





رؤية مستقبلية ..
Future Vision

Introduction

Four years of war have caused unprecedented damage to the country's resources and national economy, thus severely impacting the quality of life in Yemeni society and increasing suffering of the population. Such repercussions have not only impacted the life of citizens, but their impact has extended to public and private institutions in industrial, service and commercial sectors, as well as to various banks and financial institutions.

To encounter such challenges, AMB created in 2015 a contingency plan for efficient management of operations in crisis time, which strengthened the Bank's capacity to continue with provision of its services and products within safe limits.

In 2018, AMB has developed a package of banking services targeted at assisting donors in implementing humanitarian relief projects and community operating projects. Therefore, it has adopted initiatives in entrepreneurship, financial inclusion and financial grants for youth and women with the aim of reviving stagnant businesses and maintaining minimum economic progress to a possible extent. These initiatives have played a great role in overcoming challenges paused to small enterprises and poorest groups in Yemeni society, as well as in mitigating suffering of such vulnerable groups.

We hereby present to you the Annual Report of 2018, which reviews all the achievements made and operational outcomes attained, besides highlighting the various projects and programs, which have proven that AMB is really "Bank of Unbanked" and a leading partner in the implementation of humanitarian relief projects in Yemen. Finally, we take this opportunity to express our deepest gratitude to all the donors, supporters and contributors who have taken part in the implementation of these projects. We are also thankful to all those who have helped in making this report possible.



INDEX

- Founders. **4**
- Mission, Vision and Objectives. **5**
- Word by the BOD Chairman. **6**
- Word by Chief Executive Officer. **8**
- Executive Summary. **10**
- More than four years of war. **11**
- The crisis and its impact on banks. **14**
- Operational Performance for 2018. **16**
- Financial Performance for 2018. **30**
- Institutional Performance for 2018. **34**
- Al Amal Recovery Fund. **42**
- Ten Years of Pioneering Business. **58**

Founders

45%

Yemeni Government – SFD

SFD was established by Law No. 10 of 1997 as one of the social safety tools to alleviate side effects resulting from the government's economic reform program that might have a negative impact on vulnerable groups in society, particularly the poor. It is based in Sana'a and has branch offices in the main cities of the Republic of Yemen. SFD is a financially and administratively autonomous organization, run and supervised by a board of directors, chaired by Prime Minister. Its membership includes representatives for the government, NGOs and the private sector. The Fund seeks to effectively contribute to alleviating poverty by improving living conditions of the poor groups in society and creating job opportunities and lucrative activities for these groups.

SFD
ال الصندوق
الإجتماعي
للتأمين

35%

AGFUND

Based in Riyadh, Saudi Arabia, AGFUND is a regional organization established in 1980 upon the initiative of His Royal Highness, Prince Talal Bin Abdul Aziz Al Saud with the support of leaders of the Gulf Cooperation Council (GCC) States that form its membership and contribute to its budget. AGFUND is mainly concerned with supporting Human-oriented sustainable development that targets poorest groups, particularly women and children, in developing countries by contributing towards supporting efforts affecting the development process including improvements to education and health as well as supporting programs for institutional capacity building and fighting poverty. AGFUND works in cooperation with the UN, regional and national development organizations, community—based NGOs and other institutions working in the field of development.

AGFUND
PROGRAMME FOR DEVELOPMENT
برامج الخليج العربي للتنمية - أجفند

20%

Private Sector

The private sector is represented by commercial institutions operating in Yemen, companies or commercial banks. It also involves businessmen from Yemen and other countries and has a total of 13 shareholders.

PS
Private
Sector

AMB Vision, Mission & Objectives



Vision

Al-Amal Microfinance Bank aspires to provide inclusive financial services to all Yemenis.



Mission

Al-Amal Bank seeks to contribute towards improving the economic and social conditions of populations in Yemen's rural and urban areas, particularly the low and limited income groups, particularly, through the provision of distinctive and innovative financial and non-financial services, according to the best internationally-recognized practices and Rulings of the Islamic Sharia Law via well-trained staff, high technology and diverse partnerships, as well as to become a leading and sustainable microfinance institution.



Objectives

- To develop distinctive financial and non-financial services meeting the needs of its clients and ensuring sustainability of the Bank according to the best practices via a wide network of branches and partners and by opening new markets.
 - To create an integrated and highly efficient control environment that improves institutional performance and strengthens the work environment to ensure the safety and quality of outputs according to clear and sophisticated policies and guidelines.
 - To create an encouraging and attractive work environment for the staff and train them on the best practices with a clear administrative system, using advanced and up-to-date technology that realizes resilience and smoothness in the business.
 - To strengthen the status of the Bank as a leading financial institution by building a highly effective internal and external communication toolkit that ensures delivery of the Bank's vision and mission to all staff, clients and partners, and attracts diverse funding sources.
-

○ Word by Chairman of the Board of Directors ○



Eng. Abdullah Ahmad Buqshan
Chairman of the Board of Directors

At first, on behalf of the members of AMB Board of Directors, I have the honor to present to you the Annual Report of 2018, which highlights the Bank's outstanding performance for 2018 and shows positive outcomes in all areas of business, including a 34% growth in the financial position despite volatile economic conditions in the country. Evidently, the current conflict has increased suffering of Yemeni people and dragged a large segment of them into the brink of famine. Moreover, SME entrepreneurs have lost their enterprises & lack of a stable environment for investment, national economic recovery and restoration of financial [cash] cycle to the formal banking sector. As a result, too many citizens have lost their jobs or income sources and turned to rely on external humanitarian assistance for meeting basic living needs. Nonetheless, AMB has maintained a historic record of stunning achievements and successes due to sound planning and steady performance directed at attaining objectives under whatsoever circumstances. With this in mind, AMB has been keen on creating banking services consistent with the current circumstances, thus maintaining reasonable service delivery to limited-income entrepreneurs and playing a significant role in the provision of cash assistance to vulnerable groups affected by the current crisis via a local-agent network of 3,636 points of service countrywide. In addition, the Bank has secured external financial channels represented by opening of accounts with external banks and entering into partnerships with 10 international and local organizations, thus making a quantum leap in AMB history. Obviously, such business relationships have significantly contributed to increasing the Bank's sources of funding and left a highly positive impact on AMB in particular and the national economy in general by means of boosting the flow of foreign currencies to the war-ravaged country. Today, we take great pride in AMB leading role in microfinance and social transfers at the local & international levels, besides the other major role the Bank plays towards meeting needs of Yemeni households and providing a variety of financial and non-financial services to underprivileged community groups that hardly had access to such services. This great success is attributable to the tireless efforts exerted by the Bank's Executive Management and staff. Last but not least, we are hopeful to see the Bank making more remarkable achievements in the years to come and maintaining a top position among MFIs in the region and worldwide.

34%

Growth in Financial Position

3,636

Points of Service Countrywide

10

International and Local
Organizations

○ AMB Board of Directors ○



Mr. Osama Al-Shami,

○ Member – Government Representative ○



Mr. Nasser Al-Qahtani,

○ Member – AGFUND Representative ○



Mr. Jabreen Al-Jabreen,

○ Member – AGFUND Representative ○



Mr. Omar Abdurrahman BaJerish,

○ Deputy Chairman, Member-Delegate ○



Mr. Waheeb Al-Dhelai,

○ Member – Government Representative ○



Dr. Akram Al-Washali,

○ Member – Government Representative ○



Mrs. Hind Qasim Alawi

○ Member – Government Representative ○

Word by Chief Executive Officer



Mohammed Saleh Al-Lai
CEO

This report describes the major achievements and developments attained by the Bank, the turning points of success experienced, the greatest challenges faced during 2018, and the diverse services provided in a way ensuring financial inclusion of various community groups, specifically the poorest ones. All such experiences have remarkably contributed to consolidating AMB status at the local and regional levels given that AMB has so far been a leading MFI in the microfinance industry locally and regionally.

The past year has seen numerous challenges in an unstable business environment as a result of increasing flaws in the formal labor market and emergence of informal or unregulated markets, followed by unprecedented devaluation of local currency, which reached a climatic point in Mid-2018, thus driving up prices of commodities and services. In the meantime, the country has experienced a sharp liquidity crisis and unforeseeable [currency exchange] fluctuations that increased the operational risk to an extent representing a real threat to sustainability of the Bank's business. However, AMB has had its own approach of work in line with clear goals and strategies, which have been primarily targeted at maintaining uninterrupted progress, and at the same time maximizing outreach for inclusion of all target groups in all governorates. Accordingly, the Bank has played a central role towards alleviating suffering of poorest groups of population and IDPs, who fled their homes in conflict zones, by means of distributing cash assistance /welfare benefits to most vulnerable groups in partnership with international organizations. As a result, AMB was able to expand service provision, play a leading role in social transfers, enter into new partnerships with 10 international and local organizations and implement 1,040 cash assistance projects to the amount of YR85.5 billion (US\$343 million), which included more than 2.8 million families countrywide. The welfare benefits distributed have largely contributed to mitigating the conflict impact on target community groups. Also, the Bank has provided loans and compensatory grants to AMB clients, who have been affected by the war, thus enabling them to recover their businesses, enterprises or sources of income. Today, we are proud of what the Bank has achieved, thanks to the lavish support it received from BOD members and shareholders, as well as the sincere efforts of its highly efficient and professional staff. Finally, despite all the challenges we have so far faced, we are still confidently aspiring to a bright future.

1,040
Cash Transfer Projects

85.5 billionYR
Worth

2.8 Million
Households Beneficiaries

○ AMB Executive Management ○



Mr. Ghamdan Awn,

○ Finance Manager ○



Mr. Rashad Al-Abidi,

○ IT Manager ○



Mr. Mohammed Ateyah,

○ Banking Services Manager ○



Mr. Ali Jubran Al-Ansi,

○ HR Manager ○



Mr. Mohammed Al-Ahdal,

○ Sharia Supervisor ○



Mr. Sameh Al-Hakimi

○ Loan Manager ○



Mr. Abdu Shaban,

○ International Partnerships
Manager ○



Mr. Amjad Hajar

○ Risk Manager ○



Mr. Mohammed Shujaa

○ Acting as Audit Manager ○

Executive Summary

Now entering its fifth year, the ongoing conflict in Yemen where a large segment of the population live below the poverty line has created the worst humanitarian catastrophe in the country's modern history, thus driving up unemployment and poverty rates and interrupting enterprises and businesses of SME's institutions. As a result, the performance of MFIs, including AMB, has been negatively impacted.

So, AMB had no choice but to maintain its leading role in the microfinance industry, thereby representing a sustainable destination for SME entrepreneurs, youth and women with unmet needs. In wartime, the Bank has realized maximum financial inclusion for various vulnerable groups in the impoverished country and continued with the provision of integrated financial , non-financial, electronic and loan services.


Changing threats into opportunities, AMB has established new partnerships with international humanitarian and donor organizations for the purpose of creating new opportunities for youth and women with interrupted or affected SME enterprises to help them recover their lucrative activities by providing them non-refundable grants, compensations or soft loans for easily affordable guarantees. While new entrepreneurs were included in such services, women constituted 40% of the total beneficiaries.

As part of its social responsibility, AMB has carried out distribution of cash transfers provided by various international donor organizations, alleviating the suffering of a large segment of poorest people, IDPs, refugees and other groups included in the cash assistance scheme. Next to maintaining previous partnerships, the Bank has entered into new partnerships with 10 local and international organizations such as SFD, UNICEF and UNHCR, which have been involved in the emergency humanitarian assistance programs in Yemen.

In addition, the Bank has established further business relationships with local partners and agents in all governorates of Yemen, dedicating all resources to the delivery of services to beneficiaries where they live as soon as possible.

To maintain relationships with clients, as well as local and international partners, AMB considered developing its organizational structure. Therefore, it has restructured some of its departments and introduced new financial services meeting current needs of its audience and realizing its vision, which is "Provide inclusive financial services to all Yemenis."

To sum up, the report presents results of AMB operational performance for 2018, as well as its financial and institutional performance based on crisis management policy. At the same time, it sheds light on the major projects and relevant activities it has so far carried out with the aim of supporting clients in crisis time.



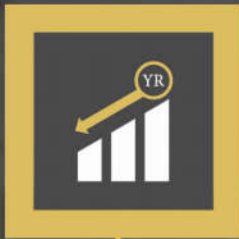
More than

Years of War

Four years into Yemen conflict, which has left devastating impacts in all areas of life, it has become difficult to have a positive prediction of the national economy or continuity of commercial activities of individuals or companies. Likewise, too many economic observers think that way given that the current turmoil has produced numerous negative impacts, such as a decline in capital flow, difficult access to markets or costumers, high foreign exchange rate and lack of trust among current or potential clients which have aggregately caused financial, capital, material or staff losses to all financial institutions in Yemen, specifically MFIs.

Famine alarm bells ringing as the economic situation gets worse

The past year has seen an extremely dire economic situation amid continuity of the conflict. As a result, commodity prices have increased by 28% from 2017 or up to 100% for some nonessential commodities. According to Yemen Economic Index Report for 2018 released by SEMC, a local NGO, price hikes are attributed to several factors*, including



Dramatic local currency devaluation, notably in the second half of 2018, when the currency exchange rate skyrocketed up to YR800 per US\$1, was a primary factor for rising prices of basic commodities. Reacting to the high foreign exchange rate, a majority of merchants, importers and producers increased prices at a time the country imports up to 90% of its food needs from outside Yemen.



The price of fuel products, particularly diesel, has increased by 21% from 2017, thereby driving up goods transportation fares, and consequently the price of other commodities.



Increasing cost of shipping to Yemen due to change of marine routes to ports of neighboring countries.



Worst Humanitarian Situation

As we are entering the fifth year of the ongoing conflict in Yemen, it can be said that 2018 has been a difficult year for Yemeni citizens and the overall society of Yemen.

According to reports released by international humanitarian organizations late in December 2018, including those of UNICEF and OCHA, we get a clear picture of what the current humanitarian situation looks like given the following figures:

75%

Of the total population are in need for some humanitarian assistance.

22.2
million people



I.e. nearly, 75 of the total population are in need for humanitarian assistance. of them, 11.3 million children are in an urgent need for humanitarian assistance.

3
million IDPs



The figure includes one million children, of whom 400 thousand children under five suffer from severe acute malnutrition (SAM) and experience difficult living conditions.

16.4
million people



Are in need for health care.

16
million people



Are in need for WASH assistance.

5.4
million people



Are in need for shelter and basic household items.

US\$3
billion



Is the estimated funding required for Yemen Humanitarian Response Plan .

Al-Amal Bank and Crisis Challenges

All the above stated factors have severely impacted the humanitarian situation and living conditions of Yemenis, drove up their need for humanitarian assistance and interrupted development. In the meantime, individual incomes have declined, notably amid suspension of salaries for government staff. With economic activities and the banking sector impacted by the crisis, the number of [active] savers with MFIs and banks declined, thereby causing a sharp decrease in clients' deposits. Furthermore, clients have refrained from applying for financial loans to fund their businesses for fear of facing difficulty repaying the Bank. Consequently, the number of active clients has declined, the volume of active loan portfolio has shrunk and many MFIs/Banks have found it increasingly difficult to collect debts.

Al-Amal Bank and Crisis Challenges



In 2015, AMB created a contingency plan, characterized by flexibility to an extent helping the Bank deal with challenges more efficiently. Therefore, the Bank reviewed its plans for financial services in a manner corresponding to developments in the country. Applied 2015 through 2018, the plan involved some items for the Bank to adjust operations tailored to current needs. In this regard, AMB outdid many other MFIs through the following:

Continuity

1

AMB continued with the provision of diverse services to individuals and small enterprises and introduced new loan products in 2018, which have had a print on helping limited income groups and boosting the loan portfolio, thus contributing towards revival of economic development in some areas.

AMB encouraged farmers to boost local production in wartime due to difficulty faced by the country as to import of some products in the status quo. Accordingly, it provided soft loans to farmers to buy water pumps and other agricultural machinery, taking into consideration the condition of each individual farmer and how capable he is of repaying a loan.

2

Agricultural Sector Revival

Al-Amal Bank and Crisis Challenges

Alleviating Unemployment & Supporting Youth

3

AMB has been keen on playing an effective social role towards fighting unemployment and supporting young entrepreneurs through provision of non-refundable grants to individuals interested in establishing an enterprise or practicing a lucrative trade. The action included unemployed university graduates as well. Consequently, such grants have contributed to boosting production and development, and realizing financial inclusion for all.

This represented a top priority for the Bank, and therefore it created “Al-Amal Recovery Fund”, which will be discussed in further details under a chapter designed thereto.

4

Strengthening Client’s Resilience in Crisis Time

A Sense of Job Security

5

AMB worked towards retaining its staff, improving their living conditions and training them under such difficult circumstances, which helped the Bank maintain operations and better deal with all challenges and risks associated with the crisis.

The Bank has been keen on increasing the expansion and outreach of its diverse traditional and electronic services via AMB branches and agents, thereby creating a network of 3,363 POS nationwide.

6

Outreach & Efficient Service Delivery

Local & International Relations

7

AMB has opened local and international communication channels by means of entering into partnerships with 10 humanitarian organizations for the purpose of attracting humanitarian assistance and assisting donors in the implementation of humanitarian relief projects targeted at alleviating suffering in Yemeni society.

AMB has received technical assistance from global firms, which helped the Bank better cope with the crisis after different departmental staff received training intended for maintaining sustainability and steady growth.

8

Technical Support

All these procedures undertaken by the Bank, coupled with 10 other factors have made the Bank a leading institution in Yemen microfinance industry. These ten strengths are:

Clear Objectives

Diverse Loans

Institutional Infrastructure

Banking Services

Local Partnerships

Young Leadership

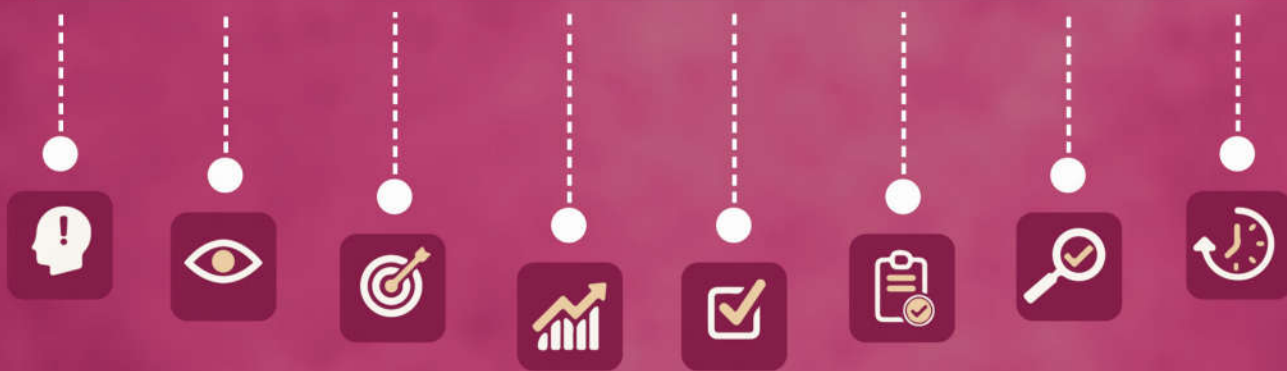
High Efficiency

Sophisticated work environment

Electronic Services

International Partnerships

Operational Performance for 2018



Operational Performance

AMB experience over the past few years have become an integral part of the key turning points in the history of microfinance in Yemen, as well as one of the most important stages in the development of SME enterprises in the impoverished country. Initially, the Bank provided loans to SME entrepreneurs, in addition to other services including saving accounts, deposits and withdrawals. With the passage of years, AMB was able to assert itself at the local and international level, thus becoming one of the leading and highest-ranking MFIs in the Arab Region and worldwide, thanks to expansion of its banking activity and high operational, financial and social performance indicators. These achievements have qualified the Bank for numerous local and international awards. Although the crisis of Yemen has taken an escalating trend since the last quarter of 2014, the Bank created in 2015 a contingency plan, characterized by flexibility to an extent helping the Bank deal with challenges more efficiently. Therefore, the Bank adjusted its plans for financial services in a manner corresponding to developments in the country. In 2018, the Bank has kept on providing financial services pursuant to the contingency plan and other executive plans derived from the contingency plan. This part includes highlights of key AMB products for 2018, including loans and other financial services.

Loans

During 2018, the Bank has targeted 1,282 clients with a portfolio exceeding YR 1, 234, 573,915 based on loan applications, but it was able to disburse loans to 1,023 clients with amount of YR 583,702,219, which constitutes 80% of the total loan applications received. Loans given to SME entrepreneurs and limited /low income people have ranged from YR 50 thousand to YR 20 million. Compared to previous years, the growth rate for the past year came as follows:

	2017	2018	Growth Rate
No. of disbursed loans	427	1,023	140%
Volume of disbursed loans (YR)	171,866,940	583,702,219	240%
Average of disbursed loans	402,499	570,579	42%
No. of active clients	34,102	33,506	-1.7%
Volume of active portfolio (YR)	2,285,385,105	2,600,569,366	14%
Average of active loans (YR)	67,016	77,615	16%

AMB loans are classified into:

1 Micro Loans

During 2018, the Bank has provided loans to 944 clients with a portfolio exceeding YR 153,170,968 to a group of activities and individuals, for the purpose of developing current businesses, establishing new ones or covering individuals' needs. To target this type of activities, the Bank designed a number of products meeting the needs of this group with loan amounts ranging from YR 50,000 to YR 1,000,000 only.

	2017	2018	Growth Rate
No. of disbursed loans	389	944	143%
Volume of disbursed loans (YR)	51,536,940	152,170,968	195%
Average of disbursed loans	132,486	161,198	22%

AI-Amal Individual Loan



It is a product targeting individuals who have small enterprises and are interested in developing their activities. The loan ceiling offered under this product ranges from YR 50,000 to YR 1 million against affordable collaterals, considering the nature of this group. Throughout 2018, the Bank has achieved a remarkable growth rate in this product, when compared to 2017, as illustrated below:

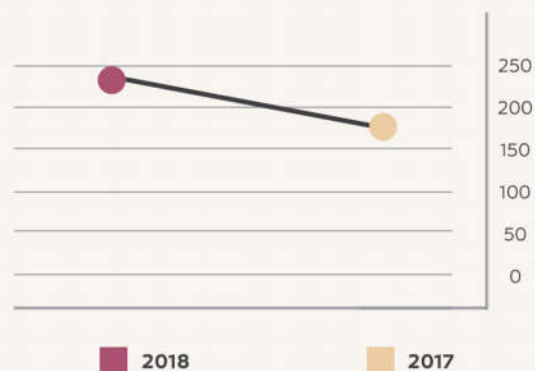
	2017	2018	Growth Rate
No. of disbursed loans	166	236	42%
Volume of disbursed loans (YR)	26,529,650	49,268,500	86%
Average of disbursed loans	159,817	208,765	31%

Operational Performance

Through this product, AMB has targeted various economic, services, commercial and agricultural sectors amid current interruption of many other businesses, thereby contributing towards revival of economic development and encouraging individuals to get more involved in productive activities. Therefore, individual loans for 2018 numbered 236, compared to 166 loans in 2017. The following table shows those targeted sectors:

Sector	2017	2018
Service	81	126
Commercial	61	100
Other	13	4
Production	9	3
Commercial /Service	2	2
Agriculture	0	1
Grand Total	166	236

No. of Disbursed Loans



Al-Amal Agricultural Loan



The product is offered to individuals who have been exercising agricultural activities for not less than 12 months to finance farming purposes like seeds, fertilizers, greenhouses...etc. Loans offered under this product range from YR 300,000 to YR 20,000,000, and are repaid by installment plan (on a monthly, quarterly or semiannual basis). Loan guarantees of this product are simply affordable.

The agricultural finance portfolio balance for 2018 has totaled YR 85,270,000, covering various areas nationwide.

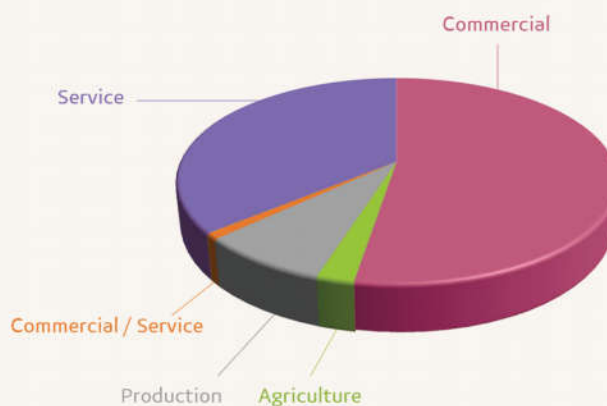


Soft Loan



This product is offered to clients without any additional fees or charges. Therefore, AMB added this loan to its financial products for the purpose of targeting clients of AMB partner agencies, as well as areas where people are more sensitive to any aspects contravening the Provisions of Islamic Sharia Law like “usury” [charging an interest on loans]. The product initially included clients running lucrative activities in all sectors, who were mostly women with current enterprises or unmet financing needs. Recently, the agricultural sector was included as well, and accordingly farmers were given interest-free loans to buy farming needs like agricultural machinery, greenhouses, water pumps and other tools with loan repayment scheduled for harvest times repaid by monthly, quarterly and semi-annual installments. Loans given under this product range from YR50, 000 to YR20, 000,000.

		2018	
		Number	Volume (YR)
No. of Disbursed Loans	Service	231	31,395,412
	Commercial	337	44,393,428
	Other	52	6,074,324
	Production	6	1,077,005
	Commercial /Service	15	128,581,250
	Agriculture	641	211,521,419



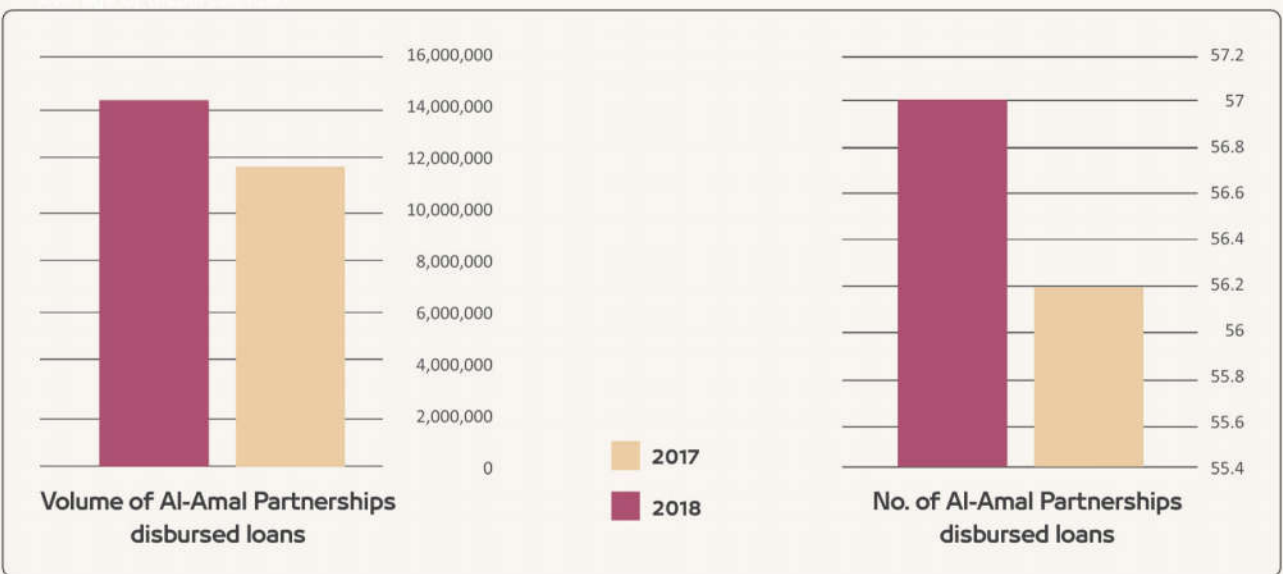
Al-Amal Partnerships Loan



The Bank offers this product to employees in the private, government or mixed sector (regularly salaried staff), who are interested in getting a loan to finance activities or pay for household needs (electric tools, furniture, solar home system or a house, among others). Loans offered under this product range from YR 50,000 to YR 1,500,000. In this regard, the Bank was able to achieve somewhat acceptable results due to ongoing suspension of salaries for government staff in most governorates, which is why the Bank has run this product in some governorates in a highly cautious way. In comparison to 2017, the Bank has achieved a remarkable growth rate during 2018.

Operational Performance

	2017	2018	Growth Rate
No. of disbursed loans	56	57	2%
Volume of disbursed loans (YR)	11,650,600	14,450,000	24%



AI-Amal Alternative Energy Loan



The product targets individuals interested in getting solar energy systems for household purposes, commercial activities or solar power-operated pumps for agricultural irrigation. Loan amounts range from YR 50,000 to YR20,000,000 and are repaid by installment plan stretched over a period of not less than 6 months. In 2018, the solar energy loan portfolio balance totaled YR 111,652,210, growing by 938% from 2017 when the total volume of solar energy loans was YR 10,752,250 only.

2

SME

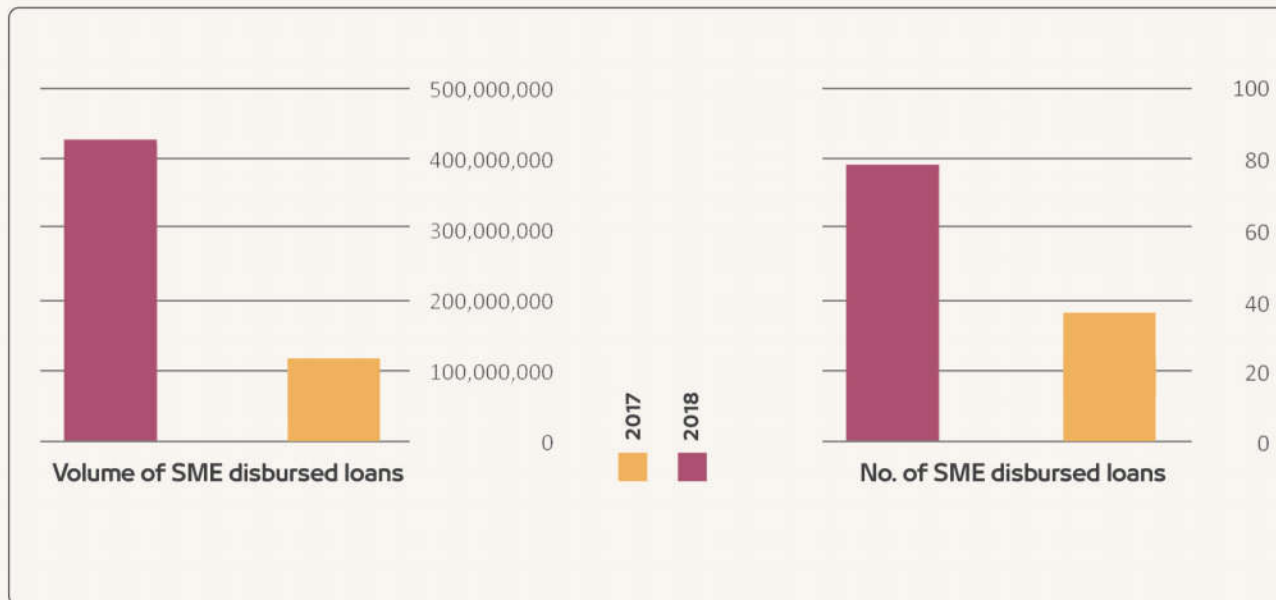
The product targets individuals who have labor-intensive small enterprises with loans ranging from YR 1,000,001 to YR 20,000,000 [per enterprise]. The loans provided during 2018 numbered up to 79 clients with a portfolio totaling YR 431,531,250.

Given the importance of this product, AMB has been careful to complete development and expansion of the product by designating an independent branch to the product and hiring more staff in most AMB branches. In 2018, the Bank has added two other sections to SME sector, namely the alternative energy (solar power-operated pumps) and housing due to their significant impact on Yemen’s economy.

SME Indicators

	2017	2018	Growth Rate
No. of disbursed loans	38	79	108%
Volume of disbursed loans (YR)	120,330,000	431,531,250	259%

Average of Disbursed Loans



Saving

AMB has developed a diversified cluster of saving services tailored to the needs of the poor with the aim of promoting the saving culture among social groups that have never dealt with financial institutions in their life, including young people, SME entrepreneurs and people with low or limited income. Also, AMB invites businessmen with large capitals to deposit their surplus funds in the Bank in order to make use of them in financing small enterprises of young people for an interest rate that is not lower than what is offered by Islamic banks in Yemen. The Bank understands that those depositors will contribute largely to reducing the unemployment and poverty rates in Yemen as part of their social mission.

For the purpose of promoting this culture, AMB has distributed over the past few years the highest interest rates in the banking market for deposits in Yemeni Riyal and US dollar. It has also carried out many promotional and educational initiatives on the financial concepts of dealing with the banking sector and making use of the available lending and saving services in a safer and more efficient way. As the country entered into an a more violent conflict between different parties, which interrupted the daily life activities, the people have turned to use their previous savings, depleting them from day to day, which is one of the main reasons why AMB saving portfolio has been impacted. Amid lack of cash liquidity in the banking sector over the recent period, clients have turned to withdraw their savings and keep them at home or use them for buying gold or other assets.

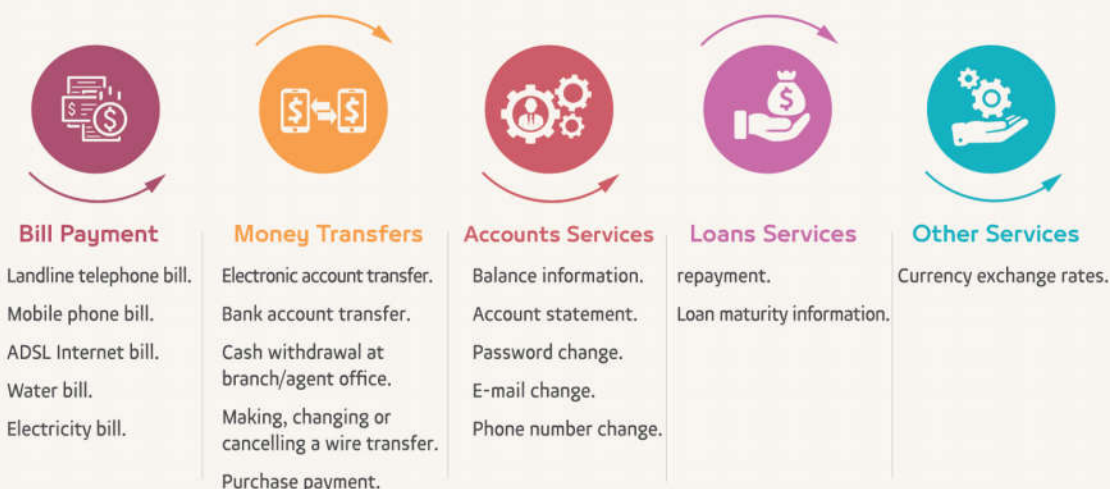
Despite all that, AMB saving service has not been halted. Instead, AMB has continued to offer its services, attract different segments of population and raise the awareness of clients and their families about the necessity of continuing with saving, even with tiny amounts. Here, it is noticed that active accounts for 2018 totaled 127,741, of which 49,014 accounts have been held by women.

The Bank has different types of saving accounts as illustrated below:

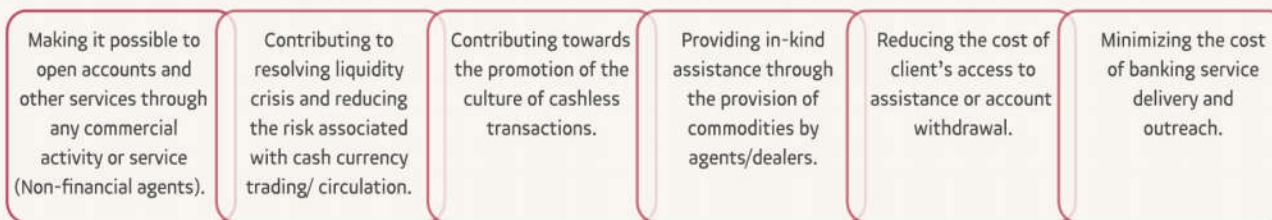


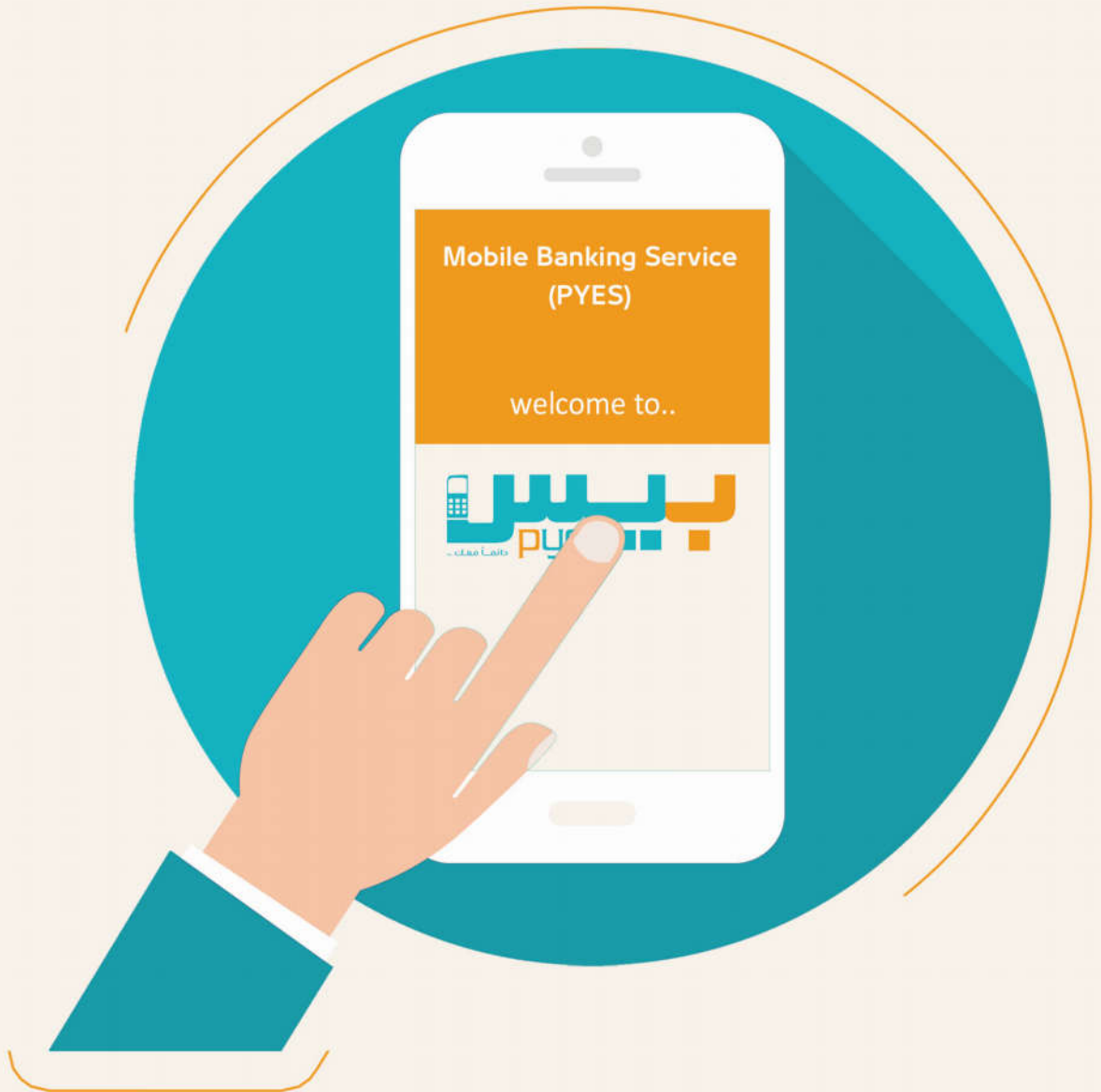
Electronic Accounts

AMB launched mobile banking service as a tool for financial inclusion of the poor, given that the use of mobile phones has become commonplace among all community groups. This service enables AMB clients to pay their financial obligations and bills through their mobile phones, using PYES app for the following services:



AMB is among the first three Yemeni banks in this service delivery, which can be largely used in the implementation of cash transfer projects in the future since it would contribute towards resolving liquidity crisis and reducing the risk associated with cash transport. In addition, it would help in the incorporation of merchants and trade store owners into AMB POS network, besides the bank's agents. Up to 13,245 transactions have been executed through PYES application throughout 2018 to the amount of YR 1,814,325,250, of which 2,078 were account deposits to the amount of YR 905,083,754, and 8,242 bill and subscription payments totaling YR 7,873,679. The rest of the transactions were distributed over transfers, accounts and other services. This service presents a new vision on financial inclusion, added to its being a product consolidating social transfers, through the following:





Social Cash Transfers

For AMB, 2018 was a year of social transfers as the total amount of transfers disbursed during the year was nearly twice higher than the overall amount of transfers disbursed by the Bank as of its inception [in 2009] until December 2017, during which time the overall transfers disbursed were estimated at YR 49 billion. On the contrary, transfers disbursed during 2018 totaled more than YR 85.5 billion (equivalent to US\$ 343 million). This figure hits a record high in the history of cash transfers so far executed by the Bank. In view of the current situation in the country and steadily increasing humanitarian interventions by the day, the figure is pondered upon as an obvious indicator of further increasing transfers in the fiscal year 2019, which are more likely to exceed the total amount of transfers disbursed during 2018.

Social transfers for 2018 have been distributed over various sectors as illustrated in the following table:

Project Name	2018	
	No. of Transfers	Volume of Transfers (YR)
Cash for Work Programs	370,094	18,866,776,921
Cash Assistance to SWF-listed Beneficiaries	29	7,185,582
Emergency Cash Transfer Projects	2,022,399	54,574,775,837
Cash for Education	7,723	297,016,313
Cash for Awareness (Conditional Cash Transfers)	414,622	11,802,305,153
Total	2,808,888	85,548,059,806



Islamic Takaful



AMB has kept on providing the Islamic Takaful service to loan clients despite the events the country has been going through. So, it has paid YR3,341,899 in compensations to a total of 23 clients throughout 2018. In addition, up to 1,127 clients whose activities were affected by the crisis received SFD-funded reparations to the amount of YR165,367,165.



Social Performance & Targeting Indicators

1 Focus on Women

Poverty and unemployment have been representing a persisting threat to Yemen, and they are further exacerbating amid ongoing expansion of the conflict and fighting. In Yemeni society, poverty is being described as being “Feminine”; i.e. it increases further among women. Therefore, many international and local organizations have been working towards poverty alleviation. Many of the indicators related to the causes and manifestations of poverty demonstrate how important it is to target women as a vulnerable group that is more prone to poverty and is affected most by its consequences. Consequently, any effort focused on mitigating or reducing poverty is not possible to come to fruition unless women are a primary and direct target group.

With this in mind, AMB realized the necessity of targeting women through the provision of financial services to them, primarily loans. Due to the lack of collaterals that could be provided by women in Yemeni society, coupled with their being unable to bring supportive ID documents to have access to loans, the Bank placed women on the top of its list of beneficiaries targeted by its financial services. It also created means, approaches and methodologies that ensure delivery of its financial services to women at home against easy and handy collaterals.

Financial Services Offered to Women in 2018

	2017	2018	Growth Rate
No. of Disbursed Loans(YR)	78	671	760%
Volume of Disbursed Loans(YR)	17,585,550	95,272,199	442%
Average of Disbursed Loans(YR)	225,456	141,985	-37%
No. of Beneficiaries	507	4,362	760%
No. of Job Opportunities Created	169	915	441%

Note

The No. of beneficiaries was calculated by multiplying the disbursed loans by the average number of household members (6.5) benefiting from the loan.

Job opportunities are calculated by dividing the total disbursed loans in dollar by US\$500, multiplied by 1.2 as per the global calculation index. The global index shows that every \$500 creates 1.2 job opportunities.

2 Focus on Youth

Youth Loans

Since its inception, AMB has been targeting youth, keeping in mind that this group constitutes 75% of the country's total population. Amid dramatically increasing unemployment and further escalation of the conflict, youth have turned to the firewood of the war, besides being one of the most conflict-affected groups. With this in mind, it has to be taken into consideration that any improvement in youth's economic conditions is key to improving their social and cultural conditions, and keeping them away from conflicts. Therefore, the Bank worked with all local and international partners on designing a number of financial services to enable youth to have lucrative and sustainable activities [enterprises], as well as on reducing the high unemployment rates among members of this group. Given that collaterals required for the granting of loans represent an obstacle for young applicants, the Bank, in partnership with Silatech, established a special fund for youth to overcome such an obstacle and offer them loans without collaterals. In addition, the Bank has implemented the PSEFI in partnership with EU and Silatec, which primarily targets youth through provision of training and financial grants in order to enable them to have lucrative and sustainable businesses for a long term.

Youth Savings

To encourage youth to save, AMB has carried out a series of awareness campaigns in universities and high schools to promote the saving culture among young people.

Youth Financial Services Indicators for 2017 and 2018

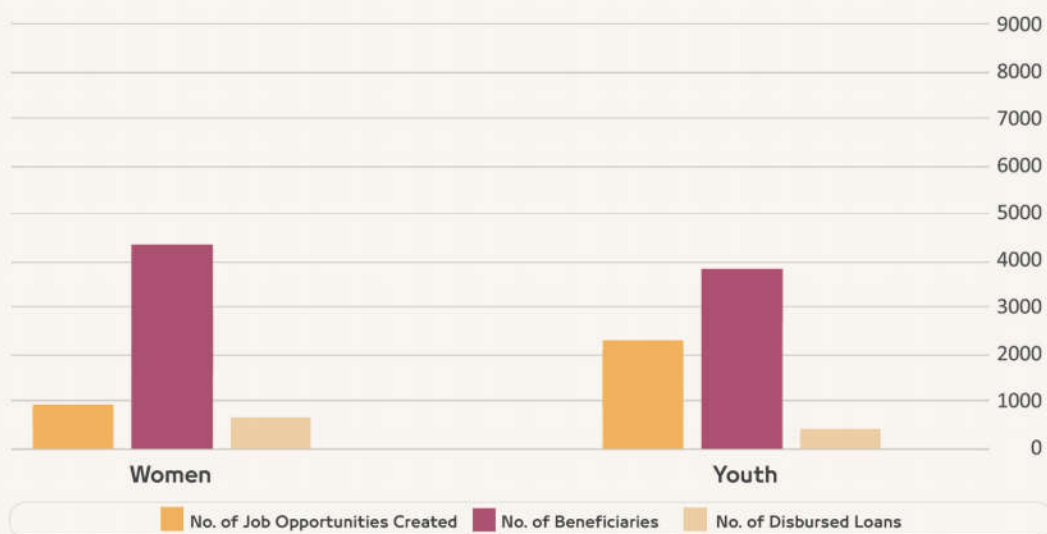
	2017	2018	Growth Rate
No. of Disbursed Loans (YR)	149	604	305%
Volume of Disbursed Loans (YR)	57,634,500	245,128,718	325%
Average of Disbursed Loans (YR)	386,808.72	405,842.25	4.9%
No. of Beneficiaries	969	3926	305%
No. of Job Opportunities Created	553	2,353	325%
No. of Saving Accounts	32085	32980	2.8%
Volume of Saving Portfolio (YR)	14,681,964.00	1,344,745,756.00	9059%
Average of Saving Accounts (YR)	458	40775	8803%

Note

The No. of beneficiaries was calculated by multiplying the disbursed loans by the average number of household members (6.5) benefiting from the loan.

Job opportunities are calculated by dividing the total disbursed loans in dollar by US\$500, multiplied by 1.2 as per the global calculation index. The global index shows that every \$500 creates 1.2 job opportunities.

Women & Youth Indicators for 2017 and 2018





Financial Performance for 2018

○ Financial Performance ○

The year 2018 has not seen any significant changes or signs of national economic recovery from the crisis Yemen have been going through, and which have largely adverse repercussions on various economic sectors. So, the liquidity crisis has continued while a large portion of local currency cash remained in circulation beyond the formal banking sector, which allowed for unregulated speculation in the exchange rates, thereby driving up inflation rates and causing further depreciation of local currency, notably in Mid-2018 when the price of the dollar skyrocketed to YR800 despite the repeated attempts made to save the national economy from total collapse. Below is a presentation of AMB financial performance for 2018 amid impact of the current crisis:

Durability of the Financial Position

Throughout 2018, AMB has kept on strengthening its financial position by realizing unprecedented growth rates in assets, which increased by 34% from the previous year. Additionally, the Bank has attained typical financial indicators that helped it avoid risk of impacts and changes experienced by the banking sector. During the year, the Bank was able to increase the volume of social transfers disbursed in the various governorates to a large portion of Yemeni families. It was also able to expand the scope of other banking services, in addition to realizing an increase in the volume of loans and grants given to clients whose businesses were affected by the war with the aim of enabling those entrepreneurs to recover their businesses and income sources. This enabled the Bank to continue covering the cost of its activities and realize an unprecedented growth in the net activity outcome, which increased by 49% from the previous year, thus contributing to boosting the Bank's financial position and assets and strengthening its capacity to cope with encompassing risk associated with the current crisis. This would not have been possible without a balanced financial performance maintained by the Bank by means of conserving high return assets corresponding to the current situation and creating resilient financial services, which helped the Bank to cope with unforeseeable circumstances and maintain a balanced and healthy financing structure of total AMB assets.

AMB financial position growth rate by the end of 2018 (in thousands Riyals)

	2017		2018		Growth Rate
Total Financial Position (YR)	21,183,104		28,432,753		%34
Net Loan Portfolio (YR)	152,505		517,250		%239
Total Liabilities (YR)	11,565,447		16,404,157		%42
Client Deposits & Savings (YR)	6,887,234		11,342,754		%65
Total Equity Participation (YR)	9,617,656		12,028,596		%25
Funding Structure	Self-funding	External funding	Self-funding	External funding	
	%45	%55	%42	%58	

Spent Riyal Efficiency Indicator

During crisis time, AMB has pursued special policy on rationing expenditures and increasing operational efficiency, which has contributed to mitigating the impact of the soaring prices of commodities and services on AMB performance during the year of 2018 as a result of hyperinflation and deteriorating purchasing power of the Yemeni Riyal against the dollar. These factors are taken into consideration given that AMB’s operations are mainly organized around cost and income, and therefore, the Bank has realized high efficiency in expenditures and income-generation. In this regard, each riyal spent by AMB in 2018 has generated an income of YR2.27, as compared to YR1.85 in 2017 and YR1.04 in 2016. Accordingly, the Bank has attained high growth rates in the index amounting up to 23%, as compared to the previous year. The following figure shows the large growth rate in the spent riyal efficiency indicator in 2018:

Spent Riyal Efficiency Indicator



Capital Efficiency Indicator

By the end 2018, AMB capital efficiency indicator has come at 167%, thereby exceeding, with a wide margin, the minimum CBY limits for MFIs set at 12%. Being nearly 14 times higher than the CBY limits, this indicator reflects how capable AMB is of meeting any potential risk that may impact the banking sector. This performance indicator gives a sign of assurance to the public, shareholders, depositors and the regulatory authority that AMB’s capital base and financial capacity are durable and healthy. It also enables the bank to continue scalping up service delivery to its clients despite the impacts and threats associated with the current crisis.

Growth of AMB Balances Abroad

AMB has made an achievement, which is the first of its kind among MFIs in the Arab region, represented by the opening of accounts with correspondent banks abroad, with balances totaling US\$ 20.3 million by the end of 2018. Therefore, AMB has become today one of the leading banks that have largely contributed towards the inflow of hard currency funds to the country, which are put towards meeting the needs of basic commodity importers.

Currency	العملات الواردة للحساب		الرصيد	
	2018	2018	2018	2018
	Same currency	US\$ Equivalent	Same currency	US\$ Equivalent
US Dollar	48,261,285	48,261,285	6,994,070	6,994,070
Euro	1,132,163	1,293,561	73,052	83,259
GBP	11,500,000	14,591,788	10,358,248	13,179,628
Total		64,146,634		20,256,957

Other Indicators of Financial Integrity

Description / Year	2018
Operational self-efficiency	% 218
Return on Assets (ROA)	% 10.9
Return on Equity (ROE)	% 28.2
Leverage Ration	% 136
Foreign Currency Risk Ratio	% 13
Public Deposit Growth Rate	% 65
Growth Rate of the Public Deposits	% 3.5
Credit Indicator	% 179
Liquidity Ratio	% 99



Institutional Performance for 2018

○ Financial Performance ○

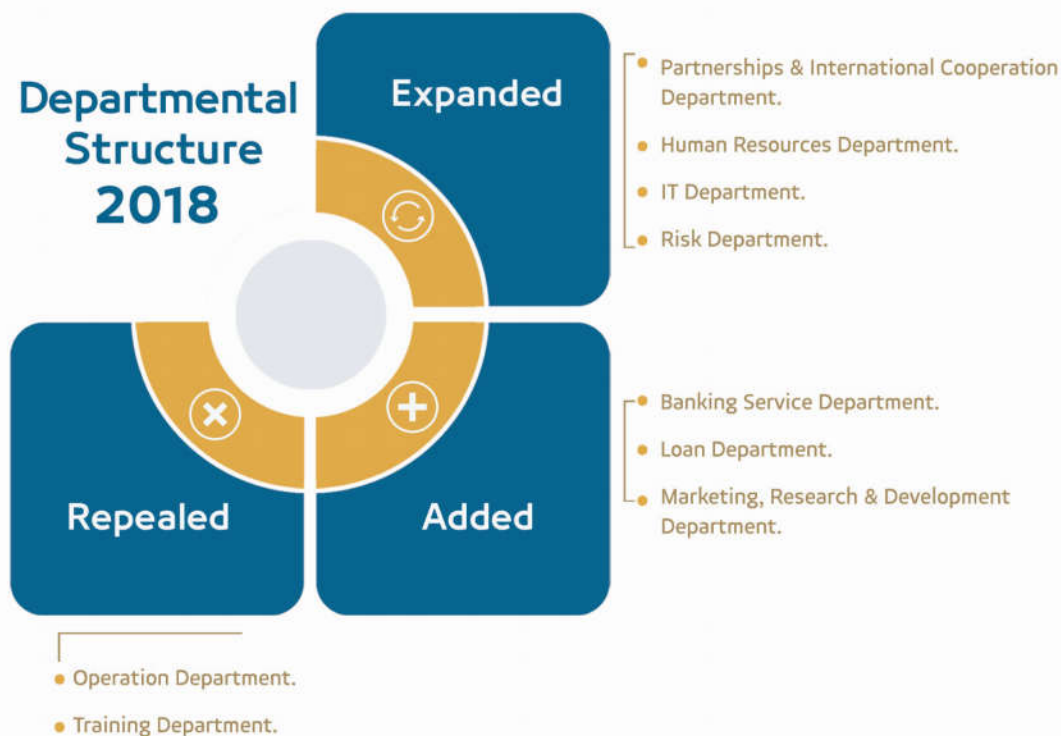
AMB keeps on developing its institutional performance, which is pondered upon as the main driving force steering the Bank towards excellent service delivery to clients and well-established cooperation with local and international partners.

With this mind, AMB worked on improving the work environment in 2018 in a manner ensuring efficient attainment of planned objectives. Also, the Bank worked on developing its internal operations and fulfilling requirements for achieving the strategic objectives. In doing so, it restructured, expanded, repealed or merged some departments in order to:

1. Facilitate communication between AMB and clients, agents and local and international partners.

2. Evaluate departmental performance in a more precise way, and reflect such in the outcomes of monitoring and evaluating AMB policies, strategy and plans as feedback for improvement.

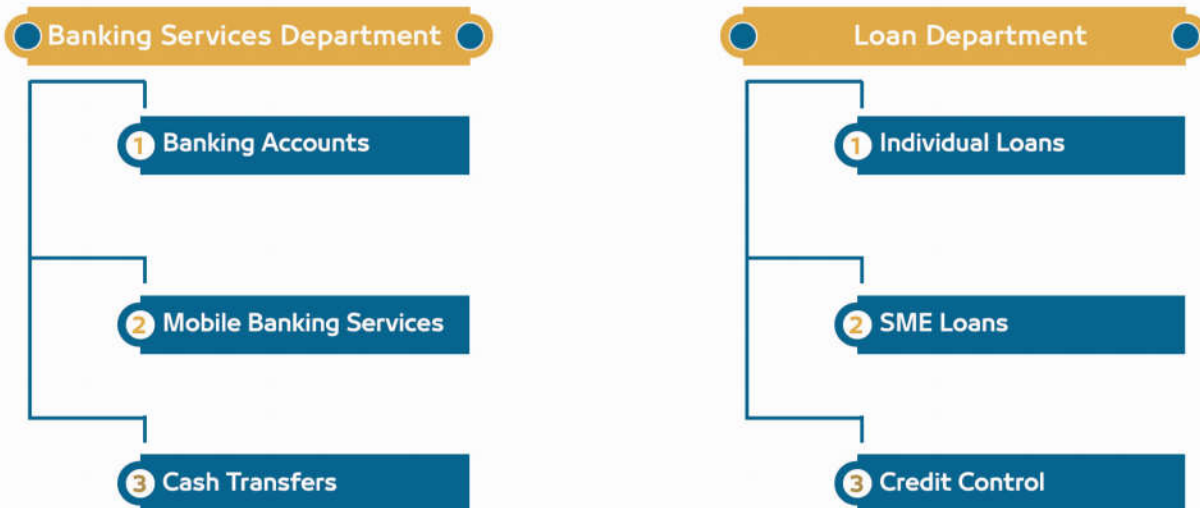
3. Periodically measure the quality control system efficiency indicators to ensure ongoing improvement in operational performance.



A New Start

Amid dramatic growth and expansion experienced by the microfinance industry and rising demand for microfinance products and services, coupled with the high client turnout for AMB services, AMB has established further channels of communication and local and international partnerships following introduction and expansion of social transfers, notably in 2018. This is attributable to the fact that AMB has won trust of many international organizations that contribute to meeting humanitarian needs of more than 22.2 million people who have been struggling to provide basic needs because of the conflict. Therefore, AMB has developed its services and expanded the scope of service delivery, making use of lessons learned from other places in the world. And, through the technical assistance provided by international partners, AMB leadership has readjusted the Bank’s organizational structure in line with the current size of AMB business and services. Accordingly, the organizational chart changes came as follows:

1. Repealing the so-called “Operation Department” which had been overseeing many activities including: loans, banking services, mobile banking services, local partnerships, agents...etc.) as those functions constituted an extra burden on the staff of the department. To ensure good quality services and fair distribution of responsibilities, the previously so-called “Operation Department” has recently been split into two new departments: “Banking Services Department” and “Loan Department”. Also, the local partnerships and agent section was incorporated into the “Partnerships & International Cooperation Department” [PIC Department].



2. Changing the so-called “International Partnerships Department” into “Partnerships & International Cooperation Department”, following incorporation of the local partnership and agents sections into this department, which has been serving as a point of contact with international organizations. Accordingly, the new PIC Department chart looks as follows:



3. Establishing a new department called “Marketing & Business Development Department” as it was necessary for the ongoing AMB development to be accompanied by development in the process of research and marketing. So, AMB leadership believed it was necessary to restructure this department in order to reflect a real picture of AMB operations and keep up with global development of MFIs. Therefore, this department involves the following sections:



4. Developing and expanding the Risk Department. Therefore, the Bank appointed a risk manager and assigned the following primary responsibilities to this department:

- 1 Ensuring compliance and avoiding risk.
- 2 Combating money laundering.
- 3 Monitoring legal compliance.

5. Reorganizing the IT Department in a manner meeting the needs of new AMB expansion and outreach, as well as the automatic connection with local and external partners, agents and POS. So, it was necessary to restructure this department in a way serving the common interest of all [partners] and realizing financial efficiency in service provision anytime and anywhere. The new chart of the department looks as follows:



6. Restructuring and increasing powers of the Human Resources & Administrative Affairs Department as part of the senior AMB management’s attempt to ensure ongoing development, improve stability of the work environment, and strengthen components of the department. Therefore, the department sections were restructured in a way targeted at better serving the Bank, its staff and other departments. Also, the new structure of this department incorporates a training section, following repealing of the Training Department.

Such development of the HR Department comes amid expansion of AMB business and an increase in its permanent and temporary employees. While permanent employees numbered 181 people by the end of 2018, including 44 women and 137 men, temporarily hired staff numbered 1,700, including 300 men and 1400 women. So, managing such a large number of personnel requires maximum effort to meet their requirements, which is why AMB has to restructure the department and redistribute responsibilities in order for the department to be able to keep track of work progress, address obstacles and facilitate procedures for better attainment of objectives. Accordingly, the internal structure of such an important department came as follows:

1 HR Section

2 Administrative Affairs Section

3 Archiving & Warehouse Section

4 Training & HR Development Section

Number of Personnel for 2018

181

Permanent Employees

Male **75%**

Female **25%**

1700

Temporarily Hired Employees

Male **17%**

Female **83%**

This transformation and reorganization, which covered 70% of AMB departments is clear evidence of ongoing growth and development of AMB, as the senior AMB management presented this vision with the intention of better serving our audience, meeting their needs and keeping up with global microfinance development. Also, the vision intended to maintain high institutional performance and increase productivity with minimum cost.

**Reyadah
Takes The
Lead**



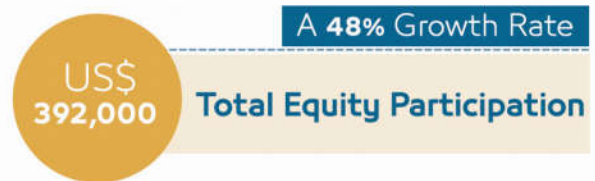
AMB role has not been limited to provision of financial services only, as the Bank always seeks to excel in the delivery of service to clients, specifically new entrepreneurs or those interested in getting an employment opportunity, but lack necessary training in market research, economic feasibility study of businesses, marketing or financial management of a business.

With this in mind, AMB has earned its clients such management, technical and financial skills through Al-Amal Foundation for Training & Entrepreneurship, known as Reyadah.

During 2018, Reyadah has been able to demonstrate outstanding performance by focusing on enterprises sector as one of the most important sources of income in the present time. With minimum cost, Reyadah has kept on developing its institutional capacity in terms of adopting high quality training programs and high-profile trainers, as well as extending the scope of outreach via local partners into areas where Reyadah does not have a physical presence. Below is a description of key performance figures and indicators for 2018:



1. The value of projects signed with donor organizations in 2018 amounted up to US\$898,650, with a completion rate of 91% of the overall plan for 2018. The training projects run by Reyadah for the past year have been funded by 14 local and international donors.



2. During 2018, Reyadah has developed three integrated training packages in relation to life skills, entrepreneurship, small enterprise establishment and management and financial education, and provided capacity building training for 94 male and female trainers in nine major governorates: Sana'a, Aden, Al Hudaydah, Hadramout (Al Mukalla), Taiz, Ibb, Dhamar, Abyan and Lahj.

3. Reyadah has increased its role in target governorates by signing partnership agreements with 9 local partners.

4. Reyadah has implemented 102 training programs in entrepreneurship and financial education for 2,196 trainees, thereby bringing to 14,538 the total number of male and female beneficiaries of Reyadah training between 2013 and 2018.

Legal Review of AMB Operations

Represented by AMB Sharia Supervisor, Sharia Supervisory Department has monitored enforcement of Sharia principles in relation to contracts, transactions and other applications presented by the Bank during 2018. The annual Sharia supervisory report, submitted to the BOD Chairman and members, confirms AMB compliance with Sharia principles and guidelines issued by relevant regulatory bodies like CBY.

Sharia Supervisory Department regularly reviewed all AMB transactions for 2018 and trained new and incumbent staff on Islamic Sharia-compliant banking business in preparation for complete shift to Islamic Sharia-compliant banking transactions.





Our Services

are compatible with the Islamic Sharia



بنك من لا بنك له
Bank of the Unbanked



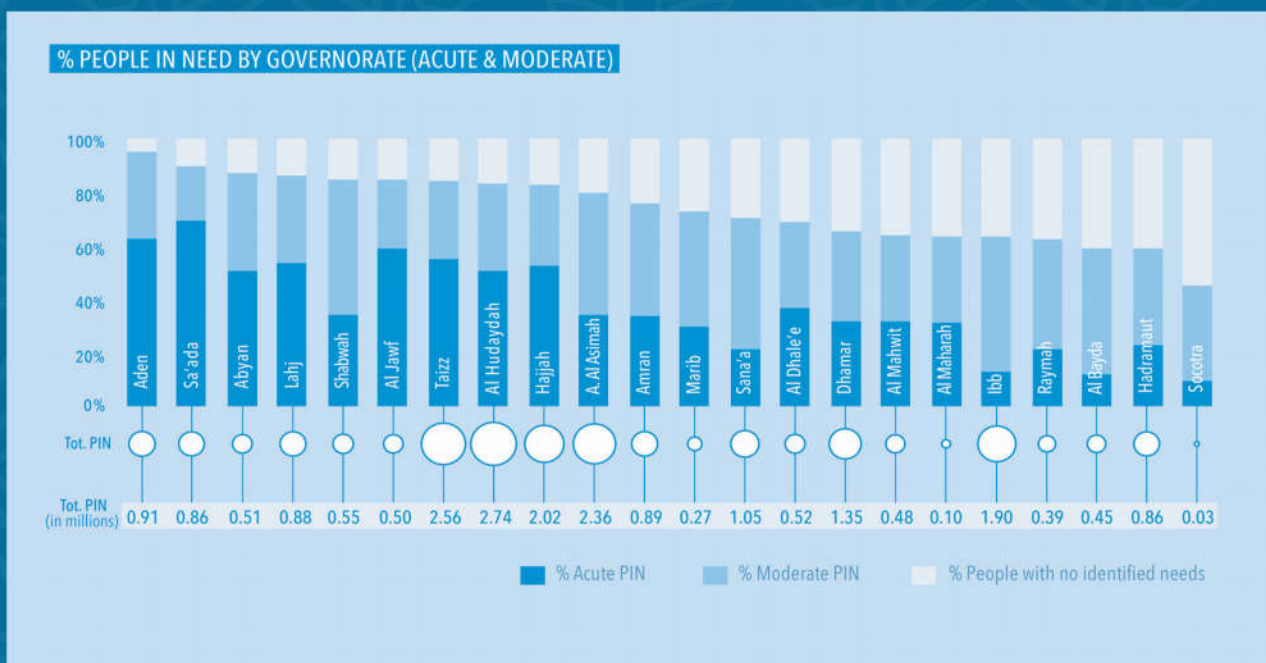
Al-Amal Recovery Fund

Volume File

Introduction

Since the beginning of the conflict, Yemeni society has been bearing brunt of the ongoing hostilities and severe economic deterioration as people seem to be running out of the mechanisms of coping. Consequently, the humanitarian crisis remains largely critical with recent figures revealing that nearly 22.2 million people in Yemen are in need for some humanitarian assistance or protection help, including 3.11 million people in urgent need for such assistance. I.e. The number of those in urgent need for assistance has increased by more than one million since July 2017. Moreover, the violent escalation since March 2015 has further exacerbated the protection crisis with millions of people facing high physical risks or deprivation of basic rights.

From security and political perspective, the past year [2018] has not seen any significant changes other than ongoing deterioration of the internal security situation, which is largely attributable to political and ideological divisions that have plagued Yemeni society since the start of the war. However, the protraction of the crisis, which is now entering its fifth year, has had a largely adverse impact on the already vulnerable economic situation. It has contributed towards the creation of informal channels for external trade such as the so-called parallel market [for financial transactions] amid failure of the government to pay salaries of public servants of which number exceeds 1.2 million people. In the meantime, the ongoing local currency depreciation accompanied by skyrocketing foreign currency exchange rate has caused unprecedented price hikes and high operational cost of local products, in addition to other obstacles to imports amid declining foreign currency revenues and increasing transfer fees, transportation fares and customs duties.



AI-Amal Recovery Fund (ARF)

ARF represents a humanitarian response by the Bank to alleviate the impact of the conflict on clients and support continuity of AMB service delivery, and it aims to:

- ✓ Support AMB clients, who have been affected by the crisis, specifically those who have completely lost their income, to be able to meet their daily life needs.
- ✓ Overcome difficulties posed to women and youth with small enterprises to have access to loans for their businesses by securing loan guarantees and providing loans to these entrepreneurs at minimum cost.
- ✓ Cover losses sustained by AMB by developing products tailored to clients' needs in crisis time in a manner contributing towards better recovery of AMB activity and diversity of its income sources.

Why

AI-Amal Recovery Fund (ARF)



AMB believes that the size of the catastrophe Yemen has experienced since March 2015 is much larger than any AMB or client capacity to make progress towards recovery. Several donors and UN reports unanimously agreed that more than 80% of Yemenis are in need for humanitarian assistance. And, given that AMB clients belong to the low and limited income groups of the population, it could be confirmed that all of them have been affected by the events. So, AMB has been throughout the crisis time monitoring clients' conditions and assessing the crisis impact on them in all areas, and consequently producing the following conclusions:

- ❖ Most of the clients have totally lost their income, which has negatively impacted their family's quality of life despite the fact that a majority of them made loan repayments.
- ❖ A majority of the clients have turned to search for a different source of income, even by joining armed groups (most notably male clients).
- ❖ Being unable to maintain even a minimum level of subsistence for the household, some family members have turned to search for money in whatever way.

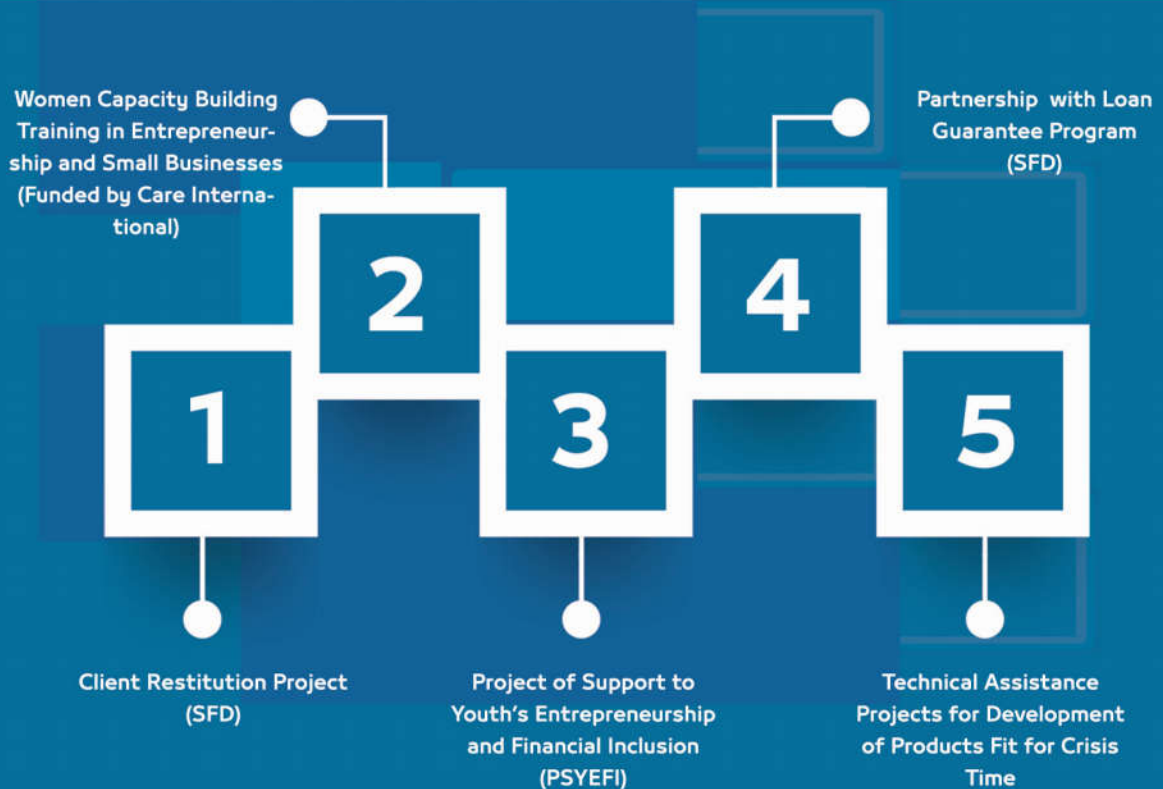
Al-Amal Recovery Fund

❖ AMB has been unable to re-establish contact with clients to repay outstanding loans granted to them to lift them out of poverty. In addition to business losses, quarterly SWF cash assistance has been suspended, aggravating the already dire conditions of those clients in the SWF lists.

❖ AMB has been unable to continue with financial service delivery without external support for risk-sharing and involvement in the provision of necessary funding to cover loans in a country where the banking sector does not provide any real contribution in this regard. This came at a time all the

All these factors, among others, have made AMB consider establishing ARF to cover all AMB activities for the purpose of supporting clients during crisis time and diversifying the Bank's income sources to an extent enabling it to cope with the crisis and mitigate its impacts.

ARF Projects



Al-Amal Recovery Fund

Project Name Support to Affected SME Entrepreneurs .

Grantor SFD .

Project Genesis Providing a grant to the Bank as part of emergency interventions carried out by SFD via the SME Promotion Unit. The grant is used to compensate AMB clients, who have been affected by the war, by helping them restore or maintain businesses. Afterwards, a portion of the grant is put towards paying any standing client obligations [default loans] to the Bank. A client is qualified for compensation when the assessment of the damage sustained by his/her business proves that he is eligible for restitution.

Funding US\$430,866

Geo-graphical Scope Governorates in which AMB has branch offices

Results Up to 1,124 clients affected by the conflict have been restituted during 2018. The compensation money was put towards restoring their businesses or boosting their incomes. More details are included in the following table

Gender	No.	Amount (YR)
Male	915	70,672,500
Female	209	41,884,913
Total	1,124	112,557,413

Governorate	No.	Amount (YR)
Ibb	48	2085320
Amanat Al Asimah	70	10129295.11
Al Hudaydah	91	3036070
Taiz	729	29775460
Hajjah	30	3011776.74
Hadramout	11	740700.24
Dhamar	1	33000

Al-Amal Recovery Fund

Governorate	No.	Amount (YR)
Sana'a	4	74690
Aden	135	2752300
Amran	3	537530
Lahj	2	206550
Grand Total	1124	52382692.09

Success Story

Client Aisha: Nothing is impossible in life

Each person has a different story of struggle and Aisha has her own... Aisha Ahmed Al Sharifi has experienced a unique story of struggle. The 55-year-old mother of five has fought hard with life for the sake of sustaining her children (a boy and four girls) since she was separated from her husband. Living with her children, she has endured hardship to contribute to the wellbeing of her family and live up to the responsibility towards her children. Aisha began her small business sewing simple women wears in her modest home and using whatever tools available due to lack of sufficient capital.

Having heard of soft loans provided by AMB, Aisha immediately headed for the Bank in the hope of getting a loan to develop her modest business. She already began developing the business by buying cloth and was capable of repaying.

After a while, she applied for another loan for the same business, but this time to buy a sewing machine. Though her condition looked better than ever, her story of struggle had not yet come to an end. Due to difficult living conditions amid increasing needs of her children as it was a time for them to enroll in school, Aisha considered another more lucrative activity to better provide for her family, which was why she decided to start another business, besides the existing one, but her plan this time was to make incense and sell out. She also thought of preparing dried pepper powder and selling to consumers. Therefore, she approached AMB for the third time to take a loan for her business.

Aisha has proved that she is a successful entrepreneur and was able to send her children to school and improve their quality of life. However, with the eruption of armed conflict in the country, which caused interruption to various economic activities of individuals or companies, her business was affected, but AMB gave her a freebie to resume its activity once again, which she already did.

Aisha's story of struggle is an example for whichever person aspires for success. To Aisha, this proverb "If one takes no risks, one will not gain any benefits" applies.



Al-Amal Recovery Fund

Project Name	Women Capacity Building in Entrepreneurship & Small Enterprises .
Grantor	Care International .
Project Genesis & Objectives	<p>The general objective of the project is develop women’s skills in small business management, strengthen their financial capacity as individuals and groups, and support activities promoting women’s economic development and creating an enabling environment for social change.</p> <p>The project provided loans to 300 female entrepreneurs, who were selected from among 500 women enrolled in a life skill and entrepreneurship training held in Reyadah. During the training, they developed economic feasibility studies on their individual enterprises. Afterwards, they received funding as part of a new financing product developed by AMB in line with the project’s main objective, which is “Improve basic living conditions and strengthen resilience of IDPs and host communities in Yemen.”</p>
Amount of Funding	US\$245,848, inclusive of the project’s operational cost, which was evenly shared by AMB and CARE.
Geo-graphical Scope	Sana’a, Amran, Aden and Abyan .
Targeted beneficiaries	<ul style="list-style-type: none"> * Women with current businesses. * Women who lost a business as a result of the conflict. * Women interested in establishing a business.
Project Phases	<p><u>First Training, implemented by Reyadah.</u></p> <p>Under a separate contract with CARE, Reyadah provided entrepreneurship capacity building training for female beneficiaries as follows:</p>

Al-Amal Recovery Fund

Project Phases

- * Female beneficiaries received training in life skills, entrepreneurship and financial management basics, followed by orientation on how to establish work plans.
- * Female beneficiaries received training on savings and lending, according to a CARE-adopted training methodology with the intention of forming 20 women saving and lending groups.

Therefore, Reyadah adjusted its life skill and entrepreneurship training curriculum to suit the training period set at 15 days. It includes the following topics:

Personal Skills	Planning & Goal Setting	Social Skills	Communication & Outreach
	Time Management		Leadership and Teamwork
	Problem-Solving		
An Introduction to Entrepreneurship	Entrepreneurships Concept	Professional & Guidance Orientation	Selecting a career.
	How to become an entrepreneur?		
Economic Feasibility Study	An introduction to feasibility study		
	Concepts of market research and competitor analysis		
	Determining requirements for establishing and running small enterprises		
	Defining revenues and expenditures		
Financial Education and Sources of Funding	Concepts of financial education and funding plan	Reviewing and adjusting financial indicators	Individual sessions with trainers to review financial indicators

Accordingly, Reyadah held TOT workshops for 28 trainers from target governorates to implement activities related to training of female beneficiaries in life skills and entrepreneurship. They were also engaged in another TOT workshop about saving and lending groups, which was moderated by trainers certified to CARE International.



Project Phases

Second: Selection – Implementer: a joint committee from AMB, CARE and Reyadah

After completion of training, Reyadah sends the feasibility studies of individual participants to CARE, which in turn transfers them to AMB for classification based on the following criteria:

- How familiar a participant is with the feasibility study contents and findings.
- How convinced a participant is of the business and how likely the business is to improve a participant's income.
- The level of skill and experience a participant has in relation to business management.

Based on agreement of members of the joint committee, 300 women are qualified for the next phase (financial loan).



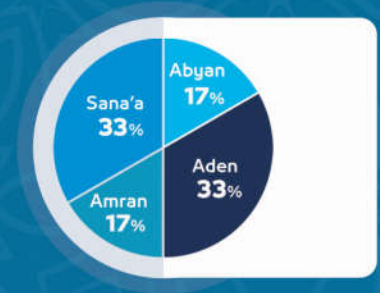
Third: Enterprises Funding / Al-Amal Microfinance Bank .

AMB role is to manage loans process given to qualified female participants selected in the second phase by means of developing a methodology for interest-free loan on easily affordable guarantees with repayment made by installment plans extending up to 24 months contingent on the nature of business and amount of loan. The methodology provides for certain incentives aimed at encouraging women to use the money efficiently and make regular loan repayments, which will be subsequently converted into grants for further subsidizing a business in case a participant commits to repaying on scheduled maturity dates.

Results attained

- 1) 40 certified trainers received TOT training.
- 2) 25 training sessions were implemented in 4 governorates.
- 3) 500 female participants got trained.
- 4) 500 feasibility studies were submitted.
- 5) 300 small businesses received loans as follows:

Type of Business	Number	Amount (YR)
Production	25	5,750,000
Commercial	162	37,260,000
Service	69	15,870,000
Agriculture	44	10,120,000
Total	300	69,000,000



Success Story

Client Afaf..

When family and society are merciless

Afaf was raised in a family with a totalitarian father and a merciless mother. Being the oldest one of three siblings, she did not enjoy her childhood. She was forced into marriage before attaining 15 years of age and had to move to another city. She got married before completing primary school and has become a head for a new household. In her husband's home, she completed high school after she gave birth to the first child. Shortly, she became a mother of two and had to be responsible for their breeding. One day, following disagreement with her husband, she chose to return to her parents' home where she had hard experience. Yet, the way she was treated by her parents did not change. Consequently, she began to feel more concerned about the future of her children and herself, particularly after her parents disallowed her to complete education. After nearly nine years of hardship, her dream came true... she was separated from her husband, but her parents had not changed their mind about her education; they refused to allow her to complete education. Therefore, she tried to complete her education in secret, thus registering as an irregular student; i.e. to study at home and take exams. In the exam days, she had to tell her parents that she was going to her sister's home so that her parents would not say no. Shortly, she disclosed the matter to her family and started to attend classes, and at the same time she thought of contributing financially to the wellbeing of the family, next to covering tuition fees. Having borrowed some money from her sister, she bought cosmetics and sold secretly. Actually, she made some money and was able to complete her education though hostile her family was still to her education, which sometimes ended up with her being beaten up. One day, her family forced her and her two children to get out from home. Ending up in street, she was confused, unknowing where to go. However, she kept on looking for alternatives until she founded a home for rent. In this point of time, she opened a new page in her life, starting from scratch. She continued selling cosmetics until she enrolled in Reyadah training. Having completed training, she got the first loan from AMB and bought some tools for making incense and fragrance, which enabled her to develop her lucrative trade with a loan guarantee provided by CARE International.



An ambitious girl, Afaf is fond of skill development, which is why she joined several training workshops, some of which were about production of incense and other women accessories. Eventually, Afaf has had a print in the production of incense locally, which she has turned to export abroad as well.

○ Al-Amal Recovery Fund ○

Project Name

Project of Support to Youths' Entrepreneurships & Financial Inclusion .

Grantor

EU - Silatech .

Project Genesis & Objectives

Provision of 10,000 financial grants and 5,000 training grants to young men and women in Yemen whose businesses have been totally or partially damaged by the conflict to help them recover their businesses.

1. Provide young male and female with knowledge and skills to earn a living through establishment of lucrative businesses/enterprises.
2. Provide support to young entrepreneurs or those interested in establishing new enterprises in the form of in-kind grants to resume or operate businesses and create job opportunities.
3. Ensure that youth are not involved in the armed conflicts through the creation of lucrative activities.

Project Value

6.1 million euros.

Project Period

EU - Three years (March 2018 – March 2021) .

Geo-graphical Scope

All areas in which AMB operates.

Targeted Groups

Young entrepreneurs aged 18 – 35 years with focus on the following groups:

- AMB clients.
- University and vocational training graduates.
- Women running home-based enterprises.
- Entrepreneurs whose businesses have been interrupted by the war.
- Youth possessing skills or professions that can be transformed into a lucrative business
- Whichever person has an idea for an enterprise or a feasibility study but lacks necessary funding for the enterprise.

Al-Amal Recovery Fund

The project is focusing on encouraging women businesses, the project requires that women constitute at least 40% of the total beneficiaries.

50% of the grants are planned to be given to AMB clients, who have been impacted by the conflict.

Target Beneficiaries of the Project

Entrepreneurs / Businesses	Targets	
	No. of Grants	No. of Training Opportunities
Young AMB clients who have lost a business as a result of the war [their businesses are being currently closed up].	2500	2500
Young AMB clients whose businesses are being threatened with closure [more likely to close up].	2500	0
Young clients with new enterprises involving technical skills.	2500	2500
New young clients whose businesses are being closed up or threatened with closure because of the war.	2500	0

Project Phases

i. Defining business and targeted group characteristics.

- 1) Classifying of targeted youth and setting selection criteria.
- 2) Defining targeted sectors in crisis time.
- 3) Defining geographical scope targeted.

ii. Strategy of Communication & Project Promotion / Marketing

Due to diversity of the targeted groups, project related marketing and awareness activities were developed in a way fitting the following groups: AMB clients; university and vocational training graduates; women running home-based enterprises; youth working in alternative energy sector; youth possessing skills or professions that can be transformed into a lucrative business; and whichever person has an idea for an enterprise or a feasibility study but lacks necessary funding for the enterprise.

iii. Sorting out Applications & Selecting Candidates

- 1) Receive applications submitted by youth to AMB branches.
- 2) Review applications and classify them by type of business/enterprise.
- 3) Assess business proposals based on financial and training needs.
- 4) Form a central committee in AMB Head Office to undertake the following:
 - Review youths' applications filed by AMB branches and make a decision thereon.
 - Sort out applications qualifying for the training phase as per pre-determined criteria.
 - Monitor completion indicators and verify them with plans.
 - The committee approves grant applications filed by branches.

Al-Amal Recovery Fund

Project Phases

iv. Youth Training

Once their applications were approved but applicants still require training, AMB transfer those clients to Reyadah to get necessary training that earns them essential skills in order for them to better manage their businesses. At the end of the training, participants would have completed the feasibility study of their proposed enterprises, which determine the amount of loan required for the enterprise and relevant financial indicators.

v. Distribution of In-Kind Grants

After the central committee makes final approval of the submitted applications, the grant amount is deposited into the client's current account to make withdrawals for purchase of needs based on quotes collected from a client.

vi. Monitoring & Evaluation

AMB team executes the M & E Plan on a timely basis.

Results Attained

The project's Preparatory Phase started in March 2018. During this phase, the working mechanism, targeting criteria, and marketing and training strategy were developed. The project's pilot phase rolled out in October 2018, which allowed for starting the distribution of grants and provision of training to youth. Below is a description of the project-related results attained until the end of December 2018:

429	263	5	YR 34,156,510
Applications Submitted	Unaccepted Applications	Training Programs	
166	166	125	Volume of Grants Disbursed
Grants Provided	Disbursed Grants	Clients who received grants	

Details of Disbursed Grants

Type of Business	Number	Amount (YR)
Production	3	659000
Service	79	14615970
Commercial	80	18082340
Agriculture /Livestock	4	799200
Total	166	34156510



Client Marwan

With determination, success would be possible.

Marwan Draina started his career as a barber in a brother's shop in Suk Al Maryah, Mabyan district, Hajjah governorate, but his income was very limited. Given his need for electricity to operate haircut/restyling tools and offer service to customers during nighttime, it was not possible for him to improve his income amid lack of power supply in all major cities of Yemen as a result of the ongoing conflict, which is entering its fifth year. Although Marwan thought of opening his own shop, lack of electricity has been the greatest challenge to him. So, he applied for an AMB loan to buy an SHS for their business shop, which helped them make better profit from the shop. Meanwhile, he was able to improve the quality of life for his life and repay loan installments on majority dates.



After a while, the client applied for another loan to buy another SHS for the family's home. Having gained adequate experience from his brother's shop and made some money from the business, Marwan opened his own shop in another marketplace in Mabyan district, Hajjah governorate, which marked a turning point in his career. He then took a third solar energy loan, which he used to buy a SHS for his new business shop, and proved being committed to making repayments according to schedule.

However, compared to his brother's, his shop appeared less attractive to customers due to insufficient decorations. Following launch of the Entrepreneurship Training Program, funded by EU via Silatech and carried out by AMB, an AMB team visited the client's business for assessment of current needs. Having met the grant requirements, Marwan was given a non-refundable grant of YR200,000 to cover the cost of decorations and other accessories for his shop. Consequently, the client made use of the grant for adding decorations to his shop, which has looked attractive to customers and helped Marwan improve his income and quality of life.

Al-Amal Recovery Fund

Project Name

Partnership with Loan Guarantee Program .

Grantor

Loan Guarantee Program, SFD .

Project Genesis & Objectives

Amid increasing challenges to the national economy of Yemen in wartime, microfinance clients have faced difficulty getting necessary loans for establishing or developing a small business, notably those who are unable to provide collateral. Therefore, AMB entered into partnership with LGP with the intention of facilitating access of clients, specifically youth, to AMB loans by including them in such a program. Funded by SFD, the program aims to increase prospects for those clients to have access to loans that enable them to establish a new business or recover a pre-existing business interrupted by the war.

Geographical Scope

All governorates in which AMB has branch offices.

Targeted Groups

AMB clients and new applicants for AMB loans, who meet the following requirements:

- * Being a beneficiary of VOLIP, which is targeted at improving the living conditions of unemployed youth and working women by earning them vocational and literacy skills meeting labor market requirements and qualifying them for MFI loans.
- * Being unable to provide sufficient guarantee /collateral required for a loan.

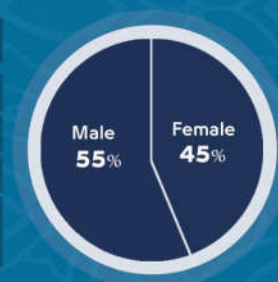
Attained Results

Since the start of partnership with LGP in 2018, AMB has granted up to 91 loans to the amount of YR58,423,710, distributed as follows:

Governorate	No. of Loans	Volume of Loans (YR)
Amanat Al Asimah	35	42,637,910
Aden	2	903,870

AI-Amal Recovery Fund

Governorate	No. of Loans	Volume of Loans (YR)
Al Hudaydah	36	9,100,430
Hadramaout (Al Mukalla)	16	3,281,500
Dhamar	2	2,500,000
Grand Total	91	58,423,710



Project

Technical assistance received by AMB in crisis time.

During wartime, AMB has maintained relationships with local and international partner organizations, which have been receptive to AMB vision on the mechanism of coping with the crisis and recovery. Therefore, those partner organizations have continued to support AMB technical assistance projects in relation to development of financial products amid growing demand for such products due to social and economic changes associated with the war, the following is a summary for the technical support that the bank has gain during the war time as follow:

Type of Technical Assistance	Grantor	Results
Solar Energy Loan Development	SANAD	Development and rollout of the solar energy loan in Mid-2018
Agricultural Finance Development	SANAD	Development and rollout of the agricultural loan product at the beginning of 2019.
(Small Enterprise Loan) Review and Development	SFD - IFC	Rollout of developed small enterprise in Mid-2018.
Social Cash Transfer Review and Development	IFC	Comprehensive review of social transfers and release of recommendations on service development.
Establishing Risk Department	MEDA	Establishment of the Risk Department at the end of 2017.
Mobile Banking Services	SFD	Targeting of rural areas through mobile banking service "Pyas".

- الإنضمام لعضوية اتحاد المصارف العربية.
- جائزة الإحلال وتوطين العمالة.
- Admission to Union of Arab Banks .
- Award of Best Institution in Replacement & Labor Force Employment .
- تأسيس شبكة الوكلاء.
- إطلاق خدمة التحويلات الاجتماعية بحلتها وهويتها الجديدة.
- Creating network of agents.
- Launch of Social Transfers in New Form .
- التحويلات الاجتماعية (5 مليون مستفيد تراكمي)
- الشراكة مع مفوضية اللاجئين.
- دخول المنتج الزراعي بنوعية مرابحة، قرض حسن
- Social Transfers (Accumulated Total of 5 Million Beneficiaries) .
- Partnership with UNHCR
- Introduction of Interest-Free Agricultural Loan

2018

2016

2014

2017

2015

10 Years of Leadership
Awards & Achievements

- تدشين خدمة Pyes .
- إطلاق منتج الطاقة البديلة .
- إطلاق صندوق الأمل للتعاافي .
- Byes Service Rollout
- Solar Energy Loan Rollout.
- ARF Launch

- اختيار البنك واحد من أفضل 10 مؤسسات في إدارة الأزمات.
- المركز الثاني في تشميل الشباب والأطفال.
- AMB selected one of the Best 10 MFIs in Crisis Management.
- Second-Ranking MFI in the Inclusion of Youth & Children