

**AL Salam Bank- Sudan**  
**(Limited liability Company)**  
**Financial Statements Dec, 31, 2023**  
**With**  
**Independent Auditors' Report**



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شارع عطبرة  
عمارة التاكا - الدور الثاني  
ص.ب. ١٦٠٣ - الخرطوم  
جمهورية السودان

المحاسبون المتحدون  
بانقا وشركاه  
محاسبون ومراجعون قانونيون

## Independent Auditor's Report

### To: The Shareholders

AL-Salam Bank-Sudan

#### Opinion:

We have audited the financial statements of AL-Salam Bank" public limited Liability company" (the bank) which comprise statement of financial position as at December 31, 2023, income statement, statement of cash flows and statement of changes in equity for the year then ended, and the notes attached represent an integral part of these financial statement, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Al-Salam Bank as at December 31, 2023, and its financial performance and cash flows for the year then ended in conformity with accounting standard of (AAOIFI) and international reporting standards if a transaction is not referred to by (AAOIFI) standard.

#### **Basis for Opinion:**

We conducted our audit in accordance with Accounting & Auditing Organization for Islamic Financial Institutions Standards and International Auditing standards. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the bank in accordance with ethical requirements of the auditing standards relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matters:**

We draw attention to Note (29) of the financial statements, which describes losses the bank incurred as a result of the war in Sudan, the loss included some equipment, tools and all cash in the bank's safes. Our opinion is not modified in respect of this matter.

#### **Key Audit Matters:**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Our audit procedures relating to these matters were designed in the context of audit of the financial statements as a



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### Auditors, Report (continued)

whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

The following are the key audit matters identified:

#### 1- Islamic financing and investments ( Murabaha, Mudaraba, Musharaka and Other)

Financing assets represent 67.1% of the total assets of the bank at year end, therefore it represent key part of the financial information. We applied the following audit procedures:

- Obtained lists of financing provided to the bank's client and investments at December 31, 2023.
- Tested investments and its value reported in the financial statements.
- Tested the correctness of the procedures applied for financing.
- Tested collaterals against financing provided by the bank's client to reduce risks of financing
- Tested accuracy and correctness of the returns from such financing.
- Tested compliance with Central Bank regulations and circulars and Accounting and Auditing Organization for Islamic financial institutions standards.
- Overall presentation and disclosure of financing assets and investments in the financial statements

#### 2- Allowance for doubtful Financing:

It is a contra account to financing assets which represents 50.3% of the bank total assets at the end of year 2023. Total allowance for the year amounted to SDG3 billion during the year. The following procedures were applied.

- Reviewed adequacy of allowance for doubtful financing and whether properly disclosed in the financial statements.
- Tested whether allowances comply with the Central Bank of Sudan requirements.
- Tested subsequent events to confirm doubtful financing that was not allowed for were collected after year end and do not require additional provision.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of Accounting and Auditing Organization for Islamic Financial Institutions and International Auditing standards . This responsibility include designing and implementing internal control as management determines is necessary to enable the preparation of financial statements that are





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### Auditors, Report (continued)

reasonable to the bank circumstances . Management provided and disclosed information that we required for the purpose of auditing the financial statements 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 has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### Auditors' 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 auditors' 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 Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered Material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with (AAOIFI) standards and International Auditing standards, 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



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### Auditors, Report (continued)

material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and other activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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. Also we make statement to those charged with corporate governance

#### **Other Legal and Regulatory Requirements:**

We obtained information and clarification that considered Purpose of necessary for the audit. The bank has been keeping regular accounting record and the financial information reconciled with the records. We were not aware of any violation to banking operating law or company law 2015 and Central Bank requirements to the extent that has negative impact on the bank and its financial position.

Adam Abdalla Hussein (CPA)  
For Allied Accountants, Bannaga & CO.

Date: March 7, 2024



AL SALAM BANK

STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2023

	Note	<u>2023</u> SDG	<u>2022</u> SDG
<b>Assets:-</b>			
Cash and cash equivalents	(5)	21,202,141,474	26,369,528,154
Deferred sales receivables (net)	(6)	43,979,726,505	9,532,209,824
Investments held to maturity	(7)	33,569,500	33,569,500
Investments in Mudaraba	(8)	4,241,747,853	2,554,399,032
Musharaka financing	(9)	436,196,585	548,647,583
Investments available for sale	(10)	15,806,461,074	9,440,275,859
Investments in property	(11)	468,281,029	468,281,029
Other assets	(12)	9,437,111,770	5,354,321,387
Projects in progress	(13)	175,479,777	169,010,475
Fixed assets (net)	(14)	<u>1,058,840,498</u>	<u>1,053,736,117</u>
<b>Total Assets</b>		<b><u>96,839,556,065</u></b>	<b><u>55,523,978,960</u></b>
<b>Liabilities, Unrestricted investment accounts and Owners' Equity:-</b>			
<b>Liabilities:-</b>			
Current Accounts	(15)	14,523,796,299	16,721,597,844
Other liabilities	(16)	13,057,485,990	5,280,597,439
Provisions and accruals	(17)	<u>2,343,730,068</u>	<u>1,952,275,458</u>
<b>Total Liabilities</b>		<b><u>29,925,012,357</u></b>	<b><u>23,954,470,741</u></b>
<b>Unrestricted investment accounts holders</b>	(18)	<u>41,999,081,439</u>	<u>12,445,963,399</u>
<b>Owners' Equity:-</b>			
Paid in capital	(19)	323,549,000	323,549,000
Reserves	(20)	26,703,613,462	16,367,881,815
Retained earnings		<u>(2,111,700,193)</u>	<u>2,432,114,005</u>
<b>Total Owners' equity</b>		<b><u>24,915,462,269</u></b>	<b><u>19,123,544,820</u></b>
		<b><u>96,839,556,065</u></b>	<b><u>55,523,978,960</u></b>
<b>Total Liabilities, Unrestricted investment accounts and Owners' equity</b>			
<b>Contra accounts:-</b>	(31)	<b><u>43,915,038,888</u></b>	<b><u>32,937,808,853</u></b>

The accompanying notes (1) to (44) form an integral part of these Financial Statements

Mohamed Ahmed Alamin  
Acting General Manager

Dr. Mohamed Ali Khamis Alhosani  
Board member

Abdulrahman Ahmed Abdullah Senan  
Board member

AL SALAM BANK

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2023

		<u>2023</u>	<u>2022</u>
		SDG	SDG
	Note		
<b>Income:-</b>			
Income from deferred sales	(21)	1,001,692,388	2,432,432,053
Income from investments	(22)	<u>109,348,724</u>	<u>919,833,997</u>
<b>Total income from financing and investments</b>		<b>1,111,041,112</b>	<b>3,352,266,050</b>
Less: Return on unrestricted investment accounts		<u>(404,169,466)</u>	<u>(630,378,151)</u>
Bank's share in income from investments (as Mudarib and as fund owner)	(23)	<u>706,871,646</u>	<u>2,721,887,899</u>
Income from bank's own investments	(24)	1,465,620,795	267,015,683
Income from banking services	(25)	1,264,225,028	1,814,879,187
Gain( loss) on foreign currency transaction		304,512,908	1,017,007,383
Other income	(26)	<u>9,320,928</u>	<u>51,469,490</u>
<b>Total income</b>		<b><u>3,750,551,305</u></b>	<b><u>5,872,259,642</u></b>
<b>Expenses:-</b>			
Staff cost	(27)	(2,959,276,591)	(2,386,713,544)
Operations expenses	(28)	(773,299,653)	( 820,009,875)
Depreciation		(95,809,801)	( 47,949,777)
Central Bank of Sudan penalties		-	( 4,511,591)
Provision for Investment & Finance		<u>(2,906,873,662)</u>	<u>( 103,543,752)</u>
<b>Total expenses</b>		<b><u>(6,735,259,707)</u></b>	<b><u>(3,362,728,539)</u></b>
<b>Net (loss) profit from operations before Zakat and tax</b>		<b><u>(2,984,708,402)</u></b>	<b><u>2,509,531,103</u></b>
Gains on valuation of foreign currencies		4,157,154,318	1,075,888,295
Loss resulted from war in cash, equipment and property	(29)	<u>(1,074,611,537)</u>	-
<b>Profit before Zakah and Tax</b>		<b>97,834,379</b>	<b>3,585,419,398</b>
Provision for Zakah		(484,494,259)	( 359,127,666)
Provision for Business Profit Tax		-	<u>( 672,594,746)</u>
<b>Net (loss) profit for the period</b>		<b><u>(386,659,880)</u></b>	<b><u>2,553,696,986</u></b>
<b>(loss ) earnings per share</b>	(30)	<b><u>(3.19)</u></b>	<b><u>21.06</u></b>

The accompanying notes (1) to (44) form an integral part of these Financial Statements

Mohamed Ahmed Alamin  
Acting General Manager

Dr.Mohamed Ali Khamis Alhosani  
Board member

Abdulrahman Ahmed Abdullah Osman  
Board member



## AL SALAM BANK

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u> SDG	<u>2022</u> SDG
<b><u>Cash flows from operating activities:</u></b>		
Net (loss) income for the period	(386,659,880)	2,553,696,986
<b><u>Adjustments to reconcile net income to net cash:</u></b>		
Provision for Zakah	484,494,259	359,127,666
Provision for Business Profit Tax	-	672,594,746
Provision for Investment & Finance	2,906,873,662	103,543,752
Gains on valuation of foreign currencies	(4,157,154,318)	(1,075,888,295)
Depreciation of fixed assets	95,809,801	47,949,777
Gains/loss from disposal of fixed assets	-	( 39,218,588)
Return on unrestricted investment accounts	404,169,466	630,378,151
	<b>(652,467,010)</b>	<b>3,252,184,195</b>
<b><u>Changes in operating assets, liabilities:</u></b>		
Provisions and accruals	(93,039,649)	( 246,777,781)
<b>Net cash from operating activities</b>	<b>(745,506,659)</b>	<b>3,005,406,414</b>
<b><u>Cash flows from investing activities:</u></b>		
Deferred Sales receivables	(37,354,390,343)	(2,371,372,370)
Investments held to maturity	-	( 6,134,000)
Investments in Mudaraba	(1,687,348,821)	( 716,285,139)
Musharaka financing	112,450,998	506,819,463
Investments available for sale	(187,607,886)	( 55,075,243)
Projects in progress	(6,469,302)	( 102,372,863)
Disposal \ sales of assets	144,189,826	116,675,327
Purchases of fixed assets	(245,104,008)	( 587,935,315)
<b>Net cash (used in) investing activities</b>	<b>(39,224,279,536)</b>	<b>(3,215,680,140)</b>
<b><u>Cash flows from financing activities:</u></b>		
Other assets	(4,082,790,383)	(1,760,936,989)
Current accounts	(2,197,801,545)	6,954,948,737
Other liabilities	7,776,888,551	435,002,519
Unrestricted investment accounts	29,148,948,574	7,013,233,554
<b>Net cash from financing activities</b>	<b>30,645,245,197</b>	<b>12,642,247,821</b>
<b>Increase in cash and cash equivalents</b>	<b>(9,324,540,998)</b>	<b>12,431,974,095</b>
Gains on valuation of foreign currencies	4,157,154,318	1,075,888,295
Cash and cash equivalents at the beginning of the year	26,369,528,154	12,861,665,764
<b>Cash and cash equivalents at the end of the year</b>	<b>21,202,141,474</b>	<b>26,369,528,154</b>

The accompanying notes (1) to (44) form an integral part of these Financial Statements

Mohamed Ahmed Alamin  
Acting General Manager

Dr.Mohamed Ali Khamis Alhosani  
Board member

Abdulrahman Ahmed Abdullah Senan  
Board member



## AL SALAM BANK

STATEMENT OF CHANGES IN OWNERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Paid in capital	Retained (loss) earnings	Statutory reserve	General reserve	RESERVES		Foreign assets & Liab reserve	Total
					Property revaluation reserve	Investment revaluation reserve		
	SDG	SDG	SDG	SDG	SDG	SDG	SDG	SDG
Balance as at Jan, 1, 2022	323,549,000	1,080,788,468	197,065,846	284,407,948	307,550,184	6,786,529,003	5,536,675,345	14,516,565,794
Net income for the year	-	2,553,696,986	-	-	-	-	-	2,553,696,986
Reserves Revaluation Diff	-	(126,483,154) (1,075,888,295)	126,483,154	-	-	-	-	-
						2,053,282,040	1,075,888,295	2,053,282,040
Balance as at Dec, 31, 2022	323,549,000	2,432,114,005	323,549,000	284,407,948	307,550,184	8,839,811,043	6,612,563,640	19,123,544,820
Net income for the year	-	(386,659,880)	-	-	-	-	-	(386,659,880)
Reserves Revaluation Diff	-	(4,157,154,318)	-	-	-	6,178,577,329	4,157,154,318	-
								6,178,577,329
Balance as at Dec, 31, 2023	<u>323,549,000</u>	<u>(2,111,700,193)</u>	<u>323,549,000</u>	<u>284,407,948</u>	<u>307,550,184</u>	<u>15,018,388,372</u>	<u>10,769,717,958</u>	<u>24,915,462,269</u>

The accompanying notes (1) to (44) form an integral part of these Financial Statements

Mohamed Ahmed Alamin  
Acting General Manager

Dr. Mohamed Ali Khamis Alhosani  
Board member

Abdulrahman Ahmed Alhosani  
Board member

**1) Incorporation and activities:-**

Al Salam Bank (the Bank) was established as a public limited liability company in Khartoum in December 28, 2004 under companies' law 1925 with registration certificate No. 23335. The bank provides commercial banking services according to Islamic rules and principles.

The bank started its commercial operations on May 2005, Providing its services from the head office, which is located at Aljamhoria street and Alhuria street junction, Alsalam Africa street branch (Africa street), Omdorman branch which is located at Almawrada street , al sajana branch and al suq alshabie branch Omdurman and Wad Medani .

**2/ Significant Accounting Policies:-**

**i/Bases of preparation:**

- 1- The financial statements are prepared in accordance with the standards issued by the Accounting and Auditing Organizations for Islamic Institutions (AAOIFI) and international accounting standards as required by the Central Bank of Sudan and shari'a supervisory board (SSB) requirements.
- 2- The functional currency is Sudanese Geneih , financial statements have been presented in Sudanese Geneih (SDG) .
- 3- The financial statements were prepared in accordance with the historical cost concept as amended, except for the valuation of securities classified as available for sale, held for trading and investments properties which are valued at fair value at the end of the year.
- 4- The bank uses the accrual basis in recording its assets, liabilities, revenues and expenses.
- 5- Accounting policies used this year consistent with those used last year.

**ii/ Fixed assets:**

- Fixed assets are stated at cost less accumulated depreciation and any permanent impairment in value
- Depreciation of fixed assets is calculated on straight line basis over their estimated useful lives according to managements' judges as follows:

Motor Vehicles	% 15
Office equipment	% 10
Furniture and fixture	% 10
Freehold land and building	% 2.5
IT equipment	% 30

- The carrying values of fixed assets are reviewed for impairment when events or circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

**iii/ Foreign Currency:-**

All transactions in foreign currencies are recorded using the exchange rate at the date in which they were recognized. Assets and liabilities which were recorded in foreign currency are translated to Sudanese Geneih at the rate of exchange at the financial statements date 963.6 as at 31-12-2023 (581.17: 31-12-2022).

Exchange differences resulting from the bank investment balances and transaction in foreign currency have been recognized in foreign exchange investment reserve. Exchange differences resulted from bank transactions and other operations are treated in the income statement.



**iv / Revenue recognition :**

**a/ Murabaha and Istisnaa:-**

The profits from Murabaha and Istisnaa transaction are recognized on proportionate basis over the period of credit.

**b\ Mudaraba Financing : -**

Mudaraba financing is recognized in the income statements at the time of liquidation or the extent of profit being distributed or at declaration date or when such profits can reasonably be estimated.

**c\ Musharaka and Salam financing:-**

The profit from Musharaka and Salam transactions are recognized at the time of Liquidation.

**d\ Income from banking services:-**

Income from banking services is recognized at the time when related services are provided and amount of revenue can be measured reliably.

**h\ Dividends and bonds income:-**

Dividends and bonds income are recognized when declared, or when such profits can reasonably be estimated.

**v\ Provisions for doubtful debts:-**

Provision for doubtful debt is based on the assessment of collectability of each debt and in accordance with the directive of Central Bank of Sudan.

**vi\ cash and cash equivalents:-**

For the purpose of preparation of statement of cash flows, cash and cash equivalents consist of cash in the bank and with other banks (current accounts) and balances with Central Bank of Sudan and cash in hand.

**vii\ Provisions:-**

Provisions are recognized when the bank has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured. Provisions are reviewed at the end of each financial year to ensure its adequacy to meet the obligations, Differences arise from such review are adjusted through income statement.

**Viii\ Doubtful investment and bad debts:**

Doubtful investment and bad debts are written off on the passage of legal period determined by central bank , or when court decides write of and closure of cases,

**x\ Measurement of investments and finance at the end of the period:-**

**a\Deferred sales receivable:-**

Deferred sales receivable are initially recorded at cost, at the end of the financial period deferred sales receivables are measured at their net realizable value.

**b\ Mudaraba:-**

AL SALAM BANK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

Mudaraba is measured by the amount paid or the amount placed under the disposition of the Mudarib less the portion of the Muadraba capital recovered from the Mudarib( if any).

**c\ Musharaka :-**

Musharaka is measured by the historical cost less provision for finance losses (if any).

**d\ Available for sale investments:-**

Available for sale investments are measured at fair value, the difference (surplus or deficits) between the book value and fair value is recognized in the revaluation reserve if fair value is not available they are reported at cost.

**g\ Investment in securities held to maturity:-**

Investments in securities held to maturity are initially recognized at cost, including acquisition charges associated with the investment. At the balance sheet date securities held to maturity are measured at cost less impairment in value if any.

**xi\ Zakah and Tax treatment:-**

The bank is subject to the Zakah and Tax regulations prescribed by the Sudanese authorities. The bank is subject to business profit tax after excluding the exempted profits from investment in shahama bonds.

**xii\ Return on unrestricted investment account holders:-**

The Return on unrestricted investment account is calculated on yearly basis. The bank allows the investment account holders to withdraw funds from their investment accounts before the agreed period with a condition of losing the right on profits , however at the mudaraba for fixed period the banks (as mudarib) has not right to allow them to withdraw funds from their investment accounts until the end of agreed period.

Profits are allocated between the unrestricted investment account holders and the owners' equity according to the contribution of each of the two parties. Those profits added to their accounts after the approval of Shari'a Supervisory Board and the regulators.

**3/ Supervisory body:**

The bank's business activities are subject to the supervision of central bank of Sudan according to the central bank of Sudan laws 2002 and banking operations regulating law year 2004. The bank abides to Central Bank of Sudan circulars.

**4/ Shari'a Supervisory Board(SSB)**

The bank's business activities are subject to the supervision of Shari'a Board, which has been appointed by the shareholders. The Shari'a Supervisory Board has the power to direct, review and supervises the activities of the bank to ensure that they are in with sharia rules and principles. This including issuing an annual report to compliance the shareholders.



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**5/ Cash and Cash equivalents:-**

	<u>2023</u> SDG	<u>2022</u> SDG
Cash on hand and in ATM	-	1,834,496,716
Balances with central bank of Sudan - local	505,915,732	8,177,889,615
Balances with central bank of Sudan - foreign	11,390,503,813	7,764,352,499
Current account –local banks	91,990,570	-
Cash with foreign correspondent banks	3,115,416,396	5,610,360,610
Central bank of Sudan – Statutory cash reserve-local	3,093,318,823	2,079,082,256
Central bank of Sudan - Statutory cash reserve- foreign	<u>3,004,996,140</u>	<u>903,346,458</u>
	<b><u>21,202,141,474</u></b>	<b><u>26,369,528,154</u></b>

**6/ Deferred sales receivables-net:-**

	<u>2023</u> SDG	<u>2022</u> SDG
Murabahat	13,094,151,452	11,022,999,493
Istisnaa	1,023,485,706	1,192,850,714
Deferred sales	35,943,273,720	-
Ijarra	<u>17,121</u>	<u>21,072</u>
	<b><u>50,060,927,999</u></b>	<b><u>12,215,871,279</u></b>
Less: Deferred sales profit	<u>(3,087,039,210)</u>	<u>(2,522,343,861)</u>
Less: provision for doubtful debts (note 6/1/1)	<u>(2,994,162,284)</u>	<u>(161,317,594)</u>
<b>Deferred sales receivable (net)</b>	<b><u>43,979,726,505</u></b>	<b><u>9,532,209,824</u></b>

**6/1- Provision for doubtful finance and investment:-**

	<u>2023</u> SDG	<u>2022</u> SDG
Balance at 1/1	190,588,129	87,044,377
Provision for the year	2,906,873,662	103,543,752
Provision for changes in exchange rate ( financing in foreign currency)	<u>61,073,205</u>	-
<b>Balance at 31/12 (6/1/1)</b>	<b><u>3,158,534,996</u></b>	<b><u>190,588,129</u></b>

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**6/1/1- Total Provisions for doubtful finance and investment :-**

	<u>2023</u>	<u>2022</u>
	SDG	SDG
Provision for doubtful deferred sales (note 6)	2,994,162,284	161,317,594
Provision for finance and investment – Mudaraba (note 8)	33,137,836	10,486,657
Provision for finance and investment – Musharaka (note 9)	131,234,876	18,783,878
	<b><u>3,158,534,996</u></b>	<b><u>190,588,129</u></b>

**7/ Investments in securities held to maturity: -**

	<u>2023</u>	<u>2022</u>
	SDG	SDG
Shahama securities (7/1)	33,569,500	33,569,500
	<b><u>33,569,500</u></b>	<b><u>33,569,500</u></b>

**17/1- Investment in government bonds ( Shahama):-**

Government bonds are certificates issued by ministry of finance and economy on behalf of Sudan government, these certificates are traded through Sudan financial Securities Company based on Musharaka contract, the certificates are exchangeable at Khartoum stock market .

**8/ Investments in Mudaraba:-**

	<u>2023</u>	<u>2022</u>
	SDG	SDG
Mudaraba with customers – Individuals and companies	690,000,000	250,000,000
Mudaraba with Hyper Deal Co	1,130,000,000	810,000,000
Al Baraka forth fund for investment	15,000,000	15,000,000
Second investment fund - Hyper Deal Co	41,220,000	41,220,000
The animal production fund - Hyper Deal Co	250,000,000	250,000,000
Mudaraba with banks 8/1	<u>2,148,665,689</u>	<u>1,198,665,689</u>
	<b>4,274,885,689</b>	<b>2,564,885,689</b>
Less : Provision for finance and investment risk (note 6/1/1)	<u>(33,137,836)</u>	<u>( 10,486,657)</u>
	<b><u>4,241,747,853</u></b>	<b><u>2,554,399,032</u></b>

**8/1- Mudaraba with banks:-**

	<u>2023</u>	<u>2022</u>
	SDG	SDG
Subsidized housing portfolio - Bank of Khartoum	665,689	665,689
Al ebdaa Bank	438,000,000	338,000,000
Employees sustenance portfolio- Worker' s National Bank	50,000,000	50,000,000
Oil seeds portfolio - Industrial Development Bank	10,000,000	10,000,000
AL-Nilein bank	850,000,000	-
Financial Investment Bank	400,000,000	400,000,000
Strategic commodities portfolio- Al Baraka Bank	<u>400,000,000</u>	<u>400,000,000</u>
	<b><u>2,148,665,689</u></b>	<b><u>1,198,665,689</u></b>

**9/Musharaka Financing:-**



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	<u>2023</u> SDG	<u>2022</u> SDG
Musharaka	567,431,461	567,431,461
Less: provision for finance and losses (note6/1/1)	(131,234,876)	(18,783,878)
	<u>436,196,585</u>	<u>548,647,583</u>

**10/ Investments available for sale:-**

		<u>2023</u> SDG	<u>2022</u> SDG
AL Salam bank- Bahrain	.0.98%	6,335,301,886	3,639,027,911
AL Salam bank- Algeria	3.6%	7,708,800,000	4,649,370,400
King Abdullah city	0.06%	1,529,508,296	919,026,656
Interbank liquidity management fund		232,800,892	232,800,892
AL Salam real estate company	50%	50,000	50,000
		<u>15,806,461,074</u>	<u>9,440,275,859</u>

**11/ Investments in property:-**

Investment in property at December 31, 2022 comprises 5 plots of land owned by the bank in Khartoum and Khartoum north. The purpose of owning these land is to support the bank financial position against the economic turn down, the cost of the plots of land was SDG 127,3 million and revalued at December 31, 2014 to SDG 442,5 million, since that date the plots of land have not been revalued , the bank is planning to establish investment projects on these land to supporting its income .

**12/ Other assets:-**

	<u>2023</u> SDG	<u>2022</u> SDG
Debtors ( note 12/1)	10,217,855,713	6,043,836,184
Accrued income of investments	1,467,751,518	263,024,944
Staff loans	293,637,444	338,944,638
Prepayments	93,253,158	92,120,628
Financing assets owned by the bank	10,650,000	23,020,988
Mugawala in progress	27,537,000	27,537,000
Exchange dealing room accounts - local	-	183,833,329
Sales of mobile balances & electricity	80,950,114	58,105,072
Total	12,191,634,947	7,030,422,783
Less: provision of doubtful debts	(2,754,523,177)	(1,676,101,396)
	<u>9,437,111,770</u>	<u>5,354,321,387</u>

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**12/1- Debtors:-**

	<u>2023</u>	<u>2022</u>
	<u>SDG</u>	<u>SDG</u>
Shares in AL Salam bank/ Algeria- under allotment	6,745,200,000	4,068,199,100
Hussein Mohamed Salim Almiza	2,717,283,584	1,638,861,803
Loans under re-numeration of Board of directors and Shari'a board (2019-2022)	718,132,536	299,535,688
Hussein Mohamed Salim Almiza- Ajman plots of land not transferred to the bank	9,000,490	9,000,490
Hussein Mohamed Salim Almiza and Leader Capital Company (owned by Mohamed Ali Rashid Alabar & Hussein Mohamed Salim Almiza)	2,222,812	2,222,812
Fatah ALrahman Hassan heirs	101,018	101,018
Court fee- litigation against Hussein Mohamed Salim Amiza	<u>25,915,273</u>	<u>25,915,273</u>
	<b><u>10,217,855,713</u></b>	<b><u>6,043,836,184</u></b>

**13/ Projects in progress:-**

	<u>2023</u>	<u>2022</u>
	<u>SDG</u>	<u>SDG</u>
Equipment and software	<u>175,479,777</u>	<u>169,010,475</u>
	<b><u>175,479,777</u></b>	<b><u>169,010,475</u></b>

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**14/ Fixed assets:-**

<b>Particulars</b>	<b>Motor Vehicles</b>	<b>Furniture and fixture</b>	<b>Office equipment</b>	<b>IT equipment</b>	<b>Freehold land and building</b>	<b>Total</b>
	<b>SDG</b>	<b>SDG</b>	<b>SDG</b>	<b>SDG</b>	<b>SDG</b>	<b>SDG</b>
<b><u>Cost at :</u></b>						
Jan ,1,2023	<b>122,893,315</b>	<b>85,219,813</b>	<b>210,749,381</b>	<b>225,129,053</b>	<b>541,009,988</b>	<b>1,185,001,550</b>
Additions	38,620,235	121,695,177	48,271,308	36,517,288	-	245,104,008
disposals	(39,168,358)	(68,185,749)	(66,797,073)	(11,311,600)	-	(185,462,780)
<b>Dec,31,2023</b>	<b>122,345,192</b>	<b>138,729,241</b>	<b>192,223,616</b>	<b>250,334,741</b>	<b>541,009,988</b>	<b>1,244,642,778</b>
<b><u>Depreciation:</u></b>						
Jan ,1,2023	<b>25,801,599</b>	<b>18,413,791</b>	<b>21,849,730</b>	<b>46,271,466</b>	<b>18,928,847</b>	<b>131,265,433</b>
For the year	14,580,711	4,813,333	17,540,440	57,085,822	1,789,495	95,809,801
disposals	(9,322,019)	(11,890,210)	(14,171,322)	(5,889,403)		(41,272,954)
<b>Dec,31,2023</b>	<b>31,060,291</b>	<b>11,336,914</b>	<b>25,218,848</b>	<b>97,467,885</b>	<b>20,718,342</b>	<b>185,802,280</b>
<b><u>Net book value:</u></b>						
<b>Dec,31,2023</b>	<b>91,284,901</b>	<b>127,392,327</b>	<b>167,004,768</b>	<b>152,866,856</b>	<b>520,291,646</b>	<b>1,058,840,498</b>
<b>Dec,31,2022</b>	<b>97,091,716</b>	<b>66,806,022</b>	<b>188,899,651</b>	<b>178,857,587</b>	<b>522,081,141</b>	<b>1,053,736,117</b>

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**15/ Current accounts:-**

	<u>2023</u>	<u>2022</u>
	SDG	SDG
Current accounts – local	10,066,463,018	14,569,166,062
Current accounts – foreign	<u>4,457,333,281</u>	<u>2,152,431,782</u>
	<b><u>14,523,796,299</u></b>	<b><u>16,721,597,844</u></b>

**16/ Other liabilities:-**

	<u>2023</u>	<u>2022</u>
	SDG	SDG
Other creditors ( note 16/1)	5,138,060,711	2,235,939,249
Outstanding cheques	931,331,297	775,050,119
letters of credit cash margin	6,822,425,386	2,177,718,236
Other payable ( note 16/2)	34,799,140	22,058,478
letters of guarantee cash margin	4,018,910	2,709,406
Mudaraba profit under liquidation	59,108,271	0
Accrued expenses	<u>67,742,275</u>	<u>67,121,951</u>
	<b><u>13,057,485,990</u></b>	<b><u>5,280,597,439</u></b>

**16/1- Other creditors:-**

	<u>2023</u>	<u>2022</u>
	SDG	SDG
Albokhary corporation	2,890,800,000	1,743,513,900
National clearance account	613,641,040	41,518,125
Export proceed account	801,629,289	57,456,034
Exchange dealing room accounts – foreign	0	183,833,329
Accrued commissions	138,165,182	83,018,341
Stamps	195,686,003	0
Outgoing transfer - customers	183,572,000	0
Clients import accounts	<u>314,567,197</u>	<u>126,599,520</u>
	<b><u>5,138,060,711</u></b>	<b><u>2,235,939,249</u></b>

**16/2- Other payable:-**

A major part of this amount represents shareholders unpaid dividends.

**17/ Provisions and accrual:-**

	<u>2023</u>	<u>2022</u>
	SDG	SDG
Social security payable	87,997,248	-
Board of directors remuneration 2019-2022	700,567,836	396,653,849
Provision for staff bonus 2022	135,000	470,000,000
Shari'a supervisory board remuneration 2019-2022	49,170,780	31,144,258
Personal Income Zakah	132,900,745	-
Provision for Zakah (Prior years)	309,127,666	-
Provision for tax (Prior years)	549,408,679	-
Provision for Zakah	484,494,259	359,127,666
Provision for Business profit tax	-	672,594,746
Provision for deposits guarantee fund	<u>29,927,855</u>	<u>22,754,939</u>
	<b><u>2,343,730,068</u></b>	<b><u>1,952,275,458</u></b>



**18/ Unrestricted investment accounts holders:-**

	<u>2023</u>	<u>2022</u>
	<b>SDG</b>	<b>SDG</b>
Unrestricted investment account balances*	41,773,992,880	11,884,186,932
Return on unrestricted investment accounts (note 23)	659,125,760	703,372,278
Advance payment to investment holders	<u>(434,037,201)</u>	<u>( 141,595,811)</u>
	<b><u>41,999,081,439</u></b>	<b><u>12,445,963,399</u></b>

\* Unrestricted investment accounts include both local and foreign currency for a period of one year.

\* The bank has not subsidized the returns on these investments.

**19/Paid in capital:-**

	<u>2023</u>	<u>2022</u>
	<b>SDG</b>	<b>SDG</b>
Authorized and paid up capital	326,229,750	326,229,750
Capital increase fees	<u>( 2,680,750)</u>	<u>( 2,680,750)</u>
	<b><u>323,549,000</u></b>	<b><u>323,549,000</u></b>

The authorized share capital of the bank comprises of 200 million share with nominal value of US \$1 equivalent SDG 2.69 each ,the bank issued bonus shares amounted to SDG 23,758,000 , SDG 32,910,350 and SDG 15,561,400 year 2010 , 2013 and 2016 which represent 10% , 5% and 5% of total issued numbers of shares respectively.

**20/ Reserves:-**

	<u>2023</u>	<u>2022</u>
	<b>SDG</b>	<b>SDG</b>
Property revaluation reserve (note 20/1)	307,550,184	307,550,184
Foreign investments revaluation reserve(note 20/2)	15,018,388,372	8,839,811,043
Foreign assets and liabilities revaluation reserve (note 20/3)	10,769,717,958	6,612,563,640
General reserve (note 20/4)	284,407,948	284,407,948
Statutory reserve (note 20/5)	<u>323,549,000</u>	<u>323,549,000</u>
	<b><u>26,703,613,462</u></b>	<b><u>16,367,881,815</u></b>

**20/1- Property revaluation reserve:-**

Property revaluation reserve relates to property investment owned by the bank.

**20/2 - Foreign investments revaluation reserve:-**

Foreign investments revaluation reserve resulted from translation of these investments to local currency at the balance sheet date.

**20/3 - Foreign assets and liabilities revaluation reserve:-**

This reserve relates to translation assets and liabilities in foreign currency to local currency at the financial statements date, Based on the central bank of Sudan instructions, the difference

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results from such translation to be accounted for through income statement, and is not allowed to be distributed or capitalized, but to be reserved in separate account within the owner equity.

**20/4- General reserve:-**

This reserve has been built based on the general assembly resolution no 14.

**20/5- Statutory reserve:-**

As required by the banking regulation law of 2004 and the central bank of Sudan circular dated 7 April 2007, 10% of net profit must be transferred to statutory reserve. The bank may discontinue such annual transfers when the reserve equals 100% of the paid up capital

**21/Income from deferred sales:-**

	<u>2023</u> SDG	<u>2022</u> SDG
Murabaha income	720,651,320	2,126,441,244
Deferred sales income	<u>281,041,068</u>	<u>305,990,809</u>
	<b><u>1,001,692,388</u></b>	<b><u>2,432,432,053</u></b>

**22/ Income from investments:-**

	<u>2023</u> SDG	<u>2022</u> SDG
Interbank liquidity management fund	56,974,045	149,880,240
Income from portfolios	32,850,000	134,244,352
Mudaraba income	209,679	374,516,554
Musharaka income	10,920,000	229,169,982
Investment accounts	<u>8,395,000</u>	<u>32,022,869</u>
	<b><u>109,348,724</u></b>	<b><u>919,833,997</u></b>

**23/ Return on unrestricted investments accounts:-**

	<u>2023</u> SDG	<u>2022</u> SDG
Share of profit before Mudarib share	1,111,041,112	3,352,266,050
Mudarib share of profit	( 706,871,646)	(2,721,887,899)
Net return after mudarib share	<b><u>404,169,466</u></b>	<b><u>630,378,151</u></b>

\* The bank has not subsidized the returns to unrestricted investment accounts.

\* The bank share (as mudarib) of net return range between 25% - 60% whereas the investors (owner of the fund) range between 75%-40% .

**24/ Income from bank's own investments:-**

	<u>2023</u> SDG	<u>2022</u> SDG
Dividends from AL Salam bank- Bahrain	607,414,545	267,015,683
Dividends from Al Salam- Algeria	<u>858,206,250</u>	-
	<b><u>1,465,620,795</u></b>	<b><u>267,015,683</u></b>

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**25/ income from banking services:-**

	<b><u>2023</u></b>	<b><u>2022</u></b>
	<b>SDG</b>	<b>SDG</b>
Ledger and cheques issuance commission	5,367,686	51,995,613
Letters of credit commission	1,220,217,819	1,670,008,022
Letters of guarantee commission	70,052	4,558,841
Transfers and acceptances commission	550,000	1,911,300
Administrative commission	12,775,452	37,955,722
Other bank services	12,355,448	14,845,572
SMS commission	2,519,700	7,638,380
Income from mail and communications (SWIFT)	4,234,000	8,218,000
Save box income	3,196,843	11,999,280
Mobile services income	2,938,028	5,748,457
	<b><u>1,264,225,028</u></b>	<b><u>1,814,879,187</u></b>

**26/ Other income:-**

	<b><u>2023</u></b>	<b><u>2022</u></b>
	<b>SDG</b>	<b>SDG</b>
Miscellaneous	1,782,749	5,697,669
Income from insurance	3,300,527	-
Gains from disposal of fixed assets	-	39,218,588
Income from sales of electricity and communications services	4,237,652	6,553,233
	<b><u>9,320,928</u></b>	<b><u>51,469,490</u></b>

**27/ Staff cost:-**

	<b><u>2023</u></b>	<b><u>2022</u></b>
	<b>SDG</b>	<b>SDG</b>
Basic salary	727,356,935	481,361,477
Bonus	983,123,777	635,826,201
Nature of work allowance	8,061,064	18,500,261
Uniform allowance	293,420,991	167,636,237
End of service benefit	340,203,340	224,207,493
Training	3,554,981	15,599,851
Annual bonus	-	470,000,000
Incentives	4,215,916	4,179,746
Health insurance	204,303,110	117,520,000
Social insurance	118,255,416	78,514,202
Overtime	834,197	5,996,910
Other staff cash and in kind benefits	44,076,647	35,237,072
Annual leave allowances	231,870,217	132,134,094
	<b><u>2,959,276,591</u></b>	<b><u>2,386,713,544</u></b>

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**28/ Operations expenses:-**

	<u>2023</u>	<u>2022</u>
	SDG	SDG
Stationary and printings	11,638,167	17,563,923
Maintenance and repair	153,214,191	109,606,870
Telecommunications	16,512,687	19,976,241
Vehicles running expenses	36,298,139	93,670,932
Electricity and water	17,666,013	93,797,636
Insurance	34,231,873	63,968,839
Security expenses	13,508,000	31,240,780
Rent	77,160,300	4,238,000
Legal consultants expenses	25,737,650	9,356,924
Audit fees	6,669,000	3,893,804
Board of directors meeting expenses	143,759,410	119,787,929
Shari'a supervisory board expenses	4,147,696	2,230,718
Board of directors remuneration	-	102,000,000
Shari'a supervisory board remuneration	-	7,200,000
Subscriptions	27,675,574	7,402,549
Entertainment	8,036,447	20,686,799
Cash sorting expenses	1,060,450	3,217,357
Cleaning	29,064,977	35,454,920
Transportations	10,528,970	973,000
Travelling expenses	67,417,209	11,649,777
Banks charges	18,370,111	1,859,824
Donations	280,000	3,133,000
Swift	1,950,000	2,190,554
Advertising	30,100,117	25,066,981
Deposits guarantee fund	29,927,855	22,746,383
National clearing expenses	3,532,817	2,412,900
Services expenses	2,150,000	3,265,200
Stamp expenses	136,000	368,435
Electronic clearing expenses	2,526,000	900,000
Newspapers & magazines	-	149,600
	<u>773,299,653</u>	<u>820,009,875</u>

**29/Civil war losses in cash, equipment and property :-**

The civil war loss was has estimated based on the damages that occurred to some of equipment, financing assets in addition to cash, which have been stolen. This estimate was based on the management best available information. Details as follows:

	<u>2023</u>	<u>2022</u>
	SDG	SDG
Cash stolen	924,800,723	-
Loss of equipment	144,189,826	-
Loss of financing assets	5,620,988	-
	<u>1,074,611,537</u>	<u>-</u>



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**30/ Earning per share:-**

	<u>2023</u>	<u>2022</u>
	<u>SDG</u>	<u>SDG</u>
Net(loss) profit for the year	(386,659,880)	2,553,696,986
Number of shares	<u>121,275,000</u>	<u>121,275,000</u>
( Loss) earnings per share	<u><b>(3.19)</b></u>	<u><b>21.06</b></u>

**31/ Contra accounts:-**

	<u>2023</u>	<u>2022</u>
	<u>SDG</u>	<u>SDG</u>
Letters of credit	32,481,493,080	23,286,486,021
Letters of guarantee	8,545,425	12,795,190
Restricted investments accounts- Elneelein Abu Dhabi	9,823,708,460	8,672,067,120
Bad debts	<u>1,601,291,923</u>	<u>966,460,522</u>
	<u><b>43,915,038,888</b></u>	<u><b>32,937,808,853</b></u>

**32/ Concentration of investments – Economic sector:-**

	<u>2023</u>	<u>2022</u>
Export & Import	23.47%	23.8 %
Industry	33.78%	26.2 %
Transportation	28.4%	22.8 %
Agriculture	0.88%	4.4 %
Services	5.38%	6.8 %
Micro financing	0.02%	6.6 %
Other sectors	<u>8.07%</u>	<u>9.4 %</u>
Total	<u><b>%100</b></u>	<u><b>100 %</b></u>

**33/ Social responsibility:-**

With regard to the banks role in supporting the needy and poor people, the bank has allocated Zakah for this year 2023 amounting to SDG 484 million (SDG 359 million: 2022), moreover during the year the bank has discharged its social responsibilities by training the employees providing medical support and made gave some donations.

**34/ Related party transactions:**

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These represent transactions with related parties i: e shareholders, board of directors and senior management of the bank, and companies of which they are principal shareholders. These transactions are conducted in the arm length basis.

AL SALAM BANK  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

<b>31,Dec ,2023</b>				
<b>SDG</b>				
	<b>Principal shareholders &amp;board of directors and their companies and Shari'a supervisory board</b>		<b>Key managers</b>	<b>Total at 31 Dec 2023</b>
	<b>SDG</b>	<b>\$</b>	<b>SDG</b>	<b>\$</b>
<b><u>Balance sheet</u></b>				
<b><u>items:</u></b>				
Murabaha	-		49,198,821	49,198,821
Loans \$	718,132,536	745,260		718,132,536
Loans SDG			47,682,817	47,682,817
Current accounts foreign	366,168	380	11,673,050	12,039,218
Current account local			47,561,437	47,561,437
<b><u>Income statement</u></b>				
<b><u>items</u></b>				
Murabaha income			12,544,850	12,544,850
<b><u>Top management:-</u></b>				
Remuneration end of service			126,398,755	126,398,755

<b>31,Dec ,2022</b>				
<b>SDG</b>				
	<b>Principal shareholders &amp;board of directors and their companies and Shari'a supervisory board</b>		<b>Key managers</b>	<b>Total at 31 Dec 2022</b>
	<b>SDG</b>	<b>\$</b>	<b>SDG</b>	<b>SDG</b>
<b><u>Balance sheet items:</u></b>				
Murabaha			59,480,000	59,480,000
Loans \$	299,535,688	515,400		299,535,688
Loan local currency			46,810,317	46,810,317
Current accounts-foreign	31,964	55	-	31,964
Current accounts- local			723,938	723,938
<b><u>Income statement items</u></b>				
Murabaha income			13,139,650	13,139,650
<b><u>Top management:-</u></b>				
Remuneration end of service			72,227,862	72,227,862

**35/ distribution of unrestricted investment accounts:-**

The balance of unrestricted investment accounts as at 31 Dec 2023 was SDG 41,999,081,439 (31 Dec 2022: SDG 12,445,963,399).

**36/ Credit risk:-**

Credit risk is the risk that one party of the financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The bank attempts to control credit risk by monitoring credit exposures continuously.

The bank seeks to manage its credit risk exposure through the diversification of financial and investment activities to ensure that there is no undue concentration of risks with individuals or group of customers in specific locations or business. It also takes security when appropriate.

Analysis of investments concentration by economic sector is provided in note (30).

**37/ Liquidity risk:-**

Liquidity risk is the risk that the bank will be unable to meet its net funding requirements, liquidity risk can be caused by disruptions or downgrades, which may cause certain sources funding to dry up immediately.

To mitigate this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

**38/ Market risk:-**

Market risk is the risk that value of an asset will fluctuate as a result of change in market price, whether those changes are caused by factors specific to the individual investment or its issuer of factor affecting all investment traded in market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and managements estimate of long and short term changes in fair value.

**39/ Share price risk:-**

Shares prices risk is the risk that the value of the shares will fluctuate as a result of changes in the market prices of the share. The board of directors put the limits on the amounts and types of shares to be acquired for investment purposes. The investments committee of the bank regularly monitors these limits.

**40/ Profit rate risk:-**

The profit rate risk refers to the risk due to change of profit rates, which might affect the future earnings of the bank. Exposure to profit rate risk is managed by the bank through diversification of assets portfolio and by matching the maturities of assets and liabilities.

In line with the policy approved by the board of directors, the assets and liabilities committee performs regular review of the assets and liabilities in order to ensure that the maturity gap between assets and liabilities is maintained at minimum levels and also to ensure that financing and investments are made for quality assets at higher rate of returns.

**41/ Currency risk:-**

Currency risk is the risk that the value of financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk is managed on the basis of limits determined by the bank board of directors.

These Limits are monitored continuously to ensure that the net exposure is kept on an acceptable level.

Assets and liabilities in foreign currency are mainly denominated in US Dollars and other foreign currencies. The bank foreign currencies net position was as follows:

	<u>2023</u>	<u>2022</u>
	USD	USD
Assets	84,089,727	52,646,934
Liabilities	(56,041,435)	(24,229,139)
Net foreign currency position	<u>28,048,292</u>	<u>28,417,795</u>

**42/ Capital adequacy:-**

The bank calculates the adequacy of its capital using the ratios established by central bank of Sudan.

	<u>2022</u>	<u>2021</u>
	SDG	SDG
Core capital	(4,605,915)	894,504,000
Total risk weighted assets	62,996,120	38,243,304,600
The banks' capital adequacy ratio	<u>(%7.3)</u>	<u>%2.3</u>
Minimum capital adequacy ratio required	<u>%12</u>	<u>%12</u>

\* Capital adequacy declined as 55% of revaluation reserve of assets and liabilities are not accounted for in calculating adequacy of capital, which amounts to 26.1 million SDG and representing 26.9 of the total bank assets.

**43/ Zakat:-**

The bank paid its Zakat liabilities up to 2021 and provided for 2022 and 2023.

**44/ Business profit tax:-**

The bank paid its business profit tax up to 2021 and gets clearance and provided for 2022. No tax provided in 2023 since the bank made loss due to suspension of most operations as a result of the civil war.