

بنك التسليف التعاوني والزراعي
Cooperative & Agricultural Credit Bank

ANNUAL REPORT
2010



CAC BANK



CAC BANK

بنك القاهرة
بنك القاهرة
بنك القاهرة

CAC BANK

بنك القاهرة
بنك القاهرة
بنك القاهرة





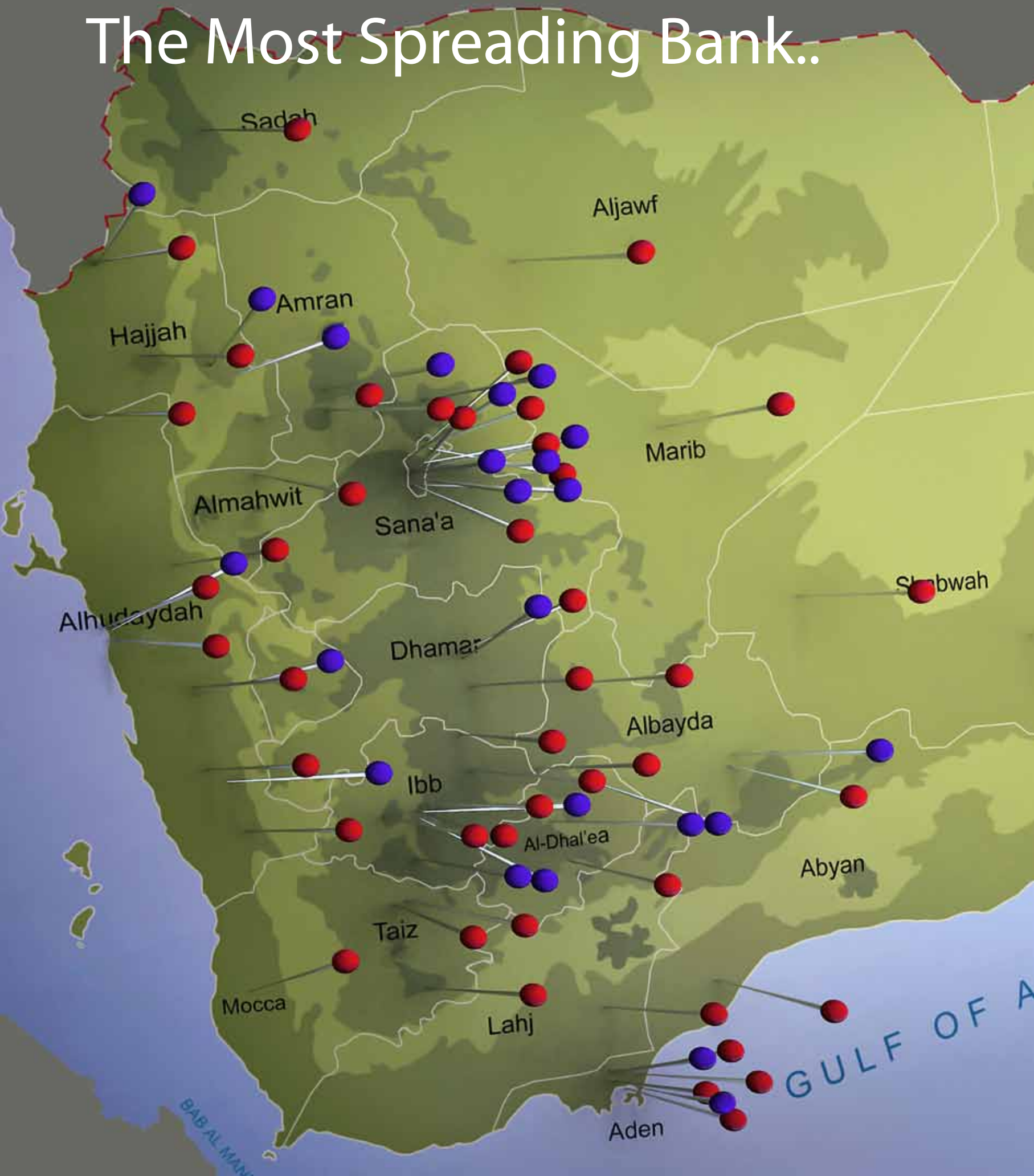


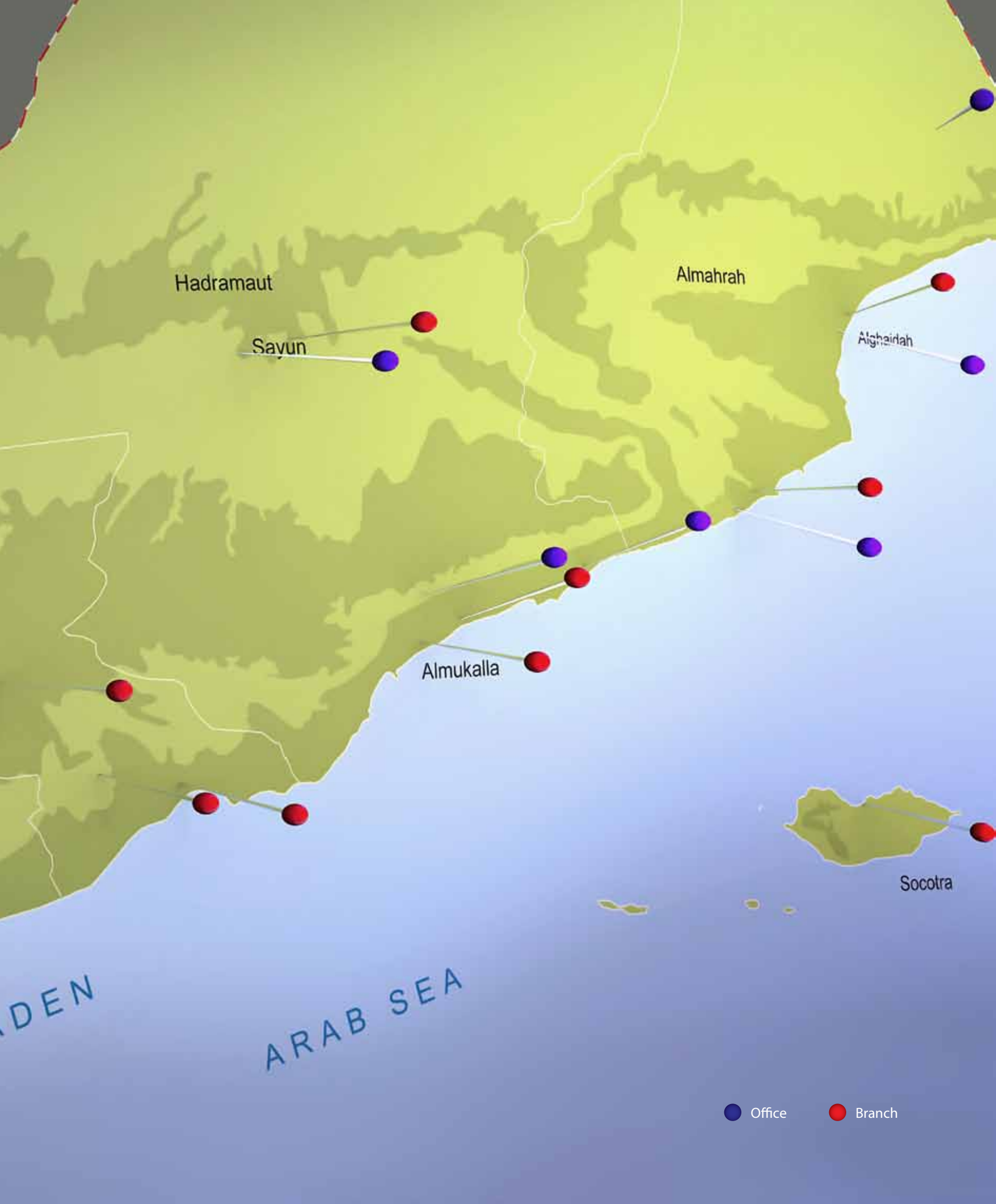
His Excellency

Ali Abdullah Saleh

President of Yemen

The Most Spreading Bank..

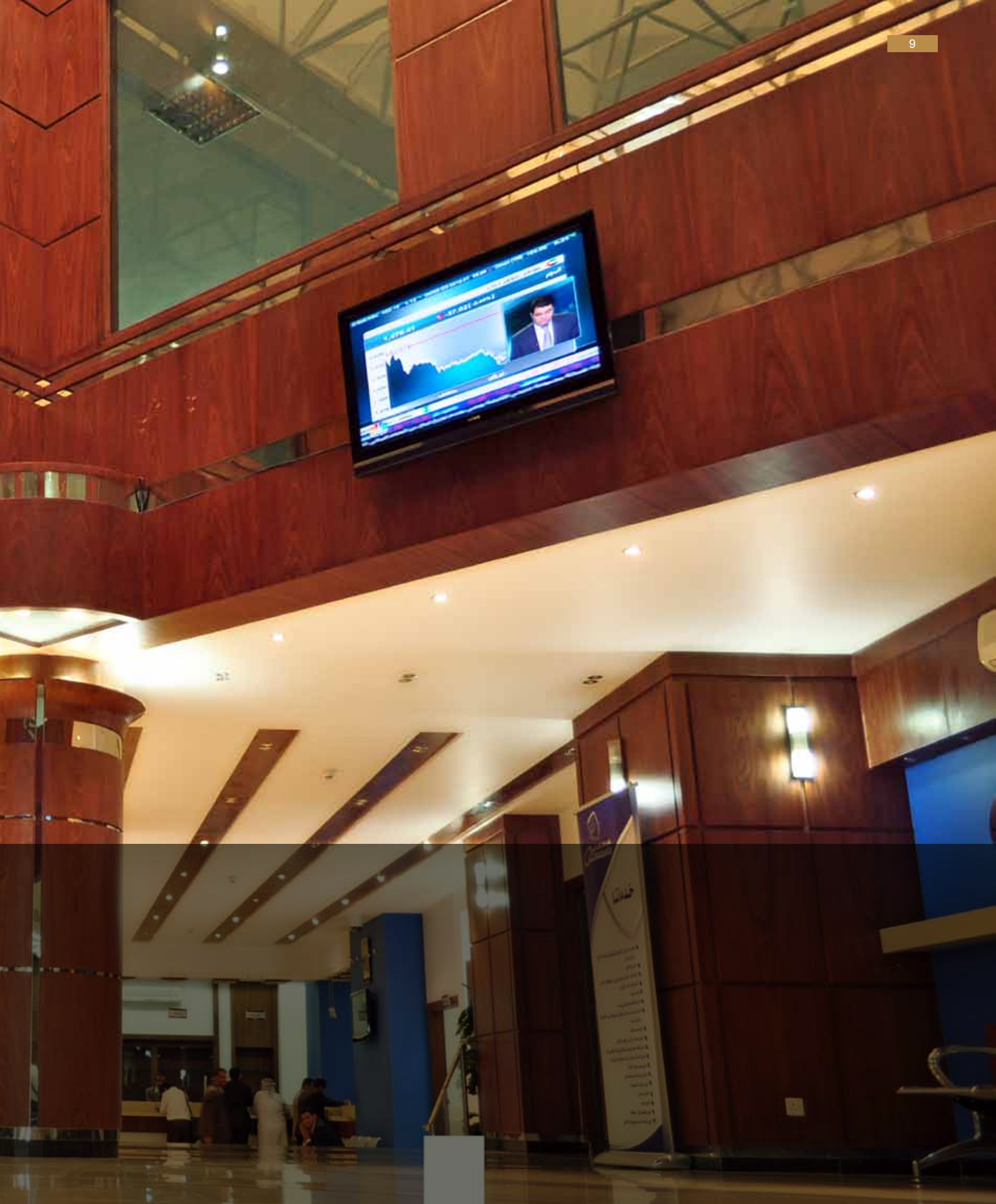






CONTENTS

Introduction	10	Work Sectors	30
BOD Chairman's Speech	12	CAC's Products	72
Organizational Structure	14	2010 Most Important Financial Indicators	100
BOD Members	16	Financial Statements as of 31 December 2010	104
CEO'S and Deputies	18	Note to Financial Statements	113
Corporate Governance	20	CAC's Branches and Offices	144
CAC BANK: Story of Success 2005-2010	26		



Our Vision

To be the Leading Financial Institution.

Our Mission

To provide various and diverse banking and financial services of high quality via using the state-of-art administrative, technological systems with high professionalism through a wide business network linking all types of sectors: retails, corporate, and other enterprises; this is in order to contribute to the growth and development of the local economy

Work Fundamental Values

To work with the spirit of a one team;
To give care to Human Resources and improve their capacities;
To develop the community;
To make the client our major concern; and
To constantly march towards matchlessness

Share Our Pioneering

Any leading financial institution must provide the Yemeni people with the best quality of financial and banking services. As such, it would galvanize its capital by winning first the confidence of the community and second, the trust of its clients. It would also maintain its sublime position at the top of the banking pyramid of excellence and success by reaching standard growth rates, increasing the bulk of its market share of clients and having a positive impact on the national economy and serving the community.

According to tangible facts of formal reports and non-formal testimonies articulated by its competitors as well as its clients and its frequenters inside and outside Yemen, the talk is directed towards CAC Bank. Since starting its fixed and planned modern banking business, CAC Bank has not deviated from marching towards achieving its goals, reflecting the community's hope in all the institutions, whether being public, private or both.

Over the past five years, the Bank's active work groups devoted a lot of time and exerted great effort to constitute the beginning of a continuous series of ongoing accomplishments to be obtained by CAC and realized by its clients at the outset of 2010. One of the achievements is the completion of the Development and Modernization Project, the reconsideration and improvement of the staff salary scheme based on qualification and work accomplished, and the increase of the market share to the highest rates. The Bank even demonstrated its national role by taking real action; it sponsored the holding of a national and regional sports festival—the 20th Gulf Torment. Not only Yemenis but also Gulfers, foreigners all over the world witnessed the great success of this Tournament despite of the bets on its failure. The whole credit of this achievement goes back to Allah, the Almighty and Great, and then to the efforts of CAC's affiliates, and its technical, financial, administrative potentials. By doing so, the Bank was in a better position to play a more effective, economic and national role in the life of Yemeni citizens. This was in its financial intervention via making a big amount of hard currency available for both its clients and the banking sector. The Bank was able to make the Yemen Riyal (YER) maintain its purchasing power versus the US Dollar, although some opportunists attempted to create a crisis aiming at making profits. These opportunists intended to weaken the local currency purchasing power, caring less to the catastrophic consequences that might negatively affect citizens and the national economy. At the middle of 2010, the Bank devised a certain and special plan which enabled it, for the first time in the history of Yemen's economy, to restore the exchange rate of the Dollar vs. the Riyal from 260 to 214 YR.

The year 2010 constituted the outset of the Bank being the pioneer and having the leading position which the Bank has set as its major target since 2005. The Bank is still capable of making promises for its clients and the Yemeni people to obtain higher ranks. With the support and motivation of the public, the Bank aims at occupying regional and even international pioneering positions, a dream which could be achieved by the determination of its leadership and the effortless motivation of its affiliates.



Institutions Assessed by Grandeur and Great Accomplishments

Institutions, in general, and those specialized in banking, in particular, face tremendous challenges not only in being capable of rising, launching and maintaining outstanding and tangible successes but also in providing various services and products to their clientele. Along with serving their national economies and communities as a whole, they have to work on affecting a comprehensive revival and a leading starting point in bid for carrying out their assignments and competing efficiently and firmly in an open market with the aim to occupy high ranking positions in such competitions. While these points and issues are highly sophisticated and complex, they are not impossible to accomplish. The secret of doing that lies at the heart of an institution or bank's human resources. Not only do the human resources' technical knowledge and professional qualifications and skills and banking distinction count, but it is also essential to apprehend that the power of HR depends on a more crucial element and important issue—the solidarity of an institution's affiliates. In other words, the manpower of an institution must work and act as one solid, unified task force with a high spirit and a sense of belongingness to their institution. Their harmonic and symmetrical work performance is even more important to complement each other and increase the speed of an institution's production cycle and its continuous march forward.

We, in the Cooperative and Agricultural Credit Bank (CAC Bank), aim at instilling and galvanizing the spirit of one team—a task force enjoying very true and powerful cohesion and a spirit, wanting to rise so high to the utmost levels, and taking firm steps towards a more sublime objective geared to elevating everyone; this goal is the success of their institution and its ranking high and sublime positions in its field of specialization, a matter which makes others admire, honor and value the institution and its affiliates.

Realizing the significance of continuous communication among the team's members and putting forward issues and matters frankly and honestly for group discussion constitute a very crucial matter and way of fostering the mutual trust and confidence of the team's members. More importantly, these two points are the basic means of safeguarding the institution from the emergence of any critical differences and negative and contradictory views.

This is the advice I wanted to share with the Bank's labor force, hoping that I would be fortunate in providing them with anything useful.

Generally speaking, the success of an institution is usually measured by a number of factors and indicators. One is the size, grandeur and diversity of its accomplishments; another is the relation of such success to economic development and its direct or indirect impact on development as a whole and economic growth rates, and the third is the relation of all that to the people's aspirations and the rate achieved by the institution to meet such aspirations; if this is the case, then CAC Bank has presented a living testimony and a unique example demonstrated by extraordinary initiatives in terms of overcoming all kinds of barriers; cracking down all manacles; and destroying old impediments. All of these issues have prevented Yemen's banking sector from widely opening into and making use of the modern technology and crippling it and limiting its geographical proliferation. They left a high proportion of the population with no banking services and no attempts were taken to make the people feel the benefits and advantages of this vital sector.

In bid to galvanize Yemen's development efforts led by HE President Ali Abdullah Saleh, the founder of Yemen's revival and great modern advancement, the Bank kept on funding various economic and investment projects. The size of the total funds prior to deducting the allocated provision offered to economic sectors over 2010 totaled to an amount of (87,363 million YR. By so doing, the Bank ranked first place among other banks with a higher growth rate of 30 % than 2009.

Albeit the Global Financial Crisis, indirectly impacting the Yemeni banking sector and crippling the sector's ability to finance operations, the Bank's assets amounted to (305,504 million YR) with a growth rate of (37)%. Thus, CAC ranked second place in the local banking arena.

In order to strengthen partnership efforts with the private sector and diversify its investment portfolios, the Bank shared in the establishment of a number of companies as follows:

- CAC Insurance Company
- CAC Marketing Company
- CAC Informational Technology Company

Due to the fact that the people's confidence and trust in the Bank grew stronger and firmer, more social segments joined the Bank in order to link their banking and financial transactions with the best service provider. Hence, the Bank's deposits of 2010 approached an amount of (284,514 million YR) with a growth rate of 38 %, making the Bank rank second place among other banks.

Other accomplishments could be seen in various areas. For instance, in the area of IT, the Bank finished the installation of the Bank's IT Reserve Center. The Center has been equipped with the best equipment and techniques to enable it directly receive and save (store) data as for the Bank's backup. This is in compliance with the Bank's policy of caution and security measures and in accordance with international regulations and norms followed in this respect.

In the area of organizational structure, the Bank continued on exerting more efforts to implement the Bank's Development and Modernization Project (CACDMP) (restructuring and institutional building of the Bank). The aim is to modernize, update and improve the Bank's procedures, policies and structures and prepare and draft the rules and regulations governing its work. In the same year, the Project was 100% completed, a matter which allowed the application of 59% of its outputs.

Fully comprehending the significance of its human capital in augmenting and promoting its march towards ultimate and consecutive successes, the Bank continued to offer its staff the best training and qualifying courses. Accordingly, the number of training programs executed in 2010 were (111) to benefit (1784) employees. While (15) programs were implemented abroad to benefit (37) employees, the other (96) were carried out locally. A total of 1784 benefited from the former whereas 1747 employees benefited from the former.

Not only that, the Bank's employees were given medical insurance and social security. For instance, the ceiling of life insurance for an employee was raised to (4 million YR) four million Riyals; the Bank entered a Medical Employee Contract with the best hospitals and medical centers in Yemen to provide the Bank's staff and their close family members with the best health care. To facilitate the provision of these medical services to CAC employees, each employee was issued a medical care card by which s/he could be given the necessary medical care in those hospitals and/or medical centers.

In line with the above, the Bank carried out the recruitment, selection and appointment procedures of new applicants by adopting a policy based on the principle of differentiation and on conducting tests and interviews. This is in order to appoint and recruit the best qualified human resources having the determination to enhance the Bank's march towards ultimate and consecutive successes and to make it further develop and prosper.

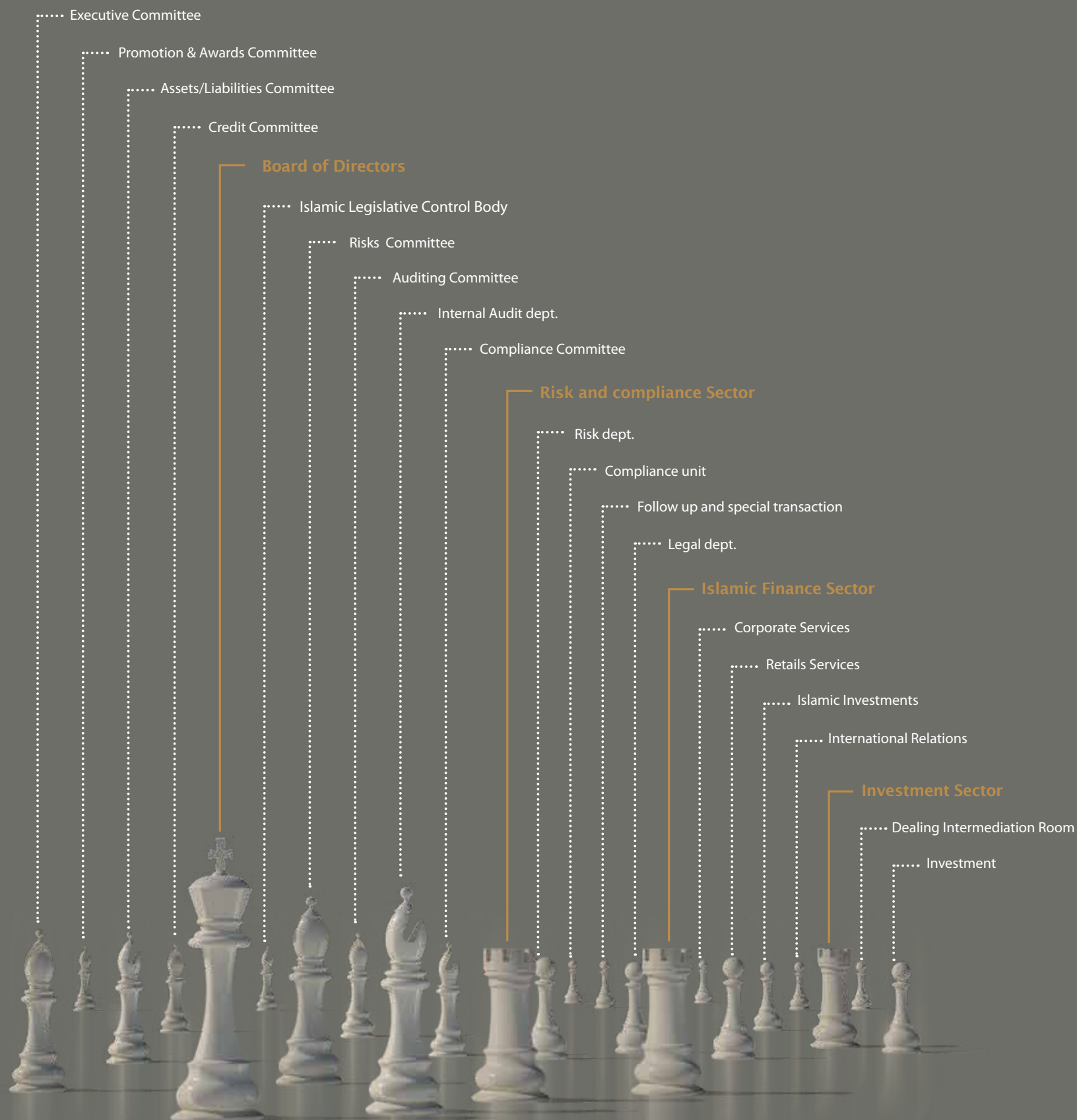
All of that reflects the Bank's belief in its manpower as the major and crucial role players and actors in directing the process of its development and modernization and realizing its objectives and eventually achieving ongoing accomplishments. Not only that, the Bank puts its full trust in its human resources, since HR is the most important and real wealth and capital.

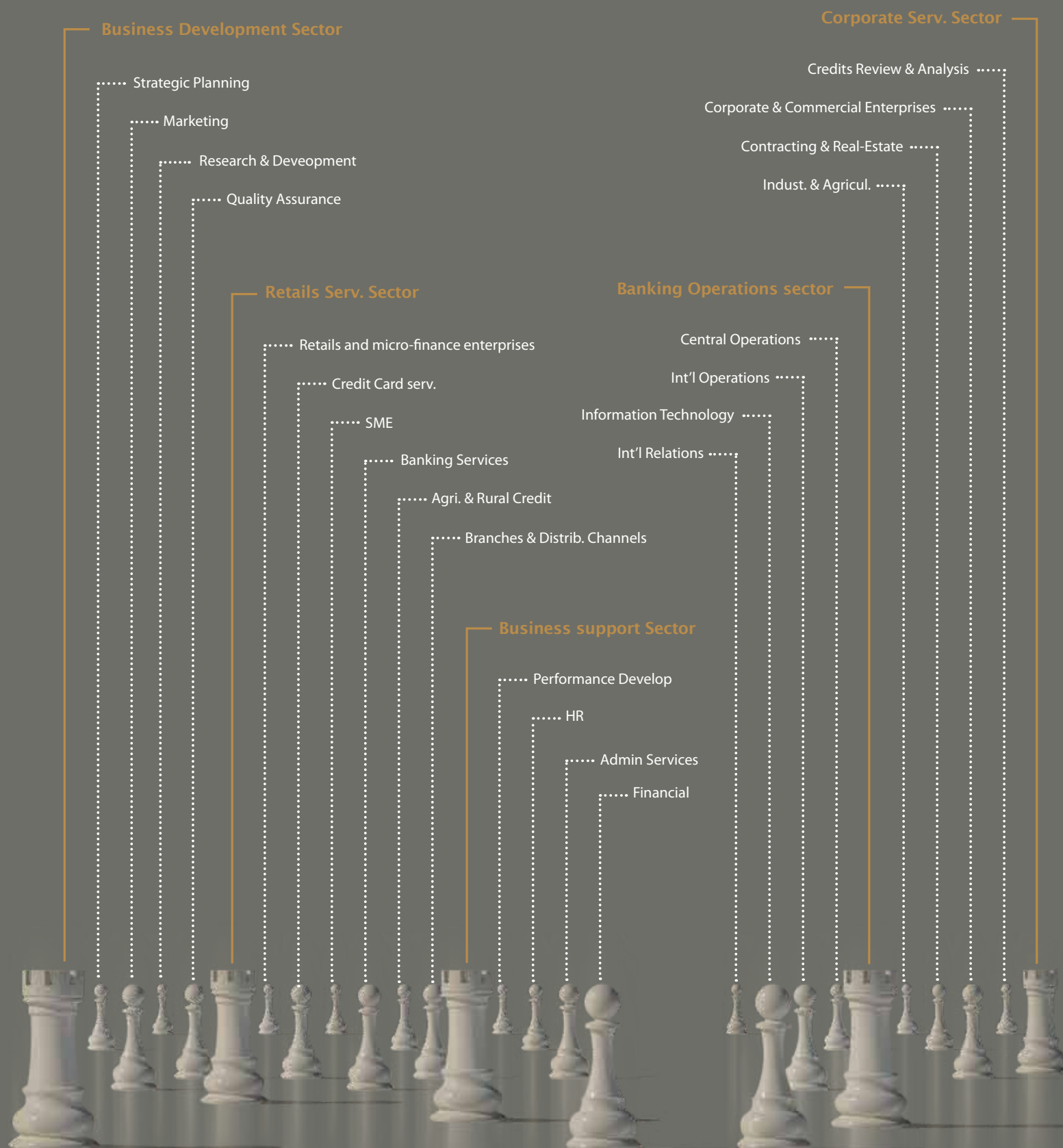
Mehdar Abdullah Al-Saqqaf
Chairman





Organizational Structure





Board of Directors



Mr. Mehdar Abdullah Al-Saqqaf
Chairman and CEO



Mr. Yahya Ahmed Al-Sabri
Chairman Deputy



Mr. Isam Saleh Luqman
Representative of the Agricultural and Fishery
Promotion Motivation Fund



Mr. Hamed Ahmed Farej
Representative of the Civil Aviation and
Meteorology Authority



Dr. Mohamed Abdulkarim Al-Mansoob
Representative of the Finance Ministry



Mr. Mohamed Mohamed Basheer
Representative of the Cooperative
Agricultural Confederation



Mr. Abdulhadi Mohamed AlKhadher
Representative of the Ministry of Fishery
Wealth



Dr. Salim Nasser Al-Shihtari
Representative of the Ministry of Local
Administration



Mr. Hamoud Mohamed Al-Salahi
Independent Member



Mr. Salem Mohamed Salman
Independent Member



Mr. Abdulmalik Qassem Al-Thoar
Ministry of Agriculture and irrigation's
Representative



Mr. Abduh Mahedi Alidlal
Independent Member



Mr. Abdullah Hassen Al-Shatter
Independent Member

CEO's Deputies



Mr. Amin Yahya Al-Sanabani
CEO Acting Deputy for Banking
Operations



Mr. Faris Saleh Al-Jadbi
CEO Deputy for Business
Development



Mr. Mohamed Ahmed Taqi
CEO Deputy Business Support



Mr. Ahmed Abdullah Al-Midhwahi
CEO Deputy for Retails Serv.

Mr. Ibrahim Ahmed Al-Hothi
CEO Deputy for Risks and
Compliance

Mr. Waleed Abduljalil Al-Duba'ee
CEO Deputy for Investment

Mr. Muneer Ahmed Al-Hakimi
CEO Acting Deputy for
Corporate Serv.



René Magritte

Corporate Governance

Charter of Institutional Control and Disclosure

First: Abidance

Believing in the significance of corporate governance, CAC's BOD developed the basis for continuously improving and developing the Bank's performance. To do so, they adapted the modern governance principles consistent with the best global standards and practices and guidelines of Basle Committee for Bank's supervision. These principles were set to sustain the transparency and accountability values. Bank disseminates this charter as part of its annual report and posts it on its website. It further prepares a report for its customers on its own adherence to the conditions and compliance.

Second: Nature of Corporate Governance

Corporate governance is a set of inter-bank relations with its executive management and BOD and other parties interested in the Bank's performance, through its structure of the principles to show and display the Bank's objectives and means in achieving and monitoring them. It is also concerned with the good governance which means that it provides the BOD and executives the appropriate bases for achieving a mature and better stage to ensure the management of the Bank's resources effectively and efficiently.

Third: BOD's Responsibilities and Duties

The Board of Directors is responsible for strategically supervising the Bank management and ensuring the safety of the financial position by approving the credit and investment policies. This is done in a direct manner or through its created committees responsible to put certain limits to alleviate the rate of risk exposure.

CAC's BOD meets periodically to discuss the Bank's plans, work, general strategies and approve what is need to be endorsed.

Regularly the BOD follows up the Bank's progress towards achieving its strategies, objectives, and making the necessary amendments in this respect. It further ensures the credibility of its internal control system applied in the Bank including the internal auditing, compliance and risk management program.

To achieve the best sustainable value for the rights of all its clients and agencies doing business with the Bank, the BOD is assisted in carrying out its responsibilities and duties by its subordinated committees.

Fourth: BOD Chairman's Responsibilities

The BOD Chairman along with its assisting committees bear the responsibility of applying the content and dictates of the Bank strategic plan. regarding supervising all of the Bank's work, the chairman is accountable in front of the BOD for implementing the policy drafted by the BOD, aiming at achieving the envisioned goals and objectives. The chairman is also responsible for monitoring, evaluating the overall performance of the Bank in accord with the strategies, plans, goals, policies and budgets approved by the BOD.

Fifth: BOD Secretary

For proper facilitating the BOD periodical meetings and coordinating the major topics to be discussed according to each meeting's agenda to ensure their coverage, the secretary is accountable for making all necessary information available for the BOD members prior meeting. This is in order to guarantee that the BOD members reach sound and informed decisions.

Sixth: BOD Committees

In compliance with the Restructuring Project, the BOD carried out a set of newly comprehensive policies to cover all of the Bank's domestic and foreign operations. It also espoused a modern risk management system conducive to ensuring the constant safety of invested assets and the issuance of reports on the economic and regulatory capital within a holistic banking perspective.

The Bank actually deals with banking risks in a comprehensive manner and within the framework of sound and insightful perspective of risk management and in accordance with the latest banking standards, norms and practices. This system was introduced to the Bank as part of the an organizational structure of supervisory and controlling multi-levels to guarantee the correct application of the corporate governance's principles. At the level of the BOD there are supervisory and monitoring committees to ensure the protection of the bank's assets by applying the concept of compliance. These committees are as follows:

- Internal Audit Committee
- Risk Committee
- Compliance & AML Committee

On the other hand, there are BOD committees responsible for sustaining performance and development of CAC's work; these are as follows:

- Board Executive Committee
- ALCO Committee
- Credit Committee
- Nomination & Remuneration Committee

Seventh: BOD Subordinated Committees Responsibilities and Duties

To enhance the BOD's effectiveness as the final accountable body for running and controlling the Bank's work and business, a number of committees were formed to assist the BOD in carrying out its duties in a very transparent manner. These committees assigned specific duties, responsibilities, authorities and tasks report to the BOD in order for the latter to accordingly take sound and informed decisions.

1- Board's Executive Committee

The BOD executive committee is formed of BOD chairman, CAC's CEO and five other members being Mr. Hamed Ahmed Farej, Mr. Isam Saleh Luqman, Dr. Mohamed Al-Mansoub, Mr. Abdullah Hassen Al-Shatter, and Mr. Salem Mohamed Salman.

The committee is committed to:

- Examine CAC's budget and main policies;
- Discuss the Bank's final financial statements;
- Study the Bank's annual strategic plan ; and
- Review and assess interest rate risk management; then develop an integrated perspective to overcome any interest rate risks, their consequences and their negative impact on all of the Bank's products.

2- Compliance and Anti-Money Laundering Committee

The compliance and anti-money laundering committee is formed of the BOD chairman or vice-chairman, CAC CEO and three other non-executive members being Mr. Abdul-Hadi Mohamed Al-Khadher, Mr. Hamoud Mohamed Al-Salahi, and Mr. Abduh Mahedi Alidlal.

The committee is committed to:

- Revise compliance and anti-money laundering policies before being approved by the BOD and assess their constant effectiveness and eventually recommend their approval;
- Prepare an effective method to guarantee the bank's compliance to all laws and instructions in effect and any other relevant circulars and guidelines as well as any inter-bank instructions;
- Review and study the compliance and anti-money laundering annual plan Examine the Bank's annual compliance and antimoney laundering plan;
- Approve relevant compliance and anti-money laundering policies, procedures and the respective reporting system and revise them periodically and assess the system's efficiency;
- Monitor and follow up the application of the compliance and anti-money laundering unit;
- Take all necessary measures geared to furthering, enhancing and applying all integrity-based values and principles, all sound occupational and professional practices inside the Bank in such a way that complying and following relevant laws, regulations, applied standards become a fundamental objective to be realized and achieved by all;
- Attend the Bank's General Assembly to respond to shareholders' questions with regards to the committee's tasks; and
- Meet with both the external and internal auditors, the director of the anti-money laundering and compliance unit and executive management (executives) in separate sessions at least once a year to discuss any issues being of any concern to the committee.

3- Auditing Committee

The Committee is formed of three non-executive members from the BOD—provided that the number of independent members should not be less than two. The names of the committee's members must be disclosed in the Bank's Annual Report. At least two of the committee's members must be holders of educational qualifications or have practical experience in financial administration. A number of non-executive or independent members were appointed in the committee as follows:

Mr. Yahya Ahmed Al-Saberi; Dr. Saleem Nasser Al-Shuhatteri; and Dr. Mohamed Al-Mansoub

The committee should

- Obtain any information from the executive management and should have the right to ask any executive officer or BOD member to attend its meetings;
- Review the scope, findings and effectiveness of CAC's internal and external auditing work and examine all internal control and monitoring systems;
- Approve the annual auditing plan; monitor its application; and review the remarks and notes referred to it by the internal audit department;
- Examine the periodic external and/or internal auditor report(s) and make the necessary relevant recommendations before forwarding such reports to the BOD; Take into consideration any modifications and changes on the accepted accounting standards and/or any sudden change made to the Bank's accounting procedures due to accomplished auditing processes and/or notes made by the external auditor.
- Forward recommendations to the BOD with regards to appointing the external auditor and/or stopping the auditor's work and canceling any other relevant contractual terms and conditions;
- Hold a meeting with the external auditor and the representative of the internal audit department and officers of the compliance department at least once a year without the attendance of the executive management;
- Discuss all matters related to the external auditor's work including the notes, suggestions and conservations made by the auditor; follow up the extent of response of the Bank's management to the auditor's observations; forward relevant recommendations to the BOD;
- Review the Bank's correspondences with the external auditor; assess the Bank's response and make necessary recommendations in this regard and forward them to the BOD;
- Study the external auditor's action plan and make sure that the Bank provides the external auditor with all necessary facilities to carry out their work;
- Assess controlling and internal auditing procedures and make the necessary recommendations in this respect;
- Examine and go over the assessment made by the external auditor and by other controlling and monitoring entities such the CBY and COCA with regards to internal control system.
- Examine and go over the internal auditor's report, especially those related to any violations committed by the internal auditor;
- Make sure that no conflict of interest exist as a result of the Bank entering any contract, carrying out a bargain or partnering in projects with related parties; and
- Discuss any topics or issues referred to it by the BOD.

4- Risk Committee

The risk committee is formed of the BOD chairman or vice-chairman, CEO and two other non-executive members from the BOD: a number of non-executive or independent members being as follows: Mr. Abdulmalik Qassem Al-Thawar; Mr. Mohamed Basheer.

The committee is dedicated to:

- Review the risk department's strategy prior final approval from the BOD.
- Ensure the effectiveness of the policies, frameworks, programs and necessary means and tools geared to managing different kinds of risks; make a periodic review of such issues and make the required amendments to them, when needed;
- Approve the risk department's structure or any amendments made to it before getting approved by the BOD;
- Study and examine the risk department's annual plan;
- Approve the client classification system and supervise its updating procedures;
- Agree to the risk department's relevant policies, instructions, procedures and plan and its reporting system; review these issues periodically and assess their efficiency;
- Assess the efficiency and effectiveness of the internal control and monitoring systems and coordinate with both internal auditing committee and the internal audit department in this regard;
- Take all necessary arrangements to raise the level of awareness of the staff towards all kinds of risks;
- Make sure that all suitable experts and resources are available in order to enable the risk department carry out its assigned work;
- Review and analyze the used stressing test procedure along with diagnosing the credit, market, liquidity and operational risks and assess the conformity regarding practical and international standards
- Approve the emergency plans;
- Receive and follow up the reports made by the risk department on all kinds of risks and the internal control reports regarding the risk department and make the necessary recommendations to the BOD to take necessary and required measures;
- Make sure that a plan guaranteeing the continuity of the work exists and is checked periodically; and
- Discuss any topics or issues referred to it by the BOD.

5- Nomination & Remuneration Committee

The Committee is formed of three non-executive members from the BOD. A number of non-executive or independent members were appointed in the committee as follows: Mr. Hamed Ahmed Farej; Mr. Issam Luqman; and Mr. Abdulhadi Al-Khadher

The committee is committed to

- Name the BOD members considering each nominee's qualifications, potentials and skills. In case of re-election, the following factors should be considered: number of attendances for each member; the typology and effectiveness of each member's participation, taking in account the dictates of the corporate law in terms of the valid term from the date of the BOD's nomination; the renewal of any membership requires that a member must run for the election during the General Assembly's meeting, with the exception of the transitional period in which representation is by the government as the owner;
- Determine if the member is independent taking into account the least requirements needed to be available.
- The committee evaluates the BOD's effectiveness by following certain approved principles and basis; this is so the standards of assessing the BOD's performance is highly objective and includes a comparison and contrast with other banks. It should further take into account the standards of soundness and validity of the Bank's financial statements and to what extent monitoring and control requirements are followed.
- When asked to so, the committee is responsible for making available information on crucial matters and issues related to the Bank and draft summaries on the backgrounds of such important topics and forward them to the BOD. In addition, it ensures that the BOD members are kept updated of the most recent banking business matters. To accomplish this issue, the Bank encourages the BOD members to attend seminars, gatherings, forums and other functions that give them the opportunities to meet staffs working for local and international banking institutions and firms.
- The committee further recommends the pay (including monthly salary and other bonuses) for the BOD chairman and the pay (including monthly salaries) offered to other members of the executive management.
- It is responsible for making sure of the existence of the pay and bonuses policy in supportive of paying enough bonuses/salaries with the aim to recruit qualified staff to work in the Bank and maintain its qualified personnel. This should go in line with bonuses/salaries given by competitive banks operating in the market.
- The committee should define the reward(s) of each BOD member separately as well as the highest salary paid to executive directors not being BOD members over the respective year.

Eight: Internal control and Compliance

The Committee is formed of three non-executive members from the BOD. A number of non-executive or independent members were appointed in the committee as follows:

1- Internal Auditing Department

The existence of internal auditing is highly fundamental and crucial in enhancing the internal control system and the concept followed in risk management with regards to relevant Bank's activities. this department provides the executive management and the auditing committee with the outcomes of the internal policies and processing and the evaluation of their effectiveness; then it forwards recommendations to the BOD's auditing committee to act accordingly.

The department operates in accordance with international auditing principles and the auditing program which defines its duties, responsibilities and authorities; it then forwards the outcomes of its work to the BOD chairman.

On the basis of the auditing relying on risk assessment, the department drafts an annual auditing plan which covers all of the Bank's activities; the plan is supposed to rely on the priority of tasks and the level of Bank's exposure to various risks. All of that should take into account to cover all of the Bank's activities at least once a year. The auditing plan be in effect must to be approved by the auditing committee and forward to the BOD chairman and auditing committee's head to discuss its dimensions on yearly basis. More importantly, its human and financial resources should be approved as well.

Following the discussion of the internal auditing reports with executive depts., those departments draft correctional programs being followed up by the internal audit department and its follow-up unit.

2- Risk Management Department

This department is dedicated to:

- Measure and assess all kinds of risks (credit, market, liquidity, strategic, operational and reputational) with the aim to mitigate the negative effect of any accompanying or potential risks and forward relevant reports on early signaling indicators to respective departments and administrations;
- Analyze the reports on the level of various exposure to risks and forward them to the risk committee; monitor credit concentrations in order to ensure that they are within the granted credit ceilings; provide the BOD and executive management with the recommendations on risk measurements and means of mitigation;
- Manage the evaluation of all kinds of risks that might surround the Bank's activities; prepare the necessary recommendations; and follow up the correction in accordance with each remark's priority and level of risk and the impact of each risk on the key performance indicators;
- Effectively take part in related committees whether at the executive level (such as corporate committee; debt collection committee; or ALCO committee) or the supervisory level(such as the credit committee; or risk committee);

3- Compliance and AML Unit

This unit intends to ensure the conformity of all domestic laws and legislations with international ones that regulate the Bank's work.

It further forwards its reports on the outcomes of its controlling operations compliance to the BOD's compliance committee along with forwarding recommendations to relevant departments. It is worth noting that the unit operates and is subordinated to the CEO.

In fact, the BOD approves and monitors the compliance policy relying on the reports drafted and improved by the unit. Not only that, the unit further follows up and guarantees that the reports are carried out and applied by respective bodies.

With regards to anti-money laundering, the unit operates as a focal point with the Central Bank of Yemen. This is in order to develop the necessary policies and procedures and design the reports conducive of (KWC) as well as monitor respective transactions and operations. Another point is to investigate any suspicious cases and forward needed reports to the respective committee.

Ninth: External Auditing

Based on the followed laws, instructions and procedures, the auditing committee nominates an external auditor to be approved by the BOD after having made sure that the auditor fulfills the conditions of the supervisory agency (CBY). The auditing committee examines and studies the external auditor's report to ensure that the necessary correctional procedures are being followed, since the external auditor carries out its tasks and mission in accordance with relevant international standards and principles as well as local instructions issued by respective agencies and entities. Some of which include the sufficiency of CAC's internal auditing scheme and procedures aiming at assessing the Bank's performance including correctional recommendations.

Tenth: BOD Members

CAC Bank's board of directors is composed of 13 members; four of which are independent while the remaining members are representatives for shareholders in the Bank; these shareholders are all governmental bodies, institutions, or agencies.

BOD Independent Members

An independent BOD member is the member (whether being in person or being a itibari person) who is not related or connected with the bank interest except being a member of the Bank's BOD. This is highly beneficial for the Bank, since the judgment, decision, and/or stance of the member can never be affected nor influenced by any external considerations. The BOD was created on 31 December 2011 from the followings:

Mr. Mehdar Abdullah Al-Saqqaf	BOD Chairman
Mr. Yahya Ahmed Al-Sabri	BOD Vice-Chairman
Mr. Hamed Ahmed Farej	Representative of the General Civil Flight and Meteorology Authority
Mr. Isam Saleh Luqman	Representative of the Agricultural and Fishery Promotion Motivation Fund
Mr. Mohamed Mohamed Basheer	Representative of the Cooperative Agricultural Confederation
Dr. Mohamed Abdulkarim Al-Mansoob	Finance Ministry's Representative
Mr. Abdul-Hadi Mohamed Al-Khadher	Representative of the Ministry of Fishery Wealth
Mr. Abdulmalik Qassem Al-Thoar	Ministry of Agriculture and irrigation's Representative
Dr. Salim Nasser Al-Shihtari	Representative of the Ministry of Local Administration
Mr. Hamoud Mohamed Al-Salahi	Independent Member
Mr. Abdullah Hassen Al-Shatter	Independent Member
Mr. Abduh Mahedi Alidlal	Independent Member
Mr. Salem Mohamed Salman	Independent Member

Eleventh: BOD Meetings

In its meetings, the BOD discusses issues outlined in the agenda in accordance with its authority and responsibilities. In 2010, the BOD held 18 meetings. Some of the topics discussed were related to:

- Approving the Bank's strategic plan and the budget as well as main policies that govern the treasury, credit and investment operations, related authorities to these operations and the annual auditing plan; and
- Endorsing the new Bank's Organizational Structure and ensuring that only qualified staff are appointed to efficiently and effectively do the Bank's work.

Twelfth: Dealings with Related Parties

The Bank's financial statements provide a clear disclosure of the dealings carried out with related parties BOD members, senior managers, their family members and companies of which they are the main owner or having for voting power of 5% or more whether directly or indirectly.

A related party is the party having the power to control or practice important and fundamental influence on the Bank at the time of taking financial and operational decisions. Yet, the Bank deals equally with related parties and other clients or parties in compliance with the CBY's laws and explanatory circulars and the principles of corporate governance.

Thirteenth: Conflict of Interest

The Bank has never entered or practiced any contracts that offer or offered any special or fundamental interest to any of the BOD members, or any other person, company or related party. The reason is that there are no related parties nor their companies related to them that might get benefit from the Bank's facilitation and other privileges offered by the Bank. This matter is one of the essential and exceptional merits characterizing the Bank in the banking market.

Fourteenth: Societal Responsibilities

Being a very active institution for the Yemeni community, the Bank realizes its own responsibilities towards the society. Having the honor of being positioned among this society and demonstrating its belief in shouldering its social responsibility, the Bank continues to support educational institutions and charitable associations and many other agencies worth of being funded.

Fifteenth: BOD's Shares and their related

Numbers of related companies for each member:

BOD Member Name	Nationality	Representative of	Contribution %	Name of Company under Member's Control
Mr. Isam Saleh Luqman	Yemeni	the Agricultural and Fishery Promotion Motivation Fund (the government)	40.5%	None
Dr. Mohamed Abdulkarim Al-Mansoob	Yemeni	Finance Ministry, (the government)	33.82%	None
Mr. Hamed Ahmed Farej	Yemeni	the General Civil Flight and Meteorology Authority, (the government)	25%	None
Mr. Mohamed Mohamed Basheer	Yemeni	the Cooperative Agricultural Confederation (the government)	0.68%	None
Mr. Abdul-Hadi Mohamed Al-Khadher	Yemeni	the Ministry of Fishery Wealth, (the government)		None
Mr. Abdulmalik Qassem Al-Thoar	Yemeni	Ministry of Agriculture and irrigation, (the government)		None
Dr. Salim Nasser Al-Shihtari	Yemeni	the Ministry of Local Administration		None
Mr. Hamoud Mohamed Al-Salahi	Yemeni	Independent Member, (the government)		None
Mr. Abdullah Hassen Al-Shatter	Yemeni	Independent Member, (the government)		None
Mr. Abduh Mahedi Alidlal	Yemeni	Independent Member, (the government)		None
Mr. Salem Mohamed Salman	Yemeni	Independent Member, (the government)		None







Hafeth Fakher Miyad
Previous BOD Chairman and CEO: 12/2003 – 12/2010)

CAC BANK 2005 - 2010

Story of Success and Ongoing Development Journey

The Cooperative and Agricultural Credit Bank (CAC Bank) was established according to Law (No. 39/1982). This is in order to accomplish the State's vision—meeting the needs of agricultural and rural development and competitive economic and banking environment at the time.

In the consecutive years to mid 2004, it specialized in providing its services as enshrined by its Articles of Incorporation via focusing only on the agricultural, fishery and the rural sector. Being the only State's financial body, it borne the responsibility of executing governmental development policies and plans of this vital sector as a fundamental pillar of the National Economy. As such, the Bank's organizational structure, administrative rules, and various operational methods were sufficient in terms of the available used technology and potentials to meet the limited financing services allocated to the agricultural, fishery and the rural sector

The Bank kept on adopting the same limited mechanism and vision in providing its banking services only to the agricultural, fishery and the rural sector despite of the changes and development taking place at the domestic and international levels. This made the Bank lag behind in acquiring technical and administrative knowledge. Along with falling short in providing the needed services, the Bank lacked the potentials to compete in the rapidly changing and advancing banking sector.

This matter was reflected in the Bank's financial bulk. The total deposits accounted for an amount of (13.449) YER in 2004. In addition, the Bank's network was composed of only 31 branches scattered throughout the country and lacked any type of E-distribution channels.

Moreover, up to 2004 all of the Bank's operations were completely carried out manually in accordance with the Central Bank of Yemen's standards and norms. This is so because the Bank at the time was the only state-owned institution specialized merely in providing certain development services and carrying out the State's development policies.

The Bank's organizational chart or structure did not assist the process of advancing and improving the Bank's performance. Some of its components formed, indeed, administrative obstacles hindering any operational advancement. All of that was due to the Bank's administrative out-of-datedness and its incapability to embark into the world of banking and do comprehensive banking business and to compete in order to continue surviving.

2005 Marching Year

At the outset of 2005 were important components and factors for the process of modernization and development. Most importantly was that both junior staff and senior management members possessed the determination and will to march forward towards activating the process of development, modernization and improvement of their Bank. To do so, they agreed upon understanding first the surrounding environmental variables and arriving at a uniformed vision: "Making CAC Bank a Pioneering Financial Institution." In order to be as such, the Bank was engaged in providing all kinds of banking and financial services of high quality by employing the latest and optimal administrative and technical systems and high professionalism and by establishing the widest and biggest network of operations and activities for corporate, institution and individual sectors. All of that was to partake in boosting and developing Yemen's domestic economy. What also helped in doing such work is the Bank's Articles of Partnership helped in achieving that as it maintains that "the Bank shall have the right to practice all financial and banking activities and compete in the market to make profit."

In fact, the decision was not easy nor was the journey full of roses. It was a journey full of surprises, difficulties, obstacles, challenges, and the diversity of the Bank's work; yet, from the beginning of the journey, the most apparently difficult barrier was executing the Project of Modernizing and Developing the Bank being represented in the followings:

1. The Bank was completely state-owned and under very tough restrictions with respect to contracting, or being contracted and executing various or different operations and activities;
2. The Bank had very limited financial potentials which made it difficult to directly and urgently finance the process and work of modernizing the Bank;
3. Anti-modernization and change trend was adopted by some of the Bank's affiliates;
4. The Bank lacked qualified expertise to shoulder the notion of modernization and to lead the process of developing and improving the Bank at all stages;
5. The Bank was not popular at all; it was only known with those working in the agricultural, fishery and rural sector;
6. The Bank lacked any technological infrastructure and all administrative, executive operations and monitoring were done manually; and
7. The Bank's organizational structure or chart was obsolete.

To overcome these impediments, it was a must for the senior management to double their efforts and shoulder bigger responsibilities in front of firstly, the BOD, secondly, respective governmental agencies and supervisory bodies, and thirdly, the whole Yemeni people as the Bank was under every body's eyes: an eye on its success and the other betting on its failure.

The biggest responsibility shouldered by the Bank was to create a legally, financially, and administratively enabling atmosphere to make that dream come true and to make this trend go in line with the vision of the BOD and the governmental and supervisory agencies and bodies. Creating one unified work group in the Bank, solving all disputes and putting an end to all conflicts and leading all in thought and action towards the main aim—all constituted very important elements in the modernization and advancement of the Bank.

When the Bank started moving towards the achievement of this aim, it encountered many attempts which tried to cast doubts and deform this journey and pressed many charges and accusation against the Bank at the administrative and legislative levels. Fortunately, these charges and accusations were immediately revoked by the outcomes and findings made by professional teams assigned to do actual review and auditing of the Bank. Not only that, the successes achieved by the Bank revoked rumors of its competitors and envious in the market.

On its way to achieve great accomplishments, the senior management took the following steps:

1. Establishing the principle of occupational transparency on two main levels: i) the executive level through collective decision making processes and holding extensive meetings for evaluation and discussion purposes; those meetings were attended by senior and junior management members and whoever had an idea, suggestion, proposal, etc was allowed to present and explain his/her notion in the presence of all attendees; ii) the supervisory and monitoring level; the decisions, outcomes, and results arrived at as well as the projects and work espoused by the executive management were periodically and continuously presented in a transparent manner to the BOD members who were given all authority to do fact-finding and inquire about any issue at any time;
2. Developing important human values amongst the Bank's affiliates; most important included the followings: working as one team through carrying out social functions and activities; showing grace under various work environments; feeling a sense of belongingness to the Bank; devoting time and effort to serve the Bank; safeguarding the Bank's properties and assets; instilling the principle of treating each other equally; opening the door for creativity and chances for personal development and improvement; and creating an environment enabling personal relations.
3. Raising the Bank's working hours and spreading the culture of competition in work quality and served time at the Bank and the size of realized accomplishments;
4. Improving the income of all the Bank's staff by following the bonus and incentives scheme related to compliance and achievement;



Mohamed Zimam (2006-2009)
BOD Chairman's Deputy



Abdulmalik Althowr (2005-2010)
BOD's Chairman's Credit and Risk Advisor, CEO's
BOD's Chairman's Marketing Advisor, CEO's
Vice for Banking Operations and Head of CAC's
Technical Team



Rasheed Al-A'nessi (2006-2010)
CEO's Vice for CAC Islamic Sector, BOD
Chairman's Accounts Advisor



Nabeel Rasa'e (2005-2010)
Zubeiry Branch Director
CEO's Vice for Corporate Services

5. Recruiting expertise and qualified cadre in the banking, administrative and technical fields and make use of such cadre in training, leading branch based development operations and process;
6. Investing personal and formal relations in defending the Bank at various governmental institutions and marketing what they adopt ambitions and goals;
7. Enhancing a branch-based competitive spirit to raise the size of deposits through various financial and administrative incentives and to develop branch assessment systems and their work; improve the programs for periodic gatherings of the senior management with branch managers;
8. Providing financial and banking services in addition to other financial services to the agricultural, fishery and rural sector; this is in order to obtain optimal revenues on client deposits with the least risks in order to safeguard the rights of depositors;
9. Founding new administrative units geared to backing up the new trend by giving new suitable naming and new organizational and subordination relations to ensure their flexibility in work, speed and performance (these included units for marketing; international relations; quick money transfer; follow up; cool center; etc). All of that was done without the senior management renouncing any of its responsibilities towards CAC's units and administrations;
10. Installing specific E-systems to guarantee the process of monitoring and implementing operations with high acceptable accuracy relying on CAC's IS team;
11. Gradually elevating the followed banking work standards with the aim to achieve a conformity with global and international standards;
12. Adopting a creative and enabling policy to handle and deal with the market through expanding the network of branches and offices and E-distribution channels and developing delivered services;
13. Gradually starting to carry out marketing campaigns to connect the Bank with all kinds of clientele in various areas; these campaigns adopted a direct message to the community and bank's clients stating: "From the Phase of Agricultural Success to the Highest Banking Excellence."



Mohamed Al-Aghbari
Restructuring Project's
General Coordinator



Isam Shaker
Member of the Focal Team
Coordination and Communication Officer

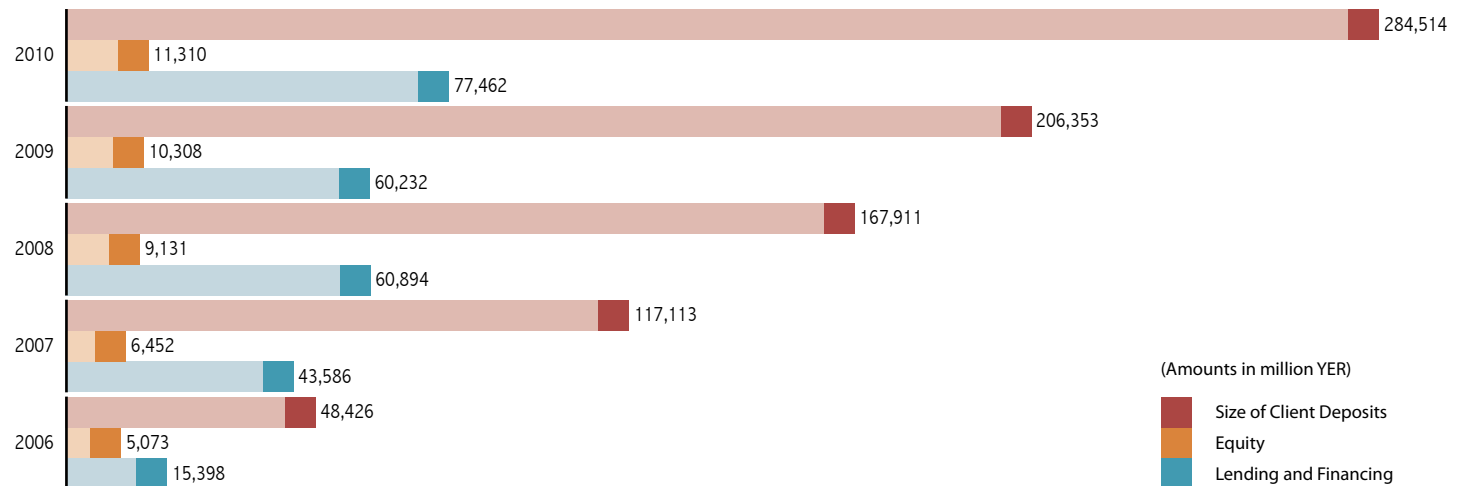
Success Indicators and Grapes of CAC's Development:

The efforts exerted by the entire Bank's work groups made the Bank obtain and occupy the first rank in the Yemeni banking sector in accordance with the Central Bank of Yemen's 2010 Report.

In 2010 the total financing offered by CAC to various economic sectors accounted for a amount of (87.363 million YER) with a growth rate of 30% exceeding 2009 and making the Bank occupy first place amongst other traditional banks. The size of its deposits over the same period reached a total amount of (284,514 million YER) with a growth rate of 38%, enabling the Bank to maintain second place amongst traditionally financial institutions.

In addition, the Bank acquired new features such as competitive merits, as well as modernizing and service-based potentials; these were as follows:

Increasing Size of Growth in Customers' Deposit, Equity, and Rate of Lending and Financing over the Period 2006-2010:



The number of CAC's branches and E-distribution channels rose from 31 (before 2004) to 81 scattered in the whole republic of Yemen.

In addition, the Bank focused on providing highly developed, updated and modern banking services and products to meet the needs and wants of its clients; these services and products totaled to more than 65. More importantly is the Bank's unique provision of some of these services and products in the Yemeni market by following a modern technological means, making CAC an exceptional institution in Yemen.

The Bank's achievements over a short period of time from 2005-2010 are a source of pride for all Yemenis and a driving and motivating factor for all ambitious national institution, a sign of hope for this generation and an example to be taught to students in banking and administrative disciplines and fields.

It is important to realize that this unique experience was made a success by the efforts of sincere and trustworthy staff that wondered and journeyed around the Republic's areas with the aim to discover the clients' ambitions and thus obtaining the latest banking-based applications in the world; the staff also introduced itself through carrying out collective work guided and administered by a national leadership worthy of respect and a work group entitled to have the opportunity to continue improving and developing along with creating a new and better future by adopting and learning everything novel and modern. ■



2010 Business Development Sector

One Team Leading an Institution with Complete VIP Clients

The establishment of the Work Development Sector of CAC Bank constituted an integral part of the Bank's trend towards realizing very imperative administrative development and organizational modernization. Along with taking normal but crucial leaps towards achieving unprecedented progress, the Bank has adopted this orientation in order to accomplish a number of important objectives. One is to become the pioneering financial institution in the Yemeni arena, to continue offering services and products of high quality and to accomplish its course of business. More importantly is its participation in the elevation of a strong Yemeni banking sector to meet the public's ambitions and accomplish the State's objectives geared for creating a suitable and sustainable investment atmosphere capable of attracting investors and capitals. The general objective is to make a very sustainable economic growth and stability materialize, reduce unemployment rates, and fulfill the current and future financial wants and needs of all social segments.

2010 was the founding year of this sector as per the framework of the Bank's Modern Organizational Structure which was approved by the BOD at the end of 2009. As the sector's foundation was approved, a number of concrete steps and procedures were to be taken; these included the followings:

1. Selecting a CEO Deputy to head the work development sector. This was done by differentiating between competing applicants to occupy this post from inside and outside the Bank;
2. Establishing the quality assurance administration and selecting its manager by differentiating between competing applicants to hold this position from inside the Bank;
3. Announcing the directorship posts for other administrations; The same differentiation criteria was applied in selecting competent directors; assigning certain Bank employees to oversee the work of these administrations for a temporary period, that is, until the process of differentiation is completed;
4. Selecting a team to handle the sector's administrations and enroll them into specialized training courses according to a comprehensive training program for the sector's employees;
5. Drafting a strategic plan for the sector within the framework of the Bank's overall strategy;
6. Applying the restructuring outputs appertaining to each respective administration; the application reached a percentage of 65%;
7. Familiarizing the branches' managers and directors with the objectives and missions of the sector's administrations. This was done by holding workshops, offering access to E-library and banking magazine; and exchanging emails. In addition, the sector's head and the directors of the administrations participation in official meetings, taking part in the decision making process, and participating in the evaluation process of the Bank's branches and sector's administrations;
8. Making the sector bear the responsibility of applying the Bank's Development and Modernization Project (CACDMP) (restructuring and institutional building of the Bank) and of evaluating the overall accomplishments of the Bank's sectors in the Project; and
9. Specifying each administration's status and providing each administration with all the basic technological and finical needs and requirements.

Moreover, the sector bears the responsibility of conveying the Bank's mission to the public and enabling the Bank achieve its vision, objectives and strategy as being adopted and carried out by the sector's four administrations as follows:

1. Research and Development Administration
2. Quality Assurance Administration
3. Strategic Planning, and Statistics Administration
4. Marketing Administration

Although the sector was established in 2010, each administration was capable of achieving great accomplishments which contributed in the Bank's institutional building and enhancing its pioneering role and in maintaining the Bank's achievements and sublime status.



Research and Development Administration

Our Services and Products Surpass the Present to the Future to Meet the Needs and Wants of Our Clientele

One year has passed by since the establishment of the research and development administration in 2010. Within this foundation year and following the completion of its foundation works, it started to handle and carry out its assignments of installing the Idea System. This system is responsible for eliciting ideas from the Bank's staff and collecting and developing them. Following that, these ideas are studied and evaluated in order to find their validity and effectiveness in meeting the needs and wants of our clients. By so doing the administration becomes the responsible body for meeting the client wants and needs for banking services and products. To accomplish that, the administration works on developing and updating the current products and services and inventing and creating new products and services geared for fully meeting the client wants and needs.

2010 Accomplishments

The administration, although newly established, was able to achieve the followings:

- Listing and evaluating the non-traditional products offered by the Bank to its clientele;
- Installing the periodic evaluation system of the performance of the distribution channels and the quality of products and services of the Bank;
- Analyzing and setting out the standards for the production evaluation system and for that concerned with evaluating the products directors;
- Drafting and launching the Idea System and the Initiative Rewards Scheme aiming at evaluating all development and innovation ideas proposed by all Bank staff; these two systems further aim at making the Bank take the lead in the banking market, in particular with its objective of improving its products and distribution channels;
- Training products directors on project-based management skills and ways of evaluating the products;
- Preparing the study on client satisfaction and meeting their needs;
- Constructing the client-based grievances system as one of the development and innovation factors and channels in order to understand the client's needs and therefore meet such needs. More importantly is to go beyond the expectations of our clients through creating further needs and wants on the part of clients and at the same time fulfilling these needs;
- Launching a number of new products and bettering current ones;
- Suggesting new products with the aim to fulfill our client's expectations, wants, and needs for products and develop the methods of providing such products to clients as per high quality standards predefined by the Bank;
- Training and qualifying the Bank's staff for the sake of efficiently doing their work and accordingly serving our clients by defining and fulfilling their needs and wants;
- Applying the procedures and systems manuals as the outcomes of the Development and modernization Project (restructuring) to reach a percent of 89%;
- Preparing and updating studies on local and regional banks' experiences in promoting and marketing their products and distribution channels via the Internet; and
- Preparing the forms of the mechanism (method) conducive to developing and improving the products and distribution channels in all of the six relevant stages.



Idea System:

This system is responsible for generating creative ideas and initiatives to serve, improve and benefit the Bank's work environment. All new ideas and initiatives brought forward by CAC's staff and/or clients are studied, evaluated and examined. Applying technically and financially the suitable ideas or initiatives, the Bank then honors the ones whose ideas and/or initiatives were accepted and used; this is by granting them valuable awards.



Quality Assurance Administration

Quality awards reflect the least standards followed in producing and delivering our quality services

CAC Bank founded the quality assurance administration to be the first of its kind within its Organizational Structure and among Yemeni banks' structures. It demonstrates the Bank's policy based on adopting that "The client is our first priority and concern." It also expresses the Bank's trend towards creating and adhering to high quality banking service standards not less than international ones. As part of its priorities, the administration aspires to obtain the ISO 9001-2008 Award.

It started its work by selecting qualified staff and by enrolling them into advanced training courses. The outcome was that 80 CAC employees were enrolled in international accredited quality courses, internal auditing and IT systems. These courses assisted them to accomplish quality and have quality control in an institution with 85 branches and offices and 23 administrations. Yet, it still aspires to expand more and to progress rapidly.

2010 Accomplishments:

The Sector was able to make a number of achievements; these are as follows:

- Overseeing the application of the E-System Workflow as the first project of its kind in the Yemeni Economic Sector;
- Designing and constructing the Bank's internal website which is being used and accessed by the entire staff to facility all of the Bank's work, activities, and procedures;
- Categorizing, coding, numbering and revising all of the Bank's procedures, policy manuals and used forms associated with the Bank's Development and Modernization Project (restructuring and institutional building of the Bank);
- Revising and approving the accomplished items such as the new profile for the Bank in order to unify it next year;
- Qualifying the work groups and the internal auditing team, introducing them to ISO Standards and subjecting them to proper training on how to handle and deal with internal auditing system and requirements as prescribed the ISO 9001-2008 Standards;
- Finishing the work of monitoring and auditing with the aim to improve the quality of the Bank's services in a number of banking arenas and distribution channels;
- Applying the Procedures and Systems Manuals as these were the outcome of the Bank's Development and Modernization Project. Their application covered a total percentage of 75%; and
- Analytically scrutinizing the reports drafted by the Bank's internal auditing administration, uncovering any cases of incompliance and then taking necessary steps on setting up preventative procedures.

Accomplished Projects within the Framework of Establishing and Guaranteeing the Quality of the Bank's Services

Project I: Work Follow-up System

CAC Bank's Work Follow-up System (CACWFS) is the backbone of the whole electronic and administrative system. It is responsible for tracking production operations, activities and work and tracing the time and place of service delivery and provision to clients; it even determines if a service is postponed and/or stopped. All of these processes are carried out in accordance with a Predetermined Standard Timing Production Scale.

Thus, CACWFS requires that all computerized inserted production operations and processes be carried out electronically and not manually. This first phase of the system required that all manually and traditionally work, mechanisms and means of the pervious system be converted electronically to be compatible with this new electronic system. The system is linked with a holistic and updated database in order to be able to draft accurate progress reports on the course of operations in all of the Bank's branches and administrations.

The system is composed of two components: the first one is the Business Process Automation System (Bank-BPM); and the second is the Enterprise Document Management System. The advantages and features of the system could be briefed as follows:

1. Applying the basis of governance and monitoring;
2. Reducing operating costs;
3. Decreasing operational risks;
4. Managing, measuring and improving operations and processes;
5. Improving the quality of operations' outputs and reducing their risks;
6. Getting rid of paper work;
7. Enhancing the monitoring of the course of work procedures; and
8. Automating the steps of the course of operations and reducing the time required for completing any operation.

Project II: CAC Bank's Internal Website Map

An institution in the size of CAC Bank is responsible for implementing operations by following a number of policies and procedures and by using various and different work forms and formats. It is therefore highly crucial and necessary to have a website of its own in order to have updates of daily news and information and modern and novel knowledge of various types and disciplines. Not only that, any website could be exploited to post memos, notices, ads, etc. In addition to the above intentions, CAC Bank wants not only to create harmony and symmetry within the operations of its branches and offices but also to post its high quality services and raise the level of the client's satisfaction.

In order to achieve the above points, the quality assurance department, utilizing the Bank's new and updated technological infrastructure, completed the CAC's internal website. Easily accessed by all employees, the website provides them with fresh news and generalizations and memos on timely basis. The Bank's policies, procedures, and forms and formats are at the finger of tips of those concerned personnel in all of the branches and offices.

The Strategic Planning, Economic Studies and Statistics Administration

Clear Future and Precise Goals to be Achieved by Teamwork

Albeit that the Strategic Planning, Economic Studies and Statistics Administration was established at the outset of 2009, it worked hard in 2010. It played an important role in assisting the Bank's senior management oversee the application of that year's action plan and evaluate the performance of all other administrations in order to ensure the achievement of the Bank's strategic vision and prevent any deviation from this course of action. It worked on the construction of new channels incorporating the flow of information and data, their collection and updating from both external and internal sources and environments. It further constructed the necessary systems for evaluation purposes; that is, to measure and evaluate the policies, trends of competitors and different strategic advocates.

2010 Accomplishments:

In 2010, a number of issues were accomplished; these included the followings:

- Holding workshops to train administrations' managers on how to do strategic planning and draft action plans
- Revising and discussing strategic and action plans for all sectors and administrations and approving them from CAC's senior management;
- Partaking in evaluating the Third Socio-Economic Development Plan for Poverty Alleviation (2006-2010) drafted by the Ministry of Planning and International Cooperation;
- Participating in drafting the Fourth Socio-Economic Development Plan for Poverty Alleviation (2011-2015) drafted by the Ministry of Planning and International Cooperation;
- Installing networks and electronic links with information agencies and provider as well as building a comprehensive database on the internal and external environment of the Bank and the channels of data and information flow in order to make constant data upgrading;
- Drafting the criteria and standards to be applied on analyzing the evaluation system of competitors and strategic advocates; defining the Bank's priorities and executive reactions with regards to the implementation of these priorities;
- Training teams of field researchers and surveyors, and respective employees on how to operate statistic processing systems and electronic analysis software and how to do field statistics and researches;
- Following up and applying the Project's outputs at the level of all sectors and administrations and forwarding periodical reports on the Bank's progress and accomplishment ratio; the targeted percentage of the outputs' application should be 65%;
- Identifying the necessary E-systems conducive to applying and following up the implementation of set-out plans and assessment of performance in accordance with respective objectives at all level of the organizational structure; drafting necessary plans and implementing them in 2011; and
- Networking all administrations with the main centers and approved statistical agencies and authorities in Yemen.

Marketing Administration

The Only Outstanding and Special Partner for All Social Segments

Over 2010, the marketing administration has ranked first place in the Bank's course of banking business. It has worked in promoting, introducing, and delivering the Bank's services and products to the public by using different channels and means, both the traditional and/or electronic means. It exerted a lot of effort to make such services and products at the finger tips of our clients in order to make them highly satisfied and to fulfill their desires, meet their needs and interests. At the same time, it is committed to fulfill the Bank's social obligations and responsibilities which could be met only by following a very accurate and strict method. With the aim at putting CAC Bank ahead of any other Yemeni banking institution and making it embark into the regional market, the administration carried out its outlined plans and promoted the Bank's innovative and various products. Another aim was to make the Bank represent Yemen in the biggest international gatherings and festivals. One of which was the 20th Gulf Torment. All of that was achieved by the adoption of the highest and modern standards in various areas such as marketing.

2010 Accomplishments:

The Bank accomplished a number of achievements; these include that the Bank was capable of

- Building and implementing the CAC partnership system; this system is concerned with determining the kind of marketing sponsorship to be offered by the Bank to institutions, organizations, associations and different bodies. According to the Bank's objectives and social responsibilities, these kinds of sponsorships are of a non-profitable nature.
- Redrafting the maps of distributing the Bank's billboards and advertising materials in Yemeni cities and governorates according to an evaluation system which is based on the criteria of the Bank's direct policy and objectives;
- Installing a comprehensive database (constantly upgradable) in order to manage its relations with clients, competitors and vendors;
- Drafting and revising all items and components of the Bank's profile in preparation for generalizing it;
- Making a list of the marketing needs for the Bank's branches and offices in order to meet them in 2011;
- Redrafting the monthly action plan to cover all the Bank's promotional campaigns for 2011 in cooperation with concerned administrations;
- Exclusively sponsoring the 20th Football Gulf Competition which was held in Aden;
- Applying the procedures and system manuals which were the outcome of the Bank's Development and Modernization Project to reach a percentage of 65%;
- Implementing the following marketing and promotional campaigns:
 - ◊ E-CAC Bank Cards (Visa and American Express E-Cards);
 - ◊ A Blessed Ramadan Month Campaign (during the holy month of Ramadan);
 - ◊ Happy Eid Campaign;
 - ◊ Yemen in our Hearts Campaign;
 - ◊ Savings Accounts Campaign;
 - ◊ The Campaign of Yemen's Reunification National Day, May 22nd;
 - ◊ Quick Transfer Production Campaign (At Your Service in Ramadan);
 - ◊ The Eid's Loan Product Campaign;
 - ◊ The 12th General Meeting of CAC Bank's Branch Directors Campaign;
 - ◊ National Campaign for Welcoming the 20th Gulf Football Tournament Gusts;
 - ◊ The Campaign for Supporting Yemen's National Football Team in the 20th Gulf Football Tournament;
- Sponsoring a number of social, sports, educational and economic functions.

2010 CAC's Most Outstanding Sponsorships

- The 20th Gulf Football Tournament
- The Yemenia Schools Celebration, Arabic Section
- The New Graduates of Agricultural Engineers Training Courses
- The Environment and Planting Campaign of Ibb Governorate
- The Graduation Party of the Second Batch of MA Holders, Business Management Center, Sana'a University
- The Production of the Love of the Country Poem (video clip)
- The Yemeni competition for the best website
- The Graduation party of Azal School Students
- The Second National Conference on Violence against Women
- The Graduation Party of Haddah Valley School Students
- The Celebration of the Teacher's Day at Rada'a City
- The Celebration of the Teacher's Day at Raimah City
- The Celebration of the Teacher's Day at Sana'a Governorate
- The Celebration of the Teacher's Day at Capital Trust
- The First Collective marriage Ceremony in Ma'reb Governorate
- The Honoring Party for Top Students for 2008/2009 Secondary School Certificate
- The First National Festival for Agriculture
- The National Industries Promotional Program (under the motto: Made in Yemen).
- The Graduation Party of Modern Science University Students
- The Project of Media Women Pioneers
- The Annual Occasion of the World Environment Day
- The Major Celebration of Universities and Education Day
- The Graduation Party of Computer Science Department
- The Second Forum for Quality
- The Local Council Conference
- The 10th Arab Championship for Judo
- Oil Conference
- The Training Course for Enhancing Journalists and Sportsmen Potentials (the 20th Gulf Football Tournament)
- The Ramadan Feast Tent in Movenpeck Hotel
- Human Rights International Day
- The First Conference for Road Safety
- The Second Conference for Arab Coffee
- The Funding of Installing a Computer Lab for Education Faculty, Sana'a University
- Mohamed Hussein A'mmer Celebration for Quran Memorization Competition
- The Graduation Party of Diagnostic Medicine Department Students
- The Graduation Party of Economics and Statistics Department Students, Faculty of Commerce, Sana'a University
- The Graduation Party of the Political Science Department Students, Faculty of Commerce, Sana'a University
- The Islamic Architecture Conference, Sana'a University (with Conference Handbags)
- Mubadrah Institution Celebration
- The Graduation Party of the Laboratory Department Students, Hodeida University
- The Training Course for Ministry of Education Teachers, Al-Shiher
- The Graduation Party of the Hope Batch, Mass Communication Faculty, Sana'a University,
- The Support of the Yemeni Lawyers Syndicate
- The Publication of Al-Nour Magazine issued by Colonel Hassen Al-Ameri School
- The Publication of a book entitled, Planning Indicators
- The Publication of Governmental Services Manual, Second Edition
- The Publication of Anti-Money Laundering Manual
- The Publication of the Anti-Corruption Manual ■





Retails Service Sector

“To be the closest and best financial means and banking advocator to all Yemeni family members in various regions”

One of the most fundamental and optimal work sectors in the Bank, the individuals' service sector tangibly partakes in the creation of the outer image of the Bank as being the tool for attracting deposits. Via this sector, the Bank moves towards the process of organizational restructuring, marketing and expanding its operations in order to reach the largest base of clients. With this background information of the role of this sector, it is possible to realize the big leap taken by the Bank to utilize its policies in promoting and developing this sector in particular and other sectors in general. CAC Bank's care and attention to its client—as the main concern and cornerstone of our operations—are demonstrated clearly in the radical change of the individuals sector's policy, vision, mission and accomplishments. All of these focused on covering new individuals-oriented markets lacking any banking services and new products geared to meet the individuals' expectations and provide privileges to current individual clients. This could only be through the diversification of products targeting individuals.

The sector was crowned last year by many accomplishments at the organizational and service levels; most included the followings:

1. The branches and distribution channels administration was founded, and its director was chosen on the basis of the principle of differentiation to undertake the duties and responsibilities assigned for this post.
2. The micro & medium enterprises administration was created, and its director was chosen on the basis of the principle of differentiation to undertake the duties and responsibilities assigned for this post.
3. The individuals and small enterprises administration was founded and its director was chosen on the basis of the principle of differentiation to undertake the duties and responsibilities assigned for this post.
4. New vacant posts were advertised for the other administrations in the sector. These were subject to inter-bank differentiation and temporary authorizations were given to employees from the Bank to supervise the work of the administrations until the completion of the process of differentiation.
5. A strategic plan was devised for the sector within the Bank's overall strategy.
6. The restructuring outputs appertaining to each individual administration of the sector were applied by which the level of application targeted the achievement of uniformity of the sector's profile in the branches. All of that was in compliance with the restructuring outputs and its scheduled program.
7. Periodic gatherings were held at a wide scale in branches and the HQ of the Bank in compliance with the principle of transparency and accountability and on the basis of the restructuring outputs.
8. Individuals targeted by branches were defined and determined on the basis of specialized banking studies.
9. A series of training courses for the branch customer service staff were held with the aim to promote skills in selling and providing individuals services of high quality.
10. New branches and officers were opened for the public.
11. New ATM's were put into services in new areas to meet the public's needs. At the end of the year, their number accounted for 124. In addition, the number of existing POS's was also increased.
12. New individuals' products were developed and thus spurred tough competition in the local banking sector.

Intending to serve a large segment of clients in the society, the sector was able to achieve tremendous accomplishments within the framework of the Bank's vision, objectives and strategy; this was through its specialized administrations being as follows:

1. The branches and E-distribution channels administration
2. The small & medium enterprises administration
3. The individuals and micro enterprises administration
4. The rural and agricultural credit administration
5. The cards administration
6. The private service administration



The branches and E-distribution channels administration

Closer to Clients than their Wallets

The Bank was able to maintain its pioneering and keep its competitive status among other banks by expanding and spreading all over the country and operating its E-distribution channels in accordance with its vision to meet the need of its clients and all of their banking wants wherever they are on the Yemeni soil.

2010 Accomplishments

- **In the Area of Proliferation Spreading and Expansion**

Five offices were opened in a number of vital locations in Yemeni governorates, an act which made the Bank maintain its pioneering status in this arena. The number of branches totaled to 52 while offices to 29. Such figures demonstrate the Bank's competitive feature and characteristic. At the regional level, the Bank opened officially the Djibouti Branch in 2010.

- **In the Area of E-Distribution Channels**

CAC Bank has become the only banking institution capable of providing the public and clients with many and vital E-services 24/7. The intention is to provide these services in order to meet its clients' needs with high security and extreme ease through the following E-channels:

CAC Mobily package is one of the most important distribution channels as they incorporate a number of exceptional and unique services. Along with CAC Internet Banking service and the large number of CAC's POS spread throughout the country, CAC's network of ATM's was expanded in the country by installing 34 new machines with the aim to maintain the leading and competitive position of the Bank. In fact, CAC is ahead of other banks in terms of the number of the ATM's; it has 124 ATM's.



The Small & Medium Enterprises Administration

"To be the major source and ideal means for developing and funding a big number of the small and medium enterprises as one of the important structures of the national economy with the aim to combat poverty and reduce unemployment rates."

The small and medium enterprises administration is one of the most crucial structures affiliated to the individuals sector. Founded in February 2010, the administration is committed to manage and run the activities and operations pertaining to the small and mid enterprises credit. Along with attracting new clients, it is obligated to device the procedures geared to serve the process of credit selling to clients and to provide technical support to respective employees at various branches. This is in order to guarantee the realization of planned objectives and ensure the satisfaction of CAC's clients. The administration is responsible for following the branches' work and making sure that the process of delivering sale services is being carried out effectively in accordance with the followed policies and procedures. Besides doing credit evaluation for CAC's clients and monitor and analyze the performance of the credit portfolio, the administration is committed to study the required funding amendments and approve them as per the approved credit authorities.

2010 Accomplishments:

The administration was capable of

- Drafting the executive plan for its outputs and applied the procedures manual as the outcome of the Bank's development and modernization project, which reached a percentage of 80%.
- Participating with working papers in a number of seminars and functions inside and outside the Bank; these papers were related to the funding of small and medium enterprises.
- Devising the mechanism for financing small and mid enterprises and presenting it to foreign financers in order to obtain financing for such enterprises (such as the Agricultural and Fishery Production Motivation Fund and YLNG).
- Designing a number of products appertaining to the idea of financing small and medium enterprises;
- Implementing a number of training courses for the administration's staff in a number of disciplines: credit analysis of banking clients; and communication and dealing skills with others; strategic planning; and the balanced performance card.
- Coordinating and communicating with branches and receiving and analyzing small and medium enterprises profiles; studying them from a credit point of view after field visits were paid to clients whose credit applications and facilitation were under processing; the number of visited clients totaled to 95 with a financing totaling to nine hundred million YER. Clients from various sectors and specializations are separated in accordance with technical and professional standards.

The rural and agricultural credit administration

“To be the main financier of agricultural, rural and fishery development.”

The administration is regarded as one of the most significant constituents of CAC Bank's foundation in 1982 as a result of the merger of both the Agricultural Credit Bank and the Cooperative Development Bank. From an organizational point of view, it is a subordinate of the individuals sector.

Administration's Objectives

The administration aims at:

- Financing individual and collective projects and agricultural and fishery associations; working on recruiting savings; opening accounts to achieve the state's policy conducive to causing a comprehensive development and improvement of living and social circumstances of the public; intending to expand development services through CAC's branches (services such as those related to plants; animals; fishery; and craftsmanship);
- Implementing the state's policies related to food security through granting the loans of the national program for planting wheat and other cereals and legumes;
- offering small farmers and fishermen with soft loans via contributing in the financing of many agricultural, fishery and animal projects as well as small loans and facilities to improve small farmers and fishermen's living circumstances and enabling rural women to participate in various development projects;
- Financing cooperative, agricultural and industrial projects;
- Participating in designing and devising the Bank's five-year strategic policies and plans via the individuals sector and every now and then taking part in assessing those policies and plans and forwarding the assessment to the respective agency; and
- Drafting annual lending plans in accordance with available resources; setting up action programs for such plans in order to achieve the best possible performance rates; making periodic reports showing branch-based lending indicators of various objectives;

2010 Accomplishments

The administration aims at:

- Financing services were constantly provided to the agricultural and fishery sectors over the years 2006-2009.
- The Bank, represented by the administration, implemented the state's policies related to food security through executing the national program for planting wheat and other cereals and legumes.
- The administration participated in the foundation of the individuals sector by cooperating in the process of devising and drafting relevant policies and plans under the supervision and directives of the individuals sector's CEO deputy.
- It drafted all of its own strategic plans and budgets.
- It continued on seeking funding resources for agricultural and fishery projects by communicating with official state bodies such as the agricultural and fishery production motivation fund, the ministry of agriculture, and foreign entities and agencies such as FAO, IFAD, etc. all of that is done under the supervision of CAC's senior management.
- It followed up the collection of the fees amounts allocated for funding the services provided by the agricultural and fishery production motivation fund in favor of the Bank in return of the Bank's provision of soft loans. It then drafted reports showing all relevant data to the granted loans: that is, the reason of granting each loan, the branch granting the loan, the aim of the loan, the loan beneficiaries.
- It followed up and evaluated the process of granting loans via CAC's branches and forwarded an field and desk assessment in this respect.
- Along with the collections administration, the rural and agricultural credit administration followed up the collection of the various development loans whether such loans were for the credit portfolio, or for CAC itself or for the agricultural and fishery production motivation fund but were granted through CAC Bank.
- It worked and completed the updating and improvement of policies and regulations governing the process of lending in accordance with the restructuring outputs.
- Training of credit officers was done in some branches on the manual of feasibility studies by using the computer. Hopefully, training of officers in the remaining branches would be done in 2011.
- The administration participated in all conferences and workshops related to the nature of its work (e.g. the coffee conference; the agricultural strategy and water conference; the conference for food security and poverty alleviation).
- It took part in drafting the 2010-2011 strategic plan of the sector.
- It participated in preparing the necessary mechanisms for attracting financing resource for development purposes (such as the mechanism of the youth employment fund; the financing mechanism proposed to be implemented by the YLNG; the mechanism for granting the project loans affiliated to the national program for wheat and other cereals).
- The administration completed the working papers asked from official state bodies and participated in drafting the response of the procedural matrix of the government in compliance with the recommendations of the Shura'a council and the Parliament for the year 2008-2009.
- The administration drafted and designed the brochure of the development, rural and occupational credit guide in cooperation with the affiliated marketing administration.
- The administration prepared a holistic report on the Bank's activities in this arena under the supervision of the Bank's senior management to be presented to the official bodies of the government, namely, the Shura council and the council of ministers.

The individuals and micro enterprises administration

"To be the provider of services fulfilling an individual's needs before birth and throughout the different stages of his life."

This administration specialized in selling individuals products is responsible for the sales of credit services to individuals and micro-enterprises. Along with drafting the procedures geared to serve the process of credit selling to clients and provide technical support to respective employees at various branches to guarantee the client satisfaction, it works on attracting new clients, examines credit applications forwarded to it by branches and ensures that such applications fulfill the required terms and conditions as part of its follow up process of branches.

2010 Accomplishments

The administration was able to:

- Uniform the two agreements regarding disbursing salaries and non-interest loan in all of the branches in cooperation with the legal administration.
- Participate in the process of inputting and inserting the loans data into the CBY's relevant system;
- Collect and document all agreements regarding disbursing salaries and non-interest loan at CAC's branches and forward them to the Bank's internal website;
- Revise and make necessary amendments to the individuals credit manual;
- Participate with the research and development administration in designing and the product of Eid loan and then selling it, which was highly successful;
- Activate and promote savings account package and launch the annual competition function on these savings (the satisfaction, children and AMAN savings accounts). All of that was done by coordinating with other administrations such as the quality, branches and marketing administrations;
- Foundation of the Micro-financing Unit
- The unit was able to: Hold joint workshops on micro-financing with the social care fund and the agricultural and fishery production motivation fund and in cooperation with other administrations such as with other administrations such as the quality, branches management and distribution channels administrations;
- Prepare a uniformed military personnel retirees lending mechanism and procedure in all CAC's branches;
 - ◊ Attract new agencies of both the public and private sector to use the salary disbursement product;
 - ◊ Train its staff on different fields, most important of which is credit; and
 - ◊ Offer branches the authority to directly grant loans to individuals.

2010 Most Important Projects

• Agreements

The administration was capable of

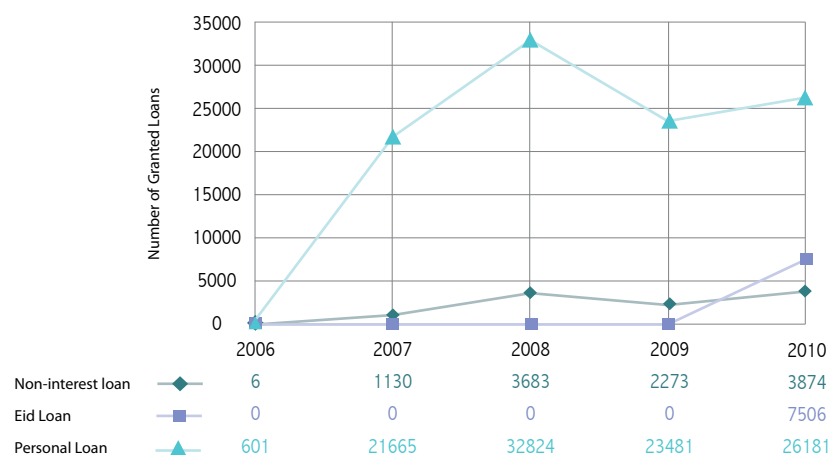
- ◊ Documenting entered and signed agreements along with updating, improving and posting them on the Bank's intra-website in cooperation with the branch administration;
- ◊ Participating in creating and designing uniformed consumer loan forms in cooperation with the quality administration;

• Consumer Loans

CAC's consumer loans aimed at:

- ◊ Targeting a new segment of borrowers with the package of "Eid Loan, My Eid Offering" with the purpose of keeping the Bank an exceptional provider of new credit services appealing to a large portion of clients;
- ◊ Activating the selling of non-interest loan product by which its growth rate rose by a percentage of (1.70%) over 2009; and
- ◊ Revising and amending the individuals credit manual concerned with the procedures and mechanisms governing the granting of various consumer loans; preparing the client service marketing manual which handles and deals with all types of consumer loans as well as the most important questions asked by clients and facing customer service staff.

Consumer Loans Growth Rate



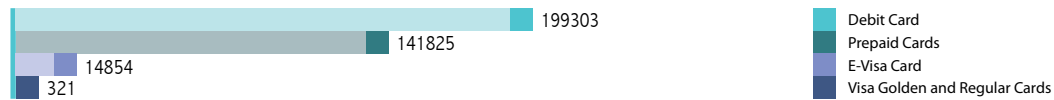
Cards Administration

"To have a renewing diversity of cards to fulfill the needs of all types of clients and to be welcomed everywhere."

CAC Bank has always been and is exceptional with its technological advancement in producing many banking services to meet the needs of its clients. In addition, it has taken leading positions among local banks in delivering high quality modern E-services. The Bank is crowned with the honor and privilege to be the pioneering and outstanding banking institution and provider of a number of E-services to Yemeni banking clients, including different types of ATM's.

Figures and statistics have proven that CAC Bank is entitled and has the right to be the leading and pioneering financial institution in Yemen. The number of ATM's issued by CAC Bank totaled to (356,303) by the end of December 2010.

Type and Number of ATM's issued by CAC Bank as of the End of December 2010



Types of Cards Issued by CAC Bank

1. E-Visa Card
2. Classic Visa Card
3. Golden Visa Card
4. Prepaid Cards
5. Debit Cards
6. YPC Card.
7. Belqis Card

VIP Service Administration

"To elevate and improve the delivery of services to VIP clients in order to benefit the Bank and achieve its holistic vision."

As part of the process of constantly improving and restructuring the Bank and owing to the significance of VIP clients, it was decided to create the VIP service administration in charge of professionally providing such clients with high quality services. This is so that the Bank's demonstrates and reflects its vision to VIP and other clients. The administration accordingly worked on marketing its investment services and products as well as projects and programs capable of efficiently managing VIP clients' large wealth and fortunes.

2010 Accomplishments

The administration was able to:

- Carry out the client classification project into segments as per their significance in accordance with the Bank's trend towards diversifying and offering services to the largest base of clients in the banking market; this base incorporates individual clients to be offered diverse and rich packages of CAC banking products and services;
- Examining and then apply the international standards with respect to client classification;
- Begin designing a vision in line with its strategic plan and relevant international standards and in conformity with the local market; and
- Prepare a package of products for VIP clients in cooperation with the research and development administration and forward various proposals and suggestions aiming at creating and improving an ample package of products to meet the wants and needs of VIP clients. ■



Business Support Sector

“To have an ideal work environment functioning as a driving force towards achieving success and acquiring professionalism and exceptional knowledge as well as having a heterogeneous group of professionals and specialists possessing a strong loyalty and belongingness to their pioneering institutions.”

In 2010, the back office sector was administratively, organizationally and technologically developed and improved at a large scale with the aim to equip the sector the necessary elements, components and potentials in order to enable it shoulder its actual responsibilities and manage the Bank's various resources and make available all necessary requirements for all the Bank's sectors and branches. This, for sure, would guarantee the existence of an ideal work environment conducive to achieve the utmost gains from CAC financial, human, and technical investments.

Though all of the Bank's sectors were totally preoccupied with applying the Development and Modernization Project's outputs, the back office sector was the one responsible for making available all necessary requirements needed for the application of the outputs in all of CAC's sectors and branches. Along with doing its part of the application process, the sector created an ideal work environment geared to make the Project's phase a success. It is, therefore, safe to argue that the success of the sector in 2010 clearly reflected itself in the accomplishments made by all other sectors and branches.

More important is that the sector over the 2010 executive process espoused a comprehensive and thorough administrative and organizational policy which assisted it in taking on its duties and in organizing its efforts exerted by all of its affiliates. The most crucial characteristics of this policy could be briefed as follows:

- Enhancing the culture of the client always comes first; this is through having a very focused technical, educational and cultural training to target the staff having direct contact with clients (i.e those working in client services; call centers; and branch manager);
- Applying the Development and Modernization Project's outputs in accordance with the basics of development and modernization and the notion of saving time and energy needed for executing other operations;
- Promoting the concept of workmanship satisfaction, which is the only approach to achieve institutional loyalty; this was through enforcing and achieving the principle of justice among CAC's staff, improving their pay and doing continuous evaluation.
- Carrying out the automation system for all operations which would back up the values of transparency and disclosure and ensure a better means of applying these practices in this arena;
- Constantly following up the application of the sector's strategy and prevent any deviation from its course.



Human Resources Administration

"Having heterogeneous work groups of specialists operating in a stable and enabling work environment; the administration is the wish of anyone having a dream in the labor market."

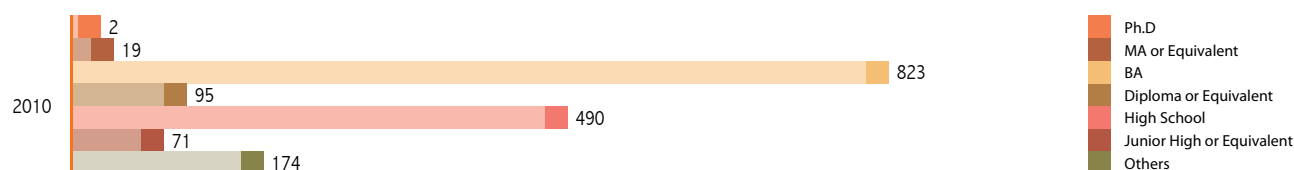
2010 Accomplishments

- Developing the HR systems by updating and improving all relevant policies and procedures, all of which juxtaposed the Bank's overall organizational development and modernization. This is through updating the Role Profile as per each employee's responsibility (ies) and task(s);
- Implementing the performance system and measuring employees performance according to followed factors and standards;
- Executing a special program to define the gap between the job requirement and an employee's potentials and qualifications; and if necessary, addressing any employee's shortcomings;
- Carrying out an E-archiving process for all staff files and documents;
- Issuing work ID cards for all new staff members in line with Bank's Organizational Structure (Chart); evaluating and categorizing all the sector's employment posts in accordance with the International Position Evaluation Standards; and completing all procedures for the approval of the employment grading system;
- Keeping exceptional and qualified staff members in order to rationalize the Bank's expenses and over all cadre, a point which positively influenced the competence indicators to make CAC Bank adopt Global Banking Standards in the Banking Industry;
- Emphasizing the availability of a convenient work environment for all the Bank's staff, which would positively reflect the staff's work satisfaction and maintain employee turnover;
- Continuing on recruiting the best qualified staff to work in the Bank within the high competition in the labor market at the local and regional levels;
- Working on updating the posts of senior management members to match the Bank's targets along with dividing the departments and administrations into two parts: major cost centers and secondary cost centers; this is in order to know the financial position of each cost center, its costs and revenues as well as profits gained and eventually its overall performance whenever needed;
- Working on establishing the principle of justice and clarity in distributing supervisory posts and on laying down long and short term plans for the whole manpower;
- Defining the occupational standards and then applying them on the pay rate chart; in accordance with a market survey done on competitive banking institutions, CAC has the highest pay rate in the market;
- Raising life insurance ceilings for CAC staff to an amount of 2 million YR and in case of disability to four million; and
- Granting CAC's staff with medical and health care services; pursuant to a contract with CAC Insurance employees are medically covered by medical providers in most of most of the Yemeni governorates and some of foreign countries; this insurance is not a full coverage as an employee might borne a percentage ranging (25-50%) out of the total medical costs;

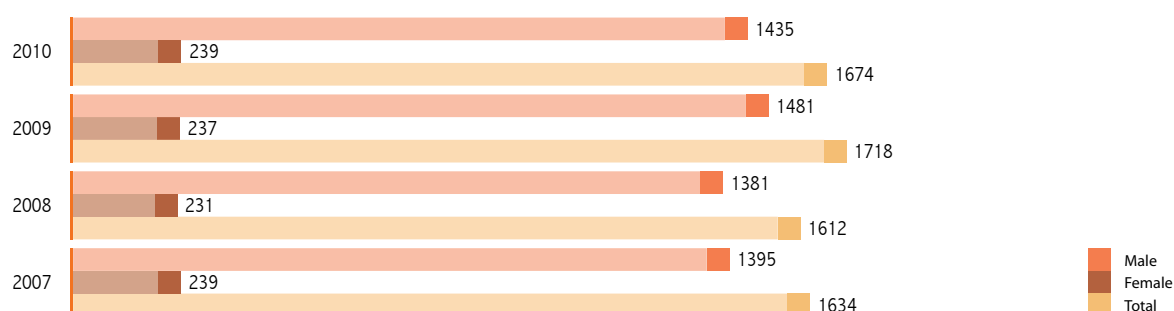
IT Infrastructure

It includes a set of hardware and software requirements, network connections and servers. Being modern and upgraded regularly, it allows the delivery of modern services with high global quality (including speed, accuracy, safety, and connectivity).

Employee's Qualifications to the End of 2010:



Number of Employees (Fe/Male) over the period (2007-2010):



Finance Administration

"To incorporate administrative units and bodies and operational activities into investment centers to make optimal returns"

The finance administration is regarded as one of the most important constituents of the Bank because of its assigned work and tasks. Monitoring and following up the Bank's various activities to retain the financial position to be maintained by the Bank at the local and regional levels, the administration carries out its tasks and responsibilities as dictated by the Bank's Procedures Manual and pursuant to international standards and norms. Along with preparing the balance sheets, budgets, and final accounts, it carries out financial analysis, drafts reports for beneficiaries (senior management members and respective external entities and agencies), participates in the devising of the Bank's strategic plans and follows strict and effective means of controlling the performance of all the branches with regards to their work; this is in order to issue true and real financial statements and prepare monthly performance reports.

It further seeks to continuously keep up with banking advancements by quickly adapting and applying accounting principles and standards imposed on the banking sector at the local and regional levels. One of the most important achievements of this administration was the designing and using of an output costing E-system.

Performance Development Administration (Training)

"To make CAC's affiliates become occupational professionals and acquire updated knowledge as the basic standards for their evaluation."

2010 Achievement

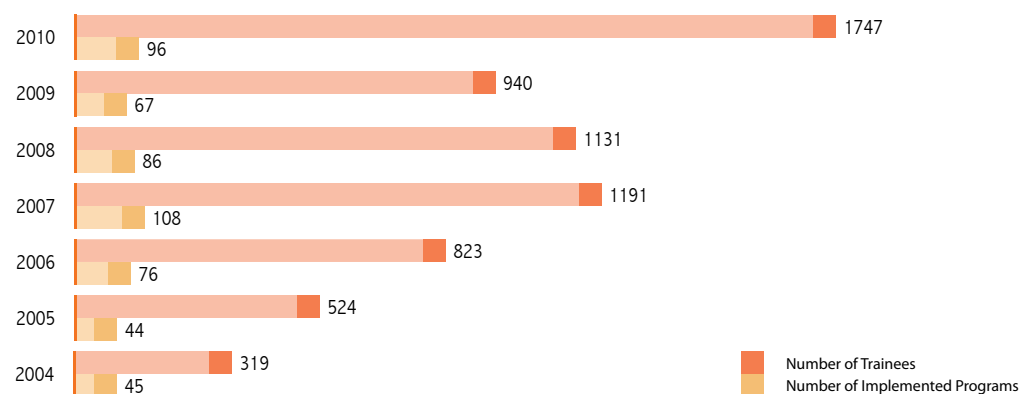
CAC Bank holds the belief that Man is the major drive behind making an institution successful and realizing its growth, development and distinctiveness. As such, CaC's strategy and future trend emphasize the significance of its human resources through adopting a Performance Development (Training) Strategy. This strategy aims at improving and enhancing the staff's various knowledge and skills in order for them to be capable of meeting work requirements and developments.

In line with the above, the Bank held 96 training programs targeting 1747 employees in 2010. Unlike past activities, these programs focused more on building the trainees administrative and technical capacities. The Bank further proposed a series of advanced training courses to be held over the same year.



The Banking Training Center
This is a center committed to offer the most up-to-date training courses pertinent directly or indirectly to banking industry. Following an absolute investment concept, it offers training services first to CAC staff and then to all of the Yemeni banking sector's workforce.

Number of Implemented Programs & Trainees:



Abdu Sa'eed Al-Tayar
CEO's Deputy for
Human Resources

Administrative Service Administration

“To have an ideal work environment to make success a reality.”

2010 Accomplishments

Demonstrating CAC's overall vision to have a convenient work atmosphere with modern facilities geared to fulfill both the staff and client's satisfaction, the administration achieved the followings:

- Providing newly established branches in 2010 with the necessary requirements pursuant to CAC's policy for geographical expansion;
- Offering security and protection means and facilities to the personnel and properties of all the Bank's branches scattered in the Republic of Yemen;
- Doing maintenance for buildings, equipments and tools and following up constructional work (i.e. building construction and decorations);
- Providing all needed furniture, machineries, tools, stationeries and printings to respective braches;
- Putting CAC's fixed assets, automobiles, ATMs and cash in them under insurance coverage;
- Overseeing the movement and maintenance of transportation means and making sure of their insurance validity;
- Doing all arrangements for traveling, booking tickets, and obtaining visas;
- Installing and operating the Focus System for purchases and stocks;
- Following up the implemented projects' course of work and the execution of those in progress;

Training Center

“To be the global center for banking professionalism.”

The Bank realized that in order to meet its national commitment it must establish a specialized training center, firstly, for its own benefit and, secondly, for the benefit of the banking sector. The center intends to offer training services with the aim to meet the needs of the national economy for these expertise coping with the dictates of relevant strategies and executive policies.

The reasons for establishing this center could be briefed as follows:

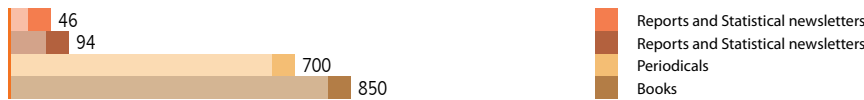
- The lack of banking specialists and experts in the Yemeni market;
- The presence of a gap between both international banking norms and updated standards, on one hand, and banking practices and experience in the Yemeni banking sector, on the other;
- The rapid advancement in the banking service technology;
- Yemen's lack of an accredited training center specialized in providing knowledge in this field and in producing professionals in the banking industry;
- The Bank's adoption of effective training policies to build its human resources and emphasize the importance of acquiring sufficient knowledge and skills in the banking industry.



CAC's E-Library and Interactive Forum

This is an E-library seeking to create an informational revolution by containing the new and old, occupational and academic literatures, books, periodicals, researches, studies, statistics newsletters, and findings of seminars and conferences; it also has recorded training courses and those of distant learning; it provides services in a smooth manner via computer sets, and both E-venues—the intranet and internet. It is the spring of and source for all economic researchers and practices;

E-Library Contents:



E-Library Construction Phases

The E-library was activated by providing its services in two phases:

- **Phase (I):**
After being established, the library is to provide the Bank's staff with its services through covering the Bank and branches' intranet; via this intranet, the library could possibly post recorded training courses in all banking, administrative and economic disciplines;
- **Phase (II):**
The library would be developed and improved to be of service to CAC's clients in return of nominal charges. To do so, it is important to locate special booths in the Bank, information and research centers, public bookshops, universities; these booths would be named as CAC Library. Users would be allowed to log into CAC Library Website for scientific research purposes only and certain reasons. Only CAC's clients would be allowed to access and obtain all of the data and information provided by the Library.

Objectives of the Library

It is safe to argue that the establishment of an E-library is highly important due to two main reasons: one is that Yemen lacks information libraries and centers while the second is CAC Bank's intention to establish a specialized training center to improve its human resources and to provide modern services geared to raise the Bank's market share. Thus, the construction of such a library would definitely guarantee the materialization of the following objectives:

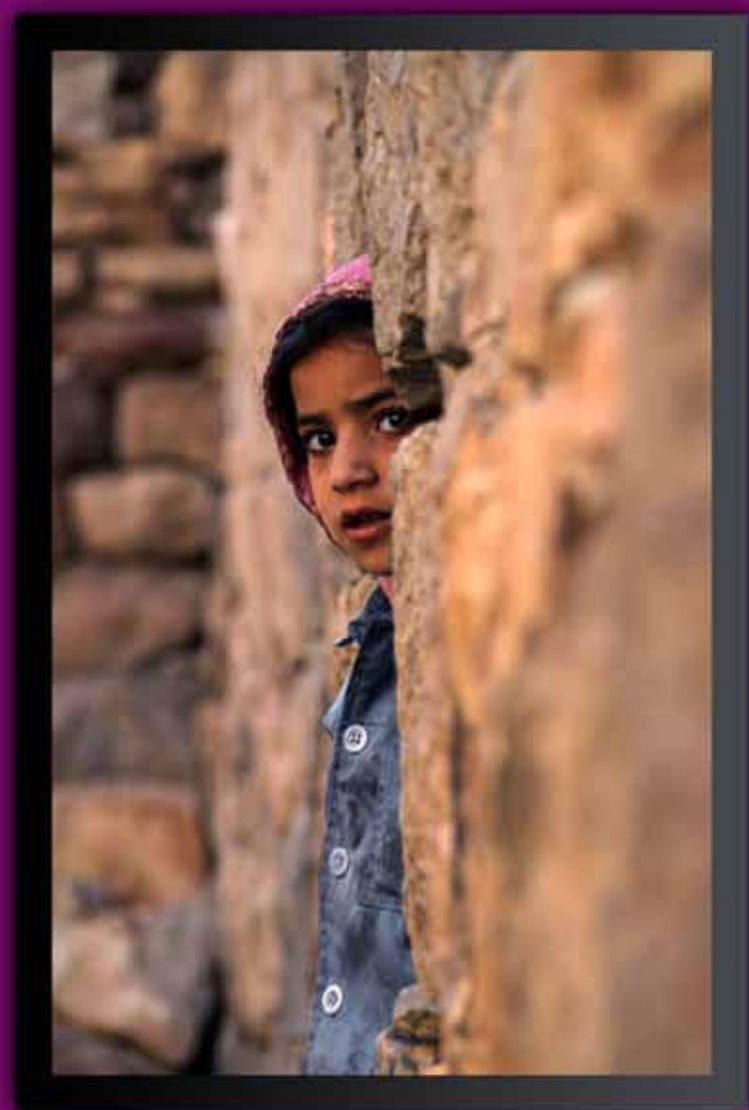
- To achieve an information lead for the community;
- To raise the level of training in the Bank itself and activate the system of continuous learning (through videoing the training courses organized and held by the Training Center and uploading them on the library's website so all could benefit from them);
- To cope with the scientific and technical advancement in the arena of banking;
- To assist in staff assessment, that is, their eagerness to develop and learn;
- To update all of the Bank's affiliates with banking awareness and share knowledge in this respect;
- To save effort and time by simplifying access to and obtainment of information;
- To secure as much as possible of information resources which might serve the Bank's objectives and motivate employees to develop;
- To enable all users and beneficiaries search in various topics and wide fields through having interactive means;
- To circumvent costs and efforts for paper archiving and expenses of printings and recruiting trainers from outside the Capital; to give online/live courses; to avoid purchasing similar training literatures; and eventually to evade the borrowing and lending system of hardcopies and losing them and following their return to the library;
- To treat everybody on equal footing by offering them the chance to be trained and get the needed information;
- To scientifically enrich the human resources with information, which would benefit the Bank very much;
- To increase the level of benefiting from the Bank's E-system
- To offer CAC's a special service, which would be considered as a merit for the Bank, lacked by other banks;
- To support the Bank's marketing activities and participate in elevating its market share of clients especially students, researchers and university professors;
- To spread E-literacy and culture outside the Bank, and raise the level of skills to obtain information electronically in the community;
- To socially take part in raising the level of scientific research and technical advancement in the Republic of Yemen. ■



CAC's E-Library
E-Library: It is in the form of a website to be accessed through the Bank's intranet by all CAC's staff at any time. It contains a big number of modern E-books, periodicals, studies and audiovisual training courses covering all banking, administrative and economic disciplines as well as the field of human development.

CAC's Interactive Forum:
It is a website mainly for interactive chatting. It is divided into chatting rooms in accordance with CAC's sectors and course of business. Any of CAC's staff could possibly enter a room to chat with other employees on matters and issues related to their work.

Restructuring Project
It is a project aiming at developing and modernizing the Bank's organizational and administrative structure. It is concerned with executive work procedures, organizational structure, payroll setup, employee and post evaluation. This is in order to guarantee the improvement of the quality of services, obtain competitive advantages, achieve a the highest level of staff loyalty and accomplish the best returns on invested funds.



Risks & Compliance Sector

“To maintain a risk-free banking activity and distinctive professional performance to uphold the Bank’s rights”

The risk sector carries out its activities through its administrations whose work is basically supervisory. The sector and its representative committees are committed to make lists of all kinds of risks, analyze and measure them, follow them up and mitigate their impacts. This is in order to achieve the best possible level of balance between CAC’s revenues and risks and to cope with the general risk acceptance criteria as stipulated by Basel committee.

As a supervisory executive body on all other work sectors and back-office sector, the sector operates with its representative committees being hierarchical subordinated to CAC’s BOD in accordance with the Bank’s organizational structure. It further manages risk measurement system of all potential risks and analyzes the Bank’s exposure to them. Along with addressing any issues related to the Bank’s clients, it deals with those related to CAC’s frequenters and with legal issues. It further works on ensuring that the Bank adheres to all relevant regulations, laws and Central Bank of Yemen’s (CBY) and international instructions with the aim to ascertain CAC’s sound performance.

Moreover, the sector implements all policies and procedures geared to assuaging all types of risks and carries out the necessary measures and available potentials in that regard. It deals with defaulted debts and law-suits in progress following the best possible banking professional practices.

It seeks to raise the level of the Bank’s awareness and knowledge of the best standards of banking industry. This is through developing risk measurement tools and approved forms enabling respective staff to define and know any potential risks. After doing risk assessment, the sector forwards assessment results to respective bodies as stipulated by followed standards and instructions. This is in compliance with relevant local and international regulations.

It also carries out a specific program of risk-measure strategy including credit risks, operational risk, reputational risk, strategy and legal risk. By following that, the Bank is the first financial institution in the banking market to apply such standards, a matter which is a preliminary step to complete the requirements and systems needed for the application of Basel 3. All of that was done following the tangible progress in the actual implementation of Basel 2 regulatory requirements.

As the first Bank in Yemen to have such systems, the sector seeks to apply these international standards in order to instill the confidence of the largest number of clients in the Bank, to give better opportunities and wider fields for the largest correspondents and to embark into overseas markets.



Risks Management

“To measure risks accompanying the Bank’s performance and activities and mitigate their impacts through applying the best practices and methods in accordance with abiding international standards and instructions in order to achieve the highest possible revenues with the least costs for existing and potential risks.”

The Risks Administration applies the decisions taken by Basel Committee and adopts the basic principles for measuring risks; most of which include the followings:

Credit Risks

The Bank measures credit risks, being conventional and/or Islamic, as a basic element of its intent to achieve its highest goal—maintaining and improving the type of its assets and the structure of the credit portfolio. To do so, the Risk Administration relies on very trustworthy credit standards, policies, procedures and methodologies. It also uses apparently effective communicative means and ways and modern E-systems and effective monitoring. This enables the Bank to efficiently and professionally handle any potential risks and surrounding challenges. The credit operations in the Bank are carried out in accordance with the major and basic principles as follows:

- Define very clear limits for the level of credit risks, monitor and review them periodically, and make necessary amendments aiming at guaranteeing the reliability of the CAC’s credit operations;
- Specify credit-based authorities and approve the decisions of respective committees;
- Invalidate individual-based authorities and cease credit-based operations lacking complete studies or procedures;
- Approve credit authorities based on the level of risks for each Credit Committee at the central and branch level;
- Ensure that client-oriented analysis covers the financial and credit aspects, that is, covering all aspects of various risks whether being “individual, corporate or a group of companies”;
- Review the analysis of credit portfolio type and credit-driven performance in accordance with credit worthiness indicators; and to take the needed measures in this regard, if necessary;
- Use stress-testing modals which include hypothesis and expectation of various effects in order to arrive at sound results based on various circumstances;
- Assess credit exposure and follow them up and set out the required plans or procedures capable of handling such exposures;
- Follow scientific methodologies for assess historical performance and the process of credit rating based on quantitative and qualitative bases;
- Effectively manage the documentation process and collaterals or guarantees; keep them; and follow up their evaluation to ensure that they cover all debts and commitments;
- Periodically review all banking facilities to ensure the lack of any negative indicators or any regression needing necessary and precautionary measures;
- Ensure that the early warning signaling system is operating efficiently and effectively and is constantly capable of determining and screening potential risks; and
- Make credit information at the finger tips of CAC’s clients and clarify to them the size of their existing obligations to other banks via the Banking Inquiry System.

Operational Risks:

Operational risks are defined as the risks of insufficiency of internal systems or lack of instructions, which might lead to expected or unexpected losses. They might also include the lack of control and order of operating systems due to human’s interference that could be an act of fraud and deception, wrong operations, reiteration of errors, and insufficient reporting system, etc. Based on Basel Committee’s decisions, operational risks staff seek to define those risks and the necessity of having a monitoring system for their accepted credit ceilings.

The Bank takes into account the operational risks resulting from the setback of action plans emerging from the inefficiency of employees and reputational risks. Yet, it continuously works on improving its action plans and systems by using all possible means and all precautionary and preventive measures to avoid these risks. The Risks Administration bases its work on the following aspects:

- Reviewing and incessantly updating set-out objectives regarding operational risks measurement;
- Verifying to what extent instructions and defined limits are followed;
- Determining the necessary authorities and approvals required for every administrative body or level related to operational risks;
- Separating the tasks among respective employees and monitoring the soundness of their work via the E-System outputs;
- Determining or pointing out double-sided tasks and taking the necessary measures to correct such duality and putting this point under close and accurate monitoring;
- Ensuring the validity of a sufficient insurance for the Bank’s assets and records;
- Making sure that the internal control system procedures for activities are sound and that the existing and new products are safe and secure;
- Setting out necessary procedures and policies geared to shifting any risks to other agencies or parties, that is, insurance cases, or cases of hedging or avoidance through other institutions;

Outline of CAC’s Capital Adequacy (2009-2010):



Liquidity Risks

The Bank emphasizes the good management of its liquidity as it enjoys a variety of reliable sources of funding; therefore, to beseech any liquidity risks, the Bank maintains sufficient liquid assets. The Bank's incessant concern for meeting liquidity requirements has resulted in making the Bank occupy an outstandingly pioneering and exceptional position among other banks. In other words, the Bank is concerned more with meeting its clients' need of cash and quick money transfers. This is so, for CAC's liquidity management policies and procedures mainly rely on the Bank's meeting all demands for funds or its financial obligations at the time of maturity and under all circumstances with no additional costs to be borne by beneficiaries. All of that is carried out within a series of more strict and reliable procedures; examples are the measures for monitoring liquidity and the daily and weekly reports showing the expected and actual liquidity position.

In line with the above, the Bank has exerted a lot of effort aiming at bettering and developing liquidity measuring and analyzing tools. Non-stop support has been allocated to liquidity reports by testing the necessary sensitivity of various and expected scenarios that might impact the availability of sufficient liquidity. Taken further, the Bank's way of managing its liquidity strengthens our confidence in its ability to face all kinds of unexpected developments in the market and at the same its capability to meet its obligations towards its clients and the requirements of relevant monitoring bodies. In short, CAC's liquidity management system has proven a high efficiency and aptitude to meet client demands.

ALCO (Assets / Liquidity Committee) constantly analyzes cash inflows and market risks by taking the required measures to adjust prices and change the sets of products whenever necessary. This is in order to maintain the best position for the Bank and control relevant risks.

Market Risks

Market risks are those resulting from a potential loss due to the change in the value of the Bank's portfolios and the instability of profit rates, foreign currency exchange rates and many other indexes such as stock rates; commodities prices; and credit margin.

ALCO supervises the market risk parameters and then provides guidelines and advices with regards to acceptable risks and the necessary policies and measures to be taken in this regard. It further gives its approval regarding the agreed upon ceilings for relevant operations determining the policies, procedures, and instructions with reference to investment activities and management of different portfolios. This is with aim to mitigate the different market risks. In addition, the risks and investment administrations periodically monitor and review the limits of market risks for approval by ALCO according to the Bank's strategy and the acceptable level of risks.

As for CAC Bank, Interest Rate Risk (IRR) is of a limited impact, since it is managed and perfectly and continuously monitored. Eventually, it is save to argue that major risks could hardly impact the Bank in the long run.

Exchange Rate Risks

There are extremely strict and tough limits for the Bank's exchange rate dealings; thus, all opened currency positions are under incessant monitoring in order to moderate potential risks. Equally important is that opened transactions are measured by daily and weekly reporting and monitored to ensure that losses are mitigated as much as possible and to guarantee also that CBY's instructions are followed in this respect.

Crisis Management (contingency and business continuity plan)

The systems administration is in charge of ensuring the availability of a holistic system for managing crises and carrying out the contingency and business continuity plan conducive to ensure its ability to operate and minimize losses in the event of severe business disruption. The planning for overcoming and encountering emergency cases has proven a very significant method as this planning enabled the Bank to control and manage any crisis in the most critical times and circumstances.

CAC Bank's Recovery Department undertakes to execute the contingency and business continuity plan ensuring that work continues and is maintained. There is also the Information Security Department in charge of drafting and implementing a comprehensive policy for information protection at the level of the Bank in accordance with the best international standards and norms. The Department launched and carried out a number of projects in order to activate the monitoring and application process of relevant plans and to raise CAC's staff knowledge and their skills in this regard. This was done at the branch level.



In line with the above, the Bank has exerted a lot of effort aiming at bettering and developing liquidity measuring and analyzing tools. Non-stop support has been allocated to liquidity reports by testing the necessary sensitivity of various and expected scenarios that might impact the availability of sufficient liquidity. Taken further, the Bank's way of managing its liquidity strengthens our confidence in its ability to face all kinds of unexpected developments in the market and at the same its capability to meet its obligations towards its clients and the requirements of relevant monitoring bodies. In short, CAC's liquidity management system has proven a high efficiency and aptitude to meet client demands.

Reputational Risk

This kind of risk arises when a bank is viewed in a negative manner in the banking market because of clients' complaints. This might lead to the bank's losing its a number of base clients.

Reputation risk is to be found when a new product or distribution channel is launched with insufficient preparation for doing so. In other words, it arises from the ambiguity of procedures and requirements to deliver the respective service in progress at the Bank's branches. Relevant forms and the lack of staff training on these services are some of the examples for these requirements.

CAC Bank effortlessly works on keeping aloof from these risks by doing the followings:

- Ensuring that the followed procedures for improving and developing products and distribution channels is applied as required;
- Making sure that a product to be launched has a plan which has been actually carried out before the final stage of its implementation;
- Putting up or developing a long-term marketing strategy for the new product incorporating its five main components as (the product, its price, location, promotion and profitability);
- Ensuring that the norms and concepts of the comprehensive quality assurance are applied;
- Continuous improving the sets of products in response to the market developments;
- Making use of new styles and methods, such as the expected future clients;
- Activating client grievances mechanism;
- Increasing the staff awareness towards the importance of maintaining and expanding the base of clients;
- Periodically using questionnaires when delivering and assessing banking services;

Strategic Risk

Strategic risk comes to being through wrong decisions of a long term nature taken by the Bank's management or due to inability or indecisiveness to act and thus take decisions regarding basic issues for developing products/ distribution channels, and therefore, they remain pending. Other reasons could be attributed to decisions-taking pursuant to wrong analysis during the process of sketching the strategic plan for marketing and developing products; therefore, to beseech such failure, the Bank gives emphasis to the following issues:

- Applying a long term strategy incorporating its human, financial, material, and information resources and designing very strict and trustworthy periodic assessment methods and correct ways of reporting any incident; and
- Accurately determining the kind of strategy facilitating the delivery of services and provision of products (via the marketing strategy).

Follow-Up and Special Transaction Administration

"To select ideal alternatives for debt collection by using the optimal ways and potentials with the least possible costs through ideal meeting the clients' demands and needs."

From a qualitative and quantitative perspective, the administration's vision is based the overall vision of CAC Bank. The administration seeks constantly to contribute in raising the level of funds turnover and creation of credit portfolios of high quality through managing defaulted loans that could not be recollected by the granting entity.

It is plausible to assess its performance by looking at the outcomes of its activities and—most importantly— its projects accomplished in 2010.

- Total Percentage of Collections with Regards to Various Loans:

Personal Loan Collections Percentage	92%
Commercial Loan Collections Percentage	70%
Agricultural Loan Collections Percentage	83%
Overall Percentage	82%
- The total collection amount of defaulted loans accounted for one billion and five hundred millions YR in 14 CAC branches;
- A decision was issued to form the Collection and Defaulted Loans Committee as the management of defaulted loans is one of basic tasks and duties of the follow up and special dealings administration pursuant to CAC's Credit Policy. As stipulated by the Procedures Manual, the decision was enforced, the Committee started to carry out its assignments in order to safeguard the Bank from defaulted debt risk and to come up with appropriate and timely remedial measures for the protection of the Bank's rights.
- A new name was given to the admisntration as the Follow-up and Special Dealings Administration. Denoting to the notion of maintaining the position and status of our clients, even defaulters, the new name gives more implication to the modern function of the administration: the optimal dealing and handling of the files of the Bank's clients and frequenters.
- The Procedures Manual of the follow up administration was drafted and implemented in accordance with the best and modern norms and practices emerging from the outputs of the Restructuring Project which was lately implemented by the Bank.

Compliance and Anti-Money Laundering Unit

Compliance Risks

The Bank's compliance monitoring system relies on the principles and bases lately adopted by the Bank. The entire Bank's staff undertakes to carry out their duties as stipulated by integrity and occupational standards. This is in order to augment the culture of compliance with established instructions and approved policies and to ensure the availability of a conveniently enabling work atmosphere accompanied by the required transparency.

Not only that, the Bank continues to abide by all principles and regulations governing its business along with taking into account that it obtains and maintains a high level of performance. In addition to the increasingly number of laws, rules, and instructions regulating monitoring activities, CAC Bank emphasizes that its monitoring compliance system must enhance the principle of accountability as one of the major pillars of this concept. Its compliance system includes the principle of anti-money-laundering and anti-terror funding. Furthermore, there are other monitoring requirements such as corporate governance, governing policies and procedures, and ways of reporting and communicating risks. These requirements are followed and abided by in order to identify potential risks that may affect the Bank and ways of communicating them. The risk sector further works on encountering and monitoring risks by offering respective staff the necessary training on how to use monitoring and assessing tools and means and relevant systems with a special focus on minimizing legal risks that might face the Bank.

2010 Most Important Achievements

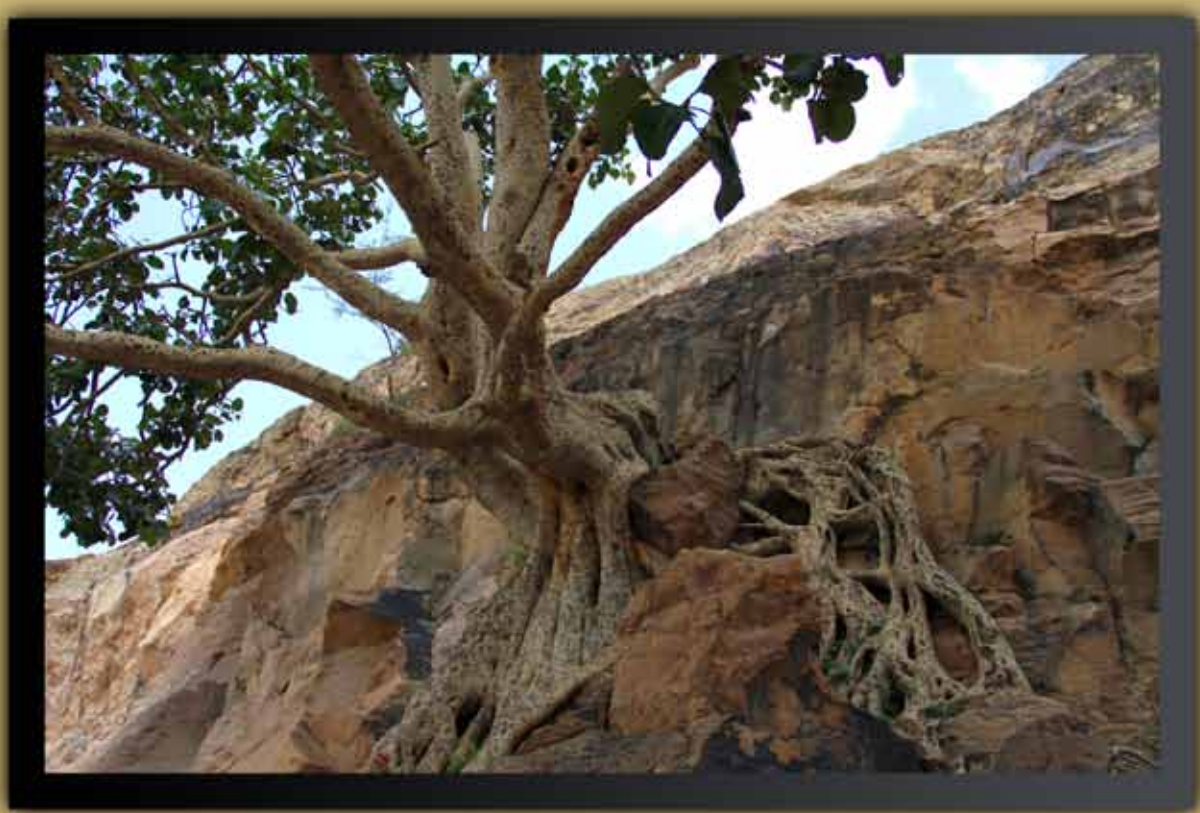
Following the issuance of Law (No. 1/2010) pertaining to anti-money laundering and anti-terrorism financing and the relevant Executive Bylaw, the Anti-Money Laundering and Anti-Terrorism Financing Unit enforced and streamlined the updates and amendments made to the aforementioned Law and By-Law into the policies and procedures followed by the Bank, a fact which was pursued by taking various steps ascertaining the Bank's abidance by such policies and procedures. These steps incorporated the followings:

1. Updating and reviewing the anti-money laundering policies and procedures pursuant to the aforementioned Law of 2010;
2. Enforcing relevant memorandums asking staff to abide by their contents; these memos could be divided into:
 - Those memos to which technical means did not offer any monitoring tools in order to make sure of their application;
 - All points and relevant issues showing the importance of combating money laundering and terror financing and other policies to be followed;
 - A memorandum pertaining to foreign money transfer;
 - A memorandum regarding documentary credit;
 - Those memoranda to which technical means offered monitoring tools in order to ensure their application;
 - A memorandum distributed to customer service employees about the policies and procedures to be followed for opening bank accounts for commercial entities, individuals, international organizations, charitable organizations, etc;
 - The manual provided to respective employees to keep as feedback and refer to know which documents are required for opening any kind of bank accounts; memos for ordering and clarifying points and issues related to some special bank accounts such as deceased account holders; agents accounts; non-residents accounts; partners' bank accounts; this is in order to ensure that such accounts are not misused in any money laundering and/or terror financing operations.
3. Designing reports geared to show the major points that must be monitored on day-to-day basis and which might ascertain the existence or non-existence of any money-laundering and/or terror financing activities and operations; these reports are as follows:
 - A daily banking operations report showing deposits; withdrawals; ingoing and outgoing money transfers; E-banking operations; guarantees and letters of credit;
 - A report showing foreign currency exchange;
 - A report on the opening of new bank accounts;
 - A report showing inactive bank accounts;
 - A report on quick money transfer; and
 - A report on recurrent bank accounts;
4. Preparing the client-rating project according to each of the Bank's sectors;
5. Formulating policies and procedures aiming at activating non-active bank accounts;
6. Studying the policies and procedures for other administrations whose services might be misused in implementing suspicious operations; this is by ensuring the correct and right implementation of their procedures pursuant to the Bank's anti-money laundering and anti-terror financing policies and regulations;
7. Paying field visits to review and inspect client files and verify the validity of followed procedures relevant to opening new bank accounts;
8. Asking for correcting, modifying and completing the clients' database in the Bank's E-system and updating their data pursuant to established instructions;
9. Updating the procedures or plans for holding training course with the aim to explicate and clarify principles and procedures related to combating money-laundering and terror financing and their consequences and impacts; add to that the ways of combating these two phenomena and reporting their relevant incidents;
10. Ensuring the points stipulated by the Law pertaining to the principle of "Know Your Client." This is through giving more emphasis on the means and ways of knowing the type of client to attract and keep; and
11. Evaluating other banks' responses before CAC engages itself into any financial transactions and dealings; this is in order to know and find out to what extent other banks abide by relevant local and international codes and regulations especially those related to anti-money laundering and anti-terror financing.

Most Important Future Projects

CAC Bank seeks to keep up with the updates stipulated by the Anti-Money Laundering and Anti-Terrorism Financing Law. This matter requires taking new crucial steps to update and improve the respective Unit's responsibility and assignments. Coming steps in this regard could be briefed as follows:

1. Completing the database system of Anti-Money Laundering and Anti-Terrorism Financing Unit;
2. Offering the necessary training to the focal points in the Bank's branches and offices;
3. Making ready the client rating or categorizing system in accordance with the level of risks;
4. Devising client acceptance policy by respective committee in accordance with the level of client risks;
5. Implementing the client-rating project as per each sector;
6. Assessing client file samples, especially files of operating commercial accounts to ensure that they maintain the basic information and data of the account holder(s);
7. Intensifying staff training courses;
8. Evaluating other administrations' policies, procedures and products and relevant services offered to the public;
9. Publishing and posting topics and issues on the E-Library with the aim to raise the awareness of the Bank's employees towards the nature of money laundering and terrorism financing as well as relevant hazards and risks and negative and catastrophic consequences that may affect the Bank in general and the employee in particular. ■



Banking operations Sector

“To successfully manage the widest banking network in Yemen by using the most updated system”

In order to ensure attracting its clients, CAC Bank intends to serve them by relying on one main policy, being the betterment of the quality of its internal services up to the ultimate level and as quickly as possible. The Bank realized the importance of opening up to overseas banking markets and of competing with services in terms of quality and fast delivery. It also took into account the significance of making use of latest technological means in providing banking services and executing operations. This is in order to meet the clients' expectations and ensure them of being offered with the best competitive services compared with those offered by the most well known international banking institutions. Based on the Bank's client-based trend, the sector distributed its responsibilities to be shouldered by the following specialized administrations:

1. International Operations Administration
2. International Relations Administration
3. Central Operations Administration
4. Information Technology

International Operations Administration

“To work on the satisfactory selection of the most preferable client banks from among foreign banking institutions, capable of implementing international banking operations.”

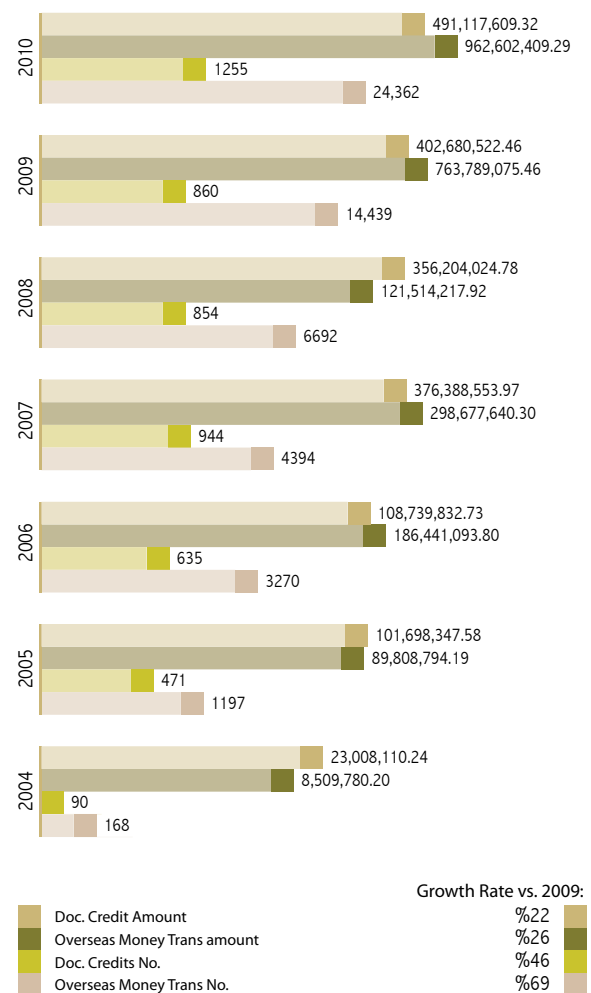
In 2010, CAC Bank witnessed a considerable number of accomplishments and advancement at all levels. With regards to the international operations administration, the application of the Restructuring project's output was the major priority in order to meet our clients' expectations. The administration further carried out its work efficiently and urgently applied and executed relevant action plans of 2010 in order to make the Bank's strategy a success. In this respect, the followings were achieved:

- Fully separating the international operations unit and making it an independent administration along with the SWIFT unit supplemented to it;
- Executing the arrangements for the application of Bank's policies and work procedures related to international operations pursuant to the dictates of the Restructuring project;
- Implementing the necessary arrangements relevant to the pricing of services; and
- Carrying out the work plans related to document cycle mechanism to cover the entire operations of the workflow system.

In addition, the administration further exerted effort to raise the productivity of its operations and the apparent expansion of the Bank's customer base through attracting new clients and entities. In 2010, the total number of implemented operations (i.e. collections, money transfer and documentary credits) accounted for (33,180), with an increasing rate of 63% compared with last year's. The total collected commissions increased to a percentage of (31%) compared with implemented foreign operations in 2010.

Since the beginning of the year, the administration has instituted to undertake the training and qualifying of its staff and the sharpening of their experiences and technical skills with a special focus on the cadre working in the Bank's branches. This is through activating the Bank's various branches in carrying out overseas operations directly from the branches by most advanced methods such as CAC E-banking system. All of that is to implement the Bank's general strategy aiming at the exploitation of available E-systems and modern methods enabling the staff to serve our clients. Besides developing CAC's HR, the administration is still intended to continue its efforts in the coming period in providing new services to meet the clients' needs and expectations in enhancing high E-banking services to meet the banking expectations of the Bank's senior management.

Number of Documentary Credits, Overseas Money Transfers, their Amounts and Growth Rates (2004-2010):



International Relations Administration

Link CAC with a wide network of global correspondents to be wherever our client thinks. .

According to the Bank's new Organizational Setup, the international relations administration is CAC's window to the whole world and its linking factor with a broad network of global banking relations enabling CAC to reach any place on this planet via its correspondents scattered on all of the world's continents with ease, accuracy and speed. The administration has three major subordinates:

- The Correspondent Banking Section; the Loans and Foreign Aids Section; and SWIFT Department.
- The administration further runs and supervises CAC E-Banking Project.

Correspondent Banking Section (Dept)

Due to CAC Bank's trustworthiness in creating exceptional relations with foreign banks, it has and is still creating very strong and outstanding connections with global and major correspondent banks. These banks are:

- Commerz-Bank, Germany
- UBAF, France
- Bank of New York, New York, USA
- MASHREQ BANK PSC, UAE
- Bank of Beirut, Lebanon
- Doha Bank, Qatar/New York
- NCB, KSA

Pursuant to the CA'Cs needs for globally first rate correspondent banks overseas in a number of countries, the Bank devised a plan to meet this need through contacting the countries that CAC has no correspondent banks there and talking over the notion of establishing outstanding relationships with them. In light of all that, we created strong relations and dealings with the best correspondent banks at the level of each country. The correspondents and CAC then opened bank accounts for both of them.

These banks include the followings:

1. Emirates NBD Bank, UAE
2. Al-Bilad Bank
3. Riyadh Bank, Riyadh, KSA
4. National Bank of Abu Dhabi, UAE
5. Byblos Bank, Lebanon
6. Asia Bank, Turkey
7. Bank of Montreal, Canada
8. Bank of China, China
9. China's Bank of Communication, China

By so doing, the number of correspondent banks over the year 2010 was raised from 180 to 255 with which CAC exchanges the code RMA in various parts of the world. This is in order to meet CAC's needs of overseas banking operations (documentary credits, money transfer, letters of guarantee, and many others). The aim is to cover the world with a network of the optimal correspondent banks inside those countries where CAC lacks any correspondent there. Accordingly, these correspondents are regarded as an additional merit to CAC's network of correspondents in the various parts of the world.

Moreover, the Bank maintains special relations with its correspondent banks, a fact which brought about a number of crucial and vital outcomes; along with attracting documentary credits for the fishery sector, the Bank's share in documentary credits, collections and external letters of credit increased tremendously. In addition, the credit ceiling was raised, ensuring the passing or the implementation of the largest number of international banking operations via these banks.



Loans and Foreign Aids Department

The most significant assignments carried out by this department in 2010 included the followings:

- Developing existing investment projects financed by the Arab Social and Economic Development Fund as follows:
 - ◊ Aden Steel Factory, Lahj branch, Lahj governorate;
 - ◊ International Tourism Investment Company, Movenpick Hotel, Sana'a;
 - ◊ Glass Production Factory, Hadda branch, Sana'a;
 - ◊ Housing Project for Low Income Individuals, affiliated to the Arab Social and Economic Development Fund;
- Developing production investment opportunities to be financed by IFAD; the aim is to egg on and fund agricultural and fishery products, in particular those featuring Yemen; such as coffee, pure honey; cotton; fruits; and fish. Another objective is to contribute in bettering the living standards of productive families residing in Yemeni rural areas.

SWIFT Department

This department worked on accomplishing several assignments pertaining to the nature of its foundation on one hand and to being linked to many other administrations in the Bank, on the other. Accordingly, the tasks could be briefed as follows:

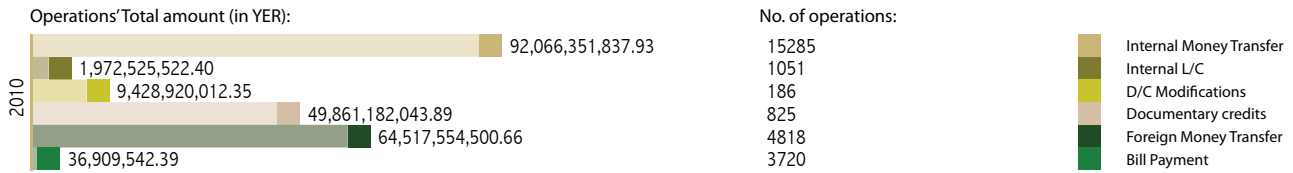
- Executing an updating plan for SWIFT work by defining the assignments of its staff; working on coordinating SWIFT work, outputs with other respective administrations; such as the investment administration; international relations administration; adjustment administrations; and central operations administrations;
- Training its staff on latest scientific methods; and
- Comprehending letters or correspondents sent from all administrations using SWIFT to ensure the management of this system in a highly efficient and effective manner.

E-Banking Project

In 2010, the number of operations carried out via CAC's E-banking system increased tremendously, in particular those related to documentary credits and foreign money transfer. Documentary credit operations accounted for 825 in 2010 whereas in 2009 the number amounted to 370 operations, denoting an increase of 123%. Similarly, in 2010 the overseas money transfer operations reached 4818 compared with 1420 operations in 2009, meaning an increase accounting for 239%.

- In 2010, the total number of E-banking system operations was 25885;
- (217,883,443,459.62 YER) was the total amount for the operations of 2010;
- (US \$ 1,042,504,514.16) was the total amount of the operations in the same year;
- (The total number of client users of E-banking system was 291 in 2010.

Number of Operations and their Amounts Via E-Banking System:



Central Operations Administration

“To have the Fastest delivery, most accurate implementation reflecting quality standards and banking business norms.”

Card Operations and E-Services

In this regard, the administration implements the procedures and operations related to E-channel services. This is through reviewing client application forms in order to make sure of the availability of required documents. Following that, relevant data is inserted into the system and code numbers are printed out and handed to respective clients by CAC's branches in accordance with followed procedures.

The administration in 2010 was capable of achieving the followings:

- The total number of cards activated was 50,320.
- (12,202) was the number of operations regarding the recovery of pending amounts.
- The number of modified bank accounts for different holders accounted for (1,133).
- The total number of operations to change the link of E-cards to other accounts totaled to (1381).

Number of Employees in other Agencies and their Salaries (2009-2010):

Total Number of Employees:



Total Deposited Amounts over the Year (in YER):



Total Deposited Amounts over the Year (in \$US):



Treasury Support Department

This department was founded pursuant to the outputs of the Restructuring project. It commits itself to undertake the treasury's operations: such as offering foreign currency exchange and securities services; receiving bank deposits in all currencies; fund investment; and many other operations. It operates in accordance with the internal procedures and instructions of CAC Bank, the Central Bank of Yemen (CBY) and any other accredited agency. Most important accomplishments of this department could be briefed as follows: The administration in 2010 was capable of achieving the followings:

• Treasury Bonds:

In 2010, the treasury bonds were as follows:

- ◊ For a period of 91 days, 155 treasury bonds totaled to an amount of (321.100.000.000 YER);
- ◊ For a period of 182 days, a total of 25 bonds accounted for an amount of (32.000.000.000 YER);
- ◊ For a period of 364 days, 19 bonds totaled to an amount of (22.300.000.000 YER).

• Correspondent Banks Deposits:

Correspondent banks opened a total number of 102 deposit accounts over the year 2010: these were as follows:

- ◊ The total amount of deposits in UAE Dirham accounted for (DR. 54.841.399);
- ◊ The deposits in Euro reached a total amount of (€157.924.997);
- ◊ Deposits in Sterling Pounds totaled to an amount of (£21.850.000);
- ◊ In Saudi Riyals were deposits accounting for a total amount of (SR. 87.000.000);
- ◊ In US Dollar, the total amount for deposits was (US \$ 158.334.815);
- ◊ In Yemeni Riyals (YER) were deposits totaling to an amount of (YER. 3.700.000.000).

Clearing Department

The clearing department is in charge of carrying out central clearing operations such as reviewing and examining issued and received checks; verifying that checks meet technical and legal regulations; and carrying out other relevant procedures with regards to posting or cashing them. The department further oversees all back-office operations; such as issuance of check books and other related services. Accordingly, in 2010, CAC Bank ranked first place with respect to doing the check clearing processes.

- **2010 Clearings in YR:**
 - ◊ 2010 Clearings in YR:
 - ◊ CAC received (53887) checks amounting to a value of (258.138.749.165 YER).
- **2009 Clearings in YER:**
 - ◊ The number of checks issued by CAC Bank reached (44777) with a value of (139,460,262,199 YER).
 - ◊ CAC received (3110) checks amounting to a value of (10,940,805,375 YR).
- **2010 Clearings in US Dollar:**
 - ◊ The number of checks issued by CAC Bank reached (12715) with a value of (US \$362,605,702).
 - ◊ CAC received (604) checks amounting to a value of (US \$13,871,845).

Information Technology

"To always have up-to-date technological structure to offer accuracy, speed and absolute confidentiality."

The IT administration works on automating all of the Bank's processes and operations through the application and use of the latest software and the improvement of the Bank's IT infrastructure. Along with providing services to CAC's branches and employees, it provides the necessary IT support to facilitate the Bank's various work and to keep it at a high and efficient level and continuity. It further enters into contracts with IT service vendors to provide the Bank with the necessary IT support, services and maintenance in order to ensure the continuity of the Bank's work as required. The administration, in fact, adheres to a number of values to accomplish its work: most include the followings:

- **Reliability:**
to guarantee that the banking systems continue to operate and to be there for offering immediate assistance and solutions for any problems or emergency cases.
- **Responsibility:**
to be committed to success and the timeframe of accomplishing our work.
- **Communication:**
to establish a mutual trust with IT service providers and giant foreign firms as an extension to the IT support we provide in the Bank.

Objectives

Through its highly qualified staff, the IT administration aims at achieving the followings:

- To manage the network, install electric fittings and network devices for the Bank and to provide necessary support; and
- To provide maintenance and IT support to all PC sets, printers and servers positioned at the Head Office, CAC branches, Islamic CAC and CAC Insurance.



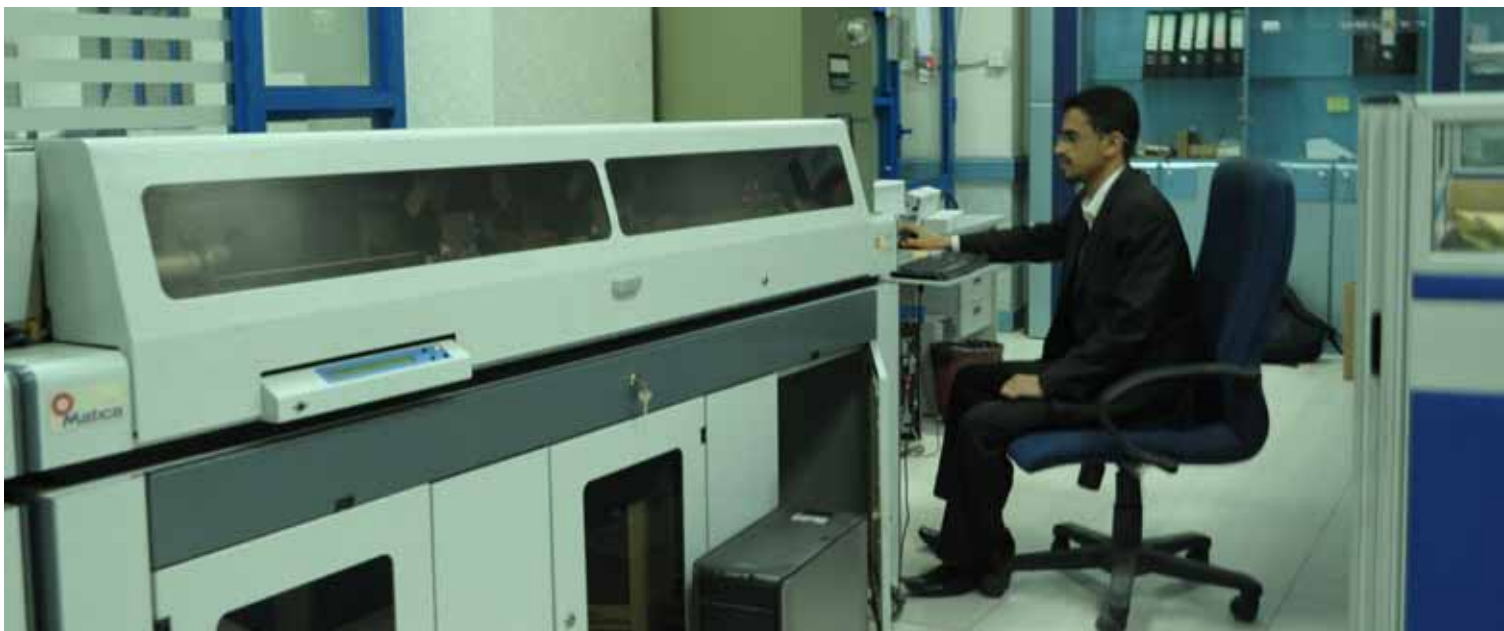
2010 Most Salient Accomplishments

- Doubling the main servers to offer the necessary IT service to CAC Bank and Islamic CAC;
- Expanding the central storage and recovery capacity at the Head Office and backup location;
- Installing a new operating banking system which was mainly approved to be used for both Islamic CAC and CAC International of Djibouti;
- Upgrading the recovery system in order to accept new and updated storage devices;
- Making the Bank use the best banking software in the world with regards to E-payment and Power Card systems as well as the best printers to print out cards of various types, being local or international and by using the most updated technology—EMV;
- Having the largest ATM network in the country and the largest POS network by using EMV;
- Having a very unique team of IT specialists who updated and developed the following banking products:
 - ◊ CACMobily
 - ◊ CAC Iris
 - ◊ Quick Money Transfer
 - ◊ CAC CRM
 - ◊ IVR Banking
 - ◊ E-Banking
 - ◊ CAC Intranet
 - ◊ CAC Branch Bill Payment
 - ◊ CAC Bank's Central Hall for IT and IS Components and appliances.

The hall was designed and constructed according to the highest global standards as follows:

- Having a high ground to allow the electric fittings to be installed smoothly;
- Fire-control system
- Camera Surveillance system
- Temperature control system to suit the appliances and components in the hall; and
- A security entrance system;

In addition, the Bank has a backup location for the central PC's and servers; this location is a locked room with a temperature controlling system. Linked to the central computer hall at the Head Office, the room has a backup of all the Bank's systems and data. All data are transferred to the room for backup purposes all the time in order to make recovery for the data available when necessary.



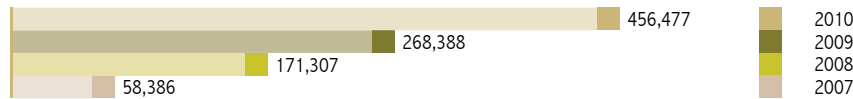
Quick Money Transfer

"To provide money transfer services in minutes with ease, exceptionality and high quality accuracy of money transfer matching the level of global firms in this business."

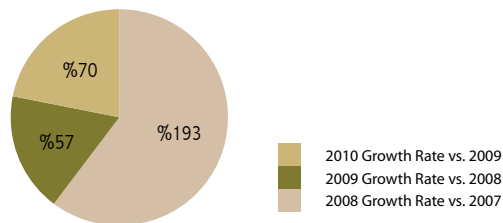
Quick money transfer services are provided to CAC's clients from and to the entire Bank's centers and branches seven days a week including Fridays and official holidays. Our working hours start at 8 am until 8 pm.

In 2010, quick money transfer experienced a tremendous increase in number and amount. The total number of transfers (in cash and to accounts) accumulated to (456,477) and increased by a percentage of (70%) compared with that of 2009. The table below provides detailed information on the growth rate in 2010 compared with that of previous years:

Number of Quick Money Transfer Operations within the period (2010-2007):



A Contrastive Breakdown of Quick Money Transfer Growth Rates Over the Period (2007-2010):



Moreover, 2010 witnessed an appreciable increase in the POS of quick money transfer services as apparent from the table below:

Additional Quick Money Transfer POS's in 2010:



- **CAC's Inter POS's:**
Belhaf Office; Al-Shuhada'a Zone Office (Hudaidah); Al-Tiwal Port Office (Haradh); Al-Aman Office (Hajjah); Yareem Branch (Yareem); CAC Islamic Branch (Zubairy St. adjacent to Republican Hospital); and the Woman Office (Zubairy St. adjacent to the Youth and Sports Ministry).
- **Other Agencies/Entities Inter POS's (Exchange Firms):**
Al-Mashjeri Exchange Firm; Bin Shibrain Al-Hadad Exchange Firm; Al-Muhedhar Exchange Firm; Al-Qudaibi Exchange Firm; Sayfan Exchange Firm; and Al-Awadi Exchange Firm.
- **CAC's Overseas POS's (offices and branches):**
CAC International Bank, Djibouti Branch.
- **Other Agencies/Entities Overseas POS's (Exchange Firms):**
Bin Ya'la'a Exchange Firm, Saudi Arabia.

Equally important is that in 2010 CAC Bank added a new service to its package of money transfer. This is through the Western Union Service. By doing so, CAC Bank is able now to transfer funds in cash from and to all parts of the world via its own branches and offices scattered in the Republic of Yemen and eventually makes this service at the finger tips of its clientele wherever they are. ■



Quick Money Transfer

The conventional money transfer service was modernized and upgraded to serve CAC clients. This is by embedding CAC Mobily service advantages and using an E-system to guarantee accuracy and speed and surpass the delivery of services by global money transfer companies.



Islamic CAC Sector

Islamic CAC, as one of the sectors of CAC Bank and as its motto and name imply, reflects a special identity and mission. This mission is to firmly establish novel standards in the Islamic Banking Industry, conducive to cope with and make use of the merits and advantages of the tremendous technological advancement as well as unprecedented progress in relevant work atmospheres and management perspectives and methods.

The foundation of this new sector came into being as a natural outcome to CAC Bank's distinctive and unique position as the most important banking institution covering the Republic of Yemen and enjoying great progress and fame. Always taking the lead in providing outstanding services and products and following unparalleled banking and financial practices, the Bank realized that services based on Islamic teachings are no exception.

The successes achieved by CAC Bank constitute to be a living evidence for its long-term perception, emphasizing the service of clients and meeting their financial needs. The presence of the Islamic sector, being financially and administratively independent and under the supervision of an Islamic Legislative Control Body, is a necessity for the Bank to make its ambition materialize and to implement its approved strategy regarding the restructuring, modernizing and developing of the Bank and bettering its banking sectors in order to elevate the banking services at the local and global levels. All of that is in compliance with the Bank's Senior Management attempts to achieve the Bank's future ambition—to be the pioneering financial institution in this business.

Sector's Vision

"To be your first destination as your banking partner with innovative Islamic solutions"

Sector's Mission

The sector intends to provide CAC's clients with a variety of high-quality banking services and financial solutions in accordance with Islamic provisions and regulations. This is by following the best administrative system and the use of high professional techniques and best work atmosphere in order to obtain constant growth and take part in serving our community.

Essential Values

- To abide by Islamic Shari'a provisions and teachings in carrying out its various relevant activities;
- To work with the spirit of one team;
- To do the work efficiently and effectively with the aim to win the confidence and trust of our clients;
- To take into account that the satisfaction of our clients is the yardstick for measuring our success;
- To establish a sense of belongingness among its affiliates; and
- To take part in the process of socio-economic development of our people.



Foundation of CAC Islamic Sector

The establishment of this sector was due to a number of crucial and vital reasons. One is to affect the BOD's Decision; another is to continue providing the community with useful products and services. The third is to crown these services with this great sector and to confirm the distinctiveness and goodwill of the Bank. The most important of all is to have an administratively and financially independent Islamic sector, operating in accordance with the Central Bank's standards and regulations drafted for the purpose of governing the foundation of Islamic sectors and branches. One of these standards and regulations is to form an Independent Islamic Control Body to offer all clients with financial and banking solutions and advice in accordance with the precepts of Islamic Shari'a. This body was formed to include a number of highly honorable Islamic scholars as follows:

Professor: Hassen Mohamed Al-Ahedl	Chairman
Dr. Saeed Al-Himyari	Member
Dr. Lutf Al-Sarhi	Member

The completion of the sector's foundation was subject to further administrative procedures. Most included the followings:

- A final work permit was obtained from the respective governmental body. The permit allows CAC Bank to practice Islamic banking work through opening, establishing and operating Islamic banking branches and offices as subordinates of CAC Bank;
- A separate bylaw for the sector was drafted to comply with the Central Bank's requirements. The Bylaw contains (16) Articles defining the standards and regulations governing its operations and work. This was also in abidance by Law (No. 16 /2009) as the amendment of Law (No. 21/1996) allowing commercial and non-commercial banks to set up independent branches to operate in the Republic of Yemen in adherence with the Teachings of Islamic Shari'a along with standards and rules set out by the Central Bank of Yemen (CBY).
- The Government allocated an amount of US \$5,000,000 Dollars as the Sector's initial capital.
- A separate organizational Setup, as one of the Bank's latest restructuring outcomes, was made for the Sector based on the outputs of the consultant company doing the Restructuring of the Bank.

Services and Products

With the prosperity of Islamic Banking Industry and the marching of Islamic banks towards bettering their new and existing products to meet their clientele needs, Islamic CAC was able to satisfy its clientele via providing them with a lot of banking products and services complying with Islamic Shara'i. Suitable for all of its clients' needs, these services are as follows: (all kinds of banking cards; My Home Program; My Car Program; Houri (a banking transaction service for women); Congratulations Funding Program for consumers; etc. All of these services and products were designed to go in line with Islamic Shari'a as the driving force for our clients' base and the means to strengthen their belongingness and trust in the Bank.



Most Noteworthy and Existing Projects Implemented by Islamic CAC

Inma'a Residential City Project in Aden City, at the seventh stage

Inma'a Project in Aden is the cream of the partnership between Islamic CAC and Inma'a Company for Real-Estate Development. Both parties signed the Agreement to execute the seventh stage of Inma'a Real-Estate City in Aden Governorate and carry out all necessary preparations. The Agreement incorporates an Istisna'a financing of Inma'a Residential Project and an Ijara'a Financing scheme, a system which ends with interested customer's ownership of premises which include apartments and/or residential buildings.

Apartment Price in Cash:

Type	Apartment Cost	Payment %	Payment Due
A	45,600\$	25%	At reservation
B	38,600\$	30%	During construction process
CT	59,100\$	45%	At delivery
D	27,600\$		
D	28,600\$		

Apartment Price in Installments:

Type/duration	5 years	5 and half Years	6 years	7 years
A)45,600)	\$447.6	\$412.9	\$384.09	\$338.72
B)38,600)	\$378.8	\$349.56	\$325.12	\$286.72
CT)59,100)	\$580.12	\$535.22	\$497.80	\$438.99
D)28,600)	\$280.7	\$259.007	\$240.89	\$212.443
D)27,600)	\$270.9	\$249.95	\$232.47	\$205.01

Inma'a Project Details:

Project Location	Aden Governorate, Al-Hiswah and Abu Hirbah Area, on Al-Buraiqah Road.				
Project Cost	US\$ 13 Million				
Type/duration	54				
Type/duration	5 Types	A	B	D	CT
Type/duration	512				
Type/duration	From five to seven years				

Islamic CAC Cards

Islamic CAC intends to offer outstanding services to its clients at the outset of 2011; these are as follows:

- Visa Electron Card
- Debit Card
- Hourly Ladies Card
- American Express Card, designed for businessmen in order to provide them with a higher level of convenience and prosper style of living.

An Islamic CAC branch named as Al-Imam Al-Shawkani's Branch, located next to the Republican Hospital, Zubairy Street, is operating efficiently and providing its services to its honorable clientele in accordance with the CBY's permit and the Percepts and Principles of the True Islamic Shara'i. ■

Islamic Legislative Control Body:

This body incorporates a number of well known experts in Islamic economic jurisprudence, professors specialized in Islamic financial transactions and accredited scholars in Fatwa (Islamic opinions). This body is responsible for overseeing, examining, and approving all executive and administrative operations and procedures pertaining to services offered by CAC Islamic Sector. The body is to ensure compliance with Islamic work principles and banking darlings.



Investment Sector

Our funds make high returns with the least risks and a sustainable development in a stable economy.

CAC Bank's investment sector like other sectors was formed as an outcome of the organizational and structural modernization adopted by the Bank throughout its course of constructing a leading financial institution and as a contribution to elevate the Yemeni banking sector as a whole. The objective is to measure up to the expectations of the Yemeni people and achieve the state's goals. One of these goals is to create an enabling and suitable investment environment appealing to investors while the other is to contribute to the growth of the whole country and backup the construction of a stock market. More importantly is to effectively participate in having a stable economic status through stabilizing the exchange rate of Yemeni Riyal vs. the Dollar, a matter which was achieved by cooperating with CBY. This was the most exceptional and unique step taken by the investment sector of the Bank in 2010.

The duty of this sector centers around the followings: management of the Bank's liquidity in all currencies; management of foreign cash and making all needed amounts available; and management of the accounts of companies in which the Bank is a shareholder. The investment department works on increasing the Bank's realized profits from surplus money. This is through using available money in locally wide investment opportunities such as treasury bonds; and governmental securities). Along with having shares in local companies, the Bank participates in international investment projects such as investment funds with high profit returns and guaranteed and sound capitals.

Moreover, the investment sector expanded the Bank's client base through a number of points: one is through creating new relationships with groups of companies and institutions providing financial services; another is via enhancing the Bank's relationships with traditional and Islamic banks in the region in order to diversify the services provided to the clients and cover as much as possible of clients. This is for the sake of enhancing client-owned deposits. To ensure all of that, the sector invests funds and uses money on accrual basis which itself banks on the harmony between client needs and liquidity.



CAC International Bank Djibouti

In 2010, the investment department was promoted to the status of a sector through the implementation of crucial steps and executive operations which could be briefed as follows:

1. A CEO deputy was chosen to preside the investment sector;
2. Directors were chosen to head the affiliated administrations;
3. A strategic plan for the sector was developed within the overall strategic framework of the Bank;
4. Heads of departments were appointed in accordance with the Restructuring Project and its relevant outputs were applied;
5. Preparation of the currency circulation chamber was finished as this chamber carries out and manages all of the Bank's international operations and investments in a modern way that goes in line with the global market's requirements and meets the needs of our clients.
6. The committees responsible for investment operations and contacting correspondent banks were formed and activated.

The investment sector bears the responsibility of conveying the Bank's message and achieving its outlined strategic objectives through two administrations which are as follows:

- The investment administration
- The administration of the circulation chamber and financial intermediation

The Bank's Leading Role in Stabilizing YER Exchange Rate vs. the Dollar

Since the outset of August 2009, the local market experienced a crisis: the demand for the dollar increased whereas the quantity of the dollar in the market declined and thus, the demand increased. All of that produced a rapid rise in its value.

It is possible to summarize the reasons as follows:

- The monitoring and controlling entities did not intervene on time and refused to approve any requests from banks to buy dollars except within the published rates;
- The banks rose the amounts of dollars needed to cover their dollar needs for longer periods than usual;
- Middle businesses and depositors felt fidget regarding the exchange rate; thus, most went on converting whatever YER liquidity they have into dollars;
- As a result of the rise in the dollar value, big businessmen started to use their pressure and influence to collect their funds from the market and convert them to dollars;
- Due to that the interest on dollar was less than that on the YER, debtors in the past favored to take loans in dollars; but owing to this crisis, they started to cover their indebtedness or convert their loans to YER and purchase US dollar with amounts that increase by the rise of the exchange rate;
- Giant clients—who used to invest in YER in the form of deposits and take loans to fund their business activities on the guarantee of these deposits in US dollar and who supplied dollar to the market at the beginning of the crisis—applied to withdraw their deposits and convert them into dollar. Their amounts increased because of the increase in the exchange rate; and
- Foreign investments which had flowed into the country to benefit from the high interest rate given on YER withdrew their deposits and funds and convert them into dollars. As the demand for the dollar increased for fear that its value might rise, the exchange rate increased higher and higher.

CAC Bank's Vision:

A number of consequent incidents took place causing the imbalance of the exchange rate in the local market and producing lack of confidence among most businessmen and capitalists in YER. This made it suitable for brokers to achieve their goals. Therefore, the Bank's leadership devised an initiative regarding that the Bank should enter the local market and put an end to the fluctuation of the exchange rate and create a sense of stability in the market and tranquility on the part of goods importers as well as the people wanting to travel abroad whether for medical or educational purposes or otherwise. This was through making sufficient amounts of foreign currency available for all. What the Bank did in this regard was considered as a patriotic act.

2010 Most Important Investments

- CAC Insurance Company
With a 21% of contribution
Mr. Abdullah Basheer as its CEO



- CAC IT Company
With a 30% of contribution
Mr. Salah Basha, as its CEO



- Security and Maintenance Company
With a 25% of contribution
Mr. Mohamed Shu'eab as its CEO



- CAC Marketing and Advertising Company
With a 30% of contribution
Dr. Mohamed Al-Mansoob, as its CEO



To achieve the above, the Bank worked on doing the followings:

- Finding foreign currency from foreign sources (such as activating incoming money transfers) and pumping any amounts into the local market in bid of minimizing the burden of the government and contributing in boosting and enhancing the local currency;
- Devising a work mechanism intending to meet the needs of those wanting small amounts of foreign currency of low rates; these rates should gradually drop down;
- Promoting the notion of purchasing the KSA Riyal in very systematic steps and in simultaneous with decreasing its value in the market; doing any purchasing and selling operations of dollar in KSA Riyal and then pumping any bought dollars into the market;
- Drafting term-based contracts and stabilizing the exchange rate of the dollar vs. YER in order to lessen and reduce the concerns and worries of most clients because of the possible rise of the rate in the future;
- Offering CAC's clients with unique exchange rates in CAC's E-Banking; and
- Making available foreign currency to clients and local banks to meet their financial obligations in accordance with their needs;

Within the dollar crisis and with the will of the senior management, the Bank was capable of putting an end to the rapid rise of the dollar value vs. YER in the local market. The investment sector kept on supporting the Yemeni economy and taking the lead to successfully decrease the exchange rate of the Dollar vs. the Riyal from 256 to 214 YER and stabilize it at that rate. All of that was in coordination with the local banking sector as follows:

1. Constant coordination was made with CBY to stabilize the exchange rate and prevent any purposeful fluctuation and manipulation with exchange rates in the local market;
2. Coordination was done with local banks on unifying the exchange rate, a matter which is in the benefit and advantage of the national economy;
3. Borrowing among banks was activated and relations were enhanced to cover each other's needs;
4. Relations with abiding exchangers and exchange firms were enhanced and expanded in order to recruit and purchase foreign currency amounts; and
5. Coordination was made with local banks to confront foreign currency cash withdrawals and agree upon a uniformed mechanism in the respect.

Accordingly, the Bank was capable of achieving many gains and advantages at the local and international level.

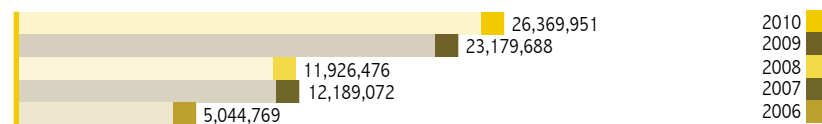
Gains at the Local Level

1. The Bank won the trust and confidence of the political leadership and CBY. It proved that it is capable of managing and dealing with crisis wisely and rationally and achieving the planned for objective.
2. The Bank was able to have a strong grip and control on the market through creating advocacy and alliance with local banks and some abiding exchangers and therefore determining a mechanism to deal with exchange rates in the market.
3. The Bank was able to prevent fluctuation of the exchange rate in the market through purchasing foreign currency from brokers; it also convinced the CBY to carry out any purchasing and selling operations abroad in KSA Riyal following the cease of transferring the dollar abroad.
4. Surplus quantities of dollar were sold to the Central Bank of Yemen (CBY).
5. As a result of their confidence in CAC Bank, a considerable number of new clients were attracted to do business with it. These new clients constituted the largest segment of exchangers and money brokers. This brought about an increase and growth in the Bank's investment at the local and international levels and created a stability of exchange rates in the local market.
6. The Bank created tranquility and rest on the part of the clients by providing them with the needed amounts of foreign currency with competitive rates compared to the local market. All of that satisfied the clients as they were able to fulfill their external obligations and on time.

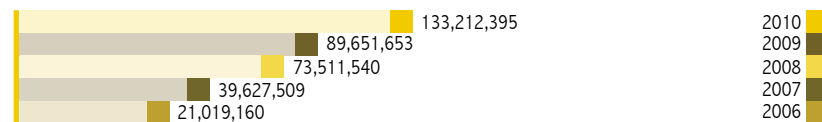
Gains at the International Level

1. CAC won the confidence of its correspondent banks, for the former was able to fulfill its obligations on time.
2. The stability of the exchange rate created a positive image for the country, which made foreign banks reconsider their pervious decisions to stop their dealings with Yemeni banks.
3. The increase in the Bank's bulk of obligations reflected the rise in its growth, a matter which facilitated the creation of new relations with foreign banks and companies.
4. The attraction of new clients especially money exchangers gave fruitful outcomes in creating strong relations with industrial countries such as China and many others.

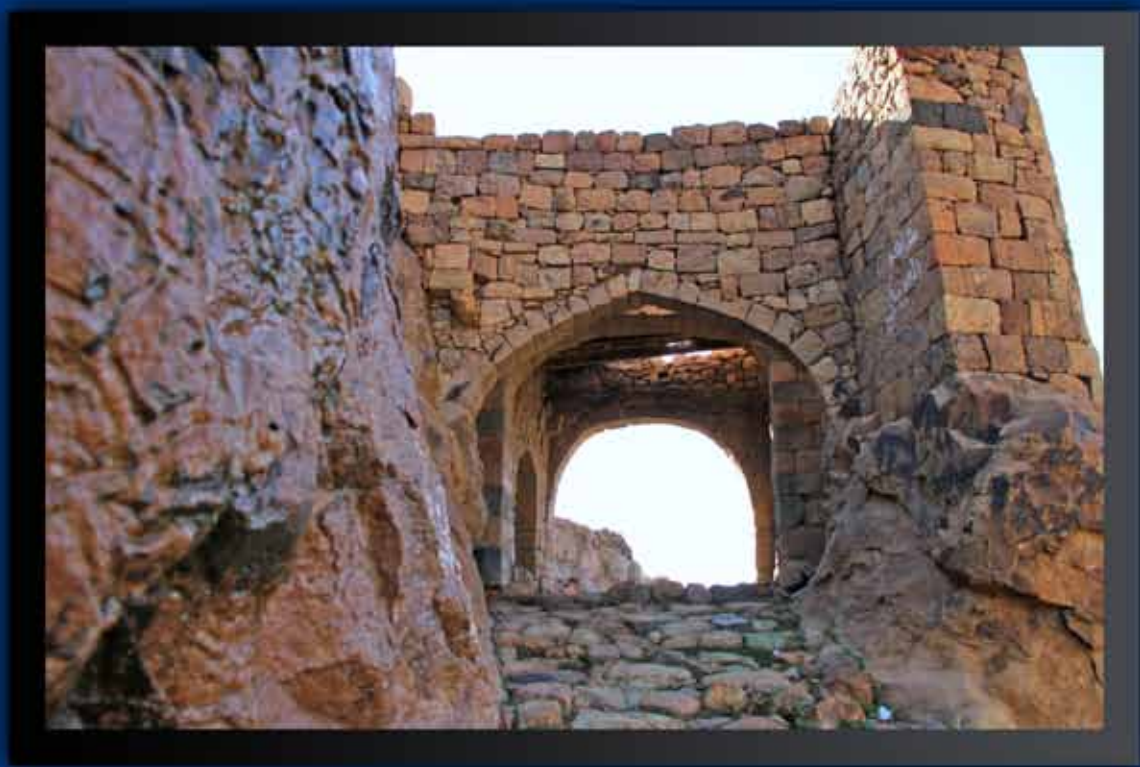
Foreign Investment Growth Rate Over the Previous Five Years:



Local Investment Growth Rate Over the Previous Five Years:



Eventually, it is reasonable to argue that the Bank benefited from managing the crisis. It was able to diversify its dollar resources instead of relying on one source. It, therefore, met its own needs of foreign currency to meet the obligations and needs of its clients and sold the surplus of foreign currency to the local market with the aim to stabilize exchange rates locally. ■



Corporate Sector

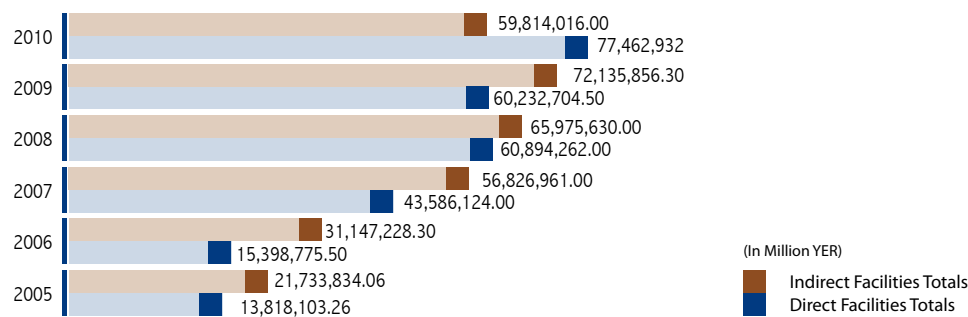
“To be the only destination for all companies operating in Yemen.”

The corporate sector provides all kinds of development services for domestic and foreign enterprises in accordance with the need and requirements of each enterprise and in conformity with its activities. These services are offered by highly qualified and professional staff capable of scrutinizing a company's requirements and providing the best services and financial consultations with regards to various economic sectors.

As such, the Bank was capable of taking the lead and enhancing its market share in offering direct facilities in 2010. In accordance with the data published by the Central Bank of Yemen, the Bank remained the leader of other different commercial banks operating in Yemen.

The chart below shows the size of exploited facilities over the past years as follows:

Direct and Indirect Facilities over the Period 2005-2010:



These facilities are offered in such a way that meets the needs of every company's activities and requirements and serves the overall national development; moreover, the intention as a whole is to fully fulfill CAC's commitment and responsibilities towards the community.

In fact, the Bank aims at providing the optimal services with the possible speed and with high professionalism. It constantly works on enhancing and establishing strong relations with its clients. In order to do so, new administrations were created, each of which being specialized in a certain economic sector. In addition, the Bank follows the perspective of "Managing Comprehensive Relations."

Realizing the importance of strengthening relations with clients, the corporate sector gives emphasis and consideration to the notion of meeting the clients' banking needs whether this duty is related to its subordinated administrations or to other administrations such as the card service, treasury, personal loans, international relations or the investment administration. The sector has a philosophy in doing its work. That is to say, it aims at creating and enhancing long-term relations with CAC's clients instead of focusing on short-term profit.

Services for Industrial and Agricultural Enterprises

The work of the agricultural and industrial corporate administration is characterized by following high technical methods to efficiently meet all types of needs required by agricultural and industrial activities.

Since these economic activities are regarded as the most important sources for national development, the Bank gives them a high priority and emphasis by providing more lines of credits, in particular "joint loans." This enabled the Bank to finance giant projects with big amounts of money which could not be offered except through joint loans from a number of banks.

It is important to indicate that such financing is offered to projects on the basis of the indicators of the relevant feasibility study, project assessment done by experts from the agricultural and industrial corporate administration. Moreover, the process of granting credits for agricultural and industrial activities is governed by the CBY's instructions and CAC's credit policy.

This administration offers the following services:

- Financing of production requirements and materials;
- Financing of the purchase of equipments, tools, and machineries; and
- Provision of other commercial services.

Services for Contracting and Real-Estate Firms

The contracting and real-estate firms administration specializes in providing clients with the optimal services for real-estate financing and contracting activities; these services are as follows:

- Funding real-estate investment (commercial, residential projects or land development);
- Providing loans on already accomplished works; and
- Giving letters of credit.

For sure what really enhances and supports the provision of real-estate financing and meeting financing needs for clients and offering all banking services is the presence of really qualified staff specialized in carrying out all real-estate based market dealings and being able to create a number of banking services to fulfill the clients' various needs. This is done in conformity with current and future cash flow. Our staff further offers clients sound and meaningful advice and guidance towards the best real-estate investment opportunities taking into account the trends of local and international markets.

Services for Commercial Companies and Corporations

The corporate and commercial enterprise administration grants domestic and foreign firms and companies all forms of credit facilities convenient and suitable for them to meet their own credit requirements. Being used to finance working capital, these credit facilities incorporate the followings:

- Overdraft
- Short and Mid Term Loans
- Documentary financing
- Documentary Credit for exportation and importation
- Documentary collections
- Letter of Guarantee ■

CAC Bank's Product Packages

Our Products Transcend the Present to the Future to Meet the Needs and Wants of Our Clients





Zajel Package

Banking Services Package for Yemeni Immigrants

For the First Time in Yemen, CAC Bank's

Exceptional and Unique Banking Services Package to fulfill the needs of Yemeni Immigrants

These banking services allotted specifically for Yemeni immigrants incorporate E-money transfer to their homeland via CACMobily. CAC also provides them with Fast Money Transfer and My Family and University Student Services. These products give you the opportunity to be close to your family and follow up your kids educational progress. You are also give the CAC Online service and Savings Package plus the international ATM services, all of which give you a clearer image of your business and a better means of managing your funds in Yemen in the most possible manner.

Client's Advantages are as follows:

- A complete package of banking services is suitable for our clients' daily needs with the feature of enabling them to accomplish whatever they want in a matter of seconds.
- Time and efforts are saved via Quick Money Transfer and E-Transfer services by using CAC Mobily with ease and security.
- CAC Online facilitates procedures, with high quality, less time to accomplish banking transactions.
- Savings accounts are an exceptional package of service to meet the wants and needs of Yemeni immigrants.
- Security and ease are the features of accessing bank accounts in Yemen by using CAC Smart Cards you could easily transfer amounts to your family allocating the amount you want for each family member.
- University Student Service allows you to keep track of and follow up your kids' educational progress via CAC Online. It allows you to easily and securely pay tuition to universities, institutions and training centers accredited in Yemen via CAC Mobily.

Zajel Goes Beyond Borders and Distances



CAC Mobily

Manage your account, Fulfill your obligations with a click

Via CAC Mobily or your Mobile Phone, you can directly:

- Pay cell phone, land line, water and electricity bills;
- Pay the cost of purchases and services;
- Apply for a statement of the account and inquire about your account's balance, foreign exchange rates;
- Transfer money from your bank account to other accounts within the Bank;
- Transfer money in both currencies, Dollars and YER;
- Execute other banking services and many more.;

CAC invests in HI-Tech to save your time and effort.

With a Click, we enable you to manage your accounts, pay your bills, know everything about any transaction at anytime and wherever you are.



E-Banking

For you are so precious, we accompany you wherever you go.

This is the complete and most holistic E-system providing company managers with various banking services from any part of the world and at anytime though the Internet and with the highest standards of E-security and confidentiality; you are capable of:

- Opening documentary credits from anywhere in the world;
- Implementing foreign money transfer;
- Opening domestic and foreign guarantees at any time;
- Transferring from one account to another within the same client's accounts;
- Paying all types of bills (electricity, water, landline telephone, cellular phone, etc);
- Viewing statements of accounts and inquiring about exchange rates; and
- Viewing credit ceiling.



e-Banking

Small in Size but Grand in Performance!

CAC Online

Your Account at your Fingertips

- CAC Online aims at coping with our generous clients' needs and wants; facilitating their banking transactions and providing them with a secured and sound environment (CAC Online) via the Internet.
- All banking data and operations are under a high level of security and confidentiality through the use of high and up-to-date technology.
- This service is available 24/7.
- Clients are capable of viewing their transaction(s) and account(s).
- This service could be utilized from anywhere via the Internet.
- This service facilitates procedures, with high quality, less time to accomplish banking transactions.



Security • Ease • Speed

www.cacbank.com.ye



ATM's

Biggest ATM Network Covering the Whole Country

For CAC Bank values time and cares about offering modern banking services to meet our clients' wants and expectations, the Bank has developed a comprehensive and sound network of ATM's with the aim to immediately meet our clients' needs. These ATM services are available 24/7 including official holidays and Eid vacations and positioned in easily accessed locations. The number of ATM's in 2010 accounted for 124 machines.

Saving time and effort, ATM's offers you a set of special and unique E-services as follows:

- Making cash withdrawal;
- Inquiring about your account balance
- Getting an immediate brief statement of account;
- Withdrawing your monthly salary following its depositing to the Bank;
- Getting immediate cash money for Visa and/or Master Card holders whether these cards are issued by CAC Bank and/or any other local or foreign bank; and
- Obtaining many more advantages.



Biggest ATM Network Covering the Whole Country



Quick Money Transfer

Transfer of Funds in Seconds

This is another outstanding service offered by CAC Bank to transfer funds directly and quickly via a modern E-system without the need to open a bank account. This new service aims at transferring any amount to the beneficiary with the following advantages:

- The possibility of receiving the money transfer from any of CAC's branches and/or offices which totaled to (81) in 2010;
- Competitive and drastically discounted commission rates;
- Ease, security and speed in sending and receiving any amount from any CAC center and/or branch providing the Quick Money Transfer service;
- A wide network of branches and centers and money exchangers at the local level and at the international level in the Gulf States;
- Working hours from 8 am – 8 pm including Fridays and official holidays'



Transfer of Funds in Seconds..



Personal Loan

Whatever you think or thought of would simply become true!

If you are seeking for a loan to fulfill your financial obligations, to maintain and repair your cozy home, to overcome any emergencies, to enjoy a nice trip abroad, CAC Bank is willing to provide with whatever you need.

You could possibly get a personal loan worth 12 folds more than your monthly salary with a period of 24 months to pay the loan back.

As soon as you meet the required conditions, just head to the closest CAC Bank branch and fill out the required application form.

Moreover:

- As soon as you finish the loan requirements, you would get the money within 24 hours.
- Monthly installments are of an equal rate;
- Suitable interest rates are deductible as per the balance of the loan.
- If payment is made before the dead line of the total payment period, interests for the rest of the loan period is canceled.

Are you dreaming of travelling??



Personal Loan

Non-Interest Loan

Buy whatever you like and leave the payment to us!

This service is designed specifically for the private and public sectors employees in order to offer them with exceptional services. Most important of which is the ceiling of the interest-free loans which could reach 6 folds of a monthly salary and the period for repayment 12 months.

This service also provides you with a guarantee to buy all your needs (furniture, house appliances, electronic apparatuses, electric appliances, building materials, hygienic supplies and requirements, automobile spare parts, and many others). Its advantages include:

- That no interest is taken while easy terms and conditions and fast procedures are followed to subscribe to such a service.
- That a long list of large commercial shops and stores is given to you in order to guarantee that you get the required commodity with a competitive price;
- That you could possibly get a non-interest loan even if you have applied or been getting other loans provided that their monthly installments do not use more than 50% out of the total monthly salary.



With CAC, Your Dreams Become True!

CAC's POS

Easy and Convenient Shopping

POS service is an E-transferring method of funds, enabling you to pay the cost of your purchases from any commercial shop or store with this service. In fact, there are (447) POS's scattered all over the country.

CAC Bank provides the POS service of high quality standards by using the best technical means along with speed in executing any transaction and maintaining data security and confidentiality. It further offers technical support and maintenance to the POS devices.

Along with producing statements of POS transactions on weekly or monthly upon user's request, all POS sets could carry out budgeting automatically or manually and thus saving the merchant's time and effort in doing so.



Easy and Convenient Shopping

American Express Cards

Never Do without American Express Cards.

- Cardholders could use the card to make any purchases from any of the world's country;
- The card is easy and secure to use;
- Many advantages are offered to cardholders in more than 100 hotels in the world.
- Cardholders could rent cars.
- Cardholders are provided with numberless advantages at many airports in the world (i.e. Lufthansa, Egyptian Airlines, Jordanian Airlines, Scandinavian Airlines).
- Cardholders pay annual subscription fees but are free of any commission when doing any transaction.
- The more holders use the cards, the more they get points; that is, for each dollar, a point is added to the client's balance.



Robert Redford



My life. My card.



IRIS Recognition

IRIS Recognition provides you more security in dealing with your banking accounts, only in CAC Bank.

A Glance Grants You Accuracy and Security:

- The iris recognition is more secure than the use of passwords or pin codes due to the impossibility of fraud and deception.
- An iris print can never be stolen, copied or faked or even changed by modern optical treatments such as Lasik eye correction or change of the lens.
- It has been scientifically proven that the left and right irises of the same person are not identical and that no two persons have the same iris distinctive patterns, even identical twins.
- The iris recognition is more accurate than any other recognition systems such as the fingerprints, or voice and facial recognition systems. It offers a 100% protection for client balances.

A Glance Offers you Speed and Ease:

- Easy-To –Use: Iris recognition system is the most easy-to-use technique and to apply on executing all banking operations and transactions. For CAC clients and within the branches, there is no need for ID's nor number of bank accounts.
- Fast Snapshots: As soon as you stand in front of the camera, not more than five seconds are required to make a match.
- Iris recognition saves our clients' time and effort when entering into CAC banking system to do any banking transaction.

Only in CAC Bank

Accuracy • Security • Speed • Ease



CAC Visa Card

The first EMV in Yemen.

- E-CAC Visa has been designed by the most up-to-date technology. It is a smart banking credit card, which is the most advanced system agreed upon by the biggest credit cards networks and providers in the world. This type of credit card is featured by its high quality of security and accuracy.
- Our dear CAC Visa holders could withdraw cash via our ATMS and pay their purchases from any POS with the CAC Visa motto. This is through easily deducting from their current or savings account. Our CAC Visa clients could withdraw money from any ATM or pay for their services at any POS with CAC Visa motto from any spot in the World.
- With E-CAC Visa, you are not required to carry large amounts of cash as it minimizes the use of cash money or checks while allowing the use of different currencies.
- It is highly secure and trustworthy, since it has the client's image, signature and password.
- In the event that the card is stolen or lost, you could easily cancel it by dialing (00967-1- 562-994) or sending a written message to customer service, fax number (00967-1- 232941) or contact any Visa center in the world.
- Our clients have the right to get a duplicated card if the previous card was lost whether inside or outside the country.
- Our clients could ask for an extra CAC Visa card on the same bank account for one of their family members.
- These Visa cards being of very low nominal fees and high advantages are convenient for all social segments.
- An E-CAC Visa card is valid for two full years.
- E-CAC Visa card is a member of the World Visa.



VISA



التأشيرات
Visas

VISA



Name: Wadah Ahmed
birth date: 2-6-1977
Natinality: Yemenni
Bank : Cacbank
Bank account: 00908779
Visa type: World Wide

CAC BANK



الإضافات
Additions

Savings Accounts

Various Packages to Meet Life Needs and Expectations

Savings Account (AMAN)

Guaranteed Investment Means

CAC Bank created this kind of account for the sake of meeting the needs and wants of the public. The aim is to provide the public with a more flexible savings means geared to offer them with a better and worthy investment returns. Among many other types of accounts designed to suit the various social segments, CAC Bank offers its clients this kind of savings account with extraordinary advantages.

Savings Account with Monthly Return

This type of a savings account is an account with a minimum balance of at least 500 thousand Yemeni Riyals. The profits of this savings account are posted monthly into the client's current account in order for him/her to guarantee a regular monthly income. At the same time, a client can withdraw or deposit into the savings account via any of our branches, taking into consideration the minimum balance of the account.

Salary Savings Account

This is a new innovative method to assist employees save money from their salaries. Actually, this is a savings bank account which can be opened without the need for having a minimal starting balance. The savings account of this sort could be fed through periodical transferring of money from the customer's current account. Within the first year of opening, it is not possible to make any withdrawals from the account except for special circumstances. The earned profits would be posted into the account every three months in order to recognize new profits made on the earned ones in the following financial period.

Children Savings Account

(The Perfect Present for each of your Little Ones)

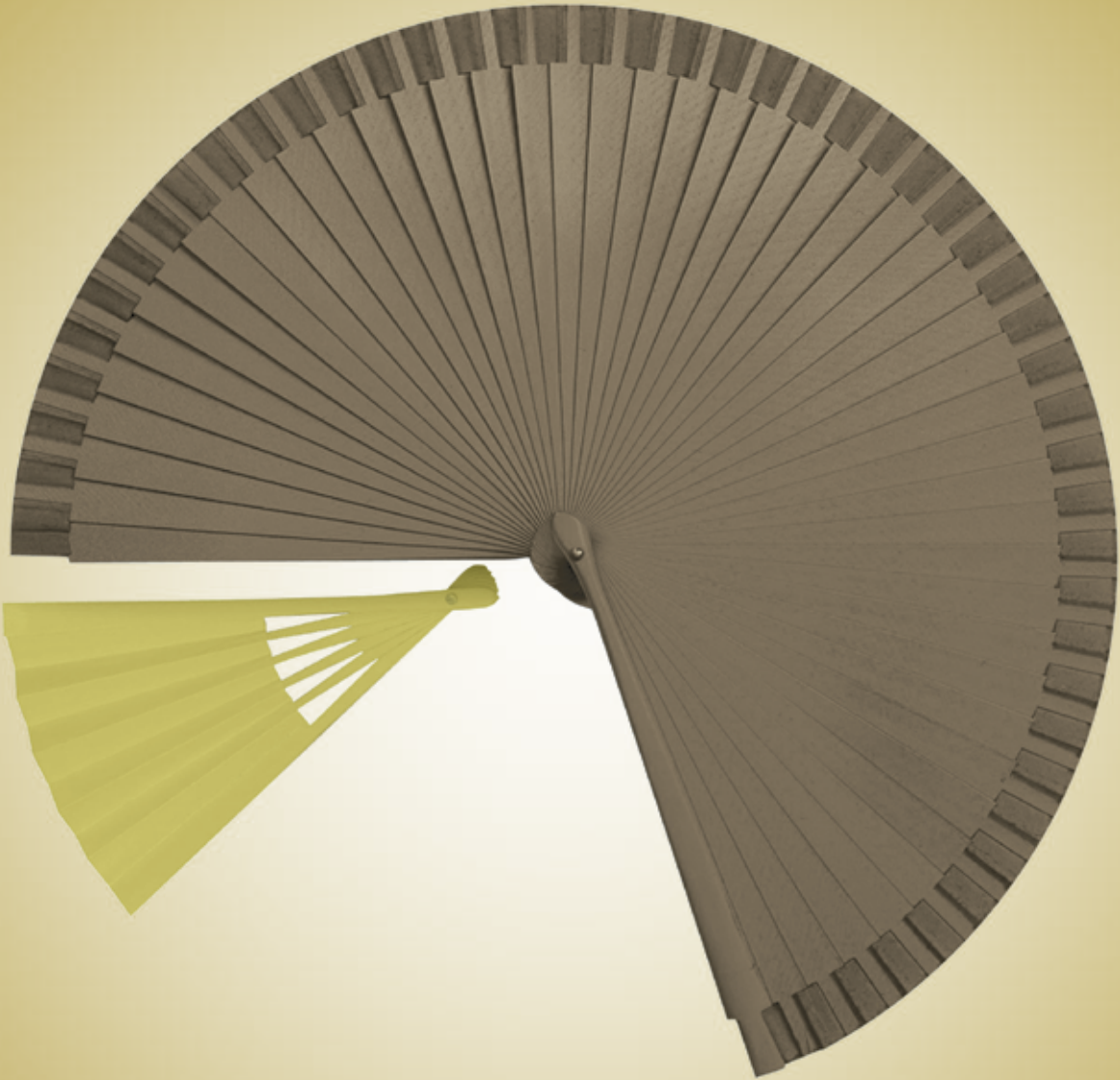
This kind of account is a new service aiming at developing the savings habit on the part of future generations and, therefore, assisting parents to ensure the coverage of their children's future needs. This service has been designed to meet a minor's needs.

Satisfaction Savings Account

Save as Much as You Want

This savings account is a new type of CAC's savings package. Being of a various and wealthy nature, it offers you many options to create your own smart investment and gives you the opportunity to immediately take part in the four quarterly prize drawings.





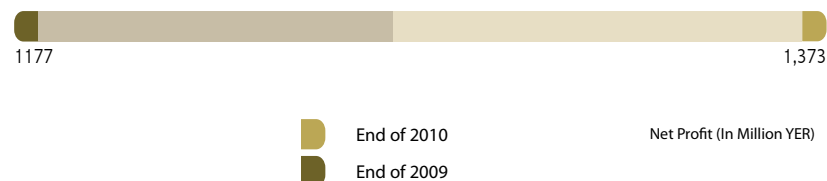
Most Momentous Financial Indexes of 2010

Net Profit

In 2010, CAC's revenues accumulated to a total of 31,319 million YER, compared to amount of 20,906 million YER in the previous year, which means exceeding last year's by 10,413 million YER and a growth rate of 50%.

The net profit for the year prior tax accounted for 1,373 million YER while in the past year it reached 1.777 million with a growth of 17%.

Net Profit as of End of 2010 Compared with Previous Year's:



CAC's Assets

The Bank experienced a very active work during the year 2010 as indicated by the financial statements. Assets accumulated to an amount of 305 billion YER with an increase of 82 billion and a growth rate of 37%. This increase was because of the launching of the new products and the trust of the clients in the Bank.

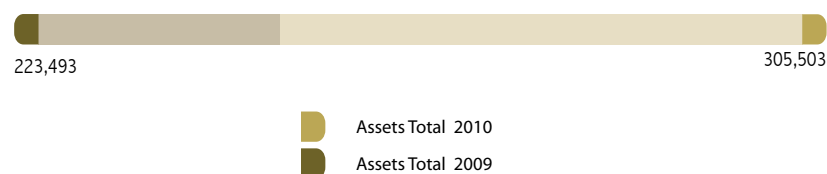
As a result of this growth in 2010, the Bank was capable of maintaining first place amongst traditional financial institutions. The Bank's share in the banking sector rose to 16% and its contribution in the growth of the Yemeni banking sector in 2010 was a percentage of 36%, the highest rate compared with those of operating banks.

The growth rate of CAC's balances in local and foreign banks accumulated to 14 billion YER with a growth rate exceeding 39%, resulting in raising its balances 50 billion YER. This growth is the outcome of the Bank's policy to invest funds as one of the opportunities offered by CAC. Another reason is that the Bank facilitates procedures for exporting consumer and capital goods and equipments as well as domestic and foreign trade, on hand, and meets the needs of its clientele, on the other.

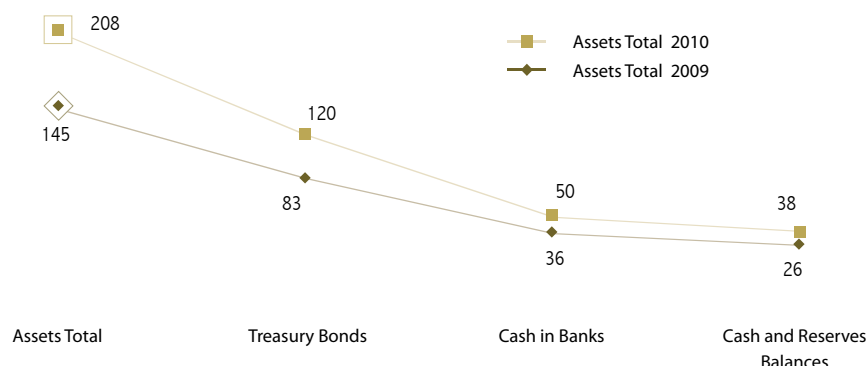
The Bank has balances enabling it to immediately fulfill its potential cash obligations and demands of clients. Its cash balances and reserves at the Central Bank of Yemen rose to an amount of 12 billion YER with a growth rate of 46%. This was due to the large growth rate of the CAC's customers' deposits.

The Bank's management constantly takes into account the notion of having a conformity and balance between liquidity and profitability when investing the funds of its depositors. As a consequence to the realized growth of customers' deposits in local currency, the bulk of CAC's investment in treasury bonds increased remarkably, a matter which constituted a safe and quick source of liquidity and secondary reserve to face its obligations. Such investments in treasury bonds increased by an amount of 37 billion YER meaning a growth rate of 44%. Consequently, the Bank's balance rose to 120 billion YER which enabled the Bank occupy first place amongst other traditional banks. Its share in the banking market reached a high rate accounting for 21%.

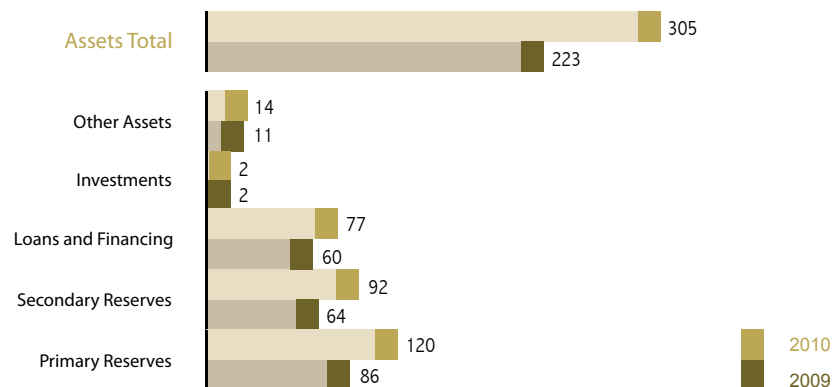
Increase of Assets in 2009 and 2010 (In Million YER)



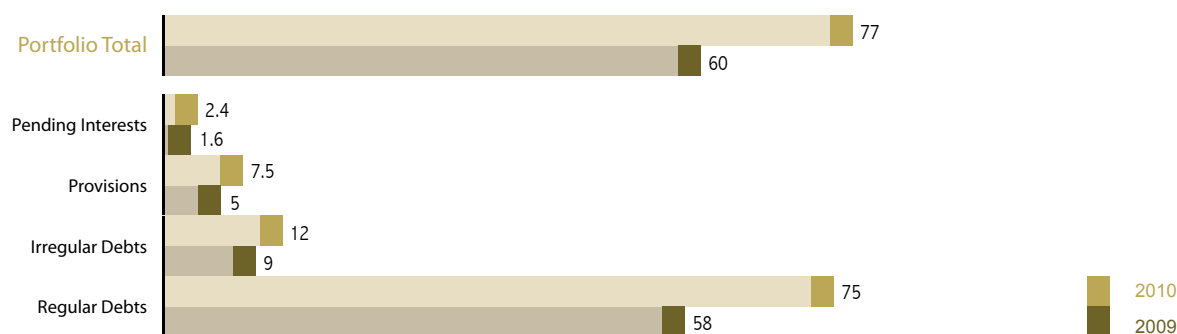
Liquidity Reserves for 2009-2010 (In Billion YER)



Assets as of the End of 2010 Compared with Pervious Year's (In Billion YER)



Quality of Loans and Advances Portfolio for 2009-2010 (In Billion YER)



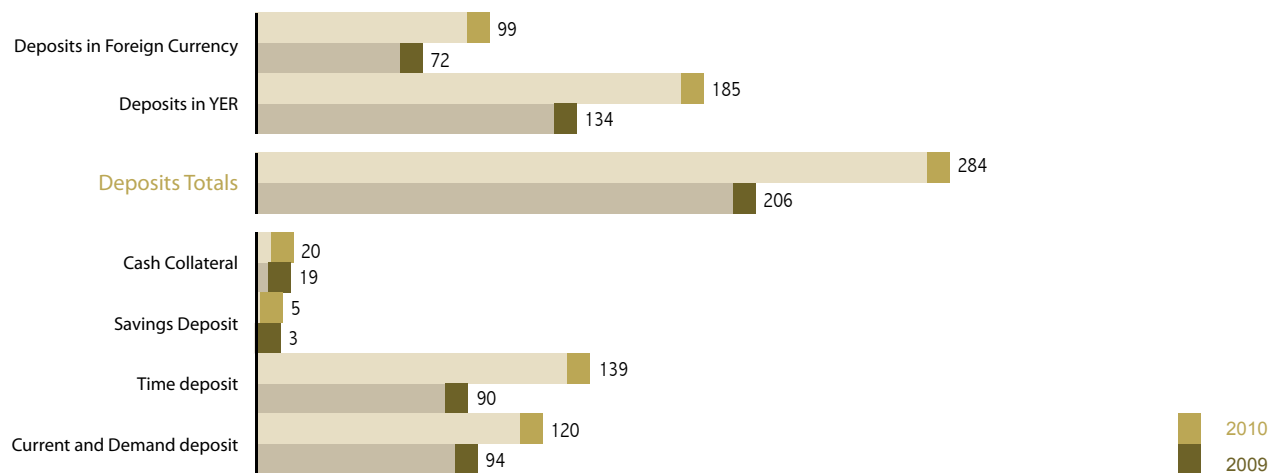
Loan and Advances Portfolio

CAC Bank remains to be the leading financial institution shoring up the process of development and the growth of the national economy. The Bank's management strongly believes in the perquisite and necessity of supporting and financing various economic sectors to create a revival in the national economy. Accordingly, the Bank provides commercial, industrial and agricultural and fishery sectors and construction projects with large amounts of loans and funding. These amounts accounted for 77 billion YER as of the end of 2010, targeting all production segments (including microfinance, middle and large entities and enterprises).

As a source of pride to the Bank is its management's success in improving the quality and performance of the credit portfolio. The ratio of irregular net debts to the portfolio's total was 3%, representing a standard percentage and signifying the high quality of the portfolio.

In conjunction with contributing in the recovery of the national economy, The Bank occupies the banking pyramidal peak, finances foreign trade, provides all types of indirect facilities to its clientele including documentary credit and letters of credit; the balances of which accumulated to 94 billion YER with a percentage of 15% out of the whole banking market as a whole.

Customers' Deposits as of the End of 2010 (In Billion YER)

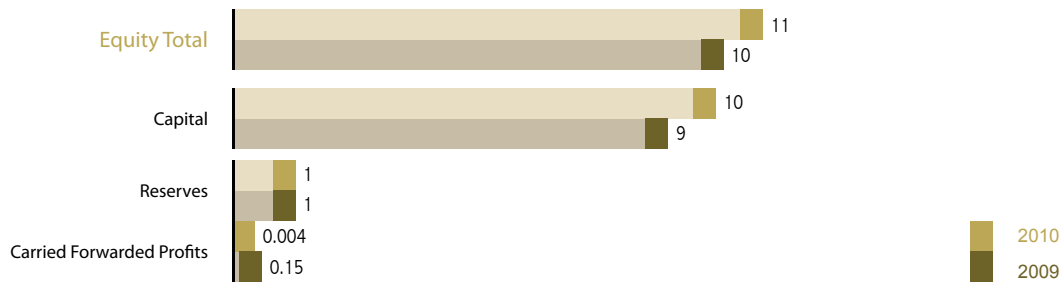


Customers' Deposits

CAC Bank continues to be in the lead in terms of delivering and providing the best type of high quality banking services in no time by using the state of art and most up-to-date technology. These services are delivered by extremely experienced and qualified locals possessing the spirit of one team and guided by a very energetic and efficient leadership. Enhancing all of that is the Bank's offices and branches scattered all over the country and equipped with the most up-to-date global technology and equipment. All of that formed very strong factors motivating and attracting depositors to the extent that CAC has become the mecca of all fund depositors. The balance of customers' deposits in 2010 totaled to 284 billion YER exceeding last year's by an amount of 78 billion YER and a growth rate of 38%.

Out of the total growth rate of the whole banking sector, the Bank contributed by a percentage of 39%. In addition, CAC Bank maintained its first place among traditional banks in terms of the value of deposits achieving the highest growth rate among other operating banks.

Equity as of the End of 2010 (In Billion YER)



Equity

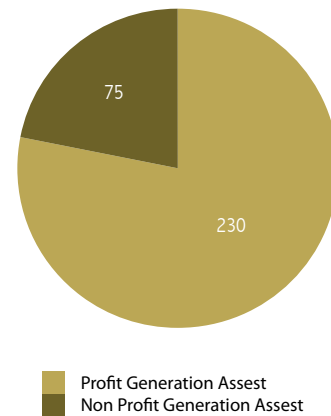
CAC Bank has always been concerned with possessing a very strong capital in bid of winning its depositors' trust and enhancing its ability to overcome any potential risks. In 2010, the Bank raised its capital by 1 billion YER. Thus, its paid-in capital was estimated at 10 billion YER and a total of more than 11 billion YER in equity.

Significant Results

By scrutinizing the financial statements of CAC Bank as of December 31, 2010, it is evident that there is a considerable and perceptible progress in its performance and financial indicators in order to achieve its strategically planned objectives. This progress is evidently obvious in the large growth rate of the customers' deposits as well as lending, and offering facilities and expanding its activities and services. All of that made the Bank occupy highly advanced and ultimate ranks in the banking industry (banking market) and shoulder the burdens of benefiting the national economy from the very beginning. The Bank contributed and still is doing so in many activities targeting the national development; these included the financing of businessmen, investors and enterprises to construct giant investment projects (in building and construction, industry, mining, etc). It also participated in stabilizing foreign currency exchange; it played a very fundamental role in maintaining the rate of YER vs. other currency; despite of sustaining a lot of cash, the Bank is looking forward to positive results, that is, increasing its clients' trust, proving its capacity and ability to compete and to be the leading financial institution. What follows is a brief breakdown of the most important results:

1. Completing the first stage of the the Bank's Development and Modernization Project;
2. increasing the staff's productivity;
3. Achieving the highest rate of earnings and profits with the least possible risks;
4. Increasing profit based and non-profit revenues
5. Improving the efficiency index or indicator for receiving the Bank's revenues for all of its costs;
6. Improving the management's efficiency in ultimate and sound investing of funds and mainlining a high and flexible liquidity to face any potential obligations;
7. obtaining a strong financial position with a high adequacy ratio accounting for a percentage of 13%; this high percentage exceeded international standards on one hand and reflected the quality and adequacy of invested assets;
8. Achieving the highest and best results in the banking sector and occupying the top of the list of the Yemeni banks.

Profit Generating Assests as of End of 2010





FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
AND INDEPENDENT AUDITOR'S REPORT

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

Contents

Page

Independent auditor's report	106-107
Statement of financial position	108
Statement of comprehensive income	109
Statement of changes in shareholders' equity	110
Statement of cash flows	111-112
Notes to the financial statements	113-141



KPMG Mejanni, Hazem Hassan & Co.
Public Accountants
150 Zubairy St. PO Box 3501
Sana'a, Republic of Yemen

Telephone +967 (1) 401 667/8 /9
Fax +967 (1) 206 130
Internet www.kpmg.com.ye

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
COOPERATIVE AND AGRICULTURAL CREDIT BANK
Sana'a, Republic of Yemen

Report on the Financial Statements

We have audited the accompanying financial statements of Cooperative and Agricultural Credit Bank (the Bank), which comprise the statement of financial position as at December 31, 2010, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and instructions issued by Central Bank of Yemen, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cooperative and Agricultural Credit Bank as at December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and instructions issued by Central Bank of Yemen.

Other matters

The financial statements for the year ended December 31, 2009, have been audited by another auditor, who issued an unqualified audit opinion dated May 15, 2010.

Report on Other Legal and Regulatory Requirements

We have obtained from management the information and clarifications that we deemed necessary for our audit. The Bank keeps proper books of account, and the accompanying financial statements are in agreement with these books. We are not aware of any violations of Yemen Commercial Companies Law No. 22 of 1997 and its amendments, Banks Law No. 38 of 1998 and Law No. 39 of 1982 concerning the establishment of Cooperative and Agricultural Credit Bank having occurred during the year which might have had a material effect on the financial statements as at December 31, 2010.



M. Zohd i Mejanni
Associated Accountant

Sana'a, April 30, 2011

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31 ,2010

		2010	2009
	Note	YR 000's	YR 000's
ASSETS			
Cash on hand and reserve balances with			
Central Bank of Yemen	(6)	37 703 964	26 431 619
Due from banks	(7)	50 167 552	35 803 780
Treasury bills (net)	(8)	119 811 000	83 328 359
Government bonds	(9)	4 460 866	4 460 866
Loans, advances and financing activities (net)	(10)	77 462 932	60 232 704
Available for sale investments	(13)	1 680 351	1 680 351
Investments in associates	(14)	397 500	292 500
Debit balances and other assets (net)	(15)	9 779 094	7 306 207
Property and equipment (net)	(17)	4 040 512	3 957 248
TOTAL ASSETS		305 503 771	223 493 634
LIABILITIES AND SHAREHOLDERS' EQUITY			
LI ABILITIES			
Due to banks	(18)	4 752 894	4 568 783
Customers' deposits	(19)	284 514 068	206 353 156
Credit balances and other liabilities	(20)	4 090 538	1 304 943
Other provisions	(21)	598 140	721 477
Long-term loans	(22)	238 035	236 982
Total Liabilities		294 193 675	213 185 341
SHAREHOLDERS' EQUITY			
Paid-up capital	(23/a)	10 000 000	9 000 000
Legal reserve	(23/b)	1 164 350	1 014 080
General reserve		141 696	141 696
Retained earnings		4 050	152 517
Total Share Holders' Equity		11 310 096	10 308 293
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		305 503 771	223 493 634
Contingent liabilities and commitments (net)	(24)	59 814 016	72 135 856

(The notes on pages 8 to 49 are an integral part of these financial statements)

Mehdar Al Saggar
Chairman

Mohamed Ahmed Taki
Deputy Chief Executive Officer
for Supporting Operations Segment

Abdul Jabbar Salama
Finance Manager



Independent auditor's report attached

M. Zohdi Mejanni
(KPMG Mejanni, Hazem Hassan & Co.)



COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2010

		2010	2009
	Note	YR 000's	YR 000's
Interest income	(25)	28 844 410	17 403 966
Less: interest expense	(26)	(17 221 260)	(9 576 602)
Net interest income		11 623 150	7 827 364
Islamic financing and investments activities income	(27)	63 062	-
Less: Return of unrestricted investment and saving accounts holders	(28)	(40 362)	-
Net income from Islamic financing and investment activities		22 700	-
Net income from interest & investments activities & Islamic financing		11 645 850	7 827 364
Commissions & revenue and bank service charges	(29)	2 012 140	1 843 709
Gain of foreign currency transactions	(30)	11 310	546 860
Other operating income	(31)	179 602	1 052 039
Net operating income		13 848 902	11 269 972
Income of financial investments		208 222	59 098
		14 057 124	11 329 070
Less: provisions	(32)	(2 729 877)	(1 956 072)
Less: general and administrative expenses and depreciation	(33)	(9 954 525)	(8 196 163)
Net profit for the year before income tax		1 372 722	1 176 835
Less: Income tax for the year		(370 919)	-
Net profit for the year after tax		1 001 803	1 176 835
Other comprehensive income		-	-
Total comprehensive income for the year		1 001 803	1 176 835
Earning per share	(34)	YR 105	YR 138

(The notes on pages 8 to 49 are an integral part of these financial statements)

Mehdar Al Saggaf
Chairman

Mohamed Ahmed Taki
Deputy Chief Executive Officer
for Supporting Operations Segment

Abdul Jabbar Salama
Finance Manager



Independent auditor's report attached:

M. Zohdi Mejanni

(KPMG Mejanni, Hazem Hassan & Co.)



COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

AS AT DECEMBER 31 ,2010

	Paid-up Capital YR 000's	Legal Reserve YR 000's	General Reserve YR 000's	Retained Earnings YR 000's	Total YR 000's
Year2010					
Balance as at January 1, 2010	9 000 000	1 014 080	141 696	152 517	10 308 293
Total comprehensive income for the year					
Net profit for the year	-	-	-	1 001 803	1 001 803
Other comprehensive income	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1 001 803	1 001 803
Transactions with owners, recorded directly in share holders' equity					
Transfer to legal reserve	-	150 270		(150 270)	-
Transfer to capital	1 000 000	-	-	(1 000 000)	-
	1 000 000	150 270	-	(1 150 270)	-
Balance as at December 31 ,2010	10 000 000	1 164 350	141 696	4 050	11 310 096
Year2009					
Balance asat January 1 , 2009	8 000 000	837 555	141 696	152 207	9 131 458
Total comprehensive income for the year					
Net profit for the year	-	-	-	1 176 835	1 176 835
Other comprehensive income	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1 176 835	1 176 835
Transactions with owners, recorded directly in share holders' equity					
Transfer to legal reserve	-	176 525	-	(176 525)	-
Transfer to capital	1 000 000	-	-	(1 000 000)	-
	1 000 000	176 525	-	(1 176 525)	-
Balance as at December 31, 2009	9 000 000	1 014 080	141 696	152 517	10 308 293

(The notes on pages 8 to 49 are an integral part of these financial statements)

Mehdar Al Saggaf
Chairman

Mohamed Ahmed Taki
Deputy Chief Executive Officer
for Supporting Operations Segment

Abdul Jabbar Safama
Finance Manager



Independent auditor's report attached:

M. Zohdi Mejanni
(KPMG Mejanni, Hazem Hassan & Co.)



COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

		2010	2009
	Note	YR 000's	YR 000's
Cash flows from operating activities			
Net profit for the year before income tax		1 372 722	1 176 835
Adjustments to reconcile net profit to cash flows from operating activities			
Depreciation of property and equipment	(17)	1 022 967	863 738
Provisions provided during the year	(32)	2 729 877	1 956 072
Revaluation differences of provisions in foreign currencies		65 733	51 568
Provisions reversed	(31)	(143 808)	(957 280)
Net (profit) on sale of property and equipment		(2 200)	(18 885)
Operating profit before changes in assets and liabilities used in operating activities		5 045 291	3 072 048
Net (increase) decrease in assets			
Reserve balances with Central Bank of Yemen		(6 802 224)	(4 442 794)
Treasury bills due after 3 months		(6 208 276)	(25 734 771)
Loans, advances and financing activities		(19 522 288)	(219 129)
Debit balances and other assets		(2 955 966)	(4 044 776)
Net increase (decrease) in liabilities			
Due to banks		184 111	4 219 864
Customers' deposits		78 160 912	38 441 874
Credit balances and other liabilities		2 414 676	(650 524)
Net cash provided by operating activities		50 316 236	10 641 792
Cash flows from investing activities:			
Cash payments for acquisition of property and equipment		(1 107 156)	(1 283 986)
Proceeds from sale of property and equipments		3 125	29 578
(Increase) in investments in associates		(105 000)	(135 012)
Net cash (used in) investing activities		(1 209 031)	(1 389 420)

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

STATEMENT OF CASH FLOWS (Continued)

AS AT DECEMBER 31 ,2010

		2010	2009
	Note	YR 000's	YR 000's
Cash flows from operating activities			
Increase in long term loans		1 053	1 305
Net cash provided by financing activities		1 053	1 305
Net change in cash and cash equivalents			
Cash and cash equivalents the beginning of the year		49 108 258	9 253 677
Cash and cash equivalents at the end of the year		97 273 293	88 019 616
		146 381 551	97 273 293
Cash and cash equivalents at the end of the year consist of:			
Cash on hand and reserve balances with CBY	(6)	37 703 964	26 431 619
Due from banks	(7)	50 167 552	35 803 780
Treasury bills (net)	(8)	119 811 000	83 328 359
		207 682 516	145 563 758
Less: Reserve balances with Central Bank of Yemen	(6)	(26 373 852)	(19 571 628)
Less: Treasury bills due after 3 months (net)		(34 927 113)	(28 718 837)
		146 381 551	97 273 293

(The notes on pages 8 to 49 are an integral part of these financial statements)

Mehdar Al Sagaf
Chairman

Mohamed Ahmed Taki
Deputy Chief Executive Officer
for Supporting Operations Segment

Abdul Jabbar Salama
Finance Manager

Independent auditor's report attached:

M. Zohdi Mejanni
(KPMG Mejanni, Hazem Hassan & Co.)




NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

1- BACKGROUND INFORMATION

- The Cooperative and Agricultural Credit Bank (The Bank) was established in Sana'a in accordance with law no. 39 of 1982 as a result of merging the Agricultural Credit Bank (ACB) (which was established in 1975) and the National Co-operation Development Bank (NCDB) (which was established in 1979). The Bank is registered with the Ministry of Industry and Trade under license no. 5391.
- The Bank provides Islamic banking services through its Islamic branch (under establishment) in conformity with the Islamic Sharia' and under the supervision of Sharia' Board. On March 29 2010 the Bank obtained the initial approval from CBY and currently the required procedures to get the final approval are in process.
- The Bank operates through its head office in Sana'a and 52 branches spread all over the governorates of the Republic of Yemen.
- The financial statements were approved by the Board of Directors on April 28 2011.

2- BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements are prepared on the going concern basis and the historical cost convention except available-for-sale investments and financial instruments (financial assets and liabilities) held at fair value and in accordance with International Financial Reporting Standards (IFRS) and instructions issued by the Central Bank of Yemen (CBY). As a deviation from International Financial Reporting Standards and to apply the provisions of local laws and regulations the following are treated as follows:

- a. The adoption of minimum fixed percentages for non-performing debts provisions in accordance with CBY circular No. 6 of 1996 and No. 5 of 1998.
- b. The provision for general risks calculated on performing loans is presented as part of loans and advances provision and not as part of shareholders' equity.
- c. The provision for contingent liabilities is presented as part of other provisions and not as part of shareholders' equity.

The effect of this deviation on the financial statements is immaterial as at December 31 2010.

The financial statements include all balances of assets liabilities and results of operations of Cooperative and Agricultural Credit Bank – Islamic branch – (under establishment) after eliminating all balances and transactions and the statement of comprehensive income items resulting from intra-transactions.

2.2 Changes in accounting policies and disclosures

The adopted accounting policies for the preparation of the financial statements as at December 31 2010 are consistent with those policies for the preparation of the prior year's financial statements.

2.3 Functional and presentation currency

The financial statements are presented in Yemen Rials which is the Bank's functional currency and all values are rounded off to the nearest one thousand Yemeni Rial (except when otherwise is indicated).

2.4 Significant estimates and accounting judgments

The preparation of financial statements requires management to make judgments estimates and assumptions that affect the application of accounting policies and the reported amounts of assets liabilities income and expenses.

The estimates and associated assumptions are based on historical experience of the Bank and various other factors that are believed by the Bank to be reasonable under the circumstances the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in notes 3,11, 16, 17 and 20.

3- SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency transactions

- The Bank maintains its records in Yemeni Rial which is the Bank's functional currency. Transactions in other currencies are recorded during the financial year at the prevailing exchange rates at the date of transaction. Balances of monetary assets and liabilities in other currencies at the end of the financial year are translated at the prevailing exchange rates at that date and any resulting gains or losses are charged to the statement of comprehensive income.
- The Bank does not deal in forward or optional contracts except to the extent to cover the Bank needs or the customers' transactions with the Bank in foreign currencies which are settled in short term periods.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

3.2 Revenue recognition

- Revenues are recognized on the accrual basis. However in order to comply with the requirements of CBY circular No. 6 of 1996 the Bank does not accrue interest on non-performing loans and credit facilities. When an account is treated as non-performing loan all uncollected interest relating to the three months prior to categorizing the loan as non-performing is reversed from income and transferred to other credit balances as suspense interest.
- Profits on Murabaha and Istisna'a contracts are recorded on the accrual basis as all profits at the completion of Murabaha contracts are recorded as deferred revenues and taken to the statement of comprehensive income depending on the finance percentage using the straight line method over the term of the contract. In accordance with CBY instructions the Bank does not accrue the profit on non-performing Murabaha and Istisna'a contracts in the statement of comprehensive income.
- Ijarah Muntahia Bittamleek revenues are recorded over the term of the lease contract.
- Revenues from investments in associates are recorded based on the Bank's share in the equity of these companies in accordance with the approved financial statements of these companies.
- In accordance with CBY instructions the reversed provisions no longer required provisions are recorded in the statement of comprehensive income under "other operating income".
- Revenue from available for sale investments is recognized when the related dividends are distributed.
- Commissions' revenue and the Bank service charges are recognized when the related services are performed.

3.3 Treasury bills

Treasury bills are recorded at face value and the balance of unearned discount is recorded under credit balances and other liabilities. Treasury bills are presented in the statement of financial position net of the balance of unearned discount outstanding at the financial statements date.

3.4 Valuation of available for sale investments

Available for sale investments are subsequently measured at fair value for each investement. Unrealized gains or losses arising from fair value variances are recognized directly in the fair value reserve under equity. At the time of sale the cumulative gain or loss previously recognized in equity is included in the statement of comprehensive income. In cases where objective evidence exists that a specific investment is impaired the recoverable amount of that investment is determined and any impairment loss is recognized in the statement of comprehensive income as a provision for impairment of investments. The increase in financial investments is presented in the fair value reserve under equity. For an investment in an equity security a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. Reserves for impairment losses previously recognized on debt instruments is reversed through the statement of comprehensive income. In case of the difficulty of obtaining a reliable estimate of fair value for these investments as there are no quoted market prices and future cash flows are not determinable these investments are carried at cost.

3.5 Valuation of Investments in Associates

An associate is an entity over which the Bank exerts significant influence but not control over financial and operating policies. Significant influence is presumed to exist when the Bank holds between 20 to 50 percent of the voting power of the associate. Investments in associates are recorded at the acquisition cost. At the financial statements date the values of these investments are adjusted according to the Bank's share in the equity in the associate based on the approved financial statement of these companies. Such changes are reflected in the statement of comprehensive income.

3.6 Valuation of assets whose titles have been transferred to the Bank as a repayment of loans

According to CBY instructions assets whose titles have been transferred to the Bank are presented in the statement of financial position under debit balances and other assets at the acquired values less any impairment in their values if any at the financial statements date. Impairment losses are charged to the statement of comprehensive income.

3.7 Ijarah Muntahia Bittamleek

- Assets acquired for Ijarah Muntahia Bittamleek are recorded at historical cost less accumulated depreciation and impairment losses. They are depreciated except for land over the term of the Ijarah contract.
- At the end of the Ijarah term title of leased assets passes to the lessee provided that all Ijarah installments are settled by the lessee.

3.8 Provision of loans advances financing activities and contingent liabilities

- In order to comply with CBY circular No. 6 of 1996 and No. 5 of 1998 relating to classification of assets and liabilities provision is provided for specific loans advances financing activities and contingent liabilities in addition to a percentage for general risks calculated on the total of other loans advances financing activities and contingent liabilities after deducting balances secured by deposits and banks' guarantees issued by foreign worthy banks. The provision is determined based on periodic comprehensive reviews of the credit portfolio and contingent liabilities. Accordingly the provision is provided in accordance with the following rates:

<u>Performing loans advances financing activities and contingent liabilities including watch list accounts</u>	1%
<u>Non-performing loans advances financing activities and contingent liabilities:</u>	
Substandard debts	15%
Doubtful debts	45%
Bad debts	100%

- Loans and financing activities are written off if procedures taken towards their collection prove useless or if directed by CBY examiners upon review of the portfolio by debiting the provision. Proceeds from loans previously written off in prior years are credited to provisions.
- Loans and financing activities to customers and banks are presented in the financial statements net of provisions and interest.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

3.9 Recognition / derecognition of financial instruments

- Financial assets and liabilities are recognized in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument with other party.
- Financial assets are derecognized when the contractual rights related to the financial instruments have expired which ordinarily coincide with the sale or transfer of the contractual right to receive cash flows related to the asset to an independent parties.
- Financial liabilities are derecognized when they are extinguished that is when the contractual obligation is discharged canceled or expired.

3.10 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expense is not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation.

3.11 Contingent liabilities and commitments

Contingent liabilities and commitments in which the Bank is a party are presented off financial statements under "contingent liabilities and commitments" after deducting the margin held as they do not represent actual assets or liabilities at financial statements date.

3.12 Cash flow reporting

The Bank uses the indirect method to present cash flows whereby net profit or loss is adjusted with net cash flows from operating investing and financing activities.

3.13 Cash and cash equivalents

For the purpose of preparing the statement of cash flows cash and cash equivalents consist of cash on hand cash balances with CBY other than reserve balances current accounts and demand deposits with other banks and treasury bills which are due within three months from the issuance date.

3.14 Impairment of assets

The Bank reviews the carrying amounts of the assets according to their materiality at each financial statements date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount is estimated and compared with the carrying amount and any excess in the carrying amount is charged to the statement of comprehensive income.

Any increase in the value of the assets previously impaired is also recognized in the statement of comprehensive income provided that the increase does not exceed the original value of the asset before the impairment.

3.15 Property and equipment and depreciation

Property and equipment is stated at cost less accumulated depreciation and impairment losses if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditures are included in the asset carrying amount or are recognized as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Depreciation for property and equipment except land is charged to the statement of comprehensive income on the straight-line basis over the estimated useful lives of the items. The depreciation method useful lives and residual value if any are reassessed annually by the Bank management. The estimated useful lives are as follows:

	Estimated Useful lives
Buildings and constructions	50 years
Furniture and equipment	5 - 10 years
Points of sale and ATM	5 years
Motor vehicles	5 years

Leasehold improvements for rented Branches are depreciated over the expected useful life or the term of the lease whichever is less.

3.16 Other provisions

A provision is provided for present legal or constructive obligations as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation based on the study prepared by the Bank in order to estimate the amount of the obligation.

3.17 Social Security Provision

- All the employees of the Bank are contributing to the social security scheme in accordance with the Republic of Yemen's Social Insurance Law no. 25 of 1991. Payments are made to the Social Security General Corporation before the 10th day of next month. The Bank's contribution is charged to the statement of comprehensive income.
- The provisions of Social Insurance Law are applied to all employees of the Bank concerning the end of service benefits.

3.18 Lease contracts

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. All the leases entered into by the Bank are operating leases. Rentals payable under these leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

3.19 Taxation

- Corporate tax is calculated in accordance with the prevailing laws and regulations in the Republic of Yemen.
- Up to December 31 2009 the Bank is not subject to commercial and industrial profits tax and Income Tax in accordance with article (21) of law no. (39) of 1982 concerning the establishment of the Bank Income Tax Law No. (31) of 1991 and its subsequent amendments by Republican Decree No. (12) of 1999 and the provisions of Article No. (85) of Law No. (38) of 1998 related to banks.
- Starting from the year 2010 in accordance with Article (160) of Income Tax Law No. (17) of 2010 the net income for the Bank for the year 2010 is subject to income tax at the tax rate of 20% .
- Due to the characteristics of the tax accounting in Yemen application of International Accounting Standard on Income Taxes does not usually result in deferred tax liabilities. In the case that deferred tax assets have resulted from the application of this standard these assets are not booked unless there is assurance that these assets will be realized in the near future.

3.20 Zakat due on shareholders

The Bank remits the Zakat due on the shareholders to the relevant governmental authority which decides on the allocation of Zakat.

3.21 Applicable new standards and interpretations issued but not yet adopted

For the avoidance of doubt the following applicable new standards amendments to standards and interpretations which were issued by IASB before December 31 2010 and are not yet in effect have not been adopted early.

- **IAS 24 Related Party Disclosures (Amendment).**
The amended standard is effective for annual periods beginning on or after January 1 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Bank does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.
- **IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment).**
The amendment to IAS 32 is effective for annual periods beginning on or after February 1 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Bank after initial application.
- **IFRS 9 Financial Instruments: Classification and Measurement.**
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1 2013. In subsequent phases the IASB will address classification and measurement of financial liabilities hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Bank's financial assets. The Bank will quantify the effect in conjunction with the other phases when issued to present a comprehensive picture.
- **IFRIC 14 Prepayments of a minimum funding requirement (Amendment).**
The amendment to IFRIC 14 is effective for annual periods beginning on or after January 1 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Bank.
- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.**
IFRIC 19 is effective for annual periods beginning on or after July 1 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Bank.
- **Improvements to IFRSs (issued in May 2010).**
The IASB issued Improvements to IFRSs an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either July 1 2010 or January 1 2011. The amendments are listed below:
 - IFRS 3 Business Combinations
 - IFRS 7 Financial Instruments: Disclosures
 - IAS 1 Presentation of Financial Statements
 - IAS 27 Consolidated and Separate Financial Statements
 - IFRIC 13 Customer Loyalty Programmes

The Bank does not foresee that the application of these standards / interpretations will result in a significant impact on figures and disclosures on the reporting period they will be adopted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

4- FINANCIAL INSTRUMENTS AND THEIR RELATED RISKS MANAGEMENT

4.1 Financial instruments

- a. The Bank's financial instruments are represented in financial assets and liabilities. Financial assets include cash balances current accounts and deposits with banks treasury bills financial investments and loans to customers and government bonds. Financial liabilities include customers' deposits due to banks and long term loans.

Also financial instruments include rights and obligations stated in contingent liabilities and commitments. Note (3) to the financial statements includes significant accounting policies applied for recording and measuring significant financial instruments and their related revenues and expenses.

b. Fair value of financial instruments

The fair value of financial assets traded in organized financial markets is determined by reference to quoted market bid prices on a regulated exchange at the close of business on the year-end date. For financial assets where there is no quoted market price a reasonable estimate of fair value is determined by reference to the current market value of another instrument which is substantially the same. Where it is not possible to arrive at a reliable estimate of the fair value the financial assets are carried at cost until sometime reliable measure of the fair value is available.

Based on valuation bases of the Bank's assets and liabilities stated in the notes to the financial statements the fair value of financial instruments does not differ fundamentally from their book value at the financial statements date.

The following table provides a comparison by class of the carrying amount and fair values of the Bank's financial instruments that are carried in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

	2010		2009	
	Carrying amount YR 000's	Fair Value YR 000's	Carrying amount YR 000's	Fair Value YR 000's
Financial assets				
Cash on hand and reserve				
balances with the CBY	37 703 964	37 703 964	26 431 619	26 431 619
Due from banks	50 167 552	50 167 552	35 803 780	35 803 780
Treasury bills (net)	119 811 000	119 811 000	83 328 359	83 328 359
Government bonds	4 460 866	4 460 866	4 460 866	4 460 866
Loans advances & financing activities (net)	77 462 932	77 462 932	60 232 704	60 232 704
Available for sale financial investments	1 680 351	1 680 351	1 680 351	1 680 351
Investments in associates	397 500	397 500	292 500	292 500
Financial liabilities				
Due to banks	4 752 894	4 752 894	4 568 783	4 568 783
Customers' deposits	284 514 068	284 514 068	206 353 156	206 353 156
Long term loans	238 035	238 035	236 982	236 982

c. Fair value hierarchy

The Bank measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair values are based on quoted prices (unadjusted) in active markets for identical assets.

Level 2: Fair values are based on inputs other than quoted prices included within level 1 that are observable for the assets either directly (i.e. as price) or indirectly (i.e. derived from prices).

Level 3: Fair values are based on inputs for assets that are not based on observable market data.

The fair values for available-for-sale investments comprise YR 1 680 351 thousand under the level 3 category. There are no investments qualifying for levels 1 and 2 fair value disclosures.

d. Financial instruments for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a maturity of less than three months the carrying amounts approximate their fair value.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

4.2 Risk management of financial instruments

Risk is inherent in the Bank's activities but it is managed through a process of ongoing identification measurement and monitoring subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept with additional emphasis on selected industries.

Information compiled from all departments is examined and processed in order to analyze control and identify early risks. This information is presented and explained to the Board of Directors (ultimately responsible for identifying and controlling risks) the Risk Committee and the head of each business division. The Bank is exposed to credit risk liquidity risk interest rate risk exchange rate risk operating risk and other risks.

a. Credit risk

Loans and credit facilities to customers and Banks current accounts and deposits with banks and rights and obligations from others are considered as financial assets exposed to credit risk. Credit risk represents the inability of these parties to fully or partially meet their obligations when they fall due.

In order to comply with CBY circular No. 10 of 1997 regarding to the credit risk exposure the Bank applies some procedures in order to properly manage its credit risk. The following are the major procedures applied by the Bank:

- Preparing credit studies on customers and banks before dealing with them and determining their related credit risk rates.
- Obtaining sufficient collaterals to minimize the credit risk exposure which may result from financial problems facing customers or banks.
- Following up and performing periodic reviews of customers and banks in order to evaluate their financial positions credit rating and the required provision for non-performing loans.
- Distributing credit portfolio and balances with banks over diversified sectors to minimize concentration of credit risk.

The table below shows the maximum exposure to credit risk for the components of the financial statements. The maximum exposure is shown gross before the effect of mitigation by the use of collateral agreements:

	2010	2009
	YR 000's	YR 000's
Cash on hand and reserve balances with CBY (excluding cash on hand and ATM)	26 373 852	19 571 628
Due from banks	50 167 552	35 803 780
Treasury bills (net)	119 811 000	83 328 359
Government bonds	4 460 866	4 460 866
Loans advances and financing activities (net)	77 462 932	60 232 704
Available-for-sale investments	1 680 351	1 680 351
Investments in associates	397 500	292 500
Debit balances and other assets (net)	9 779 094	7 306 207
	290 133 147	212 676 395
Contingent liabilities and commitments	75 866 678	88 672 774
Total credit risk exposure	365 999 825	301 349 169

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

The following is an analysis of the Bank's financial assets and contingent liabilities by industry sector before and after taking into account collateral held of other credit enhancements (risk concentration for maximum exposure to credit risk by industry sector) is as follows:

	2010		2009	
	Gross Maximum Exposure YR 000's	Net Maximum Exposure YR 000's	Gross Maximum Exposure YR 000's	Net Maximum Exposure YR 000's
Government	164 475 115	-	119 824 293	-
Finance	37 444 331	1 106 176	30 394 210	2 314 223
General trade	28 646 122	10 205 311	23 169 829	20 030 510
Industry	15 631 460	14 356 701	10 536 806	8 611 312
Service	1 182 113	1 182 113	954 108	694 908
Individuals	29 490 356	20 495 758	19 608 644	15 677 209
Contractors	3 484 556	2 003 541	3 188 443	2 414 620
Others	9 779 094	9 779 094	5 000 062	5 000 062
	290 133 147	59 128 694	212 676 395	54 742 844
Contingent liabilities and commitments	75 866 678	59 814 016	88 672 774	72 135 856
	365 999 825	118 942 710	301 349 169	126 878 700

The Bank manages concentration of risk by distributing the portfolio over diversified economic sectors and geographical locations. Note no. 37 to the financial statements shows the distribution of assets liabilities contingent liabilities and commitments based on economic sectors and Note no. 38 to the financial statements shows the distribution of financial instruments based on geographical locations at the financial statements date.

b. Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its obligations when they fall due and other risks related to sufficient liquidity without incurring losses on a timely basis. To limit this risk the Bank management in addition to its core deposit base manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis and has arranged diversified funding sources. The table below shows the maturity analysis for financial liabilities that shows the remaining contractual maturities:

	2010				
	Less than 3 months YR 000's	From 3 to 6 months YR 000's	From 6 months to 1 year YR 000's	Over 1 year YR 000's	Total YR 000's
Liabilities					
Due to banks	4 752 894	-	-	-	4 752 894
Customers' deposits	245 054 231	26 306 558	13 153 279	-	284 514 068
Long term loans	-	-	-	238 035	238 035
Income tax for the year	-	370 919	-	-	370 919
Total liabilities	249 807 125	26 677 477	13 153 279	238 035	289 875 916

	2009				
	Less than 3 months YR 000's	From 3 to 6 months YR 000's	From 6 months to 1 year YR 000's	Over 1 year YR 000's	Total YR 000's
Liabilities					
Due to banks	4 568 783	-	-	-	4 568 783
Customers' deposits	177 733 615	19 079 694	9 539 847	-	206 353 156
Long term loans	-	-	-	236 982	236 982
Total liabilities	182 302 398	19 079 694	9 539 847	236 982	211 158 921

In addition to the above Note no. 35 to the financial statements shows the maturity analysis of financial assets and liabilities and the net gap between them at the financial statements date.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

c. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of some of the financial instruments.

The Bank performs a number of procedures to limit the effect of such risk to the minimal level as follows:

- Correlating interest rates on borrowing with interest rates on lending.
- Considering the discount rates for different currencies when determining interest rates.
- Monitoring the matching of maturity dates of financial assets and liabilities.

The table below shows the Bank's exposure to interest rate risks:

	2010						Average interest rates	
	Less than 3 months YR 000's	From 3 to 6 months YR 000's	From 6 Months to 1 year YR 000's	Over 1 year YR 000's	Non- interest sensitive YR 000's	Total YR 000's	Local	Foreign
							Currency	Currency
Assets								
Cash on hand and reserve balances with CBY	-	-	-	-	37 703 964	37 703 964	-	-
Due from banks	26 369 952	-	-	-	23 797 600	50 167 552	-	0.05
Treasury bills (net)	84 883 887	15 347 945	19 579 168	-	-	119 811 000	22.95	-
Government bonds	-	-	-	4 460 866	-	4 460 866	22.95	-
Loans, advances and financing activities (net)	39 590 734	6 971 664	30 900 534	-	-	77 462 932	27	10
Available-for-sale investments	-	-	-	-	1 680 351	1 680 351	-	-
Investment in associates	-	-	-	-	397 500	397 500	-	-
Debit balances and other assets (net)	-	-	-	-	9 779 094	9 779 094	-	-
Property and equipment (net)	-	-	-	-	4 040 512	4 040 512	-	-
Total Assets	150 844 573	22 319 609	50 479 702	4 460 866	77 399 021	305 503 771		
Liabilities & Shareholders' Equity								
Due to banks	4 752 894	-	-	-	-	4 752 894	21.60	-
Customers' deposits	103 695 384	26 306 558	13 153 279	-	141 358 847	284 514 068	20	2
Credit balances and other liabilities	-	-	-	-	4 090 538	4 090 538	-	-
Other provisions	-	-	-	-	598 140	598 140	-	-
Long term loans	-	-	-	238 035	-	238 035	4	-
Shareholders' equity	-	-	-	-	11 310 096	11 310 096	-	-
Total Liabilities and Shareholders' Equity	108 448 278	26 306 558	13 153 279	238 035	157 357 621	305 503 771		
Interest rate sensitivity gap	42 396 295	(3 986 949)	37 326 423	4 222 831	(79 958 600)	-		
Cumulative interest rate sensitivity gap	42 396 295	38 409 346	75 735 769	79 958 600	-	-		

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

	2009						Average interest rates	
	Less than 3 months	From 3 to 6 months	From 6 Months to 1 year	Over 1 year	Non- interest sensitive	Total	Local	Foreign
	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's	Currency	Currency
Assets								
Cash on hand and reserve balances with CBY	-	-	-	-	26 431 619	26 431 619	-	-
Due from banks	11 256 661	-	-	-	24 547 119	35 803 780	-	0.05
Treasury bills (net)	54 609 522	12 796 693	15 922 144	-	-	83 328 359	12.90	-
Government bonds	-	-	-	4 460 866	-	4 460 866	12.85	-
Loans, advances and financing activities (net)	31 755 419	5 695 458	13 922 227	8 859 600	-	60 232 704	18	8
Available-for-sale investments	-	-	-	-	1 680 351	1 680 351	-	-
Investment in associates	-	-	-	-	292 500	292 500	-	-
Debit balances and other assets (net)	-	-	-	-	7 306 207	7 306 207	-	-
Property and equipment (net)	-	-	-	-	3 957 248	3 957 248	-	-
Total Assets	97 621 602	18 492 151	29 844 371	13 320 466	64 215 044	223 493 634		
Liabilities & Shareholders' Equity								
Due to banks	4 568 783	-	-	-	-	4 568 783	10	2
Customers' deposits	66 671 740	19 079 694	9 539 847	-	111 061 875	206 353 156	10	1
Credit balances and other liabilities	-	-	-	-	1 304 943	1 304 943	-	-
Other provisions	-	-	-	-	721 477	721 477	-	-
Long term loans	-	-	-	236 982	-	236 982	4	-
Shareholders' equity	-	-	-	-	10 308 293	10 308 293	-	-
Total Liabilities and Shareholders' Equity	71 240 523	19 079 694	9 539 847	236 982	123 396 588	223 493 634		
Interest rate sensitivity gap	26 381 079	(587 543)	20 304 524	13 083 484	(59 181 544)	-		
Cumulative interest rate sensitivity gap	26 381 079	25 793 536	46 098 060	59 181 544	-	-		

Note no. 36 to the financial statements shows the average interest rates on assets and liabilities applied during this year compared with last year.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

d. Exchange rate risk

Due to the nature of the Bank's activities, the Bank deals in different foreign currencies, hence it is exposed to exchange rate risk. In order to minimize the exposure to exchange rate risk, the Bank maintains a balanced foreign currencies position in compliance with the CBY instructions and the requirements of CBY circular No. 6 of 1998 which specifies that individual foreign currency positions should not exceed 15% of the Bank's capital and reserves, and that the aggregate open position for all foreign currencies should not exceed 25% of the Bank's capital and reserves.

In order to comply with the CBY circular No. 6 of 1998, the Bank regularly monitors its foreign currency positions and sells the excess funds in foreign currencies at the prevailing rates on the dates of sale.

The table below shows the Bank's significant net exposures to foreign currencies:

2010						
	US Dollars	EURO	Saudi Rial	Sterling Pound	Others	Total
	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's
Assets	92 225 290	8 120 984	7 868 504	1 370 868	142 656	109 728 302
Liabilities	(92 508 664)	(8 040 810)	(7 276 038)	(1 383 494)	(135 698)	(109 344 704)
Net currency position	(283 374)	80 174	592 466	(12 626)	6 958	383 598

2009						
	US Dollars	EURO	Saudi Rial	Sterling Pound	Others	Total
	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's
Assets	72 130 248	5 292 591	2 628 320	411 860	695 780	81 158 799
Liabilities	(69 631 134)	(4 944 458)	(3 271 915)	(413 520)	(570 265)	(78 831 292)
Net currency position	2 499 114	348 133	(643 595)	(1 660)	125 515	2 327 507

Note 39 to the financial statements indicates the significant foreign currencies' positions at the financial statement date compared with last year.

e. Operational risk

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process, infrastructure, personnel and other risks having an operational risk impact. The Bank seeks to minimize actual or potential losses from operational risks failure through a framework of policies and procedures that identify, assess, control, manage and report those risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

f. Other risks

Other risks to which the Bank is exposed are regulatory risk, legal risk, and reputational risk. Regulatory risk is controlled through a framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisers. Reputational risk is controlled through the regular examination of issues that are considered to have reputational repercussions for the Bank, with guidelines and policies being issued as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

5- CAPITAL MANAGEMENT

The primary objectives of the Bank's capital management are to ensure that the Bank complies with the capital requirements issued by CBY, the rules and ratio established by the Basel Committee on banking supervision and that the Bank maintains strong credit ratings and excellently capital ratios. The capital adequacy is monitored on a quarterly basis by the management of the Bank employing techniques based on the guidelines as implemented by the CBY for supervisory purposes. The required information is filed with CBY on a quarterly basis, in order to comply with the requirement of CBY circular no. (2) of 1997.

The CBY requires each bank in Yemen to maintain a minimum ratio of total capital to the risk-weighted assets at or above the internationally agreed minimum of 8%. In addition, the Bank is required to maintain a minimum ratio of total capital to the customer deposits at or above 5%.

The capital adequacy ratio calculated in accordance the the guidelines of CBY compares the Bank core and supplementary capital with the risk weighted total assets and liabilities at the financial statements date, as follows:

	2010	2009
	YR Milliom	YR Milliom
Core capital	11 251	10 249
Supplementary capital	888	977
Total capital	12 139	11 226
Risk-weighted assets and contingent liabilities and commitments:		
Total assets	56 704	43 013
Contingent liabilities and commitments	37 416	36 392
Total risk-weighted assets and contingent liabilities and commitments	94 120	79 405
Capital adequacy ratio	13.00%	%14.14

The core capital consists of paid-up capital, reserves and retained earnings (after deducting investment in any local bank or financial company) while supplementary capital consists of general provisions on performing debts with the percentage of 1% which should not exceed 2% of the risk weighted assets.

6- CASH ON HAND AND RESERVE BALANCES WITH CENTRAL BANK OF YEMEN

	2010	2009
	YR 000's	YR 000's
Cash on hand and at ATM – local currency	5 368 301	5 002 520
Cash on hand and at ATM – foreign currency	5 961 811	1 857 471
	11 330 112	6 859 991
Mandatory reserve with CBY – local currency	11 516 462	8 693 243
Mandatory reserve with CBY – foreign currency	14 857 390	10 878 385
	26 373 852	19 571 628
	37 703 964	26 431 619

The mandatory reserve balances with CBY represent the reserve requirements against non-bearing interest customers' accounts in Yemeni Rial and foreign currencies. These funds are not available for the Bank's daily business.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

7- DUE FROM BANKS

	2010	2009
	YR 000's	YR 000's
Central Bank of Yemen		
Current accounts – local currency	11 787 882	10 805 284
Current accounts – foreign currency	2 041 535	1 658 156
	13 829 417	12 463 440
Local banks		
Current accounts	57 518	180 622
Foreign banks		
Current accounts – foreign currency	9 910 665	11 903 058
Time deposits	26 369 952	11 256 660
	36 280 617	23 159 718
	50 167 552	35 803 780

Current accounts and time deposits with foreign banks carry variable interest rates while current accounts with CBY and local banks do not carry any interest.

8- TREASURY BILLS (NET)

	2010	2009
	YR 000's	YR 000's
Treasury bills maturing within 90 days	86 450 000	55 200 000
Treasury bills maturing within 180 days	16 170 330	13 137 120
Treasury bills maturing within 360 days	21 800 000	16 614 170
	124 420 330	84 951 290
Less: Unearned discount balance	(4 609 330)	(1 622 931)
	119 811 000	83 328 359

The treasury bills carry an interest rate between 22.9% and 23% during the year 2010 (11% to 15% during the year 2009). In accordance with the Central Bank of Yemen instructions, treasury bills which mature within a period not exceeding three months are considered as part of cash and cash equivalents.

9- GOVERNMENT BONDS

	2010	2009
	YR 000's	YR 000's
Government bonds	4 460 866	4 460 866

In accordance with the Council of Ministers' Resolution no. 145 of 2006 dated 11 April 2006, Ministry of Finance should purchase the agricultural credit portfolio due to the Bank as at 31 December 2005 and according to the agreement reached between Ministry of Finance and the Bank, the Central Bank of Yemen, on behalf of Ministry of Finance, issued government bonds maturing on 11 April 2016. These bonds earn interest at the average rate of three months of treasury bills and the interest is paid on due dates.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

10- LOANS AND ADVANCES AND FINANCING ACTIVITIES (NET)

10-1 Loans, advances and financing activities by type

		2010	2009
	Note	YR 000's	YR 000's
a.Trading and agricultural loans and advances			
Overdraft		32 090 953	24 992 814
L/Cs financing		5 611 210	6 429 937
Loans to customers		35 091 014	23 978 778
Individual loans		11 646 899	10 842 753
Agricultural loans		236 426	315 519
Purchased cheques		-	417 837
		84 676 502	66 977 638
Less: Provision for loans and advances	(11- a)	(7 426 251)	(5 158 818)
Less: Uncollected interest	(12)	(2 350 746)	(1 586 116)
		74 899 505	60 232 704
b. Financing activities balances:			
Murabaha transactions financing		1 963 232	-
Istisna'a transactions financing		423 552	-
Ijarah Muntahia Bittamleek		299 320	-
		2 686 104	-
Less: Provision for financing activities	(11- b)	(24 627)	-
Less: Deferred revenues		(66 870)	-
Less: Depreciation for Ijarah Muntahia Bittamleek		(31 180)	-
		2 563 427	-
		77 462 932	60 232 704

Non-performing loans and advances amounted to YR 11,734,403 thousand at December31, 2010 after deducting uncollected interest and balances secured by cash deposits (YR 8,738,767 thousand at December 31, 2009). The break up of the above amount is as follows:

	2010	2009
	YR 000's	YR 000's
Substandard loans and advances	2 800 457	2 858 928
Doubtful loans and advances	3 987 297	913 785
Bad loans and advances	4 946 649	4 966 054
	11 734 403	8 738 767

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

10-2 Loans, advances and financing activities by sector

2010								
	Overdraft YR 000's	L/Cs finance YR 000's	Loans to customers YR 000's	Individual loans YR 000's	Agricultural loans YR 000's	Purchased cheques YR 000's	Financing activities YR 000's	Total YR 000's
Agricultural	-	-	-	-	236 426	-	-	236 426
Trading	12 635 439	2 617 252	11 597 233	-	-	-	1 891 732	28 741 656
Industry	-	-	15 554 938	-	-	-	-	15 554 938
Service	6 537 894	2 544 961	7 921 988	-	-	-	299 320	17 304 163
Finance	-	448 997	-	-	-	-	-	448 997
Individuals & others	12 917 620	-	16 855	11 646 899	-	-	495 052	25 076 426
	32 090 953	5 611 210	35 091 014	11 646 899	236 426	-	2 686 104	87 362 606

2009								
	Overdraft YR 000's	L/Cs finance YR 000's	Loans to customers YR 000's	Individual loans YR 000's	Agricultural loans YR 000's	Purchased cheques YR 000's	Financing activities YR 000's	Total YR 000's
Agricultural	-	-	-	-	315 519	-	-	315 519
Trading	4 650 815	3 087 288	23 978 778	-	-	417 837	-	32 134 718
Industry	-	-	-	-	-	-	-	-
Service	14 813 659	5 149	-	-	-	-	-	14 818 808
Finance	-	99 949	-	-	-	-	-	99 949
Individuals & others	5 528 340	3 237 551	-	10 842 753	-	-	-	19 608 644
	24 992 814	6 429 937	23 978 778	10 842 753	315 519	417 837	-	66 977 638

The amounts above are shown gross figures before subtracting the provision for loans, advances, financing activities, uncollected interest and deferred revenue.

11- PROVISION FOR LOANS, ADVANCES AND FINANCING ACTIVITIES (PERFORMING AND NON-PERFORMING)

a. Provision for trading and agricultural loans and advances

	2010			2009		
	Specific YR 000's	General YR 000's	Total YR 000's	Specific YR 000's	General YR 000's	Total YR 000's
Provision balance at beginning of the year	4 903 353	255 465	5 158 818	3 982 911	295 220	4 278 131
Revaluation differences of provision in foreign currencies	48 930	3 900	52 830	27 996	4 344	32 340
Add: provided during the year (Note 32)	2 207 277	7 326	2 214 603	1 765 790	-	1 765 790
Less: reversed provision (Note 31)	-	-	-	(917 443)	-	(917 443)
Transferred from General provision to specific	-	-	-	44 099	(44 099)	-
Provision balances at end of the year	7 159 560	266 691	7 426 251	4 903 353	255 465	5 158 818

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

b. Provision for financing activities

	2010			2009		
	Specific YR 000's	General YR 000's	Total YR 000's	Specific YR 000's	General YR 000's	Total YR 000's
Provision balance at beginning of the year	-	-	-	-	-	-
Add: provided during the year	1 442	23 185	24 627	-	-	-
Provision balances at end of the year	1 442	23 185	24 627	-	-	-

12- UNCOLLECTED INTEREST

	2010	2009
	YR 000's	YR 000's
Balance at beginning of the year	1 586 116	1 677 664
Uncollected interest written off or collected during the year	(280 500)	(636 884)
Increase during the year	1 045 130	545 336
Balance at end of the year	2 350 746	1 586 116

Uncollected interest is interest on non-performing loans and advances, which is recognized as revenue only when collected in accordance with CBY regulations.

13- AVAILABLE FOR SALE INVESTMENTS

	2010	2009
	YR 000's	YR 000's
a. Financing investments - local		
Asas Real Estate Company Limited	1 001 250	1 001 250
President Saleh Housing Project	600 000	600 000
Yemeni Financial Services	59 131	59 131
Yemen Company for Manufacturing Pumps	15 750	15 750
Dates Factory in Al Tahiti	11 834	11 834
Yemen Hotels Company	2 500	2 500
Yemen Company for Marketing Agricultural Products	1 350	1 350
	125	125
Yemen British Investment Company	1 691 940	1 691 940
b. Financing investments - foreign		
CAC International Bank Djibouti	19 970	19 970
	1 711 910	1 711 910
	(31 559)	(31 559)
Less: Impairment for available for sale investment	1 680 351	1 680 351

- All available for sale investments are unquoted financial investments. Due to the difficulty of obtaining a reliable estimate of fair value for these investments as there are no quoted market prices and future cash flows are not determinable, these investments are carried at cost.
- The Bank recognized impairment for some available for sale investments because the bank did not receive any dividends from these investments during prior years and furthermore, no dividends are expected to be received in the coming years.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

14- INVESTMENTS IN ASSOCIATES

	2010	Share	2009	Share
	YR 000's	%	YR 000's	%
Mareb Poultry Company	289 500	36.39	289 500	36.39
CAC Insurance Company	105 000	21	-	-
CAC Informational Technology Company	1 500	30	1 500	30
CAC Marketing and Advertisement Company	1 500	30	1 500	30
	397 500		292 500	

15- DEBIT BALANCES AND OTHER ASSETS (NET)

		2010	2009
	Note	YR 000's	YR 000's
Accrued interest		4 275 191	2 390 228
Advances to employees		383 395	376 109
Prepaid expenses		270 002	188 945
Projects in process (advances)		631 990	48 316
Assets transferred to the Bank' ownership	3.6	3 682 531	3 447 410
Other debit balances		1 202 133	1 038 268
		10 445 242	7 489 276
Less: provision for doubtful debts	(16)	(666 148)	(183 069)
		9 779 094	7 306 207

16- PROVISION FOR DOUBTFUL DEBIT BALANCES AND OTHER ASSETS

		2010	2009
	Note	YR 000's	YR 000's
Balance at beginning of the year		183 069	75 023
Add: Provision provided during the year	32	481 873	108 046
Revaluation differences of provision in foreign currencies		1 206	-
Balance at end of the year		666 148	183 069

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

17- PROPERTY AND EQUIPMENT (NET)

	2010					
	Land, Buildings and Constructions	Furniture and Equipment	Points of Sale and ATMs	Motor Vehicles	Leasehold Improvements	Total
	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's
<u>Cost</u>						
Balance at beginning of the year	894 641	3 237 319	1 024 890	406 979	812 890	6 376 719
Additions during the year	60 043	693 074	123 245	87 918	142 876	1 107 156
Disposals during the year	-	(3 688)	-	(5 021)	-	(8 709)
Balance at the end of the year	954 684	3 926 705	1 148 135	489 876	955 766	7 475 166
<u>Accumulated depreciation</u>						
Balance at beginning of the year	140 279	1 162 985	542 887	261 372	311 948	2 419 471
Depreciation	18 997	581 585	202 762	59 236	160 387	1 022 967
Disposals	-	(2 765)	-	(5 019)	-	(7 784)
Balance at the end of the year	159 276	1 741 805	745 649	315 589	472 335	3 434 654
<u>Net book value</u>						
December 31, 2010	795 408	2 184 900	402 486	174 287	483 431	4 040 512

	2009					
	Land, Buildings and Constructions	Furniture and Equipment	Points of Sale and ATMs	Motor Vehicles	Leasehold Improvements	Total
	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's
<u>Cost</u>						
Balance at beginning of the year	816 076	2 524 075	862 999	359 531	564 876	5 127 557
Additions during the year	85 211	737 325	161 891	51 545	248 014	1 283 986
Disposals during the year	(6 646)	(24 081)	-	(4 097)	-	(34 824)
Balance at the end of the year	894 641	3 237 319	1 024 890	406 979	812 890	6 376 719
<u>Accumulated depreciation</u>						
Balance at beginning of the year	122 955	697 095	348 865	214 765	196 181	1 579 861
Depreciation	17 933	485 937	194 022	50 079	115 767	863 738
Disposals	(609)	(20 047)	-	(3 472)	-	(24 128)
Balance at the end of the year	140 279	1 162 985	542 887	261 372	311 948	2 419 471
<u>Net book value</u>						
December 31, 2009	754 362	2 074 334	482 003	145 607	500 942	3 957 248

18- DUE TO BANKS

	2010	2009
	YR 000's	YR 000's
<u>a. Local banks</u>		
Current accounts – foreign currency	5 001	-
Current accounts – local currency	183 317	-
Time deposits – local currency	3 000 000	-
	3 188 318	-
<u>b. Foreign banks</u>		
Current accounts – foreign currency	1 423 242	4 568 783
Current accounts – local currency	141 334	-
	1 564 576	4 568 783
	4 752 894	4 568 783

Current accounts and time deposits which are due to banks carry variable interest rates.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

19- CUSTOMERS' DEPOSITS

a. Customers' deposits by type

	2010	2009
	YR 000's	YR 000's
Current and demand accounts	120 298 497	94 421 127
Time deposits	139 176 121	89 920 362
Saving accounts	4 919 922	2 942 544
Margins of LCs, LGs	16 052 662	16 536 918
Other deposits	4 066 866	2 532 205
	284 514 068	206 353 156

b. Customers' deposits by sector

	2010	2009
	YR 000's	YR 000's
Public and mixed sectors	57 141 007	49 204 851
Individuals	79 888 523	43 754 971
Corporations	114 946 159	84 958 940
Others	32 538 379	28 434 394
	284 514 068	206 353 156

20- CREDIT BALANCES AND OTHER LIABILITIES

	2010	2009
	YR 000's	YR 000's
Corporate tax for the year	370 919	-
Accrued interest payable	1 845 940	426 198
Accrued expenses	323 477	173 320
Unearned income	339 853	281 809
Other credit balances	1 210 349	423 616
	4 090 538	1 304 943

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

21- OTHER PROVISIONS

	2010				
	Balance at	Revaluation	Provided	Reversed	Balance at
	1/1/2010	differences of provision in foreign currencies	during the year	provision	31/12/2010
	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's
Provisions for contingent liabilities	721 477	11 697	8 774	(143 808)	598 140

	2009				
	Balance at	Revaluation	Provided	Reversed	Balance at
	1/1/2009	differences of provision in foreign currencies	during the year	provision	31/12/2009
	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's
Provisions for contingent liabilities	659 850	19 228	82 236	(39 837)	721 477

22- LONG TERM LOANS

	2010	2009
	YR 000's	YR 000's
Tehama Development Project – III (22.a)	5 271	6 231
Raimah Development Project (22.b)	7 217	7 641
Mahra Rural Development Project (22.c)	74 494	73 110
Agricultural and Fisheries Production Promotion Fund (22.d)	151 053	150 000
	238 035	236 982

22.a) Tehama Development Project – III

The government received the loan from Kreditanstalt für Wiederaufbau, a reconstruction credit institution of Germany to activate the agricultural loans activities in the Tehama Development Project. The Bank is executing the project through an agreement with the Ministry of Agriculture.

22.b) Raimah Development Project

The government received the loan from International Fund for Agricultural Development (IFAD) to activate the agricultural loans activities in the Raimah Development Project. The Bank is executing the project through an agreement with the Ministry of Finance.

22.c) Mahra Rural Development Project

The government received the loan from International Fund for Agricultural Development (IFAD) to activate the agricultural loans activities in the Mahra Development Project. The Bank is executing the project through an agreement with the Ministry of Finance.

22.d) Agricultural and Fishery Production Promotion Fund

The government received the loan from International Fund for Agricultural Development (IFAD) to activate the agricultural loans activities of Agricultural and Fishery Production Promotion Fund in the rural areas of Al – Mahra. The Bank is executing the project through an agreement with the Ministry of Finance.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

23- SHAREHOLDERS' EQUITY

a. Paid-up capital

As at December 31, 2010 the paid-up capital represents amounts of YR 10,000,000 thousands divided into 10 million shares of YR 1,000 par value (December 31, 2009: YR 9,000,000 thousands) according to the Board of Directors meeting held on April 28, 2011, the Board decided to increase the capital by YR 1,000,000 thousands.

	Number of Shares	Value of Shares YR 000's	Percentage of holding %
Government represented by the Ministry of Finance	3 382 000	3 382 000	33.82
Agricultural Promotion Fund	4 050 000	4 050 000	40.50
Civil Aviation and Metrology Authority	2 500 000	2 500 000	25.00
General Confederation	68 000	68 000	0.68
	10 000 000	10 000 000	100

b. Legal Reserve

In accordance with the provisions of the Banks Law no. 38 of 1998, 15% of the net profit for the year is transferred to legal reserve until the balance of this reserve reaches twice the capital. The Bank cannot use this reserve without the prior approval of the Central Bank of Yemen.

- Capital will be increased by the proceeds from the par value of the issued shares, and in case the shares were issued with a premium amount over the par value, the net increase will be included in legal reserve, in accordance with Law no. 22 of 1997 regarding the commercial companies in the Republic of Yemen.
- Legal reserve comprises an amount of YR 500,000 thousand in the form of premium in excess of par value during the year 2008.

24- CONTINGENT LIABILITIES AND COMMITMENTS (NET)

	2010		
	Gross commitment YR 000's	Margin held YR 000's	Net commitments YR 000's
Letters of credit	19 865 080	(4 833 476)	15 031 604
Letters of guarantee	49 527 358	(11 219 186)	38 308 172
Others	6 474 240	-	6 474 240
	75 866 678	(16 052 662)	59 814 016

	2009		
	Gross commitment YR 000's	Margin held YR 000's	Net commitments YR 000's
Letters of credit	39 240 780	(5 137 278)	34 103 502
Letters of guarantee	49 431 994	(11 399 640)	38 032 354
	88 672 774	(16 536 918)	72 135 856

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

25- INTEREST INCOME

	2010	2009
	YR 000's	YR 000's
Interest on loans and advances to customers		
Interest earned on overdrafts	4 510 818	2 890 543
Interest earned on loans	4 876 089	3 641 886
Interest on other facilities	350 016	431 126
	9 736 923	6 963 555
Interest on due from banks	149 008	57 237
Interest on treasury bills	17 989 248	9 248 936
Interest on CBY certificates of deposits	-	533 985
Interest on Government Bonds	969 231	600 253
	28 844 410	17 403 966

26- INTEREST EXPENSE

	2010	2009
	YR 000's	YR 000's
Interest on customers' deposits		
Interest on time deposits	15 587 421	8 995 128
Interest on saving accounts and current accounts	1 212 194	499 572
	16 799 615	9 494 700
Interest paid on balances due to banks		
Interest paid to banks	419 586	79 818
Interest paid to long term loans	2 059	2 084
	421 645	81 902
	17 221 260	9 576 602

27- ISLAMIC FINANCING AND INVESTMENT ACTIVITIES INCOME

	2010	2009
	YR 000's	YR 000's
Revenues of financing Murabaha transactions	46 592	-
Revenues of Ijarah Muntahia bittamleek	16 470	-
	63 062	-

28- RETURN OF UNRESTRICTED INVESTMENTS AND SAVING ACCOUNTS HOLDERS

The investment return allocated between shareholders and customers is based on the percentage of their contribution weighted by numbers. This allocation is proposed by the budget committee which calculates investments in local and foreign currencies and their related numbers and contribution and approved by the Board of Directors. The return ratios are as follows:

	2010	
	Local Currency %	Foreign Currencies %
Investment deposits	14.50	6
Saving accounts	-	5

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

29- COMMISSIONS INCOME AND BANK SERVICE CHARGES

	2010	2009
	YR 000's	YR 000's
Commissions on letters of credit	434 422	590 563
Commissions on letters of guarantee	607 052	532 734
Commissions on transfer	274 086	152 464
Other banking service charges	696 580	567 948
	2 012 140	1 843 709

30- GAIN OF FOREIGN CURRENCY TRANSACTIONS

	2010	2009
	YR 000's	YR 000's
Gain from foreign currencies transactions	695 631	129 458
(Losses) gains from translation of foreign currencies	(684 321)	417 402
	11 310	546 860

31- OTHER OPERATING INCOME

		2010	2009
	Note	YR 000's	YR 000's
Reversed provisions	11,21	143 808	957 280
Gain on sale of property and equipment		2 700	18 885
Others		33 094	75 874
		179 602	1 052 039

32- PROVISIONS PROVIDED DURING THE YEAR

		2010	2009
	Note	YR 000's	YR 000's
Provision for loans and advances	11.a	2 214 603	1 765 790
Provision for financing activities	11.b	24 627	-
Provision for doubtful debts	16	481 873	108 046
Other provisions	21	8 774	82 236
		2 729 877	1 956 072

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

33- GENERAL AND ADMINISTRATIVE EXPENSES AND DEPRECIATION

		2010	2009
	Note	YR 000's	YR 000's
Wages and salaries		4 065 146	3 511 708
Depreciation of property and equipment	17	1 022 967	863 738
Advertisement and publicity		1 726 608	980 632
Maintenance and repairs		282 647	284 209
Rent		390 153	393 063
Stationery and printing supplies		155 243	116 639
Communications		625 078	222 659
Water and electricity		194 132	145 463
Legal expenses		5 534	28 513
Training expenses		100 244	43 994
Transportation		208 083	303 064
Consultancy and professional fees		208 406	64 462
Insurance		96 541	167 369
Zakat expense		285 172	94 334
Prior years expenses		35 233	338 133
Other expenses		553 338	638 183
		9 954 525	8 196 163

34- EARNINGS PER SHARE

	2010	2009
Net profit for the year (YR thousand)	1 001 803	1 176 835
Average number of shares (by thousand)	9 500	8 500
Earnings per share (YR)	105	138

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

35- MATURITIES OF FINANCIAL ASSETS AND LIABILITIES

Description	2010				
	Due within 3 months	Due from 3 to 6 months	Due from 6 months to 1 year	Due after one year	Total
	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's
a. Assets					
Cash on hand & reserve balances with CBY	37 703 964	-	-	-	37 703 964
Due from banks	50 167 552	-	-	-	50 167 552
Treasury bills (net)	84 883 887	15 347 945	19 579 168	-	119 811 000
Government bonds	-	-	-	4 460 866	4 460 866
Loans and advances (net)	39 590 734	6 971 664	30 900 534	-	77 462 932
Available-for sale investments	-	-	-	1 680 351	1 680 351
Investments in associates	-	-	-	397 500	397 500
	212 346 137	22 319 609	50 479 702	6 538 717	291 684 165
b. Liabilities					
Due to banks	4 752 894	-	-	-	4 752 894
Customers' deposits	245 054 231	26 306 558	13 153 279	-	284 514 068
Long term loans	-	-	-	238 035	238 035
	249 807 125	26 306 558	13 153 279	238 035	289 504 997
Net gap	(37 460 988)	(3 986 949)	37 326 423	6 300 682	2 179 168

Description	2009				
	Due within 3 months	Due from 3 to 6 months	Due from 6 months to 1 year	Due after one year	Total
	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's
a. Assets					
Cash on hand & reserve balances with CBY	26 431 619	-	-	-	26 431 619
Due from banks	35 803 780	-	-	-	35 803 780
Treasury bills (net)	54 609 522	12 796 693	15 922 144	-	83 328 359
Government bonds	-	-	-	4 460 866	4 460 866
Loans and advances (net)	31 755 419	5 695 458	13 922 227	8 859 600	60 232 704
Available-for sale investments	-	-	-	1 680 351	1 680 351
Investments in associates	-	-	-	292 500	292 500
	148 600 340	18 492 151	29 844 371	15 293 317	212 230 179
b. Liabilities					
Due to banks	4 568 783	-	-	-	4 568 783
Customers' deposits	177 733 615	19 079 694	9 539 847	-	206 353 156
Long term loans	-	-	-	236 982	236 982
	182 302 398	19 079 694	9 539 847	236 982	211 158 921
Net gap	(33 702 058)	(587 543)	20 304 524	15 056 335	1 071 258

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

36- AVERAGE INTEREST RATES APPLIED DURING THE YEAR

Average interest rates on assets and liabilities during the year compared with the last year are as follows:

		2010		
	Description	Yemeni Rial	US Dollar	EURO
		%	%	%
Assets				
	Due to banks – time deposits	-	0.05	0.05
	Treasury bills	22.95	-	-
	Government bonds	22.95	-	-
	Loans to customers	27.00	10.00	10.00
	Agricultural loans	11.00	4.00	-
	Overdrafts	30.00	12.00	12.00
Liabilities				
	Customers - time deposits	20.00	2.00	2.00
	Saving accounts	20.00	2.00	2.00
	Banks - time deposits	21.60	-	-
	Long term loans	4.00	-	-

		2009		
	Description	Yemeni Rial	US Dollar	EURO
		%	%	%
Assets				
	Due to banks – time deposits	-	0.05	0.05
	Treasury bills	12.90	-	-
	Government bonds	12.85	-	-
	Loans to customers	18.00	8.00	8.00
	Agricultural loans	11.00	4.00	-
	Overdrafts	18.00	8.00	8.00
Liabilities				
	Customers - time deposits	10.00	2.00	1.00
	Saving accounts	10.00	1.00	1.00
	Banks - time deposits	-	-	-
	Long term loans	4.00	-	-

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

37- DISTRIBUTION OF ASSETS, LIABILITIES, CONTINGENT LIABILITIES AND COMMITMENTS BASED ON ECONOMIC SECTORS

2010								
	Manufacturing YR 000's	Agriculture YR 000's	Trade YR 000's	Building and Construction YR 000's	Finance YR 000's	Tourism YR 000's	Other YR 000's	Total YR 000's
ASSETS								
Cash on hand & reserve								
balances with CBY	-	-	-	-	37 703 964	-	-	37 703 964
Due from banks	-	-	-	-	50 167 552	-	-	50 167 552
Treasury bills (net)	-	-	-	-	119 811 000	-	-	119 811 000
Government bonds	-	-	-	-	-	-	4 460 866	4 460 866
Loans and advances & financing activities (net)	15 554 938	1 312 345	28 646 122	1 962 328	1 027 075	1 179 613	27 780 511	77 462 932
Available-for-sale								
investments	76 522	-	-	1 522 228	79 101	2 500	-	1 680 351
Investments in associates	-	-	-	-	-	-	397 500	397 500
LIABILITIES								
Due to banks	-	-	-	-	4 752 894	-	-	4 752 894
Customers deposits	9 203 190	17 330 313	132 497 609	19 114 316	2 896 476	1 755 686	101 716 478	284 514 068
Long term loans	-	-	-	-	238 035	-	-	238 035
CONTINGENT LIABILITIES & COMMITMENTS (NET)	-	-	31 767 224	26 198 539	-	-	1 848 253	59 814 016

2009								
	Manufacturing YR 000's	Agriculture YR 000's	Trade YR 000's	Building and Construction YR 000's	Finance YR 000's	Tourism YR 000's	Other YR 000's	Total YR 000's
ASSETS								
Cash on hand and reserve								
balances with CBY	-	-	-	-	26 431 619	-	-	26 431 619
Due from banks	-	-	-	-	35 803 780	-	-	35 803 780
Treasury bills (net)	-	-	-	-	83 328 359	-	-	83 328 359
Government bonds	-	-	-	-	-	-	4 460 866	4 460 866
Loans and advances & financing activities (net)	10 536 806	1 061 466	23 169 892	1 587 193	8 895	954 108	22 914 344	60 232 704
Available-for-sale								
investments	-	-	-	1 601 250	79 101	-	-	1 680 351
Investments in associates	-	-	-	-	-	-	292 500	292 500
LIABILITIES								
Due to banks	-	-	-	-	4 568 783	-	-	4 568 783
Customers deposits	6 706 479	12 628 815	96 552 656	13 928 840	1 134 943	1 279 390	74 122 033	206 353 156
Long term loans	-	-	-	-	236 982	-	-	236 982
CONTINGENT LIABILITIES & COMMITMENTS (NET)	-	-	-	31 595 505	-	38 311 353	2 228 998	72 135 856

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

38- DISTRIBUTION OF ASSETS, LIABILITIES, CONTINGENT LIABILITIES AND COMMITMENTS BASED ON GEOGRAPHICAL LOCATIONS

	2010					
	Rep. of Yemen YR 000's	America YR 000's	Europe YR 000's	Asia YR 000's	Africa YR 000's	Total YR 000's
ASSETS						
Cash on hand & reserve						
balances with CBY	37 703 964	-	-	-	-	37 703 964
Due from banks	13 886 935	87 492	22 943 697	11 014 090	2 235 338	50 167 552
Treasury bills (net)	119 811 000	-	-	-	-	119 811 000
Government bonds	4 460 866	-	-	-	-	4 460 866
Loans and advances & financing activities (net)	77 462 932	-	-	-	-	77 462 932
Available-for-sale investments	1 660 381	-	-	-	19 970	1 680 351
Investments in associates	397 500	-	-	-	-	397 500
LIABILITIES						
Due to banks	3 188 318	824 379	406 522	255 681	77 994	4 752 894
Customers deposits	284 514 068	-	-	-	-	284 514 068
Long term loans	238 035	-	-	-	-	238 035
CONTINGENT LIABILITIES & COMMITMENTS (NET)	44 782 412	4 125 430	2 904 929	8 001 245	-	59 814 016

	2009					
	Rep. of Yemen YR 000's	America YR 000's	Europe YR 000's	Asia YR 000's	Africa YR 000's	Total YR 000's
ASSETS						
Cash on hand & reserve						
balances with CBY	26 431 619	-	-	-	-	26 431 619
Due from banks	12 644 062	5 906 598	8 486 260	7 127 619	1 639 241	35 803 780
Treasury bills (net)	83 328 359	-	-	-	-	83 328 359
Government bonds	4 460 866	-	-	-	-	4 460 866
Loans and advances & financing activities (net)	60 232 704	-	-	-	-	60 232 704
Available-for-sale investments	1 660 381	-	-	-	19 970	1 680 351
Investments in associates	292 500	-	-	-	-	292 500
LIABILITIES						
Due to banks	-	-	3 168 982	1 387 309	12 492	4 568 783
Customers deposits	206 353 156	-	-	-	-	206 353 156
Long term loans	236 982	-	-	-	-	236 982
CONTINGENT LIABILITIES & COMMITMENTS (NET)	38 032 354	7 357 011	9 622 191	17 124 300	-	72 135 856

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

39- SIGNIFICANT FOREIGN CURRENCIES' POSITIONS

To comply with CBY circular No. 6 of 1998, the Bank establishes limits for positions in individual foreign currencies as well as an aggregate limit for all currencies. These limits are 15% and 25% of total capital and reserves respectively. The following schedule shows the Bank's significant foreign currency positions at the financial statements date:

	2010		2009	
	Surplus (deficit) YR OOO's	% of capital & reserves	Surplus (deficit) YR OOO's	% of capital & reserves
US Dollar	(283 374)	%(2.5)	2 499 114	%28
Euro	80 174	%0.7	348 133	%4
Saudi Rial	592 466	%5.2	(643 595)	%(7)
Sterling Pound	(12 626)	%(0.1)	(1 660)	-
Others	6 958	%0.1	125 515	%1
Net surplus	383 598	%3.4	2 327 507	%25

The US\$ exchange rate is YR 213.80 as at December 31, 2010 (YR 207.31 as at December 31, 2009)

40- TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if the party has the ability to control or exercise significant influence over the Bank's operating and financial decisions.

The Bank deals with related parties on the same basis applied to third parties in accordance with the Banks Law as implemented by CBY circular No. 4 of 1999, which limits credit transactions with related parties and requires that the Bank applies the same terms and conditions that are applied with non-related parties.

The nature of the Bank's activities requires dealing with certain shareholders, members of the Board of Directors and companies owned by them. These transactions consist of obtaining loans and advances, issuing letters of credit and letters of guarantee and other various transactions conducted as part of the Bank's normal activities.

The following are the nature and balances of these transactions at the financial statements date:

	2010	2009
	YR OOO's	YR OOO's
Loans and advances (net)	226 168	76 033
Current accounts and time deposits	5 753 058	7 440 615
Long term loans	238 035	150 000
Commissions and interest received	488	1 008
Interest paid	2 249	6 851

41- TAX STATUS

- The difference between accounting and tax profit for the year 2010 represents an additional amount for YR 481,873 thousand as a result of adjusting the accounting profit with the provisions for the year, on the basis of 20% tax rate starting from the year 2010 according to Law No. 17 of 2010.
- Up to December 31, 2009, the Bank is not subject to commercial and industrial profit tax and income tax, in accordance with Article (21) of Law no. (39) of 1982 concerning the establishment of the Bank, Income Tax Law No. (31) of 1991 and its subsequent amendments by Republican Decree No. (12) of 1999 and the provisions of Article No. (85) of Law No. (38) of 1998 concerning banks.
- Salary tax has been cleared up to 2008.
- The Bank has paid the salary tax up to the end of 2010 based on monthly declarations. The Tax Authority is currently conducting its review and no assessment has been received by the Bank yet.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

42- ZAKAT

- The Bank submits the Zakat declaration on an annual basis and pays the zakat amount accordingly.
- The Bank has paid the Zakat up to the end of 2009 according to the Zakat declaration. No assessment notification has been received from the Zakat Department.

43- CONTINGENT ASSETS AND LIABILITIES

The Bank has filed a number of legal cases with the Public Fund Court and the Commercial Court against third parties. Also, there are legal cases filed against the Bank at the respective courts, and management fully or partly provided for such cases in the financial statements. There are some cases that are still pending in courts.

44- CAPITAL COMMITMENTS

As at 31 December, the capital commitments are as follows:

	2010	2009
	YR 000's	YR 000's
Implementation of core banking system	-	21 024

45- TRUST ACTIVITIES

The Bank does not hold nor manage assets for or on behalf of other parties, except the loans it manages on behalf of The Agricultural and Fisheries Promotion Fund and Ministry of Finance.

46- COMPARATIVE FIGURES

Some comparative figures were reclassified to conform with this year financial statement classification for more appropriate presentation. The reclassifications do not impact the previously reported net profit or shareholders' equity.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)**THE FINANCIAL STATEMENTS FOR COOPERATIVE & AGRICULTURAL CREDIT BANK - ISLAMIC BRANCH
(UNDER ESTABLISHMENT)**

The financial statements for the Islamic branch are prepared and presented in accordance with the Accounting Standards for Islamic Financial Institutions and instructions issued by Central Bank of Yemen

1- STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2010

	2010
	YR 000's
ASSETS	
Due from Banks	741 300
Murabaha financing transactions (net)	1 875 970
Istisna'a financing transactions (net)	419 317
Ijarah Muntahia Bittamleek (net)	268 140
Qard Hasan (net)	1 455
Debit balances and other assets (net)	360 333
Property and equipment (net)	23 757
TOTAL ASSETS	3 690 272
LIABILITIES AND SHAREHOLDERS' EQUITY	
LIABILITIES	
Current accounts and other deposits	2 098 170
Credit balances and other liabilities	606 644
Other provisions	8 774
Total Liabilities	2 713 588
SHAREHOLDERS' EQUITY	
Capital	1 000 000
Legal reserve	-
Retained earnings	(23 316)
Total shareholders' equity	976 684
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3 690 272
Contingent liabilities and commitments (net)	877 432

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

THE FINANCIAL STATEMENTS FOR COOPERATIVE & AGRICULTURAL CREDIT BANK - ISLAMIC BRANCH
(UNDER ESTABLISHMENT)

2- STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM MARCH 29, 2010 TO DECEMBER 31, 2010

	Period from March 29, 2010 to December 31, 2010
	YR 000's
Income from financing Murabaha and Istisna'a	46 592
Income from other joint investments	16 470
	63 062
Less: Return of unrestricted investments and saving Accounts' holders	(40 362)
	22 700
Commissions income and bank service charges	5 353
Gain from foreign currency translation	23 949
Net operating income	52 002
Less: provisions	(33 401)
Less: general and administrative expenses and depreciation	(41 917)
Net loss for the period before income tax	(23 316)
Less: Income tax for the period	-
Net loss for the period after tax	(23 316)

Jizan

حبري
Habr

عيسى
Ais

حجة
Hajjah

عمران
Amran

صعاء
Sana'a

مارب
Marib

ناخل
Nakhil

سيان
Sayyan

الحديدة
Al Hudaydah

المراوغة
Al Maraw'ah

ذمار
Dhamar

رداع
Rada'a

تاد
Tad

لوي
Luy

دي سغال
Di Sighal

نهر
Nahr

الواحدة
Al Wahdah

حفر
Hafir

Branches and offices of the CAC Bank:

Sana'a:

Head office (Branch)	Al-Qaydeh St., Sheba Roundabout	(01)	Tel: 220110	Fax: 220112
Himyar Land (Office)	Mathbeh Area, Opposite of the General Prosecutor Office	(01)	Tel: 387119	Fax: 384985
Sana'a Airport (Office)	Sana'a International Airport	(01)	Tel: 398271	Fax: 348272
Alzubairy (Branch)	Alzubairy St. CAC Bank Investment Building	(01)	Tel: 538802	Fax: 538828
Movenpeck (Office)	Dhaheer Himyar, Nuqem, Movenpeck Hotel	(01)	Tel: 545868	Fax: 545869
Bab Al-Sallam (Office)	Bab Al-Salam, Khawlan St. West of Thawra Hospital	(01)	Tel: 269584	Fax: 269586
Dhahban (Office)	Northern 60th St., Dhahban Market, Opposite of Mercedes	(01)	Tel: 337996	Fax: 337887
Hadda (Branch)	Hadda St. Opposite of Shemr Trade Center	(01)	Tel: 428370	Fax: 428363
Baghdad St. (Office)	Baghdad & Algeria St. Intersection Next to Yemen American Language Institute (YALI)	(01)	Tel: 441404	Fax: 441407
May 22nd (Branch)	Taiz St. Opposite of Baynoun St. Prior to Shumailah Market	(01)	Tel: 627230	Fax: 627236
Al-A'sbahi Area (Office)	40th Street, Post Al-Thaqafah Roundabout, Next to the Golden City Center	(01)	Tel: 673337	Fax: 673360
October 14 (Branch)	Taiz St. By the Orphanage House	(01)	Tel: 634551	Fax: 634234
Mogadishu (Branch)	Western Ring-road, Entrance of Mogadishu St.	(01)	Tel: 537884	Fax: 537959

Aden:

Caltex (Branch)	Caltex Roundabout	(02)	Tel: 358160	Fax: 358158
Al-Mansourah (Office)	Al-Mansourah, Abdulaziz Khalef Zone, Behind Al-Shamsi Car Exhibition	(02)	Tel: 354356	Fax: 353405
Free Zone Area (Branch)	The Free Zone	(02)	Tel: 356340	Fax: 394830
Al-Mu'alla (Office)	Al-Mu'alla Zone, Al-Dakah, Al-Mu'alla Port Customs Branch	(02)	Tel: 220416	Fax: 220416
Sheikh Othman (Branch)	Sheikh Othman, Al-Safinah Roundabout	(02)	Tel: 306822	Fax: 306825
Crater (Branch)	Al-Tilal Zone, Arwa Queen St.	(02)	Tel: 267549	Fax: 267542

Al-Hudaidah:

Al-Hudidah (Branch)	Sana'a St.	(03)	Tel: 233702	Fax: 219908
Al-Shuhada'a (Office)	Al-Shuhada'a Zone, July 7 St.	(03)	Tel: 265965	Fax: 262699
Commercial Zone (Branch)	Sept. 26 St.	(03)	Tel: 217052	Fax: 219586
Beit Al-Faqih (Branch)	Main St. Next to Traffic Police Admin	(03)	Tel: 331078	Fax: 331954
Beit Al-Faqih (Office)	Main St. Entrance of Commercial Zone, By Al-Uqabi Pharm.	(03)	Tel: 334668	Fax: 334668
Zabeed (Branch)	Main Street	(03)	Tel: 341914	Fax: 340610
Al-Jarahi (Office)	General Street, Next to Communication Office	(03)	Tel: 343282	Fax: 343281
Al-Zahra (Branch)	General Street, Next to the Main Hospital	(03)	Tel: 575113	Fax: 560061
Bajel (Branch)	Sana'a Street	(03)	Tel: 503311	Fax: 503500
Hayess (Branch)	Hayess Street	(03)	Tel: 360622	Fax: 360222

Taiz:

Taiz (Branch)	Al-Huriash, Next to the Old Electricity Authority Building	(04)	Tel: 210481	Fax: 210482
Jamal Street (Branch)	Jamal St. Next to the Ministry of Education Office	(04)	Tel: 251888	Fax: 267946
Al-Turbha (Branch)	Al-Kayadah St. Next to the Electricity Building	(04)	Tel: 301289	Fax: 302007
Al-Makha (Branch)	Next to Al-Rasheed Hotel	(04)	Tel: 362926	Fax: 362320

Ibb:

Ibb (Branch)	Ring-Road, Opposite of Ibb University Western Gate, Next to Dairy Company	(04)	Tel: 455669	Fax: 455665
Taiz Street (Office)	Taiz Street, Opposite of Yemenia Airlines Office	(04)	Tel: 424602	Fax: 424603
Al-Naderh District (Branch)	Al-Naderh, Main Street, Next to the Faculty of Education	(04)	Tel: 541992	Fax: 541992
Al-U'dein (Branch)	Al-U'dein, Main Street, Opposite of the Electricity Corporation Office	(04)	Tel: 470105	Fax: 470107
Queen Arwa (Branch)	Al-U'dein St. Next MTN Company Branch	(04)	Tel: 421284	Fax: 421285
Al-Qaedah City (Office)	General Street, Opposite of Salah Adin Clinic	(04)	Tel: 331138	Fax: 453188
Yareem (Branch)	Behind Al-Rahmah Clinic, Next to the Telecommunication Branch	(04)	Tel: 501133	Fax: 501720
Quick Money Transfer (Office)	General Street, Opposite of the Traffic Police Office, Next to Dubai Laundry	(04)	Tel: 500427	Fax: 500427

Al-Baida:

Al-Baida (Branch)	Main Street, Next to the Governmental Complex	(06)	Tel: 539320	Fax: 539321
Quick Money Transfer (Office)	Main Street, Next to Riyadh Hotel	(06)	Tel: 539326	Fax: 539326
Rada'a (Branch)	Main Street, Next to Al-Amal Hospital	(06)	Tel: 559074	Fax: 559073

Al-Jawaf:

Al-Jawaf (Branch)	Al-Hazem, Governmental Complex, Governorate Building	(06)	Tel: 341081	Fax: 342014
-------------------	--	------	-------------	-------------

Al-Dhalea:

Al-Dhalea (Branch)	Main Street, Next to Electricity Corporation Building	(02)	Tel: 431492	Fax: 431493
Qa'tebah (Office)	Main Street, Next to Electricity Corporation Building	(02)	Tel: 451410	Fax: 451409
Damet (Branch)	Damet Main St. Opposite of Al-Assedi Resort	(02)	Tel: 456962	Fax: 456963
Juban (Office)	Main Street, Next to the Central Market	(02)	Tel: 461911	Fax: 461912

Al-Mahweet:

Al-Mahweet (Branch)	Sana'a Street	(07)	Tel: 402626	Fax: 403357
---------------------	---------------	------	-------------	-------------

Al-Maharah:

Al-Maharah (Branch)	Al-Ghaidhah, Dhi Al-Hijilah St. Next to Central Bank Branch	(05)	Tel: 613205	Fax: 612623
Al-Ghaidhah (Office)	Main Street, Opposite of Al-Assid Hotel	(05)	Tel: 613700	Fax: 613701
Sayhout (Branch)	Martyrs Zone, Governmental Complex	(05)	Tel: 640590	Fax: 640591
Sayhout (Branch)	Main St. Next to the Telecommunication Branch	(05)	Tel: 640710	Fax: 640710
Qashen (Branch)	Al-Asheb Zone	(05)	Tel: 643473	Fax: 643475

Abyen:

Abyen (Branch)	Zunjubar, Al-Wihadah St. Opposite of Hadhramout Hotel	(02)	Tel: 602108	Fax: 602109
----------------	---	------	-------------	-------------

Hajjah:

Hajjah (Branch)	Al-Salam Street, Opposite of Al-Amel St.	(07)	Tel: 222200	Fax: 222427
Al-Aman (Office)	Al-Aman Market	(07)	Tel: 228116	Fax: 228118
Al-Mahbesha (Office)	Al-Mahbesha Area	(07)	Tel: 230925	Fax: 230926
Customs Office (Office)	Haredh, Al-Tiwal Customs Office	(07)	Tel: 248938	Fax: 248938
Haredh (Branch)	Haredh Main Street, Opposite of MTN Office	(07)	Tel: 245911	Fax: 246630
A'bess (Branch)	A'bess, Main Street, Shafr Zone	(07)	Tel: 242137	Fax: 242636

Hadramout:

Al-Mukalla (Branch)	Al-Mukalla Khour, Bank Street	(05)	Tel: 352691	Fax: 314898
Masila (Office)	Al-Masila, Harwa Gate, Next to Canadian Nexen Company	(05)	Tel: 491259	Fax: 491259
Ba-Wazeer Spring (Office)	The Spring	(05)	Tel: 355494	Fax: 355492
Say'oun (Branch)	Say'oun, Algerian Street	(05)	Tel: 409937	Fax: 409938
Al-Qatten (Office)	Al-Qatten, Main Street, next to Al-Quaittee Market	(05)	Tel: 458383	Fax: 456555
Al-Shaher (Branch)	Al-Remalh, Opposite of Taxi Stop, Al-Shaher	(05)	Tel: 382333	Fax: 336441
Socotra (Branch)	Hidaybou, 20 Street, next to Al-Ahly Bank	(05)	Tel: 660727	Fax: 660726

Dhamar:

Dhamar (Branch)	Al-Manzel Street	(06)	Tel: 509296	Fax: 509295
Dhamar (Office)	Sana'a St. Opposite of Yemen Modern Laundry	(06)	Tel: 509227	Fax: 509227
A'ness (Branch)	Al-Shareq City Opposite of Al-Shareq Gas Station	(06)	Tel: 455321	Fax: 455017

Shabwah:

A'teq, Shabwah (Branch)	A'teq, Education St. Opposite of the Agricultural and Irrigation Office	(05)	Tel: 200534	Fax: 202526
Bayhan (Branch)	Upper Bayhan, Opposite of Bayhan Clinic	(05)	Tel: 270245	Fax: 270244
Belhaf (Branch)	Belhaf, Main Street, Next to YLNG Company	(05)	Tel: 211961	Fax: 211961
Azan (Branch)	Azan, Main Street, Opposite of the Post Office Building	(05)	Tel: 266026	Fax: 266060

Shabwah:

Sa'adah (Branch)	Governmental Complex Street	(07)	Tel: 512549	Fax: 512549
------------------	-----------------------------	------	-------------	-------------

Amran:

Amran (Branch)	Sana'a Street, Opposite of the Central Bank Branch	(07)	Tel: 601096	Fax: 600206
Cement Factory (Office)	Cement Factory Street, Opposite of A'mran University	(07)	Tel: 613035	Fax: 612567

Lahj:

Lahj (Branch)	Sabber Main Street	(02)	Tel: 510996	Fax: 511384
---------------	--------------------	------	-------------	-------------

Marb :

Marib (Branch)	Main Street, Next to the Central Bank Branch	(06)	Tel: 304193	Fax: 302205
----------------	--	------	-------------	-------------



