

ANNUAL REPORT



2014

بنك من لا بنك له
Bank of the Unbanked

IN THE Name of Allah

Over the past six years (2009 – 2014), The history of Al-Amal Microfinance Bank has become an integral part of the most important stages in the history of the microfinance industry in Yemen, as well as part of the most important stages in the development of the small enterprise sector in a country known for its scarce economic resources. The Bank commenced its operation

in a small building with few staff whose number then hadn't exceeded 20 people.

At the very beginning, the Bank's service was limited to granting loans to the small ,entrepreneurs of its clients



opening saving accounts and conducting withdraw and deposit transactions. However, with time, the Bank was able to assert itself on the local, regional and international levels, thus becoming one of the most prominent and highest

standing microfinance institutions in the Arab Region, thanks to the expansion of its banking activities and the increase of its operational, financial and social performance indicators, which have qualified the Bank to win many local and international awards.

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Founders



Yemeni Government – SFD (45%)

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 the Prime Minister. Its members include government, NGOs and private sector representatives.

The Fund seeks to effectively contribute to alleviating poverty by improving living conditions of poor groups in society and offering them job opportunities and lucrative activities.

AGFUND (35%)

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 in its budget.

AGFUND is mainly concerned with supporting Human-oriented sustainable development that targets neediest 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.

Private Sector (20%)

The private sector is represented by commercial institutions operating in Yemen and KSA, including Yemeni and Saudi businessmen and has a total of 13 shareholders.



His Royal Highness Prince

Talal Bin Abdul Aziz Al Saud

*We HAVE THE PLEASURE TO PRESENT TO YOUR HIGHNESS
a LETTER OF GRATITUDE AND RECOGNITION*

for the kind services you have offered in the aim of fighting poverty and reducing unemployment.
Sending to your Highness these words of thanks and recognition, we highly appreciate your distinctive
support for the Bank's great accomplishments.

May ALLAH GUIDE YOUR HIGHNESS TO SUCCESS

**AMB Board of Directors
Executive Management
& All Staff**

The AMB Board of Directors



Sheikh Abdullah Ahmad Bugshan
Chairman



Mr. Waheeb Elyas Al-Dhelai
Member - Government Representative



Mr. Nasser Bakr Al-Qahtani
Member - AGFLIND Representative



Mr. Omar Abdurahman Balerish
Deputy Chairman, Member General Assembly Delegate



Mr. Osama Al-Shami,
Member - Government Representative



Eng. Eqbal Yasin Bahadir
Member - EOF Representative



Mr. Jabreen Al-Jabreen
Member - AGFLIND Representative



Mr. Khalil Ahmad Hassan
Member - Government Representative



Dr. Akram Mohammed Al-Washali
Member - Government Representative



Eng. Abdullah Ahmad Buqshan

Chairman's Message

On behalf of all members of the AMB Board of Directors and myself, we present the Annual Report of 2014, which is the sixth one in a row since the Bank commenced its business in 2009. This report highlights the great challenges the Bank witnessed over the past year, represented by the lack of a clear vision for stabilizing the volatile political and security situations that prevailed in Yemen throughout 2014. However, we feel significantly satisfied with the Bank's ability to continue its operations under such dire conditions, and its tireless attempt to develop its operations more and reach increasing numbers of target groups. Despite the difficulties that faced all businesses over the past year, the Bank took a number of precautionary measures at an early time in order to cope with the negative consequences of the political crisis and to get ready for a new phase of development and action according to a clear strategy ensuring that it realizes realistic rates, well-matched with the conditions encompassing its business.

The year 2014 has seen key accomplishments for the Bank. It has been an exceptional year in terms of the strong financial and operational performance, which reflects the successful implementation of the Bank's Strategy for targeting the poorest groups and diversifying its products and services, as well as strengthening its status and relations on the international level; creating resourceful partnerships that contribute to supporting the Bank's relevant activities.

The 2014 Report contains the results of the Bank's operations for the entire year, compared to the previous years, according to what had been approved by the Board of Directors. The Bank has made a more than 90 percent completion rate of its operational plans, a result which has doubled the volume of the Bank's business, compared to that of 2013, and helped the Bank retain a top-ranking place in the provision microfinance services to small entrepreneurs countrywide.

Also, the Bank continued over the year 2014 to strengthen its status nationally and internationally, thus qualifying itself for winning the "Award for Best Institution Employing Local Labor Force" from Labor Ministers in GCC States, the "International Leadership Award" from Child & Youth Finance International (CYFI), which was given at the UN Headquarters. Such awards imply the high status reached by the Bank on the local, regional and international levels. Today, the Bank has become an outstanding symbol for international MFIs.

Finally, I express my gratitude to all those who contributed towards overcoming the difficulties the Bank has gone through over the past period, and my special thanks to members of the General Assembly, primarily His Royal Highness Prince Talal Bin Abdul Aziz, President of AGFUND, the Bank's Board of Directors, and partners. I also extend my thanks to the Executive Management and all staff of the Bank for their sincere efforts, commitment, dedication and effective roles towards success and development of the Bank, confirming our mission to achieve goals of the strategic plan and attain high completion and growth rates during the remaining period of the Bank's Strategic Plan 2014 – 2016.

May Allah Guide All To Common Weal

CEO'S Message

Throughout 2014, the Bank exercised business under unstable work environment that was not suitable for any banking activities. Despite the difficulties, the Bank has made significant progress in its operations. Over the past year, its loan portfolio has grown by 45% from the previous year, the rate of loans at default risk has decreased to 0.5% from 0.52% in the previous year, and its Balance sheet has increased by 30%, amounting to nearly YR 14 billion, compared to YR 9.9 billion by the end of 2013. With the operating income increasing by more than 30% from the previous year, the Bank continued to implement the expansion and outreach plan by opening two more branches in Abs and Bajel districts in order to reach new groups in Yemen's rural and relatively remote areas.

In addition, the Bank achieved positive completion rates in all areas, either in the disbursement of loans or mobilizing of savings, and was able to disburse 29,272 loans in 2014 with a portfolio totaling YR 32 billion. By the end of December 2014, the Bank had a total of 41,817 active borrowers and the balance of outstanding loan portfolio amounted up to YR 2.7 billion with an average outstanding loan balance not exceeding YR 68 thousand, which gives clear evidence of extreme poverty and the Bank reached in targeting to the poorest groups in desperate need for money.

The Bank's cash liquidity remained within safe limits throughout 2014, with the ratio of liquid assets to liabilities hitting 214% and the ratio of liquid assets to total assets reaching 75%.

Moreover, the Bank continued throughout 2014 to create new international partnerships, the most important of which was the partnership with Sanad Fund for SME, which is the first of its kind for the Bank to collaborate with an international financial institution. As a result of this partnership, the Bank received a local currency term loan facility worth US\$3 million for the first time in Yemen's microfinance market. In addition, the Bank signed a technical assistance agreement worth US\$ 200,000 to strengthen its technical capacity. In the same year, the Bank joined the Union of Arab Banks, thus becoming the first MFI in the Arab Region to be a member of the Union, whose member reach up to 350 Arab financial institutions. Also, the Bank worked on implementing the financial inclusion project for the marginalized households through partnership with UNICEF and in cooperation with the Social Welfare Fund (SWF) as part of enhancing social protection for the children of marginalized households, which targets nearly 60 thousand beneficiaries from 25 thousand marginalized households.

Furthermore, the Bank signed an agreement with the UN World Food Program (WFP) to distribute cash assistance to WFP beneficiaries in 6 governorates. It completed its activity in establishing international partnerships during 2014 by signing an agreement with International Finance Corporation (IFC) and SFD for the development of the Microfinance and housing loan products.

The Bank's self-commitment has paved its way in the course of continuing success. Consequently, it has won during 2014 the "Award for Best Institution Employing Local Labor Force" from Labor Ministers in GCC States, the "International Leadership Award" from the International Organization for Children and Youth Finance, which contributed significantly towards strengthening the Bank's status on the local, regional and international levels. Nevertheless, we stress upon our commitment and determination to continue making more successes for the Bank in the years to come.

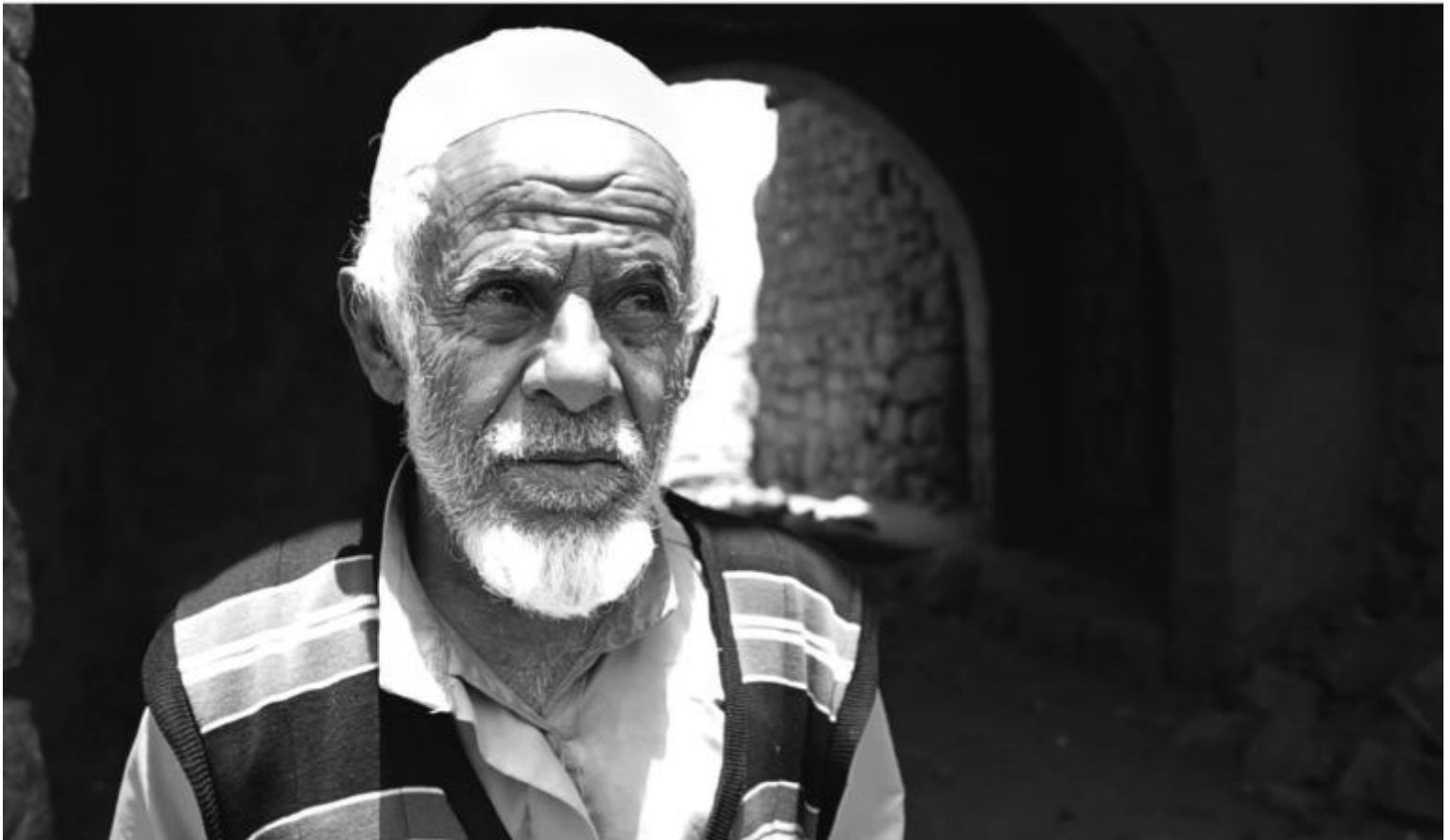
All the best



Mohammed Saleh Al-Lai

years
of leadership





Vision

Al-Amal Microfinance Bank aspires to offer 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, technology and diverse partnerships, hence, becoming 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 effective 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 at work.
- 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.

Key Events in the Bank's History



Date	Event
20 March, 1996	<i>H.H. Prince Talal Bin Abdulaziz Al Saud declares an initiative for establishing banks of the poor.</i>
20 July, 2002	<i>Republican Decree by Law No. 23 of 2002 on the establishment of AMB is issued.</i>
1 January, 2008	<i>Mr. Omar Bajrish elected as the first Chairman of the AMB BOD, Mr. Mohammed Al-Lai appointed CEO.</i>
May – June, 2008	<i>The Five-Year Strategic Plan (2013 – 2009) is developed.</i>
24 August, 2008	<i>AMB's first branch, Baghdad St. Branch, Capital City, is opened.</i>
3 September, 2008	<i>The first loan is disbursed.</i>
6 May, 2009	<i>The first 1,000 active clients reached.</i>
December, 2010	<i>AMB wins Award of Islamic Microfinance Challenges 2010.</i>
July, 2011	<i>AMB wins the Global award " Most innovative Microfinance Product"</i>
April, 2012	<i>London-based New Economy magazine selects AMB as the Best MFI in Yemen.</i>
May, 2013	<i>AMB inaugurates Al-Amal Foundation for Training & Entrepreneurship.</i>
May, 2013	<i>Youth Saving Initiative launched as part of the Regional Saving Initiative Program.</i>
June, 2013	<i>Lunching the Youth Savings Initiative Under the Regional Initiative for Savings.</i>
October, 2013	<i>AMB is selected by the League of Senates and Shoura Councils in Africa and the Arab World as an ideal example for fighting poverty and unemployment.</i>
October, 2013	<i>Pilot phase for targeting rural areas is launched.</i>
November, 2013	<i>First rural loan is disbursed.</i>
January, 2014	<i>AMB joins the Union of Arab Banks.</i>
April, 2014	<i>Eng. Abdullah A. Buqshan is elected Chairman of the Board of Directors .</i>
May, 2014	<i>AMB receives International Leadership Award from Child & Youth Finance International at the UN headquarters in New York.</i>
July, 2014	<i>AMB hits a record of 100,000 loans disbursed.</i>
November, 2014	<i>AMB wins the Award for Best Institution Employing Local Labor Force in the GCC States and Yemen.</i>
December, 2014	<i>Signing the Agreement with Sanad Fund .</i>
December, 2014	<i>AMB hits a record of 113,487 loans disbursed and 95,057 saving accounts.</i>
December, 2014	<i>AMB attains a Balance sheet worth more than YR 14 billion.</i>

Al-Amal Ship Captain

Mr. Omar Abdul-Rahman Bajrish



He is a live example for the famous saying: “When you strongly believe in something, destiny will surely responds and you shall fullfill it.” He was one of the first people who believed in the notion of microfinance, and the mission of Al-Amal Microfinance Bank in particular, making use of his money, time and effort to mobilize advocacy and support for the Bank among his counterpart businessmen, who believe in their social mission in building their community, as well as in their economic role in energizing different economic sectors.

His engagements and commitments did not prevent him from following up the Bank’s operations regularly while assuming the post of the Chairman of the Board of Directors for five years. At the beginning of his term in office, many speculated that the Bank wouldn’t survive for long , yet he helped the Bank attain a top-ranking status among well-established MFIs on the local, regional and international scale.

He was like a captain who refused to abandon his ship despite the high economic and political tide that stormed the country. He steered the ship to a safe shore, and therefore the Bank has become the biggest microfinance provider in Yemen and one of the most important MFIs in the Arab World.

It is Mr. Omar Abdul-Rahman Bajrish – Former Chairman of the Board of Directors.

Utmost respect and gratitude towards him owed by AMB staff and clients.

2014 In Figures

Number of Active borrowers
40.817

75,199

Number of benefited household members from the graduation from poverty projects

clients Compensation
4.734.179 million YR

Number of Active savers
92,215

269

Number of the Bank's employees

The Bank's Balance Sheet

14,000,000,000 YR

8.7 billion

YR Social Remittances Disbursed

Active loan portfolio

12.8 million



92 Youth Saving Portfolio
million YR

The Bank's market share

35.25%

Nine Thousand & 740

Number of child savers

35,789

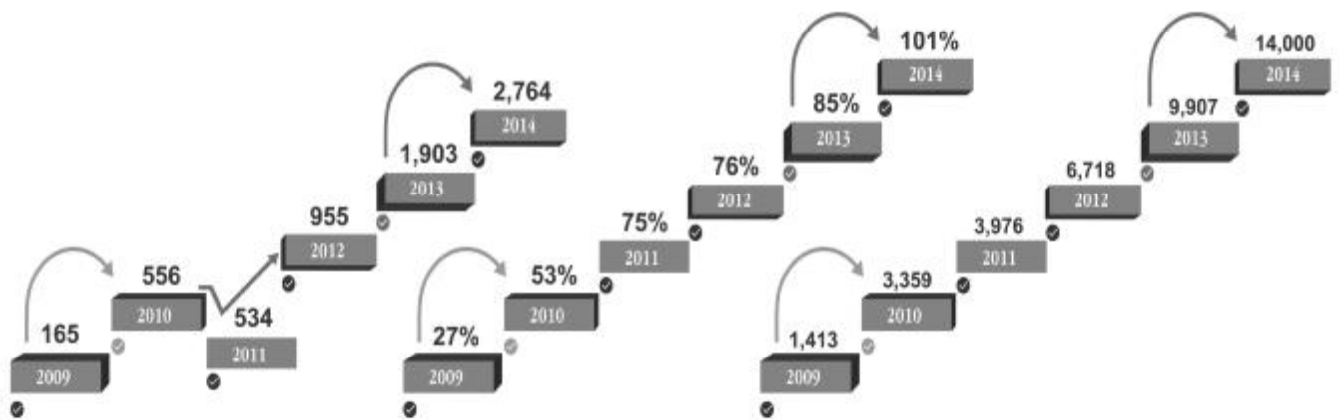
Number of Women Savers

3.1 billion

YR Disbursed Loan Portfolio

AMB Key Indicators 2009 - 2014

Item	2009	2010	2011	2012	2013	2014
Number of staff	92	130	135	186	218	269
No. of disbursed loans	5,858	17,565	12,507	22,145	26,175	29,272
Total disbursed loans Portfolio [YR million]	296	885	635	1,240	2,400	3,182
No. of active clients	4,787	14,730	15,945	26,134	34,374	40,817
Total deposits [YR million]	36	1,094	1,120	2,120	3,809	3,487
Average loan balance [YR thousand]	34	37	33	36	55	67
Number of Branches	7	11	13	18	19	18



Active Portfolio (YR Million)

OSS

Balance Sheet (YR Million)

AMB Executive Management



Mr. Mohammed Saleh Al-Lai
CEO



Mohanad Ali Al-Maqtari
Operations Manager



Ghamdan Abdu Awn
Finance Manager



Rashad M. Al-Abidi
IT Manager



Ali Jubran Al-Ansi
Human Resources Manager



Mohammed Ali Attiyah
Training Manager



Abdullah M. Al-Kasim
*Partnerships & International
Cooperation Manager*



Omar M. Al-Haimi
Research & Development Manager



Sameh A. Al-Hakimi
Operations Manager Assistant for Loans



Kamal M. Al-Shayef
*Operations Manager Assistant
for Banking Services*

Executive Summary

Over 2014, the Bank operated steadily under the worsening security situation and deteriorating economic conditions. The Annual Report 2014 highlights the results realized by the Bank under such conditions by reaching productivity growth rates on the level of all products that target all segments of the population, as well as the Bank's outreach to rural areas for the provision of services there. In addition, the Bank retained the top position in the list of microfinance providers throughout Yemen, being a pioneer of the industry in terms of outreach, market share and diversity of the financial and non-financial products, along with the reputation and status attained by the Bank on the Arab and international levels as it obtained three awards during 2014.

Additionally, the Bank worked on developing its institutional capacity building in order to fit the next strategic approach.

The Annual Report 2014 was designed and developed according to topics of the Bank's Second Strategic Plan (2014 - 2016), which was approved in early 2014. Through this plan, the Bank has entered a new strategic phase based on the following four main topics reflecting the Bank's approach in the next phase:

1. MARKET LEADERSHIP & DISTINCTIVE SERVICE TO CLIENTS;
2. CREATING AN ATTRACTIVE WORK ENVIRONMENT;
3. ENHANCING AN EFFECTIVE INTERNAL CONTROL ENVIRONMENT; AND
4. STRENGTHENING THE BANK'S STATUS INTERNALLY AND EXTERNALLY.

NEXT IS A PRESENTATION OF THE OPERATIONS COMPLETED BY THE BANK DURING 2014, AND THEY ARE CLASSIFIED ACCORDING TO THE ABOVE-STATED FOUR TOPICS.



Al-Amanah Club product .

Market Leadership & Distinctive Service to Clients

To realize the required leadership role for the Bank in the microfinance industry, the Bank had to provide and deliver diverse forms of market-affected products through appropriate and cost-efficient systems to reach different segments of society, giving priority to the poor in all its plans. Therefore, the topic "Market Leadership & Distinctive Service to Clients" focused on drawing up the Bank's strategies in the development of services in a manner responding to clients' needs, and improving service delivery to clients in an innovative and effective manner through application of the following methodologies:

1. METHODOLOGY OF PRODUCT DEVELOPMENT.
2. METHODOLOGY OF EXPANSION & OUTREACH THROUGH THE ACTION PLAN.
3. METHODOLOGY OF INFRASTRUCTURE FOR BETTER SERVICE TO CLIENTS.
4. METHODOLOGY OF PARTNERSHIPS.
5. METHODOLOGY OF DISTINCTIVE SERVICE.
6. METHODOLOGY OF CLIENT PROTECTION.

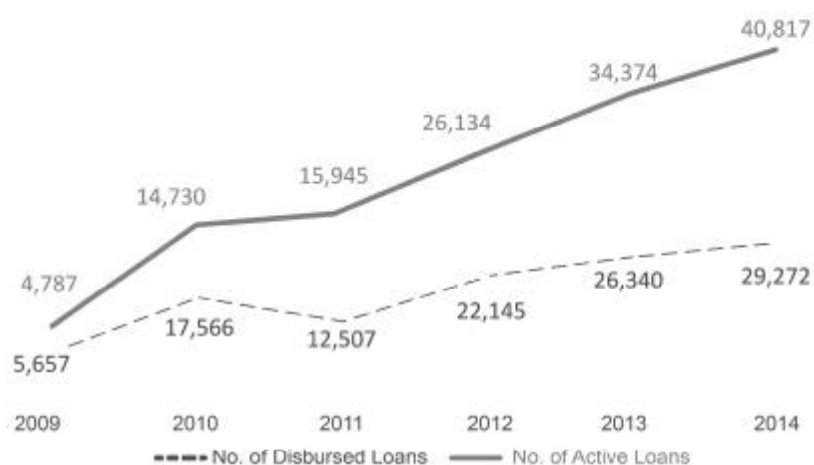
Financial Services

1. Loans

In 2014, the Bank received more than 25 thousand applications for loans worth about YR 4.2 billion.

Item		2009	2010	2011	2012	2013	2014	Growth Rate
Disbursed Loans		5,657	17,566	12,507	22,145	26,340	29,272	11 %
Disbursed Loan Portfolio	YR million	284	886	635	1,240	2,400	3,182	33 %
	\$ million	1.420	4.159	2.984	5.797	11.162	14.801	
Average Disbursed Loan	YR	50,203	50,438	50,825	56,012	91,115	108,719	19 %
	\$	251	237	239	262	423	506	

The Bank was able to disburse up to 29,272 loans with a portfolio worth more than YR 3.1 billion out of the total loan applications, with targeting percentage exceeding %84, covering small and micro entrepreneurs, and low and limited income people. The loan amounts varied from YR 10,000 to YR 10,000,000.

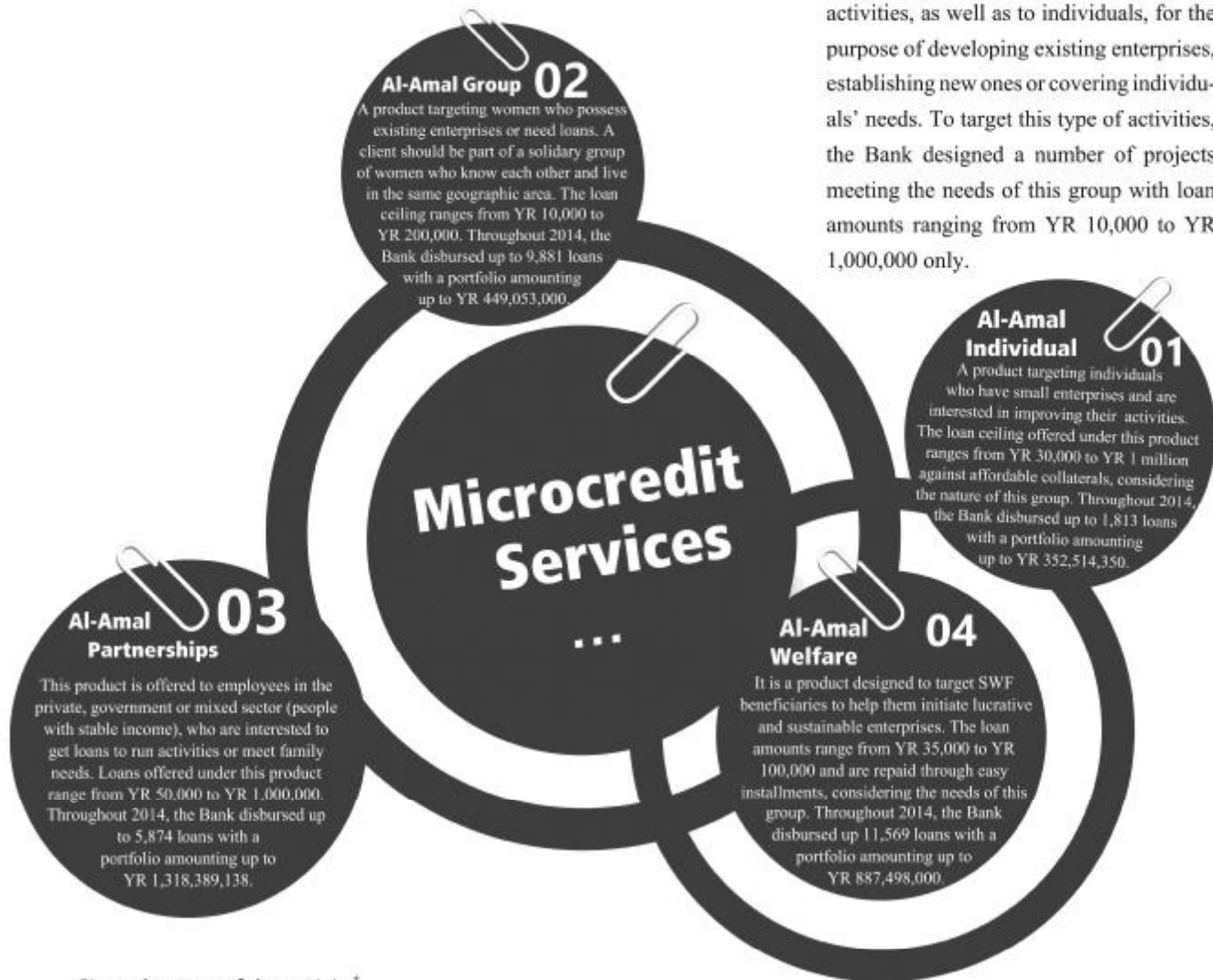


Item		2009	2010	2011	2012	2013	2014	Growth Rate
No. of Active Loans		4,787	14,730	15,945	26,134	34,374	40,817	19 %
Active Loan Portfolio	YR million	165	557	534	956	1,903	2,764	45 %
	\$ million	0.825	2.615	2.507	4.456	8.854	12.859	
Average Active Loan	YR	34,468	37,814	33,491	36,578	55,384	67,736	22 %
	\$	172	178	157	171	258	315	

Loan Types

A. Microcredit

Until 2014, the Bank was able to disburse up to 112,985 loans with a disbursed loan portfolio worth more than YR 7.9 billion. These loans were provided to a group of activities, as well as to individuals, for the purpose of developing existing enterprises, establishing new ones or covering individuals' needs. To target this type of activities, the Bank designed a number of projects meeting the needs of this group with loan amounts ranging from YR 10,000 to YR 1,000,000 only.



Since the start of the activity*

Disbursed Loans	Value / YR	US \$
Group	1,917,505,500	8,918,630
Individual	1,417,529,650	6,593,161
Welfare	2,544,033,990	11,832,716
Partnerships	2,039,856,144	9,487,703
All loans	7,918,925,284	36,832,210

Disbursed Loans	Number
Group	52,438
Individual	11,164
Welfare	39,396
Partnerships	9,987
All loans	112,985

*All loans offered by the Bank over the previous years were provided against easy and simple collaterals, which are affordable for the client.

B. SME Finance

The product targets individuals who have labor-intensive small enterprises with loans ranging from YR 1,000,001 to 10,000,000. The loans provided during 2014 numbered up to 84 with a portfolio exceeding YR 274 million.

Over the past year, the Bank has paid close attention to developing this product due to its major impact on the Yemeni economy, working on accommodating the technical assistance offered by IFC and SFD to develop products that serve the SME sector. A market research findings revealed the availability of a market opportunity for the Bank to target those groups and sectors. The Bank expects its microfinance portfolio to grow up to YR 627 million in 2015.

A war was waged on the city, causing calamities to the people. The streets were blocked; factories and businesses were interrupted; people fled to their villages. Jameel was one of the victims of that war.

** I stayed for some time not knowing where to go. All the ways before me were blocked; I turned right and left uselessly; the horizon before me looked gloomy.*

One morning, I stood behind those machineries that were about to be damaged by rust, two persons, whom I had never seen before, knocked at the door. Smiling, they greeted me; one of them gave me a brochure and went on to say: "We are a team from Al-Amal Bank..." He then began to explain to me some of the services the Bank offers, saying it is possible for me to get a loan from them. That made me change my mind positively: it brought to me a smile which I had lost for long. So, I told them about my need for YR 1,000,000 in order to re-operate my workshop which had been closed up. I was stunned by their kind treatment and completion of tasks; I was granted that amount of money, which restored life to my workshop and hope to its ten workers".



Year	Volume of Disbursed Loans (YR)	Average of Disbursed Loans (YR)	No. of Disbursed Loans	Event
2013	232,661,000	3,752,597	62	Ceiling increased to YR 10 million
2014	274,818,350	3,271,647	84	IFC-provided technical assistance
Grand Total	507,479,350	3,475,885	146	

C. Rural Finance

According to a strategic plan and based on the approval of the Board of Directors, in 2014 the Bank in 2014 shifted to rural areas despite the heavy cost of the action and high risks posed to service providers in rural areas due to many aspects the most important of which are:

- * Up to 73% of the country's population living in rural areas; and
- * The lack of financial services in rural areas .

Means of Outreach

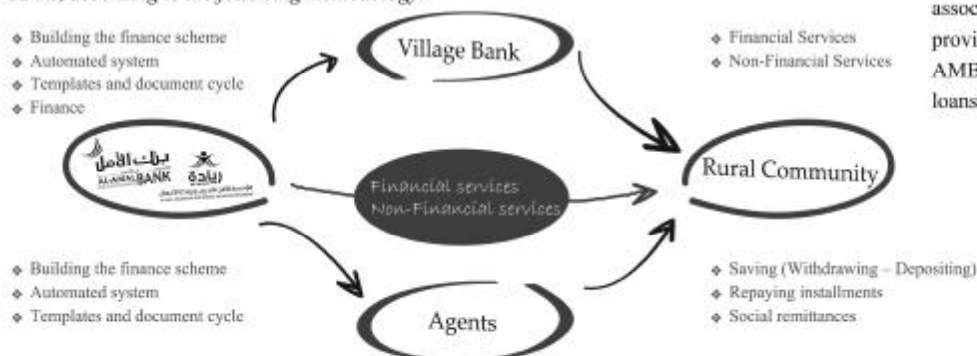
The difficulty of providing services in rural areas is represented by the methods and means of service delivery. The high cost required for service delivery in rural areas is the main reason why MFIs refrain from providing services to rural communities. The high cost is also one of the reasons behind delay of the realization of financial stability for service providers in rural areas. Therefore, the Bank focused on developing means of outreach that contributes to promoting access to the most disadvantaged rural areas and reduces the cost of service delivery with the aim of attaining a sustainable rural finance scheme. These means are:

❖ Via the Bank Branches

In the areas where a rural finance branch exists, the Bank can provide services directly via the branch under the condition that a public transportation means is available in order to enable a client to have access to the branch during daytime. The service is provided through the same methods and mechanisms pursued by the rest of branches. Throughout 2014, the Bank was able to distribute 11,030 loans disbursed.

Item		2014
No. of Disbursed Loans		11,030
Total Amount of Disbursed Loans	YR	1,352,660,672
	US\$	6,291,444.99
Average Disbursed Loan	YR	122.635
	US\$	570.39
No. of Loan Beneficiaries		71,695
No. of Saving Accounts		8,734
Volume of Saving Portfolio (YR)		73,947,708
Women's Share of Disbursed Loans		32 %
Youth's Share of Disbursed Loans		35 %
% of Women Savers [out of total Savers]		32 %
% of Youth Savers [out of total Savers]		35 %

Also, the Bank seeks to change partner associations to permanent service centers, as well as to village banks, according to the following methodology:



❖ Via Mobile Bank

The Mobile Bank consists of:

An AMB-owned Vehicle:

It is an equipped vehicle used by the bank for field visits to exercise business in villages. It contains all technical and financial supplies required for the operations.

A Rented Vehicle:

It is rented as per AMB contractual policies for making field visits. It is an ordinary car without any equipment that is used for the team transportation. The amounts of money used during field visits in this case are transferred to the nearest point of service [agent]. Through the Mobile Bank, AMB distributed up to 960 loans disbursed during 2014.

❖ Via Agents & Associations

Because it is difficult to establish presence in many of the rural areas, AMB has created partnerships with agents and associations, through which it can provide services in rural areas, enabling, AMB distribute 112 loans disbursed during 2014.

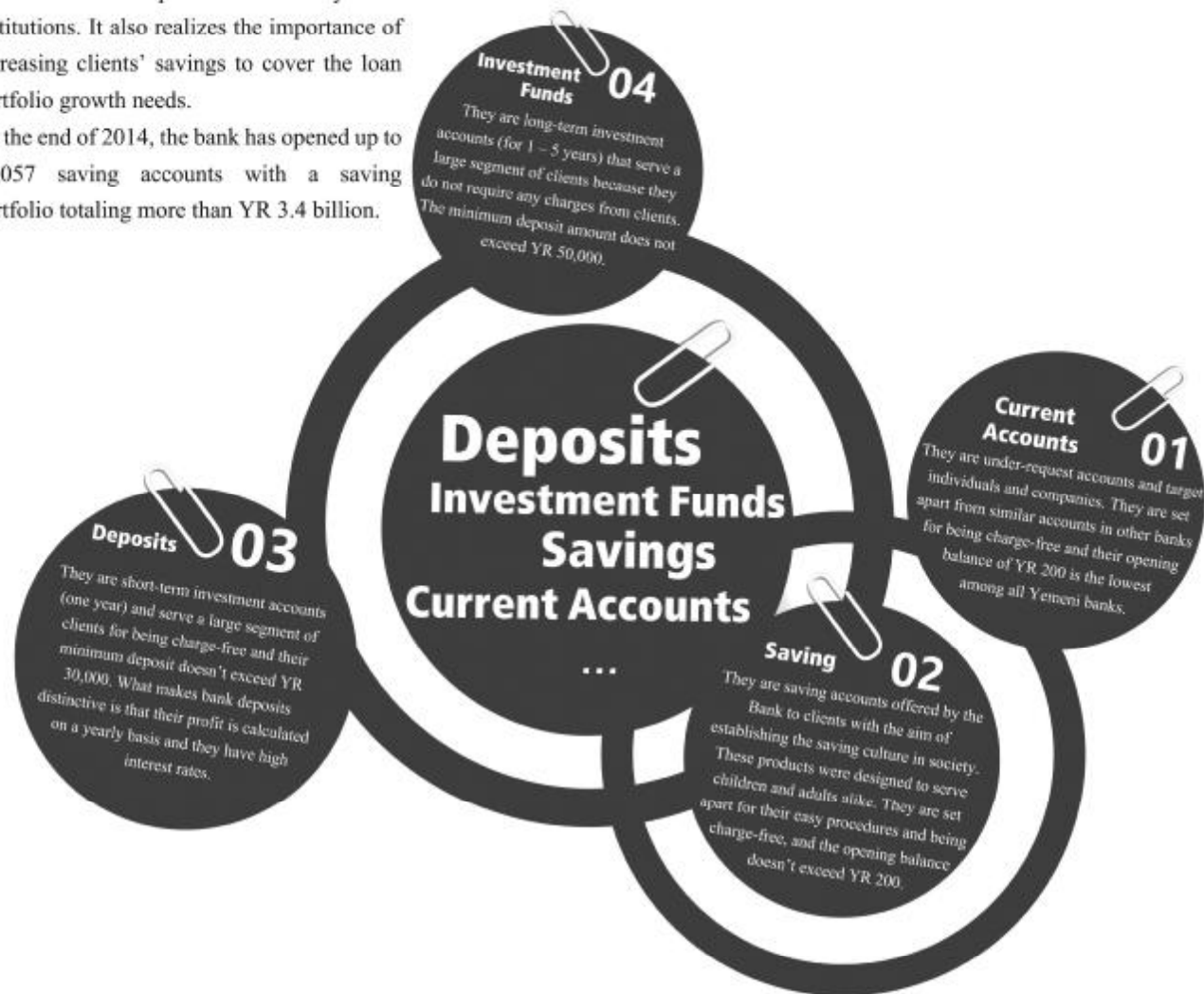


Our Services

2. Savings

The Bank greatly values the saving product and gives it a high priority due to its positive impact on the target groups that aren't able to save in other formal institutions because of the unaffordable requirements listed by those institutions. It also realizes the importance of increasing clients' savings to cover the loan portfolio growth needs.

By the end of 2014, the bank has opened up to 93,057 saving accounts with a saving portfolio totaling more than YR 3.4 billion.



Item	2009	2010	2011	2012	2013	2014	Growth Rate	
No. of Saving Accounts	4,758	18,512	33,047	44,436	57,896	93,057	61 %	
No. of Women Savers	1,730	8,317	15,207	21,586	26,699	36,555	37 %	
No. of Child Savers	1,667	7,167	8,929	9,528	9,678	9,740	1 %	
Saving Portfolio (Million)	YR	59	1,197	1,120	2,120	3,811	3,487	-8,5 %
	\$	0.3	5.6	5.2	9.9	17.7	16.2	-8,5 %

3. Social Transfers and Remittances

Results of 2014

Social Remittances	Product	YR Billion	Number
	Social Remittance	8.7	345,049

Product	Implemented	Internal Transfers
Internal Transfers	176	

External Transfers	Product	Implemented
	External Transfers	2,232

It is a product, introduced into AMB in 2012 and has been in place since then, thus making AMB a leader on the local and Arab Region levels in the provision of financial services to beneficiaries wherever they are.

The Bank offers the internal transfer service while the charges imposed on transfer clients are among the lowest charged. This service is offered through AMB branches, as well as via more than 400 agents spread all over Yemeni governorates.

The Bank offers the external transfer service via MoneyGram, a global company that serves more than 192 states worldwide. Also, the Bank is considered one of the key partners that are able to grant sub-agencies to other groups for the service delivery.

Social Transfer Disbursement Teams

Meanwhile many service providers refrained from conducting field visits to rural areas to disburse transfers to beneficiary cases for several reasons, primarily the unstable security situation, AMB believed it is time to step up its efforts in reducing the suffering of beneficiaries, keeping in mind this is part of its social role. In this regard, the Bank increased its field teams up to 50, involving highly efficient staff, thus making it to the most remote and riskiest areas in order to deliver hand to hand donor allocations to respective beneficiaries.

One of the WFP beneficiaries, living in Makbana District, Taiz Governorate, Fatima endures a severe disease and has no other sustainer to receive her allocation. Having been informed about Fatima's condition, after completion of the disbursement process the AMB team headed for Fatima's home, which is nearly 90 minute-drive away from the disbursement center. Upon arrival, the team brought joy to her house and gave her the stipend hand to hand, given that it cares for the delivery of rights to their owners whatever effort and money it costs.



AMB Social Transfer Partners for 2014: Social Fund for Development, Social Welfare Fund, ACTED, For All Foundation, and Millennium Foundation

4. Islamic Takaful

It is a product for internally insuring against loans given by the Bank to clients in the Islamic Sharia-Approved Manner. In this case, a symbolic amount of money is added to the loan and is repaid in installments for the loan life. In the case of total disability or death of a client, only the outstanding debts are repaid. In 2014, the Bank compensated 31 clients a total amount of YR 4,734,179. Such compensations cover the cases of death and total disability, as well as special cases for the loss of business or activity as a result of different disasters.

البيان	No. of Cases	Amount of Compensation
Deaths	28	2,632,549
Total disability	1	17,430
Loss of Business / Activity	2	2,084,200
Total	31	4,734,179

A table showing the cases that received compensations in 2014



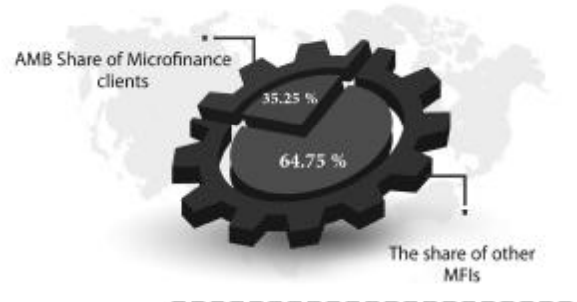
2 million YR Exemption

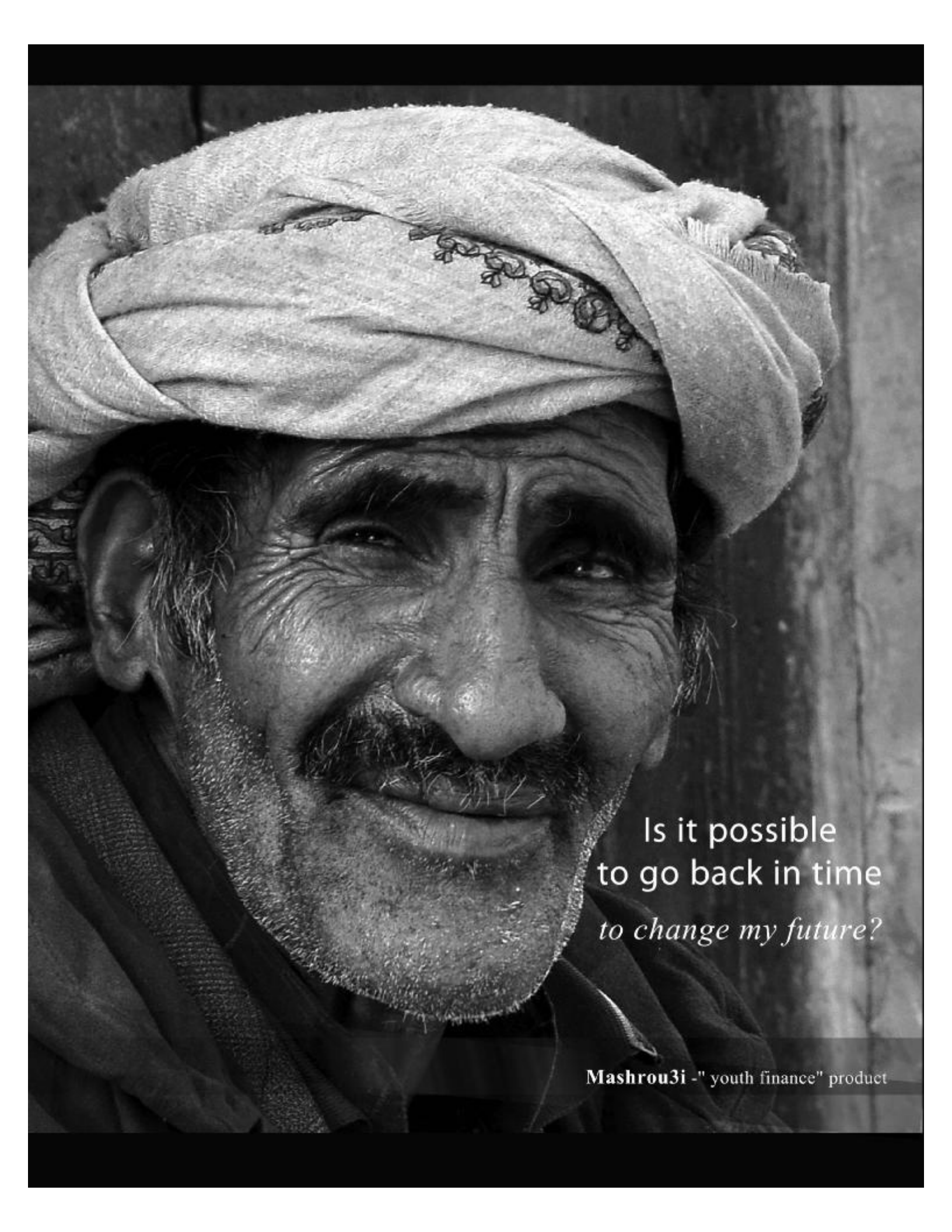


Mohammed has an ambition in his life. For him, the grocery that had been providing his family with a livelihood, was not enough. So, he headed for AMB where he got a loan of YR 200,000. As a result, his business expanded and his dreams elevated. In his perception, the opportunity of hope was complete. However, by destiny his grocery was burned down, and nothing was left but burned piles. Thinking about how to repay the Bank, he sadly approached the AMB Airport Branch where he got the loan in order to repay a due installment. Having told the Branch Manager that his business was burned down, the Branch Manager assured him that the bank exempts any client who loses a business that way. It was a big surprise for him to hear about that since, to his knowledge, banks don't make such exemptions. The client turned very happy. He was even more happy when the Branch Manager said it is possible for him to apply for another loan. Upon his request, he received another loan worth YR 3,000,000, which revived his hope.

AMB Market Share

During 2014, the Bank was able to retain the lead over other MFIs by realizing 35.25 % of the total market share of all MFIs and microfinance banks. The total number of loans disbursed since the Bank started its business amounted up to 113,487 loans with a portfolio exceeding YR 8.9 billion.





Is it possible
to go back in time
to change my future?

Mashrou3i - "youth finance" product

Social Performance Indicators

1. Graduation From Poverty

A recent international report has revealed that the poverty rate in Yemen increased to nearly 55% of the total population. And the unemployment rate jumped up to 60%, particularly among youth, due to the dire economic and security situations Yemen has been going through. Poverty and unemployment represent the biggest threat to Yemen in particular, given that the two phenomena continue to expand from day to day.

In this context, many international and local organizations work on mitigating those phenomena. To contribute to mitigating poverty, keeping in mind its social mission, and to help the poor graduate from poverty, AMB worked in partnership with SWF for the provision of financial services that help those groups establish sustainable enterprises. Relevant figures reveal that the Bank targeted more than 39,387 beneficiaries by the end of 2014 with a portfolio exceeding YR 2.5 billion.

Services offered to women between 2009 and 2014

Item		2009	2010	2011	2012	2013	2014
No. of Disbursed Loans		3,007	9,100	7,752	14,627	14,932	14,511
Amount of Disbursed Loans (Million)	YR	3.4	360.0	299.8	630.0	734.3	645.3
	\$	0.02	1.29	1.41	2.94	3.41	3.932
Average Disbursed Loan	YR	1,140	395,709	38,681	44,082	49,156	58,258
	\$	6	1,858	182	201	229	271
No. of Beneficiaries		15,035	45,500	38,760	95,076	97,058	94,322
No. of Job Opportunities Created		734	3,601	2,999	7,067	8,193	9,437
No. of Saving Accounts		582	3,787	8,702	13,002	25,699	35,789
Saving Portfolio Volume (YR)		6,997,730	479,976,353	484,851,997	462,912,760	521,021,915	547,496,400
Average Saving Account (YR)		12,024	126,743	55,717	35,603	20,274	15,297

While running her business, through the hardships of poverty, Nabeela perceived the shop was very small. When the AMB promotion team passed by her shop during a field visit for promoting AMB products, she expressed her interest in getting a loan.

Having got the loan, she bought a sewing machine, thus adding to the shop a new activity that is production.

As a result, her business flourished amazingly.



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 1.3 as per the global calculation index.

Loans disbursed under the Graduation from Poverty Project (SWF beneficiaries)

Item		2009	2010	2011	2012	2013	2014
No. of Disbursed Loans		717	5,124	4,830	8,076	9,071	11,569
Amount of Disbursed Loans	YR	40,999,840	294,736,050	269,431,000	484,700,000	565,845,000	887,498,000
	\$	204,999	1,383,737	1,264,934	2,265,210	2,631,837	4,127,898
Average Disbursed Loan	YR	57,180	57,521	55,783	60,024	62,380	76,713
	\$	286	270	262	280	290	357
No. of Beneficiaries		3,585	25,630	24,150	52,494	58,962	75,199
No. of Job Opportunities Created		410	2,947	2,694	5,437	6,316	9,907

2. Focus on Women

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. The Bank 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 inability 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, innovated means, approaches and methodologies that ensure delivery of its financial services to women at home against easy and handy collaterals. The AMB disbursed loans to women numbered up to 63,929 loans, with a portfolio exceeding YR 2.8 billion.

3. Youth

In partnership with Silatech and GIZ, and as part of the Youth Saving Program, the Bank contributed significantly to the accomplishment of young client Ms. Sarour Nasher, a lecturer at Dhamar University's Faculty of Administrative Sciences, whose monthly salary does not exceed YR 80 thousand. She won an prize for establishing a project worth YR 1.5 million in a draw for Young Savers. That project was a pharmacy, which has become an additional source of income for the client. It has created a job opportunity for a young pharmacist. That was the starting point. Then, the client applied for an additional loan to expand and develop her enterprise, and as a result it has become an example for the lucrative enterprises that empower Yemeni youth economically.

A success story from Youth Saving



Contemplating destitution, Habiba waited in the hope of finding something to provide for herself. Nothing loomed in the horizon. So, she decided to do something different to provide for the family and save them from hard labor. She then thought about establishing their own enterprise, and therefore applied to AMB for a loan. Having got the loan, she opened a grocery.

Now, she runs her own enterprise successfully.



Youth Financial Services

Since the start of its business, AMB has been targeting youth, keeping in mind that this group constitutes 75% of the country's total population. Based on many international and local reports that have shown high unemployment rates, specifically among youth, and that such rates continue to increase from day to day due to numerous factors, it has to be take into consideration that any improvement in youth's economic conditions is key to improving their social and cultural conditions. 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, 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 seeks to encourage young people to save. In doing so, it has implemented promotional campaigns in universities and high schools to strengthen youth awareness by establishing the saving culture among them and granting them special benefits like holding activities and giving awards that incentivizes young savers. Those activities targeted up to 20 thousand young people in Yemen and up to 19 thousand accounts were opened for the youth group.

Services offered to women between 2009 and 2014

Item		2009	2010	2011	2012	2013	2014
No. of Disbursed Loans		2,709	5,751	3,733	5,091	7,089	5,808
Amount of Disbursed Loans	YR	136,332,566	266,497,000	170,146,500	236,431,400	475,945,672	499,440,550
	\$	681,663	1,251,160	798,810	1,104,771	2,189,785	2,183,444
Average Disbursed Loan	YR	50,326	46,339	45,579	46,439	67,139	80,845
	\$	251	218	214	217	309	376
No. of Beneficiaries		13,545	28,755	18,665	33,092	46,079	37,739
No. of Job Opportunities Created		1,636	3,003	1,917	2,656	5,255	5,240
No. of Saving Accounts		1,494	4,057	6,411	9,244	12,236	18,649
Saving Portfolio Volume (YR)		9,331,990	14,007,134	14,841,346	38,613,320	72,885,239	92,765,983

Youth Saving

Osama's problem is that he is unable to spare money from his modest income. He then approached AMB to have an idea about what the most attractive decided to open his own amount of YR 82,000, which spare in seven months. save in his account whatever month, which helped him primarily getting married. After his marriage, he contributed money to building their family house. Other members of the family were surprised by his contribution, which they had never expected. That was the starting point for realizing his dreams and goals.



its products. Youth Saving product for him. So, he account and deposit an was all what he could Afterwards, he began to money he spared each realize his dreams. After his marriage, he

*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 1.3 as per the global calculation index.

4. People with Special Needs (Physically Challenged)

This segment is deprived of enjoying some of the boons bestowed on others. Everyone has to accept this group and extend assistance to help them overcome their own conditions. In this regard, the Bank provided diverse services, particularly loans, to members of this group, be they men or women, taking into consideration the type of disability of each person. In targeting this group, the Bank developed special tools for dealing with the physically challenged with a future plan design accessible infrastructure to ensure them easy access to all AMB branches. The Bank also disseminated its mission and all the data and information about its services, using means that allow members of this to have access to such information. One of these means is the sign language for the deaf and mute in all the display screens hung in its branch offices. A number of people with disability got loans for establishing start-up enterprises or developing existing ones. The Bank did so to make them feel they are part of the social fabric.

Mohammed Sultan's experience with AMB



Mohammed endured the hardship of life while working as an ice-cream distributor to some schools. His dream grew when the idea of having his own enterprise came to mind. He then applied to AMB for a loan. Having got a loan of YR 150,000, he began to run his project smoothly. After a while, he felt a need to expand his business and buy pushcarts for distribution. He then applied for another loan after he completely repaid the first one. With the other loan of YR 750,000, his business flourished and he turned to have sub-distributors in the market.

Anguished and distressed, Mansour began to think about establishing his own enterprise, but how could it be possible?

While he was one day wandering in a street, he saw a poster on a wall reading "To have your own enterprise, apply now to any AMB branch." He asked himself: "Is this real?" To verify whether or not it is real, he approached the Airport Branch requesting a loan to open a shoe shop. With the YR 1,500,000 he borrowed, he now runs his enterprise responsibly. His shop has expanded twofold in a short time.



Confined by want and destitution, Aneesa felt from within that she had to help her father, who is the only breadwinner for the family. A window of opportunity to AMB loomed in the horizon, reminding her of a trade she learned some time ago. She then headed for AMB where she got a loan of YR 30,000 for buying a sewing machine she requested on the guarantee of her both parents. She was very happy helping her father in providing for the family and repaying the soft loan in installments. Once she finished repaying the first loan, she requested another. With the other loan of YR 40,000, her sales increased and her life stabilized. She turned to be a producer with her father selling her cloth products in Sana'a markets. Her increasing production encouraged her to take more than eight loans. She obtained many awards from AMB. She was the first woman client for AMB.



5. The Marginalized People



As part of accelerating the attainment of the Millennium Development Goals (MDGs) of the UN Development Program, and through UNICEF that supported the Financial Inclusion Project for the marginalized people in

Taiz, the Bank had run this project from the start until it was handed over to Al-Amal Foundation for Training & Entrepreneurship. It raised awareness among members of the marginalized group and encouraged them to save. Consequently, saving accounts were opened for members of this group after such had remained unexpected for long. Among the incentivizing means, the Bank gave out direct gifts to children and organized prize draw event for most saving mothers and children, a mother must have her school-aged children enrolled in schools. The project targets nearly 9600 households, including mothers, fathers and children, who numbered up to 30,000 in Taiz.



It is a marginalized family of seven people surviving with minimum standards of living and basic human rights. The head of the household is a daily worker and the mother is a determined woman. The oldest one of the five children is gifted although he hasn't attained 12 years of age. This child "Abdurrahman" was one of the beneficiaries who were trained under UNICEF's project, implemented by AMB. He was trained on the saving culture and life skills like hygiene and social treatment, among others. What set Abdurrahman apart was that he was affected by the training and comprehended how important it is to contribute effectively to the development of his own community. He won the first place in Yemen Film Festival 2014 for directing a film entitled "My Cameras without Walls", which displays the harsh situation of his community, focusing on hygiene, environment and sports.

Fawzya felt it was necessary to help out in providing for the family needs. She applied to AMB, along with other women, for a group loan to help her earn from a trade she masters. She opened a beauty saloon, which has shortly become the best-selling one in the neighborhood.



Non-Financial Services

Al-Amal Foundation for Training & Entrepreneurship " Reyadah "



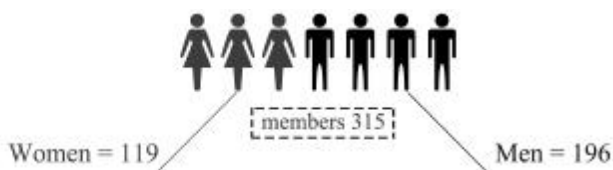
Al-Amal Foundation for Training & Entrepreneurship (Reyadah) is the Bank's tool for providing non-financial services to small entrepreneurs and young people aspiring to gain technical and management skills to meet labor market requirements. Reyadah helps trainees integrate in the labor market by increasing their prospects of access to the financial services offered by AMB and the overall finance sector. In 2014, Reyadah expanded its training activities as it implemented 77 training programs for 1,754 beneficiaries in different administrative and vocational fields. It also developed a package of training curricula, according to up-to-date technical specifications adapted to labor market requirements, thus having 11 primary programs. In addition, the Foundation has so far established 12 local and international partnerships of different goals and trends.

Al-Amal Entrepreneurship Club

Al-Amal Entrepreneurship Club was established in 2014 as a result of joint cooperation between AMB and Afeef Program, which is run by the Qatari Al-Asmakh Charity Foundation.

AEC aims to develop the personal skills and success opportunities for its young members who are small entrepreneurs and other interested youth in order help them possess their own enterprises, become successful entrepreneurs through AEC memberships and participate in the training and investment activities the Club offers to its members. In return, these trainees offer assistance to other people in order for the process to have a large-scale impact on everyone and improve the life of individuals, families and society at large.

No. of Beneficiaries from AEC investment services



Distribution of trainees over the different training areas

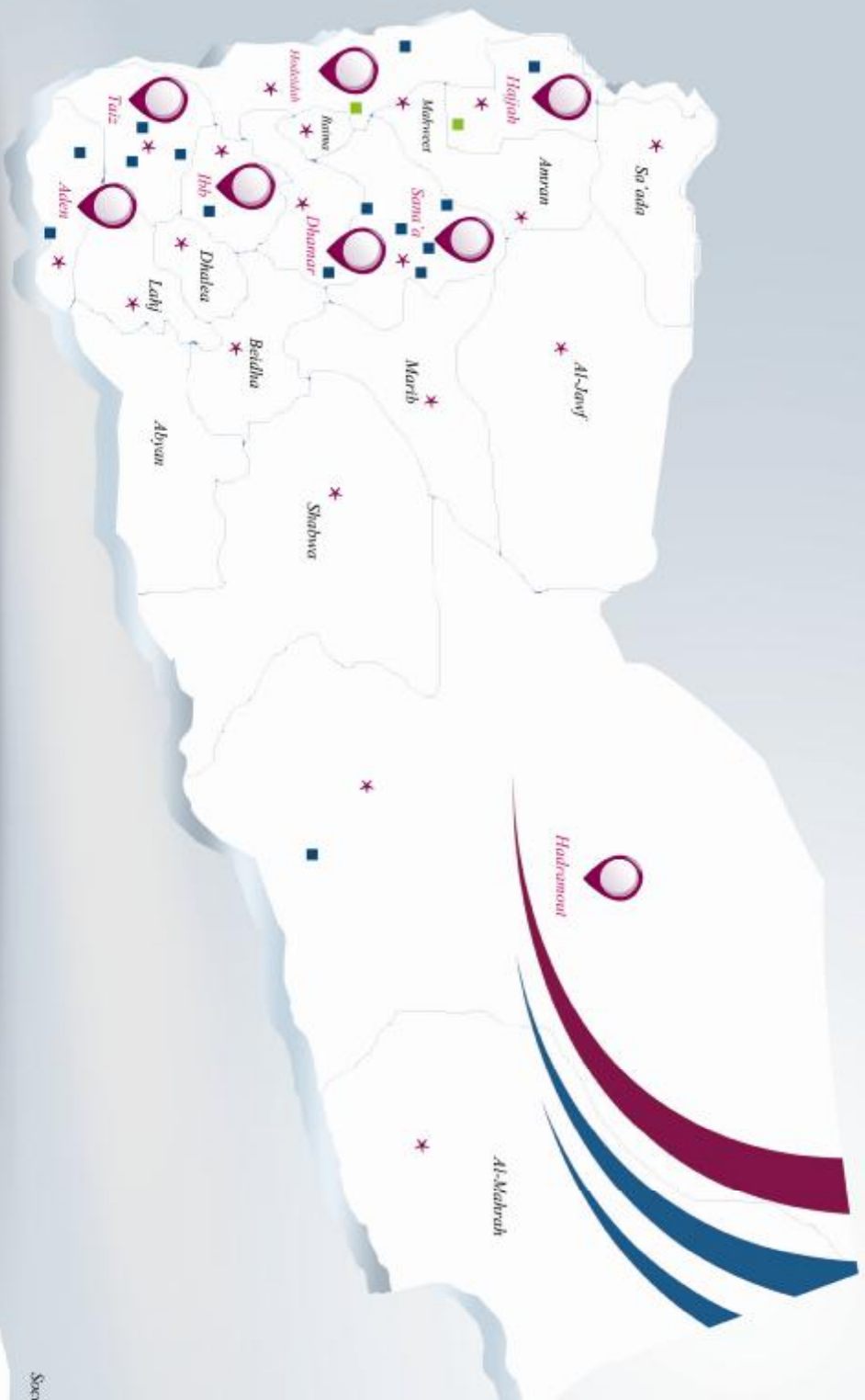
Item	Training areas				Total
	Management	Rural	Specialized	Vocational	
No. of trainees	884	478	330	62	1754
% By area	%50	%27	%19	%4	%100

Curricula				
Management Training	Vocational Training	Specialized Training	Rural Training	
3	4	3	1	
11 = Total curricula approved				

Local & International Partnerships				
International Agreements	Local Agreements	Tactical Partnerships	Memberships	
4	4	2	2	
12 = The overall agreements, partnerships and memberships				

We Reached!

*many of the poorest groups
Our ambition is to include everyone*



Socotra

AMB Branches: 18
AMB Agents: 401

AMB OUTREACH



Husniyah - AMB Client

Creating Attractive Work Environment

This topic is essential for the success of any institution, whatever type of business it runs. The performance of individuals in an institution is the driving force behind the process of success and growth at all levels of management.

With this in mind, the AMB management regularly works on improving the internal work environment through periodic reviews of all the elements of AMB's institutional capacity building and all the factors that effectively contribute to improving the internal work environment, developing and updating the policies, procedures and regulations of the business that are key to improving the overall performance of individuals and the different management units.

Developing Institutional Building

Restructuring Departments & Units

Due to the status attained by the Bank on the local and international levels, and in response to the strategic variables in the Bank's trends and growth of its business, it has become very imperative for the Bank to restructure its departments in a manner meeting requirements of the next phase. Therefore, the Bank has restructured the operations and IT departments and expanded the activity of international partnerships, expanding this unit into a large department for partnerships and international cooperation in manner fitting the nature of its activities and the size of its responsibility. Also, the Board of Directors decided establishing a risk department and a wholesale unit.

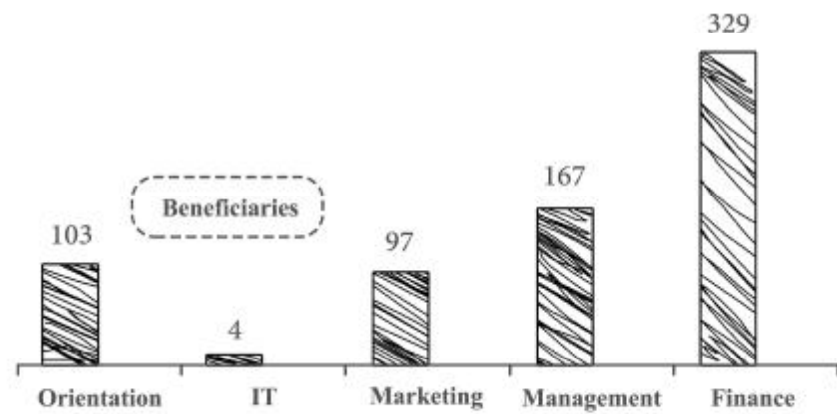
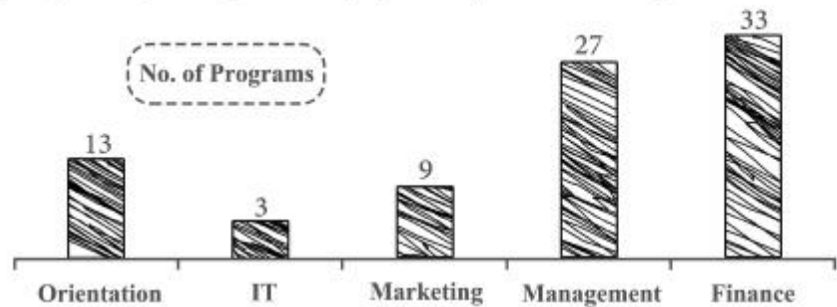


Statistics of Internal & External Training

As part of a move towards better staff performance, the Bank offered some 84 training programs for 700 trainees during 2014 in a number of management and specialized fields, including orientation programs for training new employees in the different levels of management and introducing them to the microfinance industry and the services offered. 13 preparation programs have been implemented for new employees, providing training to 103 employees who joined AMB during 2014.



Muslih has a barberry saloon in Esser Area, which he has been running for long. He got a loan of YR 80,000 to buy necessary equipment for his enterprise. Afterwards, he got another loan of YR 150,000 to expand his activity and bring in additional seats as Muslih has long experience in his profession and enjoys good reputation. For the third time, he got a loan of YR 200,000 to expand the shop, make decorations and improve the work environment.



Health Insurance for Staff Dependents

To realize a high degree of job stability for staff, the Bank included staff dependents in its medical insurance program through a health insurance company that has a broad network of prestigious hospitals providing medical treatment and medicines countrywide. This strengthens the institutional loyalty of the AMB staff.



Technical Assistance & Capacity Building

Technical Assistance for Rural Finance

The provision of inclusive financial services to rural areas is an adventurous step that requires knowledge of necessary skills and tools. Careful about the integration of the delivery of appropriate services with reasonable cost and lower risks, the Bank mobilized technical support that contributes towards the realization of better results. The rural finance technical assistance received by the Bank falls into two types:

1. *Technical assistance from Economic Opportunities Fund (EOF), which focuses on identifying the needs for financial and non-financial services in rural areas, as well as developing products that meet the needs and are linked to value chains that maximize the benefit from loans and ensure continuity of projects. Also, this type of assistance focuses on developing policies and procedures for service delivery in rural areas.*

2. *Technical assistance related to Rural Youth Targeting Project, which the Bank receives from Making Cents International, for developing the 2014 Action Plan, as well as another action plan for Reyadah on the delivery of non-financial services in rural areas. In addition, an exploratory visit was conducted to Kenya for exposure to modern tools in the delivery of services to rural areas, particularly those targeting youth.*

\$ 520,000

Technical assistance from IFC for SME finance and housing product development

Technical Assistance for SME Finance & Housing Product

The Bank targets people with limited and low income activities. To ensure continuity of the provision of larger loans to this group, the Bank signed on April 20, 2014 an agreement with International Finance Corporation (IFC) for the delivery of technical assistance for SME finance and housing product development. This technical assistance package is expected to be completed by the end of 2015.

The technical assistance offered by IFC involves two phases, the first of which is devoted to conducting a market research on SME entrepreneurs. The research results provide the Bank with indicators about the availability of an opportunity for targeting these groups. In 2015, the Bank's team will continue to work with the relevant consultant on implementing the second phase, which will focus creating an organizational structure for the SME Unit and designing products for SME entrepreneurs, as well as offering intensive training to the team concerned with providing the SME finance product.

\$200,000

TA From Sanad

Technical Assistance for Human Resources & International Partnerships

Under an agreement with Sanad, AMB has received a technical assistance package worth \$200,000 to develop the Partnerships & International Cooperation Department, and frame its function, as per the best practices, in order for the department to be able to solicit new partnerships. Part of this package is intended to develop the policies of the AMB HR Department, and strengthen its staff capacity building.

*Employee of the Year
Zain Al-Abedin al-Ghubari*



*Branch of the Year
May Branch, Taiz 22*



Enhancing *an Effective Internal Control Environment*

The importance of this topic, comes from being directly connected to safeguarding the Bank's assets and money, as well as the rights of depositors and shareholders. This topic addresses the aspects of control and supervision over AMB performance to ensure that it exercise its business safely, properly, transparently and honestly; according to the effective laws and the regulations issued by the Central Bank of Yemen (CBY), in a manner contributing to realizing AMB goals, mission and vision.

The vision and strategic objectives for the topic of "Strengthening an Effective Internal Control Environment" stem from the following three elements:

1. TO INCREASE THE EFFICIENCY OF THE FUNCTIONS OF THE INTERNAL AUDIT, RISK MANAGEMENT AND COMPLIANCE, WHICH ARE Pondered UPON AS KEY Pillars FOR STRENGTHENING THE AMB CONTROL ENVIRONMENT;
2. THE AMB'S PLAN TO INTRODUCE SOPHISTICATED SYSTEMS FOR INTERNAL CONTROL, COVERING ALL AMB DEPARTMENTS AND UNITS, MEETING AMB NEEDS, AND CONSIDERING THE SIZE OF ITS BUSINESS AND THE DIVERSITY OF ITS ACTIVITIES, AS WELL AS THE SIZE AND COMPLEXITY OF ITS OPERATIONS.
3. THE AMB'S INTENTION TO INCORPORATE THE BASIC PRINCIPLES OF INTERNAL CONTROL INTO ITS CONTROL SYSTEMS.



Risk Management

There are two approaches to deal with risks. The first one is to assign risk management to the relevant departments (as per the type and relevance of risk). The Bank pursues this approach for risk management. The second approach, however, requires establishing a specialized risk department. Due to the delicacy of the AMB's activities and the recency of its experience in the Arab Region and the world, the AMB management stressed that establishing a specialized risk department in the Bank should come in response to the new developments experienced since the beginning of 2014.

Therefore, the AMB management has since the advent of 2014 looked for a source of funding for the implementation of a technical assistance project on creating a specialized risk department for the Bank, which could be the first of its kind for the microfinance industry in the Arab Region. The AMB management already secured technical assistance with funding from the European Union and the Canada-based MEDA Organization. The first of the phases of technical assistance delivery began in April 2014 by conducting a study on the AMB needs for a specialized risk department with full capacity to manage, monitor and control any risks AMB may be exposed to in the future. In this context, the Bank has already begun the procedures for hiring qualified staff capable of understanding and making use of all the aspects of technical assistance.

In addition, the Bank attempted in 2014 to enhance the role of the Risk Management Committee (Committee of Assets and Liabilities), comprised of the CEO, the finance and operations manager. During their meetings, normally discuss a variety of risks, reviews the reports of the Committee on Assets and Liabilities, and then take appropriate procedures and circulate them.

Compliance & Anti-Money Laundering Unit ..

Amid growth of the banking transactions and expansion of the network of financial and non-financial services on the local and international level, it has been imperative for AMB to comply with rules and regulations of the Central Bank of Yemen (CBY), which have become an integral part of the internationally applicable regulations. Therefore, AMB established a specialized unit to monitor the course of banking operations, and make sure they comply with the relevant banking regulations and that the financial paperwork are safe. This unit is titled "Compliance and Anti-Money Laundering Unit". Throughout 2014, this unit has made many accomplishments, such as:

1. Enforcing the "Know Your Client" principle through:
 - Drafting a new account-opening agreement based on the principle "Know Your Client", and compliant with the anti-money laundering requirements.
 - Updating client data for the enforcement of this principle.
2. Developing a mechanism for the classification of clients by degree of risk.
3. Training staff of the AMB head-office and branches on anti-money laundering. During 2014, up to 110 AMB employees received quality training on anti-money laundering and anti-terrorism financing.
4. Restructuring the blacklist and updating it periodically as per the CBY blacklist, as well as the international ban lists.
5. Updating the Compliance Manual to cope with the expansion and outreach of AMB activities, as well as the vigilance procedures and the indicators of suspicion in unusual operations / activities.
6. Enforcing CBY regulations as to the verification of client identities through the formal ID documents and data of individuals, legal entities and financial institutions.



Updating Internal Audit Policies & Procedures

The purpose of the AMB Internal Audit Unit is to help the senior management verify compliance with the policies and procedures regulating the Bank activities, as well as other relevant laws and regulations. Throughout 2014, the Internal Audit Unit has played an important role in monitoring the overall performance and assessing how effective and efficient the progress towards realizing the AMB goals is. As a result of the growth of its business, AMB was required to expand the areas of internal controls and develop the auditing tools and procedures so that they cope with the changes and developments taking place in the Bank. Also in 2014, the Internal Audit Unit shifted from the traditional means to up-to-date tools for undertaking the auditing process. Therefore, its role was no longer limited to providing feedback and recommendations, but rather covered process of addressing reported notes. Below are some of the key actions completed over the past year:

- * Developing a mechanism for internal audit reporting in terms of the contents and structures of the reports and how they should be discussed with the relevant entities.
- * Regularly assessing the internal control system through regular and surprise visits to departments, units and branches to ensure the system is effective and efficient.
- * Conducting field visits to AMB clients to verify the authenticity of loaning procedures and that they comply with the AMB social mission, and identify any obstacles that might have faced clients.
- * Activating the Follow-Up Unit and building tools for follow-up through progress reports on the implementation of corrective actions and how effective they are, as well as developing a follow-up mechanism for the internal audit reports to ensure discontinuity of risks.
- * Setting up a mechanism and standards for the classification of departments, units and branches that undergo auditing by degree of risk and according to the relative importance of notes, their frequency ratio and how they are addressed. This mechanism was developed based on the accumulative experience and practice of the Internal Audit Unit in a manner ensuring effective understanding of the internal audit reports. The mechanism is the first of its kind for the microfinance industry in the Arab Region.

The Manuals & Procedures of 2014

The year 2014 saw updating of most of the business manuals and procedures. In doing so, AMB drew up a plan for the cycle of updating manuals and procedures via its committee concerned with the development of manuals and procedures. Consequently, up to 35 percent of the previously issued manuals and procedures have been updated over the past year.

On the other hand, AMB created new manuals and procedures as to the services and operations, which required reframing to reach fullest functionality and allow for monitoring and assessing their overall performance. With this pace, more than 15 manuals and procedures have been developed over the past year.

observe
them

& Care for them



Money Saving

contribute to providing



their needs

look out for them

develop them



teach them



change

will

looking for them Their life

demands

Dependence

Saving for the future

created
job
opportunities



care for

their

education

development

depend

on

Self

Develop them

& work

for them

day and night



They are our focus

We have an eye on them



Their future
By their hand



Strengthening AMB Status *Internally & Externally*

AMB gives a top priority to the communication process and considers it a key activity for the realization of the following objectives in a highly professional manner:

1. DIRECTING THE BANK'S ACTIVITIES, AND DELIVERING THE POLICIES, PLANS AND PROGRAMS TO ALL EMPLOYEES.
2. TO HAVE THE AMB MANAGEMENT SYSTEM CONNECTED TO ORGANIZATIONS AND ENTITIES INTERESTED IN MICROFINANCE ON THE LOCAL AND INTERNATIONAL LEVEL.
3. TO ESTABLISH MUTUAL PARTNERSHIPS BASED ON COMMON INTERESTS WITH DIFFERENT LOCAL AND INTERNATIONAL ENTITIES.



Establishment of the Partnerships & International Cooperation Department



Waseela
Microfinance Bank Ltd.

AMB is one of the largest Yemeni MFIs that has local and international partnerships and relations, thanks to the successes and accomplishments it has so far reached since its establishment, thus turning AMB a harbor for any organizations or foundations running development projects in Yemen. From this fact arises the importance of international partnerships and cooperation. The AMB Strategy for 2014 – 2016 came with the change of what was known as “Partnerships & International Cooperation Unit” into an integrated department with a clear operational manual, a specific organizational structure, and an ambitious future plan in order to serve as a liaison between AMB and other local and international organizations in and outside Yemen. This department is intended to contribute towards the realization of the AMB objectives and the provision of its financial and technical needs by soliciting support from local and international organizations with similar social and investment objectives. Another purpose of this department is to manage the international relations with AMB partners in a manner ensuring the attainment of partnership objectives, conserving the AMB reputation and international status, and promoting the AMB local and international recognition through the efficient use of all available local and international communication channels that contribute to highlighting AMB successes and enhancing its status.

New Local & International Partnerships

One of AMB key achievements in 2014 was the signing of new partnership agreements, the first of their kind in AMB history, with the aim of meeting AMB needs for funding, technical assistance and partnerships related to joint projects.

First: Funding

AMB was able to achieve its plan on drawing 100% of the funding for 2014. Despite the political and security tensions Yemen has been going through, the Bank brought in more than US\$4.5 million mostly from external sources. Moreover, AMB signed several agreements for expanding the scope of cooperation with existing companies, including:

- ✦ Funding agreement with Sanad for Micro, Small and Medium Enterprises, accompanied by delivery of technical assistance for building AMB capacities. This partnership is the first of its kind for AMB with an international financial institution.
- ✦ The funding ceiling from the US-based Kiva Organization was increased threefold, compared to the previous years, and therefore it provided part of AMB funding needs by increasing the growth rate of Kiva loans.

Second: Technical Assistance Partnerships

AMB was able to secure 100% of the technical assistance planned for 2014. In this regard, it signed several agreements for implementing a number of technical assistance projects, including:

- A cooperative agreement on the development of SME and housing finance products, signed with International Finance Corporation and Social Fund for Development in the first quarter of 2014.
- Project on the development of Partnerships & International Cooperation and Human Resources Department in cooperation with Sanad Fund.
- Project on the assessment and development of microfinance services and the quality of service delivery in cooperation with Sanad Fund.
- A project on strengthening AMB capacity for financial control, risk management and credit in cooperation with MEDA.
- An agreement with Making Cents International on the provision of technical assistance to rural youth, as well as another agreement with Economic Opportunities Fund on the provision of technical assistance for the development of specialized rural products.

Third: Memberships & Partnerships

- AMB joined the Union of Arab Banks, thus becoming the first MFI in the Arab Region to be a member of the Union. This membership contributes to the sharing of experience between AMB and other members of the Union, who number up to more than 350 Arab banks. In this context, AMB will work on opening new windows for further partnerships with giant Arab and foreign banks.
- AMB signed an agreement with the UN World Food Program for the distribution of cash assistance stipends to target beneficiaries in six Yemeni governorates (Taiz, Ibb, Dhamar, Hodeida, Sana'a and Marib).

“
We aspire to work with you by establishing new relations of cooperation to achieve concrete results in the near future.
”
Yukiko Omura
VP of IFAD

- AMB signed an agreement with UNICEF, in cooperation with Social Welfare Fund, for implementation of the Financial Inclusion Project for the marginalized households, as part of enhancing social protection for their children. The project targets nearly 60 thousand beneficiaries from 25 marginalized households in the districts of Taiz Governorate. This partnership is the first of its kind in the Middle East. It is an initiative to implement one of the most vital recommendations of the National Dialogue Conference in the area of sustainable development and social equity.



“
It is Al-Amal Bank that brought hope to many women and youth, and the results of its operations will have a major impact on this important social group in the years to come
”

Eng. Abdullah A. Buqshan,
Chairman

Diverse Activities :

Through a mobile unit, AMB distributed financial assistance amounting up to YR 65 billion to more than 55 thousand households with funds from World Food Program.

AMB opened its branch office in Abs district, Hajjah Governorate.

AMB held a workshop for partners in the Financial Inclusion Project for the marginalized households.

AMB held a workshop on developing the Fundraising Strategy.

AMB participated in a microfinance introductory workshop for commercial and Islamic banks, which was organized by Yemen Microfinance Network and funded by SFD.

AMB participated in the third and fourth draw festivals for prizes of the Regional Initiative on Youth Saving in Sana'a.

AMB sponsored an awarding ceremony for top performing students in ASSECAA Contest for Scientific Excellence 2014 (An award offered to winners).

AMB participated in the Second Agricultural Festival, held in Sana'a University's Faculty of Agriculture.

AMB opened a new office for 22 May Branch, as well as another office for the Second Area.

AMB held a workshop on assessment of its performance areas and branches according to the 2014 plan.

AMB held a workshop on implementing an in-depth market research for targeting rural areas.

AMB participated in microinsurance prospects in Yemen Workshop.

AMB held a workshop on discussing the working mechanism of Al-Anfal Season Offer Product.

AMB held a workshop for discussing its Action Plan for 2015.

AMB began implementing the project of financial integration and life awareness for marginalized children in Taiz City.

AMB participated in Afkar Program on Youth Projects, which is supported by Silatech and organized by Youth Leaders Foundation.



Events

1. Meeting of the Board of Directors

AMB organized the eighth meeting for the Board of Directors in its head-office, in Sana'a, late April 2014, during which the participants discussed a number of topics included in the agenda. The Board members listened to a detailed presentation of the AMB achievements and its operational and financial indicators for 2014. They also discussed steps for the second phase of AMB Strategic Plan for 2014 – 2016 and approved it. At the meeting, the Board members expressed their happiness about the successes reached by AMB at all levels within a short period of time. They assured their support for the AMB Executive Management to keep up with such successes and attain further accomplishments.



2. Meeting of the General Assembly

The AMB General Assembly held their regular meeting, presided over by Mr. Omar Abdurrahman Bajrish, Chairman of the General Assembly. The participants in the meeting discussed and approved the report of the Chairman of the Board of Directors on AMB performance for the last year. They also discussed and approved a report presented by the auditors of the 2013 financial data and the calculation of profit and losses. At the meeting, the General Assembly endorsed the AMB balance sheet, and the financial disclosures of the Chairman and members of the Board of Directors, with the auditor of financial data for the last year.

3. AMB exposure to rural development experience in Kenya

As part of AMB Rural Development Strategy 2014 – 2016 for the inclusion of rural areas in the financial and non-financial services offered, an AMB team visited Kenya for exposure to the experiences of many leading MFIs in the country, primarily Equity Bank, in order to strengthen AMB endeavors in this field. The purpose of the visit was to have exposure to the financial and non-financial services offered by the Kenyan Bank to its beneficiaries in rural areas and its outreach means and methodologies.



4. Exploratory visit to banks regarding the new banking system

On December, 2014 an AMB team conducted an assessment visit to the two biggest banking operation systems in the world: Flexcube and T24, applied by Waseela Bank and Mizan Bank in Pakistan and HKL Bank in Cambodia. The visiting team included Dr. Waheeb Al-Dhelai, member of the AMB Board of Directors, Mr. Mohammed Al-Lai, CEO and AMB technical staff.



5. AMB CEO participates in Arab Banks Union Forum

AMB CEO Mr. Mohammed Al-Lai participated in the SME Forum, organized by the Union of Arab Banks in Sana'a, Sharm El-Sheikh and Beirut. The participation, which came as part of AMB membership in the Union, aimed to give a presentation on the microfinance experience of Yemen in general and AMB in particular and its impact on the reduction of poverty and unemployment rates.

6. Industry & Trade Minister, AMB discuss Alternative Energy Project

Former Minister of Industry & Trade Dr. Saad Addin Bin Talib and AMB CEO Mohammed Al-Lai discussed AMB funding for the Alternative Energy Project, which aims to supply electricity to remote rural areas through AMB loans to small lucrative enterprises depending on solar panels and wind farms for generating electricity.



7. Meeting with Aden Governor

The Second Area Manager made an agreement with former Aden Governor Eng. Waheed Ali Rasheed with the aim of integrating 2,500 young people from university graduates in Aden into "My Saving" a youth-focused program, and selecting 600 of whom for integration into "My Project", a loan product for youth, which is provided by AMB in cooperation with Silatech.

8. Taiz Governor visits Financial Inclusion Project

During his visit to the Financial Inclusion Project for the Marginalized Households, which is run by AMB in cooperation with Social Welfare Fund (SWF) and funded by UNICEF, Taiz Governor Shawqi Hayel praised the financial and non-financial services offered by AMB to limited income people.



9. AMB participates in EOF biannual appraisal meeting

AMB CEO Mr. Mohammed Al-Lai and Operation Manager Mr. Mohanad Al-Maqtari participated in the appraisal meeting, held by the Economic Opportunities Fund (EOF) on November 7 – 8, 2014 in Cairo. During the meeting, Al-Lai gave a full presentation of the successes so far reached by AMB in partnership with EOF over the past period. In the meantime, Dr. Mutahhar al-Abbasi, Deputy Minister of Planning & International Cooperation praised AMB experience as a strategic partner for EOF. Also, Ms. Khalida Bozar, Regional Director of International Fund for Agricultural Development (IFAD), and Mr. Mohammed Abdul-Qader, IFAD Project Director in MENA Region, appreciated the AMB experience.

Yemen Microfinance " A Future Vision "

For seventeen years now, Yemen microfinance has reached only 10 percent of the overall poor, limited income people and small and micro entrepreneurs, who are in need for financial services, however, the sector has over the recent years realized good growth rates, compared to the early years of its life. AMB play the most prominent role towards this growth, yet it shortly slowed down due to the security and economic conditions Yemen went through over the past few years.

Late in 2014, AMB, represented by its CEO Mr. Mohammed Saleh Al-Lai, played a good role, emanating from its leading position at the economic level. This is manifested by the issuance of a "Future Vision" that sheds light on several issues of concern to the banking sector in general and the microfinance industry in particular. The Vision intends to shift the efforts of the government and the banking sector towards expanding and developing the microfinance sector as one of the important tools for improving the economic and social conditions of the community by focusing on the poor and limited income people, specifically those living in rural areas, and suggesting guaranteeing means and mechanisms at the legislative and economic levels.

The readers will find herein developmental strategies and proposals at the legislative, economic, social and educational levels. The banking sector could play a great role towards the implementation of this vision, let alone the roles vested in other relevant governmental and private sector entities.

The Vision involves many topics, the most important of which are:

- Qualitative and quantitative analyses of the banking sector and its economic role.
- The Social Security Network (SSN) and its role towards the development of the poor.
- The microfinance sector and its role towards the development of small entrepreneurs.
- A legislative and economic vision for growth of the microfinance industry.
- The roles of the different sectors towards the implementation of the Vision.

*To download the complete document
, please visit: www.alamalbank.com*



CELEBRATING

Record of ^{سنوات} years

100,000
تمويل Loan

In the presence of Prime Minister, and more than 9 ministers and representatives of local and international organizations, AMB held on June 22, 2014 a ceremony for the 5th Anniversary of its establishment. Looking back, we realize that the initial idea was establishing a bank to provide services to the poor and poorest groups. Like its noble goal, the idea started in a small office whose area didn't exceed 10 square meters and with no supplies. Upon inception, the process was led by a small team that adopted the idea and transformed it into concepts and trends shaped by broad-minded individuals who responsibly chose to play an effective social role in our beloved Yemen.

Year after year, the annual anniversary of the AMB establishment has been an occasion for remembrance and contemplation. On this annual occasion, we recall the early days of inception and think of the new tomorrow coping with the magnitude of our social responsibility towards our beloved Yemen. We pause on this occasion to reap and renovate...we reap the fruit of action and rejoice at success. Celebrating the passage of five years from the establishment of Al-Amal Microfinance Bank, thanks to the lavish support from partners and donors, and thanks to the dedication of the Bank's staff who have so far built their organization step by step until it has become the leading MFI on the local and regional levels. This edifice has proved that it is a distinctive brand name in shaping and applying the microfinance concepts and methodologies. Hardly any local, regional or international event took place without making a mention of Al-Amal Bank, which suggests that Al-Amal Bank is really an added value to the microfinance industry.





“ Founders ”

On this day, a letter of thanks and acknowledgements was extended to the founders who have contributed, and still contribute, to the development and continuity of Al-Amal Bank, making it a well-established financial institution in the microfinance sector. They exerted tireless efforts and tolerated sleeplessness to make the Bank attain a prestigious international status. They did so out of a sense of responsibility and institutional loyalty, which are pondered upon as two of the most important values upon which the Bank’s institutional culture was built until this culture has become an integral part of their personal life. For them, the Bank has become a “life project”.

“ Clients receive honors ”

The Bank gave awards to clients whose living conditions changed for the better in all the economic, educational and health aspects of life with AMB loans. The purpose of the awards was to encourage them to sustain their existing projects, as well as to promote the culture of “own business” among the poor groups, which could contribute to development of the national economy.



“The Board of Directors”

What has been attained by the Bank over the past five years – despite the challenges and obstacles Yemen has gone through – is attributable to the tireless efforts exerted by the Board of Directors to ensure steady growth and sustainability of the Bank as a social income-generating institution. The Board members extended advice and support and in brought the Bank to its present status. So, it is imperative to praise their great role and support, which is essential for the Bank to undertake its social and economic responsibility towards our country.



“Artistic Program ”

The ceremony featured wonderful artistic performance by a group of talents, who chanted poetic verses promoting the SME culture and illustrating how good it is for a person to have a craft and make use of AMB soft loans for running small enterprises that enhance economic stability of households and contribute to the healthy upbringing of posterity. Also, the ceremony included sketches and comic acts by skilled actors who pleased the audience with their performance that aimed to highlight the importance of self-employment and the use of youth energies to initiate their own enterprises.



“Government Presence”

The large presence of the Yemeni Government, local, regional and international organizations and partners in this event implies their strong recognition of the Bank as a unique experience, as well as a national strategic contributor to the alleviation of poverty and unemployment rates, and to the reach of the poorest communities, funding their enterprises and creating stable income sources for them. Another factor behind this strong recognition is that the Bank offers regular financial education to clients about how to effectively manage their enterprises to ensure sustainability of their income sources. A third factor behind this recognition is that the Bank promotes the saving culture among members of the poorest communities.

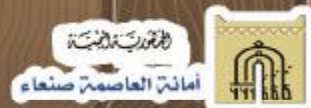




جائزة الإحلال وتوطين العمالة ٢٠١٤ م

Award of Best Institution in Replacement & Labor Force Employment – 2014

Partners & Donors





جائزة الريادة

Pioneer Award



جائزة أكثر منتج نجاحاً

*Successful Product
Microfinance Innovation
Award*



جائزة الأبداع

Creativity Award



جائزة أكثر منتج إبداعاً

*Global Microfinance
Achievement Awards Most
Innovative Microfinance
Products*

الجوائز

The Awards Won by AMB



جائزة التحدي الإسلامي

*Islamic Microfinance
2010 Challenge Award*



جائزة ممارس العام

*Practitioner of The Year
2013 Award*

الشركاء والداعمون

