

2011

ANNUAL
REPORT



CAC BANK

بنك التسليف التعاوني والزراعي
Cooperative & Agricultural Credit Bank

A close-up photograph of a dark, textured metallic surface, possibly a coin or a piece of jewelry. The surface is covered in fine scratches and has several embossed decorative elements. In the upper right, the letters 'CAC' are embossed in a stylized, serif font. Below this, towards the bottom left, is a block of text. The overall lighting is warm and directional, creating strong highlights and shadows that emphasize the texture and the raised letters.

CAC

A Success Story..
& an endless
development
Journey..

BANK

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



His Excellency
Abdrabuh Mansour Hadi
President of Yemen

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Our Vision:

The leading financial institution

Our Mission:

To provide diversified high-quality banking and financial services using the best administrative and technical systems with high professionalism through a broad business network for individuals, companies and institutions, that contribute to the development of the local economy.

Our Core Values:

- Client is the focus of our attention.
- Constant pursuit of excellence
- Community Development
- Paying attention to human resources and development of capabilities

The Cooperative & Agricultural Credit Bank (CAC Bank) was established in 1982 as a result of the merger of the Cooperative & Agricultural Credit Bank that was established in 1975 and the Bank of National Cooperation for Development that was established in 1979. Accordingly, it bore the responsibility for financing the agriculture and fishery sector, while there were, to a large extent, limited investment projects by the government and citizens in this sector.

The Bank has successfully offered financial and banking services to the agriculture, fishery and livestock sector since its establishment until the end of 2003.

In 2004, the State moved to support and encourage all economic sectors in an important step to keep pace with changes in the global economy and meet the requirements of attracting foreign investment, the most important of which is the openness of the banking system and its development to match in its commitment and multiple services with the rules and specifications of the universal banking work. This created accordingly opportunities for development and threat of severe competition.

According to a new vision based on such local and global trends and changes, the Bank adopted the comprehensive banking work that it added to the services of agricultural finance and lending new, modern and competing banking services that fit all economic sectors and various segments of the society.

In this advanced step and ambitious strategy, there was early adoption of the slogan of leadership as a comprehensive banking institution that seeks to provide the latest banking services with the latest technologies and regulations and the operations that accord with international quality standards, to serve the local economy and fulfill the aspirations of its clients. It then moved forward from the phase of agricultural success to the phase of banking excellence.

Thus, the Bank headed entirely to a society of its own saying to every member of it:
Let us lead



Speech of the Chairman

Our country has seen during 2011 sharp economic recession since the start of the second quarter of the year, as a result of the political crisis experienced by the country. Such crisis still cast its dark shadows on the various economies of the country, and its negative repercussions affect sharply the movement of capitals, investment flows and movement of trade exchange locally and internationally.

Banks and financial institutions had the largest share of the suffering and the difficulties caused by the 2011 crisis, as they suffered sharp decline in profits and decline in the quality of investment portfolios and increase of allocations versus the growth of non-working debts.

It has been proved that the political crisis that the country is undergoing is a very difficult and tough crisis and requires unusual remedial actions. At the same time, it requires combined efforts by all politicians, economists and citizens to get out of it and have the country return to what it was to continue construction and development.

Despite the severe transformations and changes that are taking place in the banking industry in the country, the CAC Bank has been able to avoid many of the difficulties and the negative effects left by the crisis, thanks to its preservative credit policies and its historical focus to maintain high levels of liquidity and caution with respect to the employments of its funds.

The Bank is keen to actively participate in national development projects because of their high importance in achieving the economic stability. The Bank works permanently with its strategic partner: Agricultural Promotion Fund (APF) to implement many programs in the areas of agricultural development to absorb unemployment, support farmers, provide employment opportunities for young graduates and implement all state enterprises in this respect. The Bank has actually begun to implement many agricultural development projects in participation with the APF.

The year 2012 will be full of a lot of achievements, which entered into force during the first quarter of this year. To

keep pace with the development of the Bank and implement the outputs of restructuring, the Bank has established a sector for Islamic finance and activities according to the laws governing the work of Islamic banks, under the activity practice permit issued by the Central Bank of Yemen. Thus, the Islamic bank practices its activity in all aspects of financing and investment activities according to the Islamic law, under the supervision of a committee of religious scholars to assess the legal status as a whole.

The march of institutions are often measured with the size, greatness and diversity of achievements, their relation to economic development, their direct and indirect impact on development and economic growth rates. We should not forget the relationship of all this and its association with what the community is looking forward, and the percentage of contribution by the institution to achieve such aspirations. Then, the CAC Bank would be found that it has provided live models to unique initiatives in overcoming the obstacles and old barriers and breaking the limitations that have prevented the openness of the banking sector to modern technology and helped limit its geographic spread preventing thus a high percentage of population from this vital sector and its services.

From this point, the CAC Bank has been working to disseminate its financial and banking services, provide finances to economic sectors, and create packages of products that achieve human needs in rural and urban areas, in order to link the Banks services, products and activities to the most needy and widespread segments.

One of the Bank's objectives was to give its staff due attention and high priority for it is the core capital in the development and spread of any bank that aspires to leadership. The staff is trained on all new technical, cognitive and professional aspects so that the Bank achieves its plans and objectives set out in the development of performance in terms of quality and total quality. For this end, 76 training programs were carried out during 2011, and they involved 1223 employees. 10 of such training programs were abroad and it involved 21 employees.

We will continue to play our role as a safe haven for investments and the deposits of our customers, and commit to our mission and vision that aim at contributing to strengthening the economic and social development in our country through our most modern banking products and services and provision of appropriate channels to facilitate the movement of the flow of investments to and from the Bank.

Finally, I would like to thank our kind shareholders and loyal customers for their continued confidence in our leading financial institution (CAC Bank) and their continued support over the previous years. I should not forget to extend my appreciation and gratitude to all our dear employees for their dedication and commitment to work to raise the name of the CAC Bank high. We confirm to all that we will not hesitate to do everything in our power so that the Bank continues to make the best possible results.

Mehdar Abdullah Al-Saqqaf
Chairman



The Financial Performance of the Bank in 2011

Net Profit:

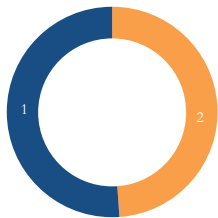
Despite the economic conditions experienced by the country during 2011 due to the political crisis, the Bank achieved a net profit of \$ one billion and forty-seven million riyals.

Despite the Bank bore a significant burden to contribute to the national economy, including the policy pursued by the Bank in partnership with the Government and the CBY to reduce and stabilize the exchange rate of Yemeni riyal against the U.S. dollar, as the Bank is one of the largest financial institutions to cover the demands of the market of the U.S. dollar, this rate of growth of net profit, after tax on 312011/12/ and in comparison to the last year, was 4.4%.

Total Assets:

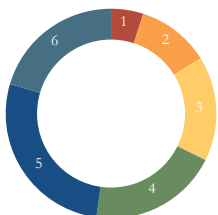
Given the growth in assets during the six previous years 2006-2011-, we notice the significant growth experienced by the Bank. The total assets in 2006 amounted to 55.395 million dollars, and they became in 2011 an amount of 229367 million riyals rating about 313%. This growth took the Bank up to make it one of the largest banks in Yemen in terms of the total assets.

Net profit as of end of 2011 compared with previous Year (in Million YER)



1	Net profit as of end of 2011	1,047
2	Net profit as of end of 2010	1,002

Increase of Assets in 2006 and 2011 (in Million YER)



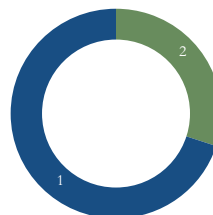
1	Total Assets 2006	55,593
2	Total Assets 2007	125,867
3	Total Assets 2008	180,243
4	Total Assets 2009	223,494
5	Total Assets 2010	305,504
6	Total Assets 2011	229,367

Despite the impact of the political crisis experienced by the country during 2011, by which the national economy significantly was affected, the Bank could control its financial position maintaining the second place among all banks in terms of the volume of assets, which amounted to 229 billion riyals (the second in 2010), according to the initial report of the CBY on developments in the consolidated balance sheet. Thus, our share within the banking sector reached 13.6%. The Bank also maintained its level within conventional banks and it achieved the first place according to the standard volume of assets (the first in 2010).

For more details, our balances with local and foreign banks reached \$16 billion riyals, which is one of the Bank's policies in the provision of adequate liquidity to achieve financial solvency to cover the requirements of customer drawing of all kinds, such as payments of import of capital and customer goods to facilitate domestic and foreign trade and other banking facilities.

The Bank maintains stable balances that enable it to meet contingencies and cash needs of its customers without any delay. The CAC Bank proved during the 2011 crisis that it is a bank with solvency and enjoys high liquidity sources that enable it to pass the difficulties of the crisis professionally and competently, as the volume of liquid assets amounted to 153 billion riyals by 60% liquidity.

Profit Generation Assets as end of 2011



1	Profit Generation Assets	77%
2	Non Profit Generation Assets	23%

Investment and Credit Portfolio:

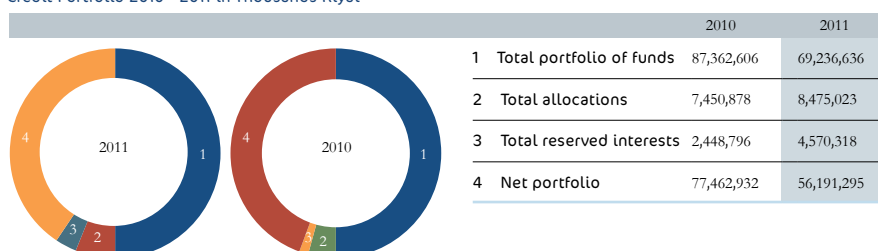
Investment and Credit Portfolio:

The Bank's management has been keen to harmonize and conciliate between liquidity and profitability when employing depositors' money, and found investment in treasury bills the optimal option under the current circumstances experienced by the country, as the treasury bills represent the source of security and quick liquidity and a secondary reserve to face any obligations. Investments in the treasury bills amounted to 112 billion riyals, making the bank rank first among other banks (the first in 2010) with a 18.7% share within the banking market.

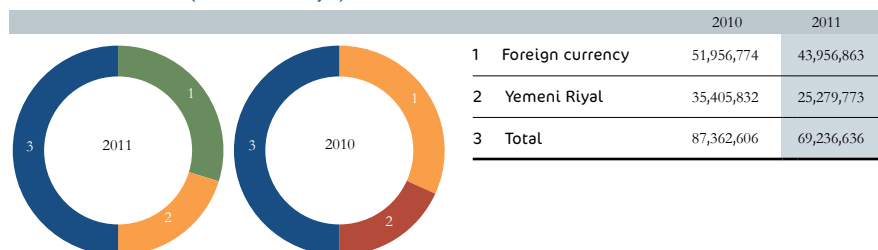
Under the current circumstances that the country is going through, the Bank has tended to take considerable precautions in granting credit with all its forms and directed most of its activity to collect debts from customers in order to reduce non-performing loans so that they do not affect the Bank's profits.

The Bank has been keen to take adequate guarantees when granting credit to companies, corporations and individuals to reduce potential risks. The balance of cash guarantees as on 31 December 2011 amounted to 28 billion riyals representing 41% of the total credit portfolio, as described below:

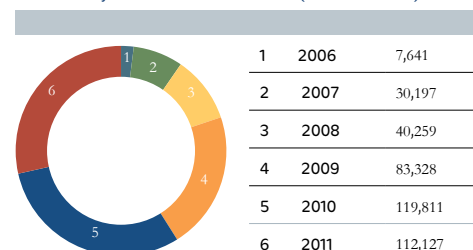
Credit Portfolio 2010 - 2011 in Thousands Riyal



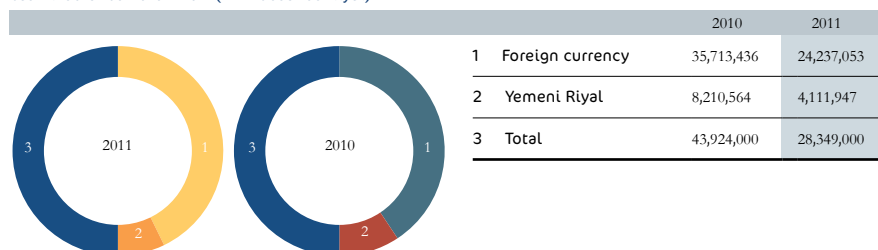
Total debts 2010 - 2011 (In Thousands Riyal)



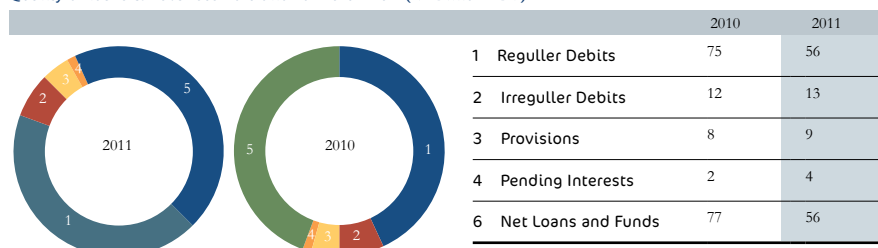
Net Treasury Bonds From 2006 - 2011 (in Million YER)



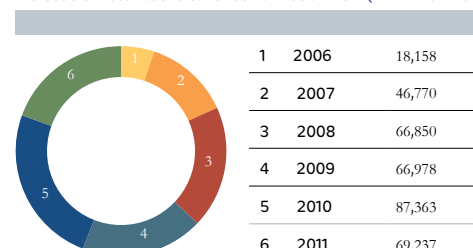
Cash insurance 2010 - 2011 (In Thousands Riyal)



Quality of loans & Advances Portfolio For 2010 - 2011 (in Billion YER)



Increase of Total Loans & Funds for 2006 - 2011 (in Million YER)

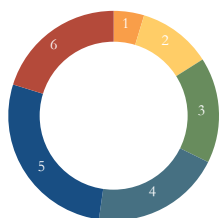


Savings and Deposits Portfolio:

The Bank continues its brilliance in this aspect, as it offers distinct high-quality, fast and most-contemporary services. They are provided through a competent national cadres that enjoy long experience and work as a one team under an active and effective leadership. This is carried out through the Bank's network of branches spread across the Republic and equipped with the latest global technologies. This constituted force factors to maintain the Bank's status in the banking market in the light of the deteriorating economy during the political crisis in the country. The total balances of customers' deposits by the end of 2011 amounted to 209 billion riyals.

Thus, the share of the Bank amounted to 15.5% of the volume of the banking sector as a whole in this aspect. The CAC Bank also maintained the second place among all banks in terms of the volume of deposits (the second in 2010), and the first place within the conventional banks maintaining its distinctive level during the years (2009, 2010 and 2011).

Increase of customers Deposits for 2006 - 2011 (in Million YER)



1	Total customers Deposits 2006	48,426
2	Total customers Deposits 2007	117,113
3	Total customers Deposits 2008	167,911
4	Total customers Deposits 2009	206,353
5	Total customers Deposits 2010	284,514
6	Total customers Deposits 2011	208,783

Property Rights:

The Bank is still keen to strengthen its capital base in order to strengthen the confidence of depositors and enhance its ability to address the risks that may involve it. The Bank's capital and reserves increased to 12.4 billion riyals with a growth rate of 9% compared to last year.

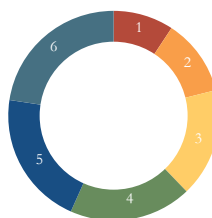
Capital Adequacy:

The Bank always maintains capital adequacy ratios exceeding the limits required under the decisions of the Basel Committee of 8% and the requirements of the CBY.

It measures them continuously every three months in order to assess the risks faced by the Bank.

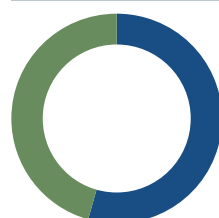
The following is a comparative table for calculating capital adequacy ratios for the years 2010 - 2011, according to the decisions of the Basel Committee on Banking Supervision.

Increase of Property Rights for 2006 - 2011 (in Million YER)



1	Total Property Rights 2006	5,073
2	Total Property Rights 2007	6,452
3	Total Property Rights 2008	9,131
4	Total Property Rights 2009	10,308
5	Total Property Rights 2010	11,310
6	Total Property Rights 2011	12,357

Capital adequacy ratio as on 31 December 2010 - 2011 (in Million YER)



■ Capital adequacy ratio 2011
■ Capital adequacy ratio 2010

	2010	2011
Risk-weighted assets and items outside the financial position	94,120	82,302
Core Capital	11,251	12,190
Supporting Capital	888	600
Total Capital	12,139	12,790
Core Capital/Risk-weighted assets	12%	15%
Capital Adequacy	12.9%	15.5%

Other Indices

Development and modernization of the bank:

The first phase of the Bank Development and Modernization carried out by a coalition of the Arab Academy for Banking and Financial Sciences and Al-Ameen Consulting Group has been completed. Currently, the second phase of this project, which is the practical application of the output of restructuring, is on progress.

Development and Modernization of the Bank Systems and Services:

Within the framework of development and investment activities carried out by the Bank from the outset to build its base, which will be based upon during future periods, it has procured the latest electronic banking systems, and it updates them every period to keep up with the rapid development of the market of the banking industry and also to meet the banks expansion and spread internally and externally.

The Bank aims to develop and introduce many financial and banking services to the highest global technology which enables the Bank to attract customers to join the CAC Bank family.

With regard to electronic services, the number of the cards issued during the year has increased, and nine ATMs were added. The total ATMs became, then, 133. This is to keep pace with the significant expansion in the segment of electronic card users. The Bank aims to control the electronic banking market among the banks operating in Yemen.



Organizational Structure

- Islamic Legislative Control Body
- Risk Committee
- Auditing Committee
- Internal Audit Dept.

Risk & Compliance Sector

- Risk Dept.
- Control & Compliance Unit
- Follow-up and Special Transactions
- Legal Affairs Dept.

Board of Directors

- Awards & Nominations Committee
- Credit Committee
- Assets & Liabilities Committee
- Compliance Committee
- Executive Committee

Islamic Finance Sector

- Corporate Services
- Retails Services
- Islamic Investment
- International Relations

- Investment
- Credit Review and Analysis

Banking Operations Sector

- Central Operations
- Int'l Operations
- Information Technology
- Int'l Relations

Business Development Sector

- Research & Development
- Quality Assurance
- Marketing
- Strategic Planning

Business Support Sector

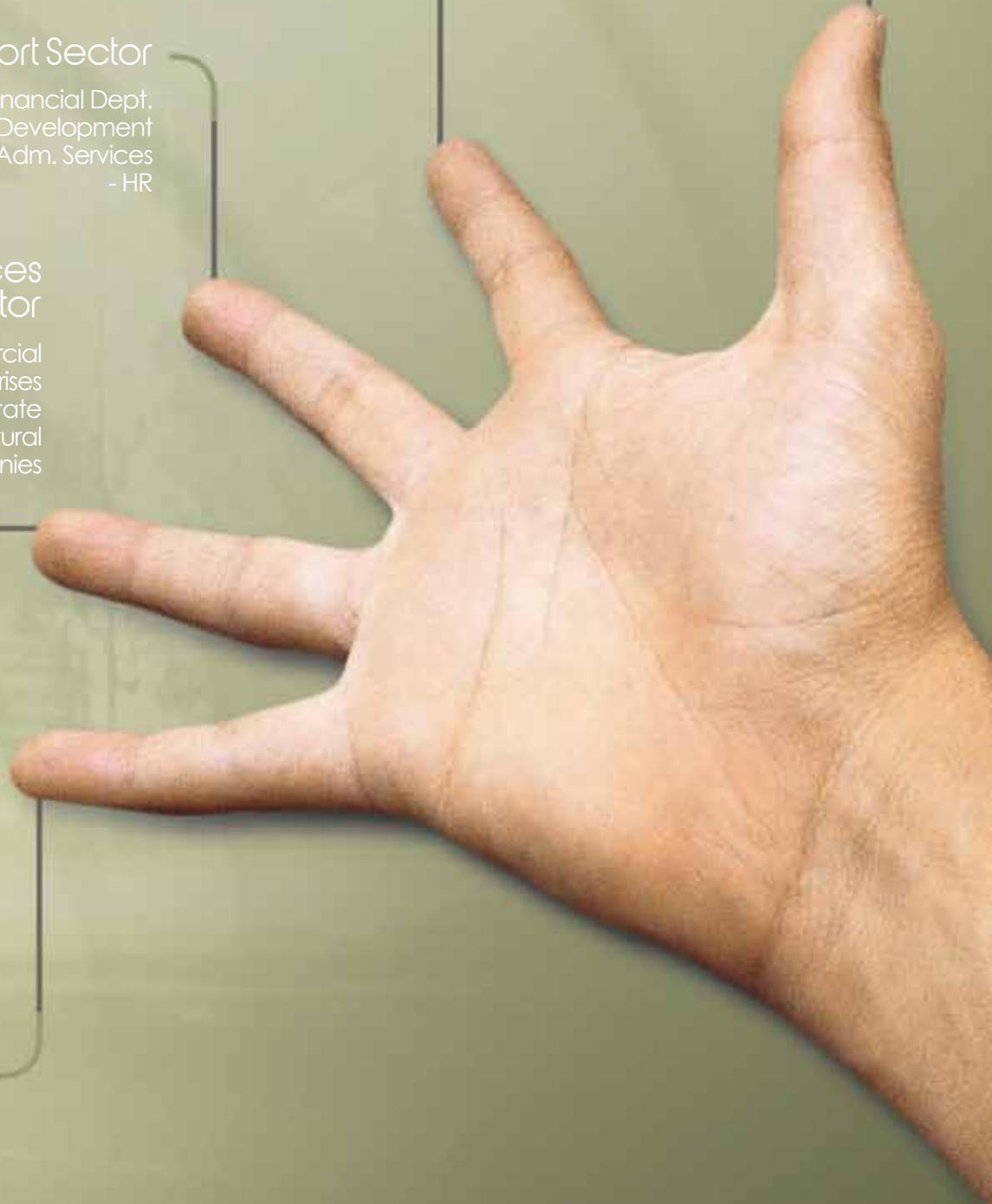
- Financial Dept.
- Performance Development
- Adm. Services
- HR

Corporate Services Sector

- Corporate & Commercial Enterprises
- Contracting & Real Estate
- Industrial & Agricultural Companies

Retail Service Sector

- Branches & Dist. Channels
- Retail & Micro-finance enterprises
- SME
- Agricultural & Rural Credit
- Banking Services
- Credit card Serv.





Mr. Mehdar Abdullah AL-Saqqaf
BOD Chairman and Bank's CEO

Members of CAC's BOD



Mr. Yahya Ahmed Al-Sabri
Chairman Deputy



Mr. Isam Saleh Luqman
Representative of the
Agricultural & Fishery Production
Motivation Fund



Mr. Mohamed A. Al-Mansoob
Representative of Finance
Ministry



Mr. Hamed Ahmed Farej
Representative of the General
Civil Flight & Meteorology
Authority



Mr. Mohamed Mohamed Basheer
Representative of the Cooperative
Agricultural Confederation



Dr. Salim N. Alshohri
Representative of the Ministry of
Local Administration



Mr. Abdulmalik Qassem Al-Thoor
Ministry of Agriculture and
Irrigation's Representative



Mr. Abbas Essa Al Zabidi
Representative of the Ministry of
Fishery Wealth



Mr. Hafidh Fakher Meyad
Independent Member



Mr. Abduh Mahedi Alidlah
Independent Member



Mr. Salem Mohamed Salman
Independent Member



Mr. Hamoud Mohamed Al-Salahi
Independent Member



Mr. Abdullah Hassen Al-Shatter
Independent Member



CAC BANK

The logo for CAC BANK is a three-dimensional, gold-colored emblem. It features a large, stylized 'C' on the left, which curves around the letters 'AC' and extends into a horizontal bar that underlines the word 'BANK'. The letters are in a serif typeface. The entire logo is mounted on a light-colored, textured wall, with a dark wood-grain panel visible to the right.

CEO's Deputies



Mr. Ahmed Abdullah Al-Midwahi
CEO Deputy Business Support Sector



Mr. Mohamed Ahmed Taqi
CEO Deputy for Retail Services Sector



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



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



Mr. Salah Sadeq Basha
CEO Acting Deputy for Banking
Operations Sector



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



Monasser Alquaiti
Chairman
8 - 2012

Cac Bank..

With its ambitious vision as a leading financial institution and with all the bids of the faithful, CAC Bank is getting ready for a new start.

The Cooperative Agricultural Credit Bank is one of the economic monuments of the country and one of the signs of success and an honorable interface for the public sector. It has proved in the last few years a super ability in providing the best comprehensive banking services for the public with the most successful and modern technology that shortened time, space and cost. The Bank, in general, also achieved progress in the electronic banking services at the level of the local banking sector by offering banking services in electronic templates the Yemeni banking sector has not known before. The bank also achieved a huge geographical spread that reached up to 51 branches scattered at the level of rural and urban areas, coasts and islands. The total number of branches operating has reached 51 branches, while the total number of offices has reached 36 offices.

In order to facilitate the service of the public for 24 hours a day, the bank has distributed a number of 134 ATMs and 1240 sale points in the commercial markets. The number of subscribers in CAC Mobily service has reached 157,000. It is a service that helps the public pay bills of water and electricity consumption and line-line and mobile phone bills via SMS of mobile phones associated with customer accounts at the Bank. In addition, with the same mobile, a transfer from one account to another can be done. A customer can also pay for purchases done electronically. That would save our customers from carrying cash.

The Bank has also put the service of the electronic bank at the disposal of its customers to perform a number of international banking operations from any place in the world via a small device associated to the automated system of the Bank whereby operations of opening credits, bank transfers and international transfers can be fulfilled. It is supported by the utmost confidential and protective encryption system.

The Bank also founded a center of interaction with its customers (call centers) and another for issuing local electronic banking cards based on international measuring terms. It has been provided with the most modern machines, issuing machines and the associated programs. The Bank has obtained the license for issuing from the mother company.

Despite the exposure of the Bank's activities to several financial risks in the year 2011, due to political issues and security instabilities,

it was able to maintain a strong financial position and a high degree of balance between its revenues, expenditures, assets and liabilities. It also maintained the trust of its clients and played a key role in reducing the foreign currency speculation and thus saved the value of the national currency from deterioration and reined in the inflation in the most complicated circumstances of the country.

I should not miss to record my deepest thanks and appreciation to Mr. Mehdhar Abdullah Al-Sakkaf, the former chairman who led and sailed the Bank with wisdom and experience under very difficult circumstances to the shores of safety. We also thank and appreciate the members of the board for their continued effort and support to the executive management that enabled them perform its roles as required.

With its deep roots, famous history and presence in the field of credit and banking business for over 35 years (it was founded in 1975 and has been merged with the National Cooperative Bank of Development in 1982), it became the CAC Bank today. With the experience of its human resources, the aspiring young competencies capable of giving, its scattered branches all over the Yemeni land and its modern and sophisticated machine system and the trust gained over decades and reinforced by the recent banking years and its ambitious vision to be a leading financial institution...with all the bids of all the faithful and all that, the Bank is getting ready today for a new start based on the modernization and development of systems, policies and business procedures. It is also based on raising the level of customer confidence in the Bank and the development of its procedures and services to enhance its competitive ability in the market so it can get the highest rank on the banking pyramid.

It is hoped that all employees of the Bank would devote all their efforts and harness all their creative energies and abilities based on the knowledge and experience to make a huge performance leap. Our human resources are the race horses at all stages and circumstances. They are the ones who can make the accomplishments and excellence we seek for a leading national bank and become a pillar of the national economy.

Here it must be stressed that the senior management of the bank will give full care and attention to all its affiliates through training programs targeted to develop the skills and abilities of the human element as we look at them as the real capital share and the reason for any successes and achievements made. We will seek to create a suitable working environment and improve the working conditions through the development of a system of regulations that regulate the relations, rights and duties between the Bank and its human resources. We will also create a climate where team spirit and participation in plans development and goals setting and decision making will take place.

The financial results of the Bank for the year 2011 reflected that the bank is capable of remaining steadfast and achieving financial balance in the most difficult and complicated circumstances. The Bank achieved one billion and forty-seven million riyals as a net profit, whereas the Bank's total assets reached 229,367 million riyals and the total customer deposits reached 209 billion riyals. Regarding the property rights, it has increased the Bank's capital share to 12.4 billion riyals and a growth rate of about 9% from last year.



Rjo'a Al-Musc'abi
President of Human Rights.org

The CAC Bank has been keen to have direct contact with civil society institutions and organizations. It always supports them by providing programs and events sponsored by, which means that it believes in the role of these organizations in the contribution to social development.

■ Corporate Governance

First: Charter of Corporate Governance

Believing in the significance of corporate governance, the CAC Banks Board of Directors has developed the bases and rules for continuously improving and developing the Banks performance. To this end, the Bank adapted the modern governance principles consistent with the best global standards and practices in conventional and Islamic banks, as well as the OECD principles and the guidelines of Basel Committee for Banks supervision. These principles were set to sustain the transparency and accountability values. The 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: Definition of Corporate Governance

Corporate governance is a set of inter-bank relations with its executive management and BOD and other parties interested in institution, through the creation of the clear vision to achieve the institution goals and avoid any precautions by enhancing the principles of equity, transparency, disclosure, control and accountability, and defining responsibilities and modalities to achieve such objectives and control achievement. 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 phase to ensure the management of the Banks resources effectively and efficiently. Governance includes also guidelines and measures of supervisory control, as well as the guidance controls of the Islamic legislative controls system (in Islamic banking) and the guiding principles of controls of Islamic operations and formulas. It also includes those related to risk management, and the disclosure standards. All this is to enhance transparency and market discipline.

Third: Board of Directors

- The BOD is responsible for achieving the best professional practices to ensure the rights of all owners. The BOD supervises

the duties for the implementation of the Bank operations and ensures they are integral. It also ensures that the requirements and guidelines of the CBY are met to achieve the interest of the Bank, depositors and other related parties. This is made through the application, by the Banks Executive Management, of work in accordance with the applied laws and instructions and the planned policies and procedures to ensure the reasonable limits of risks and the optimal banking operations are reached.

- The BOD meets periodically to discuss the Banks updating issues by re-drawing strategic goals, as well as the convenience of the Banks internal control schemes. This is through the committees subordinated to the BOD and the responsibilities assigned to them in accordance with the duties and responsibilities in force.

- The BOD assigns members of Islamic Legislative Control Body depending on competency and high qualification.

Fourth: BOD Chairmans Responsibilities

- To separate the BOD responsibilities from the Executive Management under governance instructions and guidelines, and revise them when needed;

- To provide adequate information to all members on the outcomes of work through the supervision, follow-up and control of all of the executive work, by ensuring the integrity of the actions taken and internal schemes applied to achieve the Banks strategic goals.

- To chair the BOD meetings to discuss the topics outlined in agenda, and to make decisions whether strategic or technical to guarantee the Banks continuous development phases and achievement of necessary competition in the banking market.

Fifth: BOD Committees

In compliance with the Restructuring Project, the BOD carried out a set of newly comprehensive policies to cover all of the Banks domestic and foreign operations. It also espoused a modern risk management system conducive to ensure the continuity and quality of invested assets. It also espoused a report system to



illustrate quality data. Such reports include reports on credit, liquidity and adequacy of the capital in accordance with the acceptable limits of risks.

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 of the organizational structure of supervisory and controlling multi-levels to guarantee to 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 banks 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 Banks work; these are as follows:

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

Finally, the Islamic Legislative Control Body (ILCB) has been formed and activated to supervise all dealings by the Islamic Branch (Emam Shawkaani Branch) to provide assistance and aid consistent with Islamic regulations in order to provide the Branch's customers with a guarantee on non-mixture of money and integrity of the procedures of the Islamic formulas offered.

Sixth: BOD Subordinated Committees Responsibilities and Duties:

To enhance the BOD's effectiveness as the final accountable body for running and controlling the Banks 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 inform decisions.

Executive Committee

The BOD executive committee is formed of BOD chairman, CACs CEO and five other members.

The committee is committed to:

- Examine CAC Banks budget and main policies.
- Discuss the Banks annual strategic statements;
- Study the Banks annual strategic plan; and
- Discuss final financial statements

Compliance Committee:

The compliance Committee is formed of the BOD chairman or vice –chairman, CAC CEO and three other non-executive members.

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 banks compliance to 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 banks 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 systems efficiency;
- Monitor and follow up the applications 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 standers become a fundamental objective to be realized and achieved by all;
- Attend the Banks General Assembly to respond to shareholders' questions with regards to the committees tasks; and
- Meet with both external and internal auditors, the directors of the anti-money laundering and compliance unit and executive management (executives) in separate sessions at least once a year to discuss any issue being of any concern to the committee.

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 committees members must be disclosed in the Banks Annual Report. At least two of the committees 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.

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;
- 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 modification and changes on the accepted accounting standards and/or any sudden change made to the Banks accounting procedures due to accomplished auditing process and/or notes made by the external auditor.
- Forward recommendations to the BOD with regards to appointing the external auditor and/ or stopping the auditors 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 auditors work including the notes, suggestions and conservations made by the auditor; follow up the extent of response of the Banks correspondence with the external auditor; assess the banks response and make necessary recommendations in this regard and forward them to the BOD;
- Study the external auditors action plan and make sure that the bank provides the external auditor with all necessary facilities to carry out his 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 scheme;
- Examine and go over the internal auditors report, especially those related to any violation committed by the internal auditor; and.
- Make sure that no conflict of interest exists as a result of the Bank entering any contract, carrying out a bargain or partnering in projects with related parties;

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 have been appointed from the BOD for the membership of such a committee.

The committee is dedicated to:

- Review the Risk Departments 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 Departments structure or any amendments made to it before getting approved by the BOD;
- Study and examine the Risk Departments annual plan;
- Approve the client classification system and supervise its updating procedure;
- Agree to the Risk Departments relevant policies, instructions, procedures and plans 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 internal 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.

Nomination & Remuneration Committee:

The committee is formed of three non-executive members from the BOD. A number of the non-executive or independent members have been appointed in the committee. 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 attendance for each member; the typology and effectiveness of each members participation;
- 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 Banks 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 background 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 salary) 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 members separately as well as the highest salary paid to executive directors not being BOD members over the respective year.

- Islamic Legislative Control Body:

Members of the Islamic Legislative Control Body (ILCB) are appointed by the BOD. The ILCB has the right to appoint technical advisors and its opinion is considered final and binding upon the BOD. The ILCB nominates the Islamic Legal Controller for the Islamic sector. The Controller is tasked with monitoring and reviewing Islamic-natured operations according to the ILCB fatwas. Also, the Controller provides a report on the compliance on the part of the Islamic branches with the ILCB fatwas. The ILCB member can only be removed or suspended by the BOD. The ILCB features and functions are as follows:

- a- The ILCB is composed of three to seven members from specialists and eligible people, and the internal regulations shall determine the method of their choice and determine their remunerations.

- b- The ILCB develops and approves the Islamic formulas to be adopted, and reviews them during the course of work. It then passes the necessary decisions to adopt them in accordance with the Islamic law.

- c- The ILCB's opinion on the legitimacy of the formulas is

considered binding. The ILCB issues an annual report on the Banks compliance with such formulas and the ILCB's directives. The Bank is required to distribute the report to shareholders prior to the approval of the financial statements.

- d- The term of the ILCB membership is three years in each session, and it is renewed by the BOD.

- e- The Islamic Legislative Controller is recommended with the same procedures for the appointment of the External Auditor.

Governance Committee:

The Governance Committee will be composed of non-executive members from the BOD members, provided the number of the members are not less than three. The GC must involve a member of the Audit Committee, and be chaired by the Chairman of the Board.

The GC is dedicated to the following:

- Oversee the monitoring of the application of the principles of governance, review them and propose any updating when necessary and present the same to the BOD, and also takes the recommendations of the Central Bank of Yemen in the same regard.

- Coordinate with the Audit Committee to ensure absolute compliance with the internal Audit Charter;

- Attend and make sure there is no conflict with the interest of the people concerned and the dealings of other relevant parties, and in accordance with the binding and regulating procedures;

- Ensure the implementation of full separation of powers and responsibilities among the supervisory authorities (Board of Directors) and the executive authorities (various departments);

- Provide the BOD (at least annually) with reports and recommendations on the results and, if any, violations;

- Ensure the adoption and implementation of a sound investment strategy fit with the identified risks;

- Ensure adequate disclosure to investment account holders (in the Islamic activity) in the appropriate time and way, monitor the use of the risk allocation and make appropriate recommendations to the BOD about that;

Seventh: Dealings with Related Parties

The Bank applies regulations of the Law of Banks and the CBY circulars on dealing with other related parties to enhance related modern governance principles. 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 50% or more 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 customers or parties in compliance with the CBY's laws and explanatory circulars and the principles of corporate governance.

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 no their companies related to them that might get benefit from the Banks 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.

Eight: BOD's shares and disclosure of the companies for each member:

Representative of	Contribution %	Number of Companies under Members Control
the Ministry of Finance (the Government)	33.82%	None
the Agricultural & Fishery Promotion Fund (the Government)	40.5%	None
The General Civil Flight and Meteorology Authority (the Government)	25%	None
The Ministry of Local Administration and Cooperative Agricultural Confederation (the Government)	0.68%	None

Ninth: 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.

Tenth: Internal Control Scheme

- Code of Ethics
- Lending Policy
- Influence Non-exploitation
- Adequate Report System and Sound Communication Methods

Eleventh: Internal Control Compliance

A - Internal Auditing Department

Internal auditing in the Bank is administratively separated from the executive management, and it operates under the BOD's Auditing Committee. It adopts an approach that depends on risk classification for the various activities carried out by the Bank. The 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 the 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 be approved by the Auditing Committee and be forwarded to the BOD Chairman and Auditing Committees Head to discuss its dimensions on a yearly basis.

More importantly, its human and financial resources are approved as well. To this end, it recruits highly-qualified staffs and trains them appropriately, and gives them access to any information and to question any employee inside the Bank. Further, The Bank gives the Department all powers to enable it to perform its duties appropriately. The tasks, powers and responsibilities of the Department are documented in the Auditing Charter approved by the BOD.

Following the discussion of the internal auditing reports with executive departments, those departments draft correctional

programs being followed up by the Internal Audit Department and its follow-up unit. The Department also examines and assesses the adequacy and effectiveness of the internal control scheme in respect to Islamic dealings, and forwards reports on the same to the Islamic Legislative Control Body.

B - Risk Department

The Risk Department provides centralized services through the Bank's General Administration to make sure of the inventory, measurement, follow-up and mitigation of potential risks. This is in order to achieve the best possible level of balance between the Bank's revenues and risks to cope with the Bank's strategy and the risk acceptance criteria as stipulated by Basel Committee.

The Department is representative of the executive level for the control of business sectors, and it gives support within its position in the organizational structure. It is the executive department practically responsible for the management of a firm and effective system to monitor and analyze all the risks that might be encountered by the Bank. Its powers include the following:

- 1- Set up the necessary instructions for all types of risk;
- 2- Raise the level of knowledge within the Bank to the best standards of the banking industry, in application of the various frameworks of risk management;
- 3- Develop appropriate measurement tools and models for risk management;
- 4- Assess and control risks compared to the limits approved and forward appropriate reports to the Risk Committee and executive departments in the Bank, in accordance with the best international practices and standards and the instructions in effect, and within the abidance to the CBY's instructions;

The Risk Management implements a centralized system to assess credit risks; the CAC Bank has adopted the best methods and concepts for the management of operational risk in addition to measuring market, reputation and strategy 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 compete the requirements and systems needed for the application of Basel requirements.

As the first bank in Yemen to have such systems, the Department seeks to apply these international standards in order to instill the confidence for largest number of depositors and investors by giving better opportunities and areas for expansion, and to have better possession within local and foreign markets.

C - Compliance

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

transparency and create a suitable atmosphere to ensure necessary independence.

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, the 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 Department further works on encouraging 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 be faced by the Bank.

Twelfth: 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 auditors 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 such principles include the sufficiency of the Banks internal scheme and procedures aiming at assessing the Banks performance including correctional recommendations.

Thirteenth: BOD Members

The CAC Banks board of directors is composed of 14 members; five of whom are independent while the remaining members are non-executive members and representatives for shareholders in the Bank. These shareholders are all governmental bodies, institutions or agencies.

BOD Independent Member

An independent BOD member is the member (whether being in person or being a legal person) who is not related or connected with the bank interest except being a member of the Banks 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 is composed, as on 31 December 2011, of the following:

1. Mr. Mehdar Abdullah Al-Sakkaf BOD Chairman
2. Mr. Yahya Ahmed Al-Sabri BOD Vice Chairman
3. Mr. Esam Saleh Lukman Representative of the Agricultural & Fishery Promotion Fund
4. Dr. Mohammed Abdulkareem Al-Mansoub Representative of the Ministry of Finance
5. Mr. Hamed Ahmed Faraj Representative of the General Civil Flight and Meteorology Authority
6. Mr. Mohammed Mohammed Basheer Representative of the Cooperative Agricultural Confederation

7. Mr. Abbas Essa Al-Zubaidi Representative of the Ministry of the Fishery Wealth
8. Mr. Abdulmalik Qasim Al-Thawr Representative of the Ministry of Agriculture & Irrigation
9. Dr. Saleem Nasser Al-Shuhtri Representative of the Ministry of Local Administration
10. Mr. Hafeth Fakher Meayad Independent Member
11. Mr. Salem Mohammed Salman Independent Member
12. Mr. Hamoud Mohammed Al-Salehi Independent Member
13. Abdullah Hasan Al-Shatter Independent Member
14. Mr. Abdo Mahdi Al-Adlah Independent Member

Fourteenth: BOD Meetings

In its meetings, the BOD discusses issues outlined in its agenda in accordance with the its authority and responsibilities. For instance, it approves the Banks strategic plan and estimated budgets, as well as the capital expenditures and policies that govern the treasury, credit and investment operations, related authorities to these operations and the annual auditing plan. It also endorses the Banks Organizational Structure and ensures that only qualified staffs are appointed to efficiently and effectively do the Banks work.

Fifteenth: Rights of Investment Account Holders

In order to achieve the interests of investment account holders, the Bank provides a clear disclosure of the investment policy for investment account holders. It provides all required information in a way that guarantees taking the appropriate limits to avoid exposure to risks related to investment products and the method of distribution of its assets or ways of calculating profits and losses. It takes into consideration the following:

- The Bank bears the losses that result from trespass or negligence in applying the investment contract.
- It distinguishes between holders of restricted or open investment accounts.
- It applies the provisions of the Islamic Sharia and the Banks ILCB opinions in dealings with the investment account holders. Also, it applies strictly the laws passed by the CBY and other legislations in effect.
- It applies standards of accountability and auditing and controls of Islamic financial institutions with regard to all of the dealings of Islamic branches. Maintaining the rights of holders of open investment accounts is carried out by deducting allocations from the net investment profits as a reserve to encounter investment losses.
- Being a speculator, the Bank covers the proportion declared from the speculator share and it has the right to participate in profits of co-investment with what it has contributed from its own resources or the mutharba-based funds.
- The ILCB makes sure of the existence of the doctrinal basis for determining any losses occurring within the co-investment process.

Leadership in Crises..

Managing crises _ and making achievements

The CAC Bank celebrated at the end of 2010 the achievements of administrative, organizational and technological construction and its banking excellence in providing the latest services to its customers (We have dealt with in detail in the annual report on 2010). The senior management of the Bank launched a review for its strategy and various policies in order to make sure that the Bank's internal and external work environment is stable and to make some of the amendments that makes the Bank's performance flexible and enhances its ability to stimulate reality.

However, the year 2011 coincided with the political crisis that caused different security and economic implications and influenced directly and significantly the performance and size of the activity of all economic sectors, due to the state of anxiety that affected the type and size of the demand on various commodities and services and the state of danger and fear that controlled the decisions of investment and financial transactions.

This steadily and unstably changed the internal and external working environment of the economic sector in general and the banking sector in

particular, due to the acceleration and conflict of events, which made it difficult to predict the future in all institutions and sectors.

Since the Bank is the owner of the largest network of service distribution channels at the level of the Republic, it was prone to risks. That is especially because it has more than one branch, office or at least ATM in all areas of political tension and security imbalance, which means that the Bank is responsible for providing the widest segment with their financial needs. Accordingly, the Bank's management has absorbed since the first month the size of danger that threatens this entity and the size of responsibility entrusted to it at the same time.

The Bank has exceptionally followed then a preservative policy, which aims to preserve the achievements and property of the Banks, and invest its potentials in the most secure tools, and meet customer needs through its service network and distribution channels in ways that ensure safety for them.

Indeed, the fruits of this policy have been demonstrated in the entry into the fourth quarter of 2011, when the Bank retained the confidence of its clients. It was able to keep the deposits of its

customers at reasonable limits during the crisis, where the balance of customer deposits as on 31 December 2011 was 209 billion riyals. All this reflected the ability of the Bank to recover its verdure after such a crisis. On the other hand, the profits made by the Bank in this year - amounted to 10.47 million and by 9% of the total property rights - reflect the success of the investment policy pursued by the Bank in this year, which has not been achieved through the last three years.

Despite the fact that the work environment created by the political crisis in 2011 has forced the Bank to stop its introduction of modern banking services, the light of stability that now booms on the horizon of Yemen with the beginning of 2012 has revealed many of the packages of new services to the Bank's customers. This includes the Package of Expatriate that provides financial and banking services for Yemenis residing abroad, the Package of Woman Financial Services (Saydati), and the Package of Farmer Financial Services (Seeds).

Thus, the Bank confirmed its leadership, but this time in a time of crises and various fluctuations in the work environment.

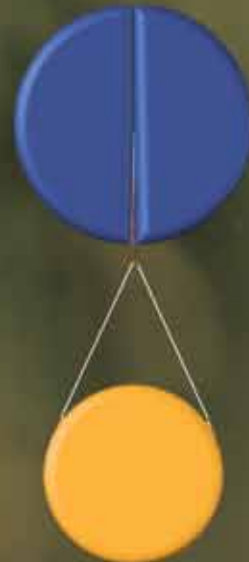


The CAC Bank .. and the financing of agricultural development projects and operation of productive projects

The CAC Bank stems in its financing and banking services and all various activities from a comprehensive concept of the development process aimed at integrated economic promotion at the level of the nation and its needs for real investment projects that are capable of improving infrastructure, establishing and operating productive projects, generating goods and services, absorbing the labor force and unemployment, improving the conditions of living of the society and enabling individuals to work and get reasonable levels of income.

With this trend, the Bank confirms its active and known role as an extension of its ancient history in the financing of agricultural development projects because they are the fundamental basis for economic and social development as a specialized agricultural bank and first-class banker preserving its leadership in the agricultural and fish aspects. The total agricultural loans since 1990 until the end of 2011 were 110,466 loans amounted to 23,591,185 billion riyals, which were spent through the Banks branches scattered all over the country. This made it easy for farmers and fishermen to have access to various kinds of loans for different agricultural, animal and fish projects, which pushed a large number of farmers, fishermen, ranchers and poultry farmers from simple craftworks and use of primitive tools in production to adopt the broad work that depends on modern technology of modern mechanization and advanced machinery and keep up with modern methods in agriculture and animal husbandry and fishing.

The total
agricultural loans
since 1990 until the
end of 2011 were
23,591,185 billion riyals



110,466 loans

■ Loans Value
■ Loans Numbers




The Bank has signed a memorandum of understanding with the Agricultural & Fish Production Promotion Fund represented by His Excellency the Minister of Agriculture and Irrigation- Eng./ Farid Ahmed Mugawar in order to support agricultural development through the use of the loan granted to the Bank under a memorandum of understanding in the financing of a large segment of farmers for establishment and operation of grain projects and projects of fisheries and livestock, and in the production of fruit in addition to the allocation of part of the loan to finance rural women and youth projects and other projects.

The Bank will continue in its quest for continuous coordination with the Government in the advancement in the agricultural field and return of its pioneering role in this field.

Distribute of loans & advances granted for agricultural Production Sector.





Some of the main programs offered by the Bank in the production process and the financing of agricultural projects are as follows:

The integration of young graduates in productive process

This program targets primarily all young graduates who graduate from universities and agricultural, veterinary and fish institutes and do not have any employment opportunities, in spite they are able to run and employee the money borrowed by investing it in small income-generating service-natured and productive projects that generate sustainable and temporary employment and contribute to the reduction of poverty and reducing the level of unemployment among young people in all governorates of the Republic. The program targets also those who have not jobs generating stable incomes.

Overall Objectives of the Program:

This important objectives in the agricultural and fish sectors are summarized in the following points:

1- Create new job opportunities within the category of young graduates in order to reduce the rates of unemployment, positively contribute to reducing poverty levels, and raising and improving the economic and social levels of the individual and society as a whole;

2- Motivate young people to enter in the field of small-scale investment and equip them with knowledge and practical experience in this area, and produce new lending development patterns in the field of small and medium enterprises;

3- Work on bringing back the rural area and coast of Yemen to the production process, while working to revive many of the traditional industries that are on the verge of extinction, and to contribute to the establishment of small cooperative industrial clusters with an active role in development and that have impact in reducing the losses of production;

4- Make these projects contribute to improving the process of preparation, packaging and transport of the agricultural and fish products in circulation and thereby raise their market value and maintain nutritional value, as well as reduce the pollution of the environment in rural areas and coastal communities and reduce the spread of diseases and epidemics, and solve a number of intractable agricultural and fish problems such as slaughtering young and female animals;

Developmental Lending Program for Small Farmers & Fishermen

The Bank operates in support of the agricultural sector, rural development and fishermen in Yemen since its inception by granting agricultural and rural loans of all kinds, terms and purposes, and contributing to achieving its intended results.

The CAC Bank offers all loans and facilities to small farmers and fishermen, according to the lending plan prepared annually and covers most of the Bank's branches.

Short-term loans

(term not exceeding one year and a half) are granted to finance the following operations:
(operating costs – repair of machinery and equipment – livestock and poultry feed – fishing tools and equipment – rural women)

Medium-term loans

(term exceeding one year and a half but not exceeding five years) are granted to the following purposes:
(Irrigation projects and accessories – livestock (cattle) projects – fishery projects (preparation and marketing fishery products – insulators – boats of all kinds) – apiaries – loans for rural women – farming bulls - calf fattening – reform of agricultural and fish machinery and equipment – nurseries – income-generating projects (veterinary clinics or pharmacies and shops for selling agricultural inputs – manufacturing and marketing agricultural products (molasses, tomato paste).

Cereal and Legume Lending Program

Grain cultivation in the Republic of Yemen occupies utmost importance in the national economy as it plays an essential role in achieving food security for our country. Given the continuing rise in the prices of cereals,

especially wheat in recent times, this necessitated to set strategic plans by the State to support and develop the cultivation of cereals and legumes, and the Bank contributes to the implementation of this plan and plays an active role towards it.

The objective of the lending program of field crops:

- 1- Encourage farmers to expand cultivation and production of cereals and legumes for they are the staple and essential food of the people;
- 2- Encourage farmers to introduce and cultivate improved varieties that result in high productive yield in order to secure the human food needs as well as the animal feed;
- 3- Improve the living standard of farmers and self-sufficiency in these crops;

The Bank distributed in the year 2011 a number of soft loans to support the various aspects of development in the country, according to its agricultural plan for the year 2011.

The agricultural and fish lending scheme for the year 2012

The agricultural and fish lending scheme for the year 2012 according to the network of the Bank's branches that will distribute the revolving lending loan of (500) million riyals, which will be distributed during the next five years through the «CAC Bank» banking network spread in the Republic.



ZAJEL

Zajil Package

The package
of all Yemeni expatriates

For the first time in Yemen from the Cooperative and Agricultural Credit Bank ..

We feel proud of the Zajil product that contains unique and exceptional banking services and meets the banking requirements and needs of all Yemeni expatriates.

Services of Zajil Package:

Quick Money Transfer

"transfer of funds in seconds"

- Transfer to your account or the account of those you like in a few seconds to any area in the Republic of Yemen.
- Receive your transfer from any place within a large ever-expanding network of 82 branches and offices.
- Transfer your funds in the time of your choice, as our doors are open from 08:00am to 08:00pm.
- Save time and effort, and seize easy treatment and close place for every one.
- A message is dropped in the receiver's mobile phone on the arrival of the transfer, and a message is dropped in your mobile phone on the recipient's receipt of the transfer.

CAC Mobily

"Running your banking accounts via your own phone"

CAC Mobily is a product of the Zajil package from the CAC Bank. It saves Yemeni expatriates time and effort, and enables them to run their accounts, meet their obligations and know all things about their accounts in the Bank in any time via their mobile phones using the SMS as if your bank is in your hands wherever you go.

Via your own phone, you get the following benefits:

- Money transfer from your account to another account in the Bank with the possibility of conversion between the currencies of the Yemeni riyal and U.S dollar;
- Money transfer from your account to someone else in cash through our branches in the Republic;
- Paying bills of your mobile phone or another mobile phone from your current account in the Bank with the possibility of getting a notice for it;
- Paying the bills of landline phone- paying electricity bills – paying water bills;
- Notifying you of any crediting or debiting movement in your account;
- Applying for a statement of your current account in the CAC Bank to reach you via the fax number that you specify;
- Knowing your current account balance in the CAC Bank at any time while you are in your place;
- Providing you with a list of foreign exchange rates periodically on a regular basis in the time of your choice;
- An many other services through the CAC Mobily of Zajil package;

Zajil..
overcome the
distance
barrier..



Ethar Jameel
Private Sector Employee

My dreams has turned true with the CAC Bank. . through its options that meet my needs. It further goes beyond my expectations from it. Innovation in it is a feature of it. It has very nice packages and advanced services that suit any employee, travel, shopping, and transfers.. In short, it is success.

■ Business Development Group

«One team leading an institution with all VIP customers »

Due to the political, security and economic crisis experienced by Yemen in 2011, the CAC Bank was forced to stop all executive work of various development projects espoused by it. It only exercised non-executive procedures being studies, research, evaluation and information updating in addition to reconsidering the policies and strategies followed at the Bank. The Business Development Sector moved at this phase in the light of such extraordinary circumstances very tactically from the industry development policy to a policy to protect the investment achieved during the past periods. Thus, the development efforts made by the Business Development Sector emerged in this crisis. The Bank was able in the light of such a crisis to reap the fruits of the establishment of this Sector; this was through the flexibility gained by the Sector in dealing with some of the entries of the crisis and its aftermath. This was through the following:

1- It was able to predict a lot of repercussions with direct and indirect impact on the Bank and its customers, pushing the Bank towards espousing preservative investment and credit tactics, inconsistent with the policies and plans espoused by the Bank previously.

2- It espoused a defensive media and marketing policy, in the midst of a campaign of distortion and imputation suffered by the Bank during the Crisis by parties having failed to stand up in front of it in the context of fair market competition and different management ways. They tried in vain to drag the Bank to the circle of political conflict, in an attempt to weaken its role that supports the national economy in future, and to keep the economic sector in general, and the banking sector in particular exposed in front of them after the end-up of the crisis.

3- In collaboration with the Supportive Operations Sector, the Business Development Sector was able to maintain a minimum standard of



quality services, to guarantee the ATMs functionality,

and provide its services through electronic channels. This is despite the fact that the difficult working conditions imposed in 2011 (electricity interruption, lack of security in most areas, lack of fuel from the market, unintended shells shot at some branches and the building of the headquarters) forced the quality of services in all institutions to retreat, and get absent in some cases.

4- It carries out continuous monitoring of the Banks products, and determines what can be sustained or must be stopped, and in any area within the Republic of Yemen, and when, and why.

In general, this is in order to keep the Bank and its customers away from the danger zone, in the light of the crisis, and to keep the Bank provide its best services to the maximum extent possible.

In particular, each department had a role in confronting the crisis and its repercussions, and in maintaining the development achieved, and this was as follows:

Research & Development

«Our services and products surpass the present to the future to meet the needs and wants of our clients»

Despite the challenges experienced by the country in general and the banking sector in particular, the CAC Bank has continued its efforts to maintain its competitive position as the most-remarkable local bank in terms of innovation and development. It kept monitoring traditional and non-traditional products and services and methods of delivery depending on exceptional quality and typology to keep up with the requirements of the market and meet the needs of customers.





The Bank has a range of significant and unique services and products compared to other local banks. Such services and products had an important strategic role especially in the light of the 2011 crisis, as they helped many of our customers to meet their needs. They include the package of CAC Mobily, which had an important and vital role in providing basic services to our customers being « paying bills: electricity, water and various phones, transferring from an account to another, and many other services». All this is carried out at the touch of a button via customers personal mobile phone.

They also include the E-Banking service, which is an integrated banking system. It gives a customer the possibility of the implementation of many of the banking services such as opening letters of credit, implementing foreign remittances, opening foreign and domestic letters of guarantees and many other advantages.

Also, the points of sale spread in all the governorates of Yemen play a positive role, as they provided customers with security, speed and diffusion, particularly for salary disbursement.

ATMs provided quality and instant services. In 2011, their number amounted to 132, making the Bank capture the largest market share among the Yemeni banks, by 26%.

All of the aforementioned is efforts made in previous years in the development and innovation of products and services. The Bank was able to reap the fruits of such products and services in order to provide all the needs and wants of customers all the time and in all circumstances.



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.

+ 2011 Summary

102

Number of ideas

132

Number of ATMs

1,164

number of points of sale

Summary of Activity in 2011

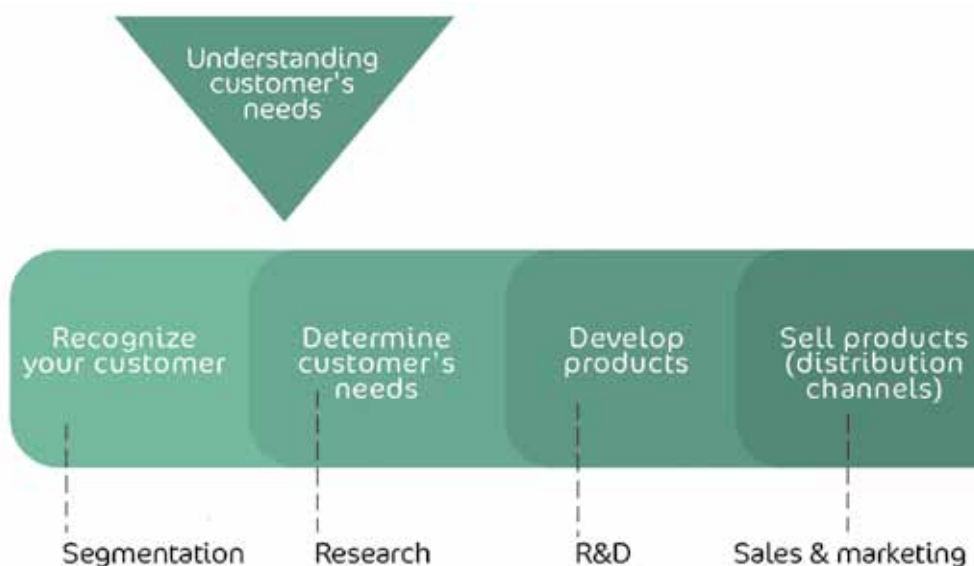
At the level of research, a set of significant market studies were carried out:

- This department carried out a study on the services provided by competitive banks and their competitiveness compared to the services provided by the CAC Bank. The study included also measurement of the service performance in the Bank compared to competitors using the (Mystery Shopper).
- It issued the Banks 20102011- annual report through a dedicated and qualified team.
- It prepared a field and technical study on the Zajil and Rahal banking packages for Yemeni expatriates abroad.
- It prepared a study evaluating products, services and distribution channels according to accurate and deliberate standards.
- At the level of development, the preparation of a range of significant banking services was completed, and they will be launched in 2012. This includes:
 - Developing the Saydati Package according to international banking standards;
 - Preparing all the requirements of the banking mobile product in partnership with MTN Yemen.
 - Carrying out complete supervision of the system of ideas and initiative awards, which is a system for evaluating all developmental and innovative ideas proposed by all the bank employees; to achieve the aim to lead the banking market in respect to product development and distribution channels;
 - Mæk Card, which is a range of services in a single card;



CRM

- It is a system which is interested in customer's feedback and suggestions ,and it deals with them quickly and efficiently through the availability of communication channels with the client such as (suggestion box, website, call center, customer service ... etc) and therefore ensures that we meet the customers' needs and desires.



Marketing

«The only outstanding and special partner for all segments of society»

Backed by its strong ties with those who deal with, the Bank, through the Marketing Department, was able to consolidate its status in the market and attract customers of all segments of society. Pursuant to our outstanding vision, the Bank has formed an emergency committee in collaboration with the Department of Call Center. The committee had an active role in the follow-up of retail operations in terms of drawing funds and closing accounts in branches, and in providing value-added marketing services to its subsidiaries in the Republic of Yemen. Relying on the relations and measurement and promotion sections, the marketing activities include:

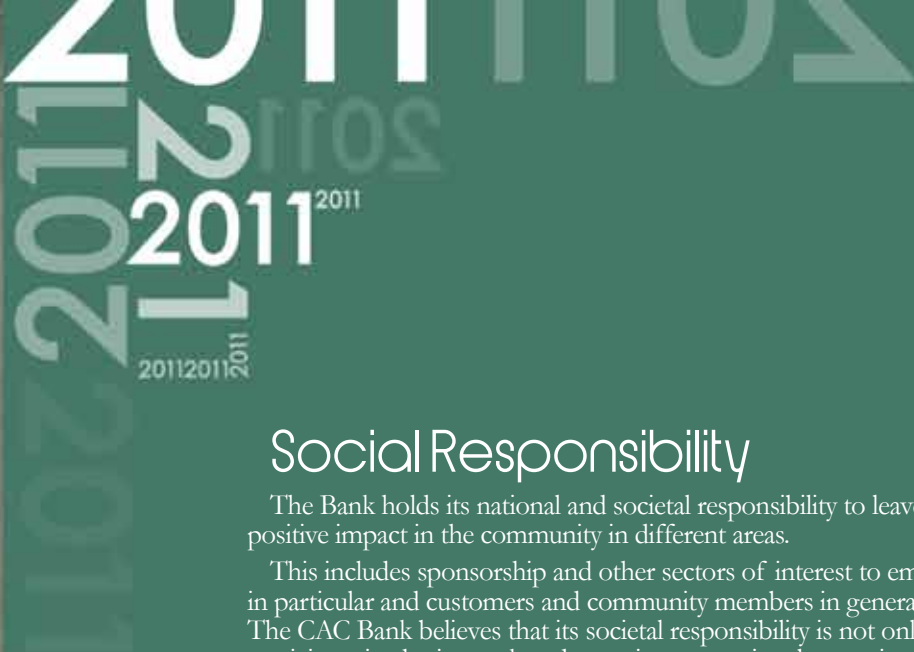




CAC BANK



20



2011

Social Responsibility

The Bank holds its national and societal responsibility to leave a positive impact in the community in different areas.

This includes sponsorship and other sectors of interest to employees in particular and customers and community members in general. The CAC Bank believes that its societal responsibility is not only a business opportunity, but also a business obligation.

- Develop a world-class work environment through the application of standardized mental image of internal and external publications.

Quality Assurance

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

The Quality Assurance Department is one of the CAC Bank departments, operating at the level of the Business Development Sector and the Bank as a whole. The Banks Senior Management gives it due attention and follow-up in order to ensure the maintenance of good and strong quality management system at the Bank. This is in order to assume the mission of guiding and adjusting the Banks policies, procedures and work methods, and to gain the fruits of the application of the concepts and principles of total quality management and contribute to the application of the Banks vision and mission. Focus is made on how customer requirements fit the work nature of the Bank and the banking sector and its regulations and laws in the country and how to benefit from the ISO requirements to achieve the Banks goals.



The Quality Assurance with its two sections: Policies and Procedures and Quality Assurance is seeking effortlessly with all its recently-available inputs to ensure the continuation of the process of improvement for the services and products offered by the Bank in the long run to its present and potential customers who represent the Banks real capital beside its highly qualified and competent human resources. To provide such products and services excellently, the Bank relies on its human resources who proved to be reliable in this regard and in introducing many modern projects and systems, which in turn have led to improving and modernizing the working methods of the bank and increasing the quality of products and services offered by us.

Projects and Systems:

- A system for evidence and models; classifying, coding and reviewing all of the models used in the Bank;
- Work follow-up system
- E-archiving system
- CRM system
- Standardizing the Banks mental image
- Supervision of the Banks internal website map
- Application of the procedure and system manuals as an output of the Bank Modernization and Development Project (Restructuring)

Summary of Activity in 2011

1- Modernizing and developing the Evidence & Model System:

The Evidence and Model System (EMS) is a system to show and explain techniques, methods and controls to provide the Banks products and services in a standardized and accurate manner, by developing manuals and forms for all the Banks products and services. Such manuals and forms explain how to provide the service and its conditions and controls and all related procedures.

This system has become at the fingertips of all employees of the Bank. Each employee is provided with specific techniques, methods and controls according to his/her job and powers to observe while providing the Banks products and services. This is also to achieve a uniform service in all branches of the CAC Bank «the leading financial institution».

2- Work Follow-up System

The Work Follow-up System (WFS) is responsible for tracking production operations, activities and work and tracing the time and place of service delivery and provision to customer. All of these processes are carried out in accordance with a predetermined standard timing production scale. The employees involved in service delivery beginning from the customer service employee in a branch and ending with the Banks senior management are linked with this system. All manually and traditionally work, mechanisms and means of the previous system were converted electronically to be compatible with this new electronic system. That is, sending requests from branches to relevant departments in the headquarters via regular mail or e-mail no longer exists in the Bank. 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 Banks branches and departments.

3- Auditing Branches and Departments

To ensure the effectiveness of the quality system at the Bank, the Quality Assurance Department in collaboration with the Internal Audit Department rushed to use the internal audit reports to note down and monitor cases of non-compliance regarding the methods and ways of service provision in branches, distribution channels and departments, and worked to resolve them and provide corrective preventive and curative actions in collaboration with relevant departments.

▪ E-archiving System :

The E-archiving system (ES) is a modern system in document archiving and it is only possessed by the CAC Bank. The ES manages documents and provides relevant departments concerned with archiving with complete electronic solutions with the aim to automate the management of documents and content. It saves all work documents in an electronic portfolio, and gives employees easy access to them from any branch or department.

Strategic Planning

«Clear future and precise goals to be achieved by the teamwork »

The impact of the situation on the awareness of the different activities of the Bank was great. It made part of what has been planned under the urgent need. There was a need to accelerate the re-ordering of priorities in accordance with those perceptions preset through the strategic plan of the Bank, the plan which was supportive of the development sector in the assessment and determination of the features of the crisis and diagnosis of its long and medium-term results.



The Bank was able to face those situations with clear and highly-skilled management for the various activities that could maintain the Banks funds and assets and the customers as well, and provide various services with a high degree of performance and excellence. This has proved to customers that the CAC Bank is the best partner in all circumstances.

Thanks to the stability of the internal situation of the Bank being the financial position, reputation, information technology, banking skills, communication, supervision, follow-up and continuous assessment by the Banks senior management of all conditions, the Bank was able to make success and get over this crisis ably. This made the Bank operates better and faster through various distribution channels. The Bank focused at the same time on the continuity of :

- Evaluating the internal and external conditions, and enhancing confidence in the Bank;
- Making services available through the network of branches and distribution channels at all times in front of customers;
- Providing its services with the highest quality and professionalism;
- Providing protection and ensuring the transfer of liquidity to the headquarters of the CAC Bank;
- Maintaining customers, responding to their requests and getting their satisfaction;
- Preparing follow-up reports for the periodic evaluation of the functioning of the various works and the implementation of goals;
- Promoting a culture of teamwork;

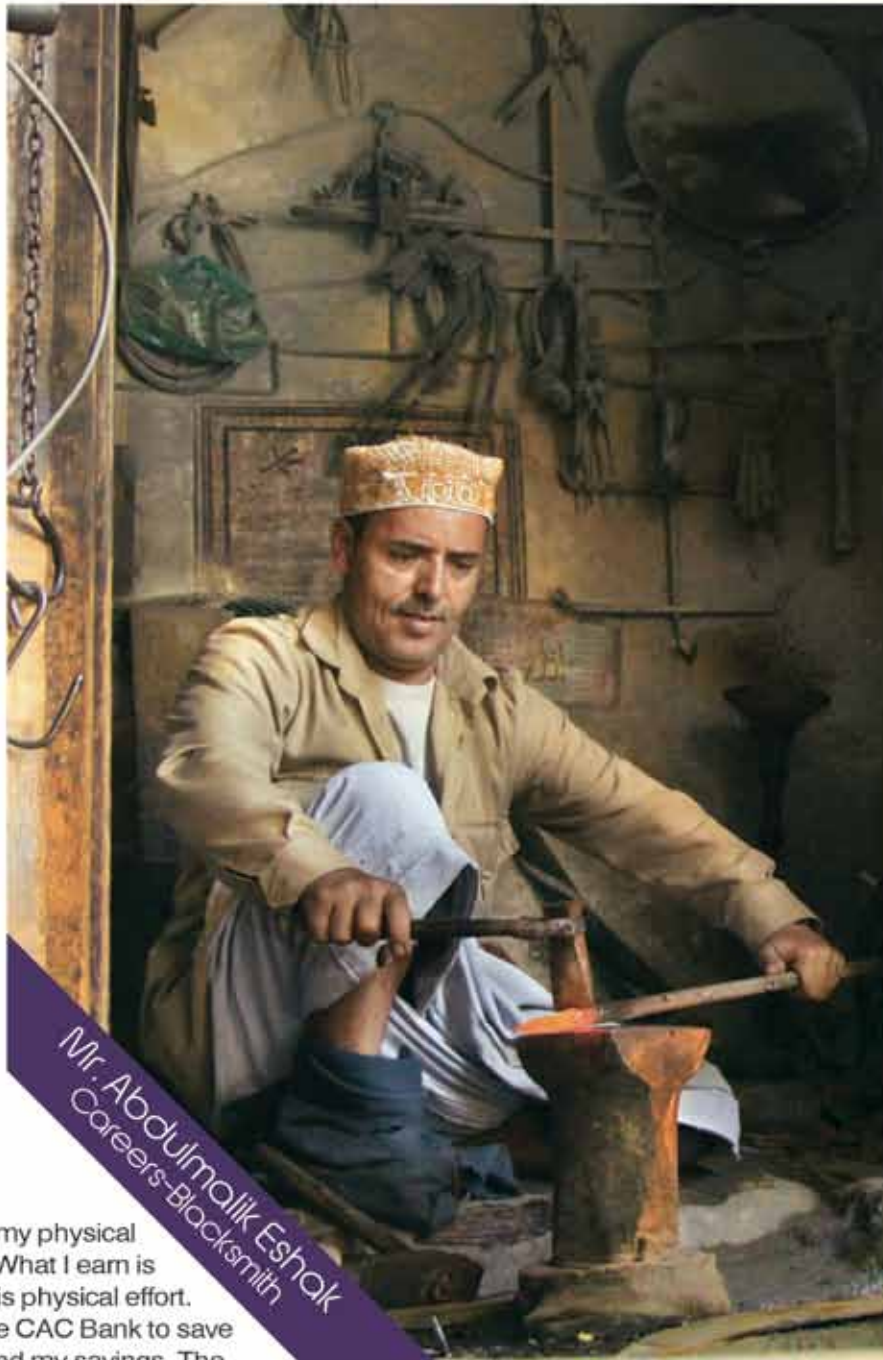
Summary of Activity in 2011

- Automating the work of the Department of Planning by setting up a strategic planning system to assess performance in respect to goals and monitor the automatic implementation of plans;
- The Strategic Planning Department carried out workshops for all the departments of the Bank to identify and clarify the performance assessment and its importance during March and April 2011.
- It carried out a workshop for the heads of departments to prepare the next strategic plan 2013 - 2017.
- It carried out a field survey to study the volume of liquidity with the Yemeni family.

+ Linkage project with the National Information Center

- It is a project in which a direct link has been set up with the National Information Center via fiber optic and an updated database has been created to provide data and information for all departments, branches and sectors. That is to contribute to the preparation of studies and banking and market researches as well as the preparation of the Strategic Plan. It also helps senior management directly to make decisions efficiently and effectively.





Mr. Abdulmalik Eshak
Careers-Blacksmith

My career depends on my physical effort alone. What I earn is a return of this physical effort. I deal with the CAC Bank to save my money and my savings. The CAC Bank is famous and state-owned, which encourages craftsmen. This makes me prefer it to other banks.

■ Individuals' Banking Services Group

«The financial instrument and banking ally closest to and best for all members of the Yemeni family in different geographical areas»

In line with the Bank's vision through which a clear vision was developed for the sector of individuals «the financial instrument and banking ally closest to and best for all members of the Yemeni family in different geographical areas», the Bank enhanced its leading role in the retail market by providing the best contemporary and innovative services and products in application of the Bank's policy that aims at reaching and approaching customers; meet their needs and desires, which makes the Bank the best option for them.



Branches and E-distribution Channels

«Closer to customers than their thinking»

Despite the difficulties caused by the political events in the country, the Bank was able to maintain its leadership 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 customers and all of their banking wants wherever they are on the Yemeni soil.





Spread and Expansion

At the local level

In 2011, Kanawis office was opened as a new office, and Baghdad office in Sanaya City was turned into a branch. Also, Belhaf and Zuhra branches were turned into offices, and three new offices were lastly established; Burkia – Aden, Muhafdhah- Ibb and Saddah – Ibb. Work will be inaugurated during 2012 in the last three offices. With such new offices, the Bank reaches new audience, enhancing its presence in new regions in all the provinces and cities of the Republic and in vital places. With such steps, the Bank maintains its leadership in this area, as it has now 51 branches, 31 offices and 3 offices under establishment. This achievement is a competitive advantage for the CAC Bank, as it is deemed to be absolute spread among all operating banks.

In the field of E-distribution channels:

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

The CAC Mobily package is one of the most important distribution channels as they incorporate a number of exceptional and unique services. Along with the 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 7 new machines in 2011 with the aim to maintain the leading and competitive position of the bank. In fact, the Bank is ahead of other banks in terms of the number of ATM's; it has 133 ATM's.



"With a touch of a button, we save your time and effort and enable you to run your accounts and meet your obligations and know all about your accounts in the Bank in any time and wherever you are, by using the SMS through your mobile phone"

- Paying the bills of mobile and landline phones and bills of electricity and water;
 - Paying the value of your purchases of goods and services;
 - Requesting for a statement of account and inquiring about your balance and foreign exchange rates;
 - Transferring funds from your account to another account in the Bank;
 - Converting between Yemeni rial and U.S. dollar;
 - Implementing many other banking services;
- There are a lot of advantages.



Individuals and Micro Enterprises

«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 retails produce is responsible for the sales of credit services to individuals and micr - 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 ensure that such applications fulfilled the required terms and conditions as part of its follow up process of branches.





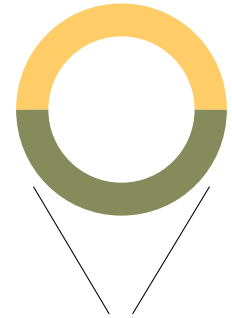
2011 Accomplishments

The political crisis threw its overshadow on the Yemeni banking market, which made a lot of banks stop granting credit of all kinds. In spite of that, the CAC Bank continued its strategy aimed at providing the best banking services, especially in the area of credit to individuals, maintaining its advanced position in granting loans and advances among banks, and also maintaining at the same time its customers. The most prominent achievements of 2011 were as follows:

- 1- The Bank launched the Eid loan (third edition), with which the Bank served (3990) customers, with a portfolio of (137,065,000) riyal. They got the service in record time and high flexibility.
- 2- A decision was made to re-formulate personal loans of all kinds (cash, food, good) for individuals in order to ensure the rights of the customer and integrity of implementation.
- 3- The Bank's Management worked to reduce the impact of the political crisis, by following branches in order to stimulate the recovery rates for the loans granted in the branches.
- 4- The Bank's Management attracted a number of ministries and government agencies that joined the salary disbursement program and guaranteed for its employees the Bank's distinctive services.

Eid Loan

Number of loans and the total amounts granted and The percentage of collection and refund for 2011 :



The percentage of collection

99,7%

■ The number of loans granted

3990

The total amounts granted (YR)

137,065,000

■ The number of loans recovered

3978

The Total amounts recovered

136,832,714

Cards

« to have a renewing diversity of cards to fulfill the needs of all types of clients and to be welcomed everywhere »

The Bank still occupies its first position among the institutions of the Yemeni banking sector in the field of issuance of local and credit cards. This was aided by the Bank's unique technological inputs and quality of provision of card services. The number of the CAC Banks cards by the end of 2011 amounted to (432,985) distributed as shown in the table below. Figures and statistics showed the eligibility of the Bank to assume such position and banking leadership in Yemen.



Different packages of credit cards:

The credit cards issued by the Bank have been designed according to the highest technological specifications. They are provided with protection and safety characteristics; the EMV smart card that enable its holder to enjoy all services of financial transactions, shopping and buying locally and internationally with ease, considering the Bank a member of the Visa International.

The Card Department functions in line with the strategic objectives of the Bank in line with its vision and core values through:

- Coordinating with the Department of Research and Development to carry out studies on new products to serve the Bank's customers to ensure they receive the latest products and superior services; modern techniques facilitate services and reduce risks. They also serve the medical, tourist and economic side;
- Expanding the issuance of Internet cards that serve a large segment of the Bank's customers, as a new and distinctive service by the CAC Bank;



+ The total of the number of cards

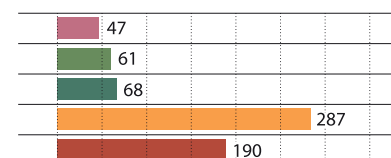
432,985
Card

The CAC Bank cards:



- Visa Gold-Classic-Electron
- Prepaid Cards
- Debit Cards
- Debit Djibouti

The cards issued abroad :



- Master Gold
- Master Silver
- Internet Card
- Visa Gold
- Visa Classic



Rural & Agricultural Credit

« To be the main financier of agricultural, rural and fishery development »

The Agricultural Credit Department is one of the most significant constituents of the CAC Bank since its establishment in 1982 as a result of the merger of both the Agricultural Credit Bank and the National Cooperative Development Bank. Organizationally, this department is a subordinate of the Sector of Individuals.

For being the main financier of agricultural, rural and fishery development, the Bank's potentials and long experience in this field have contributed to financing individual and group enterprises and agricultural and fishery associations, attracting savings, and opening accounts to achieve the government's policy to bring about comprehensive development and improvement of living and social conditions.

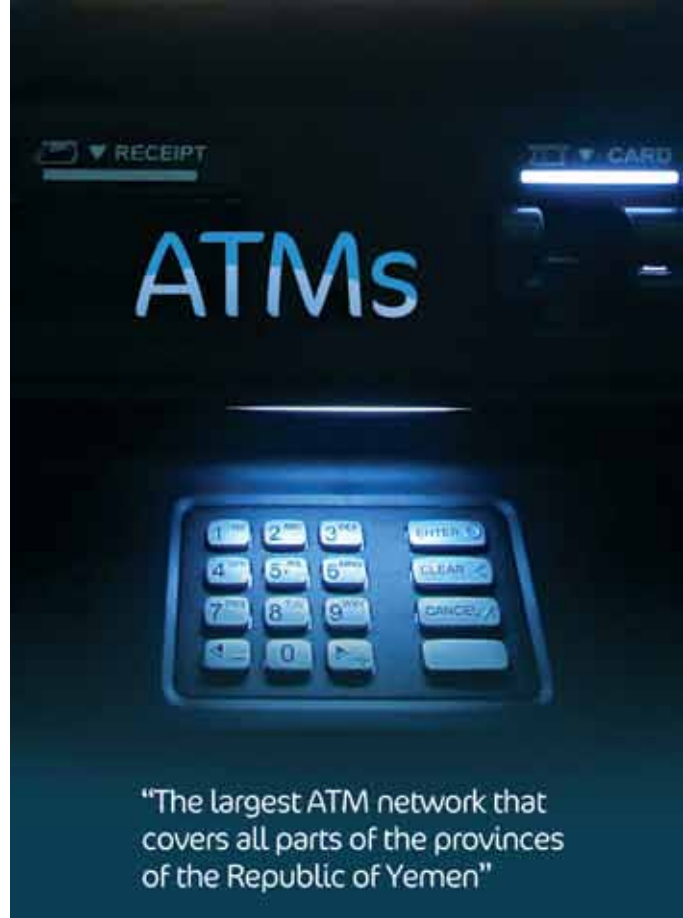




Summary of Activity in 2011

Despite the challenges and difficulties experienced by the country in 2011, the Bank and its investment portfolios in this field continued to expand in developmental services (plant – animal – fish – profession) through loans of the National Program for the Cultivation of Wheat, Other Grains and Legumes (WOGL).

It also continued to provide soft loans to small farmers and fishermen, and empower rural women to participate in various development projects. The Bank also participated in the preparation of the necessary mechanism to attract funding sources for the developmental side such as (the youth employment mechanism – the funding mechanism proposed for implementation in the YLNG - the mechanism for granting WOGL loans). It continuously works to search for sources of funding for projects in agriculture and fisheries in communication with official agencies in the State such as the Agricultural and Fishery Production Fund and Ministry of Agriculture, and other foreign agencies such as (FAO – IFAD), under the supervision of the Bank's Senior Management.



ATMs

"The largest ATM network that covers all parts of the provinces of the Republic of Yemen"

Because the CAC Bank recognizes the value of time and is keen to provide modern banking services that meet the wishes and aspirations of its clients, it has introduced the ATM service to its clients who wish to obtain various prompt automatic banking services. This service is available around the clock, including Fridays, public holidays and Eids, in excellent locations. In 2011, the number of the ATMs was (133) automatic teller machines. They save you time and effort, as they enable you to get a set of distinctive automated services.

- Cash withdrawals
- Inquiry about the balances of your accounts
- Getting an immediate brief statement of account
- Withdrawal of your monthly salary once transferred to the Bank
- Getting immediate cash by holders of the Visa and Master Cards issued by the CAC Bank or other local and international banks;

And many more ...

VIP Services

« To elevate and improve the delivery of services to VIP customers in order to benefit the Bank and achieve its holistic vision »

In application of the CAC Bank's vision to elevate and improve the delivery of services to VIP customers in order to benefit the Bank and achieve its holistic vision, we sought to provide integrated and exceptional solutions of contemporary services and products to the highest international standards and the highest levels of efficiency. These services and products are specially provided to the Bank's senior customers, with high professionalism and quality that reflects the Bank's vision towards this important segment. At the same time, investment services and products, and projects related to the management of VIP customers' large wealth and fortunes have been marketed, through employees with long experience in finance, and cadres specialized in selling skills, and also through work teams that enjoy a high level of professionalism in the management of customer relationship.

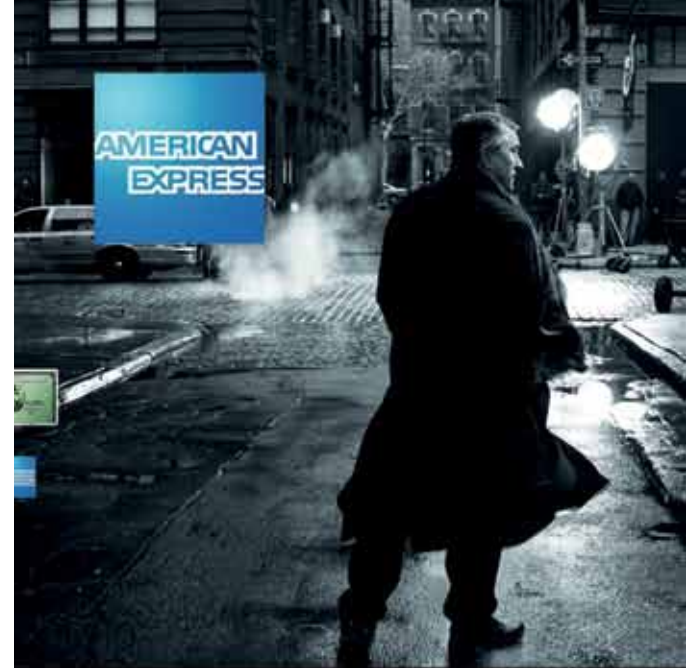


As part of the process of constantly improving and restructuring the Bank. Owing to the significance of VIP customers, it was decided to create the VIP service department in charge of professionally providing such customers with high quality services. This is so that the Bank's demonstrates and reflects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

Summary of Activity in 2011

The VIP Department was able to:

- 1- Carry out the customer 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 customers in the banking market; this base incorporates individual customers to be offered diverse and rich packages of CAC banking products and services.
- 2- Begin designing a vision in line with its strategic plan and relevant international standards and in conformity with the local market.
- 3- Prepare a package of products for VIP customers.



Robert Fleming

My life. My card.

"Characteristics of American Express Cards"

- Using the card in purchases in any country in the world;
- Easy and safe use;
- Providing benefits to its holder in more than 100 hotels in the world;
- Rental cars
- Providing features in several airports in the world (Lufthansa, Egypt Air, Air Jordan, Scandinavian Airlines);
- An annual subscription, without any commission when making any operation;
- The greater the use of the card the more points you have, one point is added to client's balance in every dollar;

Small & Medium Enterprises

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

The Small & Medium Enterprises Department is one of the most crucial structures affiliated to the individuals sector.

Founded in February 2010, the Department is committed to manage and run the activities and operations pertaining to small and medium enterprises credit. Along with attracting new customers, it is obligated to develop 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 the planned objectives and ensure the satisfaction of the CAC Bank's customers. The Department 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. Also, in addition to doing credit evaluation for the CAC Bank's customers, and monitoring and analyzes the performance of the credit portfolio, the Department is committed to study the amendments required for funding for all target segments.



Summary of Activity in 2011

Despite the difficulties faced by the Management and the rest of the other departments in the sector during 2011 due to the crises experienced by the country, the Management participated actively in training and qualifying the management cadres through the presence of several quality courses in the following areas:

- (Course in the evaluation of banking customer)
- (Course in technical and economic feasibility studies for small and medium enterprises)
- (Course in workflow system)
- (Course in the management preparation for the annual plan for 2012)
- (Course in credit policies)
- (Course in statistics)
- (Symposium on small and micro finance)



Points of Sale

The POS Service (CAC Bank Network) is an E-transferring method of funds, enabling you to pay the cost of your purchases at any shops or supermarkets with this service. In fact, there are (1164) POS's scattered all over the country.

The CAC Bank provides the POS Service with the highest quality standards using the best techniques along with speed in the implementation of any operation while maintaining the security and confidentiality of information and providing support and maintenance. We also provide clients with a statement of the POS operations weekly or monthly depending on demand. Further, all POS machines could carry out automatic or manual budgeting to save merchant's time and effort.





Muofo'a Al-Sayani
Businessman

Building and construction are of the most important investments that have proven their usefulness and profitability of their legitimacy and revenue.. Since uniqueness is a word equaling the CAC Bank in my opinion, so when I need it it meets my needs, and I find it beside me when I need support. It is a true partner for the implementation of all my work.

■ Corporate Banking Services Group

«To be the only destination for all companies operating in Yemen»

The Corporate Sector provides all kinds of credit services for domestic and foreign enterprises in accordance with the needs and requirements of each enterprise and in conformity with its services. 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 regard to various economic sectors.

Facilities are offered in that way that meets the requirements of the activity of every company in accordance with its requirements, and serves the overall national development, in the intention to fulfill our responsibilities towards the society to which we belong.

We aim at providing the optimal services with the possible speed and with high professionalism. We constantly work on enhancing and establishing strong relationships with our customers rather than focusing on short-term profits.



In the light of the changes that occurred in 2011, this sector turned to maintain its distinctive customers on one hand and taking caution and prudence into account on the other hand in granting credit of all its kinds (loans – financing activities). It further turned to direct its activity to improve the debts existing by virtue of the banking relationship that represents the overall management for customers dealing – this can be explained as follows:

Loans and facilitating activities by sector per thousand riyal

2010	16,867,283	29,742,839	30,852,810	77,462,932
2011	18,919,858	26,195,953	11,075,484	56,191,295

- Industrial and Agricultural
- Contracting and Real Estate
- Commercial

Contingent Liabilities and Commitments:

Documentary credits

2011	14,116,552	4,148,933	9,967,619
2010	26,339,320	4,833,476	21,505,844

- Value of liability
- Insurance withheld

Letters of guarantee

2011	37,636,367	7,933,407	29,402,961
2010	49,527,358	11,219,186	38,308,172

- Industrial and Agricultural
- Contracting and Real Estate

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.



Loans according to indicators of economic feasibility:

Financing is offered to projects on the basis of the indicators of the relevant feasibility study and project assessment done by the Banks experts. Moreover, the process of granting credits for the agricultural and industrial activities are governed by the CBY's instructions and CAC Banks credit policy, taking into account the concentrations of credit that may affect the Performance of the Bank.

This administration offers the following services:

- Financing of production requirements and materials;
- Financing of the purchase of machinery and equipment;
- Provision of other commercial services;



CAC Online

The safest..
the fastest..
the easiest..



To keep pace with the wishes and needs of our customers and facilitate their banking needs and provide them with a safe environment (CAC Online Service), via the Internet:

- Security of data and banking operations on the high degree of security and confidentiality through advanced technology;
- The possibility to use this service within 24 hours;
- Enabling a client to have access to the operation that he wants to do and review his accounts;
- The possibility to use the service from anywhere where the Internet service is available;
- Easy procedures, higher quality and less time to complete banking transactions;



Services for Real-Estate, Commercial and Contracting Companies and Corporations:

The administration manages the database of commercial and contracting companies and corporations in terms of the credit relations with them, follow up their accounts, provide the service required by them in terms of credit facility, and supervise the implementation of the relevant procedures.





Services for Real-Estate and Contracting Companies:

The administration provides customers with specialized services for real-estate and contracting activities, and they are as follows:

- Funding real-estate investment (commercial – residential - land development);
- Providing loans on already accomplished works; and
- Giving letters of guarantee;

For sure what really enhances and supports the provision of real-estate financing and meeting financial needs for customers and offering all banking services is the presence of highly-qualified staff specialized in studying the various requirements of real-estate market, and being capable of marketing a group of our banking services to fulfill customers' various needs. This is done in conformity with current and future cash flow. Our staff further offers 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 Bank provides domestic and foreign companies with all forms of credit facilities convenient and suitable for them to meet their own requirements. Being used to finance working capital, these credits facilities include the following:

- Overdraft
- Short and mid term loans
- Documentary financing
- Documentary credit for exportation and importation
- Documentary collections
- Letters of guarantee



e_Banking

e-Banking

"It is an integrated banking system that gives clients the possibility of implementing many of the banking services from anywhere in the world at any time, through the Internet."

- Opening letters of credits from anywhere in the world;
- Implementing foreign transfers;
- Opening foreign and domestic guarantees at any time;
- Transferring from an account to another account in the same accounts of the client;
- Paying all kinds of bills (electricity – water – landline phone – mobile phone);
- Reviewing account statements and inquiring about exchange rates;
- Reviewing credit ceiling and opening current accounts;



We
accompany
you
wherever
you go..



I dealt with the CAC Bank soon. Actually, the Bank's strong fame attracted my attention besides the large number of branches, packages, services and a range of cards.. things that meet the different needs and keep pace with the time.

■ Bussiness Support Group

«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 processing a strong loyalty and belongingness to their pioneering institutions»

Under the vision espoused by the CAC Bank, and its strategic mission that brought in in line with the corporate identity of the Bank, the Support Services Sector (SSS) comes as one of the most important administrative steps for the organizational development and modernization that the Bank gives considerable attention. That is because the SSS bears upon its shoulders compliance with legislation, regulations and general instructions, as well as the management of the Banks activities related to the management of human resources, financial affairs and administrative services, participation in the review of strategies and objectives of the Bank, contribution to the development of action plans and follow-up of application to ensure the achievement of these objectives and serve the current and future trends of the Bank.



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

Human Resources

« 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 »

To provide support and assistance to all departments, branches and offices to attract, recruit, develop and motivate the staff and to assess their performance and sustain the best qualified human resources, by focusing on the development of business systems, improvement of employee performance, and raise of their abilities to enable them to achieve the goals contemplated.



2010 Most Salient Accomplishments:

Despite the atmosphere of political crisis experienced by the country during the year 2010 and its impact on many corporate activities, the human resources administration has been able to accomplish a set of task, the most salient of which are as follows:

1- Application of the new wage structure of the consulting firm according to Package (4) as one of the outputs of the Project of Bank Development and Modernization; the application has resulted into the achievement of a number of objectives, including:

- The salary system of the Bank has been unified. This includes the head office staff and staff in branches, and regular staff and contractors.

- The Bank owns now a written, adjustable and developable system for salaries and incentives to keep pace with the change in the activities associated with the outcome of the Banks business.

- The gap that existed in the light of work with more than a formula for wages in the head office and branches and between regular staff and contractors has been bridged.

2- Implementation of a comprehensive program of health care for employees and their families, and giving them health insurance cards that enabled them to get all the services and medical care through a vast network of hospitals and health centers;

3- Providing employees with material assistance through the school subsidy to help them enroll their children in primary and secondary schools;

4- Issuance of the life insurance policy for all workers, and providing the families of the deceased with lucrative material compensation;

5- Conducting a survey of the workforce of daily wage, collecting their data from branches, including such data to human resources database and archiving their files;

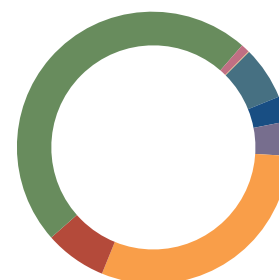
6- Taking a number of actions for dealing with situations of non-performing workforce and ending their service and thus adjusting the spending of Part One;

7- Re-qualifying numbers of workforce that were in case of job failure in areas and redistributing them to branches to meet requirements in some works;

8- Continuing to building support systems for human resources management;

9- Studying staff complaints and grievances; analyzing them and making decisions on them after the application of the wage structure;

Qualifications until the end of 2011



PhD	1
Masters degree or its equivalent	20
Bachelor s degree	919
Post-high-school diploma	141
High school	579
Elementary certificate or its equivalent	78
Basic	58
Others	122

A report showing the number of employees (males - female)

2011	1591	327	1919
2010	1435	239	1674
2009	1481	237	1718
2008	1381	231	1612

■ Males
■ Females

Finance Department

« To incorporate administrative units and operational activities into investment centers to achieve optimal returns»

The Finance Department is regarded as one of the main pillars upon which the Bank depends to implement its work. All the results of the financial operations carried out from and to the Bank accounts are accumulated in this department through various electronic documents and reports.

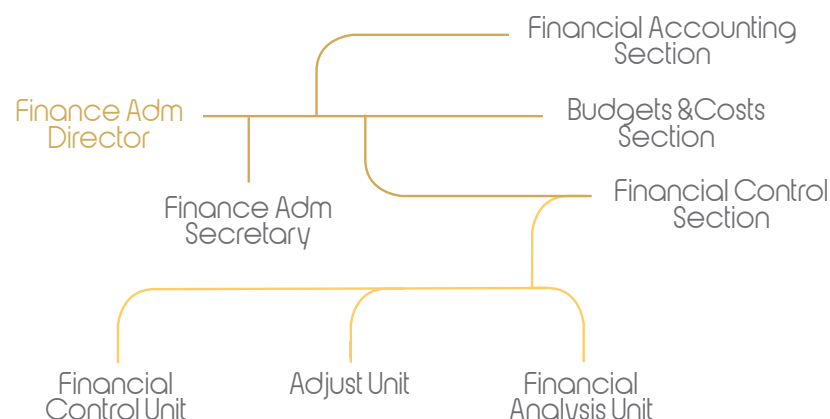
One of the tasks of the Finance Department is also to make sure how true the entries and their relevant documents are and how true the accounting direction of such documents is. It also adjusts the Bank balances, internally and externally, and adjusts expenses and revenues of the Bank in general, and evaluates the Bank's business through the tasks of financial analysis.

It is also responsible for drafting financial reports for internal and external beneficiaries of different affiliations and segments and participating in the devising of the Bank's strategic plans and following strict and effective means of controlling the performance of all the branches with regards to their work; this is to issue true and real financial statements and prepare monthly performance reports.



Financial management within homogeneous system work

The Finance Department recruits a qualified staff with extensive experience. They are versed of performing work internally, and are capable of organizing relations with external parties effectively and excellently, and they are distributed in this department as follows:



This diversity in sections of the Finance Department and work division comes to ensure careful application, on the part the Senior Management, of its tasks in accordance with the Procedure Manual and modern international standards.

2011 Most Important Accomplishments

- Preparing the financial statements of the Bank in record time;
- Preparing estimated budgets and getting them approved by the competent authorities;
- Establishing the Financial Analysis Unit;

Introducing a modern e-system to manage the Banks fixed assets;



Sustainable Orders

The CAC Bank helps you meet your periodic obligations easily, via sustainable orders, which are an authorization granted by you to the Bank so that it makes repeatedly transfers from your account. It is usually in the form of a set amount that is transferred at a time from your account/ current accounts/ saving accounts, after the sufficient balance is available in your account.

- Saving time and effort exerted to implement repeated banking transfers, meet obligations or pay bills in cash;
- Carrying out regular payments for your financial obligations through your current account or saving account, making you assured that your financial obligations are met on time;
- Scrutiny of banking transactions through a notice served to you in each time a transfer is made;
- Flexibility in services, where you can give sustainable orders in all major currencies;
- The possibility of changing orders at any time;
- The possibility of saving, where you can give orders to implement automatically regular and periodic transfers to the "saving account" or "time deposits" or your own;
- An easy, safe and quick way to pay regular bills and subscriptions by debiting from your account;
- It provides you with fixed instructions to do regular payments at specific times, so that you meet your financial obligations – you can record your fixed instructions at any of our branches – we guarantee that you will transfer your payments on time;
- This service is available to all our customers with a small fee.

Performance Development (Training) Department

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

The Performance Development Department (PDD) sought effortlessly to apply one of the most important core values of the Bank «attending to human resources and developing their capabilities» through the development of staff knowledge and capacity-building. This was through specialized training programs whose implementation was entrusted to qualified instructors. That is because the CAC Bank holds the belief that the efficient and trained human element is the major drive behind making an institution successful and realizing its growth, development and distinctiveness. Despite the unpleasant atmosphere of the political crisis, and its hard security implications that prevented the application of the training plan for the year 2011, the Bank held (76) training programs targeting (1223) male and female employees at the level of the head office and branches. It thereby bypassed the difficulties that have hampered movement inside cities and among cities.





Automation of Performance Evaluation System:

The Performance Evaluation System (PES) for the workers in the Bank is regarded one of the most important main functions of the PDD. The training process is linked to the PES which reveals aspects of the training needs of the staff on the one hand and stimulates the human resources to dynamically interact to achieve the objectives assigned to them.

In this regard, an e-system has been devised to evaluate staff performance by converting the system contained in Package (6) of the Development Project into computer screens and e-records. Through this new mechanism, directors of departments, branches and sections can automatically monitor the achievements of their staff and the positive and negative aspects in their performance, and stand over progress in achieving the goals. They further become able to correct any errors in performance and stand on the strengths and weaknesses and address them through drawing a training program to meet the shortfall detected upon the evaluation of performance.

This system also provides a fair evaluation process based on careful monitoring and documentation of the employees performance during his tenure.

In order to put the PES into practice, a series of training courses has been held, and the system was set up in hardware for directors of departments and heads of sections and units to help them in the management and operation of the system and evaluation of performance as a prelude to link incentives, promotions and bonuses to evaluation results.

+ 2011 Summary

76

the number of the programs implemented

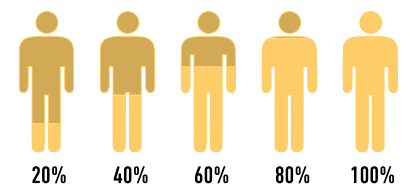
1223

the number of beneficiaries



Banking Training Institute BTi

■ The Banking Training Institute is 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.



Administrative Services

« To have an ideal work environment to make success a reality »

Demonstrating the CAC Banks overall vision to have a convenient atmosphere with modern facilities geared to fulfill both the staff and customers satisfaction, the AS administration achieved the following: Executing renovation and maintenance work for a number of the Banks different branches and offices scattered across the country; Providing all needed purchases, supplies and services such as security and protection; Overseeing cleaning all the Banks facilities, Overseeing all activities of maintenance for buildings and equipment of the Bank; Overseeing new construction works, extension works for the Banks buildings, or establishment of new sites for ATMs; Overseeing the movement of incoming and out-going mail and correspondence; Managing warehouses and controlling periodic inventory;

The AS recruits efficient employees distributed in three sections: Buildings and Administrative Services – Procurement – Secretarial and Documentation



Training Center

《To be the global center for banking professionalism》

In the presence of a specialized training center with its latest training methods and ideal training environment in terms of location, lighting and air-conditioning, the Center has contributed to accommodate many of the specialized training courses. It held (21) training courses out of (76), targeting (448) employee out of (1223) with total hours of (283).

E-Library

Believing in the significance of raising the level of transparency, access to information and vocational and academic awareness for all employees of the CAC Bank, the Senior Management of the Bank sought to establish an electronic library seeking to achieve many aspirations. It intends to cause positive effect on the quality of performance, maximize the size of staff benefit at this phase and make the E-library a help to them in the application of these outputs, despite opening was modest in terms of scientific knowledge quantity compared to what the Bank aspires.

The library contained all the information and knowledge needed to apply the outputs of restructuring. It worked hard to provide an appropriate number of comic and recorded training courses, and to provide through its interactive forum direct discussion with competent officials to answer different queries for all staff. It also sought to transmit important events in various meetings and different occasions, in order for our staff to see such events by themselves, clear the vague seen in some of the decisions and actions, and replace that vague with the light of knowledge, and also eventually to establish trust and deepen loyalty to our institution.

The following table shows the number of books, periodicals, audiovisuals and programs, as well as the number of views, readings and loading.

Interactive Forum

It is one of the modern electronic services offered by the latest sites on the intranet or internet. The number of participants in the forum reached about (601) male and female participants, and the number of replies was nearly (289). This service aims at creating an interactive environment among all kinds of visitors of these sites, as well as with the managers of these sites. The forum actively contributes to extrapolating the general situation of the facility, and helps decision makers to take into account all considerations before making any decision. It also provides staff with opportunities for debate with the Senior Management as per of the specialty of each that would create a mean of direct and effective communication and bottom-up data follow, and help the Senior Management in the making of future plans and policies.

+ Content of the e-library

863

Books

785

Periodicals

55

Audio & Video

46

Educational programs

97

Reports & Statistics

Number of views, readings & downloads

14385	
9206	
14520	
2813	
3392	

- Books
- Periodicals
- Audio & Video
- Educational programs
- Reports & statistics



Mohammed Salah
Wholesaler

Good fame..
excellent services..
What caught my
attention more was
the staff..
When a client deals
with them we find speed
and responsiveness in service
delivery and facilitation of
transactions. This is very good.

■ Banking Operations Group

«To improve the performance of banking operations using the best global systems, through an extensive network of international banks to achieve a high level of satisfaction for our customers»

The CAC Bank continued over the year 2011 to strengthen its competitive position towards the implementation of good policies. Particularly, it worked to increase business opportunities abroad, maintain privileged banking performance with correspondent banks, and build a strong and leading mutual relationship around the world. This comes in addition to its advanced technologies characterized by speed, safety, quality and modernity, in order to meet the aspirations of our customers and keep pace with global developments in this area.



Ameen Yahya Alsanabani
CEO's Deputy for Banking Operations Group

International Operations

«To work on the satisfactory selection of the most preferable customer banks from among foreign banking institutions, capable of implementing international banking operations»

During the year, particular focus was made on the quality of service and enhancement of revenue, through the revitalization of commercial banking services and provision of greater flexibility in use by customers in the face of challenges. This is to prove and promote the concept of delivery of banking service at any time and in any place.



Summary of Activity in 2011

The Bank proved leadership in the banking market, and proved itself as an integrated center for providing all banking services in the exceptional circumstances experienced by the country and the region in general. In spite of this and in light of the harsh political and economic conditions and their negative impact on all commercial and economic activities, the administration has sought to maintain a high level of productivity and implement the settings of the application of policies and work actions in accordance with the Restructuring Project.

The Bank also received the STP-STP Excellency Award for the excellent quality in external payments



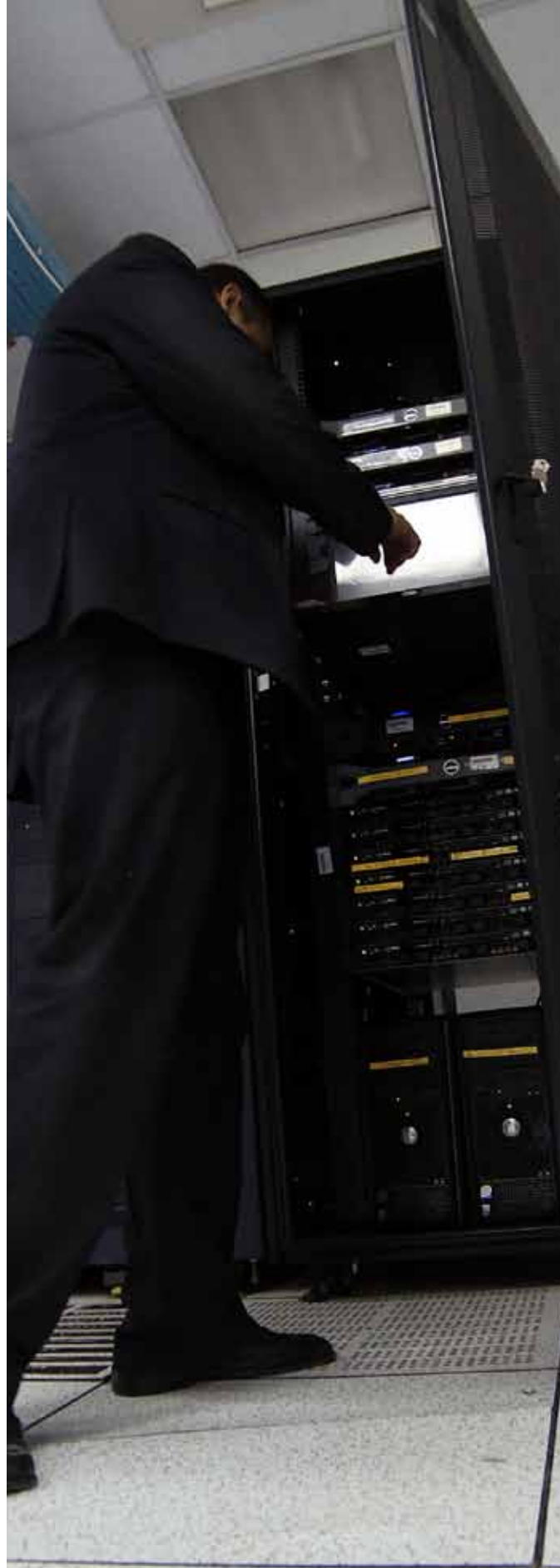
+ Technological infrastructure

- Set of supplies and electronic equipment (hardware), and specialized systems (software), and modern and updated networks, which allow provide modern banking services of international quality (safety - speed - accuracy - interdependence)

Information Technology

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

In 2011, focus was made on customers to meet their requirements and expectations, since they are the main focus of our attention. The latest technical and technological systems acquired by the Bank helped to offer banking services efficiently and in high quality, which achieves our vision and enhances our leading position.





Summary of Activity in 2011

At the level of development and application of systems, the following was done:

The store system was applied to all the Banks branches, and the SWIFT system was updated to new versions to keep up with the evolution of the system globally.

Furthermore, E-systems, including Quick Money Transfers, CAC Mobily, E-Banking and CAC Bill payment were developed under the supervision of an excellent professional team.

field of application of local and international security:

Advanced systems and networking equipment have been developed to double the safety of the Banks information network. In addition, the Bank uses the best systems in the world for electronic payment. This includes the power card system, and card printers to print cards of various types: local and international, using the latest methods of technology in the world; EMV.

+ Performance standards:

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:

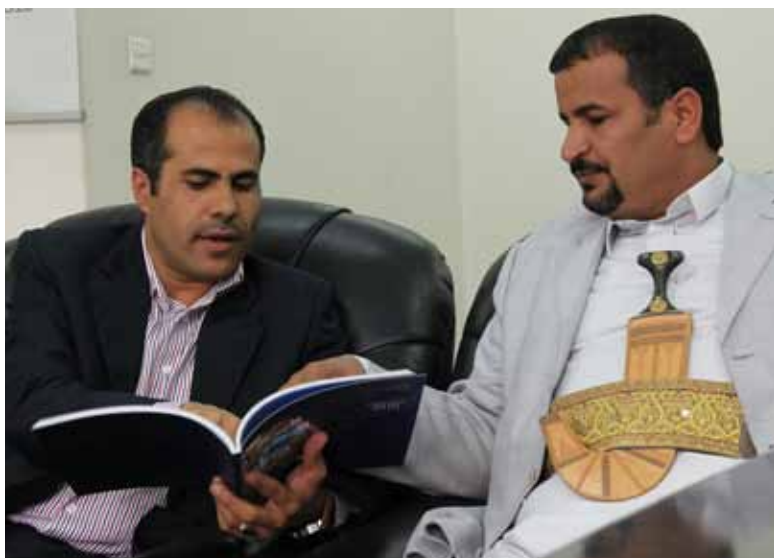
To establish a mutual trust with IT service providers and giant foreign firms as an extension to the IT support we provide in the bank.



Quick Money Transfer Dept

The Quick Money Transfer Department (QMT) is an important department of the Bank in terms of overseeing the transfer of funds in cash, directly and quickly through a modern E-system. Transfers are given within moments.

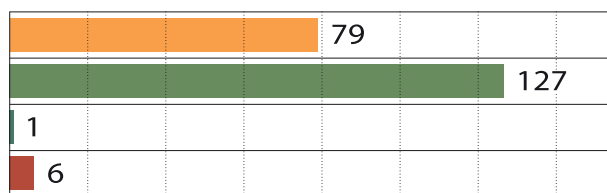




Summary of Activity in 2011

2011 witnessed an increase in the total number of foreign transfers carried out through the QMT with banks and offshore companies, and also in their amounts. The number of foreign transfers «in cash, and to account» carried out over the year 2010 was (227,997) transfers, while the total number of foreign transfers «in cash, and to account» over the year 2011 was (255,229) transfers, with an increase of 12% from 2010.

Moreover, 2011 witnessed five additional agents to provide the QMT services. The number of the POSs that provide the QMT services becomes, then, as follows:



- CAC's internal POS's (branches and offices)
- Other agencies/entities internal POS's (exchange firms)
- Overseas POS's (International CAC Bank - Djibouti)
- Other agencies/entities overseas POS's (exchange firms)



Quick Money Transfer

Transfer of Funds in Seconds

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

- The possibility of receiving the transfer by a recipient from any branch or center in the Republic of Yemen- in 2010, they were 81 branches and offices;
- Competitive and drastically discounted commission rates;
- Easy, secure and fast sending and receiving of a transfer from any center and/or branch providing this service;
- A wide network of branches, offices and domestic and external money exchangers in the Gulf States;
- Working hours from 8:00 am to 8:00 pm including Fridays and holidays;

International Relations

«Link the CAC Bank with a wide network of global correspondents to be wherever our customer thinks »

The CAC Bank has excellent relations with a wider network of correspondents on a broad global scale. We have currently international dealings with (250) banks around the world, which makes the CAC Bank the most pioneering bank that has a strong position to consolidate its name and also strengthen its status in order to serve customers.



Summary of Activity in 2011

The Banks business was expanded with Orient Bank/New York, where a dollar and visa accounts were opened. Also, a euro account was opened with Orient Bank/ Dubai. With continuous work, new accounts were opened over the year 2011 with the following banks:

- 1- UAE banks: National Bank of Abu Dhabi and Emirates International Bank
- 2- Opening the yuan account; Kommers Bank/China
- 3- Opening the BMCE account/Spain
- 4- Opening the Deutsche Bank Bank account/Germany



E-Banking Project:

The number of operations carried out via the E-Banking System increased significantly in 2011. The number of operations totaled to (41,124) operations, with a growth rate of 59% from those of 2010.

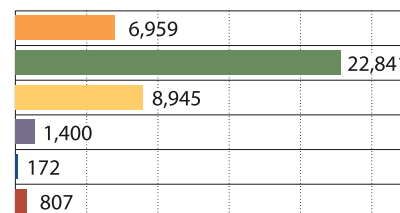
The number of customers who used the E-Banking over the year 2011 reached 351 customers.



+ 2011 Summary

41,124

Banking operations through the e-bank



- Paying bills
- Internal remittances
- Foreign Remittances
- Internal Guarantees
- Modifying documentary credits
- Letters of Credit

Note: exchange rates accord with the current price.

Central Operations

«To have the fastest delivery and most accurate implementation reflecting quality standards and banking business norms »

With regard to the operations of the central operations, (164) deposit accounts were opened with correspondent banks over the year 2011. The number of correspondent banks deposit accounts increased by 61% from 2010.



Accounts of treasury bonds were opened over the year 2011 achieving growth in the amounts of treasury bonds from 2010 as follows:

- For the period of 91 days, 145 treasury bonds totaled to an amount of (YR326,438,370,000.00), with a growth rate of 2% from 2010;
- For the period of 182 days, 27 treasury bonds totaled to an amount of (YR43,707,270,000.00) with a growth rate of 37% from 2010;
- For the period of 364 days, 33 treasury bonds totaled to an amount of (YR41,400,000,000.00), with a growth rate of 86% from 2010;

The percentage of total revenues of treasury bonds and interests of foreign, local and correspondent banks over the year 2011 increased by 24% from 2010.

Reinforcements of correspondent banks over the year 2011 increased by 128% from 2010, and the percentage of feeds of correspondent banks over the year 2011 increased by 91% from 2010.

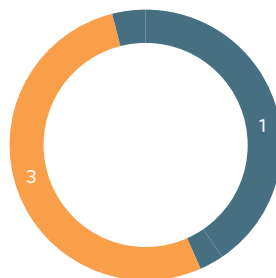
Growth of Employees number in other agencies & their salaries

Total Number of Employees in other agencies

2011	95113
2010	88689
2009	64359

Clearing Checks in YR

	Number	Value
1 checks submitted by the Bank	30352	103,040,058,877
2 checks returned to the Bank	2167	7,335,821,681



+ 2011 Summary

164

Number of deposits opened with corresponding banks

%61

Rate of increase in the number of deposits, which were opened with correspondent banks for the year 2010

%24

Rate of increase in total revenue in treasury bills and the benefits of foreign and domestic and correspondent banks for the year 2010

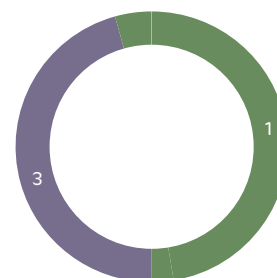
%128

Rate of increase in enhancements of correspondent banks compared for the year 2010

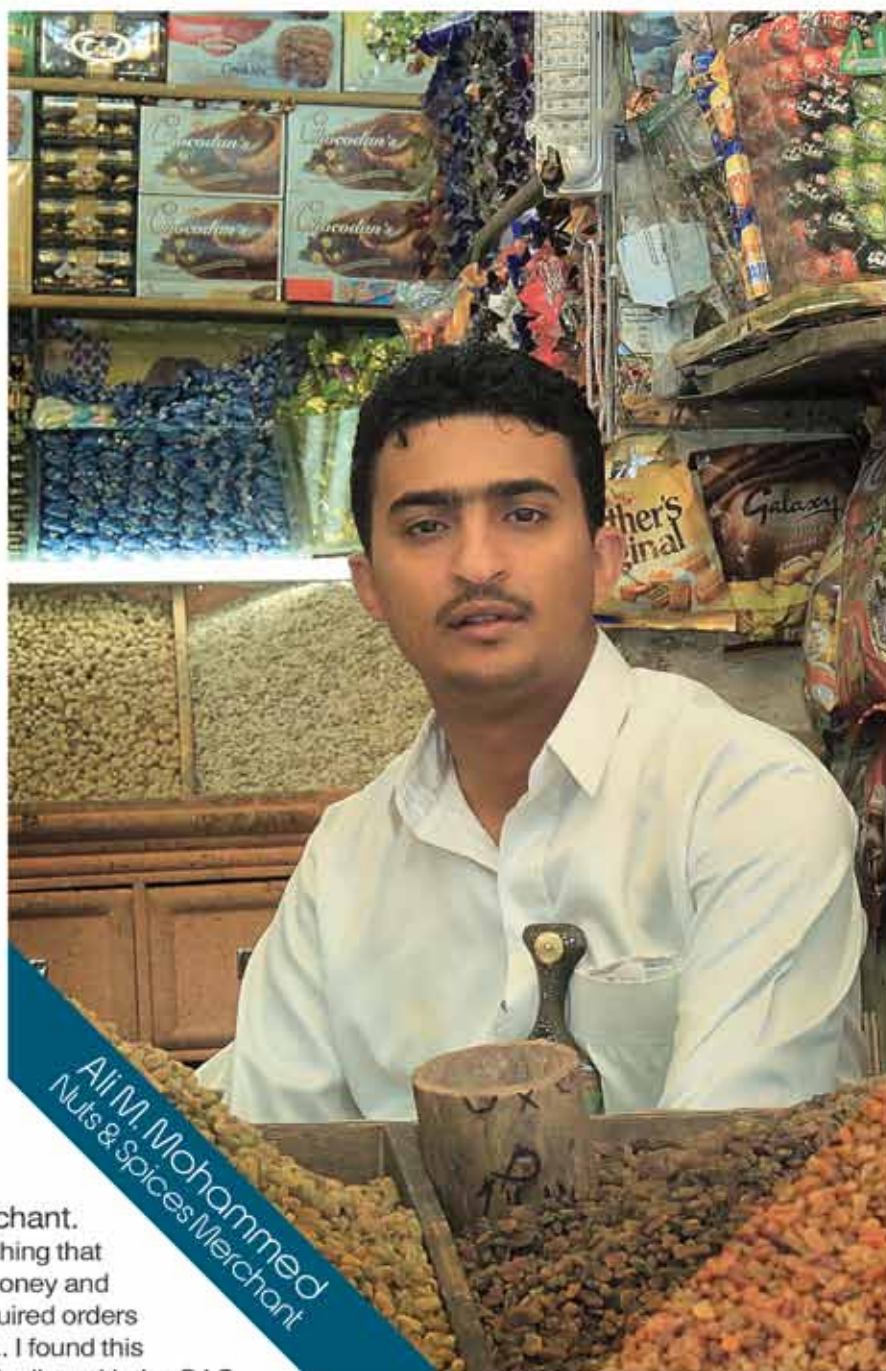
%91

Rate of increase in feeds of correspondent banks for the year 2010

Clearing checks in U.S. dollar



	Number	Value
1 checks submitted by the Bank	7307	215,393,859
2 checks returned to the Bank	407	21,846,643



Ali M. Mohammed
Nuts & Spices Merchant

I am a merchant.
I need something that
secure my money and
meet my required orders
and services.. I found this
through my dealing with the CAC
Bank. It has good employees. In
my opinion, it is one of the best
banks in Yemen.

■ Islamic Finance Group

«To be your first destination as your banking partner, with innovative Islamic solutions »

Sector's Vision:

«To be your first destination as your banking partner with innovative Islamic solution»

Sector's Mission:

The Sector intends to provide the CAC Banks customers 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 society.

Essential Values:

- To abide by Islamic Shari'aa provisions and teachings in carrying out its various relevant activities;
- To take into account that the satisfaction of our customers is the yardstick for measuring our success.
- 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 customers;
- To establish a sense of belongingness;
- To take part in the process of socio-economic development of our people;



Dr. Salim N. AlShohtri
Representative of the Ministry of Local Administration

New Banking Vision:

Islamic Finance as one of the sectors of **CAC Bank** and as its motto and name implies and reflects its own 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 technologic advancement as well as unprecedented progress in relevant work atmosphere and management perspectives and methods.

The foundation of this new sector came into being as a natural outcome to the **CAC Banks** 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 unparallel banking and financial practices, the Bank realized that services based on Islamic teachings are no exception.

The successes achieved by the **CAC Bank** constitute to be a living evidence for its long-term perception, emphasizing the service of customers 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 Banks Senior Management attempts to achieve the Banks future ambition- to be the pioneering financial institution in this business.

Foundation of CAC Islamic Group

The foundation of this sector was due to a number of crucial and vital reasons. One is to affect the BOD's decision, and another is to continue providing the society 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 CBY'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 and independent Islamic Control Body to offer to all customers financial and banking solutions and advice in accordance with the precepts of Islamic Shari'ah. This body was formed to include a number of highly-honorable Islamic religious scholars, as follows:

- Prof. Dr. Hasan Ahmed Al-Ahdal Chairman
- Dr. Saeed Al-Himyari Member
- Dr. Lutf Al-Sarhi Member

A final work permit was obtained to practice the Islamic banking through the establishment and inauguration of Islamic branches.

The Bylaw:

A separate bylaw has been set up for the Sector, in accordance with the CBY's requirements. The bylaw contains (16) articles specifying the standards and regulations to be followed by the Sector in its activities, in accordance with the Law of Islamic Banks No. (16) for 2009 amending the Law No. (21) for 1996 on the permission of commercial and traditional banks to open independent branches in the Republic of Yemen in accordance with the Islamic Shari'ah and the controls established by the CBY.

\$5,000,000 was allotted from the Banks capital as a capital for the Sector.



Dr. Riyadh Abbas Alkirshi
Acting of Executive Director of Cac Islamic

MyCards



First Islamic Banking
For governmental Bank..

Organizational Structure:

An integrated organizational structure has been built, under the outputs provided by the consulting firm. One of the most important outputs is to re-structure the Bank, which took place recently. The Sector is featured by the following:

- Application of the provisions of Islamic Shariaa in all banking and investment transactions;
- Application of the method of participation in profit or loss in transactions;
- Compliance with (development- investment) characteristics in investment and banking transactions;
- Application of the method of financial intermediation that is based on participation;

Application of Islamic values and ethics in the banking business

The Sector was keen to achieve specific goals for its customers such as providing banking services with high quality, as well as providing financing to investors through the investment of the funds deposited with it through the best investment channels available, and finally providing security depositors and gaining their trust through the provision of permanent cash to address the potential withdrawal of customer deposits, especially the deposits on demand without the need to liquidate fixed assets.



Own
Your Dream's
house
with..

Baytee



From Inma'a

First Islamic Banking
For governmental Bank..

Islamic Products and Deposits and Islamic Finance in the CAC Islamic:

To achieve the vision of the Islamic Sector (To be your first destination as your banking partner, with innovative solutions), the Sector innovated an exceptional and distinctive set of products and services. The was to take a customer to the destination that he/she looks for, whether Islamic financing or products and individual deposits, in the intention to meet customers' daily banking needs. Also, the service of investment saving accounts is provided, which is provided via methods consistent with the provisions of the Islamic Shari'ah in order for a customer to make savings and draw a better future for his good self. The Sector provides also services with competitive profits in absolute or restricted investment periods according to the needs of customers. Such services are represented in the investment deposits that accord with the Islamic Shari'ah.

Suitable for all of its customers' needs, these services are as follows:

- Hoor Women Product
- Tyour Al-Janna Child Product
- Mabrouk Product (obtaining easy loans with monthly installments)
- My Car Product
- My Home Product

The Sector provides options for repayment in accordance with a financing program compatible with the provisions of the Islamic Shari'ah.

The Islamic Sector supported real-estate projects, the most important of which are as follows:

Inmā'a Project in Aden

It is the cream of the partnership between the Sector and Inmā'a Company for Real-Estate Development. The Agreement incorporates an Istisnā'a financing of Inmā'a Residential Project, and Ijarā'a Financing Scheme, a system which ends with interested customers ownership of premises which include apartments and /or residential buildings.

In synchrony with technological development, and with the application of the core values of the Sector to uphold the principles and provisions of Islamic Shari'ah in all activities and contribute to the process of socio-economic development in the society, The CAC Islamic aimed to provide quality services to its clients, through the opening of its first Islamic Branch at the beginning of 2011, and it had the following services:

- Visa Electron
- Debit Card
- Hour Women Card

American Express for businessmen, to get the highest level of luxury and sophistication in the world of business and finance.

Investment Deposits



The Strong ..The Trusty
CAC Islamic..

Financial statements for the Islamic Finance Industry as it is on 31/2011/12/ of the Annual Report 2011:

S.	Description	Sum/YR
1	Total assets	2,943,384,256.57
2	Total deposits	1,320,024,923.33
3	Total revenues	224,630,445.67
4	Total profits	28,183,966.05

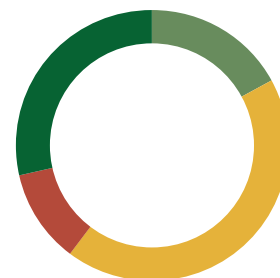
Islamic Legislative Control Body

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.



+ 2011 Summary

The proportion of profit distribution to depositors



U.S. deposits	5.8%
YR deposits	14.7%
U.S. savings	3.8%
YR savings	9.7%

The highest proportion of distribution between the Yemeni Islamic banks



*Mr. Mohammed Taha Al-Salahi
Jeweler & Gold and Jewelry Seller*

Gold is considered the most expensive metal in the world and the most important.. A lot of global sources of income depends on it. This is in general. Since I deal with this precious metal, and my business and my living is the precious and rare jewelry as well as gold, keenness is the secret of the success of my business and the surest guarantee of profit.. Confidence in the Bank made me deal with it. "The CAC Bank is a guarantee."

■ Risk Group

«To maintain a risk-free banking activity and distinctive professional performance to uphold the Bank's rights »

Yemen's 2011 political crisis caused economic recession, and banks and financial institutions had the largest share of the volume of such suffering and difficulties. The crisis massively led to obstruction of business inside and outside the country, which in turn impacted significantly the work and functions of some of the offices and branches within the areas of conflict. However, the Risk Department tried hard to avoid many of the difficulties and negative impacts left by the crisis. This was through adopting the principle of caution in dealing with such risks and applying local and international practices and methods to measure, identify and mitigate the risks of all kinds and to ensure that the Bank surpass their impacts with the lowest acceptable level of possible losses and in a manner that uphold the rights of the Bank and the rights of its customers.

The CAC Bank continues its progress in the banking industry in accordance with the strategies and plans set in accordance with what was decided in the Bank's policy. The policy aims in entire to strengthen the financial position of the Bank and enhance the quality of its assets to generate the material and moral returns of the Bank, and in order to achieve the planned objectives.



Risk Department

To measure risks accompanying the Banks 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



Summary of Activity in 2011

The Risks Department had the ideal role in crisis management through continuously studying the credit and investment portfolio of the Bank. This was through re-evaluating the guarantees taken against funds, re-evaluating the feasibility of investment and finally updating the qualitative reports that show all of the risks likely to occur and trying to avoid them.

Despite the difficult political and economic conditions, the Risk Department over the past year was able to play the role entrusted to it with the highest possible level of performance drawing on the latest standards and methods and by the decisions of the Basel Committee. This led to maintaining the quality of the Banks assets and their integrity to ensure the continued performance of such assets in the favorable situation to generate the expected return and achieve the Banks strategic targets of such assets. To achieve such quality, the Risk Department had an essential role to evaluate and identify all types of risks, and make recommendations to the Senior Management on the measures needed to mitigate those risks and avoid them. It also worked to ensure the robustness of the Banks capital and its ability to face all kinds of risks via achieving a high ratio of capital adequacy. The capital adequacy ratio reached 15% in 2011, which indicates the strength of the capital and reflects better and excellent performance on the part of the Risk Department.



The CAC Bank is the first in the banking market to begin the application of the requirements and regulations for the standards of Basel 3 «Banking Supervision», after the remarkable progress and the actual implementation of most of the requirements of Basel 2.

Crisis Management (Continuity Plan):

In order to maintain the internal control and continuity system in the light of all various circumstances of the variables of business, the Banks Senior Management activated and followed up the Emergency and Continuity Committee headed by the BOD's Chairman on a continuous basis during the days of the crisis. The core tasks of such a committee was to ensure the continuation of the Bank's core functions to meet the requirements of each customer internally and externally, face all the cases and difficulties in the banking market and make sound decisions that ensure the Banks arrival to safety ably and excellently. With its qualified and excellent leadership and cadres, the Bank proved its ability to accord with the volatile economic and political conditions with high professionalism.



Credit, Finance & Investment Risks:

The Banks measures credit risks, being conventional and/or Islamic, as basic element to achieve its ultimate goal - maintaining and improving the type of its assets and the structure of the credit and investment portfolio. To do so, the Bank relies on very trustworthy credit standards, as well as policies, procedures and methodologies of risk management in accordance with the decisions of the Basel Committee and the instructions of local supervisors. 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.



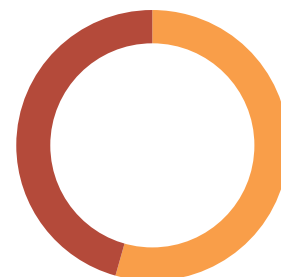
The credit operations principles

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 credit operations;
- Specify credit-based authorities, and adopt the decisions of the respective committees;
- Invalidate individual-based authorities and cease credit-based operations lacking complete studies or procedures;
- Adopt credit authorities based on the level of risk «for each credit committee» at the central and branch level;
- Ensure that customer-oriented analysis covers the financial and credit aspects, that is, covering all aspects of various risks whether being «individual, corporate or 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 hypotheses and expectations of various effects in order to arrive at sound results based on various circumstances;
- Assess credit exposures, follow them up and set out the required plans or procedures capable of handling such exposures;
- Follow scientific methodologies to evaluate the historical performance, as well as the credit rating built 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 the corresponding obligations;
- Periodically review all banking facilities to ensure the lack of any negative indicators or any regression needing necessary and precautions measures;
- Ensure credit information at the fingertips of the Banks customers and clarify to them the size of their existing obligations to other banks via the Banking Inquiry System;
- Assess customers' credit studies and prepare necessary recommendations during the meetings of relevant committees;

As a result of the effective management of credit and finance risks, and the Banks functions to ensure retention of a type of high-quality assets and maintain an appropriate performance to face the potential risks of such assets, the Bank was able to ensure excellent capital adequacy ratio in 2010. Further, this ratio rose to 15.5% in 2011 compared to 13% in 2010, which is above the minimum ratio prescribed by the Basel Committee and the Central Bank of Yemen; set at 8%.

+ Capital adequacy ratio



capital adequacy ratio 2011
capital adequacy ratio 2010

Operational Risks:

Operational risks are defined as the risks of insufficiency of internal control system or lack of proper instructions, which might lead to expected or unexpected losses. They might also include the lack of control and order of operating system 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 precautions and preventive measures to avoid these risks.



The Risks Department bases its work on the following aspects:

- Reviewing and incessantly updating set-out objectives regarding operational risk 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 of 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;

Margin Risks

Thanks to the Bank's strategy for the years 2008 -2012, the liquidity ratio achieved balance between safety and profitability, which is the highest goal of the Bank. This was done through upholding an additional liquidity ratio with a margin of 15%, in addition to the liquidity ratio imposed by the CBY, covering all outstanding obligations and emergency requirements to maintain the performance and reputation of the CAC Bank.

Among these sub-strategies:

- Develop and update appropriate limits for cash balances in coffers;
- Achieve the highest degree of efficiency in the use of current assets in banks;
- Focus on investment in governmental debt instruments to meet the requirements of the prescribed liquidity ratio (for local currency);
- Cover the required limit of liquidity in foreign currency in the form of stable balances with banks to serve the targeted foreign relations and within the established credit ratio for countries and banks in order to achieve better use of ceilings granted to the CAC Bank by those corresponding banks;

Market Risk

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.

Assets/Liquidity Committee (ALCO) supervises the market risk parameters and then provides guidelines and advice 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. 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.

Interest Rate Risks

The values of some lucrative assets and investments are exposed to fluctuations as a result of changing interest rates. The Bank carries out a number of actions that reduce the impact of this risk to a minimum. It monitors interest risk rates so that they become in the safe limits, and they are managed and monitored well and consistently. The reduction of the risks faced by the bank can be argued in the short and medium term.

Some of the most important actions carried out by the Bank in this regard include:

- Linking the interest rate and deposits terms with the interest rate and lending term;
- Monitoring the agreement of maturity dates of assets and financial obligations, and working to manage the gap whether in period or value, so as to enable the Bank to avoid losses resulting from fluctuations of interest rates;

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 the CBY's instructions are followed in this respect



Reputational Risk

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

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 responsive 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.

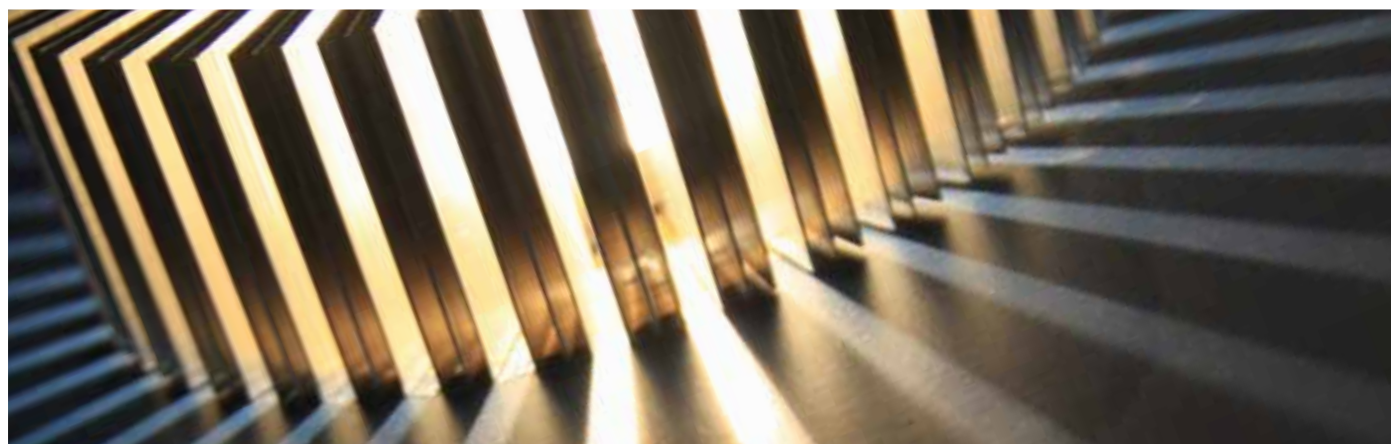
The CAC Bank effortlessly works on keeping aloof from these risks by doing the following:

- 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 phase 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 development;
- Making use of new styles and methods, such as the expected future customers;
- Activating customer grievances mechanism;
- Increasing the staff awareness towards the importance of maintaining an expanding the base of customers;
- 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 Banks 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 every 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 Department

«To select ideal alternative for debt collection by using the optimal ways and potentials with the least possible costs through ideal meeting the customers' demands and needs »

From a qualitative and quantitative perspective, the administration's vision is based on the overall vision of the 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.



Summary of Activity in 2011

Performance can be evaluated by reading the outcomes of the activity, which were positive despite the difficult events in our country during 2011.

A decision was issued to compose the Collection and Defaulted Loans Committee, on the basis that the management of defaulted debts is a basic task entrusted to the Follow-up and Special Transaction Department according to the credit policy. With the formulation of the Procedures Manual, the Committee for the Prevention of the Risks of Defaulted Debts was activated, and appropriate remedies were timely secured to recover such debts and preserve the rights of the Bank.

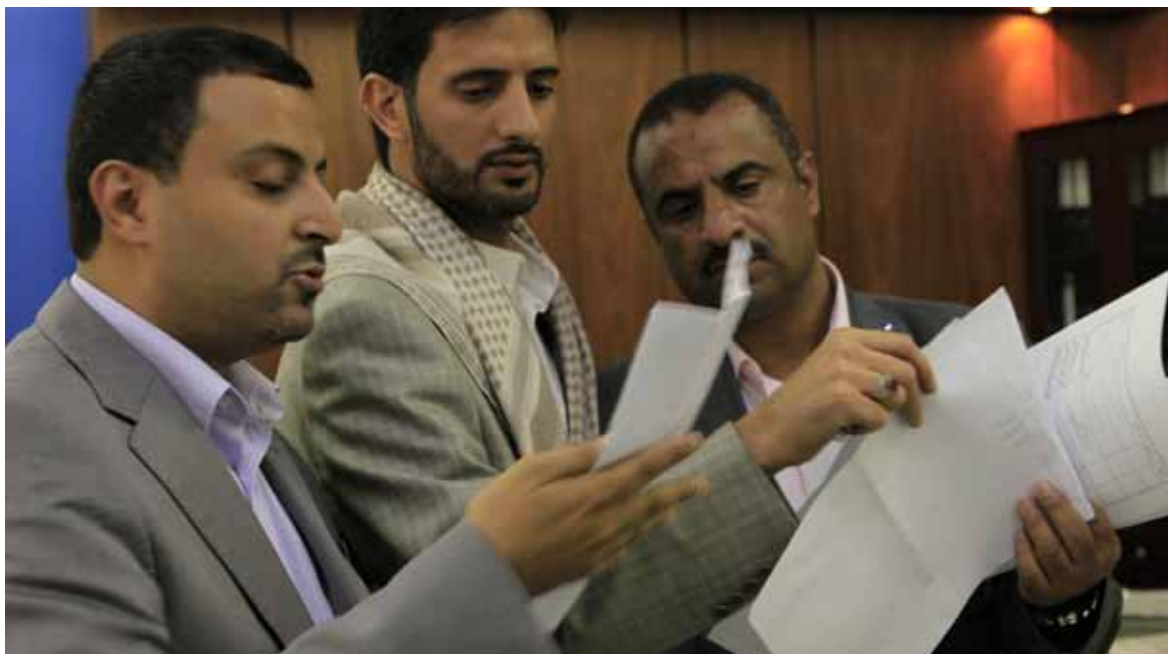
Recommendations:

In order to reach a risk-free sound credit portfolio, the management effortlessly worked to achieve the following:

- Activate the follow-up of collection to continue to implement the programs of field visits to collect the defaulted loans with the focus on the follow-up of cases of priority in terms of amounts and financial positions and the best guarantees;

The cases that do not respond to repay the loans are followed judicially through the Legal Department.

- Re-evaluate difficult cases, with which the collection and follow-up mechanism proved to be workless and cost-consuming, and report the same to the Committee to take the appropriate decisions after the application of mechanisms and methods through the policy of flotation or liquidation of the debt.
- Hold any branch officials accountable for any default to retrieve the Banks money or follow up the debts granted in ways that are incorrect or lacking complete procedures;



Control & Compliance Unit

To combat money laundering and terrorist financing (MLTF), the CAC Bank has established a separate department to operate within action policies and procedures approved by the BOD and in line with the recent Anti-Laundering Law No. 1 for the year 2010. The Department applied the best international practices in this regard, in order to reduce potential legal risks.

This comes based on the local and international laws and provisions on money laundering and terrorist financing that criminalized money laundering and any cooperation serving this work.



The CAC Bank has sought to put an end to MLTF transactions, in order to apply the laws in force and protect the reputation of the Bank and enable it to carry out its legal and regulatory duties. The Bank applied policies on combating money laundering and terrorist financing on all aspects of the banking business for the various branches and business centers.

The Bank has made efforts in the field of prevention of MLTF transactions, and successfully established the «informatics intelligence» to identity suspicious transactions and report them efficiently within the limits of banking secrecy. It also contributed to stopping existing illicit transactions and preventing parties from practicing such activities.

Summary of Activity in 2011

To save the CAC Bank any involvement in MLTF transactions, the Bank:

- Established clear lines to define the tasks and responsibilities and appropriate reporting. The main responsibility for the prevention of MLTF transactions lies on the different departments of the Bank, as they must adhere to the application of policies and procedures adopted, and confirm the existence of appropriate controls to work effectively.
- Documented and applied procedures to maintain work and control tools to translate this strategy in the light of the laws and regulations in force, and monitor compliance with these procedures continuously.
- Took all necessary measures and steps to verify the identity of the customer and real beneficiary, and to ensure that customer information is correct and is still valid and update it whenever there is a change, in order to apply the principle of «know your customer».
- Cooperated with internal departments to clarify some of the points that ensure the correct application of the relevant policies and procedures.
- Followed up the decisions/instructions issued by relevant domestic and international



governmental agencies periodically, and kept branches and business centers informed and in a timely manner;

- Controlled foreign outgoing/ incoming remittances; and took appropriate actions in coordination with the relevant departments and branches;
- Monitored customers' banking transactions on a daily basis to make sure there is no suspicious transactions;
- Prepared periodic training courses for all its employees about MLTF risks and ways to combat them;
- Grouped the Banks customers according to the MLTF risks, and conducted a periodic review for such groups taking special care in dealing with the cases that represent a high risk;
- Evaluated the AML questionnaire on «Know your Customer» on a periodic basis;
- Responded to the inquiries of the correspondent banks relating to:
 - AML / CTF Internal Policies
 - Customer Due Diligence
 - Know Your Customer
 - Risk Assessment
 - Transaction Monitoring
- Made sure the international relations and transactions departments follow the appropriate procedures when implementing transactions with banks and financial institutions and companies in other countries and in accordance with the local and foreign regulations of anti-money laundering and combating terrorist financing;





Mrs. Wafa'a Al-Hamadi
Educational

The CAC Bank has youth points and ATMs that facilitated before us many things such as cash withdrawals and query .. as long as we are with the CAC Bank we are safe. Also, the CAC Mobily is a very great service.

■ Credit Review & Analysis

The credit review and analysis assess all types of credit (companies, individuals, small and medium enterprises, Islamic financing) in order to provide an independent and proper credit opinion through the following:

- 1- Receive applications for the facilities provided by the review of credit studies carried out in this regard;
- 2- Re-evaluate the data and conduct financially and credit-based analysis for them;
- 3- Make the recommendations either with approval and its conditions or disapproval and its causes;
- 4- Return the incomplete application to the relevant sector to complete the data required in order to finalize the proceedings, with identifying shortcomings so that they are avoided;



In addition to the above, the Management carries out the following:

- 1- Credit evaluation for existing customers in the company, individual and Islamic sectors, to ensure the safety and adequacy of procedures implemented;
- 2- Preparing reports on the facilities granted to the Bank's senior management, with the necessary recommendations to make appropriate decisions;

The applications for facilities mean:

- New facility
- Omitting an existing facility
- Facility within the branch power
- Facility covered with other currencies



Abdullah Zuhra
Owner of a supermarket

Good services..
good dealing..
Things that we touch
when we deal with the
CAC Bank. I will keep
dealing with it, as there is
no need to search for another
option.

■ Investment

«Our money achieves a higher return and lower risk, and sustainable development in a stable economy »

The CAC Banks investment sector like others 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 states goal. 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 Department of the bank in 2011.



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 investment funds with high profit returns and guarantee capitals.

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

The CAC Bank's Vision

The successive events and economic turmoil had the upper hand in the creation of an atmosphere of imbalance in the local market for the dollar exchange rate against the riyal and mistrust of riyal by the majority of traders and owners of capitals, which created an appropriate climate for speculators and brokers to achieve their goals.

So, the leadership of the CAC Bank took an initiative to enter the market in order to prevent speculation in the local market and create stability and tranquility on the part of the goods importers and those who want to travel abroad for the purpose of treatment or study. This is through making sufficient amounts of foreign currency available for all. What was made by the Bank in this regard was considered as a patriotic act.



2011 Most Important Investments



CAC Insurance Co.
21% Contribution rate
Abdullah Basheer
(CEO of the Company)



CAC Marketing & Advertising
30% Contribution rate
Mohammed Al-Mansub
(Chairman of the Company)



Safety & Maintenance Co.
25% Contribution rate
Mohammed Shuayb
(CEO of the Company)

Summary of Activity in 2011

Gains at the local level:

- 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.
- 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 exchange rates in the market.
- 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.
- Surplus quantities of dollar were sold to the Central Bank of Yemen (CBY).
- As a result of their confidence in the CAC Bank, a considerable number of new customers were attracted to do business with it. These new customers constituted the largest segment of exchangers. This brought about an increase and growth in the Banks investment at the local and international levels and created a stability of exchange rates.
- The Bank created tranquility and rest on the part of the customers by providing them with the needed amounts of foreign currency with competitive rates compared to the local market. All of that satisfied the customers as they were able to fulfill their external obligations and on time.

Gains at the international level:

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

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 customers and sold the surplus of foreign currency to the local market with the aim to stabilize exchange rates locally.

+ 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 the highest level of staff loyalty and accomplish the best retunes on invested funds.

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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
AND INDEPENDENT AUDITOR'S REPORT

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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
AND INDEPENDENT AUDITOR'S REPORT

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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, 2011, 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 information.

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, 2011, 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.

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, Banking 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, 2011.

M. Zohdi Mejanni
Associated Accountant

Sana'a, March 18, 2012



COOPERATIVE AND AGRICULTURAL CREDIT BANK
(Sana'a, Republic of Yemen)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

	Note	2011 YR 000's	2010 YR 000's
Cash on hand and reserve balances with			
Central Bank of Yemen	(6)	25 502 780	37 703 964
Due from banks	(7)	15 758 988	50 167 552
Treasury bills (net)	(8)	112 127 365	119 811 000
Government bonds	(9)	4 460 866	4 460 866
Loans, advances and financing activities (net)	(10)	56 191 295	77 462 932
Available for sale investments	(13)	1 932 752	1 680 351
Investments in associates	(14)	357 123	397 500
Investments in subsidiaries	(15)	10 000	-
Debit balances and other assets (net)	(16)	9 477 160	9 779 094
Property and equipment (net)	(18)	3 548 676	4 040 512
TOTAL ASSETS		229 367 005	305 503 771
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to banks and financial institutions	(19)	4 078 589	4 752 894
Customers' deposits	(20)	208 783 268	284 514 068
Credit balances and other liabilities	(21)	3 516 736	4 090 538
Other provisions	(22)	396 840	598 140
Long-term loans	(23)	234 441	238 035
Total Liabilities		217 009 874	294 193 675
SHAREHOLDERS' EQUITY	(24)		
Paid-up capital	(A-24)	11 000 000	10 000 000
Legal reserve	(B-24)	1 321 405	1 164 350
General reserve		35 726	141 696
Retained earnings		-	4 050
Total Shareholders' Equity		12 357 131	11 310 096
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		229 367 005	305 503 771
Contingent liabilities and commitments (net)	(25)	39 670 580	59 814 016

(The notes on pages 125 to 163 are an integral part of these financial statements)
Independent auditor's report attached.


Mehdar Al Saggar
Chairman


Ahmed Al Modwahi
Vice Chief Executive Officer
for Supporting Operations
Segment


Yahya Al Kbsi
Finance Manager


M. Zohdi Mejanni
(KPMG Yemen Mejanni & Co.)

COOPERATIVE AND AGRICULTURAL CREDIT BANK
(Sana'a, Republic of Yemen)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	2011 YR 000's	2010 YR 000's
Interest income	(26)	31 342 627	28 844 410
Less: interest expense	(27)	(21 960 639)	(17 221 260)
Net interest income		<u>9 381 988</u>	<u>11 623 150</u>
Islamic financing and investments activities income	(28)	222 320	63 062
Less: Return of unrestricted investment and saving accounts holders	(29)	(43 980)	(40 362)
Net income from Islamic financing and investment activities		<u>178 340</u>	<u>22 700</u>
Net income from interest and Islamic financing and investments activities		9 560 328	11 645 850
Commissions' revenue and bank service charges	(30)	1 811 087	2 012 140
Commissions' revenue and bank service charges	(31)	1 199 499	11 310
Gain of foreign currency transactions	(32)	<u>221 109</u>	<u>179 602</u>
Other operating income		12 792 023	13 848 902
Net operating income	(33)	(31 212)	<u>208 222</u>
Net (loss) income from investments		12 760 811	14 057 124
Less: provisions	(34)	(1 211 929)	(2 729 877)
Less: general and administrative expenses and depreciation	(35)	(10 193 194)	(9 954 525)
Net profit for the year before income tax		1 355 688	1 372 722
Less: Income tax for the year		(308 653)	(370 919)
Net profit for the year after tax		1 047 035	1 001 803
Other comprehensive income		-	-
Total comprehensive income for the year		<u>1 047 035</u>	<u>1 001 803</u>
Earnings per share	(36)	<u>YR 100</u>	<u>YR 105</u>

(The notes on pages 125 to 163 are an integral part of these financial statements)
Independent auditor's report attached.


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COOPERATIVE AND AGRICULTURAL CREDIT BANK
(Sana'a, Republic of Yemen)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011

Year 2011

Balance as at January 1, 2011

Total comprehensive income for the year

Net profit for the year

Other comprehensive income

Total other comprehensive income

Total comprehensive income for the year

Transactions with owners, recorded directly in shareholders' equity

Transfer to legal reserve

Transfer to capital increase

Balance as at December 31, 2011

Year 2010

Balance as at January 1, 2010

Total comprehensive income for the year

Net profit for the year

Other comprehensive income

Total other comprehensive income

Total comprehensive income for the year

Transactions with owners, recorded directly in shareholders' equity

Transfer to legal reserve

Transfer to capital increase

Balance 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
10 000 000	1 164 350	141 696	4 050	11 310 096
-	-	-	1 047 035	1 047 035
-	-	-	-	-
-	-	-	-	-
-	-	-	1 047 035	1 047 035
-	157 055	-	(157 055)	-
1 000 000	-	(105 970)	(894 030)	-
1 000 000	157 055	(105 970)	(1 051 085)	-
11 000 000	1 321 405	35 726	-	12 357 131
9 000 000	1 014 080	141 696	152 517	10 308 293
-	-	-	1 001 803	1 001 803
-	-	-	-	-
-	-	-	-	-
-	-	-	1 001 803	1 001 803
-	150 270	-	(150 270)	-
1 000 000	-	-	(1 000 000)	-
1 000 000	150 270	-	(1 150 270)	-
10 000 000	1 164 350	141 696	4 050	11 310 096

(The notes on pages 125 to 163 are an integral part of these financial statements)

Independent auditor's report attached.



Mehdar Al Saggaf
Chairman



Ahmed Al Modwahi
Vice Chief Executive Officer
for Supporting Operations
Segment



Yahya Al Kbsi
Finance Manager



M. Zohdi Mejanni
(KPMG Yemen Mejanni & Co.)

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	2011 YR 000's	2010 YR 000's
Cash flows from operating activities			
Net profit for the year before income tax		1 355 688	1 372 722
Adjustments to reconcile net profit to cash flows from operating activities			
Depreciation of property and equipment	(18)	1 107 463	1 022 967
Provisions provided during the year	(34)	1 211 929	2 729 877
Revaluation differences of provisions in foreign currencies		(526)	65 733
Provisions reversed	(32)	(201 056)	(143 808)
Net share in loss of investments in associates		82 746	-
Net (profit) on sale of property and equipment		(10 613)	(2 200)
Operating profit before changes in assets and liabilities used in operating activities		3 545 631	5 045 291
Net (increase) decrease in assets			
Reserve balances with Central Bank of Yemen		12 172 889	(6 802 224)
Treasury bills due after 3 months		1 205 855	(6 208 276)
Loans, advances and financing activities		20 247 492	(19 522 288)
Debit balances and other assets		114 432	(2 955 966)
Net increase (decrease) in liabilities			
Due to banks		(674 305)	184 111
Customers' deposits		(75 730 800)	78 160 912
Credit balances and other liabilities		(511 536)	2 414 676
Income tax paid		(370 919)	-
Net cash (used in) provided by operating activities		(40 001 261)	50 316 236
Cash flows from investing activities			
Cash payments for acquisition of property and equipment		(651 396)	(1 107 156)
Proceeds from sale of property and equipments		46 382	3 125
(Increase) in available for sale investments		(252 401)	-
(Increase) in investments in associates		(52 036)	(105 000)
Cash dividends received from associates		9 667	-
(Increase) in investments in subsidiaries		(10 000)	-
Net cash (used in) investing activities		(909 784)	(1 209 031)

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

(STATEMENT OF CASH FLOWS (continued) FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	2011 YR 000's	2010 YR 000's
<u>Cash flows from financing activities</u>			
(Decrease) increase in long term loans		(3 594)	1 053
Net cash (used in) provided by financing activities		(3 594)	1 053
<u>Net change in cash and cash equivalents</u>		(40 914 639)	49 108 258
Cash and cash equivalents at the beginning of the year		146 381 551	97 273 293
Cash and cash equivalents at the end of the year		105 466 912	146 381 551
<u>Cash and cash equivalents at the end of the year consist of</u>			
Cash on hand and reserve balances with CBY	(6)	25 502 780	37 703 964
Due from banks	(7)	15 758 988	50 167 552
Treasury bills (net)	(8)	112 127 365	119 811 000
		153 389 133	207 682 516
Less: Reserve balances with Central Bank of Yemen	(6)	(14 200 963)	(26 373 852)
Less: Treasury bills due after 3 months (net)		(33 721 258)	(34 927 113)
		105 466 912	146 381 551

(The notes on pages 125 to 163 are an integral part of these financial statements)

Independent auditor's report attached.



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Chairman



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Vice Chief Executive Officer
for Supporting Operations
Segment



Yahya Al Kbsi
Finance Manager



M. Zohdi Mejanni
(KPMG Yemen Mejanni & Co.)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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 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 obtained the final approval on April 16, 2011.
- The Bank operates through its head office in Sana'a and 53 branches spread all over the governorates of the Republic of Yemen.
- The financial statements were approved by the Board of Directors on March 18, 2012

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 a part of loans and advances provision and not as a part of shareholders' equity.
- c. The provision for contingent liabilities is presented as a part of other provisions and not as a part of shareholders' equity.

The effect of this deviation on the financial statements is immaterial as at December 31, 2011.

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

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2011

2.2 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 Rail (except when otherwise is indicated).

2.3 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.

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, 4, 11, 17, 18 and 21.

3. SIGNIFICANT ACCOUNTING POLICIES

The adopted accounting policies for the preparation of the financial statements as at December 31, 2011 are consistent with those policies for the preparation of the prior year's financial statements.

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.

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.
- Revenue from investments in associates is recorded based on the Bank's share in the equity of these

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2011

companies in accordance with the approved financial statements of these companies.

- Revenue from investment in subsidiaries is recognized in the financial statements when the Bank's right to receive the dividend is declared.
- 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, lack of concrete stability of these investments values, 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 statements of these companies. Such changes are reflected in the statement of comprehensive income.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2011

3.6 Valuation of investments in subsidiaries

Investments in subsidiaries (in the separate financial statements of the Bank), are recorded at cost, less any impairment in their values. Impairment loss is charged to the statement of comprehensive income.

Revenue from investments in subsidiaries is recognized when the Bank's right to receive the dividend is declared.

3.7 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.

3.8 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.

3.9 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 minimum rates:

Performing loans, advances, financing activities and contingent liabilities, including watch list accounts
1%

Non-performing loans, advances, financing activities and contingent liabilities:

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.

3.10 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.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2011

- 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.

3.11 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..

3.12 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.

3.13 Statement of cash flows

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.

3.14 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.

3.15 Impairment of assets

- Impairment of financial assets

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a financing arrangement by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in payment status of borrowers or issuers.

Impairment is the difference between carrying amount and the present value of the estimated future cash flows discounted at the original effective profit rate.

Significant financial assets are assessed for impairment on an individual basis. All significant financial assets found not to be impaired are collectively assessed for any impairment that has been incurred but not yet

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2011

identified. All financial assets that are not individually significant are collectively assessed for impairment by grouping together on the basis that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized, the reversal is recognized in the statement of comprehensive income.

- Impairment of non-financial 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 recoverable value of the asset before impairment.

3.16 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:

	<u>Estimated Useful lives</u>
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.

3.17 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.

3.18 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.

3.19 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.

3.20 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.

3.21 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.

3.22 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, 2011 and are not yet in effect, have not been early adopted.

- IFRS 9 Financial Instruments: Classification and Measurement, is the first standard issued as part of a wider project to replace IAS 39.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED DECEMBER 31, 2011

IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after 1 January 2013.

- IFRS 10 Consolidated Financial Statements.
- IFRS 11 Joint Arrangements.
- IFRS 12 Disclosure of Interest in Other Entities.
- IFRS 13 Fair Value Measurement.

The above standards are effective for annual periods beginning on or after 1 January 2013. The Bank is currently assessing the impact of these standards on future periods.

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.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2011

	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	YR 000's	YR 000's	YR 000's	YR 000's
Financial assets				
Cash on hand and reserve balances with the CBY	25 502 780	25 502 780	37 703 964	37 703 964
Due from banks	15 758 988	15 758 988	50 167 552	50 167 552
Treasury bills (net)	112 127 365	112 127 365	119 811 000	119 811 000
Government bonds	4 460 866	4 460 866	4 460 866	4 460 866
Loans, advances and financing activities (net)	56 191 295	56 191 295	77 462 932	77 462 932
Available for sale financial investments	1 932 752	1 932 752	1 680 351	1 680 351
Investments in associates	357 123	357 123	397 500	397 500
Investments in subsidiaries	10 000	10 000	-	-
Financial liabilities				
Due to banks	4 078 589	4 078 589	4 752 894	4 752 894
Customers' deposits	208 783 268	208 783 268	284 514 068	284 514 068
Long term loans	234 441	234 441	238 035	238 035

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 1,932,752 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.

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.

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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:

	2011	2010
	<u>YR 000's</u>	<u>YR 000's</u>
Cash on hand and reserve balances with CBY (excluding cash on hand and ATM)	14 200 963	26 373 852
Due from banks	15 758 988	50 167 552
Treasury bills (net)	112 127 365	119 811 000
Government bonds	4 460 866	4 460 866
Loans, advances and financing activities (net)	56 191 295	77 462 932
Available-for-sale investments	1 932 752	1 680 351
Investments in associates	357 123	397 500
Investments in subsidiaries	10 000	-
Debit balances and other assets (net)	<u>9 477 160</u>	<u>9 779 094</u>
	214 516 512	290 133 147
Contingent liabilities and commitments	<u>51 752 921</u>	<u>75 866 678</u>
Total credit risk exposure	<u>266 269 433</u>	<u>365 999 825</u>

The following is an analysis of the Bank's financial assets and contingent liabilities by industry sector, before and

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after taking into account collateral held of other credit enhancements (risk concentration for maximum exposure to credit risk by industry sector) is as follows:

	2011		2010	
	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	131 602 651	-	164 475 115	-
Finance	16 069 336	3 278 044	37 444 331	1 106 176
General trade	23 579 106	11 391 406	28 646 122	10 205 311
Industry	17 908 212	8 656 488	15 631 460	14 356 701
Service	2 503 600	810 831	1 182 113	1 182 113
Individuals	8 290 997	4 530 345	29 490 356	20 495 758
Contractors	5 649 785	1 834 979	3 484 556	2 003 541
Others	<u>8 912 825</u>	<u>1 365 107</u>	<u>9 779 094</u>	<u>9 779 094</u>
	214 516 512	31 867 200	290 133 147	59 128 694
Contingent liabilities and commitments	<u>51 752 921</u>	<u>39 684 000</u>	<u>75 866 678</u>	<u>59 814 016</u>
	<u>266 269 433</u>	<u>71 551 200</u>	<u>365 999 825</u>	<u>118 942 710</u>

The Bank manages concentration of risk by distributing the portfolio over diversified economic sectors and geographical locations. Note no. 39 to the financial statements shows the distribution of assets, liabilities, contingent liabilities and commitments based on economic sectors and Note no. 40 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:

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	2011				
	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	4 078 589	-	-	-	4 078 589
Customers' deposits	197 885 608	2 655 481	8 242 179	-	208 783 268
Long term loans	-	-	-	234 441	234 441
Income tax for the year	-	308 653	-	-	308 653
Total liabilities	<u>201 964 197</u>	<u>2 964 134</u>	<u>8 242 179</u>	<u>234 441</u>	<u>213 404 951</u>

	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	<u>249 807 125</u>	<u>26 677 477</u>	<u>13 153 279</u>	<u>238 035</u>	<u>289 875 916</u>

In addition to the above, Note no. 37 to the financial statements shows the maturity analysis of financial assets and liabilities and the net gap between them at the financial statements date.

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:

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	2010						Average	
	Less than	From 3	From 6	Over	Non-	Total	interest rates	
	3 months	months to	months to	1 year	interest	YR 000's	Local	Foreign
	YR 000's	6 months	1 year	YR 000's	sensitive	YR 000's	Currency	Currency
		YR 000's	YR 000's	YR 000's	YR 000's		%	%
<u>Assets</u>								
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	27.00	10.00
Available-for-sale investments	-	-	-	-	1 680 351	1 680 351	-	-
Investments 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	<u>150 844 573</u>	<u>22 319 609</u>	<u>50 479 702</u>	<u>4 460 866</u>	<u>77 399 021</u>	<u>305 503 771</u>		
<u>Liabilities and Shareholders' Equity</u>								
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	20.00	2.00
Credit balances and other liabilities	-	-	-	-	4 090 538	4 090 538	-	-
Other provisions	-	-	-	-	598 140	598 140	-	-
Long term loans	-	-	-	238 035	-	238 035	4.00	-
Shareholders' equity	-	-	-	-	11 310 096	11 310 096	-	-
Total Liabilities and Shareholders' Equity	<u>108 448 278</u>	<u>26 306 558</u>	<u>13 153 279</u>	<u>238 035</u>	<u>157 357 621</u>	<u>305 503 771</u>		
Interest rate sensitivity gap	<u>42 396 295</u>	<u>(3 986 949)</u>	<u>37 326 423</u>	<u>4 222 831</u>	<u>(79 958 600)</u>	<u>-</u>		
Cumulative interest rate sensitivity gap	<u>42 396 295</u>	<u>38 409 346</u>	<u>75 735 769</u>	<u>79 958 600</u>	<u>-</u>	<u>-</u>		

Note no. 38 to the financial statements shows the average interest rates on assets and liabilities applied during this year compared with last year.

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

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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:

2011						
	US Dollars YR 000's	EURO YR 000's	Saudi Rial YR 000's	Sterling Pound YR 000's	Others YR 000's	Total YR 000's
Assets	62 170 203	5 991 322	7 205 816	596 333	87 701	76 051 375
Liabilities	(61 705 091)	(5 981 946)	(7 196 332)	(606 451)	(125 772)	(75 615 592)
Net currency position	<u>465 112</u>	<u>9 376</u>	<u>9 484</u>	<u>(10 118)</u>	<u>(38 071)</u>	<u>435 783</u>

2010						
	US Dollars YR 000's	EURO YR 000's	Saudi Rial YR 000's	Sterling Pound YR 000's	Others YR 000's	Total 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	<u>(283 374)</u>	<u>80 174</u>	<u>592 466</u>	<u>(12 626)</u>	<u>6 958</u>	<u>383 598</u>

Note 41 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.

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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.

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:

	2011	2010
	YR 000's	YR 000's
Core capital	12 190	11 251
Supplementary capital	600	888
Total capital	12 790	12 139
<u>Risk-weighted assets and contingent liabilities and commitments:</u>		
Total assets	46 158	56 704
Contingent liabilities and commitments	36 144	37 416
Total risk-weighted assets and contingent liabilities and commitments	82 302	94 120
Capital adequacy ratio	15.5%	12.9%

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.

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

	2011	2010
	YR 000's	YR 000's
Cash on hand and at ATM – local currency	3 226 139	5 368 301
Cash on hand and at ATM – foreign currency	8 075 678	5 961 811
	11 301 817	11 330 112
Mandatory reserve with CBY – local currency	8 760 608	11 516 462
Mandatory reserve with CBY – foreign currency	5 440 355	14 857 390
	14 200 963	26 373 852
	25 502 780	37 703 964

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.

7. DUE FROM BANKS

	2011	2010
	YR 000's	YR 000's
Central Bank of Yemen		
Current accounts – local currency	494 836	11 787 882
Current accounts – foreign currency	318 621	2 041 535
	813 457	13 829 417
Local banks – current accounts	38 843	57 518
Foreign banks		
Current accounts – foreign currency	12 833 143	9 910 665
Time deposits	2 073 545	26 369 952
	14 906 688	36 280 617
	15 758 988	50 167 552

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.

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8. TREASURY BILLS (NET)

	2011	2010
	YR 000's	YR 000's
Treasury bills maturing within 90 days	81 564 100	86 450 000
Treasury bills maturing within 180 days	16 711 190	16 170 330
Treasury bills maturing within 360 days	<u>20 518 880</u>	<u>21 800 000</u>
	118 794 170	124 420 330
Less: Unearned discount balance	(6 666 805)	(4 609 330)
	<u>112 127 365</u>	<u>119 811 000</u>

The treasury bills carry an interest rate between 22.50% and 23% during the year 2011 (between 22.90% and 23% during the year 2010). In accordance with the Central Bank of Yemen instructions, treasury bills which mature within a period not exceeding three months are considered as a part of cash and cash equivalents.

9. GOVERNMENT BONDS

	2011	2010
	YR 000's	YR 000's
Government bonds	<u>4 460 866</u>	<u>4 460 866</u>

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 the 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.

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10. LOANS AND ADVANCES AND FINANCING ACTIVITIES (NET)

10.1 Loans, advances and financing activities by type

		2011	2010
	Note	YR 000's	YR 000's
a. Trading and agricultural loans and advances			
Overdraft		25 543 065	32 090 953
L/Cs financing		6 972 008	5 611 210
Loans to customers		26 163 017	35 091 014
Individual loans		8 303 806	11 646 899
Agricultural loans		<u>186 415</u>	<u>236 426</u>
		67 168 311	84 676 502
Less:			
Provision for loans and advances	11. 1-a	(8 440 736)	(7 426 251)
Uncollected interest	(12)	(<u>4 427 110</u>)	(<u>2 350 746</u>)
		<u>54 300 465</u>	<u>74 899 505</u>
b. Financing activities balances:			
Murabaha transactions financing		296 850	1 963 232
Istisna'a transactions financing		1 464 525	423 552
Ijarah Muntahia Bittamleek		<u>306 950</u>	<u>299 320</u>
		2 068 325	2 686 104
Less:			
Provision for financing activities	11. 1-b	(34 287)	(24 627)
Uncollected revenue		(28 368)	-
Deferred revenue		(6 128)	(66 870)
Accumulated depreciation for Ijarah Muntahia Bittamleek		(<u>108 712</u>)	(<u>31 180</u>)
		<u>1 890 830</u>	<u>2 563 427</u>
		<u>56 191 295</u>	<u>77 462 932</u>

Non-performing loans and advances and financing activities amounted to YR 13,487,582 thousand at December 31, 2011 after deducting uncollected interest and balances secured by cash deposits (YR 11,734,403 thousand at December 31, 2010). The break up of the above amount is as follows:

	2011	2010
	YR 000's	YR 000's
Substandard loans and advances and financing activities	2 929 062	2 800 457
Doubtful loans and advances financing activities	4 982 749	3 987 297
Bad loans and advances financing activities	<u>5 575 771</u>	<u>4 946 649</u>
	<u>13 487 582</u>	<u>11 734 403</u>

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10.2 Loans, advances and financing activities by sector

	2011						Total YR 000's
	Overdraft	L/Cs	Loans to	Individual	Agricultural	Financing	
	YR 000's	finance YR 000's	customers YR 000's	loans YR 000's	loans YR 000's	activities YR 000's	
Agricultural	715 585	12 580	293 784	-	186 415	306 950	1 515 314
Trading	12 085 424	4 608 411	11 861 895	-	-	1 300 505	29 856 235
Industry	6 552 407	1 299 274	13 538 825	-	-	-	21 390 506
Service	2 506 315	1 051 743	468 513	-	-	-	4 026 571
Finance	150 796	-	-	-	-	-	150 796
Individuals and others	3 532 538	-	-	8 303 806	-	460 870	12 297 214
	<u>25 543 065</u>	<u>6 972 008</u>	<u>26 163 017</u>	<u>8 303 806</u>	<u>186 415</u>	<u>2 068 325</u>	<u>69 236 636</u>

	2010						Total YR 000's
	Overdraft	L/Cs	Loans to	Individual	Agricultural	Financing	
	YR 000's	finance YR 000's	customers YR 000's	loans YR 000's	loans YR 000's	activities 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 and others	12 917 620	-	16 855	11 646 899	-	495 052	25 076 426
	<u>32 090 953</u>	<u>5 611 210</u>	<u>35 091 014</u>	<u>11 646 899</u>	<u>236 426</u>	<u>2 686 104</u>	<u>87 362 606</u>

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

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

11.1 Provision for loans, advances and financing activities by type

a. Provision for trading and agricultural loans and advances

	2011			2010		
	Specific YR 000's	General YR 000's	Total YR 000's	Specific YR 000's	General YR 000's	Total YR 000's
Balance at beginning of the year	7 159 560	266 691	7 426 251	4 903 353	255 465	5 158 818
Revaluation differences of provision in foreign currencies	(207)	-	(207)	48 930	3 900	52 830
Add: provided during the year (Note 34)	1 014 692	-	1 014 692	2 207 277	7 326	2 214 603
Transferred from general provision to specific provision	63 138	(63 138)	-	-	-	-
Balance at end of the year	<u>8 237 183</u>	<u>203 553</u>	<u>8 440 736</u>	<u>7 159 560</u>	<u>266 691</u>	<u>7 426 251</u>

b. Provision for financing activities

	2011			2010		
	Specific YR 000's	General YR 000's	Total YR 000's	Specific YR 000's	General YR 000's	Total YR 000's
Balance at beginning of the year	1 442	23 185	24 627	-	-	-
Transferred from general provision to specific provision	9 082	-	9 660	1 442	23 185	24 627
Add: provided during the year (Note 34)	9 660	(9 082)	-	-	-	-
Balance at end of the year	<u>20 184</u>	<u>14 103</u>	<u>34 287</u>	<u>1 442</u>	<u>23 185</u>	<u>24 627</u>

11.2 Provision for loans, advances and financing activities by sector

a. Provision for trading and agricultural loans and advances

	2011			
	Corporate Lending YR 000's	Small business Lending YR 000's	Residential Mortgage YR 000's	Total YR 000's
Balance at beginning of the year	6 206 746	1 218 554	951	7 426 251
Revaluation differences of provision in foreign currencies	(173)	(34)	-	(207)
Add: provided during the year	848 064	166 498	130	1 014 692
Balance at end of the year	<u>7 054 637</u>	<u>1 385 018</u>	<u>1 081</u>	<u>8 440 736</u>

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	2010			
	Corporate Lending YR 000's	Small business Lending YR 000's	Residential Mortgage YR 000's	Total YR 000's
Balance at beginning of the year	4 311 660	846 497	661	5 158 818
Revaluation differences of provision in foreign currencies	44 155	8 669	6	52 830
Add: provided during the year	<u>1 850 931</u>	<u>363 388</u>	<u>284</u>	<u>2 214 603</u>
Balance at end of the year	<u><u>6 206 746</u></u>	<u><u>1 218 554</u></u>	<u><u>951</u></u>	<u><u>7 426 251</u></u>

b. Provision for financing activities

	2011			
	Corporate Lending YR 000's	Small business Lending YR 000's	Residential Mortgage YR 000's	Total YR 000's
Balance at beginning of the year	21 739	2 888	-	24 627
Add: provided during the year	<u>8 527</u>	<u>1 133</u>	<u>-</u>	<u>9 660</u>
Balance at end of the year	<u><u>30 266</u></u>	<u><u>4 021</u></u>	<u><u>-</u></u>	<u><u>34 287</u></u>

	2010			
	Corporate Lending YR 000's	Small business Lending YR 000's	Residential Mortgage YR 000's	Total YR 000's
Balance at beginning of the year	-	-	-	-
Add: provided during the year	<u>21 739</u>	<u>2 888</u>	<u>-</u>	<u>24 627</u>
Balance at end of the year	<u><u>21 739</u></u>	<u><u>2 888</u></u>	<u><u>-</u></u>	<u><u>24 627</u></u>

12. UNCOLLECTED INTEREST

	2011 YR 000's	2010 YR 000's
Balance at beginning of the year	2 350 746	1 586 116
Uncollected interest written off or collected during the year	(43 245)	(280 500)
Increase during the year	<u>2 119 609</u>	<u>1 045 130</u>
Balance at end of the year	<u><u>4 427 110</u></u>	<u><u>2 350 746</u></u>

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

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13. AVAILABLE FOR SALE INVESTMENTS

	2011 YR 000's	2010 YR 000's
a. Financing investments - local		
Asas Real Estate Company Limited	1 001 250	1 001 250
tcejorP gnisuoH helaS tnediserP	852 401	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
Yemen British Investment Company	125	125
	1 944 341	1 691 940
b. Financing investments - foreign		
CAC International Bank Djibouti	19 970	19 970
	1 964 311	1 711 910
Less: Impairment for available for sale investment	(31 559)	(31 559)
	<u>1 932 752</u>	<u>1 680 351</u>

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.

14. INVESTMENTS IN ASSOCIATES

	2011 YR 000's	Share %	2010 YR 000's	Share %
Mareb Poultry Company	245 660	27.32	289 500	26.93
CAC Insurance Company	108 463	21.00	105 000	21.00
CAC Information Technology Company	1 500	30.00	1 500	30.00
CAC Marketing and Advertisement Company	1 500	30.00	1 500	30.00
	<u>357 123</u>		<u>397 500</u>	

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 FOR THE YEAR ENDED DECEMBER 31, 2011

The breakup of the above amount is as follows:

	2011 <u>YR 000's</u>	2010 <u>YR 000's</u>
Balance at beginning of January	397 500	292 500
Net share in profit (loss)	(82 746)	-
Increase in investment during the year	52 036	105 000
Cash distributions received during the year	(9 667)	-
Balance at 31 December	<u>357 123</u>	<u>397 500</u>

15. INVESTMENTS IN SUBSIDIARIES

	2011 <u>YR 000's</u>	Share <u>%</u>	2010 <u>YR 000's</u>	Share <u>%</u>
CAC for Security and Maintenance Services	<u>10 000</u>	% 100	<u>-</u>	-

16. DEBIT BALANCES AND OTHER ASSETS (NET)

	Note	2011 <u>YR 000's</u>	2010 <u>YR 000's</u>
Accrued interest		3 868 063	4 275 191
Advances to employees		264 725	383 395
Prepaid expenses		234 840	270 002
Projects in process (advances)		303 104	631 990
Assets transferred to the Bank's ownership	3.7	3 706 046	3 682 531
Other debit balances		<u>1 954 032</u>	<u>1 202 133</u>
		10 330 810	10 445 242
Less: provision for doubtful debts	(17)	(853 650)	(666 148)
		<u>9 477 160</u>	<u>9 779 094</u>

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 FOR THE YEAR ENDED DECEMBER 31, 2011

17. PROVISION FOR DOUBTFUL DEBITS

	Note	2011 YR 000's	2010 YR 000's
Balance at beginning of the year		666 148	183 069
Add: Provision provided during the year	(34)	187 577	481 873
Revaluation differences of provision in foreign currencies		(75)	1 206
Balance at end of the year		<u>853 650</u>	<u>666 148</u>

18. PROPERTY AND EQUIPMENT (NET)

	2011					
	Land, Buildings and Constructions YR 000's	Furniture and Equipment YR 000's	Points of Sale and ATMs YR 000's	Motor Vehicles YR 000's	Leasehold Improvements YR 000's	Total YR 000's
Balance at beginning of the year	954 684	3 926 705	1 148 135	489 876	955 766	7 475 166
Additions during the year	9 592	450 277	23 942	74 766	92 819	651 396
Disposals during the year	-	(60 620)	-	(29 082)	(20 116)	(109 818)
Balance at the end of the year	<u>964 276</u>	<u>4 316 362</u>	<u>1 172 077</u>	<u>535 560</u>	<u>1 028 469</u>	<u>8 016 744</u>
Accumulated depreciation						
Balance at beginning of the year	159 276	1 741 805	745 649	315 589	472 335	3 434 654
Depreciation	20 345	652 952	187 545	69 751	176 870	1 107 463
Disposals	-	(33 638)	-	(27 327)	(13 084)	(74 049)
Balance at the end of the year	<u>179 621</u>	<u>2 361 119</u>	<u>933 194</u>	<u>358 013</u>	<u>636 121</u>	<u>4 468 068</u>
Net book value						
December 31, 2011	<u>784 655</u>	<u>1 955 243</u>	<u>238 883</u>	<u>177 547</u>	<u>392 348</u>	<u>3 548 676</u>

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	2010					
	Land, Buildings and Constructions YR 000's	Furniture and Equipment YR 000's	Points of Sale and ATMs YR 000's	Motor Vehicles YR 000's	Leasehold Improvements YR 000's	Total YR 000's
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
Accumulated depreciation						
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
Net book value						
December 31, 2010	795,408	2,184,900	402,486	174,287	483,431	4,040,512

19. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	2011 YR 000's	2010 YR 000's
a. Local banks		
Current accounts – foreign currency	5 001	5 001
Current accounts – local currency	25 719	183 317
Time deposits – local currency	3 521 414	3 000 000
	3 552 134	3 188 318
b. Foreign banks		
Current accounts – foreign currency	396 282	1 423 242
Current accounts – local currency	92 688	141 334
	488 970	1 564 576
c. Financial institutions		
Current accounts – foreign currency	36 411	-
Current accounts – local currency	1 074	-
	37 485	-
	4 078 589	4 752 894

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

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20. CUSTOMERS' DEPOSITS

a. Customers' deposits by type

	2011	2010
	YR 000's	YR 000's
Current and demand accounts	76 280 308	120 298 497
Time deposits	113 260 928	139 176 121
Saving accounts	3 919 343	4 919 922
Margins of LCs, LGs	12 082 340	16 052 662
Other deposits	3 240 349	4 066 866
	<u>208 783 268</u>	<u>284 514 068</u>

Customer deposits as at December 31, 2011 include YR 28,349 million of margins held for direct and indirect facilities (YR 43,924 million as of December 31, 2010).

b. Customers' deposits by sector

	2011	2010
	YR 000's	YR 000's
Public and mixed sectors	59 074 461	57 141 007
Individuals	44 148 168	79 888 523
Corporations	81 846 209	114 946 159
Others	23 714 430	32 538 379
	<u>208 783 268</u>	<u>284 514 068</u>

21. CREDIT BALANCES AND OTHER LIABILITIES

	2011	2010
	YR 000's	YR 000's
Corporate tax for the year	308 653	370 919
Accrued interest payable	1 500 846	1 845 940
Accrued expenses	628 589	323 477
Unearned income	122 600	339 853
Other credit balances	956 048	1 210 349
	<u>3 516 736</u>	<u>4 090 538</u>

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 FOR THE YEAR ENDED DECEMBER 31, 2011

22. OTHER PROVISIONS

		2011			
	Balance at 2011/1/1 YR 000's	Revaluation differences of provision in foreign currencies YR 000's	Provided during the year YR 000's	Reversed provision YR 000's	Balance at 31 /12/ 2011 YR 000's
Provisions for contingent liabilities	<u>598 140</u>	<u>(244)</u>	<u>-</u>	<u>(201 056)</u>	<u>396 840</u>

		2010			
	Balance at 2010/1/1 YR 000's	Revaluation differences of provision in foreign currencies YR 000's	Provided during the year YR 000's	Reversed provision YR 000's	Balance at 31 /12/ 2011 YR 000's
Provisions for contingent liabilities	<u>721 477</u>	<u>11 697</u>	<u>8 774</u>	<u>(143 808)</u>	<u>598 140</u>

23. LONG TERM LOANS

	2011 YR 000's	2010 YR 000's
Tehama Development Project – III (Note 23.1)	5 271	5 271
Raimah Development Project (Note 23.2)	6 793	7 217
Mahra Rural Development Project (Note 23.3)	71 324	74 494
Agricultural and Fisheries Production Promotion Fund (Note 23.4)	<u>151 053</u>	<u>151 053</u>
	<u>234 441</u>	<u>238 035</u>

23.1 Tehama Development Project – III

The government received the loan from 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.

23.2 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.

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23.3 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.

23.4 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.

24. SHAREHOLDERS' EQUITY

a. Paid-up capital

As at December 31, 2011 the paid-up capital represents amounts of YR 11 billion divided into 11 million shares of YR 1,000 par value (December 31, 2010: YR 10 billion), according to the Board of Directors meeting held on March 18, 2012, the Board decided to increase the capital by YR one billion by transferring an amount of YR 894,030 thousand from retained earnings and YR 105,970 thousand from the general reserve.

The breakup of the above amount is as follows:

	Number of Shares	Value of Shares YR 000's	Percentage of holding %
Agricultural Promotion Fund	4 455 000	4 455 000	40.50
Government represented by the Ministry of Finance	3 720 200	3 720 200	33.82
Civil Aviation and Metrology Authority	2 750 000	2 750 000	25.00
General Confederation	74 800	74 800	00.68
	<u>11 000 000</u>	<u>11 000 000</u>	<u>100.00</u>

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.

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 FOR THE YEAR ENDED DECEMBER 31, 2011

25. CONTINGENT LIABILITIES AND COMMITMENTS (NET)

	2011			2010		
	Gross commitment	Margin held	Net commitments	Gross commitment	Margin held	Net commitments
	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's
Letters of credit	8 557 513	(4 148 933)	4 408 580	19 865 080	(4 833 476)	15 031 604
Letters of guarantee	37 636 368	(7 933 407)	29 702 961	49 527 358	(11 219 186)	38 308 172
Others	<u>5 559 039</u>	<u>-</u>	<u>5 559 039</u>	<u>6 474 240</u>	<u>-</u>	<u>6 474 240</u>
	<u>51 752 920</u>	<u>12 082 340</u>	<u>39 670 580</u>	<u>75 866 678</u>	<u>(16 052 662)</u>	<u>59 814 016</u>

26. INTEREST INCOME

	2011 YR 000's	2010 YR 000's
<u>Interest on loans and advances to customers</u>		
Interest earned on loans	3 324 710	4 510 818
Interest on other facilities	<u>4 242 461</u>	<u>4 876 089</u>
	<u>238 099</u>	<u>350 016</u>
Interest on due from banks	7 805 270	9 736 923
Interest on treasury bills	243 862	149 008
Interest on Government Bonds	<u>22 277 370</u>	<u>17 989 248</u>
	<u>1 016 125</u>	<u>969 231</u>
	<u>31 342 627</u>	<u>28 844 410</u>

27. INTEREST EXPENSE

	2011 YR 000's	2010 YR 000's
<u>Interest on customers' deposits</u>		
Interest on saving accounts and current accounts	20 185 351	15 587 421
	<u>1 041 040</u>	<u>1 212 194</u>
	<u>21 226 391</u>	<u>16 799 615</u>
<u>Interest on balances due to banks</u>		
Interest paid to long term loans	722 553	419 586
	<u>11 695</u>	<u>2 059</u>
	<u>734 248</u>	<u>421 645</u>
	<u>21 960 639</u>	<u>17 221 260</u>

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)
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28. ISLAMIC FINANCING AND INVESTMENT ACTIVITIES INCOME

	2011	2010
	YR 000's	YR 000's
Revenues of financing Murabaha transactions	59 330	46 592
Revenues of Ijarah Muntahia bittamleek	162 990	16 470
	<u>222 320</u>	<u>63 062</u>

29. 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:

	2011		2010	
	Local Currency %	Foreign Currencies %	Local Currency %	Foreign Currencies %
Investment deposits	14.7	5.8	14.50	6
Saving accounts	9.7	3.8	-	5

30. COMMISSIONS INCOME AND BANK SERVICE CHARGES

	2011	2010
	YR 000's	YR 000's
Commissions on letters of credit	355 636	434 422
Commissions on letters of guarantee	417 335	607 052
Commissions on transfer of funds	238 692	274 086
Other banking service charges	799 424	696 580
	<u>1 811 087</u>	<u>2 012 140</u>

31. GAIN OF FOREIGN CURRENCY TRANSACTIONS

	2011	2010
	YR 000's	YR 000's
Gain from foreign currencies transactions	2 481 771	695 631
(Losses) from translation of foreign currencies	(1 282 272)	(684 321)
	<u>1 199 499</u>	<u>11 310</u>

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32. OTHER OPERATING INCOME

	Note	2011 YR 000's	2010 YR 000's
Reversed provisions	22	201 056	143 808
Gain on sale of property and equipment		12 619	2 700
Others		<u>7 434</u>	<u>33 094</u>
		<u>221 109</u>	<u>179 602</u>

33. NET (LOSS) INCOME FROM INVESTMENTS

	2011 YR 000's	2010 YR 000's
Profits from available for sale investments	51 534	208 222
Net (loss) on investments in associates	<u>(82 746)</u>	<u>-</u>
	<u>(31 212)</u>	<u>208 222</u>

34. PROVISIONS PROVIDED DURING THE YEAR

	Note	2011 YR 000's	2010 YR 000's
Provision for loans and advances	11/ 1-a	1 014 692	2 214 603
Provision for financing activities	11/ 1-b	9 660	24 627
Provision for doubtful debts	(17)	187 577	481 873
Other provisions	(22)	<u>-</u>	<u>8 774</u>
		<u>1 211 929</u>	<u>2 729 877</u>

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35. GENERAL AND ADMINISTRATIVE EXPENSES AND DEPRECIATION

	Note	2011 YR 000's	2010 YR 000's
Wages and salaries		4 569 830	4 065 146
Advertisement and publicity		1 157 201	1 726 608
Depreciation of property and equipment	18	1 107 463	1 022 967
Security and guarding		524 972	291 276
Rent		449 413	390 153
Communications		374 163	625 078
Zakat expenses		227 203	285 172
Consultancy and professional fees		218 999	213 940
Transportation		212 744	208 083
Insurance		191 668	96 541
Maintenance and repairs		179 773	282 647
Fees and licenses		170 235	52 478
Water and electricity		157 198	194 132
Training expenses		123 897	100 244
Stationery and printing supplies		100 855	155 243
Other expenses		<u>427 580</u>	<u>244 817</u>
		<u>10 193 194</u>	<u>9 954 525</u>

36. EARNINGS PER SHARE

	2011	2010
Net profit for the year (YR thousand)	<u>1 047 035</u>	<u>1 001 803</u>
Average number of shares (by thousand)	<u>10 500</u>	<u>9 500</u>
Earnings per share (YR)	<u>100</u>	<u>105</u>

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37. MATURITIES OF FINANCIAL ASSETS AND LIABILITIES

Description	2011				
	Due within 3 months YR 000's	Due from 3 to months 6 YR 000's	Due from months 6 to one year YR 000's	Due after one year YR 000's	Total YR 000's
a. Assets					
Cash on hand & reserve balances with CBY	25 502 780	-	-	-	25 502 780
Due from banks	15 758 988	-	-	-	15 758 988
Treasury bills (net)	87 819 745	14 976 090	9 331 530	-	112 127 365
Government bonds	-	-	-	4 460 866	4 460 866
Loans and advances (net)	29 955 394	7 448 941	18 786 960	-	56 191 295
Available-for sale investments	-	-	-	1 932 752	1 932 752
Investments in associates	-	-	-	357 123	357 123
Investments in subsidiaries	-	-	-	10 000	10 000
	<u>159 036 907</u>	<u>22 425 031</u>	<u>28 118 490</u>	<u>6 760 741</u>	<u>216 341 169</u>
b. Liabilities					
Due to banks	4 078 589	-	-	-	4 078 589
Customers' deposits	197 885 608	2 655 481	8 242 179	-	208 783 268
Long term loans	-	-	-	234 441	234 441
	<u>201 964 197</u>	<u>2 655 481</u>	<u>8 242 179</u>	<u>234 441</u>	<u>213 096 298</u>
Net gap	<u>(42 927 290)</u>	<u>19 769 550</u>	<u>19 876 311</u>	<u>6 526 300</u>	<u>3 244 871</u>

Description	2010				
	Due within 3 months YR 000's	Due from 3 to months 6 YR 000's	Due from months 6 to one year YR 000's	Due after one year YR 000's	Total 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
	<u>212 346 137</u>	<u>22 319 609</u>	<u>50 479 702</u>	<u>6 538 717</u>	<u>291 684 165</u>
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
	<u>249 807 125</u>	<u>26 306 558</u>	<u>13 153 279</u>	<u>238 035</u>	<u>289 504 997</u>
Net gap	<u>(37 460 988)</u>	<u>(3 986 949)</u>	<u>37 326 423</u>	<u>6 300 682</u>	<u>2 179 168</u>

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38. 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:

Description	2011		
	Yemeni Rial	US Dollar	EURO
	%	%	%
<u>Assets</u>			
Due from banks – time deposits	–	0.75	0.75
Treasurieslib	22.58	–	–
Government bonds	22.78	–	–
Loans to customers	25.00	8.00	8.00
Agricultural loans	11.00	4.00	–
Overdrafts	30.00	12.00	12.00
<u>Liabilities</u>			
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	–	–

Description	2010		
	Yemeni Rial	US Dollar	EURO
	%	%	%
<u>Assets</u>			
Due from banks – time deposits	–	00.05	00.05
Treasurieslib	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
<u>Liabilities</u>			
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	–	–

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**39. DISTRIBUTION OF ASSETS, LIABILITIES, CONTINGENT LIABILITIES AND
 COMMITMENTS BASED ON ECONOMIC SECTORS**

	2011							
	Building and							
	Manufacturing	Agriculture	Trade	Construction	Finance	Tourism	Other	Total
	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's
Assets								
Cash on hand and reserve balances with Central Bank of Yemen	-	-	-	-	25 502 780	-	-	25 502 780
Due from banks	-	-	-	-	15 758 988	-	-	15 758 988
Treasury bills (net)	-	-	-	-	112 127 365	-	-	112 127 365
Government bonds	-	-	-	-	-	-	4 460 866	4 460 866
Loans and advances and financing activities (net)	17 908 212	1 011 646	25 659 875	3 796 134	126 247	409 831	7 279 350	56 191 295
Available-for-sale investments	-	-	-	1 853 651	79 101	-	-	1 932 752
Investments in associates	-	245 660	3 000	-	108 463	-	-	357 123
Investment in subsidiary	-	-	10 000	-	-	-	-	10 000
Liabilities								
Due to banks	-	-	-	-	4 078 589	-	-	4 078 589
Customers deposits	9 784 039	12 914 353	97 573 288	14 963 693	11 188 111	1 479 742	60 880 042	208 783 268
Long term loans	-	-	-	-	234 441	-	-	234 441
Contingent liabilities And Commitments (Net)	12 643 046	714 214	18 115 655	2 680 038	89 129	289 337	5 139 161	39 670 580

	2010							
	Building and							
	Manufacturing	Agriculture	Trade	Construction	Finance	Tourism	Other	Total
	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's
Assets								
Cash on hand and reserve balances with Central Bank of Yemen	-	-	-	-	-	-	-	-
Due from banks	-	-	-	-	37 703 964	-	-	37 703 964
Treasury bills (net)	-	-	-	-	50 167 552	-	-	50 167 552
Government bonds	-	-	-	-	119 811 000	-	-	119 811 000
Loans and advances and financing activities (net)	-	-	-	-	-	-	4 460 866	4 460 866
Available-for-sale investments	15 554 938	1 312 345	28 646 122	1 962 328	1 027 075	1 179 613	27 780 511	77 462 932
Investments in associates	-	-	-	1 601 250	79 101	-	-	1 680 351
Investment in subsidiary	-	289 500	3 000	-	105 000	-	-	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 And Commitments (Net)	-	-	31 767 224	26 198 539	-	-	1 848 253	59 814 016

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2011

40. DISTRIBUTION OF ASSETS, LIABILITIES, CONTINGENT LIABILITIES AND COMMITMENTS BASED ON GEOGRAPHICAL LOCATIONS

	2011					
	Republic 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 and reserve balances with CBY	25 502 780	-	-	-	-	25 502 780
Due from banks	1 538 183	578 931	9 960 367	3 606 090	75 417	15 758 988
Treasury bills (net)	112 127 365	-	-	-	-	112 127 365
Government bonds	4 460 866	-	-	-	-	4 460 866
Loans and advances and financing activities (net)	56 191 295	-	-	-	-	56 191 295
Available-for-sale investments	1 912 782	-	-	-	19 970	1 932 752
Investments in associates	357 123	-	-	-	-	357 123
Investments in subseries	10 000	-	-	-	-	10 000
Liabilities						
Due to banks	3 585 188	-	-	294 502	198 899	4 078 589
Customers deposits	208 783 268	-	-	-	-	208 783 268
Long term loans	234 441	-	-	-	-	234 441
CONTINGENT LIABILITIES AND COMMITMENTS (NET)	35 723 594	71 686	522 712	2 936 635	415 953	39 670 580

	2010					
	Republic 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 and 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 and 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 AND COMMITMENTS (NET)	44 782 412	4 125 430	2 904 929	8 001 245	-	59 814 016

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2011

41. 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:

	2011		2010	
	Surplus (deficit) YR 000's	% of capital & reserves	Surplus (deficit) YR 000's	% of capital & reserves
US Dollar	465 112	3.7%	(283 374)	(2.5%)
Euro	9 376	0.1%	80 174	0.7%
Saudi Rial	9 484	0.1%	592 466	5.2%
Sterling Pound	(10 118)	(0.1%)	(12 626)	(0.1%)
Others	(38 071)	(0.3%)	6 958	0.1%
Net surplus	<u>435 783</u>	<u>3.5%</u>	<u>383 598</u>	<u>3.4%</u>

The US Dollar exchange rate as at December 31, 2011 was YR 213.80 (as at December 31, 2010: US Dollar exchange rate was YR 213.80).

42. 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:

	2011 YR 000's	2010 YR 000's
Loans and advances (net)	238 655	226 168
Current accounts and time deposits	4 645 218	5 753 058
Long term loans	234 441	238 035
Commissions and interest received	773	488
Interest paid	1 452	2 249

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2011

43. TAX STATUS

- The difference between accounting and tax profit for the year 2011 represents an additional amount for YR 187,577 thousand as a result of adjusting the accounting profit with provided provisions during the year which subject to tax, on the basis of 20% tax rate.
- 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.
- The Bank has submitted the 2010 profit tax declaration and paid the amount due within the legal deadline. The Tax Authority has not performed any review for the year 2010 nor has the Bank received any notification of any assessment for that year.
- Salary tax has been cleared up to 2008.
- The Bank has paid the salary tax for the period from 2009 to the end of 2011 based on monthly declarations. The Tax Authority is currently conducting its review and no assessment has been received by the Bank yet.

44. ZAKAT

- The Bank submits its Zakat declaration annually and remits the amount due based on the declaration.
- The Bank has paid the Zakat up to the end of 2010 according to the Zakat declaration. No assessment notification was issued by the Zakat Department.

45. CONTINGENT 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.

46. 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.

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2011

**THE FINANCIAL STATEMENTS FOR COOPERATIVE & AGRICULTURAL
 CREDIT BANK – ISLAMIC BRANCH**

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, 2011

	2011 YR 000's	2010 YR 000's
<u>Assets</u>		
Cash on hand	43 982	-
Due from Banks	554 663	741 300
Murabaha financing transactions (net)	246 144	1 875 970
Istisna'a financing transactions (net)	1 446 448	419 317
Ijarah Muntahia Bittamleek (net)	198 238	268 140
Qard Hasan (net)	-	1 455
Debit balances and other assets (net)	307 188	360 333
Property and equipment (net)	<u>76 836</u>	<u>23 757</u>
TOTAL ASSETS	<u>2 873 499</u>	<u>3 690 272</u>
<u>Liabilities And Shareholders' Equity</u>		
<u>Liabilities</u>		
Current accounts and other deposits	1 312 703	2 098 170
Credit balances and other liabilities	553 283	606 644
Other provisions	<u>2 645</u>	<u>8 774</u>
Total Liabilities	<u>1 868 631</u>	<u>2 713 588</u>
SHAREHOLDERS' EQUITY		
Capital	1 000 000	1 000 000
Legal reserve	730	-
Retained earnings (deficit)	<u>4 138</u>	<u>(23 316)</u>
Total shareholders' equity	<u>1 004 868</u>	<u>976 684</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>2 873 499</u>	<u>3 690 272</u>
Contingent liabilities and commitments (net)	<u>264 496</u>	<u>877 432</u>

COOPERATIVE AND AGRICULTURAL CREDIT BANK (Sana'a, Republic of Yemen)
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2011

THE FINANCIAL STATEMENTS (continued) FOR COOPERATIVE & AGRICULTURALCREDIT BANK – ISLAMIC BRANCH

2. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 YR 000's	Period from March 29, 2010 to December 31, 2010 YR 000's
Income from financing Murabaha and Istisna'a	199 093	46 592
Income from other joint investments	23 227	16 470
	222 320	63 062
Less:		
Return of unrestricted investments and saving Accounts' holders	(43 980)	(40 362)
	178 340	22 700
Commissions income and bank service charges	3 357	5 353
Gain from foreign currency translation	(1 560)	23 949
Other operating income	6 642	-
Net operating income	186 779	52 002
Less: provisions	(10 761)	(33 401)
Less: general and administrative expenses and depreciation	(140 513)	(41 917)
Net profit (loss) for the year/period before income tax	35 505	(23 316)
Less: Income tax for the year/period	(7 321)	-
Net profit (loss) for the year/period after tax	28 184	(23 316)





Sa'ada/07
81 Saada
Government Complex St.
Tel. 512549 Fax 512549

Mareb/06
82 Mareb
Highway - next to the
Central Bank
Tel. 301331 - 304193 Fax 302205

Shabwa/05
77 Shabwa /Atak
Atak- Tarbia St. - next to the
Agr. & Irrig. Office
Tel. 200534 Fax 200726 - 202526

78 Bayhan
Bayhan Al-Olya - opposite
Bayhan Clinic
Tel. 270245 Fax 270244

79 Belhaf
Belhaf - Highway
next to YLNG Co
Tel. 211961 Fax 211961

80 Azzan
Azzan - opposite the Post Office
Tel. 266026 Fax 266060

Dhamar/06
72 Dhamar
Manzil St.
Tel. 509296 Fax 509295

73 Dhamar
Sanaa St. - opposite Yemen
Modern Laundries
Tel. 509227 Fax 509227

74 Anes
Alsharq City - opposite
Alsharq City Oil Station
Tel. 455321 Fax 455017

Amran/07
75 Amran
Sanaa St. - opposite the Central Bank
Tel. 601096 Fax 600206

76 Masnaa
Masnaa St. - Highway
Tel. 613035 Fax 612567

Hadramout/05
65 Mukala
Mukala Pay
Tel. 352691 Fax 314898

66 Masila
Masila - Haru Gate - next to
Canadian Nexen Co.
Tel. 491259 Fax 491259

67 Ghail Bawazir
Ghail
Tel. 355494 Fax 355492

68 Sayoon
Sayoon - Algeria St.
Tel. 404606 - 409937
Fax 400640 - 409938

69 Katn
Highway - next to Kayti Mall
Tel. 458341 - 458383 Fax 456555

70 Shahr
Ramla Zone - opposite Shahr
Taxi Station
Tel. 336443 - 382333
Fax 336440 - 336441

71 Sukatra
Hadibu- 20 St.
next to the National Bank
Tel. 660727 Fax 660726

Hajjah /07
57 Hajjah
Salaam St. - opposite Amal School
Tel. 222200 Fax 222427

58 Al-Aman
Al-Aman Market
Tel. 228116 Fax 228118

59 Mahabisha
Mahabisha Region
Tel. 230925 Fax 230926

60 Jamarik
Haradh - Tywali Customs Office
Tel. 248938 Fax 248938

61 Haradh
Haradh- Highway- opposite the
MTN Co.
Tel. 245911 Fax 246630

62 Abs
Abs- Shafr Zone - Highway
Tel. 242137 Fax 242636

Abyan /02
63 Abyan
Zinzibar - Wahda St. - opposite
Hadramout Hotel
Tel. 604753 - 602108 Fax 602109

Lahj /02
64 Lahj
Saber - Highway
Tel. 510997 - 510996
Fax 511384 - 510996

Network of Branches & Offices

Hadramout

Sayoon

Mahra

Alghaydha

Almukala

Hodeidah /03

Ibb /04

Mahra /05

Dhalea /02

Baidhah /06

Jawf /06

Aden /02

Taiz /04

Mahweet /07

Sana'a /01

1 Head Office/Sanaa
Qyada St - Saba Roundabout
Tel. 220110 Fax: 220112

2 Ardh Hemyar
Madhibah - Prosecution Office
Tel. 387119 Fax: 384985

3 Airport
Sanaa Intl Airport
Tel. 398271 Fax: 348272

4 Zubairi
Zubairi St. - CAC Bank Building
Tel. 538801 - 538802 Fax: 538828

5 Movenpick
Dhahr Hemyar - Nukum -
Movenpick Hotel
Tel. 545868 Fax: 545869

14 Celtics
Celtics Roundabout
Tel. 358160 Fax: 358157 - 358158

15 Mansura
Mansura - Abdulaziz Zone
behind Shamsi Auto Fair
Tel. 356583 - 354356 Fax: 353405

16 Free zone
Free zone
Tel. 398866 - 356340 Fax: 394830

17 Maaala
Maaala Region - Dakka - Maaala
Seaport Customs
Tel. 220416 Fax: 220416

18 Sheikh Othman
Sheikh Othman - Safina
Roundabout Seaport Customs
Tel. 306822 Fax: 306825

19 Crater
Telal Zone - Queen Arwa St.
Tel. 267541 - 267549
Fax: 264400 - 267542

20 Taiz
Harish - next to old Public Electricity
Corp.
Tel. 269110 - 210481 Fax: 210482

21 Jamal St.
Jamal St. - next to the Education
Office
Tel. 267961 - 251888 Fax: 267946

22 Turbah
Quada St. - next to Electricity
Tel. 301289 Fax: 302007

23 Makha
next to Rasheed Hotel
Tel. 362360 - 362926 Fax: 362320

24 Mahweet
Sanaa St.
Tel. 404354 - 402626 Fax: 403357

25 Hodeidah
Sanaa St.
Tel. 233701 - 233702
Fax: 233703 - 219908

26 Shuhada
Shuhada Zone - 7 July St.
Tel. 265965 Fax: 262699

27 Kanawis
Kanawis - Highway
Tel. 560061 Fax: 560061

28 Comm. Zone
26 Sept. St.
Tel. 217052 Fax: 219586

29 Bait Al-Fakih
Highway - beside Traffic
Administration
Tel. 331078 Fax: 331954

30 Bait Al-Fakih
Entrance of Commercial Zone -
Next to Okbi Pharmacy
Tel. 334668 Fax: 334668

31 Zabid
Highway
Tel. 341914 Fax: 340610

32 Al-Garahi
Highway - next to
Telecommunications Office
Tel. 343282 Fax: 343281

33 Al-Zuhra
Highway - Next to the Main
Hospital
Tel. 575113 Fax: 560061

34 Bajil
Sanaa St.
Tel. 503400 - 503311 Fax: 503500

35 Hais
Hais - Highway
Tel. 360622 Fax: 360222

36 Jawf
Hazm - Government Complex -
Province Office building
Tel. 341081 Fax: 342014

37 Ibb
Ring Road - opposite the West Gate
of Ibb Univ. - next to the Milk Co.
Tel. 455669 Fax: 455665

38 Taiz St.
Taiz St. - opposite Yemenia Airlines
Tel. 424602 Fax: 424603

39 Nadira
Nadira - Highway - next to the
Faculty of Education
Tel. 541992 Fax: 541992

40 Odain
Odain - Highway - opposite the P.E.C.
Tel. 470505 - 470105 Fax: 470107

41 Queen Arwa
Odain St. - next to MTN Co.
Tel. 421283 - 421284 Fax: 421285

42 Qaida City
Highway - opposite Salah
Ad-Deen Clinic
Tel. 331138 Fax: 453188

43 Yareem
behind Rahma Clinic
next to the Telecom.
Tel. 501133 Fax: 501721 - 501720

44 Sarea Transfers
Highway - opposite the Traffics
Admin. - next to Dubai Laundry
Tel. 500427 Fax: 500427

45 Baidhah
Highway - next to the Government
Complex
Tel. 539320 Fax: 539321

46 Sarea Transfers
Highway - next to Ryadh Hotel
Tel. 539326 Fax: 539326

47 Radaa
Highway - Next to Amal Hospital
Tel. 559075 - 559074 Fax: 559073

48 Mahra
Ghaydha - Dhi Al-Higla St.
Tel. 611950 - 613205 Fax: 612623

49 Ghaydha
Highway - opposite Al-Asad Hotel
Tel. 613700 Fax: 613701

50 Sayhut
Shuhada Zone - next to the
Government Complex
Tel. 640590 Fax: 640591

51 Sayhut
Highway - next to the
Telecommunication
Tel. 640710 Fax: 640710

52 Katan
Shaab Zone
Tel. 643473 Fax: 643475

53 Dhalea
Highway - next to the P.E.C.
Tel. 431492 Fax: 431493

54 Kataba
Highway - opposite the P.E.C.
Tel. 451410 Fax: 451409

55 Damt
Highway - opposite Asadi Health
Resort
Tel. 456961 - 456962 Fax: 456963

56 Juban
Highway - next to the Central
Market
Tel. 461911 Fax: 461912

6 Babassalam
Babassalam - Khawlan St. - West
Thawra Hospital
Tel. 269584 - 269569 Fax: 269586

7 Dhahban
North Sitten St. - Dhahban Souk -
Opposite Mercedes Co.
Tel. 337996 Fax: 337887

8 Hadah
Haddah St. - Opposite Shamar
Trade Center
Tel. 428370 Fax: 428363

9 Baghdad St.
Baghdad St. - Algeria Round about -
Next to YALI institute
Tel. 441404 Fax: 441407

10 22-May
Taiz St. - before Shumaila Mall -
Opposite Bainoun St.
Tel. 627230 Fax: 627236 - 627237

11 Asbahi
Arbaeen St. - after Thakafa Roundabout
- next to Golden City Center
Tel. 673337 Fax: 673360

12 October
Taiz St. - next to the Orphan Care
House
Tel. 634551 Fax: 634234

13 Mugadishu
West Ring Road - Inrance of
Mogadishu St.
Tel. 537884 Fax: 537959



CAC BANK