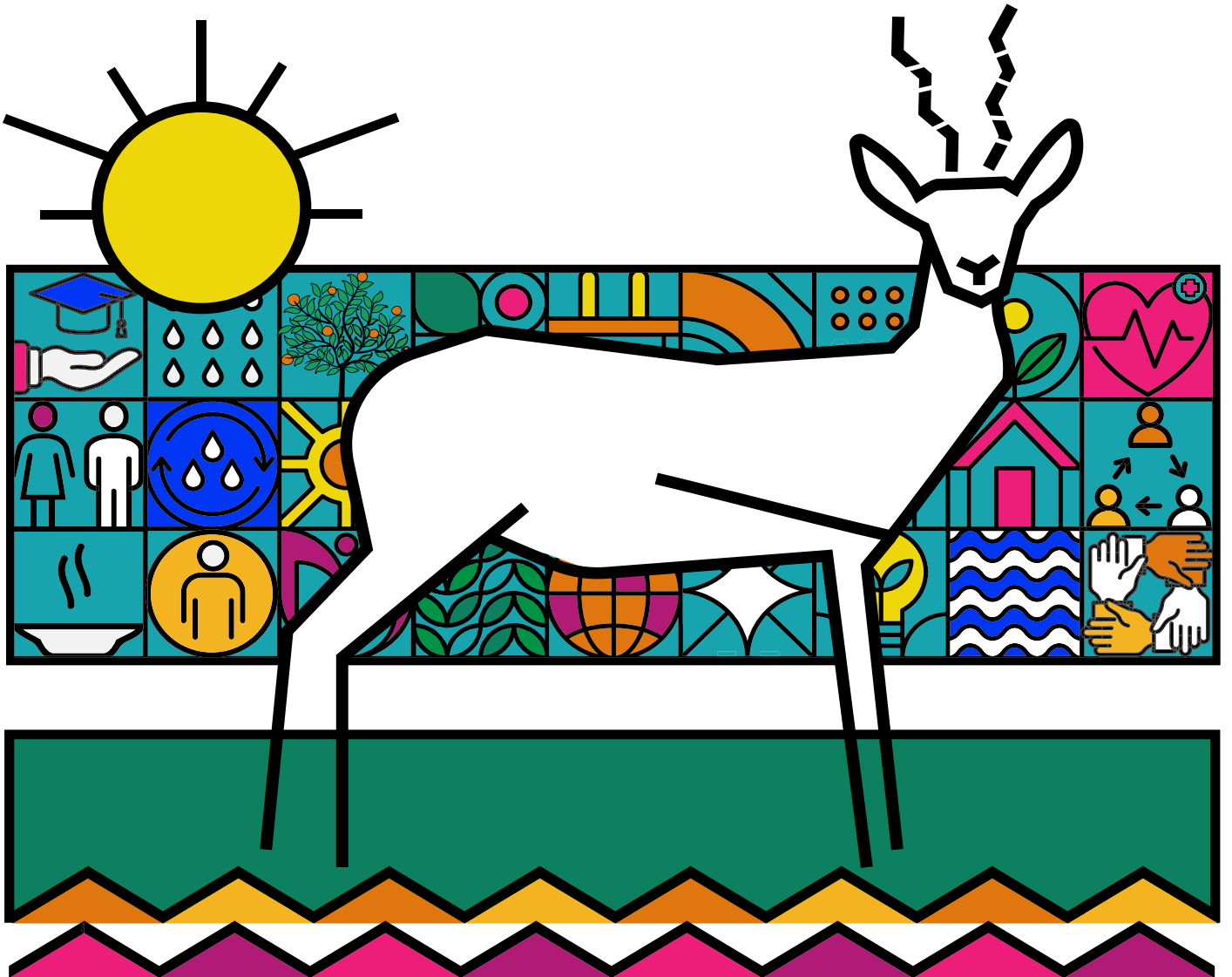


Bank of Palestine Group مجموعة بنك فلسطين



Sustainability Report

2022-2023





The design was inspired by the Palestinian Mountain Gazelle and the SDGs



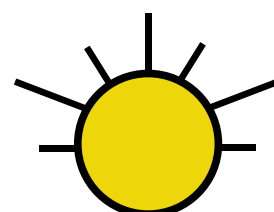
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Message from the Chairman of Bank of Palestine Group

Dear Ladies and Gentlemen,

As we navigate the challenging landscape of the Palestinian economy, I am proud to affirm that Bank of Palestine Group remains steadfast in our commitment to our goals and strategic plans. Our journey towards a green and sustainable future continues, undeterred by the obstacles we face. This unwavering dedication stems from a profound belief in the importance of sustainability and its interconnections across all economic sectors. We recognize that true prosperity and progress cannot exist in isolation from the principles of sustainability.

Today, I am pleased to present our second sustainability report, which highlights our achievements from 2022 and 2023. This report marks a continuation of our sustainability reporting series initiated in 2021, providing a vital communication tool for our stakeholders regarding our performance in sustainability initiatives. Unlike our previous report, which focused solely on Bank of Palestine, this document encompasses the entire Group, reflecting our unified approach to sustainable practices. It encapsulates our efforts over the past two years and reinforces our commitment to sustainability strategies and principles, as we strive to lead the way in sustainable banking within

Palestine. Our goal is to serve as a model for all private sector institutions, encouraging them to embrace and implement sustainability standards.

In our approach, we have ensured a balanced focus on various sustainability aspects, guided by a systematic strategy that fosters shared value among them. We have prioritized stakeholder aspirations to identify key issues of importance, which has informed our goals for the next phase and allowed us to assess our sustainability performance effectively.

Environmental challenges, particularly climate change, have emerged as significant threats to the sustainability of all sectors. Therefore, addressing the environmental dimension is paramount. Our commitment includes rigorous monitoring of environmental indicators and transparent disclosure of our environmental performance. This focus on environmental metrics distinguishes this report from its predecessor, reflecting our evolving understanding of sustainability as a shared language for dialogue, both internally and externally.

We have taken substantial steps to develop an environmental and social management system, which is essential for monitoring our environmental and social impact. This initiative ensures that sustainability is embedded within the operations of our sustainability teams, alongside all other relevant departments. Furthermore, we successfully organized the first-ever conference in Palestine dedicated to the banking sector's role in mitigating climate change risks, establishing a foundation for climate action within our Group. In alignment with this commitment, we have signed the Principles for Responsible Banking under the United Nations Environment Programme.

While this report encompasses our sustainability efforts across the three pillars of governance, environment, and society (ESG), it is important to acknowledge that the last quarter of the reporting period coincided with the outbreak of war in the Gaza Strip. This conflict has significantly impacted all sectors, including health, education, economy, and environment. From the onset of hostilities, we recognized the urgency of responding to the needs of our community in Gaza to help them cope with the repercussions of the conflict. Our Group mobilized to provide emergency interventions in collaboration with local and international relief organizations, delivering over \$1.5 million in urgent assistance to citizens in shelters since the second week of the war.

We have also prioritized the welfare of our employees in Gaza, maintaining communication and support for those affected, including those displaced in Egypt. We ensured that approximately 500 employees received food, medicine, and shelter, and we remained committed to paying salaries and benefits for all employees in Gaza and Egypt. Moreover, under our corporate social responsibility initiatives, we consistently allocate around 5% of our profits to support various social responsibility projects, as outlined in this report.

Despite the challenges posed by the war, we have remained dedicated to our operations and to supporting our customers and community. We implemented crisis management plans to ensure business continuity, and throughout 2024, we have continued to provide banking services to our customers in Gaza and the West Bank, adapting our offerings to meet the economic challenges posed by the conflict, including loan restructuring and grace periods in accordance with regulatory guidelines. We have made it a priority to

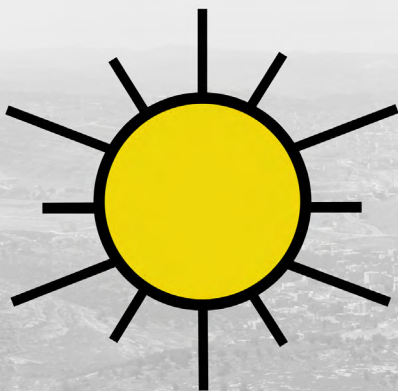
support entrepreneurs, particularly young innovators in Gaza who have lost external contracts and funding opportunities due to the war. With support from Bank of Palestine, Intersect Hub launched two initiatives - RISE and SAFE - to provide crucial funding and investments, helping startups enhance their cash flow during these difficult times.

In tandem with these efforts, we are actively engaged in economic recovery initiatives in the West Bank and reconstruction efforts in Gaza post-conflict. We are fostering strategic partnerships, mobilizing additional capital from international development banks, and signing financing packages dedicated to small and medium-sized enterprises. These actions will enhance our ability to continue lending to businesses in the West Bank, empowering them to navigate the economic challenges arising from the war and reinforcing the national economy as it recovers.

I take great pride in the achievements of our teams over the past two years and commend their dedication and hard work towards realizing our sustainability goals. We are honored to be at the forefront of sustainable practices in Palestine, and we remain committed to making impactful strides, even in the face of current challenges. Once again, we reaffirm our commitment to sustainability as we collaborate with all our partners and stakeholders to create a green and sustainable future for Palestine, ensuring prosperity for generations to come.

Hashim Shawa

Chairman Bank of Palestine Group





Message from the Chairwoman of the Sustainability Committee at the Bank of Palestine

Dear Ladies and Gentlemen,

It is with great honor that I present to you the second sustainability report on behalf of the Board of Directors and the Sustainability Committee of Bank of Palestine Group. This report represents a significant milestone in our sustainability journey, particularly in light of the ongoing political, economic, and social challenges faced in Palestine due to the conflict in Gaza.

This report summarizes our sustainability performance for the years 2022 and 2023 across all companies within Bank of Palestine Group, which include Bank of Palestine, the Arab Islamic Bank, and PalPay. Unlike our initial report, which focused solely on Bank of Palestine, this report reflects progress made across the entire Group in various sustainability dimensions.

As highlighted by the Chairman of the Board, Bank of Palestine Group has made diligent efforts to enhance and effectively integrate sustainability into our operations, policies, and strategies. We have transformed sustainability from a set of mere policies into comprehensive systems and operational procedures that govern all our departments. This structured approach aligns with our core values, goals, and directions, all under the governance of the Sustainability Committee.

We are deeply committed to aligning our efforts with the aspirations of our stakeholders. Our work is not isolated from our customers, employees, and shareholders; rather, we actively involve them in shaping our strategies. Our success is measured by our ability to meet their expectations, and we engage them in identifying the material issues that guide our strategic direction. This collaboration has provided us with invaluable insights and has helped us focus on sustainability priorities that matter most to our stakeholders. We remain dedicated to adhering to best governance practices and partnering with others to share expertise and promote successful sustainable practices, as our strategy emphasizes the importance of creating shared value across all sustainability dimensions.

A key highlight of this report is our emphasis on the environmental dimension and the recognition of the importance of environment by our stakeholders. While our previous report lacked data on environmental indicators, this one presents vital information on our environmental performance, including resource consumption, greenhouse gas emissions, and carbon footprint. Our goal of achieving carbon neutrality has become a tangible aspiration, supported by our investments in renewable energy and other sustainable initiatives within our companies. We have also established an environmental and social management system to effectively manage the indirect impacts of our portfolio, while raising awareness among our customers about minimizing the environmental effects of the loans and projects we finance. Furthermore, we are harnessing digital transformation as a key tool in our sustainable practices, with a long-term goal of creating a paperless work environment.

On the social front, we take immense pride in our exceptional workforce, whose dedication and resilience inspire us every day. We are wholeheartedly committed to nurturing their talents and enhancing their expertise, recognizing that our employees are our most valuable asset. We strive to provide them with the necessary resources to ensure their professional development and job satisfaction, as we believe that a fulfilled employee is the heartbeat of our organization.

Moreover, our commitment extends beyond the workplace, as we are dedicated to uplifting our community through impactful social investment projects rooted in corporate social responsibility. Our clear policy aims to support all segments of Palestinian society, particularly marginalized and disadvantaged groups, who often face the greatest challenges. As we approached the end of 2023, we have mobilized significant resources to assist our brothers and sisters in Gaza, who have endured profound hardships due to the war. We deeply feel the urgency to address their basic humanitarian needs - access to water, food, shelter, clothing, and primary healthcare. These efforts are not just a reflection of our mission but a heartfelt response to the pressing needs of our community, aligning with our sustainable development goals and reinforcing our belief in the power of solidarity and compassion.

Our commitment to gender considerations is another cornerstone of our efforts. Bank of Palestine continues to empower women entrepreneurs through initiatives such as the Felestineya Mini-MBA program, which aims to enhance women's economic participation and support them in creating job opportunities in an evolving economic landscape filled with challenges. Additionally, we are committed to achieving gender parity among our employees at all levels.

In conclusion, we take pride in our achievements during this reporting period and remain resolute in our sustainability efforts. We look forward to reaching new milestones and making a lasting impact on the sustainability journey within the Palestinian banking sector. We believe that what we have accomplished thus far is merely the beginning of our journey, and we are dedicated to building a greener and more sustainable future for generations to come, despite the challenges that lie ahead.

Dr. Tafeeda Jarbawi

Chairwoman, Sustainability Committee Bank of Palestine



Message from the Chairwoman of the Sustainability Committee at the Arab Islamic Bank

Dear Ladies and Gentlemen,

At the Arab Islamic Bank, we are pleased to reaffirm our unwavering commitment to sustainable development, a core pillar of our strategy and operations. In this report, we are excited to present, for the first time as part of Bank of Palestine Group, our sustainability performance and key indicators. This initiative aligns with the overarching strategy of Bank of Palestine Group as a leader in sustainable banking practices and reflects our adherence to the principles of Islamic Shari'a, which guide us in preserving our environment and resources. As the Islamic arm of the Group, we are dedicated to providing our services in a manner that is consistent with Shari'a teachings.

We take great pride in being the first Islamic bank in Palestine to report our sustainability performance in accordance with the GRI Standards. By integrating sustainability principles into all aspects of our operations, we are fulfilling our commitment to the sustainability strategy endorsed by Bank of Palestine Group. Our ongoing focus on the three pillars of sustainability - environment, society, and governance - ensures that we have a positive impact on both our community and the environment, while fostering a strong and transparent governance framework.

A noteworthy achievement in our governance efforts has been the establishment of the Sustainability Committee as part of the Bank's Board of Directors, alongside the creation of a dedicated Sustainability Unit, responsible for monitoring and overseeing sustainability indicators and initiatives across all departments of the Bank. The sustainability of Islamic banking is essential to the legitimacy of our operations and guides our efforts to achieve sustainable development grounded in Shari'a principles.

As we present our inaugural sustainability performance report, we would like to express our sincere appreciation to the sustainability team for their commitment to integrating sustainability principles throughout the Bank, working collaboratively with all Group companies.

In light of the significant challenges facing Palestine and the harsh conditions endured by our people in the Gaza Strip, we remain committed to integrating sustainability principles into all our operations. We align our efforts with the aspirations of our shareholders and stakeholders alike, firmly believing that our dedication to these principles will help create a brighter future for generations to come.

Samar Sawalhi Nakhleh

Chairwoman, Sustainability Committee The Arab Islamic Bank



1. Report Overview

Since our founding, we have remained steadfast in our commitment to driving the progress and prosperity of Palestinian society. With a strategic vision at the forefront, we have consistently strived to set a benchmark for sustainable practices within the Palestinian banking sector. As part of this journey, we began preparing and publishing sustainability reports in 2022. These reports serve as a key communication tool, offering shareholders, stakeholders, and the local community a transparent and comprehensive view of our achievements across all dimensions of sustainability.

We are dedicated to publishing these reports biannually, reinforcing our commitment to transparency and accountability. By doing so, we provide our stakeholders with an in-depth view of our performance, strategic goals, and the progress we have made. This practice not only enhances our accountability but also deepens our engagement with the broader community.

1.1 Scope and Reporting Period

This report covers the sustainability performance of Bank of Palestine Group for the two-year period from 1 January 2022 to 31 December 2023. It evaluates our progress across various sustainability pillars, presenting key performance indicators that measure the Group's overall impact. The report is structured around three main pillars of sustainability, allowing for a clear and focused analysis.

While our first sustainability report, published in 2022, focused exclusively on Bank of Palestine, this current report expands its scope to encompass the broader Bank of Palestine Group. This includes Bank of Palestine, the Arab Islamic Bank, and PalPay. In this report, "Group" refers to these three entities, with particular emphasis on Bank of Palestine, given its central role within the Group.

The report primarily focuses on our activities and operations within Palestine, where the majority of our business takes place. To provide a holistic view of our sustainability efforts, it also includes an overview of the other Group entities. While this overview highlights their importance as key contributors to our sustainability goals, more detailed evaluations of their individual sustainability performance will be featured in future reports.

1.2 Report Internal Review and Standard Compliance

This report was developed through a collaborative effort among the sustainability teams across the Bank of Palestine Group, adhering strictly to the GRI Standards.

Data collection was a coordinated effort, with input from various departments within the Group, and was organized and compiled by our Sustainable Banking Department. This approach ensures that we effectively capture and communicate our progress across the different sustainability pillars.

The report has been reviewed and approved by senior management and the sustainability committees of the Group's entities. While it was prepared internally and underwent rigorous internal review, it has not been subject to an external audit.

1.3 Contact Information

We welcome any feedback or inquiries related to the report or the sustainability performance of Bank of Palestine Group. All comments and suggestions will be carefully reviewed and considered to further develop our strategies and plans, as well as to shape our objectives for the coming phase.

Contact Points



Ms. Hiba Tantash

Head of Sustainable Banking Department,
Bank of Palestine.

hiba.tantash@bankofpalestine.com

Mr. Kamel Hussein

Chief Strategic Relations and
Engagements Officer, Bank of Palestine
Group.

kamel.husseini@bankofpalestine.com



2. Bank of Palestine Group

2.1 Bank of Palestine Group Overview

Bank of Palestine Group stands as one of the leading financial institutions in Palestine, composed of various companies that offer a broad spectrum of financial and non-financial services to diverse segments of society. The Group encompasses five entities: Bank of Palestine, the Arab Islamic Bank, Al Wasata Securities Company, PalPay, and Qudra for Renewable Energy Solutions (see Figure 1).

The Group's portfolio includes a wide array of services tailored to meet the needs of various sectors. Bank of Palestine, the largest entity within the Group, represents the majority of the Group's total assets. Figure 2 illustrates the extensive network of branches and offices for the Group's two banking entities (Bank of Palestine and the Arab Islamic Bank), which are present across all governorates of the West Bank and Gaza Strip. Notably, Bank of Palestine Group operates one-quarter of the branches and offices within the Palestinian banking sector.



Figure 1: Bank of Palestine Group Structure

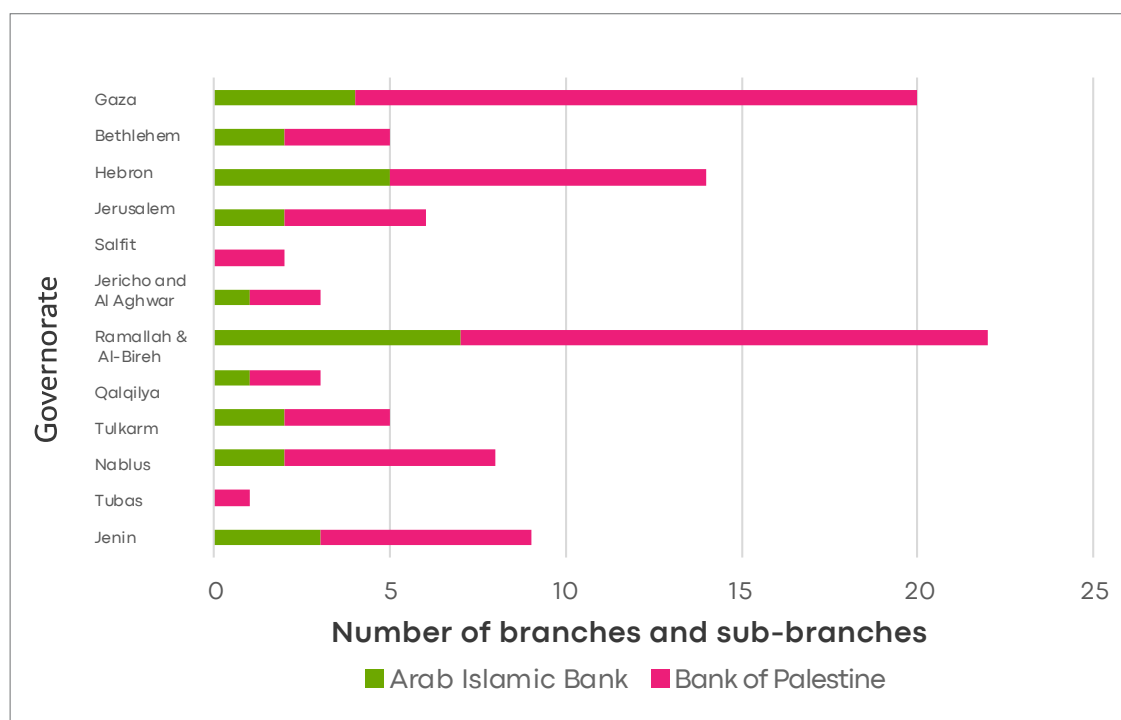


Figure 2: Distribution of Bank of Palestine Group Branches and Offices Across Palestinian Governorates

2.2 Key Milestones in Our Journey toward a Green and Sustainable Future

The following figure summarizes the key milestones in our journey toward a greener and more sustainable future:

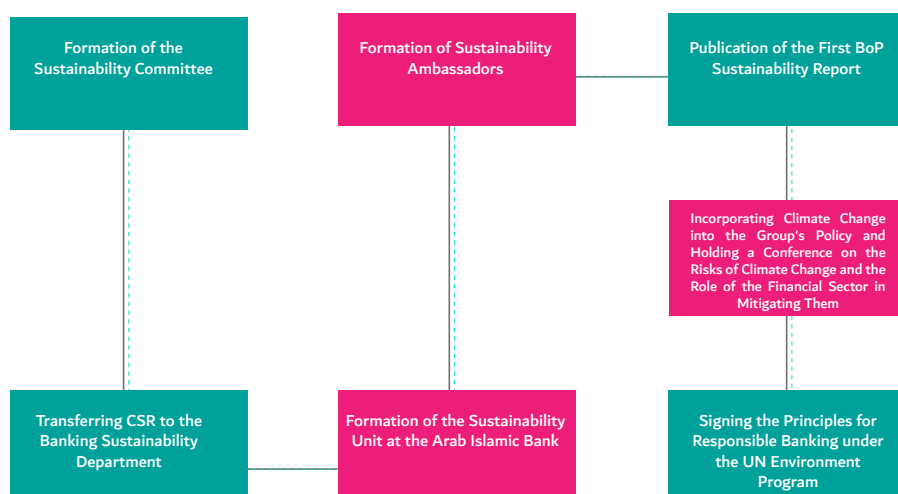


Figure 3: Our Journey towards a Green and Sustainable Future

2.3 Bank of Palestine

Overview

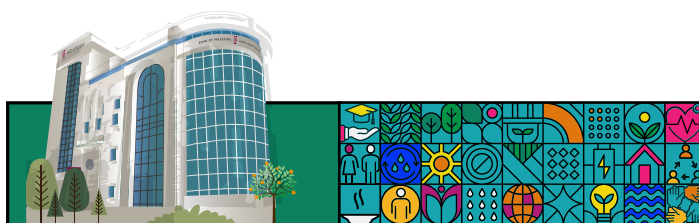
Established in 1960 with initial operations in Gaza, Bank of Palestine has significantly expanded its presence across the West Bank and Gaza Strip, becoming a leading institution in the Palestinian banking sector. The bank now operates the largest network of branches and offices in the region, with 72 locations across various cities and governorates. This network represents 19% of the total branches and offices within the Palestinian banking sector.

In addition to its extensive branch network, Bank of Palestine offers mobile banking services through “Banki Rahal” and maintains a representative office in Dubai, United Arab Emirates. The Bank also manages approximately 157 ATMs in the West Bank and Gaza Strip, which constitutes 21%¹ of the ATMs in these areas. These statistics highlight the substantial growth and expansion achieved by the bank in recent years.

Bank of Palestine is dedicated to providing a comprehensive range of financial and non-financial services to diverse segments of society, with a strong emphasis on underserved communities and marginalized areas. This focus is integral to our financial inclusion strategy, which prioritizes integrating these groups and enhancing their access to banking services tailored to their specific needs.

Bank of Palestine provides a comprehensive suite of services available to customers upon account opening, including:

- **Current Accounts**
- **Savings Accounts**
- **Financial Inclusion Accounts**
- **Special Purpose Accounts**
- **Business Accounts**



Customers can conveniently manage their accounts through our extensive branch network or via the “Banke” mobile app. The app offers a range of functionalities, allowing customers to perform transactions such as withdrawals, deposits, receiving transfers, issuing checkbooks, and managing cards. These features streamline transactions, reducing time and effort for our customers.

This report evaluates the sustainability performance of Bank of Palestine within the context of the overall performance of Bank of Palestine Group. For additional information about Bank of Palestine and its services, please visit our [website](#).

¹ PMA, 2024, Assessment of E-Banking Services and Digital Transformation in Banks during 2023.

Our Vision	Our Mission
We aspire to be distinguished as the values-based, sustainable, modernized financial and banking institution on both the local and international levels.	We endeavor to promote the level of financial and banking services to remain abreast with technological advancements and modern trends and contribute to the building and development process in accordance with global best practices.

2.4 The Arab Islamic Bank

Overview

The Arab Islamic Bank (AIB) is a public shareholding company established in 1995, with banking operations commencing in early 1996. The Bank operates in accordance with Islamic Sharia principles through its headquarters in Ramallah and Al-Bireh, and its branches across Palestine. Additionally, AIB maintains a representative office in Dubai, United Arab Emirates, and offers services through its mobile branch, "Mobi Bank." Currently, AIB operates 31 branches and offices and manages 64 ATMs.

In 2016, Bank of Palestine Group acquired a majority stake (over 50%) in the Arab Islamic Bank, integrating it as the Group's Islamic banking arm. AIB provides a range of banking services that align with Sharia principles, which guide all transactions and financial facilities offered by the bank.

This report assesses the sustainability performance of AIB as part of the broader sustainability performance of Bank of Palestine Group.

For more information about AIB and its services, please visit the AIB [website](#).

Our Vision	Our Mission
A unique national Islamic bank that practices digital, modern and sustainable banking and exceptional human resources, to provide its customers with high quality and safe banking services that are compatible with the Islamic Sharia.	To provide modern, comprehensive, high quality and competitive Islamic banking solutions and services and support and develop innovative solutions for upcoming generations and entrepreneurs, to contribute to economic development, achieve the principle of solidarity and cooperation and observe Islamic social objectives.

2.5 PalPay Company

Overview

Established in 2010 through a partnership between Bank of Palestine and PCNC IT Solutions, PalPay has emerged as a leading provider of electronic payment solutions in the Palestinian market. The company plays a key role in advancing digital transformation, which is a core component of the Bank of Palestine Group's strategy to achieve its sustainability objectives.

PalPay is committed to promoting financial inclusion by offering its services to a broad spectrum of users, including individuals, merchants, and businesses. The company has formed partnerships with numerous universities and service providers, enabling customers to make payments seamlessly. PalPay's electronic payment services facilitate the settlement of various bills, such as those for telecommunications, water, educational institutions, and other utility services.

This report evaluates the sustainability performance of PalPay as part of the overall sustainability performance of Bank of Palestine Group.

For more information about PalPay, please visit the [website](#).



Our Vision	Our Mission
To create a transformative shift in the world of electronic payments locally, regionally, and internationally, by replacing traditional payment methods with our innovative electronic solutions.	At PalPay, the leading company in electronic payments locally, regionally, and internationally, our goal is to develop and innovate new electronic payment mechanisms that simplify financial transactions for individuals, saving them time and effort.

2.6 Qudra for Renewable Energy Solutions

Overview

Launched in 2019 through a partnership between Bank of Palestine Group and the National Aluminum and Profile Company (NAPCO), Qudra for Renewable Energy Solutions is dedicated to delivering renewable energy solutions to individuals and businesses at competitive rates. The company embodies its vision of fostering a sustainable and secure future in Palestine's renewable energy sector.

Despite its relatively recent entry into a market challenged by ongoing political and economic issues, Qudra has established a strong presence and competes effectively locally. This achievement is due to its exceptional service offerings, which include competitive pricing and high-quality products and solutions.

Qudra specializes in solar energy systems, providing both ground-mounted and rooftop installations. These systems contribute to reducing carbon emissions indirectly associated with the Group's activities. Beyond minimizing emissions from direct operations, Qudra is committed to achieving carbon neutrality across its projects and investments. Additional details on these efforts can be found in the "Sustainable Investments" section of this report.

For more information about Qudra, please visit the [website](#).

Our Vision	Our Mission
Sustainable and economical renewable energy that reliably meets the needs of citizens and institutions.	Providing modern renewable energy solutions to individuals and institutions, with a long-term guarantee, at fair and affordable prices, relying on the latest technologies of international quality.

2.7 Al Wasata Securities

Overview

Founded in 2005 as a subsidiary of Bank of Palestine Group, Al Wasata Securities specializes in providing a comprehensive range of services related to stock trading and other financial transactions. The company has earned a reputation as a leading broker for attracting new investors in Palestine. This role aligns with the Group's strategic objectives, which aim not only to achieve economic returns but also to support sustainable development goals.

By drawing in investors, Al Wasata Securities contributes significantly to the Group's broader strategy of promoting economic growth and sustainability.

For more information about Al Wasata, please visit the [website](#).

Our Vision	Our Mission
To be the leading investment financial institution locally.	Al Wasata Securities, a subsidiary of Bank of Palestine, provides the best stock trading services in the Palestine Securities Exchange and select regional markets.



2.8 Our Products and Services

Bank of Palestine Group offers a diverse array of financial and non-financial products and services that cater to various economic sectors and all segments of society. Each company within the Group aligns its offerings with its operational focus and founding objectives, emphasizing the three core entities discussed in this report.

Bank of Palestine provides a comprehensive suite of banking services for individuals and businesses of all sizes, including:

- Bank Accounts
- Transfers
- Cheque-Related Services
- Digital Banking Services
- Card Services
- Various Types of Facilities
- Commercial Financing for Palestinian Companies with a special focus on SMEs

In addition, the Arab Islamic Bank, as the Islamic banking arm of the Group, offers services compliant with Islamic Sharia principles. The Group's extensive service portfolio is designed to meet the diverse needs of our customers.

By 2023, over one million customers benefited from our wide range of services. Beyond the direct economic contributions of our services and products, we also generate indirect economic impacts that benefit society. These include the income provided to our employees, which supports the local market, and our transactions with local suppliers, which bolster the Palestinian economy. Our aim is to create shared value, forming the foundation of our economic impact.

2.9 Our Impact on the Economy

Bank of Palestine Group, one of the largest financial institutions in the Palestinian market, is built on a robust financial foundation that supports its expansion and growth according to a strategic plan. Despite the challenging conditions of the Palestinian economy, the Group has achieved significant growth, increasing its assets from \$5,809,809,988 in 2020 to \$7,126,060,748 by the end of 2023, marking a significant increase over a four-year period².

The Group has consistently generated substantial annual profits. Net income rose from \$22,412,148 in 2020 to \$66,646,637 by the end of 2022. However, this figure decreased to approximately \$16,490,514 in 2023 due to the adverse impacts of the conflict in the Gaza Strip during the last quarter of the year, which negatively affected both the Palestinian economy and the banking sector overall. Despite these challenges, client deposits and facilities increased in 2023, reflecting continued public trust in the Bank of Palestine Group and its services under difficult circumstances (see Figure 4 for the economic impact of Bank of Palestine Group).

Market share is a critical indicator of Bank of Palestine Group's local market strength. As illustrated in Figure 5, the Group has demonstrated a strong market presence, with an increase in the market share of deposits over the past four years, while maintaining a stable market share of facilities at around 34%. Capital adequacy and return on equity have experienced a slight decline from 2022 to 2023, influenced by the prevailing political conditions. Nonetheless, the Group has maintained a robust liquidity coverage ratio, which increased significantly to approximately 724% in 2023, compared to around 341% in 2022. This improvement underscores the Group's commitment to enhancing liquidity and reinforcing customer confidence in its services.



² The financial data covers the four companies within the Group (Bank of Palestine, Arab Islamic Bank, PalPay, and the Al Wasata Securities Company). It is challenging to separate the financial data of the Al Wasata Securities Company from the Group's financial data, although the sustainability data for this company has not been covered in this report.



Figure 4: Economic Impact of Bank of Palestine Group (Customer Deposits, Assets, Facilities, Net Profits)



Figure 5: Economic Impact of Bank of Palestine Group (Profits on Shares, Capital Adequacy Ratio, Market Share of Deposits and Facilities)

2.10 Memberships and Awards

Bank of Palestine Group has made notable strides in the different aspects of sustainability and sustainable finance, enabling it to obtain important sustainability-related memberships from both local and international institutions. We are dedicated to maintaining and renewing these memberships annually, upholding the associated requirements, and leveraging the experiences and insights they offer to achieve our sustainability goals.

In translating our commitment to sustainability, Bank of Palestine Group has achieved a significant milestone by joining the United Nations Environment Programme Finance Initiative (UNEP FI). Additionally, we have signed the Principles for Responsible Banking under the United Nations framework. This commitment underscores our dedication to integrating sustainability into every facet of our operations, with a particular emphasis on incorporating climate change considerations into the banking sector and addressing climate risks as a critical concern.

Key Memberships

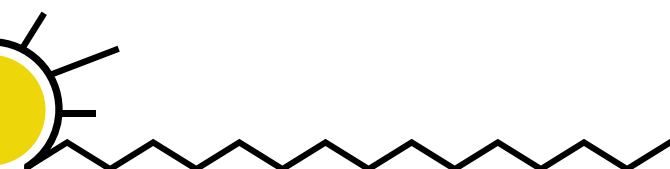
Bank of Palestine	Arab Islamic Bank
Global Alliance for Banking on Values - GABV	Palestine Deposit Insurance Corporation - PDIC
Financial Alliance for Women	Palestine Stock Exchange
The Middle East Investor Relations Association - MEIRA	The General Council for Islamic Banks and Financial Institutions - CIBAFI
World Economic Forum - WEF	Accounting and Auditing Organization for Islamic Financial Institutions - AAIOFI
United Nations Global Compact	
Palestinian Council for Green Buildings	
UN Environment Program/UNEP	

2.11 Our Representation at Sustainability Conferences

Bank of Palestine Group has positioned itself as a leader in sustainability within the Palestinian financial sector. We are committed to participating in sustainability events and conferences across various themes to both showcase our progress and gain valuable insights.

Notably, we attended the COP28 Climate Change Conference in Dubai in 2023, with an aim to deepen our understanding of climate change issues and prepare for future opportunities where we will present the Group's innovative approaches to climate change and environmental sustainability. At this conference, we also present a significant contribution from Intersect Innovation Hub, one of our subsidiaries.

Our commitment includes involving all Group companies in such conferences, which supports our strategy and objectives related to climate change. Our participation in these events is crucial for advancing our sustainability goals and enhancing our strategic development.



3. Materiality and ESG-Based Material Topics

3.1 Stakeholders

The term “stakeholders” encompasses any individual, group, or institution that can be positively or negatively impacted by, or that can impact, our operations, activities, or supply chain. Bank of Palestine engages with a broad network of stakeholders spanning both financial and non-financial sectors, including:

- Employees
- Clients and customers
- Educational sector (universities and schools)
- Shareholders and investors
- Financial institutions
- Vulnerable and disadvantaged groups (children, women, people with disabilities)
- Suppliers
- Regulatory bodies (e.g., Palestinian Monetary Authority, Palestinian Capital Market Authority)
- Governmental authorities (e.g., Environmental Quality Authority, Ministry of Agriculture, Ministry of Labor)
- Local community
- Partners in corporate social responsibility projects and initiatives

Our strategy is distinguished by our commitment to environmental stewardship, acknowledging the need to continuously work on reducing our environmental impact. We recognize that progress, expansion, and development cannot happen in isolation from the community and the various stakeholders mentioned above. The core of our strategic development relies on the aspirations, observations, and suggestions of our stakeholders, with equal attention given to our environmental impact and our impact on the community and all other stakeholders.

To meet these aspirations, we have adopted a clear and comprehensive methodology to capture a complete picture of all stakeholder aspirations and opinions, tailored to various sectors and associated sustainable development goals. Our approach to engaging stakeholders includes the following key points:

- **Regular Meetings:** We conduct regular meetings with our stakeholders to discuss and explore their aspirations and observations regarding sustainability performance and sustainable development within the Group.
- **Engaging Stakeholders in Identifying Materiality:** We leverage stakeholders’ opinions to identify material ESG-based topics, ensuring our disclosures and goals are relevant and aligned with their expectations.
- **Disclosure and Reporting:** To enhance transparency, we use reports to disclose our sustainability achievements, detailing our progress, goals, and key performance indicators. We share all disclosures and reports through the Bank’s extensive communication channels to ensure stakeholders are well-informed.

We adhere to the principle of the triple bottom line³, integrating financial, social, and environmental dimensions into our decision-making process, as illustrated in Table 1.

³ Triple Bottom Line is an accounting framework that encompasses three dimensions for measuring performance: social, environmental, and financial (people, planet, and profit).

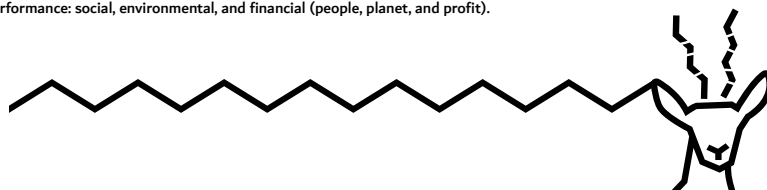


Table 1: Mechanisms and Priorities for Stakeholder Engagement

Stakeholders	Topics	Engagement	
Shareholders and Investors	<ul style="list-style-type: none"> • Financial data and profits • Governance framework and board structure • Any decisions or updates on Bank performance development • Adjustments in strategies 	<ul style="list-style-type: none"> • Financial disclosures • Meetings and encounters • Annual reports • Annual General Assembly meetings • Participation in conferences and workshops organized by the Group 	<ul style="list-style-type: none"> • Quarterly • Annually • Need-based
Customers	<ul style="list-style-type: none"> • New bank services or enhancements to existing services • New products (loans) • Sustainable products • All types of campaigns (awareness, products) 	<ul style="list-style-type: none"> • Billboards • SMS via mobile • Banke notifications • Social media platforms • Media and press releases • Website • Various channels for filing complaints (online or through bank branches and offices) 	<ul style="list-style-type: none"> • Monthly • Daily • Need-based
Employees	<ul style="list-style-type: none"> • Bank of Palestine Group news • Management decisions • Messages from the Chairman and the Executive Management • Training courses • Job satisfaction • Building and developing occupational skills and capacities • Changes in the organizational structure 	<ul style="list-style-type: none"> • Emails • Meetings • SMS via mobile • Activities and events outside official working hours • Monthly newsletter • Employee groups on social media platforms 	<ul style="list-style-type: none"> • Daily • Monthly • Need-based
Local Community and Partner Organizations	<ul style="list-style-type: none"> • Social responsibility projects and initiatives • Emergency interventions and needs for disaster response 	<ul style="list-style-type: none"> • Meetings and encounters • Social media platforms • Bank branches and offices • Bank website 	<ul style="list-style-type: none"> • Intensive meetings with partners • Regular meetings
The Diaspora	<ul style="list-style-type: none"> • Group news • Economic performance • New Bank services or developing existing services 	<ul style="list-style-type: none"> • Emails • Meetings and encounters • Partnerships 	<ul style="list-style-type: none"> • Need-based
Suppliers	<ul style="list-style-type: none"> • Sustainable practices • Group tenders • Procurement policy and strategy • Sustainable procurement 	<ul style="list-style-type: none"> • Emails • Meetings and encounters • Conferences and workshops 	<ul style="list-style-type: none"> • Monthly • Need-based
Government and Regulatory Bodies	<ul style="list-style-type: none"> • Ensuring that current laws cover the banking sector sustainability requirements and update them (whether environmental or sustainability related laws) • Advocating for policy changes (especially those related to the environment and climate change) • Environmental and climate-related announcements • Complaints system • Regulatory guidelines related to sustainable business 	<ul style="list-style-type: none"> • Emails • Meetings and encounters • Periodic reports • Conferences and workshops 	<ul style="list-style-type: none"> • Annually • Need-based
Marginalized and Less Advantaged Groups	<ul style="list-style-type: none"> • Sustainable products • New products and services 	<ul style="list-style-type: none"> • Social media platforms • Bank branches and offices 	<ul style="list-style-type: none"> • Conferences • Need-based



Average	Results and Key Needs	Future Plans
	<ul style="list-style-type: none"> • Integrating sustainability principles in all Group activities and operations • Growth, expansion and profit increase while ensuring the integrity and protection of sustainability pillars • Enhancing environmental oversight 	<ul style="list-style-type: none"> • Integrating sustainability in all business strategies within the Group⁴ • Expansion and creating shared value
	<ul style="list-style-type: none"> • Promoting effective communication between customers and management • Assessing customer satisfaction 	<ul style="list-style-type: none"> • Enhancing presence on social media platforms • Encouraging the use of the Banke app • Developing a mechanism to measure customer satisfaction • Developing complaint-filing channels
	<ul style="list-style-type: none"> • Measuring employee job satisfaction annually • Regular development of the employee performance management system • Efficiency and effectiveness of training courses 	<ul style="list-style-type: none"> • Promoting the principle of succession planning • Incorporating training programs on sustainability goals into the training plan
meetings and encounters with new meetings with current partners	<ul style="list-style-type: none"> • Targeted community investments focused on Sustainable Development Goals • Integrating the social responsibility policy with the sustainability policy • Increasing the number of environmental partners • Networking, strengthening relationships and building partnerships 	<ul style="list-style-type: none"> • Focus on creating shared value • Measuring the impact of community investments and initiatives
	<ul style="list-style-type: none"> • Ensure they receive all updates on Bank products and services • Enhance the partnership in social responsibility initiatives 	<ul style="list-style-type: none"> • Developing products and services that specifically target the Diaspora communities to assist them in managing their accounts and access services easily and effectively • Holding extensive meetings with them to ensure they receive all updates on Bank services
	<ul style="list-style-type: none"> • Implementing a sustainable procurement strategy and principles • Focusing on the environmental aspect of products supplied to the Bank 	<ul style="list-style-type: none"> • Developing a sustainable procurement strategy • Ensuring supplier compliance with local environmental regulations
	<ul style="list-style-type: none"> • Continuing to fulfill the Group's role in promoting sustainability principles • Maintaining the Group's Position as a Leader in Climate Action within the Banking Sector 	<ul style="list-style-type: none"> • Continuing to influence decision-makers and other financial institutions on the importance of integrating environmental considerations into their policies and strategies
s and workshops	<ul style="list-style-type: none"> • Designing special products that specifically target these groups • Focusing social responsibility projects to support these groups 	<ul style="list-style-type: none"> • Developing the financial inclusion strategy and integrating it into the sustainability strategy.

⁴ Policies and practices that enhance the company's competitiveness: The institution or company works to improve the economic, social, and environmental conditions in the communities where it operates through the products it offers.

3.2 Materiality

3.2.1 Identifying Material Topics

Materiality is a key tool used to evaluate stakeholder satisfaction with the Group's performance, particularly in sustainability. Our approach to identifying material topics ensures clarity and effectiveness in this assessment, aligning with the GRI Standards, which guide the preparation of this report. The topics identified are evaluated based on their positive and negative impacts on various sustainability pillars. Our process includes the following steps:

- **Understanding the context of the organization:** We thoroughly understand the nature of all our activities and operations, with a particular focus on those that may significantly impact the environment and society, whether positively or negatively.
- **Identifying actual and potential impacts:** We analyze our impacts on sustainability pillars to identify relevant risks.
- **Assessing the significance of these impacts:** We evaluate these impacts to determine which have the most significant effect on the Group's operations, considering the Palestinian context.
- **Prioritizing these impacts and selecting topics for this report:** We prioritize specific topics based on their significance and classify them as material, which are then included in the subsequent section of this report

3.2.2 Key Material Topics for Bank of Palestine Group

To identify and prioritize material topics (core topics), we have adhered to a clear, systematic, and globally recognized approach. This process involved an extensive workshop with stakeholders from various sectors, including financial, environmental, governmental, civil society, and private sectors. The purpose of the workshop was to engage these representatives in identifying material topics.

The workshop focused on the three pillars of sustainability - environmental, social, and governance - through detailed discussions. We examined the significant overlap between these pillars and their mutual influences. To ensure transparency and the quality of outcomes, the workshop was facilitated by an external consulting firm, providing an independent perspective.

Based on the previous results, the topic is classified as material if it has a significant and noticeable impact on the sustainability pillars. Following extensive discussions with stakeholders, we developed a balanced and interconnected matrix to highlight the importance of each topic and clarify its impact from the stakeholders' perspective. This reference matrix, constructed using a Credit Aggregation technique, defines and ranks the importance of sustainability concepts for Bank of Palestine Group based on stakeholder feedback.

The final matrix reflects the significance and impact of each aspect, as illustrated in Figure 6.

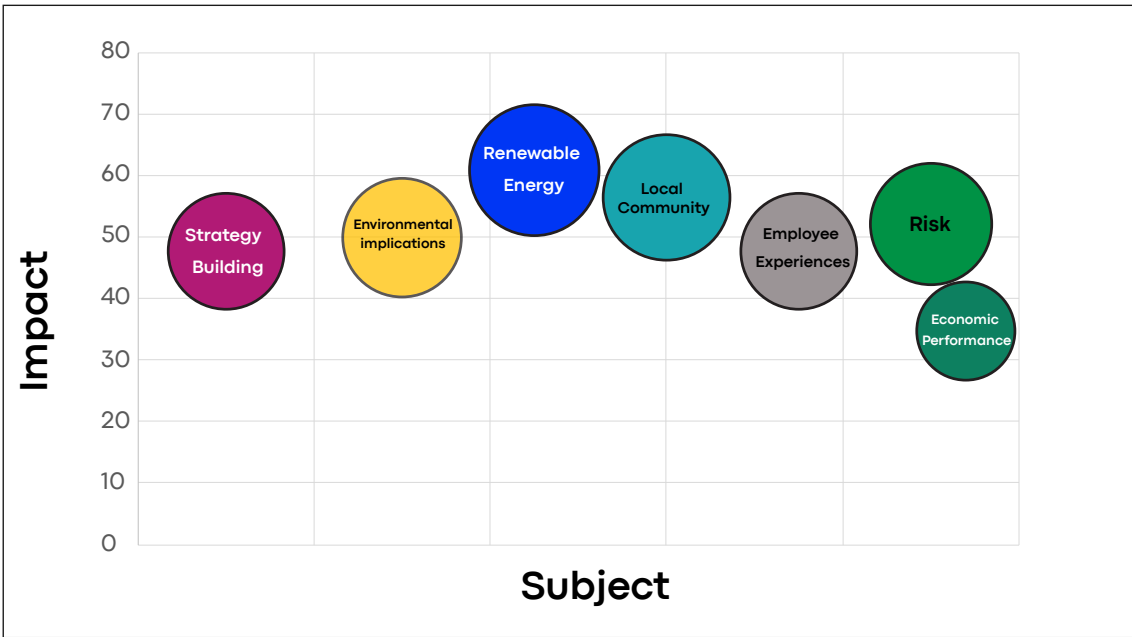


Figure 6: Materiality matrix

This matrix was developed based on the one created in the previous report, with notable updates in the material topics. The differences arise from the variation in stakeholder segments targeted. The previous report focused solely on the sustainability performance of Bank of Palestine, whereas the current report includes the performance of all companies within Bank of Palestine Group.

Furthermore, the increased awareness of sustainability-related topics has influenced stakeholders' topic selection. They now possess a deeper and clearer understanding of issues with significant importance and impact on sustainability performance.

Based on the matrix (Figure 6), the following topics have been classified as material and will be addressed in all sustainability disclosures for this reporting cycle. They will also be discussed in detail in the upcoming sections of this report:

- Renewable Energy
- Local Communities
- Environmental implications
- Employee Expertise and Competencies
- Strategy Building
- Risk Management
- Economic Performance

The Bank actively manages these topics to maximize their positive impacts and minimize any potential negative effects. Since these topics relate to different sustainability pillars, each is managed through a tailored approach, considering the nature of stakeholder segments and the level of impact on society, the environment, and the economy. The mechanisms for managing these topics will be detailed further in this report.

4. Sustainability at Bank of Palestine Group

4.1 Our Approach to Sustainability

Since its inception, Bank of Palestine Group has maintained a leading position in advancing the Palestinian economy through a broad range of financial and non-financial services. Our role extends beyond economic development; we continuously enhance our social responsibility and support various sectors, particularly those that improve living conditions for underserved communities. Our strategic focus is on sectors where investment is both essential and impactful, such as health and education.

Aligned with our strategic goals, we are expanding our banking network and operations to ensure our financial services reach all segments of society. We are committed to staying current with new developments and adapting them to meet the needs of the Palestinian economy and society. Recognizing the importance of minimizing potential negative impacts on the environment and society from our expansion, we prioritize sustainability. Our aim is to mitigate the adverse effects of our operations, activities, and portfolio, ensuring no significant harm to the three sustainability pillars: environment, society, and governance (ESG). We firmly believe that true progress and economic prosperity must consider sustainability, balancing profit with the advancement of societal well-being and growth.

While the concept of sustainability is relatively new to the Palestinian banking sector, it is not unfamiliar to Bank of Palestine Group. We pride ourselves on being pioneers in sustainable practices within this sector. Historically, we have made significant strides in sustainability through corporate social responsibility (CSR) initiatives, supporting numerous projects that align with sustainable development goals (such as environmental conservation, healthcare, education, and water resources). As the concept of sustainability has evolved, our focus has shifted from CSR initiatives alone to a broader approach that emphasizes creating shared value across governance, environmental, and societal pillars.

Sustainability now permeates all our internal and external activities and operations. Our commitment to sustainability and related disclosures goes beyond regulatory requirements; it reflects our dedication to our principles. This approach supports our vision and enhances our role in fostering a green and sustainable future.

Our Approach to Sustainability:

Sustainability Governance at Bank of Palestine Group

Governance is a critical pillar of sustainability, and establishing a robust framework for sustainability governance is essential for developing an effective sustainability strategy. The Group's sustainability strategy is designed to align with its goals, aspirations, and plans. The following points outline the sustainability governance framework within Bank of Palestine Group:

• Sustainability Committees Under the Board of Directors

At present, there is no unified sustainability committee at the Group level. Instead, sustainability performance is overseen by two distinct committees: one under the Board of Directors of Bank of Palestine and the other under the Board of Directors of the Arab Islamic Bank. These committees are responsible for monitoring sustainability performance, approving and updating sustainability strategies, endorsing sustainability-related initiatives, and providing guidance on progress across the various sustainability pillars. They also work towards achieving the banking sector's Sustainable Development Goals (SDGs). The roles and responsibilities of these committees are detailed in the governance section of this report.

While forming a unified sustainability committee at the Group level could be feasible due to effective communication between sustainability teams across the Group's companies, we believe maintaining separate committees is more effective. This approach allows for tailored oversight and management of sustainability goals, reflecting the unique operations of each company while enhancing transparency and ensuring alignment with their specific sustainability objectives.

• Sustainable Banking Department

The establishment of the Sustainable Banking Department at Bank of Palestine in 2021 was a pivotal moment in our sustainability journey. In 2022, the Arab Islamic Bank established a similar sustainability unit, which reports directly to the General Manager. These departments/units play a crucial role in overseeing all sustainability-related initiatives, both internally and externally. Their primary responsibilities include overseeing sustainability initiatives, identifying Key Performance Indicators for sustainability and working towards achieving them, reviewing performance against plans and objectives, analyzing weaknesses, and identifying barriers to achieving goals, providing performance summaries and related reports to the Sustainability Committees, noting their feedback, and implementing their directives to meet strategic objectives, and gathering and evaluating employee aspirations, suggestions, and feedback, and assessing the feasibility of integrating them into sustainability efforts. These departments/units ensure that sustainability performance is continuously improved and aligned with the organization's strategic goals by fostering a collaborative approach and addressing feedback and suggestions from employees.

• Formulating the Sustainability Strategy

Our sustainability strategy is the cornerstone for all sustainability-related matters, encompassing the pillars, framework, objectives, and overarching goals of the Group, both short-term and long-term. This strategy underscores the importance of creating shared value across the sustainability pillars - environment, society, and governance (ESG) - acknowledging that our progress relies on our ability to generate value across these interconnected areas.

The strategy is continually developed and updated to align with the aspirations of our shareholders and the diverse stakeholders of Bank of Palestine Group. Details of our strategy and goals will be elaborated upon later in this report.

• Risk Management

Risks of various types present significant threats to the sustainability of all sectors, including the financial sector. Effective management of these risks is essential for the viability and success of any organization. Therefore, it is crucial to develop comprehensive risk management plans that address current risks and anticipate potential ones.

At Bank of Palestine Group, risk management is overseen by specialized departments dedicated to this purpose, with separate departments for Bank of Palestine and the Arab Islamic Bank. These departments report directly to specialized committees at the board level within each of the Group's companies, operating under a well-defined risk management strategy and policy.

Given the Group's rapid expansion, it faces increased exposure to various types of risks, particularly credit and operational risks. Credit risks primarily involve non-performing loans and the potential inability of borrowers to repay due to deteriorating economic conditions. Another significant risk is regulatory non-compliance, especially with regulations set by supervisory bodies such as the Palestine Monetary Authority.

As the Group embraces a sustainability approach, it also encounters a new category of risks related to environmental and climate change factors. In response, the Group has committed to managing its environmental impact and associated risks across its entire portfolio. This commitment extends beyond internal operations and social responsibility initiatives to include all banking portfolios and investments.

To address these challenges, the Group has signed the Principles for Responsible Banking under the United Nations Environment Programme (UNEP). This endorsement allows the Group to assess the environmental impact of its portfolio and set clear, climate-related goals based on the assessment results.

• Compliance

The Compliance Department at Bank of Palestine is responsible for monitoring the Bank's adherence to regulations and laws issued by supervisory bodies. Similarly, the Compliance department at the Arab Islamic Bank ensures compliance with regulations specific to the Palestinian banking sector. In addition to ensuring compliance with local laws, these departments stay informed about international regulations related to sustainability and the environment, striving to implement and adhere to these standards where applicable, such as those set by the International Finance Corporation.

• Stakeholder Engagement

Addressing the expectations and aspirations of investors and stakeholders is a top priority for us. We engage regularly with shareholders, customers, suppliers, employees, and other stakeholders to shape our strategy and set objectives. This engagement process involves regular meetings and consultations, which inform the development of our materiality matrix and the identification of key topics. Detailed information on this process is provided in the section of the report dedicated to materiality and key topics.

• Sustainability Reporting and Disclosures

We are committed to transparent reporting of our sustainability performance through periodic reports issued both internally and externally. These reports highlight our progress across all sustainability pillars. While our previous report focused on sustainability performance at Bank of Palestine, this current report reflects performance at the Group level. It represents a unified effort by sustainability teams across all the Group's companies.



4.2 Sustainability Strategy at Bank of Palestine Group

Our sustainability strategy has been restructured to address the three core pillars of sustainability: environment, governance, and society. We are dedicated to creating shared value across these pillars, ensuring that advancements in one area positively influence the others (as illustrated in the following diagram).

By fostering synergy between these elements, we aim to align our sustainability goals with our overall business strategy. This integration ensures that environmental stewardship, social responsibility, and strong governance principles are embedded in every aspect of our operations. This approach helps us balance economic growth with sustainable development, benefiting both the Group and the communities we serve.

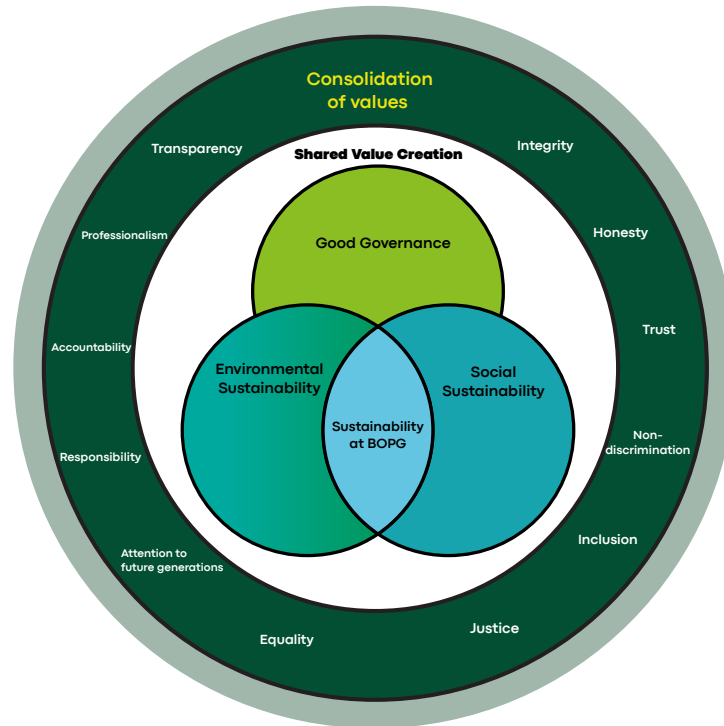


Figure 7: Sustainability Strategy

Our sustainability strategy is structured around five key pillars that reflect our objectives and aspirations for the upcoming phase. These pillars are:

1. Sustainability Governance

As previously outlined, governance is central to sustainable operations. Effective implementation and monitoring of sustainability progress across various areas require a well-defined governance framework. We are committed to embedding sustainability governance within all our departments and branches through several key measures:

- Continuously approving and evolving the Group's sustainability strategy to ensure it remains aligned with our goals and external requirements.
- Embedding sustainability performance indicators across all departments within the Group's companies. Each department sets clear sustainability KPIs and works towards achieving them.
- Leveraging digital transformation by establishing a dedicated digital transformation management team. This team plays a crucial role in advancing our sustainability efforts.
- Developing a comprehensive Environmental and Social Management System (ESMS) to monitor and track the environmental impact of our portfolio.

Governance is the foundation upon which we build our sustainability principles, aiming to meet stakeholders' expectations while minimizing any significant negative impacts on the environment and society.

2. Shared Value Creation

We are committed to creating shared value across the core pillars of sustainability. Our focus is on integrating green economy principles into all our transactions and prioritizing green and sustainable products within our portfolio.

Our objectives include broadening our service network to reach all societal groups, especially those underserved, such as women, children, individuals with disabilities, small businesses, and residents of marginalized communities, and developing specialized products tailored to these groups, in line with our financial inclusion strategy, to ensure that services are accessible to all segments of society.

These efforts are detailed in the section on sustainable finance in this report.

3. Environmental Commitment and Responsibility

Environmental responsibility and commitment are central to our strategy and define our approach to sustainability. Prioritizing environmental concerns and addressing them as a primary focus for our stakeholders has become a hallmark of our strategy. Our success and progress are increasingly evaluated based on the environmental impact we create.

Our approach to environmental responsibility has evolved from basic initiatives aimed at raising awareness and ensuring sustainability of natural resources to a comprehensive strategy that integrates environmental considerations across all internal and external operations. This includes the portfolios of both Bank of Palestine and the Arab Islamic Bank.

To demonstrate our commitment, we have developed the Environmental and Social Management System (ESMS) for Bank of Palestine. This system is designed to monitor the environmental and social impacts of our portfolio throughout the lifecycle of our loans. It tracks the environmental impact from the pre-approval stage through to post-approval, categorizing loans based on their environmental and social impact and preparing the necessary documentation. A detailed discussion of the ESMS and its operational mechanisms is provided in the environmental performance section of this report.

4. Focus on Human Capital (Human Resource Management)

Our employees are our greatest asset, and we firmly believe that investing in human capital is the key to our success. We prioritize the continuous development of their skills and capabilities, ensuring they remain updated on the latest advancements in their fields. Our goal is to enhance our employees both professionally and personally, while promoting equal opportunities across the organization.

This commitment is driven by ethical considerations and also by our belief in fostering a sense of fairness and belonging. We understand that a motivated and engaged workforce is essential for achieving and exceeding our goals.

In alignment with our principles of financial inclusion, we focus on increasing the representation of women and individuals with disabilities within our staff. Additionally, we strive to enhance the proportion of women in managerial and decision-making positions, reinforcing our dedication to diversity and inclusion in the workplace.

5. Community Investments

We take pride in being pioneers in community contribution within the Palestinian financial sector. A portion of our profits is dedicated to supporting community initiatives through a well-defined strategy that aligns with the sustainability goals of Bank of Palestine Group and reflects the Sustainable Development Goals (SDGs).

Our strategy is designed to ensure that our community investments effectively contribute to achieving sustainability objectives. The report provides detailed information on our community investments, the initiatives we support, and the impact these initiatives have on the community. This information is covered in the section dedicated to community investments.

4.3 Sustainability Goals

Our sustainability goals are regularly updated and refined in response to our progress and achievements. As we meet specific objectives, we are motivated to pursue more ambitious and expansive goals. The following table outlines our long-term and short-term goals, which align with the sustainability pillars defined in our strategy and previously discussed.

These goals have been developed based on the objectives listed in our previous report, with adjustments made to reflect the scope of this report at the Group level.



Table 2: Sustainability Goals at Bank of Palestine Group

Area	Short-Term Goals (end of 2025)	Long-Term Goals
Sustainability Governance	<ul style="list-style-type: none"> - Integrate ESG Key Performance Indicators (KPIs) into all future strategic plans. - Develop clear mechanisms and procedures for measuring customer satisfaction. - Develop clear mechanisms and procedures for evaluating the success of sustainability campaigns. 	<ul style="list-style-type: none"> - Digitize sustainability data - Continuous improvement of Board-level sustainability initiatives. - Base decision-making on the shared value matrix. - Boost the percentage of customers using banking applications. - Increase usage of smart payment methods and QR codes
Shared Value	<ul style="list-style-type: none"> - Implement an environmental and social management system across Bank of Palestine Group. - Develop green and sustainable products (at least two). - Develop a sustainable procurement strategy for Bank of Palestine. 	<ul style="list-style-type: none"> - Develop a sustainable products strategy for the Group. - Increase the proportion of green and sustainable products by 10%.
Commitment to Environmental Sustainability	<ul style="list-style-type: none"> - Reduce resource consumption: • Decrease greenhouse gas emissions by 30%. • Increase renewable energy use by 10%. • Improve water efficiency by 10%. • Reduce waste generation (Paper) by 20%. - Set and Achieve Climate Goals 	<ul style="list-style-type: none"> - Achieve Carbon Neutrality. - Transition to a paperless work environment. -Transition to 100% renewable energy. - Reduce environmental and social impact of the Bank's Portfolio by 50%.
Human Capital and Human Resources	<ul style="list-style-type: none"> -Develop a customized career development program. - Enhance the representation of individuals with disabilities in Bank hiring. 	<ul style="list-style-type: none"> -Continuous review and development of the Organizational Structure. - Enhance the representation and effectiveness of women in leadership and decision-making positions.
Community Investments	<ul style="list-style-type: none"> - Launch a focused community investment strategy that targets three key sectors. - Measure the impact of the Felestineya Program. 	<ul style="list-style-type: none"> - Analyze the environmental and social impact of Corporate Social Responsibility projects. - Prioritize and support projects that contribute to achieving sustainability targets, such as those that help reduce carbon emissions or enhance environmental conservation. - Increase partnerships with international organizations. - Increase the number of participants in banking awareness workshops



5. Environmental Performance

5.1 Environmental and Social Management System

Based on the results of materiality assessments and stakeholder feedback, environmental impact has been identified as a top priority issue requiring focused attention. Bank of Palestine Group has placed significant emphasis on environmental aspects, making environmental responsibility one of its key priorities. The concept of environmental commitment has evolved from a narrow focus on internal operations to a broader framework encompassing all investments and portfolios. This expansion includes a new commitment to tracking the indirect impact of our operations, particularly related to loans and facilities provided through our portfolio.

In response, Bank of Palestine has initiated the development of an Environmental and Social Management System (ESMS) to monitor the environmental and social impact of the bank's portfolio. This system has been developed with the expertise of numerous investors and international organizations to ensure alignment with international accepted standards and principles, as well as compliance with Palestinian regulatory authorities, including the Environmental Quality Authority, the Palestinian Monetary Authority, and the Ministry of Labor.

The ESMS constitutes a comprehensive framework that monitors the E&S impact of loans from the application stage (pre-approval) through to post-approval, as illustrated in Figure (8). It includes several stages to ensure the integration of environmental and social criteria throughout the loan evaluation process:

- Loans are categorized based on their environmental and social impact, determining the procedure for handling the application and the criteria to which the submitted project must adhere.
- Projects must comply with the standards of the International Finance Corporation or the regulations of the Palestinian Environmental Quality Authority, depending on their classification.
- Applicants are required to develop environmental plans and outline measures to mitigate the negative impact of the project or activity.
- An effective mechanism for environmental monitoring is developed to ensure compliance with the required regulations and laws.

A comprehensive exclusion list has been prepared of projects that will not be financed due to their high levels of unacceptable environmental and social impact. This list includes projects excluded by the International Finance Corporation for similar E&S reasons.

Bank of Palestine is the first Palestinian banking institution to develop such a system, creating a new challenge for maintaining our client base while managing environmental and social commitments. Alongside our pursuit of profit, we recognize that profit holds no value if it significantly impacts any of the pillars of our sustainability strategy. The ESMS has been adopted at Bank of Palestine, and we plan to extend this experience and implement it at the Arab Islamic Bank (the Group's Islamic banking arm) in the near future.

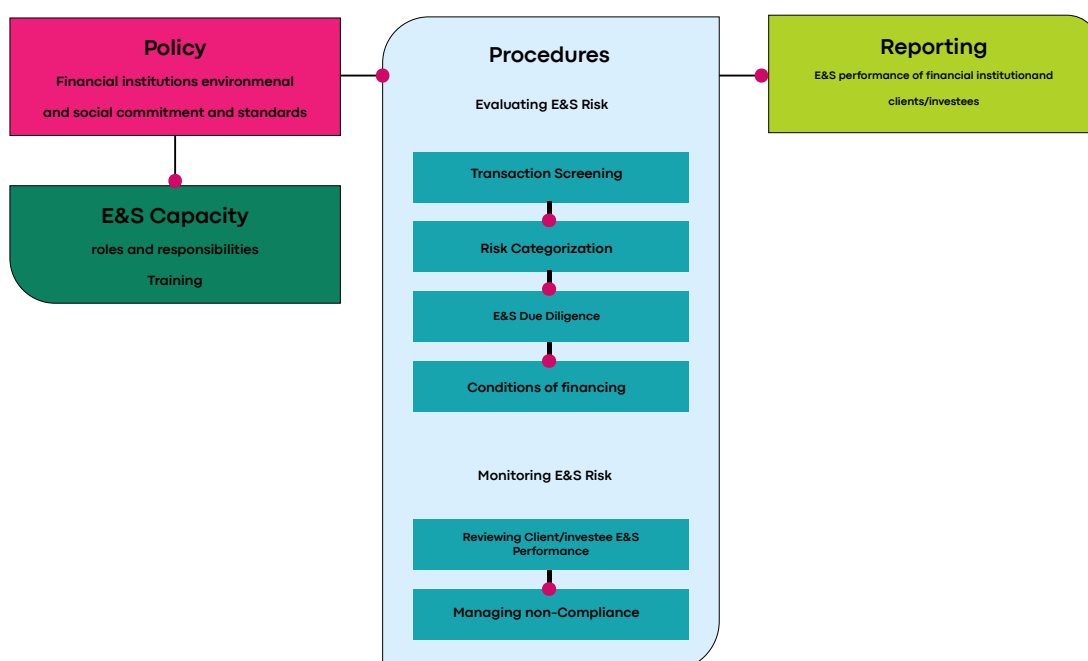
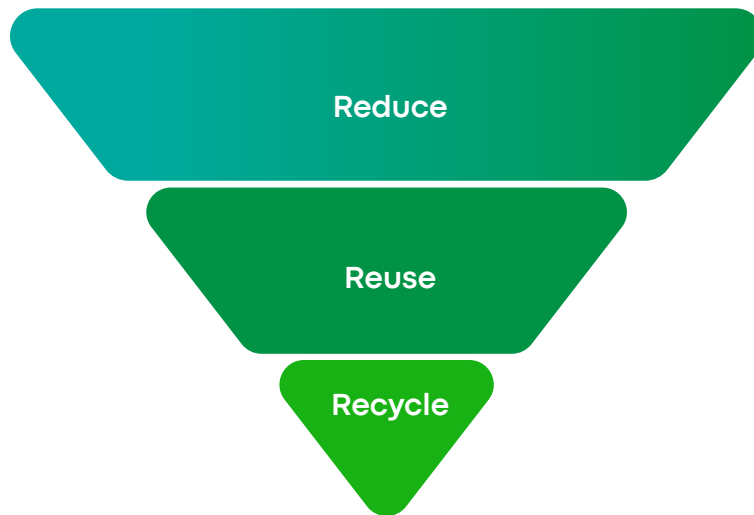


Figure 8: BoP's General Framework for the Environmental and Social Management System

5.2 Waste Management

As a non-industrial organization, Bank of Palestine Group does not generate significant amounts of solid, liquid, or gaseous waste that would pose substantial environmental risks. The primary types of waste generated by the Bank's branches and sub-branches is paper waste and electronic waste (such as discarded electronic devices, printers, and other similar equipment).

Our waste management approach adheres to global best practices, specifically the 3R approach (Reduce, Reuse, Recycle), which prioritizes waste management strategies as illustrated in Figure 9.



.Figure 9: Waste Management: Reduce, Reuse, Recycle

The impact of these practices will not be clearly reflected in our current environmental footprint, as Scope 3 greenhouse gas emissions are not included in this reporting cycle. However, we plan to account for these impacts in future reporting cycles to emphasize the role of these practices in mitigating our environmental impact.

• Reducing the generated amount (Reducing Consumption)

In line with our waste management hierarchy, minimizing the quantity of solid waste generated in our branches and buildings is a top priority. We have implemented several initiatives both internally and externally to achieve this goal.

Internal Initiatives:

- We have distributed reusable cups and food containers to employees, reducing reliance on non-recyclable and environmentally harmful materials.
- Efforts to cut paper consumption include educational communications to raise awareness about the environmental impact of paper use. Additionally, we have reduced the number of printers by consolidating them into a single central printer for multiple users.
- We are developing an internal electronic system for submitting and tracking approvals and requests, which will eliminate the need for paper files.
- The paper used at the Bank has been switched to a type produced by a certified company with environmentally friendly manufacturing methods. We are also replacing printed advertising boards with electronic screens to promote our services and products. Currently, we produce approximately 10,000 kg of paper monthly; we will provide precise figures in the next reporting cycle.

External Initiatives:

- We have reduced the printing of cash withdrawal receipts from ATMs and increased environmental awareness among customers by displaying a message, "A Green Sustainable Future," on the ATM screen. This encourages customers to opt out of printing receipts (see Figure 10). Our goal is to eliminate the printing option entirely, pending regulatory approval.
- We have introduced a dedicated QR code for electronic complaint submissions, reducing the need for paper forms.

Additionally, the Arab Islamic Bank and PalPay are also focusing on waste management and reducing paper usage to transition towards a paperless environment.



Figure 10: The current screen for BoP ATMs

• Reuse

In line with our commitment to waste management principles, we emphasize the importance of reuse as a key strategy. The Bank has established a policy for donating items no longer needed in our branches and offices, rather than discarding them in landfills. This approach mitigates the environmental impact of disposal, particularly for items such as electronic devices and batteries, which can be hazardous and challenging to dispose of properly. Besides benefiting the environment, these donations support the community by providing valuable items (devices) to organizations in need. Additionally, we have adopted reusable fabric bags as gifts, which can be used multiple times and help reduce the waste generated by single-use paper or plastic bags.

• Recycle

Recycling is considered a last option in our waste management hierarchy. In Palestine, recycling presents challenges due to a limited number of specialized companies. Despite this, the Bank collaborates with recycling firms to process electronic and paper waste. We also strive to repurpose advertising boards by recycling them into reusable bags (see Figure 11).



Figure 11: Recycled bags

The following table illustrates the quantities of paper and electronic waste recycled by Bank of Palestine in 2022 and 2023. Data for other Group companies is not available. The data show that, the amount of electronic waste recycled nearly doubled from 2022 to 2023. Regarding paper waste, recycling efforts began in 2022; however, data for that year is not available as environmental impact monitoring started at the end of 2022.

Table 3: Recycled Waste at Bank of Palestine (in tons)

	2022	2023
Paper	Data Unavailable	2
Electronic Waste	8.2	15.5

The figure below illustrates the certifications awarded to Bank of Palestine over the past two years, reflecting its commitment to paper recycling, as mentioned above.



Figure 12: Recycling Certificates Awarded to Bank of Palestine



5.3 Climate Change and Greenhouse Gases

Globally, climate change represents a critical environmental challenge, impacting all sectors, including banking sector. The banking sector not only drives economic activity but also plays a crucial role in climate action and raising awareness. While climate change has not been widely discussed within the Palestinian banking sector, Bank of Palestine, in partnership with the European Bank for Reconstruction and Development, took a significant step at the end of 2022 by organizing the first-ever conference focused on the banking sector's role in mitigating climate change risks.

The conference, attended by over 200 participants from various economic sectors and key decision-making bodies such as the Palestine Monetary Authority and the Environmental Quality Authority, was a notable success. It underscored the importance of Sustainable Development Goal 13 and effectively raised awareness about its significance.

The success of this conference marks the beginning of climate action within the Bank of Palestine Group. Building on the outcomes of the conference, the Group has joined the United Nations Environment Programme and signed the Principles for Responsible Banking. This commitment allows us to analyze the impact of our banking portfolios, set clear climate targets based on this analysis, and report on our progress. This initiative reflects our voluntary commitment to climate action, driven by our internal dedication to sustainability.



Figure 13: Excerpts from the Conference on Climate Change Risks and the Financial Sector's Role in Mitigating



Greenhouse gases are the primary drivers of global warming and climate change. As part of our commitment to environmental responsibility, we have calculated the greenhouse gas emissions resulting from the Bank's internal operations (Scope 1 and Scope 2). Currently, Scope 3 emissions, which include those associated with the Bank's portfolio and investments, have not been addressed in this reporting cycle. This is because our focus has been on our direct impact and internal operations.

This reporting cycle marks the first time we are including this data. In future reports, we will expand our assessment to include Scope 3 emissions, as they represent the largest share of our overall emissions. We also plan to incorporate carbon offsets into our strategies to reach the carbon neutrality, as outlined in our strategy and goals.

In addition to our climate action efforts, we have estimated the greenhouse gas emissions from our internal operations within Scope 1 and Scope 2 as part of our commitment to sustainability disclosures. During 2022, total greenhouse gas emissions amounted to approximately 11 tons (CO₂ equivalent), while during 2023, emissions saw a significant decrease to approximately 10,393 tons (CO₂ equivalent). As indicated in the table below, there was a decline in emission intensity.

Table 4: Bank of Palestine Group Greenhouse Gas Emissions

	2022	2023
Direct Greenhouse Gas Emissions (Scope 1)	2,249	1,962
Indirect Greenhouse Gas Emissions (Scope 2)	8,830	8,431
Total Greenhouse Gas Emissions	11,079	10,393
Emission Density	4.4	4.06

5.4 Resource Consumption

Responsible consumption and production, as represented by Goal 12 of the Sustainable Development Goals, is essential for achieving all other goals. Reducing our environmental impact necessitates minimizing consumption, particularly in relation to waste and garbage production, as outlined in the previous section of this report.

We actively monitor our consumption of key resources, including water, electricity, and fuel. To reduce electricity consumption in our branches and offices, we have implemented several measures. Key initiatives at Bank of Palestine include installing LED lighting units across various branches and setting up motion detectors in select buildings. Meanwhile, the Arab Islamic Bank has adopted solar energy to power some of its branches and plans to extend this approach to additional locations. Additionally, we are gradually introducing electric and hybrid vehicles into the Group's fleet. These efforts complement our initiatives to reduce paper consumption and waste, as discussed earlier.

Recognizing the importance of awareness and its impact on the community, we have partnered with the Palestinian Energy and Natural Resources Authority, the overseeing body for the energy sector in Palestine. This partnership has led to the launch of a comprehensive campaign aimed at enhancing energy efficiency from environmental, economic, and ethical perspectives as follows:

Environmental Impact: Improving energy efficiency will decrease the environmental impact associated with emissions from electricity consumption and generation, as detailed in the previous section.

Economic Benefits: Enhanced energy efficiency will help lower electricity bills.

Social and Ethical Considerations: Increasing energy efficiency will ease the burden on electricity grids, ensuring uninterrupted service and access for all individuals.

The campaign featured a wide array of guidelines tailored to different sectors, including individuals, companies, factories, and hospitals. It underscored the importance of both individual and collective responsibility in fostering awareness.

To maximize the campaign's reach, we utilized all available resources and media channels. This included an intensive social media campaign, advertising bill boards across various governorates, SMS messages, notifications through our bank app, and alerts on ATM screens and electronic displays in branches and offices. Radio broadcasts further supported the campaign by spreading awareness and explaining its objectives. Additionally, energy sector-specific products were introduced as part of the campaign, details of which will be covered in the section on sustainable finance in this report.



Figure 14: Energy Efficiency Enhancement Campaign

The Bank utilize the digital transformation as a crucial tool for promoting sustainability (resources conservation). To this end, we have introduced Bank-e-pay and Apple pay electronic payment services. These services reduce the need for printing payment receipts, thereby decreasing paper consumption. Additionally, the Bank has invested in the GreenLake system, which centralizes server usage by shutting down all other servers. This investment will significantly reduce the number of servers needed and, consequently, lower electricity consumption. Further details on these initiatives are discussed in the section on digital transformation. The table below presents the resource consumption data for Bank of Palestine Group.

Table 5: Water and electricity consumption within Bank of Palestine Group

Resource consumption	2022	2023
Electricity Consumption (Kwh)	13,255,259	12,656,767
Fuel Consumption (L)	821,086	717,837
Consumption Density (Kwh/employee)	5,264	4,946
Water Consumption (L)	22,037,988	23,177,490

5.5 Sustainable Financing

Green and sustainable financing is integral to all pillars of sustainability. Developing products and services that create shared value across these pillars is a central objective of our strategy, as outlined previously. To achieve this goal, we have initiated the launch of various products and services, supported by our investments in this field, designed to create shared value. These offerings are crafted to meet customer needs while advancing multiple sustainability objectives. The details of these initiatives will be explored in depth in the final section of this report.

6. Social Performance

6.1 Local Community (Community Investments)

Bank of Palestine Group has consistently demonstrated a proactive approach to community work and contributions. Our efforts have primarily focused on supporting marginalized groups, including women, children, individuals with disabilities, and people living in remote areas. These communities often face economic and social conditions that render them more vulnerable to changes compared to others, necessitating tailored support.

Prior to the establishment of the Sustainable Banking Department, our corporate social responsibility (CSR) initiatives were directed toward various sectors, with a particular emphasis on the most in-need groups. With the advancement of our sustainability policy and strategy, and its integration with our social responsibility framework, our focus has now shifted to contributions that are closely aligned with achieving the Sustainable Development Goals (SDGs). This shift involves assessing the social and environmental impact of our initiatives, ensuring that they contribute positively to these goals.

As previously outlined, Bank of Palestine Group follows a clear policy for reviewing and evaluating CSR proposals. The process begins with submitting a request, which is then reviewed internally before being presented to the CSR Committee. The committee evaluates proposals based on specific criteria, including environmental and social impact, project budget, beneficiary groups, and alignment with the SDGs. This approach ensures a balance between the project's budget and its potential impact. Additionally, the committee is committed to excluding projects that could have significant negative environmental or social consequences (Our commitment to evaluating the impact of CSR projects mirrors our approach to assessing loans and facilities, as detailed in the environmental sustainability section of this report).

Bank of Palestine Group allocates a percentage of its profits to fund social responsibility projects and initiatives across various sectors. This percentage varies annually based on profit levels and other influencing factors. Between 2020 and 2023, our contributions to community responsibility increased significantly by approximately 50%, from around \$2,466,423 in 2020 to \$4,444,577 in 2023 (as shown in the table below). While all Group companies participate in community initiatives, this report will specifically highlight the contributions of the Arab Islamic Bank and Bank of Palestine, given their substantial roles within the Group.

Table 6: Bank of Palestine Group (Bank of Palestine and the Arab Islamic Bank) Contributions to CSR in USD

	2020	2021	2022	2023
Bank of Palestine	1,890,614	1,768,540	1,923,068	3,763,617
Arab Islamic Bank	575,809	357,812	574,710	680,960
Total	2,466,423	2,126,352	2,497,778	4,444,577

The report will address the initiatives and interventions of Bank of Palestine and the Arab Islamic Bank in detail.

In 2022, Bank of Palestine led in social responsibility contributions, allocating approximately 5% of its annual profits to support CSR projects and initiatives. The Bank is committed to expanding its community responsibility efforts and increasing the budget for these purposes. As illustrated in Table 6, there has been a notable increase in the budget from 2020 to 2023. In 2023, the social responsibility budget reached approximately \$3,763,617, marking a significant rise from \$1,890,614 in 2020.

⁵ The Social Responsibility Report, The Association of Banks in Palestine, 2022.

This budget supports a diverse range of sectors, including health and the environment, education, development, sports, culture and arts, women’s empowerment, and more (as depicted in Figure 15). In 2022, the focus was primarily on the education sector, followed by health and environmental initiatives. In 2023, relief received the largest share of contributions, with a particular emphasis on supporting communities in the Gaza Strip due to the severe conditions resulting from the conflict.

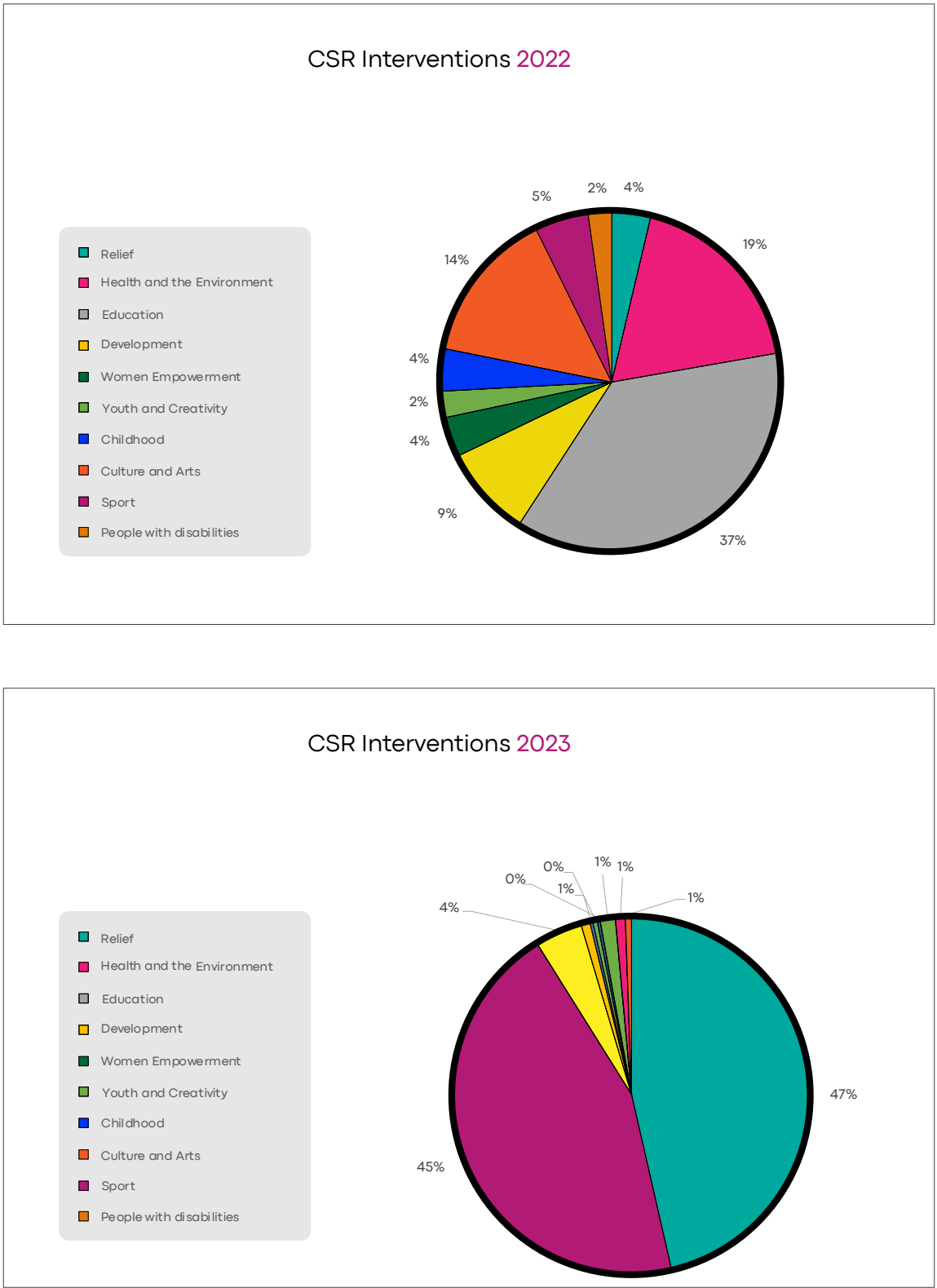


Figure 15: Distribution of Bank of Palestine’s CSR Interventions by Sector

Bank of Palestine implements many of these initiatives and projects by entering into partnerships with partners from various sectors (private, public, international organizations) as indicated below.

Bank of Palestine's key partners in CSR during 2022 and 2023 include the following:

- Universities and Educational Institutions:

The Arab American University, Harvard Graduate, Friends School, Birzeit University.

- Governmental Ministries and Organizations:

The Ministry of Culture, the Ministry of Agriculture, the Higher Council for Youth and Sports.

- Associations:

Birzeit University Friends Association, Jasmine Charitable Society, Early Intervention Society for Persons with Disabilities, Stars of Hope Society, Palestinian Businesswomen Association (Asala), the Young Women Christian Association, Give Palestine, Burj Alluqluq Social Center Society, Nafs for Empowerment.

- Municipalities:

The Ramallah Municipality.

- Organizations:

The Welfare Association (Taawon), Global Communities, Al Nayzak Organization, Qaddumi Foundation, Injaz, Amideast, Qattan Foundation, Juzoor for Health and Social Development, Mahmoud Abbas Foundation.

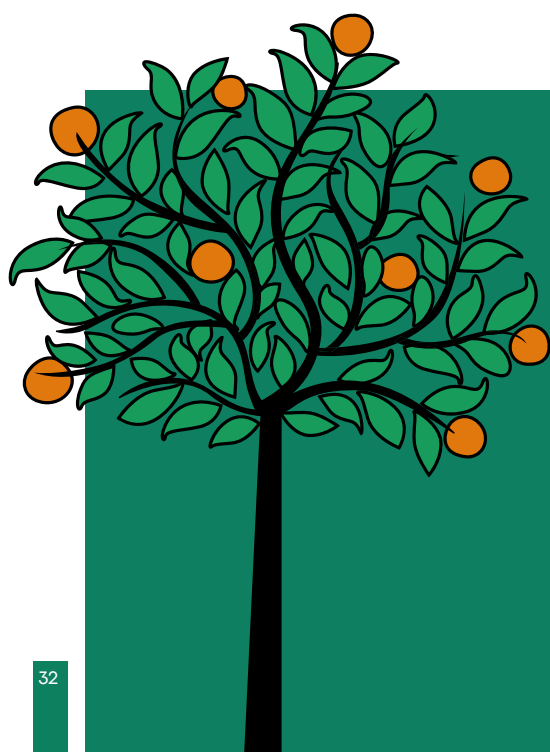
- Hospitals and Health Centers:

Augusta Victoria Hospital, Palestinian Diabetes Foot Center, the Palestinian Red Crecent Society.

- Other Partners:

The British Consulate, the Palestinian Council for Green Buildings, Al Funoun Palestinian Popular Dance Troupe, the Palestinian Museum, Riwaq Center, Palestine Sailing and Rowing Federation, World Food Program.

The priorities for support and partnerships across various sectors are reviewed annually to align with our strategic plans and the Sustainable Development Goals (SDGs), which the Bank considers a top priority. Our interventions are strategically distributed to address most of the SDGs relevant to our operations. The following table offers an overview of our key interventions related to the SDGs. It highlights an increase in interventions for certain goals, while showing a reduction in efforts related to other goals.



SDG	GoalsKey Interventions
	Humanitarian interventions that include donations and projects for various groups (doing several Relief intervention during Ramadan and war on Gaza).
	Provision of food parcels for people in need.
	Numerous contributions in the health sector, most notably for the treatment of cancer patients and chronic diseases such as diabetes, in addition to providing healthcare and medical centers with certain equipment.
	Support for numerous initiatives related to the development of education, covering tuition fees for university students, and providing support to universities and research centers.
	Support for several women empowerment activities, such as the Women Economic Empowerment Program.
	Numerous interventions related to the development of the water sector and enhancing its sustainability, such as supporting a wastewater treatment plant.
	Support for a specialized training in solar energy.
	Trainings that assist in creating job opportunities and empowering beneficiaries with the necessary skills.
	Support for several AI initiatives, in addition to the Global Entrepreneurship Week.
	Support for numerous initiatives aimed at integrating individuals with special needs into society.
	Initiatives aimed at raising awareness in any aspect of sustainable development.
	Support for institutions as part of the energy efficiency enhancement campaign.
	Support for awareness initiatives or implementation of specific activities, such as supporting recycling efforts.
	Support for activities and providing donations related to tree planting and establishing the Bank of Palestine Forest.
	Forming numerous partnerships with various sectors to implement appropriate interventions aimed at serving all sectors and creating shared value.

Based on the table above, our interventions span various sectors and contribute to advancing the Sustainable Development Goals (SDGs) in varying proportions. These priorities and proportions shift according to current conditions and the need to focus on specific areas.

In 2022, Goal 4 (Quality Education) received about one-third of the budget (37%), while Goal 8 (Decent Work and Economic Growth) received the smallest allocation, less than 1%. There were no interventions related to Goals 12 (Responsible Consumption and Production), 14 (Life Below Water), or 16 (Peace, Justice, and Strong Institutions). The goal related to life below water is less pertinent in the Palestinian context, and peace and justice goals are more relevant to institutions with decision-making power. However, Goal 12 was addressed in 2023, with several related interventions implemented.

In 2023, our priorities shifted significantly, with Goal 2 (Zero Hunger) and Goal 3 (Good Health and Well-Being) receiving approximately 83% of the budget. This allocation resulted in fewer interventions in other areas. As shown in Figure 16, several goals were not addressed or covered. This substantial allocation to Goals 2 and 3 was not arbitrary but rather a response to the Palestinian community's urgent needs amid challenging economic conditions during that period.

We recognize that all SDGs are of equal importance and strive to implement interventions across all goals, albeit at varying proportions. Our aim is to address the diverse needs of the Palestinian community. It is important to note that some interventions may contribute to multiple SDGs. For instance, tree planting directly supports Goal 15 (Life on Land) but may also benefit Goals related to Climate Action, Sustainable Cities and Communities, and Clean Energy. Given the significance of these interventions, we plan to continue implementing them in balanced proportions across all SDGs.

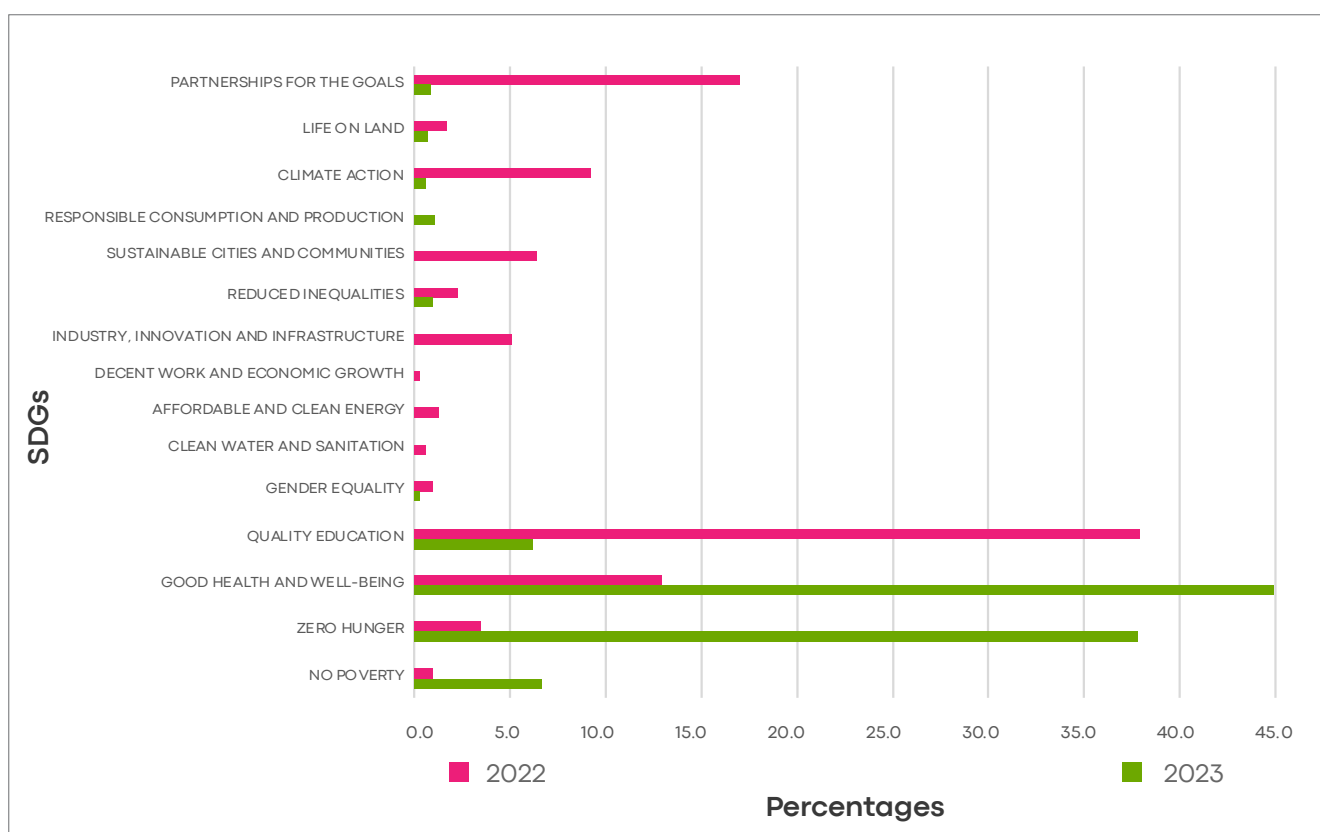


Figure 16: BoP Interventions Distributed According to the Sustainable Development Goals

Our projects and interventions are designed to maximize positive impact while carefully avoiding any noticeable negative effects on the community. We meticulously select projects to ensure they benefit the environment, economy, and society, and to prevent any potential adverse impacts.

The table below provides an overview of key projects and their environmental and social impacts across various sustainability dimensions. We are currently developing a systematic and comprehensive mechanism to analyze the environmental and social impact of our community responsibility projects. This mechanism will be implemented in the next reporting cycle to further enhance our ability to assess and report on the effects of our interventions.

The table below presents the main interventions and projects, along with the expected impact of each project, and the budget allocated for each project.

Table 8: Key Projects Sponsored During 2022

Project	Environmental and Social Impact
Contribution to the Palestine International Book Fair 2022	Enhancing the cultural aspect. Featured 350 publishing houses.
Support for Made in Palestine – Palestine AI Challenge, in partnership with Nayzak.	Supporting entrepreneurship and innovation, encouraging youth to develop ideas for innovative technological projects.
Support for “Act As An Innovator AAAI”, in partnership with Qaddumi Foundation.	Aims to instill a development-oriented, innovative mindset with a digital focus among teachers in Palestine by providing them with tangible tools and practices. This helps stimulate their imagination to identify challenges in their educational environment and to design and develop educational projects aimed at creating innovative, digitally-oriented solutions.
Sponsorship for the Global Entrepreneurship Week 2022	Support for entrepreneurial ideas. The event featured the participation of 15,000 contestants from 10 schools and 9 universities.
Support for Wajd Program for the 7th year in a row	The program aims to provide health and psychological support to orphans and young people who suffered from the 2014 war on the Gaza Strip. The program also includes the development of professional and vocational skills. Beneficiaries thus far: 615 families, 1,846 orphans.
Establishment of the Bank of Palestine Forest	Promoting environmental responsibility and climate action, as 3,500 trees were planted over 50 dunams of land in Nablus Governorate. This will contribute to reducing the carbon footprint and achieving our goal of carbon neutrality.
Vocational training project in smart agriculture and solar energy in the Gaza Strip, in partnership with Give Palestine Society.	Promoting the concept of smart agriculture due to its role in achieving food security, including a specialized training session in smart agriculture and solar cells.
Support for the 2022 Businesswomen Forum exhibition	Promoting the economic empowerment women. Featured 70 participants from governorates across the West Bank.
Support for projects for persons with disabilities at Birzeit University	Supporting projects for persons with disabilities and promoting their role in society.
Support for Riwaq activities	Supporting the activities of Riwaq to promote culture.
Support for the Palestinian Museum	Promoting culture. Museum visitors reached 29,500 in 2022.
Partnership with Juzoor and the Ministry of Health to launch the diabetes campaign under the slogan “life is sweet with less sugar.”	A comprehensive campaign to raise awareness about diabetes, benefiting 1,903 students in schools and 440 university students. The campaign included 5,000 diabetes tests.
Sponsorship for the 8th Palestine International Marathon	To promote youth participation in various sports and social activities and to advocate for a healthy lifestyle, the Bank sponsored the 8th Palestine International Marathon, which saw the participation of 8,000 runners.

Table 9: Key Projects Sponsored During 2023

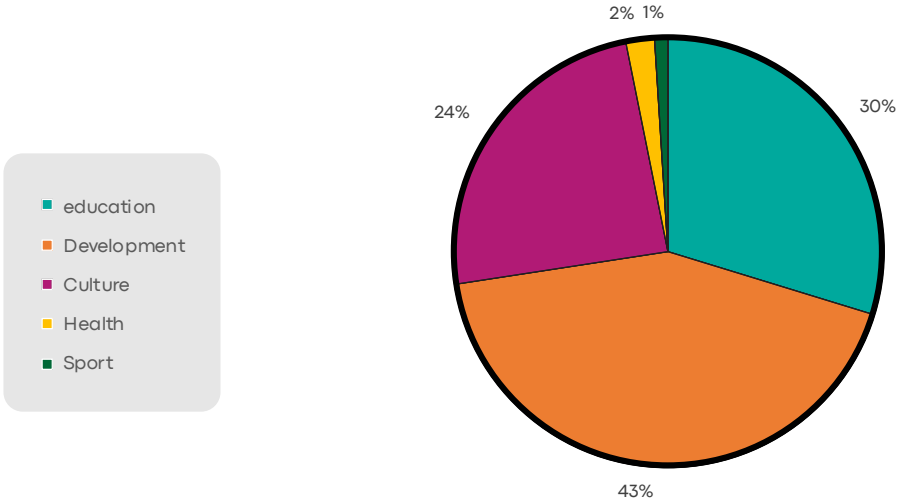
Project	Environmental and Social Impact
Humanitarian and relief interventions in response to the consequences of the war on the Gaza Strip.	Interventions in various sectors included: 40,000 beneficiaries receiving food parcels and water 6,000 beneficiaries receiving winter clothing 19,000 beneficiaries receiving hot meals 600 beneficiaries receiving health kits for displaced persons
Support for Wajd Program for the 8th year in a row	The program aims to: Provide health and psychological support to orphans and youth who suffered from the 2014 war on the Gaza Strip. The program also offers professional and vocational skills development. Beneficiaries from year 8: 581 families, 1,498 orphans.
Support for Injaz activities	Support for various activities in the educational sector.
Support for a tree-planting campaign in partnership with the World Food Programme.	Launching the “plant for the future of Palestine” campaign during the 9th Palestine International Marathon, with an aim to encourage tree-planting. 1,500 trees were planted.
Support for the Zero-Waste environmental camp	A summer camp aiming to promote and raise awareness about the importance of reducing waste production. The camp featured 30 participants.
Support for institutions as part of the campaign for promoting energy efficiency.	Purchase of energy-saving equipment, and support for several energy-saving aspects, considering the important impact of such initiatives.
Support for the 9th Palestine International Marathon	To promote youth participation in various sports and social events and to advocate for a healthy lifestyle, the Bank sponsored the 8th International Palestine Marathon with the participation of 10,000 runners.



Our community contributions extend beyond Bank of Palestine, encompassing initiatives through the Arab Islamic Bank as well, as outlined in Table 4. In 2023, our social responsibility contributions reached approximately \$680,960, marking a significant rise from \$574,710 in 2022. This increase also reflects a shift in funding priorities. While education and development accounted for around 70% of the budget in 2022, the relief sector dominated 2023, comprising 66% of the total. This change was driven by the ongoing repercussions of the war in Gaza and the urgent needs of the Palestinian community.

The figure below highlights the shift in priorities between 2022 and 2023. Despite this adjustment, our commitment to the education and relief sectors remains steadfast. Accordingly, the Bank’s support aligns with the first four Sustainable Development Goals: poverty, hunger, health, and education. These areas are essential for ensuring a safe and prosperous future for the Palestinian community, especially in light of the war’s impact on Gaza.

CSR interventions 2022



CSR interventions 2023

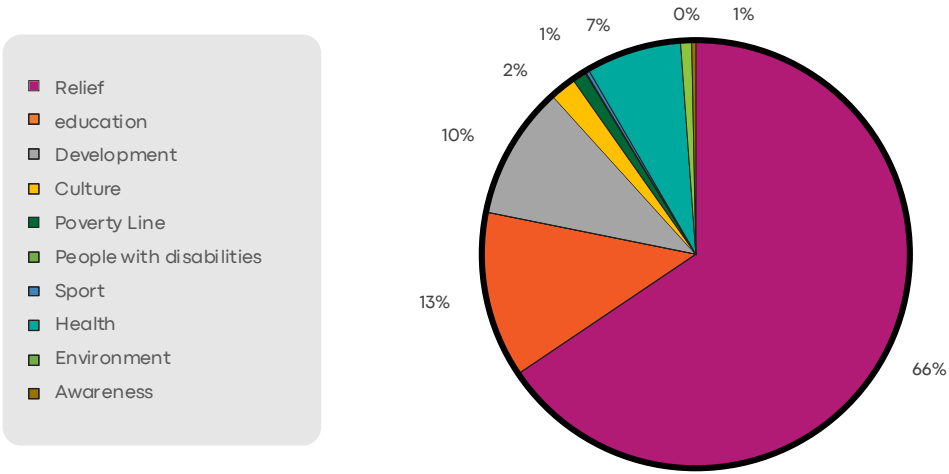


Figure 17: The Arab Islamic Bank CSR Interventions Distributed By Sector

Serving community during Gaza war :

Our commitment to the community extends beyond social responsibility initiatives; the Group also played a vital role during the war in Gaza. We provided essential support to workers and employees facing difficulties in repaying loans due to the severe economic conditions brought on by the conflict. Additionally, PalPay was instrumental in facilitating cash transfers to Gaza residents during the war, which began in October 2023. Using advanced digital solutions, PalPay's digital wallets offered a secure and efficient way to distribute funds, seamlessly integrating with the iBuraq platform for instant transfers. This ensured swift and smooth transactions for users. The eSadad feature made bill payments easy, while the USSD functionality ensured broad accessibility, enabling those without internet access to benefit from these critical services. Through these technological innovations, PalPay significantly enhanced the reach and impact of cash assistance in Gaza during this challenging time.

At Bank of Palestine Group, we take pride in offering high-quality benefits to our employees, making us an attractive employer for Palestinian university graduates. These benefits include fair and equitable salaries, comprehensive health insurance for employees and their families, and annual salary increases based on performance evaluations. Furthermore, we have implemented a scholarship program for employees to help cover tuition fees, reflecting our commitment to fostering a supportive and collaborative work environment.

During the challenging times faced by our community in Gaza, Bank of Palestine Group has upheld its responsibilities towards its employees. In partnership with various stakeholders, we provided essential support, including basic necessities, healthcare, food supplies, and financial assistance, particularly for employees in Gaza affected by the ongoing crisis. We have maintained open and continuous communication with them and their families, helping to alleviate the strain of these exceptional circumstances. In addition, we distributed food parcels to over 500 employees and their families and offered financial aid to help employees navigate these difficult conditions.

In addition to our internal initiatives, Bank of Palestine has established partnerships with Palestinian universities to support recent graduates and current students through comprehensive training programs. These initiatives place trainees within the Bank's branches and departments, where they integrate with our staff to gain hands-on experience. Our teams work to equip students with both personal and practical skills.

Key programs include the "Banke" program, designed for students in their final year of university, and the "BOP Banker" program, which offers top students and graduates a paid, three-month operational training experience. Another initiative, the "BUZZ Team" program, targets third- and fourth-year university students, training them in marketing skills and familiarizing them with the Bank's products and services. This enables them to promote the Bank at various events and exhibitions.

Trainees who demonstrate competence, interest, and excellence are considered for employment at the Bank. In 2022, the program trained approximately 133 participants, while in 2023, around 93 trainees took part. These efforts reflect the Bank's commitment to providing structured, free training as part of our broader social responsibility to students and recent graduates.

In alignment with Goal 17 of the Sustainable Development Goals, which highlights the importance of partnerships to achieve objectives, Bank of Palestine has worked diligently over the past years to forge strong relationships with local and international development institutions. Through agreements with key global partners such as the International Finance Corporation (IFC), the French Development Agency (AFD), the Arab Fund for Economic and Social Development, the Kreditanstalt für Wiederaufbau (KfW), the Japan International Cooperation Agency (JICA), and the Islamic Development Bank (IDB), we have focused on fostering development-oriented financial institutions. These collaborations are fully aligned with our sustainability strategy, which prioritizes the creation of decent work opportunities to drive economic growth.

Over the past two years, we have systematically worked to strengthen these partnerships. Our key collaborations include:

- In 2022, we launched the SUNREF II program in partnership with Proparco (the investment arm of the French Development Agency, AFD), the European Union (EU), and the Palestinian Energy and Natural Resources Authority (PENRA). This second phase of the Green Loans Program, valued at \$30 million, plays a vital role in promoting sustainability within the energy sector and advancing environmental responsibility.
- By the end of 2022, we utilized over 90% of the loan guarantee portfolio—approximately €50 million—under our agreement with the European Investment Bank to support businesses most affected by the COVID-19 pandemic. This initiative was crucial in helping these businesses recover, underscoring our commitment to both community welfare and economic stability.
- In 2022, we signed the ARIZ loan guarantee agreement with Proparco to support small and medium-sized enterprises (SMEs) across the West Bank, Gaza Strip, East Jerusalem, and Area C, with a total value of €9 million. In 2023, we expanded these efforts by signing a new agreement with the Japan International Cooperation Agency (JICA) and renewing partnerships with European development banks. These agreements aim to encourage lending to SMEs, enhance the Bank's financial stability, and provide targeted financial support to women entrepreneurs in the West Bank and Gaza Strip. By doing so, we are contributing significantly to economic growth and supporting key sectors that represent the majority of economic activities in Palestine.
- In 2023, the Bank renewed its agreement with Proparco, funded by the European Union, securing \$2.9 million to support small and medium-sized enterprises (SMEs) through the ARIZ MENA portfolio. This marks the fifth round of support provided by the AFD Group via Proparco to Bank of Palestine under this initiative. The project aims to positively impact economic and community development

by helping SMEs, green projects, and startups (less than three years old) overcome the challenges posed by the Palestinian economy. This initiative directly contributes to creating decent work opportunities and fostering economic growth.

- The Bank also signed an agreement with the Japan International Cooperation Agency (JICA) to invest \$30 million in Bank of Palestine's Additional Tier 1 Capital, representing JICA's first investment of this kind in Palestine and globally. The objective is to bolster the Bank's financial stability, enabling it to face economic challenges while expanding its capacity to finance SMEs, a vital sector of the Palestinian economy. The Bank is placing significant focus on this sector, working to strengthen its presence in the Palestinian market and offering the necessary support to help SMEs navigate economic uncertainties and continue thriving.
- Additionally, in 2023, the Bank entered into an agreement with the Arab Fund for Economic and Social Development, securing a \$30 million subordinated loan to finance and support SMEs. This contribution aims to stimulate the Palestinian economy, which is grappling with severe challenges due to the war in Gaza. By supporting SMEs, the Bank is helping create job opportunities across various sectors, enabling these enterprises to remain competitive and resilient within the Palestinian market.

6.2 Human Capital – Our Employees

Our employees are the cornerstone of our success. We are committed to continuously developing their skills, understanding their aspirations, and fostering an environment of open communication. This approach enhances job satisfaction and also improves performance and productivity. To support these efforts, we have regularly updated our organizational structure across all group companies, ensuring smooth and efficient operations in line with evolving needs. It is important to note that Bank of Palestine Group does not follow a unified organizational structure; each company has its own structure tailored to its specific operations. For instance, the Arab Islamic Bank requires a Sharia Supervisory Board to oversee compliance with Islamic law, reflecting its role as the Islamic banking arm of the group. In contrast, Bank of Palestine operates without such a board. This report outlines the structural updates for each company within the Group.

The organizational structure of Bank of Palestine has seen significant changes in recent years, driven by the Bank's expansion and the need to strengthen oversight. Over the past three years, the structure has evolved to better support growth. In 2021, we established the Talent Management Department to oversee employee training and development, identify high-potential employees, and create a succession plan to ensure business continuity. This department also aims to strengthen organizational culture and employee engagement.

In 2022, the Transformation Department was restructured into an independent division comprising three departments (see Figure 18). This change aligns with the Bank's focus on digital transformation as a key driver of sustainability.

Although there were no major structural changes in 2023, several departments experienced adjustments in their reporting lines. The Compliance Monitoring Department and the Anti-Money Laundering and Counter-Terrorism Financing Department were consolidated under a newly established division: the Compliance Monitoring and Anti-Money Laundering and Counter-Terrorism Financing Department. Furthermore, three new departments were created: the Data Analysis Department, the Corporate Business Development Department, and the Individual Business Support Department. These departments now carry out specialized functions within their respective reporting structures, as shown in Figure 19.

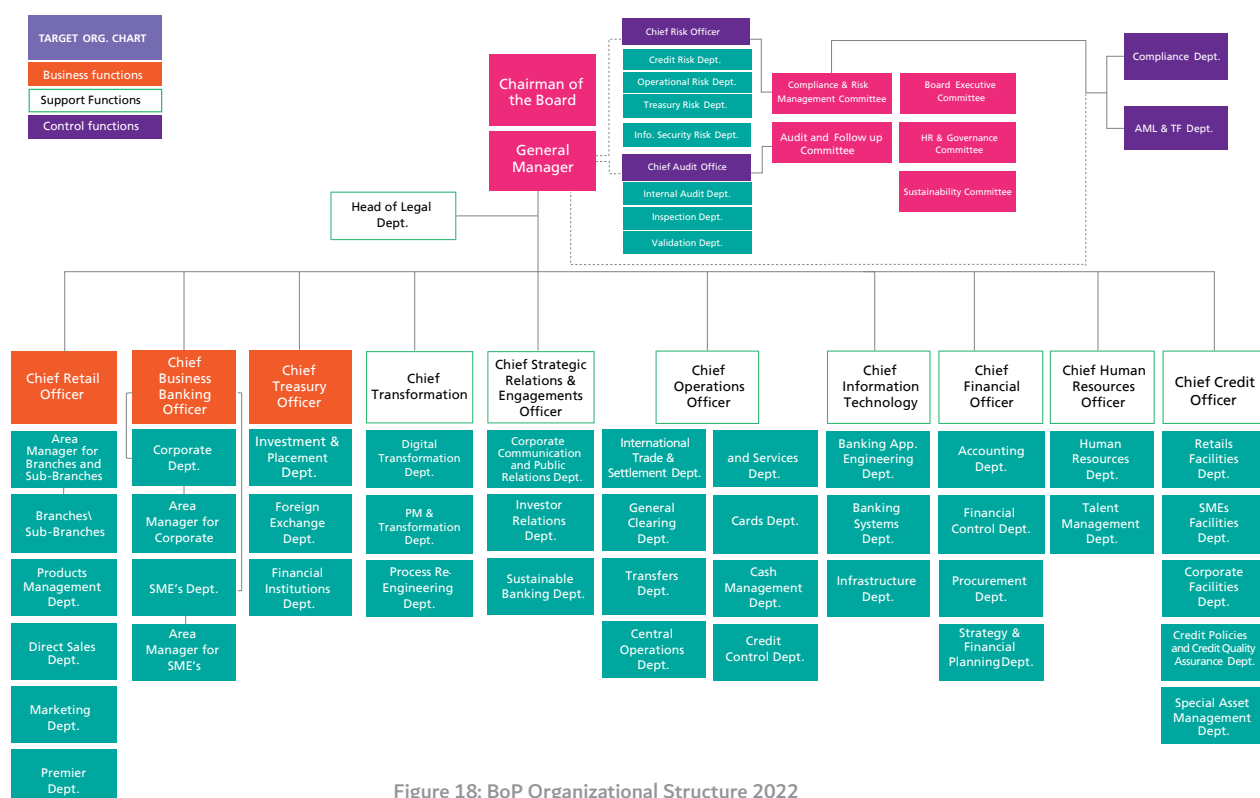


Figure 18: BoP Organizational Structure 2022

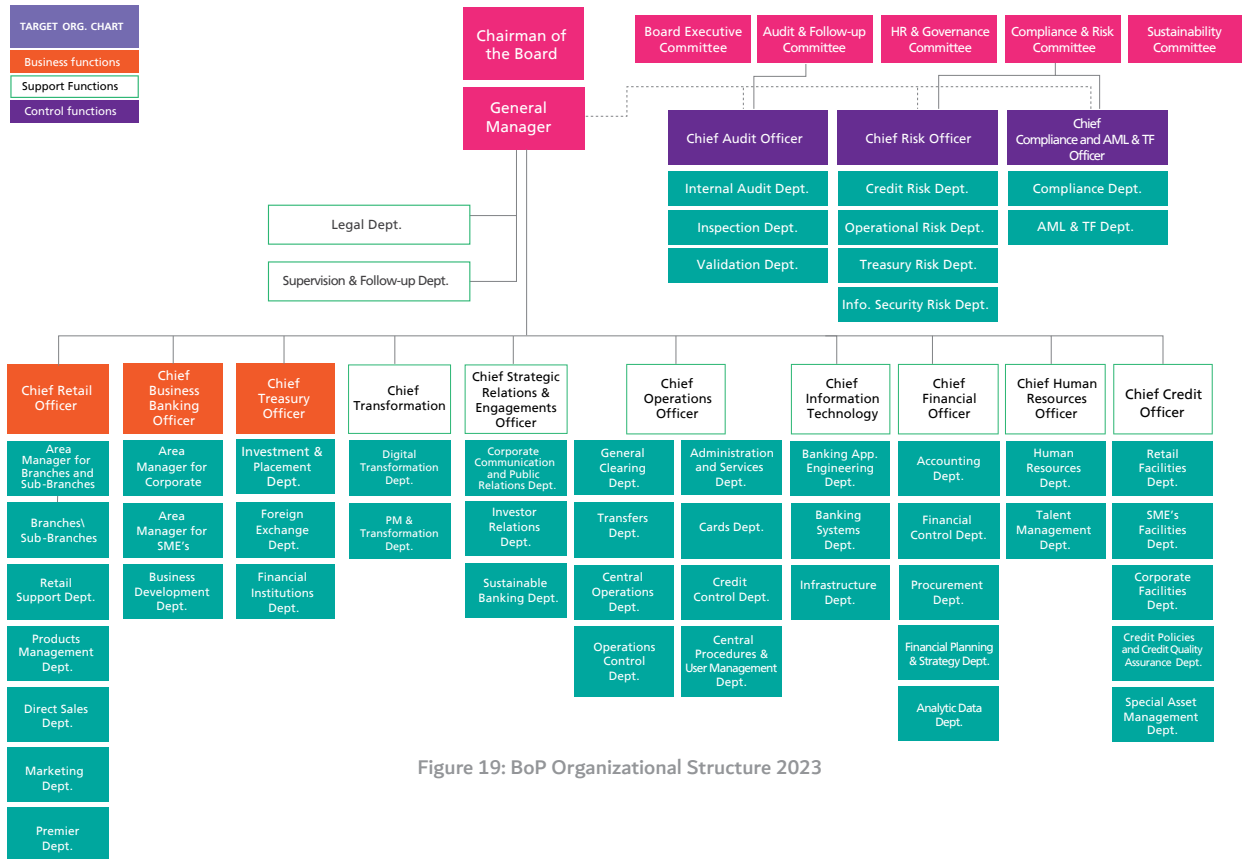


Figure 19: BoP Organizational Structure 2023

In 2022, the Arab Islamic Bank undertook a major transformation of its organizational structure. This restructuring led to the elimination of certain positions, such as Deputy General Managers, which were deemed redundant and impeded work efficiency by promoting centralization (see Figure 20). Most departments were restructured into divisions to better align with the board's goal of keeping pace with innovations and ensuring streamlined administrative procedures.

A key feature of the new structure is the establishment of a Sustainability Committee and a dedicated Sustainability Unit (illustrated in Figure 21). The Bank now has a specialized unit responsible for monitoring and overseeing sustainability performance, which reports directly to a committee within the board of directors. No changes were made to the organizational structure in 2023, following the comprehensive restructuring in 2022

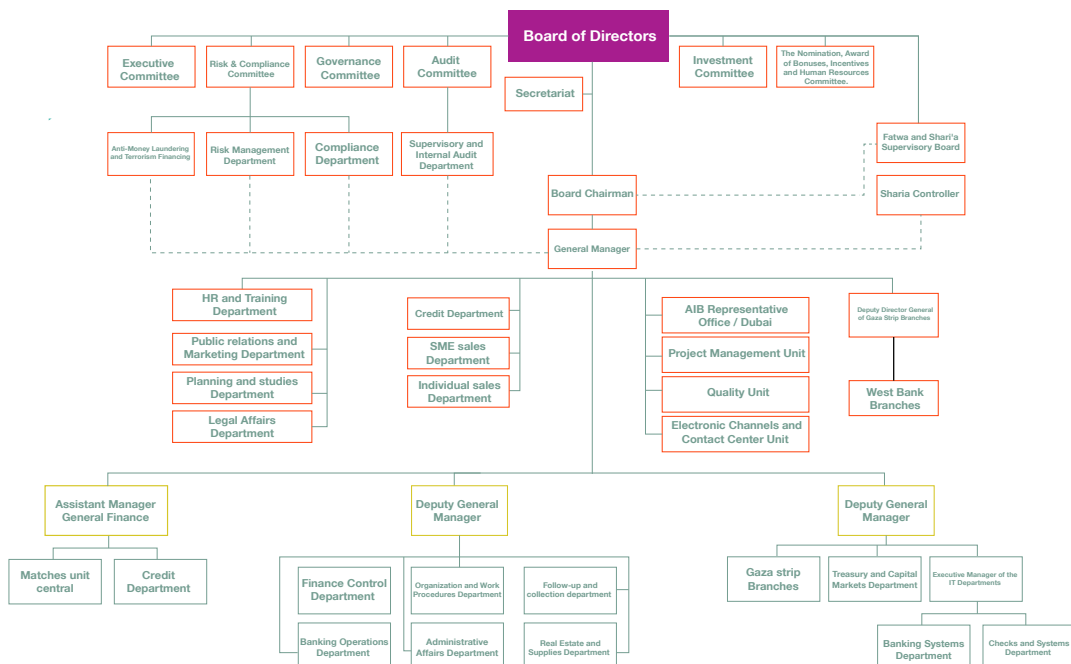


Figure 20: Arab Islamic Bank Organizational Structure 2021

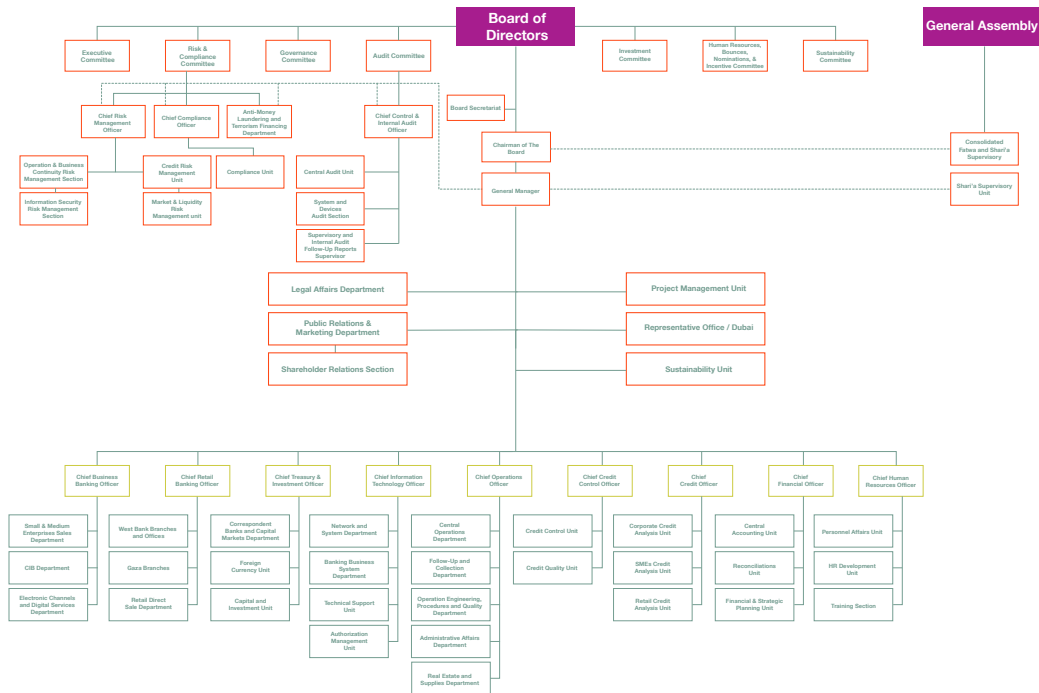


Figure 21: Arab Islamic Bank Organizational Structure 2023

Although PalPay is a relatively small company compared to others in the Group, it operates with a well-defined and meticulously developed organizational structure that aligns with its vision and operational needs. The company comprises 11 departments, each with various divisions representing its diverse tasks and functions.

Between 2022 and 2023, the organizational structure underwent significant changes. The Marketing and Sales Department, previously a single unit (see Figure 22), was split into two separate departments: the Marketing Department and the Sales Department (see Figure 23). This reorganization reflects the company's growth and the need for specialized focus in each area. Additionally, the Call Center Department was dissolved, leading to the creation of a new Technical Support and Customer Care Department.

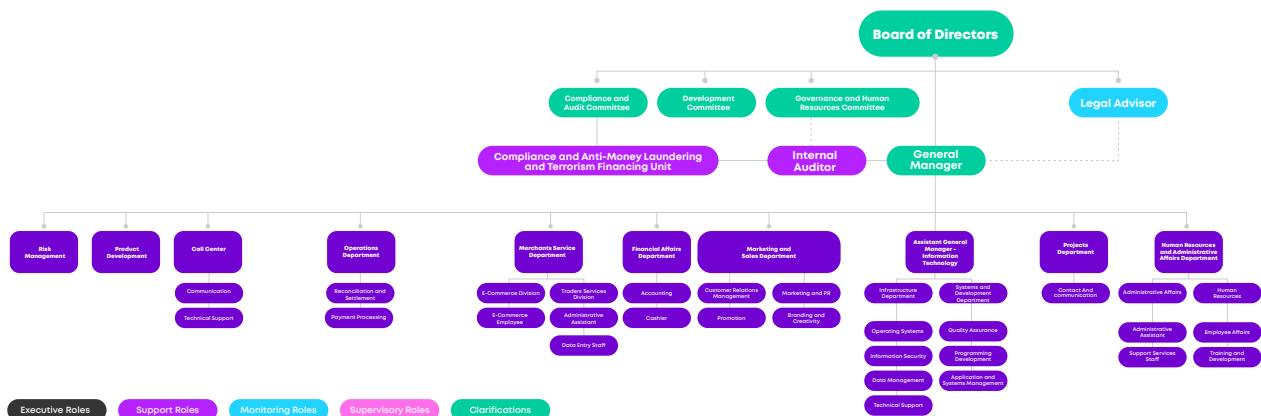


Figure 22: PalPay's Organizational Structure 2022

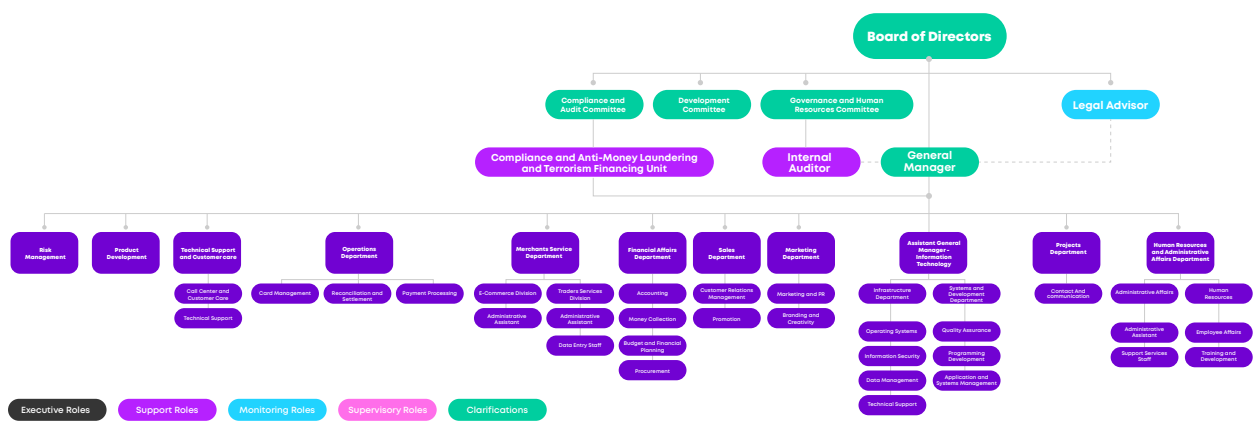


Figure 23: PalPay's Organizational Structure 2023



6.2.1 Our Human Resources

Our expansion and diverse range of services necessitate a highly integrated and efficient team. We take pride in our exceptional staff of 2,559 employees, who make up about 33% of the workforce in the Palestinian banking sector. This underscores our Group's significant impact on the Palestinian economy, as our employees, working across branches in the West Bank and Gaza, contribute to the local market through their spending and investments.

As shown in Table 10, our workforce has been growing substantially each year. In 2020, we employed approximately 2,343 individuals, marking an 8% increase over the previous four years. Bank of Palestine employs around 70% of the total staff within Bank of Palestine Group, highlighting our major role in the Group's overall workforce.

Table 10: Bank of Palestine Group Employees

	2020	2021	2022	2023
Bank of Palestine	1,749	1,745	1,772	1,790
Arab Islamic Bank	558	668	684	706
PalPay	36	51	53	63
Total	2,343	2,464	2,518	2,559

Bank of Palestine Group is committed to gender diversity, with over 1,000 female employees by the end of 2023. This reflects a steady annual increase, as the number of female employees was fewer than 910 at the end of 2020 (see Figure 24).

Women now represent 39% of the total workforce within Bank of Palestine Group, a ratio that has been consistent since 2020, and we are dedicated to further increasing this percentage. However, given our large workforce, achieving growth in this ratio requires a continued focus on hiring more women, as shown in Table (11).

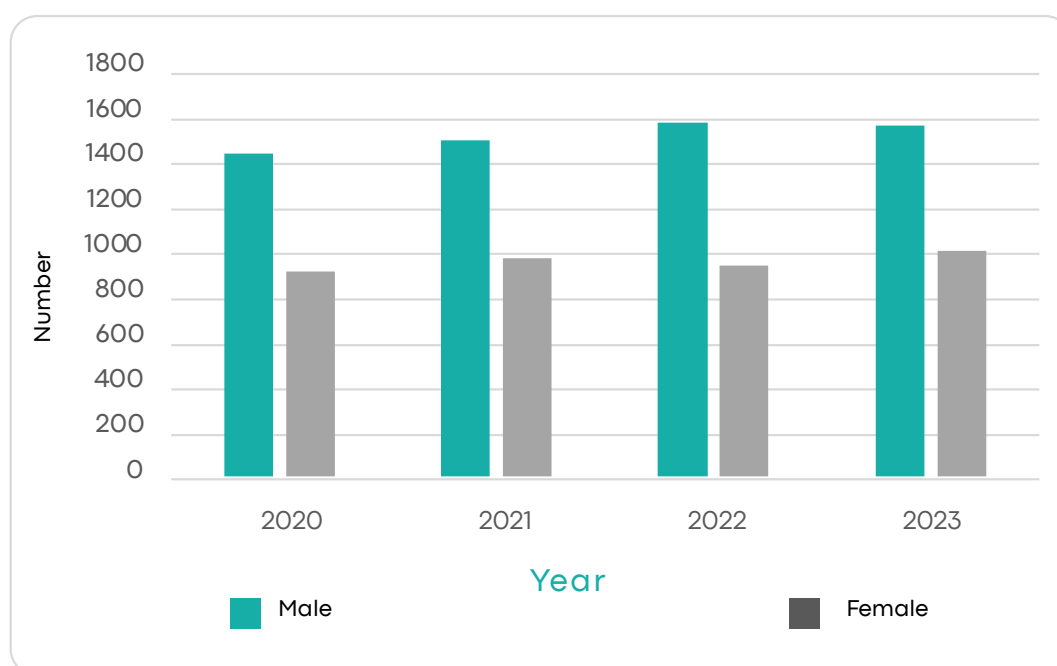


Figure 24: Number of Bank of Palestine Group Employees During the Past 4 Years

Table 11: Percentage of Women Within Bank of Palestine Group Employees

Gender	2020	2021	2022	2023
Males	61%	61%	63%	61%
Females	39%	39%	37%	39%
Total	100%	100%	100%	100%

Bank of Palestine leads the Group in female employment, with women constituting approximately 43% of the workforce in 2023. In comparison, women make up about 31% of employees at the Arab Islamic Bank and 27% at PalPay. These figures highlight Bank of Palestine Group's commitment to prioritizing women in the workplace, including in decision-making roles (as detailed later). The percentage of female employees has been growing significantly each year, as shown in the table below.

Table 12: Percentage of Women Within Bank of Palestine Group Companies

	2020	2021	2022	2023
Bank of Palestine	42%	43%	40%	43%
Arab Islamic Bank	30%	31%	30%	31%
PalPay	22%	22%	25%	27%

The Group is dedicated to recruiting employees from all regions and age groups, recognizing the value of diverse perspectives and experiences.

As Bank of Palestine Group has expanded across all governorates of the West Bank and Gaza Strip, we have focused on investing in a diverse workforce from these areas to support our financial inclusion strategy. The central West Bank governorates have the largest share of our employees, making up approximately 46% of the workforce in 2022 and about 49% in 2023. Conversely, the southern West Bank governorates have the smallest number of employees, primarily due to fewer branches and offices in these regions (see the tables below).

Table 13: Distribution of Bank of Palestine Group Employees During 2022

Age Group	Gaza	Northern WB Governorates	Central WB Governorates	Southern WB Governorates
Age Group 18-30	94	162	604	147
Age Group 31-50	457	244	519	159
Age Group Above 51	56	25	34	8
Total	607	431	1,157	314

Table 14: Distribution of Bank of Palestine Group Employees During 2023

Age Group	Gaza	Northern WB Governorates	Central WB Governorates	Southern WB Governorates
Age Group 18-30	77	145	659	148
Age Group 31-50	444	262	546	164
Age Group Above 51	46	21	37	10
Total	567	428	1,242	322

This distribution pattern is consistent across all companies within the Group. Employees from the central governorates make up the largest proportion of the workforce, while those from the southern governorates represent the smallest share at both Bank of Palestine and PalPay. In contrast, Gaza governorates have the smallest proportion of employees at the Arab Islamic Bank for the years 2022 and 2023 (see the tables below).

Table 15: Arab Islamic Bank Employees

	Gaza		Northern WB Governorates		Central WB Governorates		Southern WB Governorates	
	2022	2023	2022	2023	2022	2023	2022	2023
Age Group 18-30	23	17	61	50	226	236	54	52
Age Group 31-50	28	32	62	75	157	165	39	43
Age Group Above 51	5	6	6	5	18	19	5	6
Total	56	55	129	130	401	420	98	101

Table 16: Bank of Palestine Employees

	Gaza		Northern WB Governorates		Central WB Governorates		Southern WB Governorates	
	2022	2023	2022	2023	2022	2023	2022	2023
Age Group 18-30	63	52	99	93	371	405	89	91
Age Group 31-50	419	402	176	183	349	368	117	118
Age Group Above 51	51	40	19	16	16	18	3	4
Total	533	494	294	292	736	791	209	213

Table 17: PalPay Employees

	Gaza		Northern WB Governorates		Central WB Governorates		Southern WB Governorates	
	2022	2023	2022	2023	2022	2023	2022	2023
Age Group 18-30	8	8	2	2	7	18	4	5
Age Group 31-50	10	10	6	4	13	13	3	3
Age Group Above 51	-	-	-	-	-	-	-	-
Total	18	18	8	6	20	31	7	8

Bank of Palestine Group prioritizes the hiring of young professionals, acknowledging their need for support and experience as they advance in their careers. The Group has become a leading destination for many young Palestinians seeking valuable job opportunities that provide essential experience and serve as a foundation for their professional development. Youth comprise more than half of Bank of Palestine Group's workforce, a proportion that has been consistently maintained over the past two years.



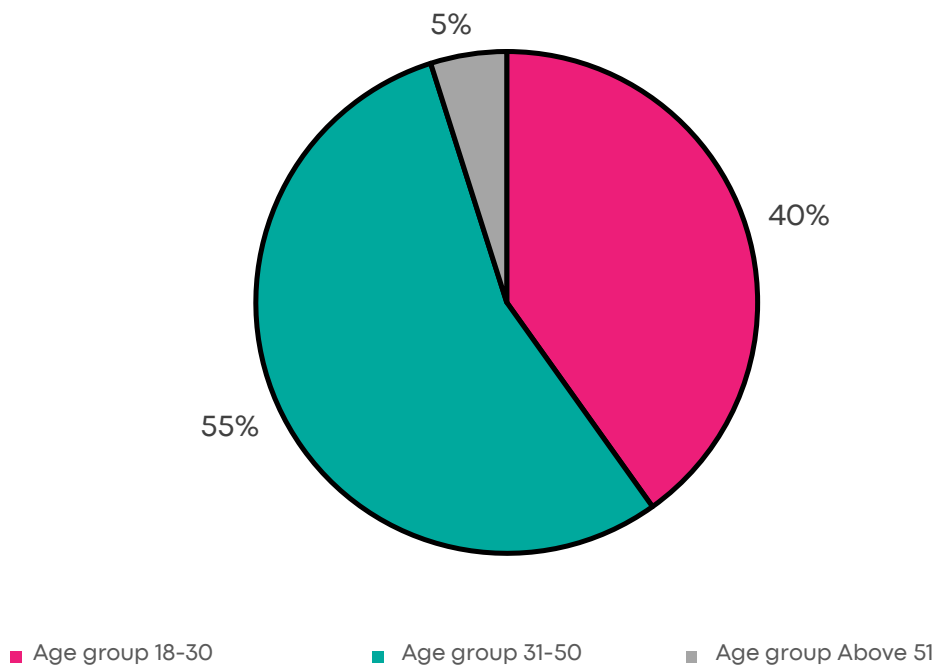


Figure 25: Distribution of Bank of Palestine Group Employees By Age (2022 and 2023)

As shown in the figure below, Bank of Palestine has consistently maintained a workforce where at least 60% of employees are within the 30–50 age group, as this demographic typically possesses the necessary skills and experience. The smallest percentage of employees falls into the 51+ age group. At PalPay, the proportion of employees in the youngest age group (18–30) increased from 40% in 2022 to 52% in 2023, with no employees in the oldest age group. A similar trend is evident at Arab Islamic Bank, where the youngest age group represents the largest share of employees.

Bank of Palestine Group is committed to treating all employees equally and fairly, regardless of age. We emphasize developing and investing in younger employees to enhance operations and boost productivity.





Figure 26: Distribution of Bank of Palestine Group Employees by Age Group

6.2.2 New Employees

While we take pride in our current staff, we also prioritize recruiting exceptional new talent each year to stay current and infuse the Group with fresh perspectives. The increase in new employees is driven by our ongoing expansion and the creation of new departments and divisions to align with emerging trends, not by high turnover or employee departures.

In 2022, Bank of Palestine Group hired approximately 347 new employees, compared to 278 in 2023. Bank of Palestine was responsible for over 60% of these new hires across the Group. In 2022, women represented around 50% of new hires, and in 2023, they made up about 48%, as illustrated below.

Table 18: Distribution of Bank of Palestine Group New Employees by Gender

New Employees	2022	2023
Males	172	144
Females	175	134
Total	347	278



At Bank of Palestine, women make up the largest proportion of new hires, constituting 55% of the new appointments in 2023. This marks a significant increase compared to the Arab Islamic Bank, where the percentage of women among new hires slightly decreased to 38%. At PalPay, women represented 100% of new hires in 2022, but this percentage fell to 38% in 2023 (see Table 19).

Table 19: Distribution of New Employees in the Group's Companies by Gender

	Bank of Palestine		Arab Islamic Bank		PalPay	
	2022	2023	2022	2023	2022	2023
Males	44%	45%	60%	62%	0%	62%
Females	56%	55%	40%	38%	100%	38%

As previously noted, new hires have been predominantly concentrated in the central West Bank regions, accounting for approximately 69% of all new appointments in both 2022 and 2023 (see Table 18). Additionally, there has been a strong focus on the 18–30 age group, which comprised 87% of new hires in 2022 and 89% in 2023 (see Table 21).

Figure 27 provides a detailed breakdown of the new employees recruited by Bank of Palestine Group.

Table 20: Distribution of New Employees by Geographical Area

	Gaza	Northern WB Governorates	Central WB Governorates	Southern WB Governorates
2022	5%	12%	69%	13%
2023	4%	12%	69%	15%

Table 21: Distribution of New Employees By Age

Bank of Palestine Group	2022	2023
Age Group 18-30	87%	89%
Age Group 31-50	13%	11%
Age Group Above 51	0%	1%

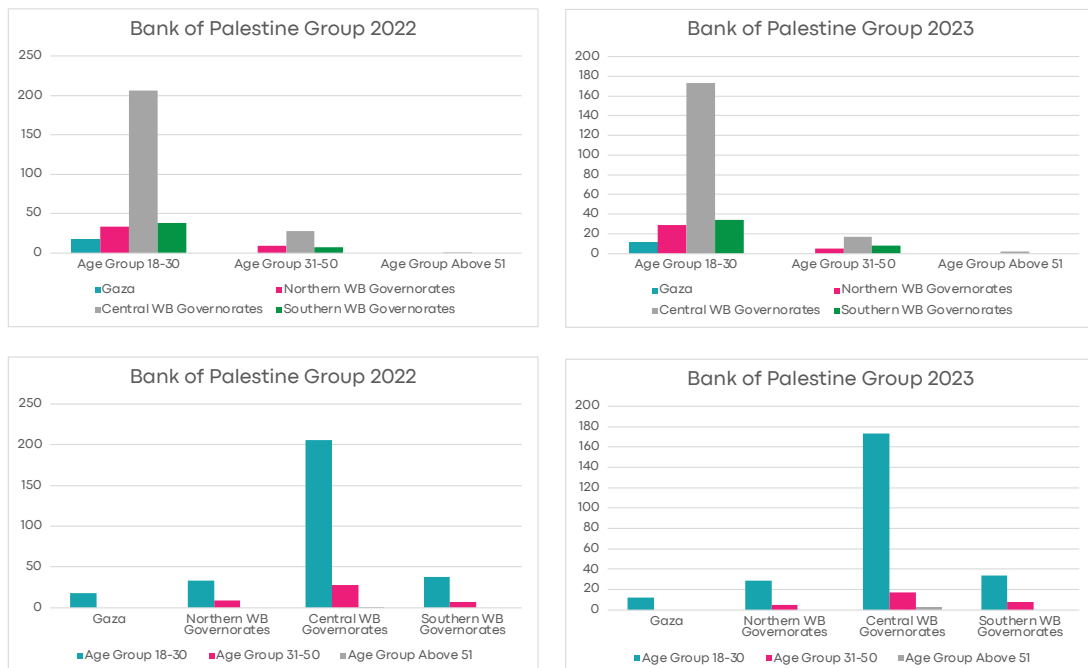


Figure 27: Detailed Distribution of New Employees at Bank of Palestine Group

The trend observed for Bank of Palestine Group is consistent across its companies. Central West Bank governorates have consistently represented the highest proportion of new hires, exceeding 70% at the Arab Islamic Bank and remaining above 67% at Bank of Palestine in both years. At PalPay, however, the distribution varied: most new hires in 2022 were from the northern regions, while in 2023, 44% of new hires were from the central region (see the figure below).

The 18–30 age group has consistently made up the largest share of new hires, with over 58% of new employees in this category at both Bank of Palestine and the Arab Islamic Bank, and more than 75% at PalPay in both years. Figure 27 illustrates the significant annual increase in this age group's proportion, reflecting the Group's commitment to offering opportunities for younger individuals to enter the workforce and showcase their creative potential.



Figure 28: Distribution of New Employees Across the Group's Companies

6.2.3 Parental Leave

Bank of Palestine Group is dedicated to supporting both the career development and social well-being of its employees. To this end, the Group provides parental leave, which includes seventy days of paid maternity leave for female employees and three days of paternity leave for male employees.

In 2022, approximately 217 employees used this leave within the Bank of Palestine Group, with the number decreasing to around 188 in 2023. Female employees accounted for about 42% of those taking parental leave in 2022, with this proportion rising to over 50% in 2023 (see the table below). This increase highlights the Group's commitment to offering flexibility and support to female employees, in addition to other benefits provided to the staff.

Table 22: Number of Full Time Bank of Palestine Group Employees Who Obtained Parental Leave

	2022	2023
Male Employees	126	92
Female Employees	91	96
Total	217	188

At Bank of Palestine, the number of employees taking parental leave decreased from 149 in 2022 to 134 in 2023. Similarly, the Arab Islamic Bank saw a decline in parental leave usage, from 65 employees in 2022 to 52 in 2023. PalPay also experienced a similar trend.

In 2023, the number of female employees taking parental leave surpassed the number of male employees across all Group companies. This marks a reversal from 2022, when male employees slightly outnumbered female employees in this category.

Table 23: Number of Full Time Bank of Palestine Group Employees Who Obtained Parental Leave

	PalPay		Arab Islamic Bank		Bank of Palestine	
	2022	2023	2022	2023	2022	2023
Males	2	1	37	25	87	66
Females	1	1	28	27	62	68
Total	3	2	65	52	149	134

According to Bank of Palestine Group's policies, all employees are entitled to parental leave regardless of gender. At the Arab Islamic Bank, the number of employees eligible for this leave was 507 in 2022, including 149 female employees. In 2023, this number slightly decreased to 504, with 140 female employees. A summary of the parental leave situation for 2022 and 2023 is provided in the table below.

Regarding return to work, the Arab Islamic Bank saw an increase in the return rate from 95% in 2022 to 98% in 2023. Specifically, the return rate was 100% for male employees and 96% for female employees in 2023. The retention rate also improved significantly, rising from 82% to 98%. This includes a notable increase for male employees from 83% to 100% and for female employees from 80% to 96%.

Table 24: Parental Leave at the Arab Islamic Bank

	#Employees Eligible for Parental Leave		Total Number of Employees Who Returned to Work After Parental Leave, by Gender		Total Number of Employees Who Returned to Work After Parental Leave and Remained Employed After 12 Months		Return to Work Rate (%)		Retention Rate (%)	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Males	358	364	37	25	31	25	100	100	83	100
Females	149	140	25	26	21	26	89	96	80	96
Total	507	504	62	51	52	51	95	98	82	98

At Bank of Palestine, the return-to-work rate and retention rate after parental leave are both approximately 99%. Employees maintained these figures at a rate of 100%, as detailed below.

Table 25: Parental Leave at Bank of Palestine

	#Employees Eligible for Parental Leave		Total Number of Employees Who Returned to Work After Parental Leave, by Gender		Total Number of Employees Who Returned to Work After Parental Leave and Remained Employed After 12 Months		Return to Work Rate (%)		Retention Rate (%)	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Males	1,055	1,026	87	66	87	66	100	100	100	100
Females	717	764	61	67	61	67	98	99	98	99
Total	1,772	1,790	148	133	148	133	99	99	99	99

6.2.4 Employee Turnover

We take pride in our exceptional staff and continually invest in their development while striving to retain them. Our goal is to minimize employee turnover, demonstrating our commitment to our workforce. However, we acknowledge that the high caliber of our employees may attract interest from other organizations.

In 2022, a total of 305 employees left Bank of Palestine Group. This number significantly decreased in 2023, reflecting our effective strategies to retain and invest in our employees, who are our greatest asset. Female employees accounted for about 27% of those who left, indicating that our favorable working conditions support women's retention.

Both female and male employee turnover rates decreased in 2023 compared to 2022. This decline is attributed to our targeted strategies to improve performance and career development, which enhance employee retention. Notably, Bank of Palestine accounted for approximately 64% of the total turnover within the Group in 2022, a figure that decreased to 60% in 2023 (see the table below).

Table 26: Employee Turnover at Bank of Palestine Group

	Bank of Palestine		Arab Islamic Bank		PalPay		Bank of Palestine Group	
	2022	2023	2022	2023	2022	2023	2022	2023
Males	139	97	73	60	2	10	216	165
Females	56	44	33	18	2	3	91	63
Total	195	141	106	78	4	13	305	232

At the Bank of Palestine Group level, the turnover rate was approximately 12% in 2022 but decreased to around 9% in 2023. This reduction is notable given the large number of employees within the Group and the competitive market for top talent. The turnover rate for female employees within the Group was below 6% in 2023, down from about 9% in the previous year (see Figure 29).

Bank of Palestine experienced a significant decline in turnover, with a reduction of about 4% (as illustrated below). The Arab Islamic Bank also saw a similar decrease in turnover rates. However, at PalPay, the turnover rate approximately doubled, but this increase is relatively minor due to the company's smaller employee base.

Despite being the largest entity within the Group, Bank of Palestine had the lowest turnover rate among its employees. The turnover rate at Bank of Palestine was around 11% in 2022, compared to 7.8% in 2023.



Figure 29: Employee Turnover at Bank of Palestine Group

At the Group level, the highest turnover rates were observed among employees from the central governorates. This is due to the large number of employees in these areas, with turnover rates exceeding 50% of the total turnover within the Group.

Additionally, the 18–30 age group recorded the highest turnover rate compared to other age groups. This is attributed to the tendency of younger employees to seek new opportunities and experiences, resulting in lower job stability.

Turnover among employees in the 18–30 age group increased from 45% of the total turnover at the end of 2022 to 48% at the end of 2023 (see Figure 30).

Table 27: Employee Turnover at Bank of Palestine Group by Age and Geographical Distribution

	Gaza		Northern WB Governorates		Central WB Governorates		Southern WB Governorates	
	2022	2023	2022	2023	2022	2023	2022	2023
Age Group 18-30	2	0	13	13	101	79	21	20
Age Group 31-50	13	27	23	15	59	39	36	16
Age Group Above 51	24	17	4	2	8	4	0	0

Figure 31 provides a detailed breakdown of turnover distribution across the Group's companies, categorized by region and age group. The central governorates consistently experienced the highest turnover rates across all Group companies.

In terms of age groups, Bank of Palestine and PalPay recorded the highest turnover rates in the 30–50 age group. In contrast, the Arab Islamic Bank saw the highest turnover rate in the 18–30 age group, reflecting the broader trend observed across the Group.

This distribution underscores the regional and age-specific turnover patterns within each company, illustrating how various factors impact employee retention throughout the Group.

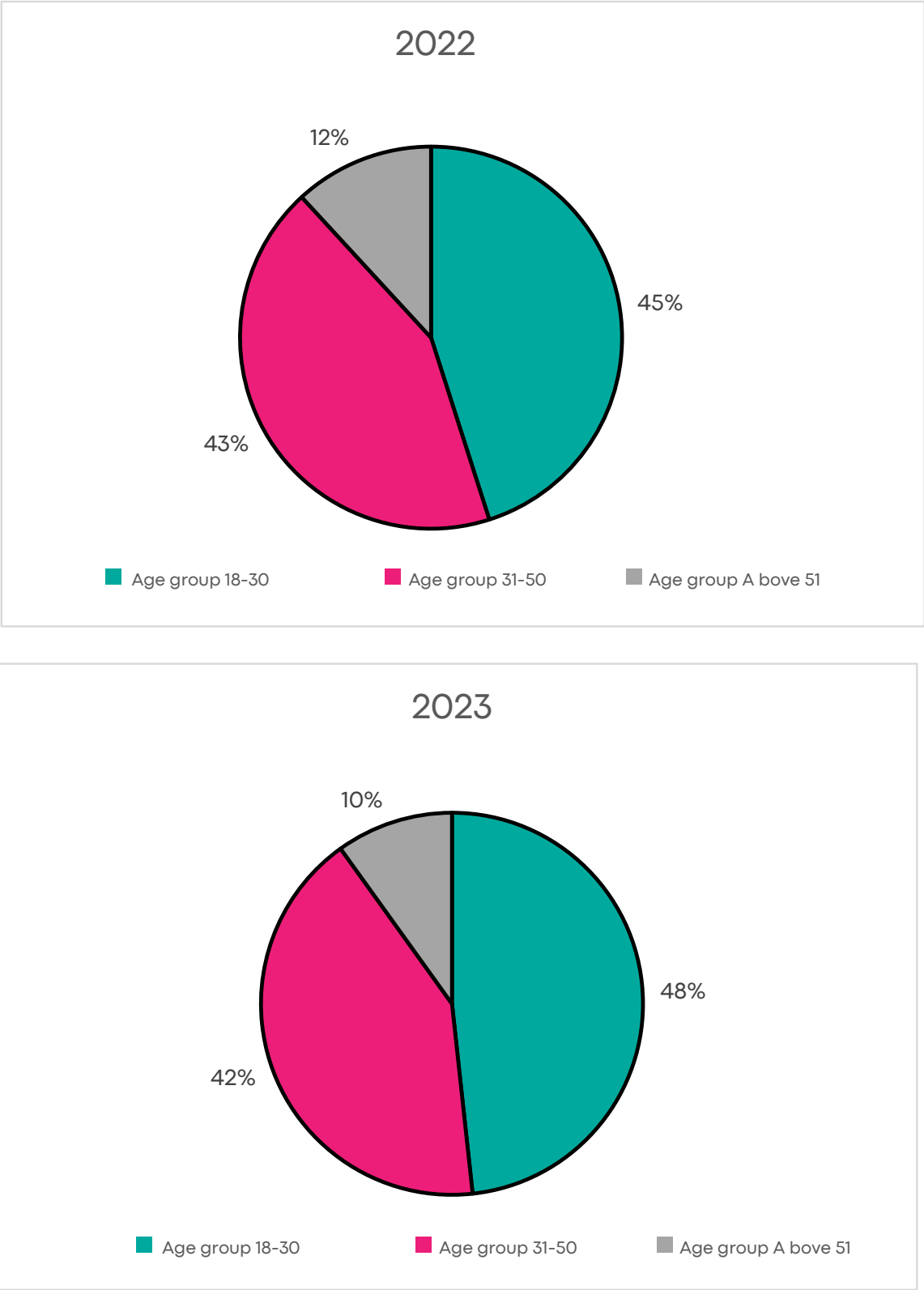


Figure 30: Turnover of Bank of Palestine Group Employees by Age





Figure 31: Employee Turnover within the Group's Companies

6.2.5 Diversity and Equal Opportunity

As previously highlighted, Bank of Palestine Group is dedicated to advancing gender diversity, particularly by hiring women and placing them in decision-making positions. We are committed to supporting women's potential for achievement and economic empowerment by providing opportunities that foster self-reliance and skill development. This focus aims to help women excel and innovate despite the unique challenges they face in the labor market.

The proportion of women in executive management at Bank of Palestine has significantly increased in recent years, reaching approximately 29% in 2023, up from around 25% in 2022. This growth reflects the Bank's strategy to enhance the representation of women in key decision-making roles.

At the Arab Islamic Bank, the number of female executives, which was zero at the end of 2022, rose to about 8% by the end of 2023. The percentage of female department heads at Bank of Palestine was approximately 34% in both 2022 and 2023. This marks an increase from 22% at the end of 2022 to 25% at the end of 2023. Similarly, at PalPay, the percentage of female department heads increased from 25% to 33%.

Table 28: Distribution of Bank of Palestine Group Female Employees by Job Tier

	Bank of Palestine		Arab Islamic Bank		PalPay	
	2022	2023	2022	2023	2022	2023
Executive Management	25%	29%	0%	8%	0%	0%
Department and Branch Managers	21%	25%	10%	11%		
Branch Office Managers and Supervisors	24%	25%	7%	7%		
Division Heads	34%	34%	22%	25%	25%	33%
Administrators	50%	52%	41%	42%	27%	27%

Regarding age distribution in executive management positions within Bank of Palestine Group:

In the executive management tier, there are no employees from the youngest age group (18-30). This is due to the level of experience and specialized skills required for executive roles, which recent graduates typically lack. Executive positions involve significant decision-making and leadership responsibilities, which are challenging for those without extensive experience.

Most branch and office managers are within the 31-50 age group. This demographic is well-equipped to contribute to development and innovation, offering valuable insights into new strategies and improvements. They generally possess the experience needed to effectively manage these roles.

As previously noted, the 31-50 age group represents the majority of employees within Bank of Palestine Group. This trend is consistent across all Group companies, underscoring the strategic importance of experience and maturity in leadership positions. This distribution is further illustrated in Figure 28.

Table 29: Distribution of the Workforce by Age and Job Tier Within Bank of Palestine Group

	18-30		31-50		51+	
	2022	2023	2022	2023	2022	2023
Executive Management	0	0	9	13	9	14
Department and Branch Managers	0	0	91	91	35	30
Branch Office Managers and Supervisors	3	3	84	85	9	10
Division Heads	29	25	240	266	17	9
Administrators and Secretaries	886	924	778	823	61	21



Figure 32: Distribution of Bank of Palestine Group Employees by Age

Bank of Palestine Group is dedicated to enhancing the participation of women across all departments, divisions, and branches. This commitment is evident in the significant proportion of total salaries allocated to female employees.

In executive management role (in bank of Palestine), female employees receive approximately 21% of the total salaries allocated to this category. Furthermore, the percentage of salaries for women in management positions has increased from 18% to 20.5%, reflecting a notable improvement in their representation in these critical roles. Women account for about 30% of the total salaries in the division heads category. Additionally, female employees receive around 45.5% of the total salaries for general employees and secretaries. Notably, this figure exceeds 50% of the total salaries at PalPay, as illustrated in the table below.

This distribution underscores the Group's commitment to equitable salary and wage systems for female employees across various departments and levels of the organization. Similarly, the Arab Islamic Bank has also seen a significant increase in the percentage of salaries allocated to women across all categories, including senior positions.

Table 30: Percentage of Female Salaries from Total Salaries

	Bank of Palestine		PalPay		Arab Islamic Bank	
	2022	2023	2022	2023	2022	2023
Executive Management	21%	21.4%	0%		0%	0.4%
Department and Branch Managers	18%	20.5%	0%		1.6%	1.5%
Branch Office Managers and Supervisors	17.2%	22.2%	0%		2.2%	2.1%
Division Heads	27.7%	29.5%	21%	25%	2.9%	4.5%
Administrators and Secretaries	43.8%	45.7%	53%	54%	14.6%	17.7%

6.2.6 Learning and Training

Bank of Palestine Group is committed to offering its employees comprehensive training programs designed to support their professional growth and ensure they stay current with the latest advancements, particularly in the field of sustainability. Our strategy focuses on equipping employees with the necessary skills and integrating them into training sessions that enhance both their professional and personal development.

In 2023, the average training hours per employee varied across the Group. At Bank of Palestine, employees received an average of approximately 28 training hours. The Arab Islamic Bank provided an average of 3.29 training hours per employee during the same period. We emphasize providing ample training opportunities for female employees, and in 2023, the average training hours for women exceeded those of their male counterparts.

For PalPay, the average training hours per employee were about 30 hours in 2022. However, in 2023, no specific training programs were conducted for the company's employees.

Table 31: Training Hours for Bank of Palestine Group Employees

	Bank of Palestine		PalPay		Arab Islamic Bank	
	2022	2023	2022	2023	2022	2023
Average Training Hours Per Male	36.25	28.26	-	-	19.27	14.9
Average Training Hours Per Female	34.45	28.49	-	-	19.99	15.92
Average Training Hours Per Employee	35.55	28.33	30	-	2.53	3.29

Bank of Palestine Group is dedicated to providing equal training opportunities to all employees, ensuring that every team member receives the development they need to excel in their roles.

At Bank of Palestine, training programs were primarily focused on department heads. This is due to the need for continuous development in order to blend management skills with specific departmental expertise. Department heads play a crucial role in integrating administrative capabilities with the specialized knowledge required for their departments.

Similarly, at the Arab Islamic Bank, training efforts were concentrated on administrative staff and secretaries. This targeted approach aims to equip these employees, many of whom are new and lack prior experience, with the essential skills needed to perform their roles effectively.

Table 32: Average Training Hours Per Job Tier

	Bank of Palestine		Arab Islamic Bank	
	2022	2023	2022	2023
Executive Management	20.25	9.5	67.85	80.90
Department and Branch Managers	51.81	21.75	13.41	15.83
Sub-Branch Managers and Supervisors	33.44	22.91	59.18	14.61
Division Heads	64.19	30.38	19.36	14.59
Administrators and Secretaries	29.14	28.93	76.35	94.68



6.3 Financial Inclusion

Financial inclusion has long been a cornerstone of the Bank of Palestine Group's strategy. As a pioneer in this field, the Bank has spearheaded numerous initiatives aimed at expanding financial access across Palestine. This section focuses specifically on the Bank's efforts to promote financial inclusion, a mission it has actively pursued since 2014. The Bank has worked diligently to embed the core principles of financial inclusion, forging robust partnerships with local and international institutions while continuously enhancing and diversifying its programs. These initiatives are designed to address the needs of underserved populations, including women, youth, individuals with disabilities, and small business owners.

Recognizing the evolving landscape of financial services, Bank of Palestine is committed to integrating its efforts with global advancements. Its goal is to develop a comprehensive strategy that not only aligns with the latest financial inclusion trends but also reflects the Bank's deep-rooted commitment to social and economic development in Palestine.

According to the World Bank, financial inclusion serves as a key enabler for seven of the seventeen Sustainable Development Goals (SDGs), underscoring its vital role in addressing challenges that span economic growth, poverty reduction, and social equity. The core objective of financial inclusion is to ensure that individuals and businesses have access to a range of financial products and services that meet their specific needs. These range from everyday banking services and savings tools to long-term financial planning and investments. In today's rapidly evolving digital age, the Bank is particularly focused on providing accessible and innovative financial solutions that cater to various segments of the population. Bank of Palestine is leveraging advanced digital platforms to enhance its services, ensuring that all individuals - regardless of their geographic location or social standing - can efficiently manage their finances and businesses.

In the past several years, Bank of Palestine has rolled out numerous financial and non-financial initiatives that have made a tangible impact. Between 2014 and 2023, the Bank organized 1,250 workshops and training sessions, attended by 22,803 participants. Notably, a significant portion of these participants were women, with 18,755 female attendees compared to 4,048 males. Key Activities, Initiatives, and Programs under the Framework of Financial Inclusion

1. Banking Awareness Program – “Meeting with Bank of Palestine”

Bank of Palestine is dedicated to fostering financial literacy through its comprehensive Banking Awareness Program, “Meeting with Bank of Palestine.” Launched in 2014, this initiative aims to enhance the public's understanding of banking services and procedures, empowering individuals to make informed financial decisions. The program, developed in collaboration with local and international partners, emphasizes the importance of educating customers about banking before offering them products or services. By ensuring that participants grasp the fundamentals of banking, the Bank builds trust and promotes better financial management among its target audiences.

To stay relevant, the Bank continuously updates the program's content to reflect ongoing changes in the banking sector, particularly in the context of the digital transformation. Additionally, the Bank has taken significant steps to make this program more inclusive. For example, it has introduced content in sign language to accommodate individuals with disabilities, enabling them to engage in discussions and ask questions—a previously unavailable option.

In 2023, Bank of Palestine conducted 60 banking awareness sessions with 1,055 participants, while in 2022, it organized 82 sessions with 1,965 participants, reflecting the growing reach and impact of the program.

Aligned with Sustainable Development Goal 8, which promotes decent work and economic growth, Bank of Palestine actively supports the formalization and development of micro, small, and medium-sized enterprises (MSMEs), particularly women-led businesses. One of the Bank's flagship initiatives in this area is the “Felestineya” program, which is designed to help women entrepreneurs organize and sustain their businesses.

In a significant move, the Bank signed a memorandum of cooperation with the Ministry of National Economy to reach women entrepreneurs across various governorates. Through this partnership, the Bank works to raise awareness about the importance of formalizing businesses - encouraging women to register their enterprises with the Ministry, obtain necessary licenses, and secure certificates. By doing so, these businesses increase their chances of growth and sustainability, enabling them to compete locally and internationally.

Recognizing the importance of financial education as a key pillar of financial inclusion, Bank of Palestine has prioritized raising banking awareness among youth and adolescents. Targeting secondary school and university students, the Bank equips this demographic with the knowledge and skills necessary to make informed financial decisions, particularly as financial services continue to evolve rapidly in the digital age. By empowering young people with financial literacy, the Bank aims to prepare them to navigate the increasingly complex financial landscape and contribute to economic growth.



As part of this initiative, the Bank has partnered with Injaz Palestine and the Sharek Youth Forum, organizing a series of educational sessions for students across different regions in Palestine. These sessions are designed to help students develop essential financial skills, understand banking processes, and prepare for future employment in the job market.

2. The Felestineya Mini-MBA program

Bank of Palestine, in partnership with the International Finance Corporation (IFC), the Business Women Forum, and Ernst & Young, annually hosts the Felestineya Business Management Program (Mini-MBA). This program is specifically designed for women entrepreneurs from various economic sectors, providing them with intensive training to enhance their business management skills. The curriculum covers key areas such as strategic and financial planning, marketing, human resources management, and leadership, equipping participants with the knowledge needed to make informed and effective decisions for their enterprises.

Beyond training, the program also offers invaluable networking opportunities and access to consultancy services, helping participants strengthen their businesses and ensure long-term sustainability and growth. Since its launch in 2016, the Mini-MBA has graduated 186 women entrepreneurs across six cohorts, with the seventh cohort currently in progress as of the end of 2023.

3. European Bank for Reconstruction and Development (EBRD) Program to Support Women Entrepreneurs

In collaboration with the European Bank for Reconstruction and Development (EBRD), Bank of Palestine has launched several intensive training initiatives under the Women in Business Program. These initiatives are designed to empower women entrepreneurs by focusing on essential aspects of financial management, especially in times of crisis. The primary objective is to enhance the financial literacy of women business owners, equipping them with the skills to prepare and analyze financial statements and make sound, informed decisions based on this understanding. One key aspect of the training was a seminar on conscious spending, which emphasized the importance of responsible financial practices for both personal and business finances, highlighting the difference between prudent and erratic spending habits.

During the 2022 Global Entrepreneurship Week in Palestine, Bank of Palestine organized specialized training sessions that covered a wide range of topics, including entrepreneurship, business planning, and the development of small enterprises. These sessions aimed to bolster the skills and knowledge of women entrepreneurs, helping them to better organize and grow their businesses. A total of 24 women entrepreneurs from various sectors took part in these programs, gaining insights into business planning and financial organization. Moreover, 11 additional workshops were conducted over the course of 2022–2023, benefiting 250 women entrepreneurs and further supporting their journey towards successful business ownership.

Additionally, Bank of Palestine, in partnership with the EBRD, launched the Bank of Palestine Platform on MicroMentor. This platform provides a vital link between entrepreneurs and opportunities, facilitating access to resources that help them achieve their goals, establish communication channels, and sustain their business ventures. Through this platform, entrepreneurs are connected with a global network of mentors across a variety of sectors and specialties, offering valuable guidance and support. Since its inception, more than 700 mentors and entrepreneurs have joined the platform, contributing to the growth and development of small businesses in Palestine.

Further supporting women's economic participation, Bank of Palestine is committed to promoting local products and expanding markets for women entrepreneurs. Through the Felestineya Program, the Bank sponsored two prominent annual exhibitions: the "Your Gifts from Us 2022" exhibition, organized by the Business Women Forum, and the "Our Hands are Yours, and Your Hand is Life" exhibition, hosted by the Palestinian Businesswomen's Association (Asala). These events provided a platform for women entrepreneurs to showcase and market their products, helping them reach a wider audience and strengthen their businesses.

In line with its commitment to community impact and social responsibility, Bank of Palestine actively supports initiatives that foster financial inclusion and empower marginalized groups. One such example is the Bank's partnership with the fifth cohort of graduates from the Felestineya Mini-MBA Program to equip the Resource Center of Stars of Hope in Gaza City, an organization dedicated to empowering women with disabilities. Through this initiative, the Bank helped provide essential equipment and software, enhancing the capabilities of women with disabilities and enabling them to overcome challenges in both education and employment. This effort aligns with the Bank's broader vision of supporting vulnerable communities and promoting economic participation for all.

4. Case Study

A case study was published recognizing Bank of Palestine as the first bank in Palestine to sign the Women's Empowerment Principles (WEPs), a landmark initiative promoting gender equality and women's empowerment. Conducted by UN Women Palestine, the study highlights the Bank's comprehensive approach to advancing gender equality both within its internal operations and through its external initiatives.

The case study showcases Bank of Palestine's commitment to creating an inclusive work environment and empowering women across all levels of its organization. It also examines the Bank's broader impact on the community by promoting women's economic participation and leadership. As a result, Bank of Palestine is featured as a model organization on the Knowledge Sharing Platform, where it shares best practices and innovative strategies that can serve as a guide for other private sector companies striving to meet development goals related to women's empowerment.

This case study not only underscores the Bank's leadership in gender equality in Palestine but also serves as a valuable resource for companies seeking to adopt similar principles and contribute to sustainable development through gender-responsive practices.



7. Governance Performance

Effective governance is the cornerstone of all sustainability strategies at every level of an organization. No institution can successfully implement or integrate strategic initiatives without the support and oversight of its governing body, which sets policies and provides strategic direction. At Bank of Palestine Group, sustainability has been adopted as a core strategy and embedded into both internal and external operations. This section highlights the governance performance within the Group, with a specific focus on governance practices in the Arab Islamic Bank and Bank of Palestine.

The governance framework of Bank of Palestine Group is organized into four key levels:

1- Shareholders: Shareholders represent the highest authority within the governance system. They convene annually at the Ordinary General Assembly to approve the Group's financial statements, annual report, and future plans. As key stakeholders, shareholders play a critical role in shaping the Group's strategic direction, particularly regarding sustainability performance. The Bank maintains ongoing engagement with its shareholders to ensure their expectations are aligned with the Group's sustainability goals and practices.

2- Board of Directors: The Board of Directors constitutes the second tier of the governance structure. It is responsible for approving the Bank's strategies and overseeing crucial decisions that require board approval. The composition, responsibilities, and detailed duties of the Board will be discussed later in this report. The Board plays a pivotal role in ensuring that the Bank's sustainability initiatives align with its long-term strategic objectives.

3- Executive Management: The third governance level comprises the executive management team, led by the CEO. This team includes department heads who report directly to the CEO. Executive management is accountable to various specialized committees at the board level, each focusing on its respective area of expertise, ensuring that the Bank's operations align with strategic goals, including sustainability initiatives.

4- Employees: Employees form the foundation of the governance system at Bank of Palestine Group. They are responsible for managing day-to-day operations and ensuring the execution of the Bank's strategic plans. A detailed discussion of the Group's workforce, including its contribution to the governance framework, is provided in the section dedicated to our employees.

Corporate Governance Charter

The Corporate Governance Charter serves as the primary reference for all governance policies at Bank of Palestine. It is built on a foundation of key pillars that guide the Bank's approach to governance, ensuring strong leadership, accountability, and ethical conduct throughout the organization.

• **Accountability:** Accountability is the cornerstone of the Bank's governance framework. Progress and success can only be achieved through a robust system that monitors performance and drives continuous improvement. The Executive Management team is accountable to the Board of Directors, and the Bank is committed to meeting the goals and expectations of its shareholders. To reinforce this, Bank of Palestine's internal regulations include several key provisions:

- Facilitating regular communication between the Board of Directors and the General Assembly.
- Requiring the Board to establish committees dedicated to overseeing auditing and governance performance.
- Mandating the Board to hold at least four regular meetings annually, with minutes of these meetings carefully recorded.
- Implementing a Code of Conduct for the Board of Directors and executive staff to ensure high standards of professionalism and to mitigate conflicts of interest.

• **Fairness and Equity:** Bank of Palestine is dedicated to safeguarding the rights of all shareholders, ensuring equitable treatment for everyone, including minority shareholders. The Bank's internal regulations provide for effective compensation in the event of any violation of shareholders' rights, with oversight by the Board of Directors to ensure fairness in all aspects of governance.

- **Transparency:** The Bank is committed to maintaining transparency by providing timely and accurate disclosure of all significant information. This includes financial results, market performance, ownership structures, and sustainability-related developments. Bank of Palestine regularly publishes detailed reports, which are made easily accessible through its website, ensuring that all stakeholders have open access to important updates and performance metrics.
- **Responsibility:** Recognizing the rights of stakeholders as defined by laws and regulations, the Bank is committed to active engagement with all relevant parties. This includes involving stakeholders in shaping the Bank's sustainability strategy and evaluating its performance, ensuring that their interests are reflected in the Bank's long-term vision and operational goals.
- **Respect for Human Rights:** As a core value, Bank of Palestine upholds the highest standards of respect for human rights. The Bank has adopted a zero-tolerance policy toward any form of human rights violations, ensuring that its practices align with international human rights principles across all operations.
- **Integrity and Ethical Conduct:** The Bank is unwavering in its commitment to integrity and ethical behavior in all interactions. Whether in dealings with employees, shareholders, customers, suppliers, or other business partners, Bank of Palestine maintains the highest standards of ethical conduct, ensuring trust and fairness in every aspect of its business.

The Arab Islamic Bank follows a corporate governance charter similar to that of Bank of Palestine, with modifications tailored to align with Islamic banking principles. The key pillars of its governance structure are outlined as follows:

- **General Assembly Meetings:** Ordinary and Extraordinary General Assembly meetings are held annually upon the Board of Directors' invitation. During these meetings, shareholders review the external auditor's report and the Unified Shariah Supervisory Board's report. Shareholders are also given the opportunity to raise questions and receive clarifications. Extraordinary meetings are convened, when necessary, based on the agenda.
- **Equal Shareholders' Rights:** The Board of Directors ensures that all shareholders are treated fairly and enjoy their rights under applicable laws and regulations. These rights include receiving dividends (in cash or in-kind), transferring or mortgaging shares, voting in shareholder meetings, electing board members, and exercising priority in subscribing to new share issuances.
- **Corporate Management:** The bank is governed by an independent Board of Directors that oversees various specialized committees, each tasked with monitoring specific aspects of the bank's operations. The structure and functions of the Board will be detailed in the subsequent section of this report.
- **Risk Management:** The bank employs specialized risk management strategies overseen by a dedicated committee. More detailed information on risk management practices will be provided in the following section.
- **Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF):** The bank fully complies with all local and international AML and CTF regulations. Coordination across management levels ensures that the bank is safeguarded against suspicious transactions that could result in financial loss or reputational damage.
- **Compliance:** A dedicated compliance department ensures adherence to regulations set forth by the Palestinian Monetary Authority (PMA) and other governing bodies. This department helps protect the bank from potential legal, financial, or reputational risks arising from non-compliance with laws. The Board of Directors guarantees the independence of this department, with a formal compliance policy that has been approved by the Board.
- **Auditing:** Internal auditing plays a pivotal role in ensuring the bank's operational efficiency and strengthening risk management. Both the Board of Directors and the Audit Committee recognize the importance of maintaining a professional and independent internal auditing function to enhance internal control systems and overall corporate governance.
- **Disclosure and Transparency:** The bank adheres to strict disclosure regulations, providing timely updates on material matters and regular reports on financial performance. These reports, including financial statements and annual sustainability reports, are made available to shareholders, investors, and clients, ensuring transparency and that all relevant stakeholders have access to vital information.
- **Other Stakeholders:** The bank is committed to protecting the rights of all stakeholders, including shareholders, employees, customers, and other external parties. Compliance with laws, regulations, and contractual agreements ensures that stakeholders' rights are preserved. This includes adherence to labor laws, corporate laws, and all relevant regulations governing the bank's interactions with its stakeholders.

7.1 Board Structure and Responsibilities

Bank of Palestine Group operates with independent Boards of Directors for each company within the Group, rather than a unified board across the organization. Each Board is tasked with overseeing operations, ensuring compliance with applicable laws and regulations, and providing strategic direction. The Chairman of the Board is a non-executive position, elected by board members.

According to the Group's regulations, each Board of Directors is required to convene at least four times a year to review and discuss strategies, performance, compliance, risks, sustainability efforts, and other relevant matters.

Bank of Palestine and the Arab Islamic Bank each have 11-member Boards of Directors. In 2023, Bank of Palestine's Board of Directors held nine meetings, consistent with the number of meetings held in 2022. The Arab Islamic Bank's Board met 8 times in 2023, compared to 6 meetings in 2022.

Key Responsibilities of the Chairman of the Board

The Chairman of the Board holds several critical responsibilities, including:

- Ensuring the development and execution of business strategies that are in line with the Bank's mission and vision.
- Reviewing, approving, and monitoring long-term strategic goals, management action plans, and overall progress towards achieving these objectives.
- Ensuring the Bank has sufficient resources to execute its business strategies effectively.
- Evaluating key risks and overseeing executive management's efforts to monitor, control, and mitigate them. The Chairman also determines the Bank's risk tolerance level and promotes a risk-aware culture throughout the organization.
- Overseeing the accuracy and integrity of financial statements, ensuring compliance with legal and regulatory requirements.
- Ensuring the appointment of a competent, independent external auditor and maintaining a highly professional internal audit function.
- Reviewing and approving significant business transactions, such as key credit decisions, capital allocations, and large expenditures, in line with the Bank's policies.
- Supervising the Bank's investment activities, financial operations, and human resources policies.
- Identifying, developing, and evaluating potential candidates for senior management positions. The Chairman also approves the succession plan for key executive roles.
- Ensuring that the governance system is effective and aligns with the Bank's established policies and regulations.
- Establishing compensation policies for the Board and senior executives, and evaluating the Board's performance, taking corrective actions when necessary.
- Ensuring that the Bank complies with all relevant laws, regulations, codes of conduct, and ethical standards.
- Safeguarding the Bank's reputation and assets, maintaining shareholder relations, and ensuring that shareholder meetings adhere to all applicable laws and regulations.
- Ensuring the Bank operates in a socially responsible manner to the fullest extent possible.
- Overseeing the Bank's anti-money laundering efforts through the Audit Committee.

There were no changes in the members of the Board of Directors for both 2022 and 2023. Below are the members of the Boards for Bank of Palestine and Arab Islamic Bank:



Bank of Palestine Board Members	Arab Islamic Bank Board Members
1. Mr. Hashim Shawa, Chairman	1. Mr. Rushdi Ghalayini, Chairman
2. Mr. Abdullah Al-Ghanim, Vice Chairman	2. Mr. Abdullah Al-Ghanim, Representative of BoPG
3. Mrs. Lana Abu Hijleh, Board Member, Representative of Minority Shareholders	3. Ms. Samar Sawalhi Nakhleh, Representative of Minority Shareholders
4. Mr. Tewfic Habesch, Board Member	4. Dr. Mohammed Nasr, Representative of the Palestine Investment Fund
5. Mr. Tarek Al Aggad, Board Member (APIC)	5. Mr. Saqr Jundia, Representative of BoPG
6. Dr. Tafeeda Jarbawi, Board Member	6. Mr. Wael Al Sourani, Representative of BoPG
7. Mrs. Maha Awwad, Board Member	7. Mr. Shady Al-Khatib, Representative of Aswaq Invest
8. Mr. Eric Shehadeh, Board Member	8. Mr. Husam Bahur, Member
9. Ms. Lama Kana'an, Board Member	9. Dr. Safaa Nasir El Din, Member
10. Mr. Adel Dajani, Board Member	10. Mr. Saeb Sammur, Member
11. Ms. Linda Tarazi, Board Member	11. Mr. Mohammed Abu Ramadan, Representative of Aswaq Invest

For more details on the experiences of Board members, shares, and Board meetings, please refer to the Annual Reports of Bank of Palestine and Arab Islamic Bank. These reports are available on their respective websites, as previously mentioned.

7.2 The Sustainability Committee

The Board of Directors of both Bank of Palestine and the Arab Islamic Bank ensures the achievement of performance objectives and strategic goals through specialized committees responsible for evaluating and monitoring specific areas of the Bank's operations.

At Bank of Palestine, there are five specialized committees at the Board level:

- The Sustainability Committee
- The Audit and Risk Committee
- The Compliance and Risk Committee
- The Executive Committee
- The Human Resources and Governance Committee

The Arab Islamic Bank's Board has seven committees, five of which are similar to those at Bank of Palestine. Additionally, the Arab Islamic Bank has established an Investment Committee and separated the Governance Committee from the Human Resources Committee.



For detailed information about these committees, please refer to the annual reports. This section focuses specifically on the Sustainability Committee.

Both the Arab Islamic Bank and Bank of Palestine have specialized sustainability committees at the Board level. These committees are tasked with monitoring sustainability performance, approving and adjusting the sustainability strategy, setting goals, and tracking their achievement. They play a critical role in identifying any shortcomings in the strategy and providing necessary guidance to correct deviations. Additionally, the committees analyze the strengths and weaknesses of all sustainability initiatives, ensuring the Bank's approach remains robust and aligned with its broader objectives.

Regular reports are submitted by the sustainability departments to update the committees on progress across all aspects of sustainability, including social, environmental, and economic impacts.

At Bank of Palestine, the Sustainability Committee consists of four Board members, while the Arab Islamic Bank's Sustainability Committee is comprised of three Board members. Both committees are chaired by female Board members, reflecting the banks' commitment to gender diversity and enhancing women's participation in decision-making roles, particularly in areas related to sustainability.

	Bank of Palestine Board	Arab Islamic Bank Board
Formation Year	2021	2022
Members	<p>Dr. Tafeeda Jarbawi: Chairwoman</p> <p>Ms. Lana Abu Hijleh: Member</p> <p>Mr. Hashim Shawa, Member</p> <p>Ms. Lama Kana'an, Member</p>	<p>Ms. Samar Sawalhi, Chairwoman</p> <p>Dr. Mohammed Nasr, Member</p> <p>Dr. Safaa Nasir El Din, Member</p> <p>Ms. Khadija Sharif, Sustainability Unit Officer/ Committee Secretary</p>

We are dedicated to advancing women's participation in decision-making roles, including within the Boards of Directors of our Group's companies. Significantly, women chair the Sustainability Committees at both the Arab Islamic Bank and Bank of Palestine. At Bank of Palestine, female representation on the Board has risen to 50%, approaching parity and reflecting a notable increase from 2022. In contrast, at the Arab Islamic Bank, women continue to hold 18% of the Board positions, maintaining a consistent level of representation (as detailed below).

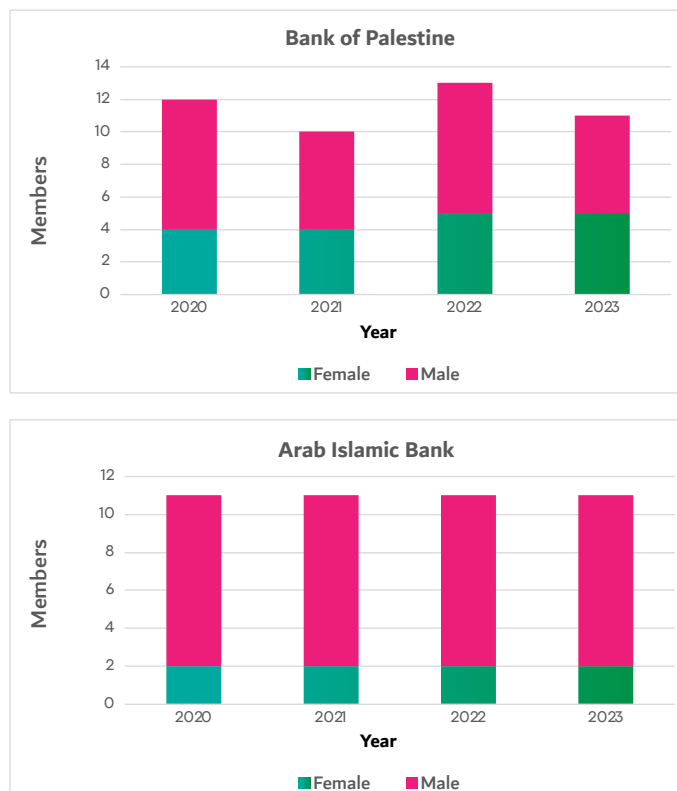


Figure 33: Distribution of board members by gender

7.3 Ambassadors for Sustainability

At Bank of Palestine, we recognize that advancing sustainability requires a fundamental shift in organizational culture. This internalization is essential for effectively implementing sustainable practices externally. To facilitate this transition, we established a group of 14 Sustainability Ambassadors in 2021. These ambassadors, selected from various departments, represent their areas and provide valuable suggestions related to sustainability.

In 2023, the Arab Islamic Bank followed suit by forming its own group of Sustainability Ambassadors. Plans are underway to expand these groups across all companies within the Group, reinforcing our commitment to sustainability at every level.

Sustainability Ambassadors play a vital role as intermediaries between the Bank and its employees. Given the size of our workforce, direct communication can be challenging, making these ambassadors crucial for gathering and conveying feedback. We understand that achieving our sustainability goals depends on integrating the insights and aspirations of our employees, who are key stakeholders in this process. To ensure ongoing engagement, we hold regular meetings with the Sustainability Ambassadors, involving both the Sustainability Department and the Sustainability Committee. We also encourage employees to share their suggestions for enhancing sustainability performance through the ambassadors or other established communication channels.

7.4 Transparency and Accountability within Bank of Palestine Group

In alignment with our commitment to transparency and accountability, our governance framework mandates that board members act in good faith, maintain transparency, and work impartially to serve the interests of all shareholders equitably. This means ensuring that no single shareholder's interests are prioritized over others and that executive management adheres to all relevant regulations and systems.

The Boards of Directors across the Bank of Palestine Group are comprised of distinguished individuals with diverse expertise, enabling them to effectively oversee their respective committees and develop strategies that foster sustainable growth in all dimensions, while upholding fairness and equity.

To guarantee impartial decision-making and balance the interests of various shareholder groups, our governance code stipulates that independent members must constitute at least 25% of the Board of Directors. Additionally, the code requires the Board to convene a minimum of four meetings annually. These meetings are crucial for effective communication, discussing updates, and reviewing matters related to the committees under their purview.

7.4 Policies for Enhancing Transparency and Accountability

To reinforce transparency and accountability in our operations, we have implemented several key policies:

- **Nomination and Remuneration Policy:** This policy establishes the criteria for selecting board members and outlines their remuneration. It also specifies the compensation for the General Manager and Executive Management members, which is determined by a specialized committee at the Board level.
- **Disclosure Policy:** Reflecting our commitment to transparency, this policy ensures the timely disclosure of all required information to investors, including comprehensive sustainability disclosures to stakeholders.
- **Administrative Control:** We emphasize robust administrative control to ensure operations align with planned objectives. Our control framework operates through three lines of defense - risk, compliance, and audit. Specialized committees and departments oversee these lines, as detailed previously.

At Bank of Palestine Group, we are dedicated to minimizing conflicts of interest. All employees, regardless of their level, adhere to a stringent code of conduct requiring the highest standards of professionalism. When potential conflicts arise, such as transactions involving entities related to board members, regulations mandate disclosure of these conflicts and recusal from related voting. The Audit and Review Committee manages and resolves potential conflicts, ensuring appropriate actions are taken.

Confidentiality is paramount. No employee or board member is allowed to disclose or misuse confidential information for personal gain during or after their term, except as legally required.

We strive for maximum transparency by publishing annual reports that detail all financial information and organizational governance. These reports are shared with stakeholders in a timely manner and sent via email to shareholders. In addition to integrating sustainability into our strategy, we are committed to transparent reporting on all sustainability-related criteria, particularly regarding environmental concerns. This commitment includes addressing greenwashing practices and ensuring that stakeholders have a clear understanding of our performance and decision-making processes. All reports are accessible on the websites of Bank of Palestine and the Arab Islamic Bank.

7.4.1 Remuneration Policy

Bank of Palestine Group upholds a transparent and structured policy for the remuneration of Board Members and Executive Management.

According to the internal regulations, 5% of Bank of Palestine's profits are allocated to Board Members based on their assigned responsibilities. For 2022, the total proposed remuneration for the Board of Directors was approximately \$990,000. For 2023, this amount was adjusted to \$406,980. In contrast, the Arab Islamic Bank allocates 3% of distributable profits as bonuses to the Chairman and Board Members. For 2022, the total remuneration amounted to approximately \$272,000, while for 2023, it was \$220,000 (as detailed below).

This policy ensures fair compensation aligned with the responsibilities and contributions of Board Members and Executive Management while maintaining transparency in the allocation of financial resources.

Table 33: Remuneration of the Arab Islamic Bank and Bank of Palestine Board Members

	Bank of Palestine		Arab Islamic Bank	
Year	2022	2023	2022	2023
Members	990,000	406,980	272,000	220,000

7.4.2 Regulatory Bodies and Requirements

Bank of Palestine Group operates in full compliance with the regulations, laws, and instructions set forth by key regulatory bodies in the Palestinian banking sector. This includes adherence to directives issued by the Palestinian Monetary Authority (PMA) and the Palestinian Capital Market Authority, encompassing all necessary financial disclosures as mandated by the latter.

In alignment with international standards, the Group also adheres to Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) regulations, both local and international. This includes compliance with the Financial Action Task Force (FATF) Recommendations, Basel AML Guidelines, and the Wolfsberg Principles. Additionally, the Group implements Know Your Customer (KYC) policies and due diligence procedures to ensure thorough vetting of all customers.

As part of its commitment to sustainability, Bank of Palestine has integrated additional environmental and sustainability-related obligations into its operations. The Group follows sustainability disclosures as per the GRI Standards and adheres to the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI). It also complies with local environmental laws through its Environmental and Social Management System and meets the standards set by the International Finance Corporation (IFC).

The Arab Islamic Bank, specifically, ensures compliance with Sharia principles as overseen by its Sharia Supervisory Board, which governs all aspects of its operations to maintain adherence to Islamic finance principles.

To uphold transparency and accountability, our financial reports are audited by the external certified auditor Ernst & Young.

While we actively manage, various legal claims inherent to extensive operations, our legal department estimates that any potential obligations related to such claims are adequately covered within our existing provisions. The table below provides a summary of the number of legal cases and associated amounts.

Table 34: Lawsuits Filed Against Bank of Palestine and Its Subsidiaries

	31 December 2020	31 December 2021	31 December 2022	31 December 2023
Number of Cases	206	248	244	200
Amounts	62,469,846	69,672,366	65,374,211	67,518,916

7.5 Risk Management and Information Security

Risk management is integral to our operations, designed to address potential negative impacts in a structured and systematic manner. Our approach involves identifying, assessing, and mitigating various types of risks, including environmental risks managed through our sustainability department. This department employs a comprehensive approach tailored to climate-related risks, which includes setting clear climate goals for our portfolio. These goals and their progress are disclosed through periodic reports aligned with responsible banking principles and United Nations-specific reports.

Our risk management team continuously adapts to evolving risks using all available resources. Information security is a critical focus area, often perceived as a vulnerability within overall security frameworks. To bolster our defenses, we have implemented specialized awareness and training programs on information security, ensuring adherence to established security protocols.

We are in the final stages of obtaining ISO 27001 certification, with completion anticipated by the second quarter of 2024. This certification, pursued in collaboration with an accredited company, underscores our commitment to maintaining high standards in information security. Additionally, we have implemented preventative measures to safeguard against cybersecurity threats. This includes deploying DDoS protection through Cloudflare to mitigate cyberattacks and robust malware protection from CrowdStrike to counteract malicious software and harmful codes.

To ensure the confidentiality and integrity of customer information and banking data, we have adopted a comprehensive cybersecurity strategy. This strategy encompasses a range of protective measures, including data encryption controls, network firewalls, and Web Application Firewalls (WAFs) to mitigate risks across various levels. Furthermore, we achieved PCI DSS compliance this year, as certified by the Payment Card Industry Data Security Standard Council, demonstrating our unwavering commitment to cybersecurity and data protection.

7.6 Digital Transformation

Digital transformation is pivotal to advancing sustainability goals. By integrating digital technology into our operations, we significantly enhance resource efficiency, reduce consumption, and promote sustainable practices.

At the forefront of our digital transformation efforts, the Group has introduced innovative applications that streamline electronic transactions, reducing the need for physical branch visits and extensive paper use. These applications are designed with advanced features to provide users with an intuitive and efficient experience. As a testament to their success, the number of users of Bank of Palestine's mobile application surged nearly twofold between 2020 and 2023, reaching approximately 478,000 by the end of 2023. This significant growth reflects our commitment to promoting digital tools and supporting our sustainability principles.

The mobile application has proven to be a robust platform for executing transactions, with over 118 million transactions conducted via mobile banking (Banke) in 2023, marking the highest volume in the Palestinian banking sector. Additionally, Bank of Palestine has launched an electronic payment gateway, offering a secure and precise platform for processing payments.

For the Arab Islamic Bank, the adoption of mobile banking has also been noteworthy, with approximately 49,753 users completing around 2 million transactions in 2023. This growing engagement highlights our ongoing efforts to facilitate efficient, sustainable, and user-friendly digital solutions.



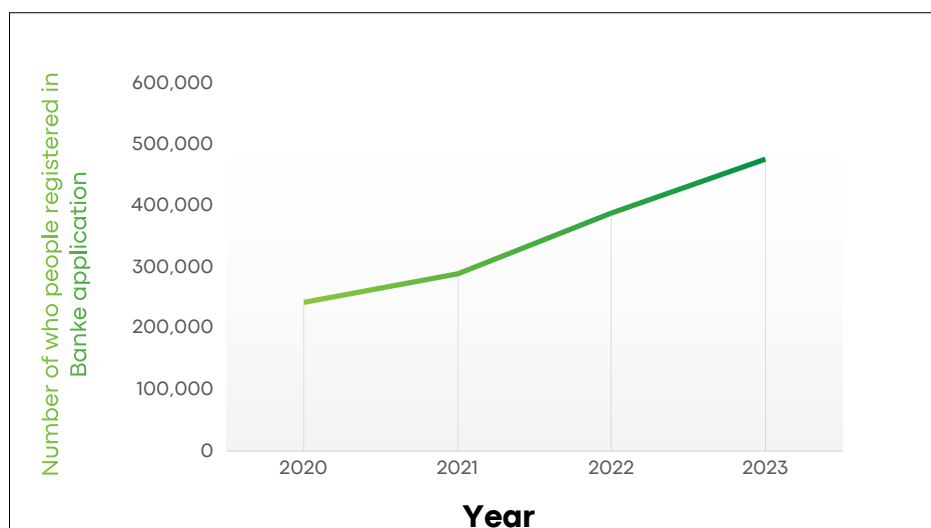


Figure 34: Number of BoP Banke Users

Both banks within the Group have made remarkable strides in digital transformation, reflecting their commitment to modernizing their services and enhancing operational efficiency. The overall digital transformation rate for electronic channels is approximately 53% for Bank of Palestine and 43% for the Arab Islamic Bank. This indicates a substantial shift towards digital solutions, with 86% of Bank of Palestine's customers and around 71% of the Arab Islamic Bank's customers utilizing electronic channels.

Bank of Palestine has seen a significant reliance on its extensive network of ATMs, with approximately 11.7 million transactions conducted through these machines in 2023. This contrasts with about 6.4 million transactions processed through branches. The wide availability of ATMs across the country has played a crucial role in facilitating customer access and convenience.

In comparison, the Arab Islamic Bank recorded approximately 2.8 million transactions through ATMs and 5.1 million transactions through branches in 2023. This disparity underscores the need for the Arab Islamic Bank to intensify its efforts in promoting ATM usage to decrease branch visits and further drive digital engagement among its customers.

Overall, both banks are actively working to enhance their digital channels and encourage greater adoption of electronic services to improve customer experience and operational efficiency.

8. Sustainable Financing

Sustainable financing is a cornerstone of our commitment to environmental and social responsibility, forming an integral part of the Group's sustainability strategy. This approach extends beyond internal practices to encompass all Bank products and investment portfolios. Our goal is to create shared value while minimizing environmental and social impacts. To achieve this, we have established a comprehensive system for monitoring the environmental and social impacts of our operations. This system ensures that our financing activities align with sustainability principles and contribute positively to societal and environmental outcomes. In addition to monitoring, we are dedicated to the development and introduction of sustainable financial products. These products are designed to meet the needs of clients while supporting sustainable development goals. Our investment strategy also prioritizes projects that are environmentally friendly and socially responsible. We regularly report our progress in sustainable financing to regulatory authorities, including the Palestinian Monetary Authority, through detailed periodic reports. These reports provide transparency and demonstrate our commitment to integrating sustainability into every facet of our operations.

8.1 Sustainable Products and Services

Our commitment to sustainability is reflected in the development and provision of various products and services designed to promote environmental and social responsibility. This commitment is integral to our sustainability strategy, and we continuously strive to create value through innovative and impactful initiatives. Below are the key sustainable products and services we offer:



1. Sustainability Loan Packages

- **Istidama Loans:** Targeting medium, small, and micro-projects, these loans are offered in collaboration with the Palestinian Monetary Authority. Special packages support individuals with disabilities, offering interest-free loans to empower these groups. In 2023, the total amount for sustainability loans for small, micro, and medium projects was approximately \$29,983,727, which is similar to the \$30.8 million reported in 2022. Disability support packages amounted to about \$716,300 in 2022 and around \$465,000 in 2023.

Table 35: Istidama Loans

	2022	2023
Loans for Micro Projects and SMEs	30.8 million	29.98 million
Loans for Persons with Disabilities (Micro Loans)	716,300	465,000

- Businesswomen Loan Packages:

These loans support women entrepreneurs, with 320 women benefiting from a total loan value of approximately \$6 million across 334 loans.

- Packages for Underprivileged Groups:

Approximately \$381,000 was allocated to loans targeting underprivileged individuals, benefiting 41 people.

- Packages for Persons with Disabilities:

Special concessional loans were provided to 101 individuals with disabilities, totaling about \$749,300.

- Energy-Saving Appliances Campaign with Sbitany:

In partnership with a company specializing in high-quality energy-saving appliances, this campaign offers benefits such as installment options over several months. The total value of appliances purchased through this campaign was approximately \$75,000 via Bank of Palestine. The Arab Islamic Bank also participated to further promote sustainability.

مع بطاقة حياة سهلة من بنك فلسطين
يمكنكم شراء أجهزة موفرة للطاقة من سبيتاني

0% فوائد
0% عمولات

حتى 48 قسط
30% خصم

احتوا دائماً عن
للطاقة الجاهز الموفر

تحت إشراف البنك الإسلامي العربي

Funded by the European Union | Sunref | AFD GROUPE | SBITANY SINCE 1961

مع بطاقة **easy/life**

من البنك الإسلامي العربي
يمكنكم شراء أجهزة موفرة للطاقة من سبيتاني

حتى **36 قسط**
0% عمولات
حتى **30% خصم** عند شرائكم أجهزة موفرة للطاقة

البنك الإسلامي العربي ARAB ISLAMIC BANK

Funded by the European Union | Sunref | AFD GROUPE | SBITANY SINCE 1961

- Electric Vehicle Campaign:

Launched in collaboration with Peugeot, this campaign incentivizes the purchase of electric vehicles by offering benefits such as two years of free electric vehicle charging. This initiative aims to reduce the Bank's indirect environmental impact.



Figure 36: Peugeot Electric Vehicle Campaign

- You and the Merchant Campaign:

This campaign encourages merchants to use card transactions instead of cash, benefiting approximately 8,014 merchants.

- University Student Loans:

To support higher education amidst economic challenges, Bank of Palestine provided special loans totaling \$50,000 by the end of 2023 for Palestinian university students.

2. Green Loan Packages

The concept of green loans has been a part of Bank of Palestine's offerings since 2011, and the value of these loans has seen significant growth. Green loans are designated for environmental and green projects such as renewable energy, energy efficiency improvements, and other environmental initiatives, in collaboration with the French company Proparco. We provide a range of green loan packages for renewable energy projects and energy efficiency enhancements. These loans are available to small and medium-sized enterprises (SMEs), large corporations, and homeowners, aimed at reducing reliance on resource-draining energy sources and increasing the adoption of renewable energy. By the end of 2023, the total value of green loans issued was approximately \$35 million, reflecting more than a 100-fold increase since their inception. This growth demonstrates our successful policy in promoting green loans and raising awareness of their environmental benefits.

The Arab Islamic Bank also offers green loan packages for renewable energy projects and other environmental initiatives. The total value of green loans provided by the Arab Islamic Bank amounted to \$9,915,977 in 2022 and over \$9 million in 2023.

In summary, the total value of green loans provided by Bank of Palestine Group for the years 2022 and 2023 reached approximately \$38 million, highlighting our commitment to supporting sustainable projects and contributing to a greener future.

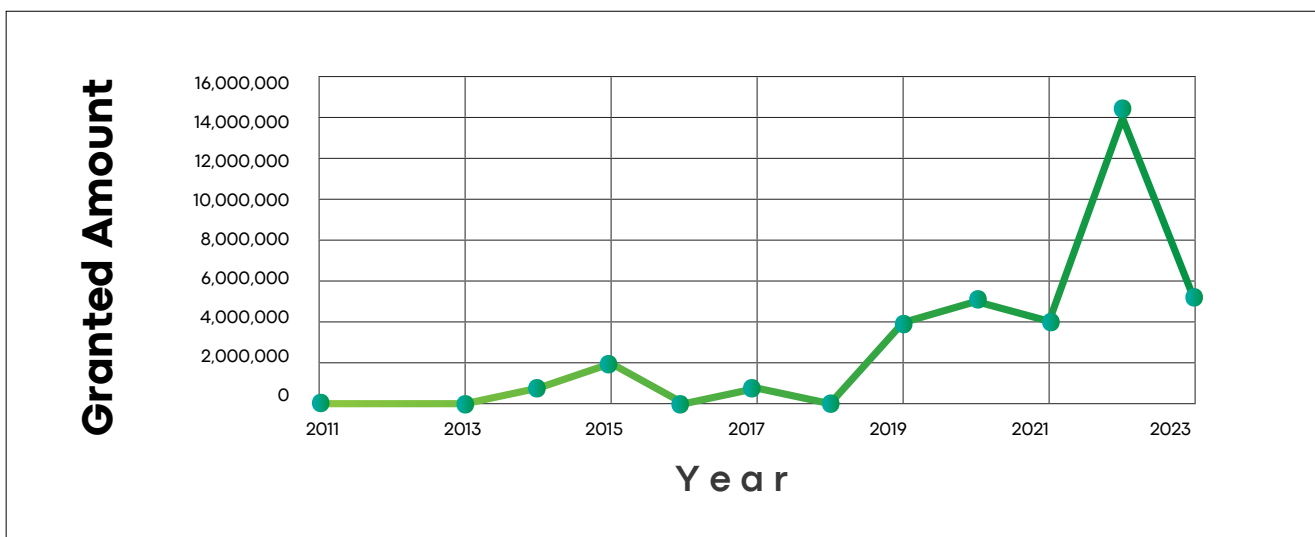


Figure 37: Total Green Loans at Bank of Palestine

Table 36: Total Green Loans within Bank of Palestine Group

	2022	2023
Bank of Palestine	14,662,174	4,468,322
Arab Islamic Bank	9,915,977	9,040,937
Total	24,578,151	13,509,259

8.2 Sustainable Investments

While green loans play a significant role in enhancing environmental sustainability, sustainable investments are even more crucial due to their long-term impact and their role in achieving carbon neutrality. Committed to sustainable investing, Bank of Palestine Group invests in the renewable energy company, Qudra Energy, which serves as a key arm of the group. We aim to leverage its expertise and resources to solidify investments in renewable energy. Below is an overview of the group's key investments in renewable energy:

- Solar Power Plant in Deir Abu Mashal:

This plant is the largest solar power facility in Palestine. In 2023, Qudra Energy inaugurated this plant with a capacity of 8.25 megawatts peak, located on land in the Ramallah and Al Bireh governorate. The electricity generated from this plant is distributed through the Jerusalem District Electricity Company, as per an agreement between the two parties, since the latter is responsible for electricity distribution in the area.



Figure 38: Solar Power Plant in Deir Abu Mashal

- Solar Power Plant within the Istidama Plus Project:

This plant has a capacity of 5 megawatts and supplies power to the entire Jericho and the Jordan Valley area through the Jerusalem District Electricity Company.

- Araba Municipality:

In 2022, Qudra Energy signed an agreement with the Araba Municipality in Jenin governorate to lease solar energy assets with a capacity of 1.25 megawatts peak. The purpose of this agreement is to generate and distribute electricity, with the municipality taking ownership of these assets at the end of the lease period.

- Nablus Municipality:

Qudra Energy signed a memorandum of understanding with Nablus Municipality to utilize land owned by the municipality for solar power projects. The first project has a capacity of 4 megawatts peak, and the electricity generated will be distributed through an agreement with the Northern Electricity Distribution Company.

- Sustainable Deposit Program of Citi Group:

In 2023, Bank of Palestine joined this initiative, becoming the first bank in Palestine and the Middle East to participate in Citi Group's Sustainable Deposit Program. This program supports customers in investing their surplus funds to achieve sustainable development goals. Through this initiative, the Bank allocated a deposit of \$5 million to finance or refinance assets in a portfolio dedicated to green, environmentally friendly projects or sustainable economic and social development projects, based on the criteria set by Citi Group.

- Solar Power Plant in Jamala Area:

Work is underway to establish this plant on land owned by Qudra Energy in the Jamala area of Ramallah and Al Bireh governorate, with a total capacity of 7.5 megawatts peak. The project is being carried out in collaboration between Bank of Palestine and Qudra Energy, with an agreement to be signed with the Jerusalem District Electricity Company to facilitate the utilization of the electricity generated by the plant. The plant is expected to become operational in the second half of 2024. The role of this plant in achieving carbon neutrality and reducing the carbon footprint will be detailed in the upcoming disclosure.

In addition to the sustainable financing and investment initiatives mentioned earlier, Bank of Palestine Group is dedicated to enhancing sustainability principles across its portfolio of companies. These initiatives play a pivotal role in promoting sustainable investments and fostering a positive impact on the community. Key efforts include:

- **Ibtikar Fund:** As a cornerstone of our sustainable investment strategy, the Ibtikar Fund, with Bank of Palestine as its principal investor, remains a transformative force in the Palestinian startup ecosystem. It is the sole venture capital fund in Palestine and has successfully attracted international partners, including the Dutch Good Growth Fund, the International Finance Corporation, and the European Bank for Reconstruction and Development, alongside numerous local and international companies and individuals. The Ibtikar Fund significantly contributes to job creation, particularly for young university graduates, who face high unemployment rates in Palestine. Approximately 45% of employees in the fund's portfolio companies are under 30 years old. Moreover, the fund has made strides in gender equality, with nearly 50% of the founders of portfolio companies being women and about 40% of the workforce in these companies being female.
- **Intersect Innovation Hub:** Intersect plays a vital role in nurturing entrepreneurship and fostering innovation among youth. Established as a non-profit business incubator, Intersect offers programs such as the Startups in Residence (STIR) program, which provides six months of intensive training to help startups develop minimum viable products (MVPs) and achieve investment readiness. The recently launched Startups in Tech Entrepreneurship Pipeline (STEP) program caters to pre-incubation startups, offering a three-month boot camp to refine business ideas and prepare for further incubation. In response to the Gaza conflict, Intersect has embraced the RISE Palestine program, an initiative supported by Bank of Palestine and the Palestinian Investment Fund, to enhance support for the tech community by raising \$3.5 million. This funding is allocated to support emerging and established tech startups, as well as independent tech professionals. Additionally, Intersect introduced the SAFE Palestine initiative, targeting a \$5 million investment goal. This includes a \$1 million grant from Google and additional investments from global stakeholders, aimed at providing liquidity to high-growth Palestinian startups impacted by ongoing conflict. These initiatives not only secure the survival of these startups but also ensure the continued delivery of innovative solutions in a challenging environment.

9. Sustainability Performance

In this section, we assess the sustainability performance of Bank of Palestine Group, highlighting the advancements made in various sustainability areas over the past two years. This review focuses on key topics that underpin our sustainability progress, with a comparative analysis of performance between 2022 and 2023. Although this report is our inaugural Group-level report, and complete historical data from prior years is not available, we will briefly reference some variables from 2021 where applicable.

The evaluation is structured according to the GRI Standards, which have guided the preparation of this report. This approach ensures a comprehensive and standardized assessment of our sustainability efforts and achievements.



9.1 Sustainability Performance Indicators

The table below displays the performance indicators for various sustainability aspects across Bank of Palestine Group. While this table provides a snapshot of our achievements and progress, it is important to note that some indicators are not applicable at the Group level. This limitation arises from the challenges associated with aggregating or standardizing certain data across the Group's diverse operations.

For a more detailed understanding of these indicators and their implications, please refer to the relevant sections of this report where these aspects are discussed in depth.

GRI 201-1: Economic Performance		
	2022	2023
Assets	6,487,960,857	7,126,060,748
Net Profits	66,646,637	16,490,514
Deposits	5,266,723,842	5,807,727,294
Facilities	3,572,054,865	3,839,008,227
Market Share – Deposits	31.78%	33.02%
Market Share - Facilities	34.21%	33.86%
Capital Adequacy	15.81%	15.38%
Earnings Per Share	0.27	0.04
GRI 306: Waste Management 2022		
	2022	2023
Recycled Paper (in Tons)	-	2
Recycled Electronic Waste	8.2	15.5
GRI 302: Energy 2016		
	2022	2023
Electricity Consumption (Kwh)	13,255,259	12,656,767
Fuel Consumption (Fuel)	821,086	717,837
Energy Density (kwh/employee)	5,264	4,946
GRI 305: Emissions 2016		
	2022	2023
Direct Emissions (Scope 1)	2,249	1,962
Indirect Emissions (Scope 2)	8,830	8,431
Total Emissions	11,079	10,394
Emissions Density	4.4	4
Green Loans	24,578,151	13,509,259
GRI 303: Water and Liquid Waste 2018		
	2022	2023
Water Consumption	22,037,988	23,177,490
GRI 413: Local Communities 2016		
	2022	2023
CSR Contributions	2,497,778	4,444,577



GRI 2-7: Employees		
	2022	2023
Total Number of Employees	2,518	2,559
Number of Females	37%	39%
% of Employees aged 18-30	5%	5
% of Employees 31-50	40	40
% of Employees 51+	55	55
Number of Employees in Gaza	607	567
Number of Employees in Northern WB Governorates	431	428
Number of Employees in Central WB Governorates	1,157	1,242
Number of Employees in Southern WB Governorates	314	322
GRI 401: Employment 2016		
	2022	2023
Number of New Male Employees	172	144
Number of New Female Employees	175	134
Total New Employees	347	278
% New Employees in Gaza	5%	4%
% New Employees in Northern WB	12%	12%
% New Employees in Central WB	69%	69%
% New Employees in Southern WB	13%	15%
% New Employees aged 18-30	87%	89%
% New Employees aged 31-50	13%	11%
% New Employees aged 51+	0%	1%
Number of Full Time Male Employees Who Obtained Parental Leave	126	92
Number of Full Time Female Employees Who Obtained Parental Leave	91	96
Total Full Time Employees who Obtained Parental Leave	217	188
Employee Turnover (Males)	216	165
Employee Turnover (Females)	91	63
Employee Turnover by Age 18-30	45%	48%
Employee Turnover by Age 31-50	43%	42%
Employee Turnover by Age 51+	12%	10%
Employee Turnover in Gaza	39	44
Employee Turnover in Northern WB	40	30
Employee Turnover in Central WB	168	122
Employee Turnover in Southern WB	57	36
GRI 405: Diversity and Equal Opportunities 2016		
	2022	2023
Women in Executive Management	3	5
Women Department and Branch Managers	22	25
Women Sub-Branch Managers and Supervisors	18	19
Women Heads of Divisions	81	87
Women Administrators and Secretaries	798	849



9.2 GRI content index

CONTENT INDEX
ADVANCED SERVICE

2025

Usage	Bank of Palestine has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2023.
Standard Used	GRI 1: Foundation 2021
Sector-Specific Standards Used	No Sector-Specific Standards Used

For the Content Index – Advanced Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders

GRI Standard	Disclosure	Location/Direct Answer	Omission
GRI 2: General Disclosures 2021	2-1 Organizational details	Palestine Bank Group is a public shareholding company, and its shares are traded on the Palestine Exchange. For more information, please refer to the annual reports of the Arab Islamic Bank and Bank of Palestine.	
	2-2 Entities included in the organization's sustainability reporting	We are working only in Palestine and the report covered our operations in Palestine. This is discussed in detail in our Audited Financial Report.	
	2-3 Reporting period, frequency and contact point	Page: 5	
	2-4 Restatements of information		N/A This our first report at the level of Bank of Palestine Group
	2-5 External assurance	The report has not been externally audited; it has been prepared by all relevant departments with the necessary expertise and competence to ensure the accuracy of the disclosures.	
	2-6 Activities, value chain and other business relationships	Page: 7-10	
	2-7 Employees	Page: 43-47	
	2-8 Workers who are not employees		Not applicable. We did not have any workers who are not employees of our group.
	2-9 Governance structure and composition	Bank of Palestine and Arab Islamic Bank Annual Reports	
	2-10 Nomination and selection of the highest governance body	General Assembly Elections	
	2-11 Chair of the highest governance body	Mr. Hashim Shawa, Chairman of Bank of Palestine Group	

	2-12 Role of the highest governance body in overseeing the management of impacts	The Board of Directors and executive managers are responsible for overseeing the development of strategies that align with sustainable development goals. The Sustainability and Risk Committees are responsible for the final approval of the impact and risk management strategy and how to address them.	
	2-13 Delegation of responsibility for managing impacts	Risks and impacts related to the environment, governance, and society are managed through the Sustainability Department in collaboration with the Risk Department and under the direct supervision of the Sustainability and Risk Committees. The structure and role of other departments in implementing the environmental and social management system are currently being developed and will be disclosed in the next report.	
	2-14 Role of the highest governance body in sustainability reporting	The Board of Directors oversees the development of sustainability reports through the Sustainability Committee, which reviews and approves the material topics. The Board of Directors has reviewed this report and approved its publication.	
	2-15 Conflicts of interest	Page:65-66	

GREEN SUSTAINABLE FUTURE



2-16 Communication of critical concerns	We adhere to a transparent mechanism applied by all employees at various management levels to explore all concerns through specifically designated departments, namely the Compliance Department and the Anti-Money Laundering Department. Additionally, we follow a clear approach to engage with and communicate with stakeholders and shareholders regarding any critical concerns.	
2-17 Collective knowledge of the highest governance body	Board members participate in all activities that contribute to the development of their expertise and skills related to sustainability and climate change.	
2-18 Evaluation of the performance of the highest governance body	Through a self-assessment of the Board and its committees.	
2-19 Remuneration policies	Palestine Bank Group has a transparent policy regarding compensation and salaries. The compensation policies for the highest governance body and senior management include a mix of fixed salaries, performance-based bonuses, shares, and benefits.	
2-20 Process to determine remuneration	The process for determining bonuses and remuneration is governed by our internal regulations in consultation with shareholders. For details regarding the remuneration of Board members, please refer to page: 66	
2-21 Annual total compensation ratio		Confidentiality constraints. We are unable to disclose this information at the group level at this moment in time.
2-22 Statement on sustainable development strategy	Page: 1-4	
2-23 Policy commitments	Page: 60-62	



	2-24 Embedding policy commitments	Page: 60-62	
	2-25 Processes to remediate negative impacts	Page: 23,67	
	2-26 Mechanisms for seeking advice and raising concerns	Page: 23, 27, 67, 65-66	
	2-27 Compliance with laws and regulations	Page: 66-67	
	2-28 Memberships and associations	Page: 12	
	2-29 Approach to stakeholder engagement	Page: 13-15	
	2-30 Collective bargaining agreements	We do not currently have collective bargaining agreements.	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page: 16	
	3-2 List of material topics	Page: 16-17	
Economic Performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page: 10-11	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	The economic value we primarily generate is reflected in interest and fee revenues (through operating costs, salaries and benefits, taxes paid to the government, payments to capital providers, community investments, purchases from the community and local suppliers, and working capital). Our audited financial report and financial statements provide detailed information about the economic value we create and distribute. This report is attached to our annual report.	
	201-2 Financial implications and other risks and opportunities due to climate change	Page: 68-72	
	201-3 Defined benefit plan obligations and other retirement plans		Confidentiality constraints. We are unable to disclose this information at the group level at this moment in time.
	201-4 Financial assistance received from government	We did not receive any financial assistance from the government.	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	No significant infrastructure investments were directly made during the reporting period.	
	203-2 Significant indirect economic impacts	page 10	



Renewable Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page: 28-29	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page: 29	
	302-2 Energy consumption outside of the organization		Information unavailable/incomplete. The information related to the energy consumption outside the group is not available and will be disclosed in the next reporting cycle.
	302-3 Energy intensity	Page: 29	
	302-4 Reduction of energy consumption		Not applicable. This report is the first report at the level and did not have previous data on energy consumption. Therefore, we could not estimate the reduction in energy consumption. We will be able to disclose this information in the next reporting cycle.
	302-5 Reduction of energy requirements from products and services		Not applicable. We are a financial institution and provide banking services, we do not produce products that consume a huge amount of energy.
Environmental implications			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page: 23-29	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page: 28	
	305-2 Energy indirect (Scope 2) GHG emissions	Page: 28	
	305-3 Other indirect (Scope 3) GHG emissions		Information unavailable/incomplete, the information related this scope is not available in this reporting cycle, as the indirect greenhouse gas emissions within this scope have not been calculated in this reporting cycle.
	305-4 GHG emissions intensitysignificant waste-related impacts	Page: 28	
	305-5 Reduction of GHG emissions		Not applicable. This report is the first report at the Group level and no previous GHG data was available. Therefore, we were not able to estimate the GHG reduction in this reporting cycle. We will be able to disclose this information in the next reporting cycle.

GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Most waste resulting from our internal operations is paper, and no hazardous waste is produced.	
	306-2 Management of significant waste-related impacts	Page: 24-26	
	306-3 Waste generated		Information unavailable/incomplete . the information related to the paper consumption across the Group's companies is not available in this reporting cycle, and such information will be disclosed during the next reporting period.
	306-4 Waste diverted from disposal	Page:25-26	
GRI 303: Water and Liquid Waste 2018	303-1 Water as a common/joint resource		Not applicable. we are not an industrial organization and do not consume large quantities of water, our water consumption is mainly for domestic uses. Our water is only supplied by relevant suppliers.
	303-2 Managing impacts of water drainage		Not applicable. we are not an industrial organization and do not produce liquid waste that requires special treatment.
	303-3 Water sourcing	Our water is only supplied by the relevant service providers and we had no other sources of water.	Not applicable. we are not an industrial organization and do not produce liquid waste that requires special treatment.
	303-4 Water drainage	We use a sanitation and water drainage network system	
	303-5 Water consumption	Page: 29	
Local Communities			
GRI 3: Material Topics 2021	3-3 Material topics management	Page: 30	
GRI 413: Local Communities 2016	413-1 Operations related to local community participation and impact assessment	Page: 30-38	
	413-2 Operations with significant actual and potential impacts on local communities		Not applicable. We have not observed such impacts during the reporting period.
Employee Experiences and Competencies			



GRI 3: Material Topics Management 2021	3-3 Material topics management	Page: 56	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page: 47-49, 51-54	
	401-2 Incentives provided for full time employees only	Benefits provided to full-time employees are presented in pages 38. Part-time employees are not entitled to receive these benefits	
	401-3 Parental leave	Page: 49-51	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page: 56-57	
	404-2 Programs for upgrading employee skills and transition assistance programs	Page: 56	
	404-3 Percentage of employees receiving regular performance and career development reviews	All our employees undergo assessment reviews and regular annual performance reviews, and then notified about results	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page: 43-47, 63-64	
	405-2 Ratio of basic salary and remuneration of women to men	Page: 56	
Strategy Building			
GRI 3: Material Topics 2021	3-3 Material topics management	Page: 17-22	
Risk Management			
GRI 3: Material Topics 2021	3-3 Material topics management	Page: 23, 27, 67	

