



البنك الأهلي اليمني

National Bank Of Yemen

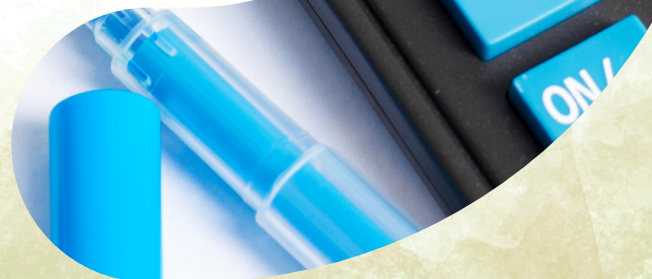
Trust & Experience

الخبرة والثقة

Annual Report



2016



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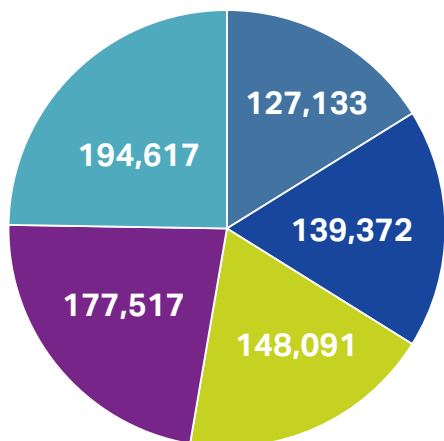
total assets(YR millions)

Financial Statement Summary

Statement	Years				
	μ2016	μ2015	μ2014	μ2013	μ2012
Financial Position:					
Total Assets	194,617	177,517	148,091	139,372	127,133
Loans and Advances	7,327	7,600	11,962	11,619	8,853
Customers & Bank Deposits	171,550	159,722	129,759	120,366	106,733
Local Investments	134,453	116,304	92,032	89,882	76,835
Capital	10,000	10,000	10,000	10,000	10,000
Equity	17,121	14,226	15,286	15,888	16,813
Balances with Banks	26,631	24,461	28,830	23,688	27,896
Contra Items	9,659	13,740	20,154	20,839	24,437
Income Statement:					
Net Interest Income	8,836	4,232	3,950	4,918	5,367
Operation Income	1,027	1,369	1,530	1,618	2,183
Profit Before Tax	3,358	-1,039	36	1,167	3,213
Net Profit	2,894	-1,039	29	902	2,609
Financial Ratios:					
Return on Assets	1.5%	-0.6%	0.0%	0.6%	2.1%
Return on Average Equity	20.0%	-6.8%	0.2%	5.4%	18.1%
Capital Adequacy Rate	67%	59%	48%	64%	66%
Liquidity Rate	91%	90%	85%	54%	58%
U.S.Dollar Price	250.25 (RY)	214.89 (RY)	214.89 (RY)	214.89 (RY)	214.89 (RY)
Share Profit	289 (RY)	-104	3 (RY)	90 (RY)	261(RY)
Number of Branches	27	27	27	27	27
Number of Employees	969	969	970	963	916

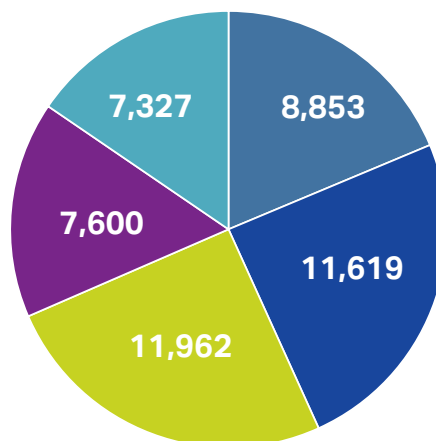
➤ The most important financial indicators 2016 ◀

**Total Assets
(YR millions)**



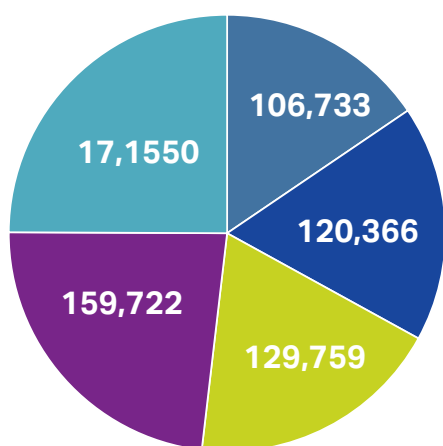
■ ρ2014
 ■ ρ2013
 ■ ρ2012
■ ρ2016
 ■ ρ2015

**Loans and Advances
(YR millions)**



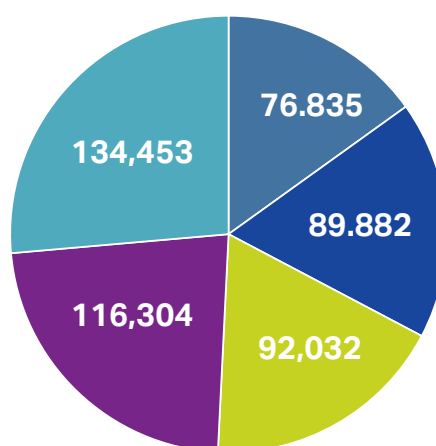
■ ρ2014
 ■ ρ2013
 ■ ρ2012
■ ρ2016
 ■ ρ2015

**Customers & Bank
Deposits (YR millions)**



■ ρ2014
 ■ ρ2013
 ■ ρ2012
■ ρ2016
 ■ ρ2015

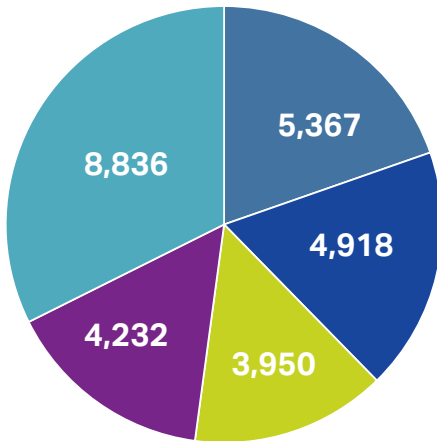
**Local Investments
(YR millions)**



■ ρ2014
 ■ ρ2013
 ■ ρ2012
■ ρ2016
 ■ ρ2015

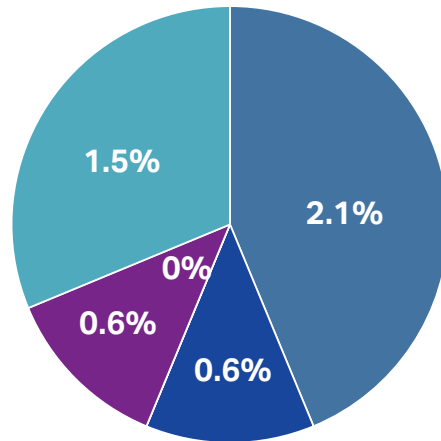
➤ The most important financial indicators 2016 ◀

Net Interest Income (YR millions)



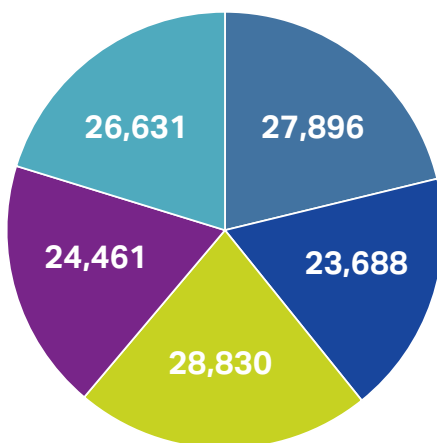
2014 ■ 2013 ■ 2012 ■
 2016 ■ 2015 ■

Return on Assets



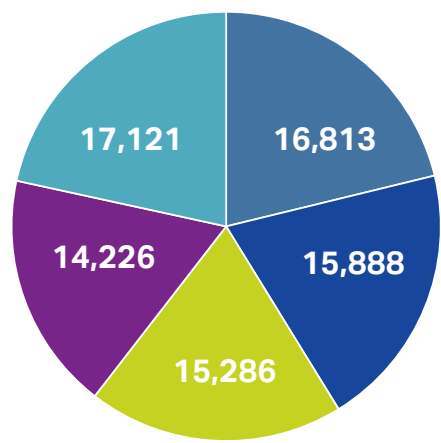
2014 ■ 2013 ■ 2012 ■
 2016 ■ 2015 ■

Balances with Banks (YR millions)



2014 ■ 2013 ■ 2012 ■
 2016 ■ 2015 ■

Equity (YR millions)



2014 ■ 2013 ■ 2012 ■
 2016 ■ 2015 ■

➤ Our Vision ◀

Our Vision: We in the national bank of Yemen , have determined to fulfill all our customers' needs and to be pioneer in providing innovated banking services and products depending on best and modernized banking services techniques in order to be the first choice to customers and become the distinct bank in Yemen.

➤ Our Mission ◀

Our Mission: The bank is obliged to achieve quality in services and products according to international quality standards, to meet customers needs and achieve objectives and expectations of all those concerned with the interests of the bank, in the framework of comprehensive benefits of society and Yemen economy.

➤ Our strategic objectives ◀

- Attract deposits and funds from resident and un resident corporations and individuals and working to achieve continued growth rates to ensure the necessary financial resources for the bank's operations in financing and investment.
- Investing financial resources available in the bank in a way that realizes reasonable returns compared to risks resulting from operations in financing and investment.
- Realizing remunerative returns to shareholders exceeding opportunity cost of funds invested in the bank.
- Offering necessary financial, banking and investment services to meet corporate and individual customer needs with the highest quality possible in a wide geographic area.
- Attract and develop the necessary human resources to execute main and assisting bank operations in order to find the suitable organizational environment and climate to stimulate and increase productivity and qualification of employees in offering the banking, financial and investment services.

➤ **Head of Board** ◀



Mr. Mohammed Abdullah Al-Ameri
Chairman of the Board of Directors



MR.EESAM AHMED AL-SAQQAF
MEMBER OF THE BOARD
GENERAL MANAGER



DR. AHMED ALI OMER BIN SUNKER
Members of the board
Deputy general manager
Supporting dept



MR.ABDUL KAWI AHMED AL SAEGH
MEMBER OF THE BOARD
DEPUTY GENERAL MANAGER



DR.SAMIR A.RAZAQ TALEB
Representative/ministry of planning
& international cooperation
General manager of planning & international
cooperation.Aden



MR.HUSSEIN MACKAWEE
REPRESENTATIVE/ MINISTRY
OF INDUSTRY & TRADE
GENERAL MANAGER OF INDUSTRY&
TRADE OFFICE.ADEN



MR.ABDUL HAKEEM ZAIED AL DAREE
REPRESENTATIVE/OF
MINISTRY OF FINANCE
GENERAL MANAGER
OF FINANCIAL OFFICE ADEN

Executive Management



FAIZA AHMED MUSALI
Manager Human Resources Dept



FADHAA MOHAMMED ABDO SROOR
Manager, Central Accounts



ARWA ALI SULEMAN
Manager, Statistic &



MOHSEN SAEED AL-SHABAH
Manager Branches Dept



OMAR ABDULRAHMAN ABDULGABAR
Manager, Administrative Affairs



MRWAN ALI ABDULLA
Manager, Credit Dept



Waled Watq Shadli
Manager, Legal Dept



SALEH EASA SALEH
Manager, Audit Dept



SABR SAEED ABDO
Manager, Foreign Relations Dept



SALEH AWAD KASM
Manager, Risk Dept



HANI AHMED OBEID
Manager Of IT Department



ZIAD. A. BASUNAID
I.T Project Manager



BALIGH AHMED TAHER
Manager, Bad Debts



Dahman & Co.

Auditors . Accountants . Advisors

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INDEPENDENT AUDITORS' REPORT TO H.E. MINISTER OF FINANCE ON NATIONAL BANK OF YEMEN

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of National Bank of Yemen ("the Bank"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2016 and its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards and related local laws and regulations and Central Bank of Yemen instructions.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standard Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis Of Matter

Without qualifying our opinion, and as stated in note 1-b to the financial statements, the Bank is working in an unfavorable environment that may affect its activities and may not enable it to provide some of its services to its customers or meet some of its commitments which raises doubt on Bank's capability to continue business on a going concern basis in the case of continuation of security and political instability conditions, the matter that requires the Government as the owner of the Bank to take serious measures to address any difficulties the Bank may face in relation to such matters.

Responsibilities of Management and The Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, Prime Minister Decree no. 405 for 2013 on Re-organisation of the National Bank of Yemen and Bank's Articles of Association issued on 5 August 2013, related local laws and regulations and Central Bank of Yemen instructions and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO H.E. MINISTER OF FINANCE ON NATIONAL BANK OF YEMEN

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the Prime Minister's Decree No. 405 of 2013 on the Re-organisation of the National Bank of Yemen and the Bank's Articles of Association issued on 5 August 2013, Law No. 38 of 1998 on Banks and the Central Bank of Yemen instructions, we report the following:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The Bank's financial statements have been prepared and comply, in all material respects, with the Prime Minister's Decree No. 405 of 2013 on the Re-organisation of the National Bank of Yemen and the Bank's Articles of Association issued on 5 August 2013 and Law No. 38 of 1998 on Banks and the Central Bank of Yemen instructions.

Continued...



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

**TO H.E. MINISTER OF FINANCE
ON NATIONAL BANK OF YEMEN**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONTINUED)

- The Bank maintains proper accounting records and the financial statements are consistent with such records;
- The financial information in the Board of Directors Annual Report is consistent with the financial statements.
- Note 36 to the Bank's financial statements discloses related parties' transactions, terms on which they were made and basis for managing conflicts of interest.

We also confirm that based on the information that has been made available to us, nothing came to our attention which causes us to believe that during the financial year ended 31 December 2016, the Bank has contravened any of the articles of the Prime Minister's Decree No. 405 of 2013 regarding the Re-organisation of the National Bank of Yemen and Bank's Articles of Association issued on 5 August 2013, Law No. 38 of 1998 on Banks and the Central Bank of Yemen instructions which may have a material impact on its activities or its financial position.

OTHER MATTERS

- The financial statements of the National Bank of Yemen for the year ended 31 December 2015 were audited by another auditor who expressed a unmodified opinion with an "Emphasis of Matter" paragraph dated 27 November 2016.
- We were not able to attend the year-end count procedures as our appointment for auditing the financial statements for the year ended 31 December 2016 was in a subsequent period, nevertheless we have undertaken alternative procedures to verify the integrity of the opening balances for the year.


RSM
دحمان ومشاركونه
Dahman & Co.
ترخيص 973
License 973
Bassam Dahman Awadh Dahman
Registered Licensed Auditor No. 819
Of RSM Dahman & Co.


Aden, Republic of Yemen
28 August 2017

NATIONAL BANK OF YEMEN
STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

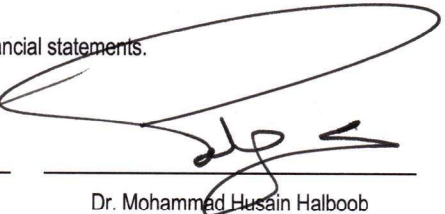
	Note	31 December 2016 YR' 000	31 December 2015 YR' 000
ASSETS			
Cash on hand and mandatory reserve balances with the Central Bank of Yemen	4	21,540,280	24,867,063
Due from banks	5	26,631,494	24,461,269
Direct credit facilities to customers, net of provision	6	7,327,533	7,600,249
Held to maturity investments, net	7	134,453,234	116,304,192
Available for sale investments, net	8	276,971	239,875
Receivables and other assets, net	9	908,084	532,771
Property, plant and equipment, net of accumulated depreciation	10	2,571,179	2,600,360
Capital work in progress	11	908,426	911,186
TOTAL ASSETS		194,617,201	177,516,965
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	12	-	503
Customers' deposits	13	171,549,847	159,721,557
Payables and other liabilities	14	5,041,946	3,407,412
Other provisions	15	904,785	161,160
Total Liabilities		177,496,578	163,290,632
EQUITY			
Capital paid	16	10,000,000	10,000,000
Reserves	17	5,822,004	5,265,454
Proposed dividends / (Losses) carried forward		1,298,619	(1,039,121)
Total Equity		17,120,623	14,226,333
TOTAL LIABILITIES AND EQUITY		194,617,201	177,516,965
CONTINGENT LIABILITIES, COMMITMENTS AND CONTRA ACCOUNTS, NET	18	9,658,811	13,739,827

Independent Auditors' Report attached (pages 1-3).

The attached notes 1 to 44 form an integral part of these financial statements.


Arwa Ali Sulaiman AlKouri
Vice General Manager for
Banking Departments


Dr. Ahmed Ali Bin Sankar
General Manager


Dr. Mohammed Husain Halboob
Chairman



NATIONAL BANK OF YEMEN
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2016

	Note	2016 YR' 000	2015 YR' 000
REVENUES			
Activity Revenues			
Interest on direct credit facilities, net	19	(11,736,953)	(10,471,956)
Interest on due from banks, net	20	41,337	92,351
Commissions and fee income on banking services, net	21	399,008	333,166
Returns from held to maturity investment	22	20,531,101	14,611,330
Dividends from available for sale investments	23	26,614	36,473
Gain on selling and buying foreign currencies		452,815	420,182
Total activity revenues		9,713,922	5,021,546
Other revenues	24	960,290	897,348
TOTAL REVENUES		10,674,212	5,918,894
EXPENSES			
Salaries, wages and related expenses	25	(3,801,386)	(3,494,013)
General and administration expenses	26	(565,680)	(416,049)
Depreciation of property, plant and equipment	10	(117,906)	(162,526)
Provisions' expenses	27	(1,571,806)	(2,161,020)
Annual subscription fees to Bank Deposit Insurance Corporation	28	(187,486)	(172,878)
Judicial expenses	29	(3,251)	(6,910)
Prior years expenses	30	(2,608)	(2,036)
TOTAL EXPENSES		(6,250,123)	(6,415,432)
Foreign exchange rate differences	31	(816,007)	(322,583)
PROFIT / (LOSS) FOR THE YEAR BEFORE ZAKAT AND INCOME TAX		3,608,082	(819,121)
Zakat	32	(250,000)	(220,000)
PROFIT / (LOSS) FOR THE YEAR AFTER ZAKAT AND BEFORE INCOME TAX		3,358,082	(1,039,121)
Income tax	33	(463,792)	-
PROFIT / (LOSS) FOR THE YEAR AFTER ZAKAT AND INCOME TAX		2,894,290	(1,039,121)
OTHER COMPREHENSIVE INCOME			
NET CHANGES IN FAIR VALUE FOR THE YEAR			
Re-evaluation gains on available for sale investments during the year		-	-
Re-evaluation difference on available for sale investments (written back)		-	-
Total Other Comprehensive Income For The Year		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR ATTRIBUTABLE TO CONTROLLING INTEREST (100%)	34	2,894,290	(1,039,121)

The attached notes 1 to 44 form an integral part of these financial statements.

NATIONAL BANK OF YEMEN
 STATEMENT OF CHANGES IN EQUITY
 As At 31 December 2016

	<i>Capital (Note 16) YR'million</i>	<i>Reserves (Note 17) YR'million</i>	<i>Proposed dividends / (Loss) carried forward YR'million</i>	<i>Total YR'million</i>
Balance at 31 January 2016	10,000,000	5,265,454	(1,039,121)	14,226,333
Comprehensive income				
Profit for the year	-	-	2,894,290	2,894,290
Net movement in fair value for the year	-	-	-	-
Total comprehensive income	-	-	2,894,290	2,894,290
Transaction with owners				
Transfer to statutory reserve	-	278,275	(278,275)	-
Transfer to general reserve	-	278,275	(278,275)	-
Proposed dividends paid	-	-	-	-
Total transaction with owners	-	556,550	(556,550)	-
Balance at 31 December 2016	10,000,000	5,822,004	1,298,619	17,120,623
Balance at 31 January 2015	10,000,000	5,265,454	20,193	15,285,647
Comprehensive income				
(Loss) for the year	-	-	(1,039,121)	(1,039,121)
Net movement in fair value for the year	-	-	-	-
Total comprehensive (loss)	-	-	(1,039,121)	(1,039,121)
Transaction with owners				
Transfer to statutory reserve	-	-	-	-
Transfer to general reserve	-	-	-	-
Proposed dividends paid	-	-	(20,193)	(20,193)
Total transaction with owners	-	-	(20,193)	(20,193)
Balance at 31 December 2015	10,000,000	5,265,454	(1,039,121)	14,226,333

The attached notes 1 to 44 form an integral part of these financial statements.

NATIONAL BANK OF YEMEN
STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2016

	Note	2016 YR 000	2015 YR 000
OPERATING ACTIVITIES			
Profit / (Loss) for the year before Zakat and income tax		2,894,290	(1,039,121)
<i>Adjustments for the following:</i>			
Depreciation of property, plant and equipment		117,056	162,526
Provision expenses during the year		1,571,806	2,161,020
Re-translation difference on balances of provisions for losses on direct and indirect credit facilities		203,271	(6,446)
Provision for losses on direct and indirect credit facilities written back during the year		(951,558)	(888,676)
Provision for losses on direct and indirect credit facilities used during the year		(7,093)	(89,633)
Income tax paid during the year		-	(7,212)
Revaluation difference (unrealised)		-	10,629
Operating Profit Before Changes In Banking Assets And Liabilities Related To Operating Activities		<u>3,827,772</u>	<u>303,087</u>
CHANGES IN BANKING ASSETS			
Mandatory reserve balances with the Central Bank of Yemen		(810,851)	(1,847,357)
Due from banks maturing after three months		104,700	882,927
Direct credit facilities to customers before provision but after suspended interest		199,915	3,409,090
Receivables and other assets		(375,313)	(727,103)
Net (increase) / decrease in banking assets		<u>(881,549)</u>	<u>1,717,557</u>
CHANGES IN BANKING LIABILITIES			
Due to banks		(503)	(66)
Customers' deposits		11,828,290	29,992,694
Payables and other liabilities		1,634,534	772,188
Net increase in banking liabilities		<u>13,462,321</u>	<u>30,764,816</u>
Net Cash Flows From Operating Activities (1)		<u>16,408,544</u>	<u>32,785,460</u>
INVESTING ACTIVITIES			
Movement in property, plant and equipment		(87,875)	(65,756)
Capital work in progress		2,760	(118,336)
Held to maturity investments		(37,191,451)	16,915,873
Available for sale investments		(37,096)	30,149
Net Cash Flows (Used In) / From Investing Activities (2)		<u>(37,313,662)</u>	<u>16,761,930</u>
FINANCING ACTIVITIES			
Dividends paid		-	(20,193)
Net Cash Flows (Used In) Financing Activities (3)		<u>-</u>	<u>(20,193)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (1+2+3)		(20,905,118)	49,527,197
Cash and cash equivalents at 1 January		111,679,938	62,162,771
Effect of changes in exchange rate		-	(10,030)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	35	<u>90,774,820</u>	<u>111,679,938</u>

The attached notes 1 to 44 form an integral part of these financial statements.

NATIONAL BANK OF YEMEN
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended 31 December 2016

1 GENERAL INFORMATION

1-a Incorporation

The National Bank of Yemen (the Bank) was incorporated in Aden in 1969 with respect to Law no. 37 of 1969; amended by Law no. 36 of 1972 which got cancelled with respect to provisions of Law No. 22 of 1997 on Commercial Companies, Law No. 8 of 1998 on Banks and Law No. 21 of 1996 on Islamic Banks amended by Law No. 16 of 2009.

The Bank status was amended with respect to Prime Minister Decree no. 405 of 2013 on Re-organisation of the National Bank of Yemen issued on 5 August 2013, upon which the Article of Association of National Bank of Yemen was issued as till that date it was operating with respect to Law No. 35 of 1991 on Public Authorities, Corporations and Companies.

The Bank is wholly owned by the Government of Yemen under the supervision of the Minister of Finance and is registered under commercial registration number 1748.

1-b Activity

The Bank is one of the biggest Yemeni commercial banks and a primary contributor in the economic and social development in Yemen. It provides banking services to individuals and companies and treasury and investment management. Its Head Office is located at Queen Arwa Street and its postal address is P. O. Box 5, Crater, Aden, Republic of Yemen.

The Bank has a Modernization And Development Project which it has signed a contract on with an international consultancy firm on 20 December 2006. The project is composed of two parts, the first is to provide management, operation and banking consultancy services and the second is to install and operate modern information technology hardware and software in order to enforce Bank's efficiency and competitiveness and maximise profit. The Bank finances both parts of the project from its own financial resources.

The Year Ended 31 December 2016

The Bank continued in business through its Head Office and 27 commercial branches spread all over the different Republic's governorates and an Islamic branch - under establishment which was opened in a subsequent period (note 34-c). It also achieved good results for the year under the conditions of political and security instability in the country since April 2015, the destruction of some of its branches' buildings located in military conflict areas, the affected volume of its transactions locally and abroad and the loss it incurred in previous year.

Although it difficult to predict the impact of the security, political and economic crisis the Republic of Yemen is suffering from, and still is, which may be reflected on the financial statements and management's estimates concerning fair value of Bank's assets and liabilities and the financial plans prepared for the subsequent period, but management is working on taking the necessary measures to support the continuation of Bank operation under the existing economic environment. Therefore, management believes the Bank will continue in business as a going concern in the foreseeable future.

During the year the Bank was managed by a Board of Directors of 6 members with Mr. Mohammed Abdullah Moqbil Al-Amery is the chairman and an executive management team of 13 individuals with Mr. Esam Al-Sakaf is the general manager.

The Board of Directors approved the audited financial statement for the year ended 31 December 2015 on 27 November 2016 and raised it to H.E. Minister of Finance - Aden on 8 December 2016. It also held nine meetings during the period from 7 February 2016 to 29 December 2016.

As at 31 December 2016 the Bank had 940 employees (31 December 2015: 914 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2-a Basis of Preparation

Statement of Compliance

Based on what was mentioned in note 1-b above, these financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS), being standards and interpretations issued by the International Accounting Standards Board (IASB), in force at 31 December 2016 and the requirements of related local laws, regulations and rules including Law No. 38 of 1998 on Banks and instructions issued by the Central Bank of Yemen including those covered by its circular no. 2 of 2002 on Rules on Preparation and Presentation of the Financial Statements and Basis of Evaluation of Banks (amended).

The financial statements include the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements.

The statement of financial position considers current/ non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NATIONAL BANK OF YEMEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-a Basis of Preparation (Continued)

Statement of Compliance (Continued)

A liability is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Profit or loss and other comprehensive income are recognised in statement of comprehensive income. The Bank presents the statement of profit or loss using the classification by function of expenses. The Bank believes this method provides more useful information to the readers of the financial statements as it better reflects the way operations are run from a business point of view.

Transactions with owners in their capacity as owners are presented in the statement of changes in equity.

The statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities. Cash and cash equivalents include highly liquid investments. Note 35 shows in which item of the statement of financial position cash and cash equivalents are included. The cash flows from operating activities are determined by using the indirect method. Profit for the year is therefore adjusted by non-cash items, such as measurement's gains and losses, changes in provisions, as well as changes from receivables and payables. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. Interests received or paid are classified as operating cash flows. The cash flows from investing and financing activities are determined by using the direct method. The Bank's assignment of the cash flows to operating, investing and financing category depends on the Bank's business model (management approach).

The Bank discloses on risks it is exposed to in note 37- Risk Management and discloses on capital adequacy in note 38- Capital Management.

Basis of Measurement

The financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the significant accounting policies below (e.g. certain financial instruments that are measured at fair value). Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Bank uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Bank (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

As at 31 December 2016 the fair value of financial instruments do not differ fundamentally from their fair values based on the valuation of the Bank's assets and liabilities as stated in the notes to the financial statements.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Bank at the end of the reporting period during which the change occurred.

As at 31 December 2016 the fair value of available for sale investments of YR'000 276,971 is carried on level 3 fair value measurements. There are no investments at fair value according to level 1 or 2 of fair value disclosures.

Presentation Currency

The financial statements are presented in Yemeni Rials and all values are rounded to the nearest one thousand Yemeni Rial except when otherwise is indicated.

NATIONAL BANK OF YEMEN
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the Year Ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-a Basis of Preparation (Continued)

Application Of New And Amended Standards

New and amended standards and interpretations effective for the first time and applied but with no material effect on the financial statements:

For the preparation of these financial statements, the following new or amended pronouncements are effective for the first time for the financial year beginning on or after 1 January 2016 (the list does not include information about new or amended requirements that affect interim financial reporting or first-time adopters of IFRS).

- Amendments to IAS 1 titled *Disclosure Initiative* (issued in December 2014)

The amendments, applicable to annual periods beginning on or after 1 January 2016, clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- Amendments to IAS 16 and IAS 38 titled *Clarification of Acceptable Methods of Depreciation and Amortisation* (issued in May 2014)

The amendments, prospectively effective for annual periods beginning on or after 1 January 2016, add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.

- Amendments to IAS 16 and IAS 41 titled *Agriculture: Bearer Plants* (issued in June 2014)

The amendments, applicable to annual periods beginning on or after 1 January 2016, define bearer plants – i.e. living plants which are used solely to grow produce over several periods and usually scrapped at the end of their productive lives - and include them within IAS 16's scope while the produce growing on bearer plants remains within the scope of IAS 41.

- Amendment to IAS 19 (*Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014)

The amendment, applicable to annual periods beginning on or after 1 January 2016, clarifies that, in determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. Thus, the assessment of whether there is a deep market in high quality corporate bonds is based on corporate bonds in that currency (not corporate bonds in a particular country), and in the absence of a deep market in high quality corporate bonds in that currency, government bonds in the relevant currency should be used.

- Amendments to IAS 27 titled *Equity Method in Separate Financial Statements* (issued in August 2014)

The amendments, applicable to annual periods beginning on or after 1 January 2016, reinstate the equity method option allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendment to IFRS 5 (*Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014)

The amendment, applicable prospectively to annual periods beginning on or after 1 January 2016, adds specific guidance when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners, or vice versa, and for cases where held-for-distribution accounting is discontinued.

- Amendment to IFRS 7 (*Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014)

The amendment, applicable to annual periods beginning on or after 1 January 2016, adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

- Amendments to IFRS 10, IFRS 12 and IAS 28 titled *Investment Entities: Applying the Consolidation Exception* (issued in December 2014)

The amendments, applicable to annual periods beginning on or after 1 January 2016, clarify the application of the consolidation exception for investment entities and their subsidiaries.

- Amendments to IFRS 11 titled *Accounting for Acquisitions of Interests in Joint Operations* (issued in May 2014)

The amendments, applicable prospectively to annual periods beginning on or after 1 January 2016, require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to apply all of the business combinations accounting principles and disclosure in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured).

The application of these amended IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

NATIONAL BANK OF YEMEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-a Basis of Preparation (Continued)

Application Of New And Amended Standards (Continued)

New and amended standards and interpretations issued but not yet effective and not early adopted:

The Bank has not applied the following new or amended pronouncements that have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2016 (the list does not include information about new or amended requirements that affect interim financial reporting or first-time adopters of IFRS).

The management anticipates that the new standards and amendments will be adopted in the Bank's financial statements when they become effective. The Bank has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

- Amendments to IAS 7 titled *Disclosure Initiative* (issued in January 2016)

The amendments, applicable to annual periods beginning on or after 1 January 2017, require entities to provide information that enable users of financial statements to evaluate changes in liabilities arising from their financing activities. This is not expected to have a material effect on the Bank's financial statements.

- Amendments to IAS 12 titled *Recognition of Deferred Tax Assets for Unrealised Losses* (issued in January 2016)

The amendments, applicable to annual periods beginning on or after 1 January 2017, clarify the accounting for deferred tax assets related to unrealised losses on debt instruments measured at fair value, to address diversity in practice. This is not expected to have a material effect on the Bank's financial statements.

- Amendments to IFRS 2 titled *Classification and Measurement of Share-based Payment Transactions* (issued in June 2016)

The amendments, applicable to annual periods beginning on or after 1 January 2018, clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments (SBP), the accounting for SBP transactions with a net settlement feature for withholding tax obligations, and the effect of a modification to the terms and conditions of a SBP that changes the classification of the transaction from cash-settled to equity-settled. This is not expected to have a material effect on the Bank's financial statements.

- Amendments to IFRS 4 titled *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (issued in September 2016)

The amendments give all entities that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before implementing the replacement insurance contracts Standard for IFRS 4 that is under drafting by the Board. Also, entities whose activities are predominantly connected with insurance are given an optional temporary exemption from applying IFRS 9 (until 2021), thus continuing to apply IAS 39 instead. As the Bank has not issued insurance contracts, the amendments are not expected to have an effect on its financial statements.

- IFRS 9 *Financial Instruments* (issued in July 2014)

This standard will replace IAS 39 (and all the previous versions of IFRS 9) effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and de-recognition.

- IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.
- For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.
- For the impairment of financial assets, IFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognised.
- For hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.
- The de-recognition provisions are carried over almost unchanged from IAS 39.

The management anticipates that IFRS 9 will be adopted in the Bank's financial statements when it becomes mandatory and that the application of the new standard might have a significant effect on amounts reported in respect of the Bank's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed

NATIONAL BANK OF YEMEN
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the Year Ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-a Basis of Preparation (Continued)

Application Of New And Amended Standards (Continued)

New and amended standards and interpretations issued but not yet effective and not early adopted (continued):

- Amendments to IFRS 10 and IAS 28 titled *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued in September 2014)

The amendments address a current conflict between the two standards and clarify that gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after 1 January 2016, is now deferred indefinitely but earlier application is still permitted. This is not expected to have a material effect on the Bank's financial statements.

- IFRS 15 *Revenue from Contracts with Customers* (issued in May 2014 and amended for clarifications in April 2016)

The new standard, effective for annual periods beginning on or after 1 January 2018, replaces IAS 11, IAS 18 and their interpretations. It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g. the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract, etc.).

The management anticipate that IFRS 15 will be adopted in the Bank's financial statements when it becomes mandatory and that the application of the new standard might have a significant effect on amounts reported in respect of the Bank's revenue. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

- IFRS 16 *Leases* (issued in January 2016)

The new standard, effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 and its interpretations. The biggest change introduced is that almost all leases will be brought onto lessees' balance sheets under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The management anticipate that IFRS 16 will be adopted in the Bank's financial statements when it becomes mandatory and that the application of the new standard will have a significant effect on amounts reported in respect of the Bank's leases. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The exceptions to International Financial Reporting Standards in compliance with local laws and regulations issued by the Central Bank of Yemen are:

- The adoption of minimum fixed percentages for losses on non performing credit facilities in accordance with the Central Bank of Yemen circular no. 6 of 1996 and its amendments in circular no. 5 of 1998; and
- The non-inclusion of the general provision calculated on non performing credit facilities in equity.

The effect of these deviations is immaterial on the financial statements of the Bank as at 31 December 2016.

2-b Trade And Settlement Date Accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Bank commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

2-c Financial Assets

Recognition And Initial Measurement

Financial assets are recognised when the Bank becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Classification And Subsequent Measurement

Subsequent measurement of financial assets depends on how they have been treated on initial recognition. IAS 39 prescribes classification of the financial assets in one of the following four categories:

Financial Assets At Fair Value Through Profit And Loss

Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives.

For the year ended on 31 December 2016, the Bank did not carry any financial assets classified in this category.

NATIONAL BANK OF YEMEN
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-c Financial Assets

Classification And Subsequent Measurement (Continued)

Loans And Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that the Bank intends to sell immediately or in the near term cannot be classified in this category.

For the year ended on 31 December 2016, the Bank had financial assets that are classified in this category and are represented by bank balances, cash on hand direct credit facilities to customer, receivables and other assets.

- **Mandatory Reserve With Central Bank Of Yemen**

This reserve represents balances the Bank has to maintain at Central Bank of Yemen against customers' deposits it has in Yemeni Rial and foreign currencies as per article no. 11-c of Law No. 38 of 1998 on Banks. This balance is not available for daily use of the Bank.

With respect to Central Bank of Yemen circular no. 4 for 2009 on weekly reporting on calculating the mandatory reserve on deposits, the mandatory reserve is calculated on the basis of the average deposit balances during the week at 7% on deposits in local currency and 20% on deposits in foreign currencies.

This reserve ratio on all deposits in foreign currencies at the Bank has been reduced to 10% with respect to article no. 1 of the Governor of the Central Bank of Yemen Resolution no. 3 of 2013. .

- **Due From Banks**

Deposits and balances with banks are presented at cost after deducting any amount that has been written off and any impairment in their value.

- **Direct Credit Facilities**

Direct credit facilities are stated on the statement of financial position net of relevant provision and uncollected interest. These facilities are represented by loans and overdraft facilities.

Provision for losses on direct credit facilities are calculated as per Central Bank of Yemen circular no. 6 of 1996 and circular no. 5 of 1998 after deducting uncollected interest, cash or bank guarantees of high quality and can get liquefied in short term in same currency of credit facility according to the credit classification category resulting from this facilities loss review at the following rates as a minimum:

General provisions for performing categories		Specific provision for non performing categories	
- Good	2%	- Substandard	15%
- Under watch	2%	- Doubtful	45%
		- Bad	100%

Loans are written off by debiting the provision after all the necessary legal procedures have been completed, and the final loss has been determined or by direction from Central Bank of Yemen upon review of the portfolio. Proceeds from loans previously written off in prior years are credited to "other revenue".

As per Central Bank of Yemen circular no. 2 of 2002 on Rules on Preparation and Presentation of the Financial Statements and Basis of Evaluation of Banks (amended) the suspended interest, i.e. interest on loans that are three months passed due and not marginally paid are not to be added to customers receivables or added to statement of income unless it is collected and after collecting the original debt.

- **Receivables**

Debit accounts are stated at cost less the allowance for any uncollectible amounts. An estimate of doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off as incurred. Loss is recognised in profit or loss.

Held To Maturity Financial Assets:

These are non-derivative financial assets with fixed or determinable payments and fixed maturity where the Bank has the positive intent and ability to hold to maturity.

For the year ended on 31 December 2016, the Bank carried financial assets classified in this category represented by treasury bills.

- **Treasury Bills**

Treasury bills issued by the Central Bank of Yemen on behalf of the Ministry of Finance in order to obtain cash flows to face general expenditure of the Government are stated at their nominal value, less unamortised discount from date of purchase to its due date on the bases of the straight-line method. With respect to Central Bank of Yemen circular no. 2 of 2002 on Rules on Preparation and Presentation of the Financial Statements and Basis of Evaluation of Banks (amended), treasury bills, which mature within a period not exceeding three months, are considered as part of cash and cash equivalents.

NATIONAL BANK OF YEMEN
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the Year Ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-c Financial Assets (Continued)

Classification And Subsequent Measurement (Continued)

Available For Sale Financial Assets:

These are non-derivative financial assets that are designated as available for sale on initial recognition when intended to be held for an indefinite period of time and may be sold in response to requirements for liquidity or changes in interest rates, exchange rates or equity prices or are not classified in one of the previous categories. These (long term) investments are carried at fair value which is the fair price for the consideration paid to purchase it and all acquisition expenses. Subsequently, they are re-measured at fair value and the changes in fair value are recognised in the related reserve in equity in the period they appeared, except for losses of impairment and gain or loss of foreign exchange. A provision is made for each continuing impairment on the bases of each individual investment based on last audited financial statements issued by investment entities and their fair value are adjusted at the continuing impairment ratio. The provision made is carried to statement of income.

For the year ended on 31 December 2016, the Bank carried financial assets classified in this category represented by shareholding in foreign and local companies.

Impairment And Un-Collectability

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;
- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired.
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the bank continues to recognise the transferred asset to the extent of the Bank's continuing involvement. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

2-d Non Financial Assets

Property, Plant and Equipment

Initial And Subsequent Recognition

All items of property, plant and equipment are initially recognised at historical cost which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequently, after initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of an asset, less its estimated residual value over its useful economic life using the straight-line method at rates as stated in the Council of Ministers' Resolution no. 144 of 1999 as shown below:

- | | | | |
|--------------------------------------|---|--|-------|
| • Buildings | 2% | • Furniture and equipment - safes | 10-2% |
| • Vehicles | 20% | • Swift and computer hardware and software | 20% |
| • Improvements to leasehold property | Years of lease or estimated useful life whichever is lower. | | |
| • Land | Not depreciated | | |

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, considering effect of any changes in estimate on a prospective basis.

NATIONAL BANK OF YEMEN
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-d Non Financial Assets (Continued)

Property, Plant and Equipment (Continued)

Impairment

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Value in use is the present value of the estimated future cash flows of the asset / unit. Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital Work In Progress

These assets are represented by construction and procurement projects of the Bank whose implementation has started but not been completed as at statement of financial position date. It is stated at cost which includes all related expenses including professional fees and amounts paid to developer and implementer. It is transferred to property, plant and equipment and becomes subject to depreciation when ready for use.

2-e Financial Liabilities

Recognition And Initial Measurement

Financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Classification And Subsequent Measurement

Subsequent measurement of financial liabilities depends on how they have been treated on initial recognition. IAS 39 prescribes classification of the financial liabilities in one of the following two categories:

Liabilities At Fair Value Through Profit And Loss:

Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives.

For the year ended on 31 December 2016, the Bank did not carry any financial liabilities held for trading or designated as at fair value through profit and loss.

Other Financial Liabilities:

All liabilities, which have not been classified in the previous category, fall into this residual category.

For the year ended on 31 December 2016, the Bank had financial liabilities classified in this category represented by customers' deposits, payables, other liabilities and other provisions.

- Customers' deposits

Customers' deposits mainly comprise current accounts, saving accounts and fixed deposits. They are stated at amortised cost.

- Payables

Credit accounts are stated in the financial statements at amortised cost.

- Other provisions

The Bank makes other provisions other than collective depreciation, provisions for impairment of available for sale investment, loss on credit facilities and doubtful debts. Other provisions are recognised when the Bank has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and are able to be reliably measured.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

NATIONAL BANK OF YEMEN
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the Year Ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-f Reserves

Statutory Reserve And General Reserve

According to article 10-b of Bank's Article of Association, the Bank is to maintain a statutory or general reserve or both together until reserve balance is double the authorised capital for the Bank. The Bank is to stop deducting and calculating reserve when it reaches such limit. Such percentage may be increased upon the recommendation of management, approval of Board of Directors and acceptance of Minister. According to article 10-g of the Bank's Article of Association the Bank may use the general reserve to increase capital or develop Bank's activities and raise its efficiency. This is based on Bank's management recommendation and Board of Directors and Minister approval.

Surplus On Revaluation Of Property, Plant And Equipment Reserve

In this reserve, the difference between the fair value and the book value of property, plant and equipment based on revaluation of property, plant and equipment carried out by an independent specialised entity is included.

Cumulative Changes In Fair Value Reserve

In this reserve, gains or losses resulting from differences between the fair value and the book value of the "available for sale" investments are included until they are sold, value collected, disposed off or determined to be impaired. At which time such cumulative gains or losses previously recognised in equity are included in the statement of income in accordance with IAS 39: Financial Instruments- Recognition and Measurement,

2-g Contingent Liabilities, Commitments And Contra Accounts

Contingent Liabilities And Commitments

These accounts are represented by all contingent liabilities the Bank is a party of and may convert to direct commitments on the Bank in the future that is why they are not stated in the statement of financial position. These accounts are stated at unamortised value, i.e. after deduction of cash margins. It also comprise commitments on deferred payment contracts and interest rate contracts, if available.

For the year ended 31 December 2016 contingent liabilities were represented by indirect credit facilities such as letters of guarantee and documentary letters of credit (import and export). Letters of guarantee and documentary letters of credit impose the Bank to re-pay amounts based on it on behalf of customer with a condition that the customer has failed to repay according to contract provisions. Indirect credit facilities are treated as good debts because they are provided to customers against cash guarantee and a general provision is made for it except for letters of guarantee issued by foreign banks as they are treated as free of credit risk.

Contra Accounts

These accounts are represented by deposits on collection, insurance or guarantee purposes or freely deposited and no contingent responsibility is held on the Bank for depositing them since the Bank is not a party in and its responsibility is restricted to being a good keeper to it. That is why they are not stated in the statement of financial position

For the year ended 31 December 2016, these accounts were represented by under collection (differed) checks and physical guarantees provided by customers against obtaining credit facilities.

2-h Revenue Recognition

Activity revenue of the Bank is represented by revenue of banking activity as determined by article 2-h of Law No. 38 of 1998 on Banks. They are as follows:

- 1) Accepting cash deposits payable on demand or in accordance with other arrangements which may be withdrawn by checks, money order or payment order and granting loans and credit facilities and
- 2) (a) Purchasing and discounting of drafts, promissory notes, coupons and bonds for commercial purposes, (b) carrying out ordinary banking transactions with correspondents and obtaining customary banking facilities, (c) buying and selling foreign currencies, bullion, gold and silver coins, shares and bonds, (d) issuing and discounting promissory notes and letters of guarantee, (e) opening documentary credits and receiving bills of lading, (f) collecting checks, securities, drafts and promissory notes, (g) acting as agent or trustee in capacity of correspondent or agent of banking and financial institutions, (h) buying and selling government notes and securities, (i) financial leasing.

The Bank recognises activity revenue as follows:

- Interest received on direct credit facilities and paid for customers' deposits: on accrual basis using the effective interest rate method which is established on initial recognition of the financial asset / liability and is not revised subsequently. In compliance with Central Bank of Yemen instructions in its circular no. 6 of 1996, the Bank does not recognise revenue on interest on non-performing direct credit facilities (which passed due time 90 days or more) until actually collected.
- Commission and fee income on banking services for issuing documentary letters of credit and letters of guarantee, etc.: when earned.

NATIONAL BANK OF YEMEN
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-h Revenue Recognition (Continued)

- Dividends from available for sale investments: when the right of the Bank to receive payment is established.
- Returns on held to maturity investments - treasury bills: based on maturity period as it is recognised at the end of the financial period concerning the year of such interest and received at maturity date.
- Gain on selling foreign currency: this is represented by difference between rates of Central Bank of Yemen and selling amount to customers at selling date.

2-i Lease Contracts

Contracts made by the Bank such as Bank and branches buildings rent contracts are operating leases not finance leases as contracts' provisions do not transfer all risks and rewards resulting from assets ownership whether ownership of asset is actual or not. Operating leases payments are accounted as expenses into the statement of comprehensive income on a straight-line basis over the term of the lease.

2-j Employees' Entitlements And Benefits

Regular Leave For Employees

An employee is entitled of a regular leave with full salary on each year of actual service that is not less than 30 days. If have passed the age of 50 employee could obtain a regular leave for 45 days. Eid and official holidays are not included in the regular leave with respect to article no. 53 of Law No. 19 of 1991 on Civil Service. Enjoying this leave is compulsory in year of entitlement and should not accumulate to more than 90 days, maximum with respect to article 54 of the same law.

Social Insurance

Bank's employees' contribution for social security is calculated according to Republic of Yemen's Social Insurance Law No. 25 of 1991. The Bank deducts this contribution from employees' salaries and pays it on their behalf to the General Authority for Insurance and Pensions according to Authority's procedures. Bank's annual contribution in social insurance is included in "salaries, wages and related expenses".

2-k Zakat

The Bank pays estimated amount of Zakat as divided to Zakat General Directorate in several governorates and gets a clearance of total amount paid to Zakat General Directorate -Capital / Aden. Donations and charities paid upon management decision are stated in general and administrative expenses.

2-l Taxes

Income Tax On Trade And Industry Profits

This tax liability is calculated according to Income Tax Law No. 17 of 2010, its bylaw no. 508 of 2010 and orders effective in the Republic of Yemen. The amount for income tax is paid according to Tax Authority procedures.

In accordance with article no. 85 of the Law No. 38 of 1998 on Banks and article no. 14-a-2 of Income Tax Law No. 17 of 2010, the Bank does not have to pay tax on provisions for losses on direct credit facilities (and suspended interests) and losses on indirect credit facilities it makes in compliance to Central Bank instructions.

Payroll Tax

This tax liability is calculated according to Income Tax Law No. 17 of 2010, its bylaw no. 508 of 2010 and orders effective in the Republic of Yemen. The Bank deducts this tax directly from employees' salaries and pays it on their behalf to the Tax Authority according to Authority's procedures.

2-m Offsetting The Financial Assets And Liabilities

Financial assets and financial liabilities are only offset and the resultant net balance is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Bank intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

2-n Profit Distribution

In accordance with article no. 10-a of the Bank's Article of Association, the net profit after Zakat and tax is distributed as follows:

- 15% statutory reserve;
- 15% general reserve;
- 60% Government share in excess of profit;
- 10% employee's incentives according to their activity according to performance reports based on recommendation of Bank management and approval of Board of Directors.

NATIONAL BANK OF YEMEN
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-o Cash And Cash Equivalents

Cash and cash equivalents are represented by cash on hand current, accounts balances with the Central Bank of Yemen and balances with other banks other than those maturing in more than three months period and treasury bills maturing within three months to date of statement of financial position.

2-p Related Party Transactions

In its ordinary course of business, the Bank conducts transactions with other entities that falls in the definition of related parties as comprised in the International Accounting Standard 24, *Related Party Disclosures*. A related party is a person or entity that is able to control or exercise significant and material influence over the Bank's financial and operating decision making process. Transactions made with related parties such as Board of Directors, senior management, their families and companies in which they own 25% or more of its share capital are disclosed in the financial statements. The Bank deals with related parties on the same basis it deals with others in accordance to provisions of Banks Law and interpretation of Central Bank of Yemen in its circular no. 4 of 1999 on Lending Related Parties And Their Related Interest. The pricing policies and terms of these transactions are approved by the Bank's management.

2-q Translation Of Foreign Currencies

- The Bank maintains its accounting records in Yemeni Rial which is the Bank's functional and presentation currency.
- Transactions denominated in foreign currencies or required to be paid in foreign currencies are initially recorded in Yemeni Rial according to exchange rate at date of the transactions. Monetary assets and liabilities denominated in foreign currencies at year end are translated into Yemeni Rial at exchange rate ruling at statement of financial position date. Non-monetary items measured at historical cost in foreign currency are translated using exchange rate ruling at transaction date. Non-monetary items measured at fair value such as investment instruments in shares available for sale are translated using exchange rate ruling when determining fair value and its recognition in equity. Exchange rate differences are included in the statement of comprehensive income.
- The Bank does not deal in forward foreign exchange contracts.

2-r Fiduciary Assets

Assets held in trust are not treated as assets of the Bank. Therefore they are not included in the financial statements of the Bank.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of the financial assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates and associated assumptions are based on historical experience of the Bank and various other factors the Bank believes are reasonable under the circumstances, the results of which form the basis of making the judgments made about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Key judgment, estimates and assumptions are subject to management approval.

Management Estimates

Estimates considered by the management of the Bank to have a significant risk of material adjustment in subsequent periods primarily comprise provisions for impairment of direct credit facilities.

The Bank takes into consideration the following factors when determining the provisions for direct and non - direct credit facilities:

- The overall customer's financial position;
- Risk percentage i.e. the ability of the customer to conduct profitable business activities and collect enough income to enable it pay the debt;
- Value of the collateral and possibility of transferring ownership to the Bank; and
- Cost of settling the debt.

NATIONAL BANK OF YEMEN
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 December 2016

4 CASH ON HAND AND MANDATORY RESERVE BALANCES WITH THE CENTRAL BANK OF YEMEN

	2016 YR'000	2015 YR'000
Cash on hand:		
In foreign currencies	7,496,946	11,957,450
In local currency	1,528,822	1,205,952
Total cash on hand	<u>9,025,768</u>	<u>13,163,402</u>
Mandatory reserve balances with the Central Bank of Yemen:		
In local currency	8,696,170	8,084,460
In foreign currencies	3,818,342	3,619,201
Total mandatory reserve balances with the Central Bank of Yemen	<u>12,514,512</u>	<u>11,703,661</u>
Total cash on hand and mandatory reserve balances with the Central Bank of Yemen	<u>21,540,280</u>	<u>24,867,063</u>

5 DUE FROM BANKS

	2016 YR'000	2015 YR'000
Due from local banks (note 5-a)	16,707,824	7,693,687
Due from foreign banks (note 5-b)	9,923,670	16,767,582
Total due from banks	<u>26,631,494</u>	<u>24,461,269</u>

5-a Due From Local Banks

	2016 YR'000	2015 YR'000
Due from Central Bank of Yemen:		
Current accounts in local currency	11,690,334	6,328,886
Current accounts in foreign currencies	5,017,060	1,364,314
Total due from Central Bank of Yemen	<u>16,707,394</u>	<u>7,693,200</u>
Due from other local banks		
Commercial current accounts	298	413
Islamic investment deposits	132	74
Total due from other local banks	<u>430</u>	<u>487</u>
Total due from local banks	<u>16,707,824</u>	<u>7,693,687</u>

5-b Due From Foreign Banks

	2016 YR'000	2015 YR'000
Fixed deposits	6,719,500	6,498,560
Current accounts (note 5-b-i)	3,204,170	10,269,022
Total due from foreign banks	<u>9,923,670</u>	<u>16,767,582</u>

Fixed deposits with foreign banks carry variable interest rates while current accounts with all banks do not carry any interest.

5-b-i Current Accounts

As at 31 December 2016, the decrease in current accounts with foreign banks is due to difficulty in feeding such accounts with foreign currencies as a result of the conditions the country is going through.

6 DIRECT CREDIT FACILITIES TO CUSTOMERS, NET OF PROVISION

	2016 YR'000	2015 YR'000
Gross direct credit facilities to customers (note 6-a)	12,782,332	12,481,933
Provision for losses on direct credit facilities to customers (note 6-b)	(4,045,072)	(3,972,271)
Suspended interest (note 6-c)	(1,409,727)	(909,413)
Total direct credit facilities to customers, net of provision	<u>7,327,533</u>	<u>7,600,249</u>

6-a Gross Direct Credit Facilities To Customers

6-a-i Type

	2016 YR'000	2015 YR'000
Overdraft facilities	7,662,082	7,109,640
Short term loans	5,120,250	5,372,293
Total	<u>12,782,332</u>	<u>12,481,933</u>

NATIONAL BANK OF YEMEN
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 December 2016

6 DIRECT CREDIT FACILITIES TO CUSTOMERS, NET OF PROVISION (CONTINUED)

6-a Gross Direct Credit Facilities To Customers (Continued)

6-a-i Type (Continued)

As at 31 December 2016, such facilities according to beneficiaries were as follow:

	2016		Total YR'000
	Overdraft facilities YR'000	Short term loans YR'000	
Private sector	565,775.5	4,275,999	9,841,774
Public sector	2,096,307	-	2,096,307
Related parties	-	3,988	3,988
Employees	-	840,263	840,263
Total	7,662,082	5,120,250	12,782,332

6-a-ii Purposes

	2016			Total YR'000
	Overdraft facilities YR'000	Short term loans YR'000	Total YR'000	
Commercial	4,006,074	1,251,546	5,257,620	4,450,760
Finance	3,088,192	99,520	3,187,712	1,299,938
Industrial	527,333	295,476	822,809	334,399
Services	40,483	9,115	49,598	40,483
Others	-	3,464,593	3,464,593	6,356,353
Total	7,662,082	5,120,250	12,782,332	12,481,933

6-a-iii Credit Category

	2016			Total YR'000
	Overdraft facilities YR'000	Short term loans YR'000	Total YR'000	
Performing:				
Good	4,088,053	1,396,986	5,485,039	5,621,171
Under watch	381,048	420,483	801,531	602,829
Total performing	4,469,101	1,817,469	6,286,570	6,224,000
Non-performing:				
Substandard	-	114,558	114,558	462,553
Doubtful	721,678	227,619	949,297	1,927,768
Bad	2,471,303	2,960,604	5,431,907	3,867,612
Total non-performing	3,192,981	3,302,781	6,495,762	6,257,933
Total	7,662,082	5,120,250	12,782,332	12,481,933

6-b Provision For Losses On Direct Credit Facilities

Provision for losses on direct credit facilities was calculated based on gross direct credit facilities before deduction of excess re-payments as shown in personal loans system maintained by the Bank with a difference of YR'000 998 to gross direct credit facilities shown in trial balance (note- 6-a). For the year ended 1 December 2016, the net direct credit facilities after deduction of cash guarantees and suspended interest is YR'000 6,865,553 as shown below:

	2016			Net value YR'000	Net value YR'000
	Gross value YR'000	Cash guarantees retained YR'000	Suspended interest YR'000		
Performing:					
Good	5,486,037	(3,882,906)	(377)	1,602,754	1,134,219
Under watch	801,531	(-)	(-)	801,531	606,134
Total performing	6,287,568	(3,882,906)	(377)	2,404,285	1,740,353
Non-performing:					
Substandard	114,558	(-)	(11,177)	103,381	450,890
Doubtful	949,297	(72,250)	(192,669)	684,378	1,870,999
Bad	5,431,907	(552,894)	(1,205,504)	3,673,509	3,027,947
Total non-performing	6,495,762	(625,144)	(1,409,350)	4,461,268	5,349,836
Total	12,783,330	(4,508,050)	(1,409,727)	6,865,553	7,090,189

NATIONAL BANK OF YEMEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2016

6 DIRECT CREDIT FACILITIES TO CUSTOMERS, NET OF PROVISION (CONTINUED)

6-b Provision For Losses On Direct Credit Facilities (Continued)

Based on that the total provision calculated in accordance to direct credit facilities losses review is YR'000 4,045,072 and amount made during the year is YR'000 794,352 in accordance to movement of provision in 2016 as shown below:

	-----2016-----			---2015---
	General YR'000	Specific YR'000	Total YR'000	Total YR'000
Balance at 1 January	34,741	3,937,530	3,972,271	3,026,530
Re-translation difference on balances in foreign currencies	3,376	188,430	191,806	(5,967)
Written back during the year (note 24)	(16,676)	(889,588)	(906,264)	(831,339)
Used during the year	(-)	(7,093)	(7,093)	(89,633)
Made during the year (note 27)	26,645	767,707	794,352	1,872,680
Balance at 31 December	48,086	3,996,986	4,045,072	3,972,271

6-c Suspended Interests

	2016 YR'000	2015 YR'000
Balance at 1 January	909,413	653,133
Re-translation difference on balances in foreign currencies	(332,876)	(9,844)
Made during the year	871,877	268,024
Written back during the year	(38,687)	(1,900)
Balance at 31 December	1,409,727	909,413

7 HELD TO MATURITY INVESTMENTS, NET

	2016 YR'000	2015 YR'000
Treasury bills:		
Nominal value of treasury bills maturing during:		
90 days	68,194,000	58,775,000
180 days	21,579,000	20,224,000
360 days	49,183,000	41,529,000
Total nominal value of treasury bills	138,956,000	120,528,000
Unamortised discount	(4,502,766)	(4,223,808)
Total held to maturity investments, net	134,453,234	116,304,192

These treasury bills carry interest rates ranging from 15.8 - 16.1% (31 December 2015: 15.8 - 16.1%) and the last one matures on 24 December 2017.

8 AVAILABLE FOR SALE INVESTMENTS, NET

	2016 YR'00	2015 YR'00
Foreign investments (note 8-a)	297,902	255,810
Local investments (note 8-b)	159,953	148,966
Total available for sale investments	457,855	404,776
Provision for impairment (note 8-c)	(180,884)	(164,901)
Total available for sale investments, net	276,971	239,875

Values shown for these investments are at cost as they are not listed and no declared market prices for them are available.

8-a Foreign Available For Sale Investments

	Ownership Percentage	No. of Shares	Re-translation difference on balances in foreign currencies		2016 YR'000
			2015 YR'000	YR'000	
UBAF - Curacao - France	0.88	45,202	97,135	15,982	113,117
ALUBAF Arab International Bank - Bahrain	0.33	13,768	147,930	24,342	172,272
Arab Financial Services Company - Bahrain	0.167	1,000	10,745	1,768	12,513
Total foreign available for sale investments			255,810	42,092	297,902

NATIONAL BANK OF YEMEN
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 December 2016

8 AVAILABLE FOR SALE INVESTMENTS, NET (CONTINUED)

8-b Local Available For Sale Investments

	Ownership Percentage	No. of Shares	2015 YR'000	Re-translation difference on balances in foreign currencies YR'000	2016 YR'000
Yemen Financial Services Company -Yemen	10	3,107	66,766	10,987	77,753
Yemen Mobile Company-Yemen	0.139	120,000	61,200	-	61,200
Al Amal Bank for Microfinance -Yemen	1	200	20,000	-	20,000
Al Tadhamon Microfinance - Yemen	1	100	1,000	-	1,000
Total local available for sale investments			148,966	10,987	159,953

8-c Provision for Impairment

	2016 YR'000	2015 YR'000
UBAF - Curacao - France	(113,118)	(97,135)
Yemen Financial Services Company - Yemen	(67,766)	(67,766)
Total provision for impairment	(180,884)	(164,901)

Calculation of impairment of these investments is due to not receiving any dividends from them since many years and it is not expected to receive any dividends during the coming years.

9 RECEIVABLES AND OTHER ASSETS, NET

	2016 YR'000	2015 YR'000
Accounts between branches (note 9-a)	569,891	225,566
Prepayments	413,208	400,479
Interest receivable	29,366	1,182
Assets acquired by the Bank against debts (note 9-b)	16,934	16,934
Other receivables (note 9-c)	1,009,915	1,074,905
Total receivables and other assets	2,039,314	1,719,066
Provision for doubtful debts (note 9-d)	(1,131,230)	(1,186,295)
Total receivables and other assets, net	908,084	532,771

9-a Accounts Between Branches

The account represents difference in amounts between branches' accounts as at year end due to delay in reversing customers' entries recorded in branches at head office or vice versa primarily during the year ended 31 December 2015 because of the conditions the country is going through. Management is following up with clearing such amounts during the coming period in compliance to Central Bank of Yemen circular no. 2 of 2002 on Rules on Preparation and Presentation of the Financial Statements and Basis of Evaluation of Banks (amended).

9-b Assets Acquired By The Bank Against Debts

As at 31 December 2016 the Bank maintains in this account real estates that have been collateralised for its debt settlement for more than 5 years until disposed of in compliance to article 73 of Law No. 38 of 1998 on Banks. Management follows up with settling this account in the light of conditions the country is going through.

9-c Other Receivables

As at 31 December 2016 this account includes embezzled amounts of YR'000 834,586 carried forward for years. Management has provided for such amount in provision for doubtful debts.

9-d Provision for Doubtful Debts

	2016 YR'000	2015 YR'000
Balance at 1 January	1,186,295	909,559
Re-translation difference on balances in foreign currencies	8,251	(479)
Made during the year (note 27)	-	277,215
Difference for settlement	(63,316)	-
Balance at 31 December	1,131,230	1,186,295

NATIONAL BANK OF YEMEN
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 December 2016

10 PROPERTY, PLANT AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION

	Land (note 10-a) YR'000	Buildings YR'000	Leasehold improvements YR'000	Furniture and equipment YR'000	Motor vehicles YR'000	Swift and Computer hardware and software YR'000	Total YR'000
Cost Or Valuation							
At 1 January 2016	1,204,482	1,195,663	187,294	678,104	152,228	542,412	3,960,183
Additions during the year	10,800	459	12,142	48,510	300	18,359	90,570
Disposals during the year	-	(2,695)	-	-	-	-	(2,695)
At 31 December 2016	<u>1,215,282</u>	<u>1,193,427</u>	<u>199,436</u>	<u>726,614</u>	<u>152,528</u>	<u>560,771</u>	<u>4,048,058</u>
At 1 January 2015	1,204,482	1,244,664	161,356	683,982	159,356	560,241	4,014,081
Additions during the year	-	538	26,188	20,750	-	18,280	65,756
Disposals during the year	-	(49,539)	(250)	(26,628)	(7,128)	(36,109)	(119,654)
At 31 December 2015	<u>1,204,482</u>	<u>1,195,663</u>	<u>187,294</u>	<u>678,104</u>	<u>152,228</u>	<u>542,412</u>	<u>3,960,183</u>
Accumulated Depreciation							
At 1 January 2016	-	227,780	102,175	396,853	137,784	495,231	1,359,823
Charge for the year	-	26,105	14,178	48,645	6,448	22,530	117,906
Disposals during the year	-	(850)	-	-	-	-	(850)
At 31 December 2016	-	<u>253,035</u>	<u>116,353</u>	<u>445,498</u>	<u>144,232</u>	<u>517,761</u>	<u>1,476,879</u>
At 1 January 2015	-	216,895	90,326	355,985	134,350	456,079	1,253,635
Charge for the year	-	27,146	11,955	49,727	7,568	66,130	162,526
Disposals during the year	-	(16,261)	(106)	(8,859)	(4,134)	(26,978)	(56,338)
At 31 December 2015	-	<u>227,780</u>	<u>102,175</u>	<u>396,853</u>	<u>137,784</u>	<u>495,231</u>	<u>1,359,823</u>
Net Book Value							
At 31 December 2016	<u>1,215,282</u>	<u>940,392</u>	<u>83,083</u>	<u>281,116</u>	<u>8,296</u>	<u>43,010</u>	<u>2,571,179</u>
At 31 December 2015	<u>1,204,482</u>	<u>967,883</u>	<u>85,119</u>	<u>281,251</u>	<u>14,444</u>	<u>47,181</u>	<u>2,600,360</u>

Freehold land, land leased from the Government and buildings on such land plots were revalued at their market value for existing use as at 1 December 1999, effective from 31 December 1999, by an independent real estate firm. In accordance with IAS 16, the cost and related accumulated depreciation as at that date were eliminated and the revaluation amount has been considered the new gross book carrying amount. Surplus was added to surplus on revaluation of property, plant and equipment reserve (note 2-f). Land and buildings of the Bank were also revalued by an independent consulting firm as at 31 December 2007 and 2012. Management is following up with obtaining an approval from Central Bank of Yemen on that regard.

10-a Additions To Land

During the year ended 31 December 2016, the Bank bought a plot of land in AlHabeelain, Lahj Governorate, Republic of Yemen.

11 CAPITAL WORK IN PROGRESS

	---During the year-----			2016 YR'000
	2015 YR'000	Additions YR'000	Disposals YR'000	
Islamic Branches Department Project (note 11-a)	340,889	-	-	340,889
Construction and procurement for Bank buildings (note 11-b)	570,297	41,556	(44,316)	567,537
Total capital work in progress	<u>911,186</u>	<u>41,556</u>	<u>(44,316)</u>	<u>908,426</u>

11-a Islamic Branches Department Project

With respect to the Board of Directors' Resolution No. 33 of 2009 issued on 17 March 2009 on the recommendation of the Committee for the Preparation and Study of Establishing a Branch for Islamic Transactions, a sum of YR'000 1,500,000 was deducted from the capital of the National Bank of Yemen to Islamic Branch's capital account to start business. The Bank has obtained the approval of the Minister of Finance on this resolution on 1 April 2009. It also has obtained a final license from the Central Bank of Yemen to open the Islamic Branch on 10 March 2015 based on the initial approval granted to the Bank no.7139 on 18 December 2014. The Bank officially opened an Islamic branch - under establishment in a subsequent period (note 43-c).

11-b Construction And Procurement For Bank Buildings

These projects are represented by construction, procurement and repair works for new branches' buildings and those damaged in military conflicts areas (note 1-b).

12 DUE TO BANKS

	2016 YR'000	2015 YR'000
Local banks:		
Current accounts- local currency	-	503
Total due to banks	<u>-</u>	<u>503</u>

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13 CUSTOMERS' DEPOSITS

	2016 YR'000	2015 YR'000
Fixed deposits	78,941,421	71,973,286
Current accounts (note 13-a)	51,223,439	49,046,175
Saving accounts	39,251,668	36,003,133
Cash deposits on contingent liabilities, commitments and contra accounts (note 18)	868,814	1,515,160
Unclaimed balances (note 13-b)	580,632	526,953
Others	683,873	656,850
Total customers' deposits	<u>171,549,847</u>	<u>159,721,557</u>

As at 31 December 2016, customers' deposits include YR'000 4,569,170 (31 December 2015: YR'000 4,485,636) representing total amounts retained against direct credit facilities.

13-a Current Accounts

As at 31 December 2016 this account includes an amount of YR'000 185,723 which represents deposits of Government corporations and facilities in Socotra Branch with respect to commission from Central Bank of Yemen to the Bank to carry out its work in Socotra due to absence of a branch of Central Bank in there with respect to approval from Ministry of Finance dated 20 April 2014 on Central Bank of Yemen memo no. 2346 dated 14 April 2014 which includes executive procedures to open budgetary accounts and current accounts (resources and expenses) at National Bank of Yemen branch in Socotra on the bases that the National Bank of Yemen should comply to rules of executing general budget of the state and to be under supervision of Central Bank of Yemen.

13-b Unclaimed Balances

The Bank keeps deposits that have passed more than 15 years period of time without any movement of withdraw or deposit and not been claimed by its owners. Increase of amount during the year 2016 is due to exchange rate difference on balances in foreign currencies as management revalues these balances annually. Management follows up with settlement of this account in compliance to article no. 79-2 of the Law No. 38 of 1998.on Banks in the light of conditions the country is going through.

14 PAYABLES AND OTHER LIABILITIES

	2016 YR'000	2015 YR'000
Accrued interest payable on saving accounts and deposits	1,755,847	1,640,631
Employees entitlements (note 14-a)	1,109,560	1,020,828
Government entities (note 14-b)	758,702	212,434
Projects maintenance guarantee	6,985	12,973
Others	1,410,852	520,546
Total payables and other liabilities	<u>5,041,946</u>	<u>3,407,412</u>

14-a Employees Entitlements

	2016 YR'000	2015 YR'000
Social insurance	298,748	235,762
Employees' incentives	281,256	397,503
Outstanding commitments:		
Salaries	268,644	156,246
Medication	62,713	44,220
Employees' regular leave (note 14-a-i)	198,199	187,097
Total employees entitlements	<u>1,109,560</u>	<u>1,020,828</u>

14-a-i Employees' Regular Leave

	2016 YR'000	2015 YR'000
Balance at 1 January	187,097	147,067
Made during the year	85,415	127,696
Used during the year	(74,313)	(87,666)
Balance at 31 December	<u>198,199</u>	<u>187,097</u>

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14 PAYABLES AND OTHER LIABILITIES (CONTINUED)

14-b Government Entities

	2016 YR'000	2015 YR'000
Tax Authority - income tax (note 33)	463,792	-
Skills Development Fund	130,616	118,727
General Authority for Insurance and Pensions	100,186	59,599
Zakat General Directorate - Capital / Aden	64,108	34,108
Total government entities	<u>758,702</u>	<u>212,434</u>

15 Other Provisions

	2016 YR'000	2015 YR'000
Provision for:		
Losses on indirect credit facilities (note 15-a)	30,171	55,529
Contingent claims:		
Social insurance differences (note 15-b)	450,000	-
Islamic Branches Department Project (note 27)	313,159	-
Others	111,455	105,631
Total other provisions	<u>904,785</u>	<u>161,160</u>

15-a Provision For Losses On Indirect Credit Facilities

	2016 YR'000	2015 YR'000
Balance at 1 January	55,529	101,741
Re-translation difference on balances in foreign currencies (Written back) during the year (note 24)	5,641	-
Made during the year (note 27)	(45,294)	(57,337)
Balance at 31 December	<u>14,295</u>	<u>11,125</u>
	<u>30,171</u>	<u>55,529</u>

15-b Social Insurance Differences

The amount represents provision made by management against social insurance differences resulting from Bank employees getting salaries increase until reaching an appropriate treatment with General Authority for Insurance and Pensions- Ministry of Civil Service (note 27).

16 CAPITAL

The declared Bank's capital is YR'billion 50 and its paid capital is YR'billion 20 with respect to article no 5-1 of Prime Minister Decree no 405 of 2013 on R-rganising the Bank and article no. 8 in Banks Article of Association.

As at 31 December 2016, Bank's paid share capital is YR'billion 10 (31 December 2015: YR'billion 10) distributed to 10 million shares of nominal value YR 1,000 per share.

17 RESERVES

	2016 YR'000	2015 YR'000
Statutory reserve (note 17-a)	3,308,387	3,030,112
General reserve (note 17-b)	1,823,765	1,545,490
Surplus on revaluation of property, plant and equipment reserve	639,762	639,762
Fair value accumulated changes reserve	50,090	50,090
Total reserves	<u>5,822,004</u>	<u>5,265,454</u>

17-a Statutory Reserve

	2016 YR'000	2015 YR'000
Balance at 1 January	3,030,112	3,030,112
Transfer to reserve during the year	278,275	-
Balance at 31 December	<u>3,308,387</u>	<u>3,030,112</u>

17-b General Reserve

	2016 YR'000	2015 YR'000
Balance at 1 January	1,545,490	1,545,490
Transfer to reserve during the year	278,275	-
Balance at 31 December	<u>1,823,765</u>	<u>1,545,490</u>

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18 CONTINGENT LIABILITIES, COMMITMENTS AND CONTRA ACCOUNTS, NET

	2016	2015
	YR'000	YR'000
Contingent liabilities and commitments (note 18-a)	8,996,002	13,222,060
Contra accounts (note 18-b)	662,809	517,767
Total contingent liabilities, commitments and contra accounts, net	9,658,811	13,739,827

18-a Contingent Liabilities And Commitments

	-----2016-----			---2015---
	Gross value	Cash guarantees retained	Net value	Net value
	YR'000	YR'000	YR'000	YR'000
Indirect credit facilities:				
Letters of guarantee - local	2,131,564	(804,634)	1,326,930	7,753,985
Letters of guarantee - foreign banks	7,589,816	(-)	7,589,816	2,031,256
Documentary letters of credit	108,631	(29,375)	79,256	3,436,819
Total contingent liabilities and commitments	9,830,011	(834,009)	8,996,002	13,222,060

18-b Contra Accounts

	-----2016-----			---2015---
	Gross value	Cash guarantees retained	Net value	Net value
	YR'000	YR'000	YR'000	YR'000
Deferred banking checks	348,054	(34,805)	313,249	2,150
Tangible properties from customers for credit facilities	349,560	(-)	349,560	515,617
Total contra accounts	697,614	(34,805)	662,809	517,767

19 INTEREST ON DIRECT FACILITIES TO CUSTOMERS, NET

	2016	2015
	YR'000	YR'000
Interest on direct facilities to customers (note 19-a)	1,102,853	1,509,435
Cost of customers' deposits (note 19-b)	(12,839,806)	(11,981,391)
Total interest on direct facilities to customers, net	(11,736,953)	(10,471,956)

19-a Interest On Direct Facilities To Customers

	2016	2015
	YR'000	YR'000
Overdraft facilities	551,517	861,771
Short term loans	551,336	647,664
Total interest on direct facilities to customers	1,102,853	1,509,435

19-b Cost Of Customers' Deposits

	2016	2015
	YR'000	YR'000
Fixed deposits	(9,720,660)	(9,000,066)
Saving accounts	(3,119,146)	(2,981,325)
Total cost of customers' deposits	(12,839,806)	(11,981,391)

20 INTEREST ON DUE FROM BANKS, NET

	2016	2015
	YR'000	YR'000
Interest on due from foreign banks (note 20-a)	41,337	92,351
Interest on due to banks	-	-
Total interest on due from banks, net	41,337	92,351

20-a Interest On Due From Foreign Banks

	2016	2015
	YR'000	YR'000
Fixed deposits	40,889	92,028
Current accounts	448	323
Interest on due from foreign banks	41,337	92,351

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21	COMMISSIONS AND FEE INCOME ON BANKING SERVICES, NET	2016	2015
		YR '000	YR '000
	Commissions and fee income on banking services (note 21-a)	403,821	337,041
	Commissions and fee expenses on banking services (note 21-b)	<u>(4,813)</u>	<u>(3,875)</u>
	Total commissions and fee income on banking services, net	<u>399,008</u>	<u>333,166</u>
21-a	Commissions And Fee Income On Banking Services	2016	2015
	Commissions received:	YR '000	YR '000
	Letters of guarantee	114,621	124,702
	Documentary letters of credit	29,328	48,792
	Transfer of funds	3,633	7,389
	Others	<u>256,239</u>	<u>156,158</u>
	Total commissions and fee income on banking services	<u>403,821</u>	<u>337,041</u>
21-b	Commissions and fee expenses on banking services	2016	2015
	Commissions paid:	YR '000	YR '000
	To foreign banks	(4,417)	(3,850)
	On Central Bank Of Yemen Sheets	(357)	(-)
	To collect loans installments	<u>(39)</u>	<u>(25)</u>
	Total commissions and fee expenses on banking services	<u>(4,813)</u>	<u>(3,875)</u>
22	RETURNS FROM HELD TO MATURITY INVESTMENTS	2016	2015
	Treasury bills	YR '000	YR '000
		20,531,101	14,611,330
	Total returns from held to maturity investments	<u>20,531,101</u>	<u>14,611,330</u>
23	DIVIDENDS FROM AVAILABLE FOR SALE INVESTMENTS	2016	2015
	Yemen Mobile Company - Yemen	YR '000	YR '000
		26,614	36,473
	Total dividends from available for sale investments	<u>26,614</u>	<u>36,473</u>
24	OTHER REVENUE	2016	2015
	Written back provision for losses on:	YR '000	YR '000
	Direct credit facilities: (note 6-b)	906,264	831,339
	Indirect credit facilities (note 15-a)	45,294	57,337
	Changing local currency notes charges	6,878	4,349
	Prior years revenue	1,472	4,278
	Interest on delay in repayment of documentary letter of credit	355	-
	Penalty to Central Bank of Yemen recovered	<u>27</u>	<u>45</u>
	Total other revenue	<u>960,290</u>	<u>897,348</u>
25	SALARIES, WAGES AND RELATED EXPENSES	2016	2015
	Basic salaries and wages	YR '000	YR '000
		1,451,410	1,356,960
	Bonuses and incentives	1,252,593	1,198,655
	Allowances and benefits	861,512	684,938
	Bank's contribution in social insurance	115,846	96,215
	Training:		
	Institute of Banking Studies (note 25-a)	5,795	6,759
	Other entities	4,716	3,363
	Others	<u>109,514</u>	<u>147,123</u>
	Total salaries, wages and related expenses	<u>3,801,386</u>	<u>3,494,013</u>

The Bank has paid YR'000 361,130 for payroll tax on its employees up till end of 2016 based on related tax declarations, but tax inspection by Tax Authority has not been finalised up till statement of financial position date.

NATIONAL BANK OF YEMEN
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the Year Ended 31 December 2016

25 SALARIES, WAGES AND RELATED EXPENSES

25-a Training - Institute of Banking Studies

	2016 YR'000	2015 YR'000
Bank's contribution in Institute's annual budget (note 25-a-i)	5,690	6,474
Special training fees	105	285
Total training- Institute of Banking Studies	<u>5,795</u>	<u>6,759</u>

25-a-i Bank's Contribution In Institute's Annual Budget

The Bank contributes in the estimated annual budget of Institute of Banking Studies with respect to the Order of Law No. 27 of 1978 on Establishing And Organising The Institute Of Banking Studies.

26 GENERAL AND ADMINISTRATION EXPENSES

	2016 YR'000	2015 YR'000
Guards and security	127,308	95,137
Fuel and oil - vehicles and generators	68,023	32,908
Maintenance and repairs	61,395	50,611
Rent	56,472	47,515
Electricity and water	42,772	29,975
Stationery and printing	33,001	21,391
Advertisement and publishing	31,528	12,456
Local and abroad transport	25,000	18,012
Postage and communication	24,184	16,384
Charity and donations	19,208	14,842
Professional and consultancy fees	18,090	28,758
Prescription	13,535	18,754
Hospitality and reception	11,920	9,376
Insurance	9,828	10,259
Public charges	3,140	3,317
Information technology	2,103	1,918
Penalties - Central Bank of Yemen	1,873	-
Other	16,300	4,436
Total general and administration expenses	<u>565,680</u>	<u>416,049</u>

Increase of expenses during the year 2016 as a whole in comparison to 2015 is due to decrease in 2015 expenses as a result of stopping activity during that year for about six months.

27 PROVISIONS' EXPENSES

	2016 YR'000	2015 YR'000
Provision for:		
Losses on direct credit facilities (note 6-b)	794,352	1,872,680
Social insurance differences (note 15-b)	450,000	-
Islamic Branches Department Project (note 15)	313,159	-
Losses on indirect credit facilities (note 15-a)	14,295	11,125
Doubtful debts (note 9-d)	-	277,215
Total provisions' expenses	<u>1,571,806</u>	<u>2,161,020</u>

28 ANNUAL SUBSCRIPTION FEES TO BANK DEPOSIT INSURANCE CORPORATION

For the year ended 31 December 2016 such fees amounted YR'000 187,486 (2015: YR'000 172,878). The Bank pays annual subscription fees to Bank Deposit Insurance Corporation in accordance to Law No. 21 of 2008 on Bank Deposit Insurance Corporation.

29 JUDICIAL EXPENSES

For the year ended 31 December 2016 judicial expenses amounted YR'000 3,251 and included YR'000 800 to follow up with National Bank of Yemen - Sana'a Branch case, YR.000 350 for Al-Mehdar Company - Sana'a case, YR'000 300 for Moammar Mused Abdullah Al-Kabsha case and other cases (2015: YR'000 6,910).

30 PRIOR YEARS EXPENSES

For the year ended 31 December 2016 such expenses amounted YR'000 2,608 (2015: YR'000 2,036) and are represented by differences in Bank branches' rent and interest on loans to employees who passed away in previous years.

NATIONAL BANK OF YEMEN
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31 FOREIGN EXCHANGE RATE DIFFERENCES

	2016 YR'000	2015 YR'000
(Loss) on re-translation of credit balances in foreign currencies	(876,543)	(340,967)
Gain on re-translation of debt balances in foreign currencies	60,536	18,384
Net foreign exchange rate difference	<u>(816,007)</u>	<u>(322,583)</u>

32 ZAKAT

For the year ended 31 December 2016 (Hijra 1437) the Bank paid YR'000 250,000 (2015: YR'000 220,000) for estimated Zakat liability. The Bank has received a clearance on that regard from Zakat General Directorate - Capital / Aden in a subsequent period (note 43-a).

33 INCOME TAX

	2016 YR'000	2015 YR'000
Balance at 1 January	-	7,212
Made for the year (note 33-a)	463,792	-
(Paid) during the year	-	(7,212)
Balance at 31 December	<u>463,792</u>	<u>-</u>

33-a Made For The Year

	2016 YR'000	2015 YR'000
Profit / (Loss) for the year after Zakat and before income tax	3,358,082	(1,039,121)
(Loss) for previous year	<u>(1,039,121)</u>	<u>-</u>
Net Profit / (Loss) for the year after Zakat and before income tax	<u>2,318,961</u>	<u>(1,039,121)</u>
Made for the year	<u>463,792</u>	<u>-</u>

The Bank deducted the loss for previous year from profits of the year ended 31 December 2016 with respect to article no. 19-a of the Law No. 17 of 2010 on Income Tax which states that "If the account of one year subject to tax was closed with a loss for any taxpayer who provided his tax declaration as approved by a licensed chartered accountant based on proper books and accounts in accordance with provisions of this law, this loss would be carried on expenses of the year following the year of loss and would be deducted from its profit. If profit is not enough to cover the whole loss, the rest of the loss is to be transferred to the next year and so on until the fifth year of starting the deduction". With respect to article 19-b, the provision of previous article "does not apply on the losses incurred by the Company's in the tax year and prior years, if there is a change in ownership of capital by 100%.

34 COMPREHENSIVE INCOME FOR THE YEAR

For the year ended 31 December 2016 comprehensive income (excess profits) of the Bank amounted YR'000 2,894,290 (2015: loss of YR'000 1,039,121).

34-a Basic Earnings Per Share

	2016 YR'000	2015 YR'000
Comprehensive income / (loss) for the year	2,894,290	(1,039,121)
Weighted average number of shares	1000 shares	10,000
Basic earnings per share	<u>289</u>	<u>(104)</u>

34-b Distribution Of Profits For The Year

For the year ended 31 December 2016 the net profit for the year after paying Zakat and tax is distributed as follows:

	2016 YR'000	2015 YR'000
Total comprehensive profit / (loss) for the year	2,894,290	(1,039,121)
Balance carried forward from previous year	<u>(1,039,121)</u>	<u>20,193</u>
Balance distributable for the year	<u>1,855,169</u>	<u>(1,018,928)</u>
Transfer to statutory reserve during the year	(278,275)	-
Transfer to general reserve during the year	(278,275)	-
Government's share in excess profits paid during the year	-	(17,308)
Bank's employees' share in excess profits paid during the year	-	(2,885)
Balance of proposed dividends	<u>1,298,619</u>	<u>(1,039,121)</u>
Proposed dividends:		
Government's share	1,113,101	-
Bank's employees' share	<u>185,518</u>	<u>-</u>
Total proposed dividends	<u>1,298,619</u>	<u>-</u>

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35 CASH AND CASH EQUIVALENTS

	2016 YR'000	2015 YR'000
Cash on hand (note 4)	9,025,768	13,163,402
Due from Banks:		
Current accounts at Central Bank of Yemen	16,707,394	7,693,200
Balances with other local and foreign banks (note 5)	9,924,100	16,768,069
Treasury bills (note 7)	134,453,234	116,304,192
Deducting:		
Due from banks maturing after three months	(2,044,200)	(2,148,900)
Treasury bills maturing after three months	(77,291,476)	(40,100,025)
Total cash and cash equivalents	<u>90,774,820</u>	<u>111,679,938</u>

36 TRANSACTIONS WITH RELATED PARTIES

For the year ended 31 December 2016, transactions with related parties were as shown below. Management believes that the transactions were made at arm's length basis.

	2016 YR'000	2015 YR'000
Direct credit facilities - loans	3,988	5,846
Customers' deposits	39,816	32,543
Interest income	-	-
Interest cost	2,683	1,739
Salaries, wages and related expenses	44,704	55,340

37 RISK MANAGEMENT

The Bank's business involves taking on risks in a targeted manner and managing the risks professionally. The Bank defines risk as the possibility of incurring losses or profits foregone that may be caused by internal or external factors as the Bank is exposed to credit risk, liquidity risk, interest risk and foreign currency risk. The core functions of the Bank's risk management are identifying all risks that effect the Bank, measuring such risks, managing risk positions and determining capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

Risks are managed by Bank's management under policies approved by the Board of Directors who provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. Bank's management determines and hedge financial risks in cooperation with other operating units in the Bank. In addition, internal audit department is responsible for the independent review of risk management and the control environment. 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.

37-a Credit Risk

Credit risk is the risk of incurring a financial loss, should any of the Bank's customers or market counterparties fail to fulfill their contractual obligations towards the Bank. Credit risk arises mainly from commercial and consumer direct credit facilities, credit cards and loan commitments arising from such lending activities. It also could arise from credit enhancement provided, such as credit derivatives (credit default swaps), financial guarantees, letters of guarantee, endorsements and acceptances. The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio assets, derivatives and settlement balances with market counterparties and reverse repurchase loans.

Credit risk is the single largest risk for the Bank's business. Therefore, the Bank, carefully manages its exposure to credit risk through assigning credit risk management team to manage and control on credit risk, which reports to the Board of Directors and head of each business unit regularly. The Bank works within the framework of risk management standards stated in Central Bank of Yemen circular no. 10 for 1997 on Standards of Credit Risk Management and performs the following procedures to minimise the credit risk exposure:

- Preparing credit studies on customers and banks before dealing with them and determining their related credit risk rates;
- Obtaining sufficient collateral to minimise the credit risk exposure which may result from financial difficulties facing customers or banks;
- Following-up and period reviewing of customers and banks in order to evaluate their financial positions, credit rating and the required provision for non-performing credit facilities; and
- Distributing credit portfolio and balances with banks over diversified sectors to minimise concentration of credit risk.

NATIONAL BANK OF YEMEN
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37 RISK MANAGEMENT (CONTINUED)

37-a Credit Risk (Continued)

Exposure To Credit Risk

The table below shows the maximum exposure of some of statement of financial position items and off financial position items to credit risk as at 31 December 2016. The maximum exposure is shown gross, before the effect of mitigation by the use of collateral agreements:

	2016 YR'000	2015 YR'000
FINANCIAL ASSETS:		
Mandatory reserve balances with the Central Bank of Yemen	12,514,512	11,703,661
Due from banks	26,631,494	24,461,269
Direct credit facilities to customers, net	7,327,533	7,600,249
Held to maturity investments, net	134,453,234	116,304,192
Available for sale investments, net	276,971	239,875
Receivables and other assets (except for prepayments), net	494,876	1,043,478
Total financial assets	181,698,620	161,352,724
CONTINGENT LIABILITIES, COMMITMENTS AND CONTRA ACCOUNTS, NET		
Total exposure to credit risk	191,357,431	175,092,551

The Bank manages concentration of credit risk by distributing the portfolio over diversified economic sectors and geographical locations as shown below.

Distribution Of Financial Instruments According To Economic Sectors

	-----2016-----					
	Finance YR'000	Trade YR'000	Industry YR'000	Services YR'000	Other YR'000	Total YR'000
Financial Assets						
Cash on hand and mandatory reserve balances with the Central Bank of Yemen	21,540,280	-	-	-	-	21,540,280
Due from banks	26,631,494	-	-	-	-	26,631,494
Direct credit facilities to customers, net	-	5,252,271	-	-	2,075,262	7,327,533
Held to maturity investments, net	134,453,234	-	-	-	-	134,453,234
Available for sale investments, net	276,971	-	-	-	-	276,971
Total	182,901,979	5,252,271	-	-	2,075,262	190,229,512
Financial Liabilities						
Due to banks	-	-	-	-	-	-
Customers' deposits	6,093,000	18,263,535	5,035,043	19,201,057	122,957,212	171,549,847
Total	6,093,000	18,263,535	5,035,043	19,201,057	122,957,212	171,549,847
Contingent Liabilities, Commitments And Contra Accounts, net	483,802	6,506,980	65,424	347,208	2,255,397	9,658,811

	-----2015-----					
	Finance YR'000	Trade YR'000	Industry YR'000	Services YR'000	Other YR'000	Total YR'000
Financial Assets						
Cash on hand and mandatory reserve balances with the Central Bank of Yemen	24,867,063	-	-	-	-	24,867,063
Due from banks	24,461,269	-	-	-	-	24,461,269
Direct credit facilities to customers, net	-	-	-	-	1,720,555	7,600,249
Held to maturity investments, net	116,304,192	-	-	-	-	116,304,192
Available for sale investments, net	239,875	-	-	-	-	239,875
Total	165,872,399	5,879,694	-	-	1,720,555	173,472,648
Financial Liabilities						
Due to banks	503	-	-	-	-	503
Customers' deposits	1,278,139	8,687,524	3,874,447	16,054,194	129,827,253	159,721,557
Total	1,278,642	8,687,524	3,874,447	16,054,194	129,827,253	159,722,060
Contingent Liabilities, Commitments And Contra Accounts, net	6,775	4,290,835	456,566	6,037,809	2,947,842	13,739,827

NATIONAL BANK OF YEMEN
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the Year Ended 31 December 2016

37 RISK MANAGEMENT (CONTINUED)

37-a Credit Risk (Continued)

Distribution Of Financial Instruments According To Geographical Locations

	2016					
	Republic of Yemen YR'000	United States of America YR'000	Europe YR'000	Asia YR'000	Africa YR'000	Total YR'000
Financial Assets						
Cash on hand and mandatory reserve balances with the Central Bank of Yemen	21,540,280	-	-	-	-	21,540,280
Due from banks	16,707,825	-	4,973,617	4,861,747	88,305	26,631,494
Direct credit facilities to customers, net	7,327,533	-	-	-	-	7,327,533
Held to maturity investments, net	134,453,234	-	-	-	-	134,453,234
Available for sale investments, net	92,186	-	-	184,785	-	276,971
Total	<u>180,121,058</u>	<u>-</u>	<u>4,973,617</u>	<u>5,046,532</u>	<u>88,305</u>	<u>190,229,512</u>
Financial Liabilities						
Due to banks	-	-	-	-	-	-
Customers' deposits	171,549,847	-	-	-	-	171,549,847
Total	<u>171,549,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,549,847</u>
Contingent Liabilities, Commitments And Contra Accounts, net	1,999,275	39,018	2,095,000	5,340,959	184,559	9,658,811

	2015					
	Republic of Yemen YR'000	United States of America YR'000	Europe YR'000	Asia YR'000	Africa YR'000	Total YR'000
Financial Assets						
Cash on hand and mandatory reserve balances with the Central Bank of Yemen	24,867,063	-	-	-	-	24,867,063
Due from banks	7,693,687	-	12,423,667	4,191,013	152,902	24,461,269
Direct credit facilities to customers, net	7,600,249	-	-	-	-	7,600,249
Held to maturity investments, net	116,304,192	-	-	-	-	116,304,192
Available for sale investments, net	81,200	-	-	158,675	-	239,875
Total	<u>156,546,391</u>	<u>-</u>	<u>12,423,667</u>	<u>4,349,688</u>	<u>152,902</u>	<u>173,472,648</u>
Financial Liabilities						
Due to banks	503	-	-	-	-	503
Customers' deposits	159,721,557	-	-	-	-	159,721,557
Total	<u>159,722,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,722,060</u>
Contingent Liabilities, Commitments And Contra Accounts, net	2,562,196	33,505	5,855,719	5,055,080	233,327	13,739,827

37-b Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal circumstances. To limit liquidity risk, the Bank's management in addition to its core deposit base; manages assets with required liquidity in mind, monitors future cash flows and liquidity on a daily basis and has arranged diversified funding sources as available conditions in compliance to Central Bank of Yemen circular no. 5 of 2009 on Management of Liquidity Risk.

The Central Bank of Yemen in accordance to its circular no. 3 of 1997 on Liquidity Ratio requires each bank in Yemen to keep a liquidity ratio that is not less than 25%. As at 31 December 2016 the Bank's liquidity ratio was 93% (31 December 2015: 89.6%).

NATIONAL BANK OF YEMEN
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 December 2016

37 RISK MANAGEMENT (CONTINUED)

37-b Liquidity Risk (Continued)

Maturity Of Financial Position Items And Net Maturity Gap

	-----2016-----				
	Less than 3 months YR'000	From 3 to 6 months YR'000	From 6 months to 1 year YR'000	More than a year YR'000	Total YR'000
Financial Assets					
Cash on hand and mandatory reserve balances with the Central Bank of Yemen	21,540,280	-	-	-	21,540,280
Due from banks	24,587,294	-	-	2,044,200	26,631,494
Direct credit facilities to customers, net	2,658,948	15,719	2,570,051	2,082,815	7,327,533
Held to maturity investments, net	57,161,758	30,766,663	46,524,813	-	134,453,234
Available for sale investments, net	-	-	-	276,971	276,971
Others	908,084	-	-	3,479,605	4,387,689
Total	106,856,364	30,782,382	49,094,864	7,883,591	194,617,201
Financial Liabilities					
Due to banks	-	-	-	-	-
Customers' deposits	129,324,317	13,438,434	28,465,338	321,758	171,549,847
Others	1,191,598	178,714	385,536	4,190,883	5,946,731
Equity	-	-	-	17,120,623	17,120,623
Total	130,515,915	13,617,148	28,850,874	21,633,264	194,617,201
Net gap	(23,659,551)	17,165,234	20,243,990	(13,749,673)	-

	----- 2015 -----				
	Less than 3 months YR'000	From 3 to 6 months YR'000	From 6 months to 1 year YR'000	More than a year YR'000	Total YR'000
Financial Assets					
Cash on hand and mandatory reserve balances with the Central Bank of Yemen	24,867,063	-	-	-	24,867,063
Due from banks	22,312,369	2,148,900	-	-	24,461,269
Direct credit facilities to customers, net	1,926,186	367,211	5,266,306	40,546	7,600,249
Held to maturity investments, net	76,204,167	27,179,530	12,920,495	-	-
Available for sale investments, net	-	-	-	239,875	239,875
Others	1,182	-	-	4,043,003	4,044,317
Total	125,310,967	29,695,641	18,186,933	4,323,424	177,516,965
Financial Liabilities					
Due to banks	503	-	-	-	503
Customers' deposits	87,884,605	10,454,680	21,899,342	39,482,930	159,721,557
Others	1,156,248	170,072	356,250	1,886,002	3,568,572
Equity	-	-	-	14,226,333	14,226,333
Total	89,041,356	10,624,752	22,255,592	55,595,265	177,516,965
Net gap	36,269,611	19,070,889	(4,068,659)	(51,271,841)	-

37-c Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the value of the financial instruments. The Bank performs a number of procedures to limit the effect of such risk to the minimum level by:

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

NATIONAL BANK OF YEMEN
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the Year Ended 31 December 2016

37 RISK MANAGEMENT (CONTINUED)

37-c Interest Rate Risk (Continued)

Financial Position Items Exposure To Interest Rate Risk, Interest Rate Sensitivity Gap And Accumulated Interest Rate Sensitivity Gap

	-----2016-----					
	Less than 3 months YR'000	From 3 to 6 months YR'000	From 6 months to 1 year YR'000	More than a year YR'000	Non interest sensitive YR'000	Total YR'000
Financial Assets						
Cash on hand and mandatory reserve balances with the Central Bank of Yemen	-	-	-	-	21,540,280	21,540,280
Due from banks	22,085,135	-	-	-	4,546,359	26,631,494
Direct credit facilities to customers, net	2,658,948	15,719	2,570,051	2,082,815	-	7,327,533
Held to maturity investments, net	57,161,758	30,766,663	46,524,813	-	-	134,453,234
Available for sale investments, net	-	-	-	-	276,971	276,971
Others	20,431	-	-	-	4,367,258	4,387,689
Total	<u>81,926,272</u>	<u>30,782,382</u>	<u>49,094,864</u>	<u>2,082,815</u>	<u>30,730,868</u>	<u>194,617,201</u>
Financial Liabilities						
Due to banks	-	-	-	-	-	-
Customers' deposits	68,498,844	10,454,680	21,899,341	-	70,696,982	171,549,847
Others	1,191,598	178,714	385,536	-	4,190,883	5,946,731
Equity	-	-	-	-	17,120,623	17,120,623
Total	<u>69,690,442</u>	<u>10,633,394</u>	<u>22,284,877</u>	<u>-</u>	<u>92,008,488</u>	<u>194,617,201</u>
Interest rate sensitivity gap	<u>12,235,830</u>	<u>20,148,988</u>	<u>26,809,987</u>	<u>2,082,815</u>	<u>(61,277,620)</u>	<u>-</u>
Accumulated interest rate sensitivity gap	<u>12,235,830</u>	<u>32,384,818</u>	<u>59,194,805</u>	<u>61,277,620</u>	<u>-</u>	<u>-</u>
	-----2015-----					
	Less than 3 months YR'000	From 3 to 6 months YR'000	From 6 months to 1 year YR'000	More than a year YR'000	Non interest sensitive YR'000	Total YR'000
Financial Assets						
Cash on hand and mandatory reserve balances with the Central Bank of Yemen	-	-	-	-	24,867,063	24,867,063
Due from banks	21,479,544	-	-	-	2,981,725	24,461,269
Direct credit facilities to customers, net	1,926,186	367,211	5,266,306	40,546	-	7,600,249
Held to maturity investments, net	76,204,167	27,179,530	12,920,495	-	-	116,304,192
Available for sale investments, net	-	-	-	-	239,875	239,875
Others	1,182	-	-	-	4,043,135	4,044,317
Total	<u>99,611,079</u>	<u>27,546,741</u>	<u>18,186,801</u>	<u>40,546</u>	<u>32,131,798</u>	<u>177,516,965</u>
Financial Liabilities						
Due to banks	-	-	-	-	503	503
Customers' deposits	87,884,606	10,454,680	21,899,341	-	39,482,930	159,721,557
Others	1,156,247	170,072	356,250	-	1,886,003	3,568,572
Equity	-	-	-	-	14,226,333	14,226,333
Total	<u>89,040,853</u>	<u>10,624,752</u>	<u>22,255,591</u>	<u>-</u>	<u>55,595,769</u>	<u>177,516,965</u>
Interest rate sensitivity gap	<u>10,570,226</u>	<u>16,921,989</u>	<u>(4,068,790)</u>	<u>40,546</u>	<u>(23,463,971)</u>	<u>-</u>
Accumulated interest rate sensitivity gap	<u>10,570,226</u>	<u>27,492,215</u>	<u>23,423,425</u>	<u>23,463,971</u>	<u>-</u>	<u>-</u>

37-c Interest Rate Risk (Continued)

Average Interest Rates On Financial Instruments

	2016				
	Yemeni Rial %	US Dollar %	Sterling Pound %	Euro %	Saudi Rial %
Financial Assets					
Cash on hand and mandatory reserve balances with the Central Bank of Yemen	-	-	-	-	-
Due from banks - fixed deposits	0.44	-	0.10	-	-
Direct credit facilities to customers, net	21.00	8.00	-	-	-
Held to maturity investments, net	16.39	-	-	-	-
Financial Liabilities					
Due to banks	-	-	-	-	-
Customers' deposits	15.00	0.25	0.25	0.25	0.25

	2015				
	Yemeni Rial %	US Dollar %	Sterling Pound %	Euro %	Saudi Rial %
Financial Assets					
Cash on hand and mandatory reserve balances with the Central Bank of Yemen	-	-	-	-	-
Due from banks - fixed deposits	-	1.03	0.25	-	-
Direct credit facilities to customers, net	21.00	8.00	-	-	-
Held to maturity investments, net	16.85	-	-	-	-
Financial Liabilities					
Due to banks	-	-	-	-	-
Customers' deposits	15.00	0.25	0.25	0.25	0.25

37-d Currency Rate Risk

Currency rate risk is the risk of fluctuation of fair value or future cash flows of a financial instrument due to changes in foreign exchange rates. Due to the nature of the Bank's activities, the Bank deals in different foreign currencies; thus it is exposed to exchange rate risk. The Bank strives to maintain a balanced foreign currencies positions in compliance with the Central Bank of Yemen circular no. 6 of 1998 on Exposure to Foreign Currency Risk which specifies that individual foreign currency positions shall not exceed 15% of the Bank's capital and reserves, and that the aggregate open position for all currencies shall not exceed 25% of the Bank's capital and reserves. In compliance to the same circular the Bank regularly monitors its foreign currency positions and transfers the excess funds in foreign currencies to its current accounts with the Central Bank of Yemen at the prevailing rates on the date of transfer.

Significant Foreign Currency Positions

	2016			
	Assets YR'000	Liabilities YR'000	Net foreign currency position YR'000	Ratio to capital and core reserves %
Sterling pound	2,656,401	(1,294,804)	1,361,597	9.00
Saudi Rial	5,913,889	(4,713,755)	1,200,134	7.93
Euro	1,735,339	(1,819,894)	(84,555)	(0.56)
US Dollar	29,087,308	(41,226,185)	(12,138,877)	(80.22)
Others	2,645,839	(205,894)	2,439,945	16.12
Total	42,038,776	(49,260,532)	(7,221,756)	(47.72)

	2015			
	Assets YR'000	Liabilities YR'000	Net foreign currency position YR'000	Ratio to capital and core reserves %
Sterling pound	1,934,281	(1,575,526)	358,755	2.46
Saudi Rial	2,401,015	(2,409,002)	(7,987)	(0.05)
Euro	7,663,302	(8,244,840)	(581,538)	(3.99)
US Dollar	41,414,890	(43,222,545)	(1,807,655)	(12.40)
Others	290,286	(130,633)	159,653	1.10
Total	53,703,774	(55,582,546)	(1,878,772)	(12.89)

NATIONAL BANK OF YEMEN
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 For the Year Ended 31 December 2016

37 RISK MANAGEMENT (CONTINUED)

37-d Currency Rate Risk (Continued)

Significant Foreign Currency Positions (Continued)

The exchange rate of USD as at 31 December 2016 was 250.25 YR/USD (31 December 2015: 214.89 YR/SD) based on Central Bank of Yemen bulletin as at year end

38 CAPITAL MANAGEMENT

The primary objectives of the Bank's capital management are to ensure that the Bank complies with external imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios. The capital adequacy is monitored on a quarterly basis by the management of the Bank employing techniques based on the guidelines approved by Central Bank of Yemen for supervisory purposes. The required information is filed with the Central Bank of Yemen on a quarterly basis.

38-a Capital Adequacy

The Central Bank of Yemen, in accordance to its circular no. 2 of 1997 amended by circular no. 3 of 1996 on minimum limit of capital ratio to risk - weighted assets (capital adequacy) requires each bank in Yemen to maintain a ratio of total capital to the risk - weighted assets at or above the internationally agreed minimum of 8%.

Capital (equity) adequacy ratio is the ratio of capital to its risks. Total capital of the Bank is divided in two tiers:

- Core capital: which comprises the paid capital, statutory and general reserves. Investments in any other local bank or financial company is deducted from Bank's capital.
- Capital cushions: which comprises the surplus on revaluation of property, plant and equipment reserve, available for sale investments fair value accumulated changes reserve, general provision for losses on direct and indirect credit facilities.

The risk - weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

A similar treatment is adopted for off statement of financial position exposure, with some adjustments to reflect the more contingent nature of potential losses.

The Bank complies with all the externally imposed capital requirements to which they are subject.

For the year ended 31 December 2016, capital adequacy ratio was as follows:

	2016 YR'000	2015 YR'000
Capital		
Core capital	15,033	14,479
Capital cushions	768	780
Total capital	<u>15,801</u>	<u>15,259</u>
Risk weighted assets		
On statement of financial position	17,111	15,737
Off statement of financial position	7,472	8,700
Total risk - weighted assets	<u>24,583</u>	<u>24,437</u>
Adequacy ratio:		
Core capital	<u>%61</u>	<u>%59</u>
Total capital	<u>%64</u>	<u>%62</u>

39 TRUST ACTIVITIES

The Bank does not undertake any activities related to the conservation and management of assets for or on behalf of third parties except for the Housing Project which is managed by the Bank on behalf of the Government in accordance with the minutes of the expanded meeting held on 6 April 2000 and approved by H.E. Minister of Finance on 29 April 2000. The Housing Project was established in Abdul Aziz Abdul Wali area, Mansoura, Aden City, with respect to Council of Ministers Resolution No. 52 of 1988 with a self -financing system from the value of apartments sold in cash and installment in order to build a number of housing units for migrating citizens and allocation of another number for the Ministry of Construction and Housing and employees of the National Bank of Yemen.

40 CAPITAL COMMITMENTS

As at 31 December 2016 there are no capital commitments on the Bank (31 December 2015: nil).

41 LEGAL STATUS AND CONTINGENT ASSETS AND LIABILITIES

During the year ended 31 December 2016, the number of cases filed by the Bank in the Commercial Court and the Public Funds Court against non-performing customers for non-payment of their debts was 36 cases, while the number of cases brought against the Bank by customers was 7 cases. While some tangible results have been achieved for some of the cases, legal procedures have not been completed for other cases. The Bank has made adequate provisions for non-performing loans (note 6-b).

NATIONAL BANK OF YEMEN
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 December 2016

42 COMPARATIVE FIGURES

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Certain of the prior year amounts have been reclassified to conform to the presentation in the current year.

43 SUBSEQUENT EVENTS

43-a Clearance For Payment Of Zakat For The Year 2016

On 7 January 2017, the Bank obtained a clearance from the Zakat General Directorate - Aden for the payment of all the estimated Zakat on the Bank for 2016 amounting YR'000 250,000 YR divided into: a) Taiz - YR'000 2,000, Hodeidah - YR'000 8,000 and Capital of Aden - YR'000 240,000. .

43-b New Appointments In Senior Management Of The Bank

On 28 January 2017, the Presidential Decree No. 12 of 2017 was issued on appointing Dr. Mohamed Hussein Halaboub as Chairman of the Bank and Mr. Sami Abdul Hamid Makkawi as Vice Chairman of the Bank.

On 29 January 2017, the Prime Minister issued Decree No. 6 of 2017 appointing Mr. Essam Ahmed Alawi as Advisor to the Chairman and decree No. 7 of 2017 appointing Mr. Ahmed Ali Omar Bin Snaker as General Manager of the Bank.

43-c Opening Of An Islamic Branch - Under Establishment

On 16 April 2017, the Bank officially opened an Islamic branch - under establishment in the city of Sana'a, Republic of Yemen.

43-d Purchase and Supply of Banking System Procedures – Bank Modernization And Development Project

On 22 May 2017, Bank's management signed a work contract in Amman, Jordan for purchasing and supply of systems, programs, application and training of a banking system with ICSFS, which was rewarded the tender with respect to Bids Higher Committee's Decision No. 61 of 2014 in a line with Bank's senior and executive management tendency to complete stages of the Development And Modernization Project.

43-e Decision Of The Central Bank Of Yemen / Aden To Float The Currency

On 14 August 2017, the Office of the Governor of the Central Bank of Yemen, the main center - Aden issued a resolution to cancel dealing with dollar exchange rate as a fixed rate of 250 YR for the United States Dollar and accordingly: a) all banks working in Republic of Yemen to deal with the exchange rate prevailing in the market for the US Dollar and other foreign currencies traded in the Yemeni market according to the exchange rate bulletin issued by the Central Bank from its head office in Aden based on the approved exchange rate management base on the basis of floatation; b) Evaluation of foreign currency positions in Bank's financial positions on the basis of bulletin issued by the Central Bank, and c) working with this decision with effect from Tuesday 15 August 2017.

44 AUTHORISATION OF THE FINANCIAL STATEMENT

Management of Bank approved these financial statements on 27 August 2017 and decided to raise it to Board of Directors to approve and raise it to H.E. the Minister of Finance, representative of the Government, owner of the bank.

➤ National Bank of Yemen in Yemen ◀

Headquarter

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📦 Box(198309)





➤ Malla'a Branch ◀

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Abdullaziz Branch

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 Aden - Al-Mansoura -
 Abdullaziz
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Sayon Branch

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Middle Aden Branch

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 Aden - M. Aden - Hoaj St.
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Zinjebar Branch

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 +967 2 604281

Taiz Branch

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 Taiz - Jamal St.
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 +967 4 266012


Habilen Branch


 Republic of Yemen
 Lahaj - Habilen - General St.

 +967 2 502807
 +967 2 502340


Dallah Branch


 Republic of Yemen
 Al-Dallah - General St.

 432840 2 +967
 432431 2 +967


Lahaj Branch


 Republic of Yemen
 Alhodah - Lahaj - Qmata St.

 +967 2 502807
 +967 2 502340


Laboos Branch


 Republic of Yemen
 Yafah - Laboos - Salam Market

 +967 2 554111
 +967 2 554112


Zara Branch


 Republic of Yemen
 Ayan - Zara - General St.

 +967 2 672195
 +967 2 672791


Baydah Branch


 Republic of Yemen
 Al-Baydah - Aloma St.

 +967 6 533599
 +967 6 539319


Ataag Branch




 Republic of Yemen
 Shabwa - Ataag


 +967 5 202530
 +967 5 203233




Rasd Branch


 Republic of Yemen
 Abyan - Rasd - General St.

 +967 2 640022
 +967 2 640406


Alsaheer Branch


 Republic of Yemen
 Hadramout - Alsaheer - G. St.

 +967 5 330999
 +967 5 332285


Hay October Branch


 Republic of Yemen
 Mukalla - Hadramout - Al-Dess

 +967 5 353226
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➤ **Gaydah Branch** ◀

📍 Republic of Yemen
Almahra - Gaydah

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➤ **Qataan Branch** ◀

📍 Republic of Yemen
Hadramoot - Alqataan
Alhoyar Goverment

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➤ **Socatra Branch** ◀

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Socatra - General Market

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البنك الأهلي اليمني

National Bank Of Yemen

Trust & Experience

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Annual Report

2016

