



## **Japan International Cooperation Agency and Bank of Palestine sign an agreement for an Additional Tier 1 investment in the capital of the bank**

Ramallah February 16, 2023: Japan International Cooperation Agency-JICA and Bank of Palestine-BOP signed a USD\$30 million Loan agreement for an Additional Tier 1 Investment in the capital of the bank. This loan agreement is intended to boost the capital of the bank for the purpose of lending SME projects. The loan is perpetual but can be converted into common equity shares should an agreed upon trigger event occurs. The instrument will enter into effect later in 2023 and will require the approval of the bank's general assembly.

"This is the first such instrument to be introduced in Palestine as a way for the bank to meet its capital adequacy requirements in order to continue its growth journey focusing on the MSME segment. "We are thankful to JICA for choosing Bank of Palestine to invest in the additional tier 1 instrument, given the bank's true commitment to financing MSMEs. As a bank, we continue to be the main lender to MSMEs and look forth to working with JICA on other tracks to develop the economy in Palestine. We are appreciative of Japan's interest in the well-being of the Palestinian people and the impact they create on the economic development in addition to their partnerships with the private sector in this domain", said Hashim Shawa, Chairman, Bank of Palestine.

Bank of Palestine is the largest financial group in Palestine, with total assets of USD\$6 billion and a market share of 33% in terms of credit facilities and customer deposits. The bank is a universal bank lending corporate, retail, SMEs and public sector. The bank adopts a holistic sustainability strategy, focused on good governance, mitigation and adaptation of climate risk change, and community development. The bank enjoys healthy financial indicators and will be achieving a strong capital adequacy ratio because of the AT1 instrument reaching a share capital of USD\$253 million. The bank is a leader in financial inclusion focusing on underserved segments like women, youth, startups, and people with special needs.

The loan is not only a first for Bank of Palestine, but it is a first for JICA. "We are proud of our partnership with Bank of Palestine and view this loan and instrument as a pioneering step in our development mandate for Palestine and the region. We have specifically conditioned this instrument to focus on the financing of MSMEs in Palestine, given the important size of this segment and its contribution to the economy. JICA is keen to work with both the Palestinian Authority and key private sector entities to create developmental impact and economic sustainability in support of the Palestinian People," said Mr. Eigo Azukizawa, Director General of Private Sector Partnership and Finance Department, JICA.

JICA is the Incorporated Administrative Agency that administers Official Development Assistance (ODA) programs under the Government of Japan. It is chartered with assisting economic and social growth in developing region, and the promotion of international cooperation. JICA is one of the largest bilateral development organizations in the world with a network of 96 overseas offices, projects in 139 countries/regions, and operation scale of approximately 1.5 trillion yen (\$11.5 billion) in 2021. JICA, with its partners, will take the lead in forging bonds of trust across the world, aspiring for a free, peaceful, and prosperous world where people can hope for a better future and explore their diverse potentials.

Both JICA and Bank of Palestine will showcase this ATI instrument to multilateral development agencies and local financial institutions as one way to finance economic growth and raise capital adequacy. The investment instrument despite its novelty, received PMA and other regulatory approvals. This instrument has met the business requirements of both the bank and JICA; by assisting JICA to further its development mandate and bank of Palestine by raising its capital meeting regulatory requirements and Basel III.

For more information: please contact,

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