NATIONAL BANK OF YEMEN
Aden, Republic of Yemen

AUDITED FINANCIAL STATEMENTS
For the Year Ended 31 December 2024

NATIONAL BANK OF YEMEN

ADEN, REPUBLIC OF YEMEN

THE AUDITED FINANCIAL STATEMENTS AND THE INDEPENDENT AUDITORS' REPORT ON THEM
FOR THE YEAR ENDED 31 DECEMBER 2024

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INDEPENDENT AUDITOR'S REPORT

TO H.E. MINISTER OF FINANCE

ON BEHALF OF NATIONAL BANK OF YEMEN

ADEN, REPUBLIC OF YEMEN

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

The Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report We are independent of the Bank in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Basis for the Qualified Opinion

As indicated in note (19-4-1) of the notes to the financial statements, it is evident that:

- No provision was made for Bank of Beirut - Beirut in the original currency of the accounts, as was the case in the previous years. While the account currencies of Bank of Beirut - Beirut were in US Dollars, Euros, and Saudi Riyals, the provision was recorded in Yemeni Rials. This contradicts International Accounting Standards. It should also be noted that the provision amount may, not be sufficient to cover the expected losses.

Emphasis of Matter

We would like to draw attention to the following:

- What is stated in Note 35 of the supplementary notes to the financial statements (Currency Risks), which shows the risks of fluctuations in foreign currencies exchange rates and their impact on significant foreign currency positions, as the closing rate issued by the Central Bank of Yemen/ Aden was followed in presenting transactions in foreign currencies during the year, as well as in valuing assets and liabilities of cash nature in foreign currencies as of 31 December 2024. In accordance with the instructions of the Central Bank of Yemen, the Bank conducted a sensitivity analysis of foreign currencies and determined its impact on the financial statements based on the exchange rate in the parallel market and the exchange rate issued by the Central Bank of Yemen, and indicated the impact of the change on the statement of Comprehensive Income. Our opinion is not qualified in this regard.
- As stated in Note 1 of the supplementary notes to the financial statements, the Bank is working in an unfavourable environment that may expose it to incurring losses or losing profit and affect its activities so that it may not be able to provide some of its services to its customers or meet some of its commitments, which raises doubt on Bank's capability to continue business on a going concern basis in the case of continuation of the unstable security and political situations and their different reflections. This requires the Government as the owner of the Bank to take serious measures to address any difficulties the Bank may face in relation to such matters. Our opinion is not qualified in this regard.
- as stated in Notes No. (18) and (20), the concentration of the Bank's credit activity on the Treasury Bills and the Certificates of Deposit, is a matter that is not free of high risks, in light of the difficult circumstances that the Central Bank of Yemen is going through, which requires the Bank's management to diversify its credit activity.

- As stated in Note 31, the legal reserve ratio was amended (raised) from (15%) to (25%), in exchange for reducing the general reserve from (15%) to (5%), according to the decision of the Board of Directors of the Central Bank of Yemen - Aden No. (4/9/2022) and the decision of the Board of Directors of the National Bank of Yemen No. (55) of 2024. It is worth noting that these amendments were made without obtaining the approval of the Minister of Finance, as stipulated in Article No. (10-A) of the Bank's Articles of Association.
- In accordance with the directives of the Central Bank of Yemen - Aden, the bank adopted the foreign exchange rate on January 1, 2023, based on market rates. The monthly closing is based on the monthly publications issued by the Central Bank of Yemen - Aden.

Attention Point

We would like to draw attention to the following:

- Direct credit facilities provided to customers have incurred losses over the past years, amounting to YER 24,490,064 thousand (2023: YER 21,090,204 thousand), which necessitates revitalizing the credit portfolio and working to activate investment activity.
- Studying and analyzing all branch activities and evaluating their economic feasibility, as most branches incur significant losses that burden the bank and even consume its financial resources.
- Reconsidering operating expenses and general and administrative expenses, as employee-related expenses amounted to YER 14,775,455 thousand (2023: YER 12,626,840 thousand), while general and administrative expenses amounted to YER 4,211,493 thousand (2023: YER 12,626,840 thousand).
- Rationalizing external training, as it costs the administration exorbitant sums, as the expenses for external training reached. YER 700,000 thousand (2023: YER 713,319 thousand).
- Seriously addressing the issues of employees referred to retirement upon reaching the two retirement ages, due to the financial consequences that burden the bank.
- Work must be undertaken diligently and persistently to activate the frozen dollar account balance at the Central Bank of Yemen – Aden. Its continued stagnation is depriving the bank of significant investment opportunities, especially given that the amount represents a substantial sum in foreign currency.
- Work must be undertaken to re-evaluate the land and real estate owned by the bank, as their book value does not reflect their fair value.

Management and the Board of Directors Responsibilities for the Financial Statements

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

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

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

Auditor's Responsibilities for The Audit of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit We also:

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

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

We also provide the Board of Directors with a statement that we have complied with the ethical requirements of independence and communicate with them on all relationships and other matters that may reasonably be believed to affect our independence and where relevant protection is possible.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

We have obtained all the information we considered necessary for the purposes of our audit,

- The Bank's financial statements have been prepared and comply, in all material respects, with all laws and regulations regulating Bank's business.
- The Bank maintains appropriate accounting records.
- Note 34 to the financial statements of the Bank discloses the significant related parties' transactions. Terms on which these transactions are made and the basis for managing conflicts of interest were clarified.
- We also confirm that based on the information provided to us, nothing has come to our attention that causes us to believe that the Bank has contravened, during the financial year ended 31 December 2024, any provisions of the laws and regulations that regulates the Bank's business that may have a material impact on Bank's activities or financial position.

Aden, on 14 February 2026.

Prof. Dr. Abdulbaset Bagonaid
Member of IASCA
An Independent Member of UC&CS GLOBAL
Registered Licensed Auditor No. 861

NATIONAL BANK OF YEMEN
ADEN, REPUBLIC OF YEMEN

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2024

	Note No.	2024 YR' 000	2023 YR' 000
REVENUES			
Activity Revenues:			
Interest on direct credit facilities to customers, net	4	**(24,490,064)**	(21,090,204)
Interest on due from banks, net	5	**4,223,443**	1,724,278
Commissions and fee income on banking services, net	6	**2,435,473**	1,564,259
Interest on certificates of deposit at Central Bank of Yemen	7	**8,196,601**	6,769,127
Returns from treasury bills		**31,463,010**	34,169,731
Dividends from investments	8	**57,223**	27,493
Gain on selling and buying foreign currencies		**6,561,426**	1,359,710
Total Activity Revenues		**28,447,112**	24,524,394
Other revenues	9	**2,541,301**	3,221,364
TOTAL REVENUES		**30,988,413**	27,745,758
EXPENSES			
Employees' related expenses	10	**(14,775,455)**	(12,626,840)
General and administration expenses	11	**(4,211,493)**	(3,590,736)
Other expenses	12	**(8,180,118)**	(8,788,105)
TOTAL EXPENSES		**(27,167,066)**	(25,005,681)
Re-translation differences on balances in foreign currencies	13	**(0)**	(1)
PROFIT FOR THE YEAR BEFORE ZAKAT AND INCOME TAX		**3,821,347**	2,740,076
Zakat	14	**(500,000)**	(825,000)
PROFIT FOR THE YEAR AFTER ZAKAT AND BEFORE INCOME TAX		**3,321,347**	1,915,076
Income tax	15	**(664,270)**	(383,015)
PROFIT FOR THE YEAR AFTER ZAKAT AND INCOME TAX		**2,657,077**	1,532,061
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the year		**-**	-
TOTAL OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	16	**2,657,077**	1,532,061

The attached notes 1 to 42 form an integral part of these financial statements

Mohsen Saeed Ali AlShabahi **Vice General Manager for Banking Departments**	**Dr. Ahmed Ali Omar Bin Sankr** **General Manager**	**Dr. Mohammed Hussein Halboob** **Chairman**

NATIONAL BANK OF YEMEN

ADEN, REPUBLIC OF YEMEN

STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Note No.	2024 YR' 000	2023 YR' 000
ASSETS			
Cash on hand and mandatory reserve balances at Central Bank of Yemen	17	**86,004,855**	64,856,393
Certificates of deposit at Central Bank of Yemen	18	**50,000,000**	41,000,000
Due from banks, net	19	**439,849,639**	314,231,357
Treasury bills, net	20	**196,643,816**	208,500,000
Direct credit facilities to customers, net	21	**23,557,178**	22,519,625
Receivables and other assets, net	22	**59,712,528**	46,171,569
Investments, net	23	**1,918,042**	1,440,306
Property, plant and equipment	24	**7,659,625**	6,688,752
Capital work in progress	25	**1,760,110**	1,295,899
TOTAL ASSETS		**867,105,793**	706,703,900
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks and financial institutes	26	**10,053,820**	7,069,965
Customers' deposits	27	**778,593,333**	632,199,738
Payables and other liabilities	28	**21,757,037**	16,640,058
Other provisions	29	**16,710,910**	13,343,028
TOTAL LIABILITIES		**827,115,100**	669,252,789
EQUITY			
Capital paid	30	**33,000,000**	33,000,000
Reserves	31	**4,333,616**	3,378,669
Dividends proposed	16-2	**2,657,077**	1,072,442
TOTAL EQUITY		**39,990,693**	37,451,111
TOTAL LIABILITIES AND EQUITY		**867,105,793**	706,703,900
CONTINGENT LIABILITIES, COMMITMENTS AND CONTRA ACCOUNTS, NET	32	**60,308,933**	77,665,991

The attached notes 1 to 42 form an integral part of these financial statements

Mohsen Saeed Ali AlShabahi
Vice General Manager for Banking Departments

Dr. Ahmed Ali Omar Bin Sankr
General Manager

Dr. Mohammed Hussein Halboob
Chairman

NATIONAL BANK OF YEMEN
ADEN, REPUBLIC OF YEMEN

STATEMENT OF CHANGES IN EQUITY
As at 31 December 2024

	Capital paid	*Reserves YR'000*	*Dividends proposed YR'000*	*Total YR'000*
Balance at 1 January 2024	**33,000,000**	**3,378,668**	**1,072,442**	**37,451,110**
Comprehensive income				
Profit for the year before Zakat and income tax	**-**	**-**	**3,821,347**	**3,821,347**
Zakat	**-**	**-**	**(500,000)**	**(500,000)**
Income tax	**-**	**-**	**(664,269)**	**(664,269)**
Other comprehensive income	**-**	**954,947**	**-**	**954,947**
Total comprehensive income	**-**	**954947**	**2,657,078**	**3,612,025**
Transactions with owner				
Transfer to capital from Government's share in profit for the year retained (Note 28-3):	**-**	**-**	**(1,072,442)**	**(1,072,442)**
Statutory reserve (Note 31-1)	**-**	**-**	**-**	**-**
General reserve (Note 31-2)		**-**	**-**	**-**
Total transaction with owner	**-**	**-**	**(1,072,442)**	**(1,072,442)**
Balance at 31 December 2024	**33,000,000**	**4,333,615**	**2,657,078**	**39,990,693**
Balance at 1 January 2023	20,000,000	15,919,050	-	35,919,050
Comprehensive income				
Profit for the year before Zakat and income tax		-	2,740,076	2,740,076
Zakat	-	-	(825,000)	(825,000)
Income tax	-	-	(383,015)	(383,015)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,532,061	1,532,061
Transactions with owner				
Transfer to capital from Government's share in profit for the year retained (Note 28-3):				
Prior year dividends (Note 16-2)	13,000,000	(13,000,000)	-	-
Automation Project revaluation Reserves ("BANKS" System)	-	383,015	(383,015)	-
Transfer from profit for the year to:		76,603	(76,603)	-
Statutory reserve (Note 31-1)	-	-	-	-
General reserve (Note 31-2)	-		-	-
Total transaction with owner	13,000,000	(12,540,382)	(459,618)	
Balance at 31 December 2023	33,000,000	3,378,668	(1,072,442)	37,451,110

The attached notes 1 to 42 form an integral part of these financial statements.

Mohsen Saeed Ali AlShabahi	Dr. Ahmed Ali Omar Bin Sankr	Dr. Mohammed Hussein Halboob
Vice General Manager for Banking Departments	General Manager	Chairman

STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2024

	2024 YR 000	2023 YR 000
OPERATING ACTIVITIES		
Profit for the year after Zakat and income tax	2,657,077	1,532,061
Adjustments for the following:		
Depreciation of property, plant and equipment	891,476	747,553
Provisions:		
Re-translation differences on balances in foreign currencies	(1,793,339)	102,851
Made	6,991,783	1,053,575
Written back	(2,472,689)	(181,027)
Written off		
Operating Profit Before Changes in Banking Assets and Liabilities Related to Operating Activities	6,274,308	3,255,013
CHANGES IN BANKING ASSETS		
Mandatory reserve balances at Central Bank of Yemen	(12,445,108	(27,388,225)
Due from banks maturing in over than three months		
Direct credit facilities to customers before provision for impairment but after suspended interest	(6,337,610)	(25,929,721)
Receivables and other assets	(13,450,959)	(36,995,405)
Net decrease / (increase) in banking assets	(32,323,677)	(90,313,351)
CHANGES IN BANKING LIABILITIES		
Due to banks and financial institutes	2,983,856	4,674,794
Customers' deposits	146,393,595	298,183,704
Payables and other liabilities	5,116,979	(374,160)
Net increase in banking liabilities	154,494,430	302,484,338
Net Cash Flows from Operating Activities (1)	128,445,061	215,426,000
INVESTING ACTIVITIES		
Treasury bills maturing in over than three months	11,856,184	
Investments	(477,736)	(1,023,120)
Additions to property, plant and equipment	(1,862,351)	(777,449)
Capital work in progress	(464,211)	(703,790)
Net Cash Flows (Used In) Investing Activities (2)	9,051,886	(2,504,359)
FINANCING ACTVITIES		
Dividends proposed	5,824,689	4,752,247
Capital increase	-	13,000,000
Net Cash Flows (Used In) / From Financing Activities (3)	5,824,689	17,752,247
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (1+2+3)	143,321,636	230,673,888
Cash and cash equivalents at 1 January	366,625,812	135,951,924
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (Note 33)	509,947,448	366,625,812

The attached notes 1 to 42 form an integral part of these financial statements.

Mohsen Saeed Ali AlShabahi
Vice General Manager for Banking Departments

Dr. Ahmed Ali Omar Bin Sankr
General Manager

Dr. Mohammed Hussein Halboob
Chairman

1. BACKGROUND

1.1. Incorporation

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

The Bank's status was amended in accordance with Prime Minister Decree No. 405 of 2013 on Reorganisation of the National Bank of Yemen issued on 5 August 2013, upon which the Article of Association of National Bank of Yemen was issued, as until that date it was operating in accordance with Law No. 35 of 1991 on Authorities, Corporations and Public Companies.

The Bank is wholly owned by the Yemeni State and is registered under commercial registration number 1748 and in Chamber of Commerce under no. 2404. It enjoys a corporate personality of a financial and administrative independency and is subject to supervision of the Minister of Finance in accordance with Article No. 3 of Prime Minister Decree No. 405 of 2013 on Reorganisation of the National Bank of Yemen.

The Bank's Head Office and legal place is located in Aden City and it can establish branches, agencies or offices inside or outside the Republic upon a license from Central Bank of Yemen after the approval of National Bank of Yemen Board of Directors in accordance with Article No. 4 of the same Decree.

1.2. Activity

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

1.2.1. The Year Ended 31 December 2024

During the year, the Bank continued doing business through its Head Office in Aden City and its branches in a number of governorates of the Republic of Yemen under the management of a Board of Directors of 8 members headed by Dr. Muhammad Hussein Halboub - Chairman, appointed under Republican Decree No. 12 of 2017 dated 28 January 2017, and an executive management team headed by Dr. Ahmed Ali Omar bin Sankar- General Director, appointed under Prime Minister Resolution No. 7 of 2017 dated 29 January 2017.

During the period from January 2024 to December 2024, the Board of Directors held 11 regular, extraordinary, and annual meetings. As of December 31, 2024, the number of branches operating under the authority and control of the Bank's Head Office in Aden totaled 25 commercial branches and 3 offices, employing 966 staff members — 954 permanent and 12 contractual (December 31, 2023: 25 commercial branches, 3 offices, and 966 employees — 954 permanent and 12 contractual). The number of branches that continued to operate but remained outside the authority and control of the Bank's Head Office in Aden totaled three branches — Sana'a Branch, Hodeidah Branch, and the National Islamic Bank, employing 98 staff members — 90 permanent and 8 contractual, as of July 2019

1.2.2. Significant Events

- *Inaugurating the Modern Banking "BANKS" System*

On 2 February 2020, the Bank's Head Office - Aden inaugurated the "Go Live" stage of the "BANKS" System at the Bank's Head Office and the two branches Al-Aydarous and Queen Arwa in conjunction with the 50th memorial of establishing the Bank and were followed by Little Aden Branch on 1 November 2020. In the year 2021, the System was inaugurated in 8 branches. In 2022, work was launched in 5 branches. In 2023, also work was launched in 5 branches. The implementation of this project comes in accordance to an agreement signed on 22 May 2017with ICSFS, Amman - Jordan for the purchase, supply of systems and programs, application and training for "Banks" System. The tender was awarded to the company according to the Higher Tender Committee Resolution No. 61 of 2014 for the implementation of Part Two of Bank's Development and Modernization Project - Installing and Operating Information Technology Equipment and Programs which the Bank is implementing, self-financed, with the aim of enhancing the Bank's efficiency and competitiveness and maximizing profitability. The Bank had signed a contract with an international consulting firm on 20 December 2006 to implement the first part of the Project.

- *Management Approval on Bank's Audited Financial Statements for the Year Ended 31 December 2023*

On July 3, 2025, management approved the audited financial statements of the Bank for the year ended December 31, 2023.

- *Year's Results*

In the light of continuing political and security instability in the Country since the outbreak of the war in March 2015 and their various repercussions, the deterioration of the local currency rate, the reduction transactions volume locally and abroad, the difficulty of communication with some correspondent banks, the limited opportunities for internal and external investment due to the existing regional and international conditions and the exit of Bank's branches in Sana'a and Al-Hodeida from the authority and control of Bank's Head Office in Aden. Management believes that despite the difficulty to predict the impact of circumstances on the financial statements and management's estimates concerning the fair value of Bank's assets and liabilities and the financial plans prepared for the subsequent period, the Bank will continue in business as a going concern in the foreseeable future. Therefore, the Bank's financial statements were prepared on a going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. New Or Amended Accounting Standards and Interpretations Adopted

The Bank has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2.2. Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') in addition to provisions of Central Bank of Yemen circulars.

Historical Cost Convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of certain classes of property, plant and equipment and financial assets at fair value through other comprehensive income. The Bank does not carry any financial assets or liabilities at fair value through profit or loss.

Critical Accounting Estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.3. Discontinued Operations

In June 2019, the Bank's branches in Sana'a and Al-Hodeida (two commercial branches and an Islamic branch) exited out of the authority and control of the Bank's Head Office - Aden. The Bank and the Central Bank of Yemen / Aden published a warning announcement on that regard on 24 and 26 December 2019.

Due to the continuity of those branches in operation under the name and logo of the Bank independently and management's belief that their situation can be resolved in the future, the management did not apply the requirements of IFRS 5- "Non-current Assets Held for Sale and Discontinued Operations" which defines discontinued operations as a component of an entity that has either been excluded or classified as held for sale, and represents major business line operations, a separate geographical area, or part of a single plan coordinated to exclude a line of business, a separate geographical area or a subsidiary facility acquired only with a resale perspective since the definition of the Standard does not apply on the status of those branches.

Therefore, the accounts of the Bank's two commercial branches in Sana'a and Al-Hodeida as at 31 July 2019 are presented, independently, in the notes to the Bank's financial statements, based on the last trial balance obtained by Bank's Head Office- Aden from the two branches dated 31 July 2019, while the accounts of the same branches as in the records of Bank's Head Office -Aden for the period 1 August - 31 December 2019 are presented as suspended accounts balances because the Bank's Head Office -Aden did not obtain any financial reports on them from the two branches. As for the Islamic Branch, which represents an independent entity of the Bank according to the requirements of the Central Bank of Yemen, its balance is presented as at 25 December 2019 which is the date of the last transaction recorded for this branch in the records of the Bank's Head Office -Aden in the light of the fact that this branch did not submit any financial reports to Bank's Head Office -Aden for the period 1 January - 31 December 2019.

2.4. Translation Of Foreign Currencies

- The Bank maintains its accounting records in Yemeni Rial which is the Bank's functional and presentation currency.
- Transactions denominated in foreign currencies or required to be paid in foreign currencies are initially recorded in Yemeni Rial according to exchange rate ruling at date of the transactions.
- All monetary assets and liabilities denominated in foreign currencies at year end are re-translated at exchange rate ruling at reporting date. Non-monetary items measured at historical cost in foreign currencies are re-translated using exchange rate ruling at transaction date. Non-monetary items measured at fair value are re-translated using exchange rate ruling when determining fair value and its recognition in equity. Differences on re-translation of balances in foreign currencies are included in profit or loss.
- The Bank does not deal in forward foreign exchange contracts.

2.5. Revenue Recognition

The Bank recognises revenue from contracts with customers based on a five-step model as set out in 'IFRS 15 – Revenue from Contracts with Customers' as follows:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and set out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation

<u>Activity Revenues</u>

Activity revenues of the Bank are represented by revenues of banking activity as determined by Article No. 2-h of Law No. 38 of 1998 on Banks.

The Bank recognizes activity revenues as follows:

- Interest received on direct credit facilities and paid for customers' deposits: on accrual basis using the effective interest rate method which is established on initial recognition of the financial asset / liability and is not revised subsequently. In compliance with Central Bank of Yemen instructions in its circular no. 6 of 1996, the revenue on interest on credit facilities which passed due time three months or more are not recognised until actually collected.
- Commission and fee income on banking services such as issuing letters of credit and letters of guaranty, etc.: when earned.
- Gain on selling foreign currencies: when earned.
- Dividends from investments: when the right of the Bank to receive payment is established.
- Interest on certificates of deposit at Central Bank of Yemen and returns on treasury bills: based on maturity period.
- Interest on due balances from banks: when the right of the Bank to receive payment is established.

<u>Other Revenues</u>

All other revenues are recognised when received or the right to be received is established.

2.6. Employees' Benefits

Regular Leave
An employee is entitled of a regular leave with full salary on each year of actual service that is not less than 30 days. If have passed the age of 50 the employee could obtain a regular leave for 45 days. Eid days and official holidays are not included in the regular leave in accordance with Article No. 53 of Law No. 19 of 1991 on Civil Service. Enjoying this leave is compulsory in year of entitlement and should not accumulate to more than 90 days at maximum in accordance with Article No. 54 of the same law. The amount of the leave is paid in cash to Bank's employees whose duties require continuing to work throughout the year.

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

End of Service Benefits
The Bank provides end of service benefits to it employees since 2015. It is represented by employee's 3 months' salary according to last payroll sheet when retired.

2.7. Leases

Lease contracts entered by the Bank are annual rent contracts to use buildings for Bank's branches and apartments for some of Bank's employees. The Bank recognizes lease payments as an expense in the statement of profit or loss on a straight-line basis over the lease term as permitted by IFRS 16 "Leases".

2.8. Zakat

The Bank pays the amount of Zakat for the year according to the claims of the General Directorate of Zakat Duties / Aden and obtains a clearance letter for the payment for the year. Donations and gifts paid by the decision of the administration are included in the general and administrative expenses.

2.9. Tax

Income Tax on Trade and Industry Profits
The amount of this tax is calculated at 20% in accordance with Law No. 17 of 2010 on Income Tax, its bylaw no. 508 of 2010 and orders effective in the Republic of Yemen and is paid in accordance with Tax Authority procedures.

The Bank does not pay tax on provisions for losses / impairment of direct credit facilities (and suspended interests) and indirect credit facilities it makes in compliance with Central Bank of Yemen instructions in accordance with Article No. 85 of Law No. 38 of 1998 on Banks and Article No. 14-a-2 of Law No. 17 of 2010 on Income Tax.

In accordance with Article No. 19-a of Law No. 17 of 2010 on Income Tax, the Bank, "If the account of one year subject to tax was closed with a loss and it has provided its tax declaration as approved by a licensed chartered accountant based on proper books and accounts, could carry this loss on expenses of the year following the year of loss and deduct it from its profit. If profit is not enough to cover the whole loss, the rest of the loss is to be transferred to the next year and so on until the fifth year of starting the deduction". The provision of this article "does not apply on the losses carried by the Bank in the tax year and prior years, if there is a 100% change in ownership of capital in accordance with Article No. 19-b of the same law.

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

Other Taxes
Other taxes are calculated in accordance with effective related taxes laws.

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the comprehensive profit for the year by the weighted average number of ordinary shares during the year.

2.10. Profit Distribution

Contrary to the provisions of Article (10-a) of the Bank's Articles of Association, and in response to the Resolution No. 9/4/2022 of the Board of the Central Bank of Yemen – Aden, and pursuant to the Bank's Board Resolution No. 55 of 2024, the net profit after zakat and tax, and in accordance with the Central Bank's directive, shall be distributed as follows:

- 25% Statutory reserve;
- 05% General reserve;
- 60% Government's share in excess of profit;
- 10% Employee's incentives as per their activity in accordance with performance reports based on a recommendation of Bank's management and approval of Board of Directors.

2.11. Current And Non-Current Classification

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Bank's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. A liability is classified as current when: it is either expected to be settled in the Bank's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

2.12. Cash And Cash Equivalents

Bank's cash and cash equivalents are represented by cash on hand and balances at the Central Bank (except mandatory reserve), current accounts and short-term fixed deposits due from banks and treasury bills and certificates of deposit at Central Bank maturing in three months from its issuance date.

2.13. Mandatory Reserve with Central Bank of Yemen

This reserve represents the minimum limit of balances the Bank has to maintain at Central Bank of Yemen against customers' deposits at the Bank in local currency and foreign currencies and is calculated on the basis of the average deposit balances during the week at 7% on deposits in local currency and 20% on deposits balances in foreign currencies in accordance with Central Bank of Yemen circular no. 4 of 2009 on Weekly Reporting on Calculating the Mandatory Reserve on Deposits. The percentage of this reserve on all deposits in foreign currency with the bank has been reduced to 10% in accordance with Article No. 1 of the Governor of the Central Bank of Yemen Decision No. 3 of 2011 regarding the reserve in foreign currencies. The Central Bank does not give interest on this reserve and it is not available for the Bank's daily use.

2.14. Certificates of Deposit at Central Bank of Yemen

These accounts represent a public debt instrument subscribed at Central Bank of Yemen. They are stated at nominal value and revenue on them is defined by the period of maturity, interest rate and commission as determined by Central Bank of Yemen / Aden.

2.15. Treasury Bills

These accounts represent a public debt instrument issued by the Central Bank of Yemen on behalf of the Ministry of Finance. They are stated at net value and revenue on them is defined by the period of maturity and return rate as determined by Central Bank of Yemen/ Aden. Treasury bills which mature in a period not more than three months are considered part of cash and cash equivalents in accordance with Central Bank of Yemen circular no. 2 of 2002 on Rules on Preparation and Presentation of the Financial Statements and Basis of Evaluation of Banks (amended).

2.16. Due From Banks

These accounts are represented by Bank's current accounts and fixed deposits at other banks and are stated at amortised cost. The provision for impairment is calculated using the simplified approach to measure expected credit losses - one stage over the life of the instrument.

2.17. Direct Credit Facilities

These accounts are represented by short term loans and overdraft facilities to Bank's customers in public and private sectors and individuals. They are stated net of relevant provision for impairment and suspended interest in accordance with Central Bank of Yemen circular no. 2 of 2002 on Rules on Preparation and Presentation of the Financial Statements and Basis of Evaluation of Banks (amended). Impairment of these credit facilities are recognised in accordance with several indicators as defined in Central Bank of Yemen circular no. 6 of 1996, its annex circular no. 5 of 1998 and its annex circular no. 8 of 2015 on Classification of Credit Facilities and the Way to Calculate Required Provisions and Central Bank of Yemen circular no. 2 of 2002 on Rules on Preparation and Presentation of the Financial Statements and Basis of Evaluation of Banks (amended) including the following:

- The amount of difference between the size of customer's deposits and cash flows in his accounts at the Bank and the return due from the debt for a certain period of time;
- The amount the customer is exceeding on the authorised limit of facility granted to him for a certain period of time;
- The period of customer's delay in payment of the debt on agreed instalment or interest; and
- Occurrence of defect in the customer's financial position resulting in negative net equity.

Provision for impairment on these facilities is calculated after deducting suspended interest and cash or bank guarantees of high quality that can get liquefied in a short term in same currency of direct credit facility in accordance with rates determined by the relevant Central Bank of Yemen circulars.

The Bank applies the requirements of IFRS 9 - Financial Instruments since 1 January 2018, in line with the Central Bank of Yemen circulars regarding direct credit facilities issued in prior periods due to not obtaining any instructions or circulars issued by Central Bank of Yemen on IFRS 9 - Financial Instruments, as follows:

- Stages of impairment recognition:

Impairment stages	Exposure to credit risk	Default payment indicator	Recognition of expected credit loss
First	Not materially high since initial recognition or of low credit risk	Less than 30 days	For 12 months
Second	Materially high since initial recognition or no subjective evidence of impairment	30 days and less than 90 days 90 days and less than 180 days 180 days and less than 360 days	For debt life
Third	There is subjective evidence of impairment	360 days or more	For debt life

- Credit classification categories and provision type:

Impairment stages	Credit classification category	Provision rate	Provision type
First	Performing	2%	General
Second	Underperforming-1: Under watch	2%	Specific
	Underperforming-2: Substandard	15%	
	Underperforming-3: Doubtful	45%	
Third	Impaired	100%	Specific

- Suspended interest (uncollected interest): The Bank includes the interest on direct credit facilities that have passed due three months or more and not been paid marginally under suspended interest. They are not carried to customers' accounts receivable and are not credited to profit or loss unless collected and after the principal has been collected.

2.18. Receivables

These accounts are mainly represented by amounts due to the Bank from its employees or other entities and are presented at amortised cost. The provision for impairment is calculated using the simplified approach to measure expected credit losses - one stage over the life of the instrument.

2.19. Investments

The Bank holds investments at fair value through other comprehensive income represented by shares in capital of financial and commercial entities not exceeding 17% from the capital of any if them. These accounts are stated at fair value including purchase price and costs associated with their acquisition. Changes in fair value are recognized, upon notice from the investment entity, in other comprehensive income and then transferred to the related reserve. The Bank provides for impairment when it is not possible to receive dividends and the investment is incurring accumulated losses in accordance with the latest available financial statements of investment.

2.20. Property, Plant and Equipment

Bank's lands and buildings are stated at revaluation amount. Plant and equipment are shown at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset's items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected productive lives using the rates set forth in the Council of Ministers Resolution No. 144 of 1999 on this regard as shown below:

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

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Bank. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Bank's lands and buildings are revalued with the help of an independent advisory firm every five years since 2007 in the light of the situation the Country is going through. The recognition of re-valuation results and their inclusion in the Bank's records require the approval of the Central Bank of Yemen.

2.21. Capital Work in Progress

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

2.22. Due to Banks and Financial Institutes

These accounts are represented by fixed deposits and current accounts of other banks and financial institutions at the Bank.

2.23. Customer Deposits

These accounts are mainly represented by current accounts, saving accounts and fixed deposits of Bank's clients in public and private sectors and individuals.

2.24. Payables

These accounts are mainly represented by amounts due from the Bank to its employees or other entities.

2.25. Other Provisions

Other than the provisions made by the Bank for impairment of financial and non-financial assets, the Bank recognises other provisions when it has an obligation (legal or constructive) arising from a past event, and the Bank may be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

2.26. Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement. For recurring and non- recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Fair Value of Investments

Year	*Level one YR'000*	*Level two YR'000*	*Level three YR'000*	*Total YR'000*
2024	-	-	356,560	356,560

2.27. Reserves

Statutory Reserve and General Reserve

In accordance with Article No. 10-2 of Bank's Article of Association, the Bank has to maintain a statutory or general reserve or both together until reserve balance is double the authorised capital for the Bank. The Bank has to stop deducting and calculating reserve when reaching such limit.

Such percentage could be increased upon the recommendation of management, approval of the Board of Directors and acceptance of the Minister. In accordance with Article No. 10-3 of the Bank's Article of Association the Bank may use the general reserve to increase capital or develop Bank's activities and raise its efficiency, based on Bank's management recommendation and Board of Directors and Minster approval.

Surplus on Revaluation of Property, Plant and Equipment Reserve

This reserve includes the difference between fair value and book value of Bank's lands and buildings which were revalued for the first time on 1 December 1999 effective as at 31 December 1999 by an independent specialised firm. In accordance with IAS 16, the cost and related accumulated depreciation as at that date were eliminated based on revaluation results and the revaluation amount has been considered the new gross book carrying amount. Surplus was added to this reserve.

Cumulative Change in Fair Value Reserve

This reserve includes the cumulative net change in the fair value of Bank's investments at fair value through other comprehensive income that are still recognised in the Bank's financial statements. This reserve is maintained until these investments are sold, disposed or impaired. Fair value gains or losses in this reserve represent non-distributable profits and it is part of restricted equity, which also includes share capital and revaluation reserve.

2.28. Contingent Liabilities, Commitments and Contra Accounts

These accounts are represented by contractual amounts for the purpose of providing funds to a customer when necessary. They are not included in the statement of financial position as they are not actual assets or liabilities of the Bank at the reporting date but get converted from a contingent liability to a direct obligation in the future and the Bank is obliged to pay the amounts due on behalf of the customer, only, when the customer defaults on the terms of the contract. These accounts are stated at unamortised value (net value after deducting the corresponding cash security) in accordance with the Central Bank of Yemen circular no. 2 of 2002 on Rules on Preparation and Presentation of the Financial Statements and Basis of Evaluation of Banks (amended).

Indirect Credit Facilities

These accounts are represented by local and foreign letters of guaranty and letters of credit - import and export. The Bank makes general or specific provisions for the value not covered with cash security of all these accounts in compliance with the requirements of IFRS 9- Financial Instruments on the 'expected credit loss' model.

Other Contingent Liabilities and Commitments

These accounts are represented by accepted securities on suppliers' facilities, re-discounted bills, non-cancellable credit grants or whose cancellation would result Bank incurring significant fines or expenses, commitments for differed foreign exchange contract and interest rate contracts etc.

Contra Accounts

These accounts are represented by securities that do not entail any contingent liability to the Bank, as the Bank is not a party of, and its responsibility is restricted to the custody of them, such as cheques, bills deposited for collection, bills deposited for insurance and securities deposited for guarantee or as free deposit. These are maintained in regular record books to register value and are reviewed and adjusted in accordance with sound systems and proper control.

2.29. Related Party Transactions

In its normal course of business, the Bank conducts transactions with other entities that fall in the definition of related parties as comprised in the International Accounting Standard 24 - Related Party Disclosures. A related party is a person or entity that is able to control or exercise significant and material influence over the Bank's financial and operating decision-making process. The Bank discloses in its financial statements on transactions made with related parties such as Board of Directors, senior management, their families and companies in which they own 25% or more of its share capital. The Bank deals with related parties at the same basis it deals with others in accordance with provisions of Law No. 38 of 1998 on Banks and interpretation of Central Bank of Yemen in its circular no. 4 of 1999 on Lending Related Parties and Their Related Interest. The pricing policies and terms of these transactions are subject to Bank's management approval. (Note 34).

2.30. Offsetting The Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the resultant net balance is reported in the statement of financial position, if and only if, there is a legally enforceable right to offset the recognised amounts and there is intention for either settlement on a net basis or an asset to be realised and a liability settled simultaneously

2.31. Fiduciary Assets

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

2.32. Rounding of Amounts

Amounts in this report have been rounded off to the nearest thousand Yemeni Riyal, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Management Estimates

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

When determining the provisions for direct credit facilities, the Bank takes into consideration several factors including: the overall customer's financial position; risk percentage i.e., the ability of the customer to conduct profitable business activities and collect enough income to enable him pay the debt; value of the collateral and possibility of transferring its ownership to the Bank; and cost of settling the debt.

4. INTEREST ON DIRECT CREDIT FACILITIES TO CUSTOMERS, NET

	2024 YR'000	2023 YR'000
Interest on direct credit facilities to customers (Note 4-1)	**1,131,070**	1,395,869
Cost of customers' deposits (Note 4-2)	**(25,621,134)**	(22,486,073)
	(24,490,064)	(21,090,204)

4.1. Interest on Direct Credit Facilities to Customers

	2024 YR'000	2023 YR'000
Short term loans	**1,081,193**	1,366,352
Overdraft facilities	**49,877**	29,517
	1,131,070	1,395,869

4.2. Cost of Customers' Deposits

	2024 YR'000	2023 YR'000
Fixed deposits	**(21,199,648)**	(18,199,392)
Saving accounts	**(4,421,486)**	(4,286,681)
	(25,621,134)	(22,486,073)

5. INTEREST ON DUE FROM BANKS

	2024 YR'000	2023 YR'000
Foreign banks:		
Fixed deposits	**4,223,443**	1,724,278
Current accounts	-	-
	4,223,443	1,724,278

6. COMMISSIONS AND FEE INCOME ON BANKING SERVICES, NET

	2024 YR'000	2023 YR'000
Commissions and fee income on banking services (Note 6-1)	**2,481,314**	1,606,250
Commissions and fee expenses on banking services (Note 6-2)	**(45,841)**	(41,991)
	2,435,473	1,564,259

6.1. Commissions and Fee Income on Banking Services

	2024 YR'000	2023 YR'000
Commissions:		
Cheques and money transfer	**1,825,914**	752,231
Letters of credit	**13,347**	34,452
Letters of guaranty	**159,073**	231,922
Collection policies and export drafts	**18,779**	0
Fees:		
Fixed deposits	**234,220**	207,046
Current accounts	**49,055**	40,800
Postage, fax and swift	**10,793**	7,530
Others	**170,133**	332,269
	2,481,314	1,606,250

6.2. Commissions and Fee Expenses on Banking Services

	2024 YR'000	2023 YR'000
Commissions - foreign banks	**(45,841)**	(41,991)
	(45,841)	(41,991)

7. INTEREST ON CERTIFICATES OF DEPOSIT AT CENTRAL BANK OF YEMEN

	2024 YR'000	2023 YR'000
Interest receivable		
Central Bank of Yemen:	**8,196,601**	6,769,127
	8,196,601	6,769,127

8. DIVIDENDS FROM INVESTMENTS

	2024 YR'000	2023 YR'000
ALUBAF Arab International Bank - Bahrain (Note 8-1)	**57,223**	27,493
Yemen Mobile Company - Yemen (Note 8-2)		-
Arab Financial Services Company - Bahrain (Note 8-3)		-
	57,223	27,493

8.1. ALUBAF Arab International Bank - Bahrain

The Bank received dividend distributions for the year 2023 amounting to USD 34,420, based on the latest available financial statements for the investment as of December 31, 2023.

8.2. Yemen Mobile Company - Yemen

During the year ended December 31, 2024, the Bank did not receive any dividend distributions from this investment for the year 2024. It is noted that Yemen Mobile regularly distributes annual dividends; however, for unknown reasons, the company has refrained from disbursing the Bank's share of the annual dividends. The last year in which the Bank received its share of annual profits was 2018.

8.3. Arab Financial Services Company - Bahrain

During the year ended December 31, 2024, the investment did not distribute any dividends for the recent years: 2024, 2023, 2022, 2021, 2020, 2019, and 2018. The total unpaid dividend distributions due to the Bank for the period from 2015 to 2017 amount to USD 11,761.

9. OTHER REVENUES

	2024 YR'000	2023 YR'000
Written back provision for:		
Impairment of direct credit facilities (Note 21-2)	**2,409,602**	177,855
Impairment of indirect credit facilities (Note 29-3)	**26,297**	3,172
Recovered from embezzled funds	**36,791**	0
Prior year revenues	**65,418**	51,682
Surplus cash with tellers'	**2,793**	2,987,455
Differences in currencies revaluation	**400**	1,200
	2,541,301	3,221,364

10. EMPLOYEES' RELATED EXPENSES

	2024 YR'000	2023 YR'000
Basic salaries and wages	**3,869,984**	3,710,259
Allowances and benefits	**4,886,910**	4,296,330
Bonuses and incentives	**4,515,806**	3,396,730
Employees regular leave (Note 28-1-2)	**250,000**	0
Bank's contribution in social insurance	**244,062**	238,185
End of service benefits (Note 28-1-1)	**176,446**	170,418
End of service benefits expenses	**200**	0
Professional Training Fund	**64,111**	56,802
Qualification and Training (Note 10-1)	**767,936**	758,116
Prior years expenses (Employees' entitlements)	**0**	0
	14,775,455	12,626,840

10.1. Qualification and Training

	2024 YR'000	2023 YR'000
Academic and professional qualification- Bank:		
External	**700,000**	713,319
Internal	**67,936**	44,797
	767,936	758,116

11. GENERAL AND ADMINISTRATION EXPENSES

	2024 YR'000	2023 YR'000
Guarding and security	**186,443**	217,456
Maintenance and repairs	**1,268,743**	1,123,094
Fuel and oil - vehicles and generators	**508,358**	403,377
Local and abroad transport	**339,157**	436,720
Electricity and water	**156,208**	128,934
Advertisement and publishing	**242,987**	152,784
Postage, communication, swift and internet	**417,708**	299,018
Stationery and printing	**137,905**	104,752
Rent	**229,036**	188,577
Professional and consultancy fees	**191,803**	64,050
Prescriptions	**131,100**	91,775
Hospitality and reception	**49,474**	41,553
Donations and gifts	**106,703**	135,185
Insurance	**169,338**	137,433
Information technology	**5,193**	6,877
Public charges	**15,549**	12,976
Other	**55,788**	46,175
	4,211,493	3,590,736

12. OTHER EXPENSES

	2024 YR'000	2023 YR'000
Provisions made during the year (Note 12-1)	**6,815,137**	7,339,527
Prior years expenses	**113,635**	379,859
Depreciation of property plant and equipment (Note 24)	**891,476**	747,553
Corona Virus epidemic related expenses (Note 12-2)	**299,010**	285,030
Judicial expenses	**8,494**	25,290
Others	**52,366**	10,846
	8,180,118	8,788,105

12.1. Provisions Made During the Year

	2024 YR'000	2023 YR'000
Impairment of direct credit facilities (Note 21-2)	**2,564,977**	3,345,931
Contingent claims (Note 29-1)	**500,000**	500,000
Fees on annual subscription in Bank Deposit Insurance Corporation (12-1-1)		-
Indirect credit facilities - General (Note 29-3)	**22,612**	7,644
Operational risks		
Bank of Beirut – Beirut provision	**3,727,548**	3,485,952
Capital works provisions		-
Differences in currencies revaluation		-
	6,815,137	7,339,527

12.1.1. Fees on Annual Subscription in Bank Deposit Insurance Corporation

During the year ended 31 December 2024, the Bank did not receive a claim from the Bank Deposit Insurance Corporation on such fees in accordance with Article No. 16 of Law No. 21 of 2008 on Bank Deposit Insurance Corporation. Therefore, it made an estimated provision on total clients' deposits with the Bank in case of any future claims. The Bank pays these fees in accordance with Article No. 12-2-b of the same law.

13. RE-TRANSLATION DIFFERENCE ON BALANCES IN FOREIGN CURRENCIES

	2024 YR'000	2023 YR'000
Gain on re-translation of debt balances in foreign currencies		-
(Loss) on re-translation of credit balances in foreign currencies		(1)
	-	(1)

14. ZAKAT

	2024 YR'000	2023 YR'000
Balance at 1 January	**488,490**	116,031
Made for the year	**500,000**	825,000
(Paid) during the year for prior year	**(500,000)**	(452,541)
Balance at 31 December	**488,490**	488,490

On December 13, 2024, the Bank obtained a final clearance from the General Department of Zakat Obligations / Aden for the payment of zakat for the year 2024, at March 3,2025 receive it. The General Department of Zakat Obligations shall distribute the shares to the remaining governorates in accordance with the law.

15. INCOME TAX

	2024 YR'000	2023 YR'000
Balance at 1 January	**383,015**	1,188,062
Made for the year	**664,270**	383,015
(Paid) during the year	**(383015)**	(1,188,062)
Balance at 31 December	**664,270**	383,015

16. COMPREHENSIVE INCOME FOR THE YEAR

For the year ended December 31, 2024, the Bank achieved a total comprehensive income (profit surplus) of YER 2,657,077 thousand (2023: comprehensive income of YER 1,532,061 thousand).

16.1. Basic Earnings Per Share

		2024 YR'000	2023 YR'000
Comprehensive income for the year	YR'000	**2,657,077**	1,532,061
Weighted average number of shares	1000 shares	**33,000**	33,000
Basic earnings per share	YR	**81**	46

16.2. Proposed Dividends

	2024 YR'000	2023 YR'000
Balance at 1 January	**1,072,442**	3,326,573
Comprehensive income for the year	**2,657,077**	1,532,061
Government's share in prior year's profit- retained (Note 28-3)	**(919,236)**	(3,851,348)
Employees' share in prior year's profit	**(153,206)**	(475,226)
Balance distributable for the year	**2,657,077**	1,532,060
Transfer to statutory reserve during the year(%15)		-
Transfer to general reserve during the year (%15)		-
Transfer to statutory reserve during the year (%25)	**(664,269)**	(383,015)
Transfer to general reserve during the year (%5)	**(132,854)**	(76,603)
Balance at 31 December	**1,859,954**	1,072,442
Proposed dividends for current year:		
Government's share	**(1,594,246)**	(919,236)
Employees' share	**(265,708)**	(153,206)
Total proposed dividends	**(1,859,954)**	(1,072,442)

17. CASH ON HAND AND MANDATORY RESERVE BALANCES AT CENTRAL BANK OF YEMEN

	2024 YR'000	2023 YR'000
Cash on hand:		
Foreign currencies	**15,254164**	6,937,219
Local currency	**4,843,645**	4,457,236
Total cash on hand	**20,097,809**	11,394,455
Mandatory reserve balances at Central Bank of Yemen: (Note 17-1)		
Local currency	**17,305,808**	16,672,221
Foreign currencies	**48,601,238**	36,789,717
Total mandatory reserve balances at Central Bank of Yemen	**65,907,046**	53,461,938
	86,004,855	64,856,393

18. CERTIFICATES OF DEPOSIT AT CENTRAL BANK OF YEMEN

	2024 YR'000	2023 YR'000
Certificates of deposit per period		
90 days	**0**	0
180 days	**0**	37,000,000
360 days	**47,000,000**	4,000,000
1080 days (3Years)	**3,000,000**	0
	50,000,000	41,000,000

19. DUE FROM BANKS, NET

	2024 YR'000	2023 YR'000
Local banks:		
Central Bank of Yemen (Note 19-1)	**230,131,086**	178,699,253
Other local banks (Note 19-2)	**1,010**	827
Total due from local banks	**230,132,096**	178,700,080
Foreign banks (Note 19-3)	**222,714,672**	147,592,585
Provision for impairment (Note 19-4)	**(12,997,129)**	(12,061,308)
	439,849,639	314,231,357

19.1. Central Bank of Yemen

	2024 YR'000	2023 YR'000
Current accounts:		
Foreign currencies	**208,992,324**	154,992,646
Local currency	**18,472,877**	21,717,613
Suspended entries for the years 1990 and 1996	**0**	0
Sana'a and Al-Hodeida Branches	**2,665,885**	1,988,994
	230,131,086	178,699,253

19.2. Other Local Banks

	2024 YR'000	2023 YR'000
Commercial current accounts	**298**	298
Islamic Investment deposits	**0**	0
Sana'a Branch	**712**	529
	1,010	827

19.3. Foreign Banks

	2024 YR'000	2023 YR'000
Current accounts	**96,011,352**	64,755,928
Fixed deposits	**126,703,320**	82,836,657
	222,714,672	147,592,585

19.4. Provision for Impairment

	2024 YR'000	2023 YR'000
Bank of Credit and Development – Netherlands	**39,050**	30,778
Bank of Beirut – Beirut (Note 19-4-1)	**12,958,079**	12,030,530
Asya Katlim Bank – Turkey	**-**	-
	12,997,129	12,061,308

19.4.1. Bank of Beirut – Beirut:

During the year 2024, the Bank made a provision for impairment related to Bank of Beirut – Beirut in the amount of YER 3,727,548 thousand, bringing the total provision as of December 31, 2024 to YER 12,958,078 thousand (2023: YER 9,230,530 thousand).

20. TREASURY BILLS, NET

	2024 YR'000	2023 YR'000
Duration of:		
91 days	0	133,500,000
364 days	0	45,000,000
182 days	0	30,000,000
	196,643,816	0
	196,643,816	208,500,000

The outstanding treasury bill carry a yield 16% return for a three-year term, as per the certificate issued by the Central Bank of Yemen - Aden. Returns are paid semi-annually. The first yield, amounting to 15,731,505,268 Yemeni Riyals, was received on June 30, 2024.The second yield, amounting to 15,731,505,246 Yemeni Riyals, was received on December 31, 2024.

21. DIRECT CREDIT FACILITIES TO CUSTOMERS, NET

	2024 YR'000	2023 YR'000
Gross direct credit facilities to customers (Note 21-1)	62,945,596	51,523,689
Provision for Impairment (Note 21-2)	(22,620,205)	(17,320,148)
Suspended interest (Note 21-3)	(16,768,213)	(11,683,916)
	23,557,178	22,519,625

21.1. Gross Direct Credit Facilities to Customers

21.1.1. Purposes

	2024			
	Overdraft facilities YR'000	*Short term loans* YR'000	*Total* YR'000	2023 YR'000
Personal	-	6,384,157	6,384,157	6,060,953
Commercial	9,129,001	2,980,193	12,109,194	12,676,003
Industrial	7,325	8,201,524	8,208,848	1,813,120
Services	37,937	642,990	680,926	500,590
Others	3,332,936		3,332,936	6,230,584
Sana'a and Al-Hodeida Branches:				
Personal	-	359,791	359,791	297,707
Commercial	10,885,565	1,455,416	12,340,981	9,318,438
Industrial	678,930	397,767	1,076,696	902,736
Others	18,449,843	2,223	18,452,066	13,723,558
	42,521,536	20,424,060	62,945,596	51,523,689

21.1.2. Beneficiaries

	2024			
	Overdraft facilities YR'000	*Short term loans* YR'000	*Total* YR'000	2023 YR'000
Private sector	12,371,985	6,142,138	18,514,122	19,489,513
Bank's employees	-	4,388,897	4,388,897	167,662
Public sector	135,214	7,657,204	7,792,419	7,599,701
Related parties	-	20,625	20,625	24,375
Sana'a and Al-Hodeida Branches:				
Public sector	22,455,443	168,463	22,623,906	16,680,231
Private sector	7,558,894	2,046,733	9,605,623	7,562,207
	42,521,536	20,424,060	62,945,596	51,523,689

21.1.3. Currencies

	2024			
	Overdraft facilities **YR'000**	***Short term loans*** **YR'000**	***Total*** **YR'000**	2023 YR'000
Local currency	2,118,406	6,274,740	8,393,146	8,275,422
Foreign currencies	10,388,793	11,934,124	22,322,916	19,005,829
Sana'a and Al-Hodeida Branches:				
Local currencies	407,420	675,022	1,082,442	1,082,442
Foreign currency	29,606,918	1,540,174	31,147,092	23,159,996
	42,521,536	20,424,060	62,945,596	51,523,689

21.1.4. Credit Classification

	2024			
	Overdraft facilities **YR'000**	***Short term loans*** **YR'000**	***Total*** **YR'000**	2023 YR'000
Performing	58,729	3,486,624	3,545,353	7,538,117
Under performing	142,911	8,137,973	8,280,883	5,481,145
Low value	12,305,559	6,584,267	18,889,826	14,261,989
Sana'a and Al-Hodeida Branches:				
Under performing	-			-
Low value	30,014,338	2,215,196	32,229,534	24,242,439
	42,521,536	20,424,060	62,945,596	51,523,689

21.2. Provision for Impairment

	2023					2022
	Gross value YR'000	**Cash guarantees YR'000**	**Suspended interest YR'000**	**Net debt YR'000**	**Provision YR'000**	Provision YR'000
Credit Classification						
Performing	3,545,353	389,398	1,067	3,154,889	65,979	150,231
Under performing	8,280,883	3,644,273	459,526	4,177,084	1,320,038	800,988
Impaired	51,119,360	3,320,923	16,307,621	31,490,816	21,234,188	16,368,929
Expected credit loss	-	-	-	-	-	-
Total	62,945,596	7,354,594	16,768,213	38,822,789	22,620,205	17,320,148

For the year ended 31 December 2024 movement of provision for impairment was as follows:

	2024					
	General	**Specific**				
	Performing YR'000	**Under performing YR'000**	**Impaired YR'000**	**Expected credit loss YR'000**	**Total YR'000**	2023 YR'000
Balance at 1 January	150,231	800,988	16,368,929	-	17,320,148	5,215,540
Re-translation difference on balances in foreign currencies	-	-	5,163,641	-	5,163,641	8,961,861
(Written off) during the year	-	-	(18,960)	-	(18,960)	(25,329)
(Written back) during the year (Note 9)	(84,252)	(533,026)	(1,792,324)	-	(2,409,602)	(177,855)
Made during the year (Note 12-1)	-	1,052,076	1,512,901	-	2,564,977	3,345,931
Balance at 31 December	65,979	1,320,038	21,234,188	-	22,620,205	17,320,148

21.3. Suspended Interests

	2024 YR'000	2023 YR'000
Balance at 1 January	**11,683,916**	4,016,971
Re-translation difference on balances in foreign currencies	**3,421,231**	6,656,428
(Written off) during the year	**(57,539)**	(66,908)
(Written back) during the year	**-**	-
Made during the year	**1,720,605**	1,077,425
Balance at 31 December	**16,768,213**	11,683,916

22. RECEIVABLES AND OTHER ASSETS, NET

	2024 YR'000	2023 YR'000
Revenue receivable from:		
Treasury bills	**-**	--
Certificates of deposit	**1,028,852**	203,178
Loans	**42,767**	7,905
Deposits at foreign banks	**445,239**	265,699
Islamic Branches' Administration - National Bank of Yemen (Note 22-1)	**1,799,494**	1,591,739
Operational risk (Note 22-2)	**1,002,077**	962,663
Entries under settlement	**97,340**	18,517
Prepayments	**209,879**	1,129,463
Property acquired by the Bank against impaired debts (Note 22-3)	**16,934**	16,934
Stationery and publication inventory	**14,898**	18,944
Advances with branches	**15,497**	9,942
Inter-branch accounts	**520,989**	328,147
Others	**1,403,571**	3,059,747
Claims on other (government - central bank)	**52,620,160**	38,140,958
Sana'a and Al-Hodeida Branches:		
Prepayments	**115,538**	89,022
Advances with branches	**73,125**	57,563
Stationery and publication inventory	**99**	99
July 2019 result	**134,427**	134,427
Others	**247,942**	186,141
Operational risks (embezzlement/ deficit)	**339,173**	251,909
Suspended accounts:		
Accounts for the period August- December 2019 (Note 22-4)	**1,053,473**	1,000,774
Mutual account- Sana'a Branch September 2019	**125,600**	125,600
Total receivables and other assets	**61,307,074**	47,599,370
Provision for impairment (Note 22-5)	**(1,594,546)**	(1,427,802)
	59,712,528	46,171,569

22.1. Islamic Branches' Administration - National Bank of Yemen

The amount represents the balance of Islamic Branch of the Bank in Sana'a due to Bank's Head Office– Aden as at 25 December 2019 after re-translation of balances in foreign currencies which stopped communication with Bank's Head Office– Aden in June 2019 (Note 2-3). It includes employees' related expenses and general and administration expenses. The Bank officially opened this Branch on 16 April 2017 as a nucleus for an Islamic transaction department in accordance with a final license from the Central Bank of Yemen to open the Islamic Branch dated 10 March 2015, based on the initial approval granted to the Bank of number 7139 dated 18 December 2014, in response to the Bank's Board of Directors Resolution No. 33 of 2009 issued on 17 March 2009 on the Committee for the Preparation and Study of Establishing a Branch for Islamic Transactions recommendation and H.E. Minister of Finance approval on this resolution dated 1 April 2009.

22.2. Operational Risk

This account is represented by cash losses due to work errors and embezzlement as well as looted cash from Bank branches in armed conflict areas. Management follows up with recovering collectible amounts along with taking necessary legal procedures and has made provisions for.

22.3. Property Acquired by the Bank Against Impaired Debts

The Bank maintains, in this account, a property that it had as a collateral and then acquired it against impaired debts. In compliance with Article No. 73 of Law No. 38 of 1998 on Banks, management follows up with addressing this account, which more than five years has passed on without being disposed due to the situation the Country is going through.

22.4. Accounts of the Period August- December 2019

	2024 YR'000	2023 YR'000
Sana'a Branch:		
Debit transactions	**114,754,980**	114,754,980
Credit transactions	**(113,906,333)**	(113,906,333)
Balance	**848,647**	848,647
Al-Hodeida Branch:		
Debit transactions	**222,950**	165,589
Credit transactions	**(18,125)**	(13,462)
Balance	**204,826**	152,127
	1,053,473	1,000,774

22.5. Provision for Impairment

	2024 YR'000	2023 YR'000
Embezzlement funds allocation	**1,322,585**	1,217,747
Operational risk	**246,961**	185,055
Al-Towahi Branch taken over -2014	**25,000**	25,000
	1,594,546	1,427,802

23. INVESTMENTS, NET

	2024 YR'000	2023 YR'000
Foreign investments (Note 23-1)	**2,787,643**	2,070,425
Local investments (Note 23-2)	**892,930**	678,940
	3,680,573	2,749,365
Provision for low value (Note 23-3)	**(1,762,531)**	(1,309,059)
	1,918,042	1,440,306

23.1. Foreign Investments

	2024 YR'000	2023 YR'000
ALUBAF Arab International Bank - Bahrain (Note 23-1-1)	**1,417,556**	1,052,839
Holding Company UBAC Curacao N V- Curacao (Note 23-1-2)	**930,799**	691,319
Arab Financial Services Company - Bahrain (Note 23-1-3)	**439,288**	326,267
	2,787,643	2,070,425

23.1.1. ALUBAF Arab International Bank – Bahrain

The Bank subscribed to this investment according to Investment Certificate No. (40) issued on December 31, 1991, with a value as of December 31, 2024, amounting to USD 688,400, representing 13,768 shares at a par value of USD 50 per share (December 31, 2023: USD 688,400).

23.1.2. Holding Company UBAC Curacao N V- Curacao

The Bank subscribed to this investment in accordance with Investment Certificate No. (15) dated September 23, 1991, with a value as of December 31, 2024, amounting to USD 452,020, representing 45,202 shares at a par value of USD 10 per share (December 31, 2023: USD 452,020).

23.1.3. Arab Financial Services Company – Bahrain

The Bank subscribed to this investment in accordance with Investment Certificate No. (41) dated August 1, 1984, with a value as of December 31, 2024, amounting to USD 213,330, representing 42,666 shares (December 31, 2023: USD 213,330, representing 42,666 shares). The Bank has not received the investment certificate related to the new subscription, and the investment has not distributed dividends since 2018.

23.2. Local Investments

	2024 YR'000	2023 YR'000
Yemen Financial Services Company –Yemen (Note 23-2-1)	**831,730**	617,740
Yemen Mobile Company-Yemen (Note 23-2-2)	**61,200**	61,200
	892,930	678,940

We have not seen the Board of Directors' resolutions regarding the termination and write-off of the investment in Al Amal Microfinance Bank and the investment in Aden Microfinance Foundation. These investments were written off, and their balances were closed in the provisions accounts that were previously formed for this purpose.

23.2.1. Yemen Financial Services Company - Yemen

The Bank has subscribed in this investee in accordance with investment certificate no. 1 which original of was received on 24 May 2006. Its value as at 31 December 2024 amounted USD 403,910 representing 3,107 shares of value USD 130 per share, after the share value was raised from USD 100 to USD 130 in 2020 based on the investee's General Assembly Resolution to increase investment by USD 93,210 supplied to the investee's account at the International Bank (31 December 2023: USD 403,910).

23.2.2. Yemen Mobile Company - Yemen

The Bank subscribed to this investment in accordance with Investment Certificate No. (035246-002) dated September 4, 2007, with a value as of December 31, 2024, amounting to YER 61,200 thousand, representing 120,000 shares with a nominal value of YER 500 per share, in addition to issuance expenses amounting to YER 1,200 thousand, according to the latest letter received by the Bank from the investment dated December 31, 2018 (December 31, 2023: YER 61,200 thousand).

23.3. Provision for Impairment

	2024 YR'000	2023 YR'000
Holding Company UBAC Curacao N V – Curacao	**930,800**	691,319
Yemen Financial Services Company – Yemen	**831,731**	617,740
Total provision for impairment	**1,762,531**	1,309,059

24. PROPERTY, PLANT AND EQUIPMENT

	2024	2023
	YR'000	YR'000
Swift and computer hardware	**2,773,125**	2,121,983
Buildings	**2,179,691**	2,122,024
Land	**1,215,282**	1,215,282
Furniture and equipment	**1,156,325**	798,550
Leasehold improvements	**80,362**	89,838
Motor vehicles	**254,840**	341,075
Total property, plant and equipment	**7,659,652**	6,688,752

Details of these accounts are as follow:

	Land YR'000	*Buildings* YR'000	*Leasehold improvements* YR'000	*Furniture and equipment* YR'000	*Motor Vehicles* YR'000	*Swift and computer hardware* YR'000	*Total* YR'000
Cost / Revaluation							
At 1 January 2024	**1 215 282**	**2,639,960**	**320,667**	**1,729,482**	**660,041**	**4,141,889**	**10,707,321**
Additions during the year	**-**	**67,268**	**53,467**	**495,432**	**0**	**1,246,185**	**1,862,352**
At 31 December 2024	**1 215 282**	**2,707,228**	**374,134**	**2,224,914**	**660,041**	**5,388,074**	**12,569,673**
At 1 January 2023	1 215 282	2,632,294	318,980	1,408,978	351,853	4,002,486	9,929,873
Additions during the year	-	7,666	1,687	320,504	308,188	139,403	777,449
At 31 December 2023	1 215 282	2,639,960	320,667	1,729,482	660,041	4,141,889	10,707,322
Accumulated Depreciation							
At 1 January 2024	**-**	**517,937**	**230,828**	**930,932**	**318,967**	**2,019,907**	**4,018,571**
Charged for the year	**-**	**9,600**	**62,944**	**137,657**	**86,233**	**595,042**	**891,476**
At 31 December 2024	**-**	**527,537**	**293,772**	**1,068,589**	**405,200**	**2,614,949**	**4,910,048**
At 1 January 2023	-	464,885	211,911	828,861	279,188	1,486,172	3,271,017
Charged for the year	-	53,052	18,918	102,071	39,779	533,735	747,553
At 31 December 2023	-	517,937	230,829	930,932	318,967	2,019,907	4,018,570
Net Book Value							
At 31 December 2024	**1,215,282**	**2,179,691**	**80,362**	**1,156,325**	**254,840**	**2,773,125**	**7,659,625**
At 31 December 2023	1,215,282	2,122,023	89,838	798,550	341,074	2,121,983	6,688,750

Bank's Head Office-Aden maintains all Bank's property, plant and equipment accounts including those of Bank's commercial branches in Sana'a and Al-Hodeida whose book values as at 31 July 2019 was as follows:

	Land YR'000	*Buildings* YR'000	*Leasehold improvements* YR'000	*Furniture and equipment* YR'000	*Motor Vehicles* YR'000	*Swift and computer hardware* YR'000	*Total* YR'000
Net book value	61,478	230,025	5,061	28,433	22,964	8,329	356,290

As of December 31, 2024, management was unable to carry out a revaluation (appraisal) of the Bank's lands and buildings despite administrative measures taken in this regard during the period from August to October 2019, due to prevailing circumstances in the country, including the COVID-19 pandemic (Note 1-2-2). According to the information available to management, there are no indicators of impairment in the value of these assets. Management previously conducted revaluations of the Bank's lands and buildings through an independent specialized consultancy firm as of December 31, 1999, and for the Al-Mukairas building in 2001, the results of which were recorded in the Bank's books. Additional revaluations were performed as of December 31, 2007 and 2012; however, management did not receive any response from the Central Bank of Yemen regarding the inclusion of those revaluation results in the Bank's records.

25. CAPITAL WORK IN PROGRESS

	2024 YR'000	2023 YR'000
Automation and Technology Project	**404,872**	328,231
Bank's buildings rehabilitation projects	**1,135,560**	965,506
Fixed assets under classification	**219,678**	2,162
	1,760,110	1,295,899

25-1 Automation and Technology Project:

The balance of the Automation and Technology Project account as of 31 December 2024 amounted to YER 404,872 thousand against the equipment of branches included in the Automation and Technology Project (Banks System). This requires closing the balance of this account in the fixed assets account with the calculation of the depreciation instalment.

26. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	2024 YR'000	2023 YR'000
Local:		
Central Bank of Yemen- Current Account	**1,957**	1,454
Other local banks- Current Accounts	**20,467**	15,580
Exchange companies (Note 26-1)	**6,773,894**	4,486,140
	6,796,318	4,503,175
Foreign:		
Banks- Current Accounts	**3,254,826**	2,564,658
Exchange companies - Current Accounts	**2,676**	2,132
	3,257,502	2,566,790
	10,053,820	7,069,965

26.1. Local- Exchange Companies

	2024 YR'000	2023 YR'000
Current accounts		
Local currency	**5,598,572**	3,571,572
Foreign currency	**1,074,911**	814,251
Sana'a Branch:		
Local currency	**20**	20
Foreign currency	**391**	298
Fixed deposit - Local currency	**100,000**	100,000
	6,773,894	4,486,140

27. CUSTOMERS' DEPOSITS

	2024 YR'000	2023 YR'000
Current accounts:		
Customers	**288,907,092**	224,044,870
Government	**1,803,746**	2,734,661
Fixed deposits	**279,935,499**	230,970,535
Saving accounts	**131,326,321**	112,408,964
Cash insurance on outstanding indirect credit facilities (Note 27-1)	**54,459,827**	42,094,254
Payment orders	**446,151**	988,774
Unclaimed balances (Note 27-2)	**867,638**	656,392
Socotra Branch - Deposits on behalf of Central Bank of Yemen (Note 27-3)	**1,727,704**	1,342,924
Sana'a and Al-Hodeida Branches:		
Fixed deposits	**9,785,137**	9,725,910
Current accounts	**5,753,312**	4,340,773
Saving accounts	**3,006,090**	2,446,195
Cash insurance on outstanding indirect credit facilities	**510,470**	384,532
Payment orders	**64,346**	60,955
	778,593,333	632,199,738

27.1. Cash Insurance on Outstanding Indirect Credit Facilities

As of December 31, 2024, the account includes an amount of YER 817,536 thousand representing cash collateral surplus for import letters of credit. This surplus arises from customers' direct payments of cash collateral to the Central Bank of Yemen for the purpose of foreign currency transactions through correspondent banks. The Bank issues import letters of credit only after receiving the relevant notifications from the Central Bank of Yemen.

27.2. Unclaimed Balances

The Bank maintains in this account, deposits which more than 15 years have passed on without any withdrawal or deposit movement and have not been claimed by their owners. Management monitors and evaluates the status of this account in compliance with Article No. 79-2 of Law No. 38 of 1998 on Banks in the light of the prevailing conditions in the Country (Note 1-2-2).

27.3. Socotra Branch - Deposits on Behalf of Central Bank of Yemen

Bank's branch in Socotra maintains deposits of Government facilities and corporations in accordance with authorisation from Central Bank of Yemen due to absence of Central Bank branch there based on approval from Ministry of Finance dated 20 April 2014 on Central Bank of Yemen memo no. 2346 dated 14 April 2014 in which executive procedures to open budgetary accounts and current accounts (resources and expenses) at National Bank of Yemen branch in Socotra are illustrated, provided that the National Bank of Yemen should comply with rules of executing Government's General Budget and to be under the supervision of Central Bank of Yemen.

28. PAYABLES AND OTHER LIABILITIES

	2024 YR'000	2023 YR'000
Cash insurance on expired indirect credit facilities	**359,220**	405,977
Employees' entitlements (Note 28-1)	**3,190,958**	3,083,805
Accrued interest payable on customers' deposits	**3,949,789**	3,492,204
Government entities (Note 28-2)	**3,404,565**	2,262,825
Government's share in profit for the year retained (Note 28-3)	**5,255,361**	4,336,125
Accrued expenses	**673,453**	334,754
Entries under settlement	**3,987**	5,152
Projects maintenance guarantee	**147,383**	51,898
Islamic Branches Department - National Bank of Yemen (Note 28-4)	**38,952**	38,952
Suspended accounts with branches	**357,705**	354,753
Loan installments- surplus and under settlement	**0**	1,193
Interest and commission received in advance	**2**	0
Others	**4,774,856**	1,756,019
Sana'a and Al-Hodeida Branches	**0**	0
Accrued interest payable on customers' deposits	**134,906**	134,806
Cash insurance on expired indirect credit facilities	**26,654**	22,253
Interest and commission received in advance	**33,296**	27,305
Entries under settlement	**1,568**	1,166
Others	**11,823**	23,649
Suspended accounts:	**0**	0
Accounts for the period August- December 2019 (Note 28-5)	**392,559**	307,222
Mutual account- Sana'a Branch September 2019	**0**	0
	21,757,037	16,640,058

28.1. Employees' Entitlements

	2024 YR'000	2023 YR'000
End of service benefits (Note 28-1-1)	**1,413,477**	1,237,031
Employees' regular leave (Note 28-1-2)	**474,530**	404,040
Social security	**64,113**	31,226
Outstanding commitments:		
Employees share in profit for the year	**194,136**	618,103
Salaries	**911,889**	601,496
Medication	**132,813**	191,909
	3,190,958	3,083,805

28.1.1. End of Service Benefits

	2024 YR'000	2023 YR'000
Balance at 1 January	**1,237,031**	1,066,613
Made during the year (Note 10)	**176,446**	170,418
Balance at 31 December	**1,413,477**	1,237,031

28.1.2. Employees Regular Leave

	2024 YR'000	2023 YR'000
Balance at 1 January	**404,040**	581,864
Made during the year (Note 10)	**250,000**	-
(Used) during the year	**70,490**	(177,824)
Balance at 31 December	**474,530**	404,040

28.2. Government Entities

	2024 YR'000	2023 YR'000
Tax Authority / Aden - income tax for		
Current year (Note 15)	**664,269**	383,015
Prior year	**1,135,281**	1,252,266
Skills Development Fund	**154,586**	138,617
General Department for Zakat-Dues/ Aden:		
Payable for the year (Note 14)	**449,992**	488,490
General Authority for Insurance and Pensions / Aden	**437**	437
	2,404,565	2,262,825

28.3. Government's Share in Profit for the Year Retained

	2024 YR'000	2023 YR'000
Balance on January 1 - remaining from previous years' profits	**4,336,125**	5,306,836
(Transferred) from profit for prior years 2023	**919,236**	-
(Transferred) from profit for prior years 2022		2,851,348
Transfer from the government's share of 2022 profits to create allocations		(2,851,348)
Payment of the government's share of surplus profits for 2020	**-**	(970,711)
	5,255,361	4,336,125

28.4. Islamic Branches' Department - National Bank of Yemen

The amount represents the value of letters of credit for customers of the Islamic Branch in Sana'a.

28.5. Accounts of The Period August- December 2019

	2024 YR'000	2023 YR'000
Sana'a Branch:		
Credit transactions	1,537,893	1,153,480
Debit transactions	(1,172,644)	(876,323)
	365,247	277,157
Al-Hodeida Branch:		
Credit transactions	201,596	201,596
Debit transactions	(174,286)	(171,531)
	27,310	30,065
	392,559	307,222

29. OTHER PROVISIONS

	2024 YR'000	2023 YR'000
Provision for:		
Contingent claims (Note 29-1)	4,450,000	3,950,000
Indirect credit facilities:		
Specific (Note 29-2)	10,382,168	7,710,998
General (Note 29-3)	781,772	585,060
Fees on annual subscription in Bank Deposit Insurance Corporation	1,096,970	1,096,970
	16,710,910	13,343,028

29.1. Contingent Claims

	2024 YR'000	2023 YR'000
Social insurance	4,450,000	3,450,000
	4,450,000	3,450,000

29.2. Indirect credit Facilities - Specific

The Bank made a specific provision for Letters of Guaranty - Foreign amounting USD 11,204,100 issued for Public Electricity Corporation which is under disagreement with State Bank of India.

29.3. Indirect credit Facilities - General

	2024				2023
	Letters of Credit	*Letters of Guaranty*			
		Foreign	*Local*	*Total*	*Total*
	YR'000	**YR'000**	**YR'000**	**YR'000**	**YR'000**
Balance at 1 January	29,562	459,744	95,754	585,060	156,279
Re-translation differences on balances in foreign currencies	10,241	158,185	31,971	200,397	424,308
(Written back) during the year (Note 9)	-		(26,297)	(26,297)	(3,172)
Made during the year (Note 12-1)	-		22,612	22,612	7,644
Balance at 31 December	39,803	617,929	124,040	781,772	585,060

30. CAPITAL

The Bank's authorized capital amounts to fifty billion Yemeni Riyals, and its paid-up capital amounts to twenty billion Yemeni Riyals, pursuant to Article (5-1) of the Prime Minister's Resolution No. (405) of 2013 concerning the regulation of the Bank, and Article (8) of the Bank's Articles of Association.

As of December 31, 2024, the Bank's paid-up capital reached YER 33 billion (December 31, 2023: YER 33 billion) following the transfer of YER 13 billion from reserves (YER 7,200,000 thousand from the legal reserve and YER 5,800,000 thousand from the general reserve), in response to the Central Bank of Yemen – Aden Board Resolution No. 9/4/2022 and the Bank's Board Resolution No. 55 of 2024.

Details of Bank's paid capital is as follows:

	2024			2023	
	Share value YR	***No. of shares***	***Capital YR'000***	*No. of shares*	*Capital YR'000*
Paid capital	**1,000**	**33,000,000**	**33,000,000**	33,000,000	33,000,000

31. RESERVES

	2024 YR'000	2023 YR'000
Statutory reserve (Note 31-1)	**1,231,164**	1,231,164
General reserve (Note 31-2)	**840,128**	840,128
Surplus on revaluation of property, plant and equipment reserve (Note 31-3)	**1,512,233**	1,257,287
Cumulative change in fair value reserve (Note 31-4)	**750,091**	50,091
Total reserves	**4,333,616**	3,378,669

31.1. Statutory Reserve

	2024 YR'000	2023 YR'000
Balance at 1 January	**1,231,164**	8,048,149
used in capital appreciation	**-**	(7,200,000)
Transfer from profit for the year		383,015
Balance at 31 December	**1,231,164**	1,231,164

31.2. General Reserve

	2024 YR'000	2023 YR'000
Balance at 1 January	**840,128**	6,563,525
Transfer from profit for the year	**-**	(5,800,000)
used in capital appreciation	**-**	76,603
Balance at 31 December	**840.128**	840,128

31.3. Surplus on Revaluation of Property, Plant and Equipment Reserve

This reserve includes surplus on revaluation of Banks Land and buildings as at 1999 amounting YR'000 637,093 and of Al-Mukairas building at August 2001 amounting YR'000 2,669. In 2021 addition to the revaluation of the automation system ("BANKS" System) amounting YR'000 617,524, In 2022 amounting YR'000 254,947.

31.4. Cumulative Changes in Fair Value Reserve

In this reserve, the changes in the fair value of Arab Financial Services Company - Bahrain, ALUBAF Arab International Bank – Bahrain and Yemen Financial Services Company - Yemen during the years 2002 to 2012 are included.
An amount of YR'000 700,000 was added as a reserve to counter exchange rate fluctuations.

32. CONTINGENT LIABILITIES, COMMITMENTS AND CONTRA ACCOUNTS, NET

	2024			2023
	Gross value YR'000	***Guarantee YR'000***	***Net value YR'000***	*Net value* YR'000
Indirect credit facilities:				
Letters of guaranty – Local	**1,109,348**	**(753,219)**	**356,128**	358,928
Letters of guaranty - Foreign	**12,320,883**	**(4,298,473)**	**8,022,409**	6,000,166
Letters of credit – Import	**48,027,840**	**(49,408,134)**	**(1,380,294)**	(1,030,427)
Letters of credit – Export	**950**	**-**	**950**	
Sana'a and Al-Hodeida Branches:				
Letters of guaranty – Local	**41,106**	**(10,383)**	**30,723**	30,723
Letters of guaranty – Foreign	**52,260,787**	**(500,087)**	**51,760,700**	38,520,628
Letters of credit – Export	**290,514**	**-**	**290,514**	215,769
	114,051,427	**(54,970,297)**	**59,081,130**	44,095,788
Others	**1,227,803**	**-**	**1,227,803**	33,570,203
	115,279,230	**(54,970,297)**	**60,308,933**	77,665,991

33. CASH AND CASH EQUIVALENTS

	2024	2023
	YR'000	YR'000
Due from Banks maturing in not more than 3 months (Note -Liquidity risk)	**439,849,639**	314,231,357
Cash on hand (Note 17)	**20,097,809**	11,394,455
Certificate of deposit at Central Bank of Yemen (Note- Liquidity risk)	**50,000,000**	41,000,000
	509,947,448	366,625,812

34. TRANSACTIONS WITH RELATED PARTIES

For the year ended December 31, 2024, transactions with related parties are as detailed below. Management believes that these transactions were conducted on an arm's length basis.

		2024	2023
Statement of:	**Account**	**YR'000**	YR'000
Comprehensive Income	Interest cost	**-**	-
	Salaries and benefits	**155,041**	108,032
Financial Position	Direct credit facilities – loans	**25,681**	31,375
	Customers' deposits	**7,155**	22,616

35. RISK MANAGEMENT

The Bank defines risk as the possibility of incurring losses or profits foregone that may be caused by internal or external factors as the Bank is exposed to credit risk, liquidity risk, interest risk and exchange rate risk.

The core functions of the Bank's risk management are identifying all risks that effect the Bank, measuring such risks, managing risk positions and determining capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. Risks are managed by Bank's management under policies approved by the Board of Directors which provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk, interest rate risk, currency risk, use of derivative and non-derivative financial instruments. Bank's management determines and hedge financial risks in cooperation with other operating units in the Bank. In addition to this, internal audit department is responsible for the independent review of risk management and the control environment. Risk is inherent in the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his / her responsibilities.

35.1. Credit Risk

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

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

- Preparing credit studies on customers and banks before dealing with them and determining their related credit risk rates;
- Obtaining sufficient collateral to minimise the credit risk exposure which may result from financial difficulties facing customers or banks;

- Following up and period reviewing of customers and banks in order to evaluate their financial positions, credit rating and the required provision for non performing credit facilities; and
- Distributing credit portfolio and balances with banks over diversified economic sectors and geographic locations to minimise concentration of credit risk.

Exposure to Credit Risk

The table below shows the maximum exposure of net financial assets and indirect credit facilities to credit risk as at 31 December 2024:

	2024 YR'000	2023 YR'000
Financial Assets	837,262,832	686,106,310
Indirect Credit Facilities	60,308,933	77,665,991
Total exposure to credit risk	897,571,765	763,772,301

- **Financial Assets:**

	2024 YR'000	2023 YR'000
Treasury bills, net	196,643,816	208,500,000
Certificates of deposit	50,000,000	41,000,000
Due from banks, net	439,849,639	314,231,357
Mandatory reserve balances at Central Bank of Yemen	65,907,046	53,461,938
Receivables and other assets (except for prepayments), net	59,387,111	54,156,220
Direct credit facilities to customers, net	23,557,178	22,519,625
Investments, net	1,918,042	1,440,306
	837,262,832	695,309,445

- **Indirect Credit Facilities**

	2024 YR'000	2023 YR'000
Letters of guaranty - Foreign, net	59,783,109	44,520,795
Letters of guaranty - Local, net	386,851	389,651
Letters of credit, net	(1,088,830)	(814,658)
Others	1,227,803	33,570,203
	60,308,933	77,665,991

Managing Credit Risk

The Bank manages concentration of credit risk by distributing the portfolio over diversified economic sectors and geographical locations as possible according to its customers' requirements and the situation the Country is going through.

- **Distribution of Financial Instruments According to Economic Sectors**

	2024				
	Trade YR'000	**Industry YR'000**	**Services YR'000**	**Others YR'000**	**Total YR'000**
Financial Assets					
Cash on hand and mandatory reserve balances at Central Bank of Yemen	**86,004,855**	-	-	-	**86,004,855**
Certificates of deposit at Central Bank of Yemen	**50,000,000**	-	-	-	**50,000,000**
Due from banks, net	**439,849,639**	-	-	-	**439,849,639**
Treasury bills, net	**196,643,816**	-	-	-	**196,643,816**
Direct credit facilities to customers, net	**13,625,443**	**4,582,639**	**339,412**	**5,009,684**	**23,557,178**
Investments, net	**1,918,042**	-	-	-	**1,918,042**
	788,041,795	**4,582,639**	**339,412**	**5,009,684**	**797,973,530**
Financial Liabilities					
Due to banks and financial institutes	**10,053,821**	-	-	-	**10,053,821**
Customers' deposits	**778,593,333**	-	-	-	**778,593,333**
	788,647,154	-	-	-	**788,647,154**
Contingent Liabilities, Commitments and Contra Accounts, Net	**41,500**	-	-	**60,267,433**	**60,308,933**

	2023				
Financial Assets					
Cash on hand and mandatory reserve balances at Central Bank of Yemen	64,856,393	-	-	-	64,856,393
Certificates of deposit at Central Bank of Yemen	41,000,000	-	-	-	41,000,000
Due from banks, net	314,231,357	-	-	-	314,231,357
Treasury bills, net	208,500,000	-	-	-	208,500,000
Direct credit facilities to customers, net	14,006,337	-	449,644	8,063,644	22,519,625
Investments, net	1,440,306	-	-	-	1,440,306
	644,034,393	-	449,644	8,063,644	652,547,681
Financial Liabilities					
Due to banks and financial institutes	7,069,965	-	-	-	7,069,965
Customers' deposits	632,199,738	-	-	-	632,199,738
	639,269,703	-	-	-	639,269,703
Contingent Liabilities, Commitments and Contra Accounts, Net	41,500	-	-	77,624,491	77,665,991

- **Distribution of Financial Instruments According to Geographical Locations**

	2024					
	Republic of Yemen YR'000	**America and Caribbean YR'000**	**Europe YR'000**	**Asia YR'000**	**Africa YR'000**	**Total YR'000**
Financial Assets						
Cash on hand and mandatory reserve balances at Central Bank of Yemen	**86,004,855**	-	-	-	-	**86,004,855**
Certificates of deposit at Central Bank of Yemen	**50,000,000**	-	-	-	-	**50,000,000**
Due from banks, net	**439,849,639**	-	-	-	-	**439,849,639**
Treasury bills, net	**196,643,816**	-	-	-	-	**196,643,816**
Direct credit facilities to customers, net	**23,557,178**	-	-	-	-	**23,557,178**
Investments, net	**61,197**	-	-	**1,856,845**	-	**1,918,042**
Total	**796,116,685**	-	-	**1,856,845**	-	**797,973,530**
Financial Liabilities						
Due to banks and financial institutes	**10,053,821**	-	-	-	-	**10,053,821**
Customers' deposits	**778,593,333**	-	-	-	-	**778,593,333**
Total	**788,647,154**	-	-	-	-	**788,647,154**
Contingent Liabilities, Commitments and Contra Accounts, Net	**200,723**	-	-	**60,108,210**	-	**60,308,933**

	2023					
Financial Assets						
Cash on hand and mandatory reserve balances at Central Bank of Yemen	64,856,393	-	-	-	-	64,856,393
Certificates of deposit at Central Bank of Yemen	41,000,000	-	-	-	-	41,000,000
Due from banks, net	314,231,357	-	-	-	-	314,231,357
Treasury bills, net	208,500,000	-	-	-	-	208,500,000
Direct credit facilities to customers, net	22,519,625	-	-	-	-	22,519,625
Investments, net	61,200	-	-	1,379,106	-	1,440,306
Total	651,168,575			1,379,106		652,547,681
Financial Liabilities						
Due to banks and financial institutes	4,503,175	-	-	2,566,790	-	7,069,963
Customers' deposits	632,199,738	-	-	0	-	632,199,738
Total	636,702,913	-	-	2,566,790	-	639,269,703
Contingent Liabilities, Commitments and Contra Accounts, Net	198,789	-		77,467,203	-	77,665,991

35.2. Liquidity Risk

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

<u>Liquidity Ratio</u>

The Central Bank of Yemen, in its Circular No. (3) of 1997 on Liquidity Ratio requires that banks maintain a percentage of assets that could be liquefied to meet their obligations not less than 25%.

As at 31 December 2023, the Bank's liquidity ratio was 87.5%, considering its obligations are represented by the total of its financial liabilities and its contingent liabilities and commitments, in the light of the prevailing circumstances was (31 December 2023: 86%).

Maturity Gap

The maturity gap is a measure of Bank's capability to settle its liabilities from its assets for the same maturity period and is represented by the difference between the Bank's assets and liabilities for a certain maturity period. As at 31 December 2024, the maturity gap was as follows:

	2024				
	Not exceedingss than 3 months YR'000	*3 -6 Months* YR'000	*6 months - 1 year* YR'000	*More than a year* YR'000	*Total* YR'000
Assets					
Cash on hand and mandatory reserve balances at Central Bank of Yemen	**86,004,855**	**0**	**0**	**0**	**86,004,855**
Certificates of deposit at Central Bank of Yemen	**0**	**0**	**0**	**50,000,000**	**50,000,000**
Due from banks, net	**439,849,639**	**0**	**0**	**0**	**439,849,639**
Treasury bills, net	**0**	**0**	**0**	**196,643,816**	**196,643,816**
Direct credit facilities to customers, net	**4,257,628**	**616,949**	**5,105,051**	**13,577,551**	**23,557,179**
Investments, net	**0**	**0**	**0**	**1,918,042**	**1,918,042**
Other assets	**0**	**0**	**0**	**69,271,671**	**69,271,671**
Total	**530,112,122**	**616,949**	**5,105,051**	**331,411,080**	**867,245,202**
Liabilities and Equity					
Due to banks and financial institutes	**10,053,821**	**0**	**0**	**0**	**10,053,821**
Customers' deposits	**111,519,231**	**38,151,451**	**76,712,471**	**552,210,180**	**778,593,333**
Other liabilities	**1,945,716**	**665,642**	**1,338,642**	**34,518,159**	**38,467,947**
Equity	**0**	**0**	**0**	**39,990,693**	**39,990,693**
Total	**123,518,768**	**38,817,094**	**78,050,901**	**626,719,032**	**867,105,794**
Maturity gap	**406,593,354**	**(38,200,145)**	**(72,945,850)**	**(295,307,952)**	**139,407**

	2023				
Assets					
Cash on hand and mandatory reserve balances at Central Bank of Yemen	64,856,393	-	-	-	64,856,393
Certificates of deposit at Central Bank of Yemen	-	-	37,000,000	4,000,000	41,000,000
Due from banks, net	314,231,357	-	-	-	314,231,357
Treasury bills, net	-	133,500,000	30,000,000	45,000,000	208,500,000
Direct credit facilities to customers, net	8,252,552	3,627,539	175,003	10,464,531	22,519,625
Investments, net	-	-	-	1,440,306	1,440,306
Other assets	-	-	-	54,156,219	54,156,219
Total	387,340,302	137,127,539	67,175,003	115,061,056	706,703,900
Liabilities and Equity					
Due to banks and financial institutes	7,069,965	-	-	-	7,069,965
Customers' deposits	88,912,901	149,112,012	117,626,691	276,548,135	632,199,738
Other liabilities	873,051	1,464,156	1,154,997	26,490,882	29,983,086
Equity	-	-	-	37,451,111	37,451,111
Total	96,855,917	150,576,168	118,781,687	340,490,128	706,703,900
Maturity gap	290,484,385	(13,448,629)	(51,606,684)	(225,429,072)	-

35.3. Interest Rate Risk

Interest rate risk is the risk of effect of interest rates changes on future cash flows or value of financial instruments.The Bank performs a number of measures to limit the effect of such risk to the minimum level by:

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

Average Interest Rates on Financial Instruments

	2024						2023					
	Yemeni Rial %	*US Dollar %*	*Sterling Pound %*	*Euro %*	*Saudi Rial %*	*UAE Dirham %*	*Yemeni Rial %*	*US Dollar %*	*Sterling Pound %*	*Euro %*	*Saudi Rial %*	*UAE Dirham %*
Assets												
Mandatory reserve balances at Central Bank of Yemen		-	-	-	-	-	-	-	-	-	-	-
Treasury bills, net	16,60	-	-	-	-	-	16.60	-	-	-	-	-
Certificates of deposit	20,00	-	-	-	-	-	20.0	-	-	-	-	-
Due from banks - fixed deposits	-	3.50	3.39	-	3,93	4.06	-	2,77	3.08	-	4.25	3.78
Direct credit facilities to customers, net	21	11.00	-	-	-	-	21	11	-	-	-	-
Liabilities												
Due to banks and financial institutes	-	-	-	-	-	-	-	-	-	-	-	-
Customers' deposits	15	0.38	0.25	0.25	0.25	-	15	0.25	0.25	0.25	0.25	-

Interest Rate Sensitivity and Accumulated Interest Rate Sensitivity Gaps

	2024					
	Not exceedingss months **YR'000**	***3 - 6 months*** **YR'000**	***6 months - 1 year*** **YR'000**	***More than a year*** **YR'000**	***Non interest sensitive*** **YR'000**	***Total*** **YR'000**
Assets						
Cash on hand and mandatory reserve balances at Central Bank of Yemen				0	86,004,855	86,004,855
Certificates of deposit at Central Bank of Yemen	0	0	0	50,000,000	0	50,000,000
Due from banks, net	439,848,630	0	0	0	1,010	439,849,739
Treasury bills, net	0	0	0	196,643,816	0	196,643,816
Direct credit facilities to customers, net	4,257,628	616,949	5,105,051	13,577,551	0	23,557,179
Investments, net	0	0	0	0	1,918,042	1,918,042
Other assets	1,364,573	0	0	0	66,007,580	67,372,153
Capital works in progress	0	0	0	0	1,760,110	1,295,899
Total	445,470,831	616,949	5,105,051	260,221,367	155,691,596	867,105,794
Liabilities and Equity						
Due to banks and financial institutes	0	0	0	0	10,053,821	10,053,821
Customers' deposits	111,519,231	38,151,451	76,712,471	0	552,210,180	778,593,333
Other liabilities	1,945,716	665,642	1,338,430	0	17,480,316	21,430,150
Other provisions	0	0	0	0	16,710,910	16,710,910
Equity	0	0	0	0	44,045,173	44,045,173
Total	113,464,947	38,817,094	78,050,901	0	640,500,401	870,833,342
Interest rate sensitivity gap	332,005,884	(38,200,145)	(72,945,850)	260,221,367	(481,081,256)	0
Accumulated interest rate sensitivity gap	332,005,884	293,805,739	220,859,889	481,081,256	0	0
			2023			
Assets						
Cash on hand and mandatory reserve balances at Central Bank of Yemen			-	-	-	64,856,393
Certificates of deposit at Central Bank of Yemen	-	-	37,000,000	4,000,000	-	41,000,000
Due from banks, net	314,230,531	-	-	-	826	314,231,357
Treasury bills, net	-	133,500,000	30,000,000	45,000,000	-	208,500,000
Direct credit facilities to customers, net	8,252,552	3,627,539	175,003	10,464,531	-	22,519,625
Investments, net	-	-	-	-	1,440,306	1,440,306
Other assets	1,218,485	-	-	-	51,641,836	52,860,321
Capital works in progress	-	-	-		1,295,899	1,295,899
Total	323,701,568	137,127,539	67,175,003	59,464,531	119,235,260	706,703,901
Liabilities and Equity						
Due to banks and financial institutes	-	-	-	-	7,069,965	7,069,965
Customers' deposits	88,912,901	149,112,012	117,626,691	-	276,548,135	632,199,739
Other liabilities	873,051	1,464,156	1,154,997	-	13,147,854	16,640,058
Other provisions	-	-	-	-	13,343,028	13,343,028
Equity	-	-	-	-	37,451,111	37,451,111
Total	89,785,952	150,576,168	118,781,688	-	347,560,093	706,703,901
Interest rate sensitivity gap	233,915,616	(13,448,629)	(51,606,684)	59,464,531	(228,324,833)	-
Accumulated interest rate sensitivity gap	233,915,616	220,466,986	168,860,302	228,324,833	-	-

35.4. Currency Risk

Currency risk or exchange rate risk is the risk of fluctuation of fair value or future cash flows of a financial instrument evaluated in a foreign currency due to changes in exchange rates. Due to the nature of the Bank's activities, it deals in different foreign currencies; thus it is exposed to currency risk. The Central Bank of Yemen, in its periodical Circular No. 6 of 1998 on Exposure to Foreign Currencies Risk, requires the Bank not to keep a currency position of more than 25% for different currencies and 15% for a single currency to capital and reserves as defined in the periodical circular no. 2 of 1997 on Capital Adequacy Ratio, whether the position is long or short.

Foreign Currencies Exchange Rates

The Bank conducts transactions at the prevailing market exchange rates for the US dollar and other foreign currencies traded in the Yemeni market, based on the exchange rate bulletin issued by the Central Bank from its headquarters in Aden. This is in accordance with the officially adopted exchange rate management policy based on a floating system. The Bank values its foreign currency positions in its financial statements according to the exchange rate bulletin issued by the Central Bank as of December 31, 2024 (YER 2,059.20 per US dollar), in compliance with the decision issued by the Office of the Governor of the Central Bank of Yemen, Head Office/Aden, which approved the prevailing market exchange rate and cancelled the use of a fixed exchange rate of YER 400 per US dollar, dated November 22, 2022.

Foreign Currencies Positions

Using exchange rates resulting from the procedure followed by the bank, mentioned above, for evaluating foreign currencies positions, the ratio of net foreign currencies positions of the Bank to core capital and reserves at 31 December 2024 were as follow:

	2024				2023
	Assets Long position	**Liabilities Short position**	**Net foreign currency positions**	**Ratio to core capital**	Ratio to core capital
	YR'000	YR'000	YR'000	%	%
Sterling Pound	**39,740,514**	**6,858,464**	**32,882,049**	**84.92**	72
UAE Dirham	**16,587,952**	**5,016,696**	**11,571,255**	**29.89**	25
US Dollar	**472,952,938**	**468,323,856**	**4,629,082**	**11.96**	22
Euro	**19,526,517**	**22,548,555**	**(3,022,037)**	**(7.81)**	(5)
Saudi Rial	**71,115,514**	**87,083,443**	**(15,967,928)**	**(41.24)**	(98)
Others	**716,151**	**-**	**716,151**	**1.85**	1
Total	**620,639,586**	**589,831,014**	**30,808,572**	**79.57**	16

Other currencies are Omani Rial, Swiss Franc and Japanese Yen.

Management is working on addressing such exceedings in compliance with ratios specified in the related Central Bank of Yemen circular, under the situation the Country is going through (Note 1).

Impact of Changes in Fair Value of Currency (Foreign currencies Sensitivity Analysis)

To calculate the impact of changes in fair value of currency, according to Central Bank of Yemen, Head Office/ Aden instructions, the Bank took in account the exchange rates it uses in evaluating significant foreign currencies positions and the average exchange rate of these currencies in accordance with market rates as per local specialised websites shown below:

	2024				
	USD	**Sterling pound**	**Euro**	**Saudi Riyal**	**UAE Dirham**
Exchange rate in YR:					
Used at the Bank	**2,059.2**	**2,606.79**	**2,141.77**	**547.86**	**560.65**
At market	**2,060**	**2,585.50**	**2,149**	**539.5**	**562**
Difference	**(0.8)**	**21.29**	**(7.23)**	**8.36**	**(1.35)**
	2023				
Exchange rate in YR:					
Used at the Bank	1,529.4	1,947	1,688	407.84	416.41
At market	1,530	1,948	1,688	402.10	416.10
Difference	0.6	(1)	0	5.74	0.31

Based on the exchange rates above, the following table shows the impact of decrease of Yemeni Rial exchange rate against significant foreign currencies and the expected effect on statements of comprehensive income and changes in equity, with all other factors held constant.

	Impact on statements of comprehensive income and changes in equity increase / (decrease)	
	2024	2023
	YR'000	YR'000
Sterling pound	**268,552**	(11,650)
UAE Dirham	**(27,863)**	5,993
US Dollar	**(1,798)**	(2,713)
Euro	**10,202**	–
Saudi Rial	**(243,661)**	(438,932)
Total	**5,432**	(447,302)

36. CAPITAL MANAGEMENT

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

Capital Adequacy

Capital adequacy is Bank's capability to settle its obligations and confront any losses that might arise in the future. It is represented by the ratio of capital to its risks. The Central Bank of Yemen, in its circular no. 2 of 1997 amending circular no. 3 of 1996 on Minimum Limit of Capital Ratio to Risk - Weighted Assets (Capital Adequacy), requires the Bank to maintain a ratio of total capital to the risk - weighted assets at or above 8%.

In accordance to provisions of the circular above, the total capital of the Bank is divided in two tiers:

- Core capital: which comprises the paid capital, statutory and general reserves. Investments in any other local bank or financial company are deducted from core capital.
- Capital cushions: which comprises the surplus on revaluation of property, plant and equipment reserve, cumulative changes in fair value reserve, general provision for impairment of direct and indirect credit facilities and provision for impairment of receivables and other assets.

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

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

The Bank complies with all the externally imposed capital requirements to which it is subject.

For the year ended 31 December 2024, capital adequacy ratio was as follows:

	2024	2023
	YR'000	YR'000
Capital		
Core capital	**38,331**	36,466
Capital cushions	**864**	753
Total capital	**39,195**	37,218
Risk- weighted assets		
On statement of financial position	**364,608**	284,866
Off statement of financial position	**2,923**	2,189
Total risk - weighted assets	**367,532**	287,055
Adequacy ratio of:		
Core capital	**10.66%**	13%
Total capital	**10.66%**	13%

37. TRUST ACTIVITIES

The Bank does not undertake any activities related to the conservation and management of assets for or on behalf of third parties except for the Housing Project which is managed by the Bank on behalf of the State in accordance with the minutes of the expanded meeting held on 6 April 2000 and approved by H.E. Minister of Finance on 29 April 2000.

The Housing Project was established in Abdul Aziz Abdul Wali area, Al-Mansoura, Aden City, in accordance with Council of Ministers Decree No. 52 of 1988 with a self -financing system from the value of apartments sold in cash and installments to build a number of housing units for Yemeni immigrants and allocating some for the Ministry of Construction and Housing and entitled employees of the National Bank of Yemen. The Bank keeps these accounts of the Housing Project in USD and YR as contra accounts.

38. CAPITAL COMMITMENTS

	2024	2023
	YR'000	YR'000
In Yemeni Rial	**406,030**	394,154
In US Dollar	**0**	-
In Euro	**0**	-
Total capital commitments	**406,030**	394,154

39. LEGAL STATUS AND CONTINGENT ASSETS AND LIABILITIES

During the year ended 31 December 2023, the Bank had cases filed against non performing customers for not paying their debts and cases filed against the Bank by customers. While for some cases the verdict was in favor of the Bank, the related legal procedures have not been completed, yet. Some other cases are still in concerned court. Management has made adequate provisions for impaired loans.

40. COMPARATIVE FIGURES

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

41. SUBSEQUENT EVENTS

41.1. The Bank's Board of Directors' Approval of the Bank's Audited Financial Statements for the Year 2023

On July 3, 2025, the Bank's Board of Directors held a session to discuss the audited financial statements of the Bank for the year 2023, which were approved by management on the same day. The Board of Directors subsequently approved the audited financial statements for the fiscal year 2023 in accordance with its Resolution No. (30) of 2025. On July 7, 2025, management submitted the audited financial statements for the year ended December 31, 2023, to His Excellency the Minister of Finance, representing the Government as the Bank's owner.

41.2. Inauguration of "BANKS" system in other Branches of the Bank

In 2024, the Bank launched the (Banks) system in several of its branches located in Socotra, and Al-Habilayn. The rollout of the system continued in additional branches during 2025.

42. APPROVING THE FINANCIAL STATEMENTS

The management approved these financial statements on --/--/2026, and it was decided to submit them to the Bank`s Board of Directors and the Minister of Finance, the representative of the Government-owner of the Bank, at a subsequent period.