

AL Salam Bank- Sudan
(Limited liability Company)
Financial Statements Dec, 31, 2024
With
Independent Auditors' Report



Allied Accountants
Bannaga & Co.
Certified Public Accountants

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"Independent Auditor's Report"

To: The Shareholders

Al-Salam Bank – Sudan

Opinion

We have audited the financial statements of Al-Salam Bank - Sudan "Public Limited Liability Company" (the bank), which comprise the statement of financial position as at December 31, 2024, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements 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 the Bank as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and International Financial Reporting Standards (IFRS) for items not covered by (AAOIFI) standards.

Basis for Opinion

We conducted our audit in accordance with Auditing Standards issued by (AAOIFI) and 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 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.

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



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Key Audit Matters (continued)

The following are the key audit matters identified:

1- Islamic financing and investments (Murabaha. Modaraba. Musharaka. And other).

Financing and investments represent 57.6% of the total assets of the bank at year end, therefore it represents 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, 2024.
- 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 presentations disclosure of financing assets investments in the financial statements.

2- Allowance for Doubtful Financig

It is a contra account to financing assets which represents 30.39% of the bank total assets at the end of the year 2024. Total allowance for the year amounted to SDG 6 billion during the year. The following procedures were applied:

- Reviewed adequacy to allowance for doubtful financing and whether properly disclosed in the financial statements.
- Tested whether allowance 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 the Standards of Accounting and Auditing Organization for Islamic Financial Institution and International Auditing Standards. This responsibility includes designing and implementing internal control as management determines is necessary to enable the preparation of financial statements that are 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.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 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 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.



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

- 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 we considered necessary for purpose of the audit. The bank maintains regular accounting records and the financial information reconciled with the records. Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Bank was not in compliance, in all material respects, with the applicable requirements of the Banking Operation Law and the Companies Law 2015 and the Central Bank of Sudan requirements in so far as they affect the preparation and presentation of the financial statements for the year ended December 31, 2024.

For Allied Accountants, Bannaga & Co.

Abdelgadir Bannaga, PhD/FCCA
Senior partner

Date: Shaaban 4, 1446 H
Corresponding to: February 3, 2025 G

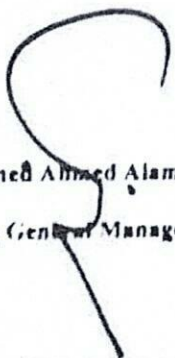



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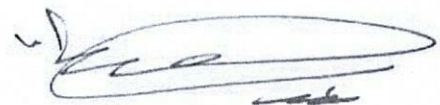
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

		2024 SDG	2023 SDG
Assets:-	Note		
Cash and cash equivalents	(5)	25,307,940,678	21,202,141,474
Deferred sales receivables (net)	(6)	31,280,877,667	43,979,726,505
Investments held to maturity	(7)	33,569,500	33,569,500
Investments in Mudaraba	(8)	3,476,552,845	4,241,747,853
Musharaka financing	(9)	230,235,730	436,196,585
Investments available for sale	(10)	30,774,521,980	15,806,461,074
Investments in property	(11)	468,281,029	468,281,029
Other assets	(12)	21,858,990,073	9,437,111,770
Projects in progress	(13)	-	175,479,777
Fixed assets (net)	(14)	1,694,019,658	1,058,840,498
Total Assets		115,124,989,160	96,839,556,065
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Accounts	(15)	15,863,520,760	14,523,796,299
Other liabilities	(16)	20,934,183,584	13,057,485,990
Provisions and accruals	(17)	6,594,949,102	2,343,730,068
Total Liabilities		43,392,653,446	29,925,012,357
Unrestricted investment accounts holders	(18)	27,345,931,954	41,999,081,439
Owners' Equity:-			
Paid in capital	(19)	326,229,750	323,549,000
Reserves	(20)	43,687,452,153	26,703,613,462
Retained earnings		372,721,857	(2,111,700,193)
Total Owners' equity		44,386,403,760	24,915,462,269
		115,124,989,160	96,839,556,065
Total Liabilities, Unrestricted investment accounts and Owners' equity			
Contra accounts:-	(31)	54,931,266,236	43,915,038,888

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


Mohamed Ahmed Alamin
Acting General Manager


Dr. Mohamed Ali Khamis Alhusani
Board member



Abdulrahman Ahmed Abdullah Senan
Board member

AL SALAM BANK


INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

		<u>2024</u>	<u>2023</u>
		SDG	SDG
	Note		
Income:-			
Income from deferred sales	(21)	1,632,326,547	1,001,692,388
Income from investments	(22)	7,206,087	109,348,724
Total income from financing and investments		1,639,532,634	1,111,041,112
Less: Return on unrestricted investment accounts		<u>(1,158,321,825)</u>	<u>(404,169,466)</u>
Bank's share in income from investments (as Mudarib and as fund owner)	(23)	481,210,809	706,871,646
 Income from bank's own investments	(24)	3,859,161,863	1,465,620,795
Income from banking services	(25)	556,523,640	1,264,225,028
Gain(loss) on foreign currency transaction		6,522,422,009	304,512,908
Other income	(26)	12,137,008	9,320,928
Total income		<u>11,431,455,329</u>	<u>3,750,551,305</u>
Expenses:-			
Staff cost	(27)	(2,759,956,982)	(2,959,276,591)
Operations expenses	(28)	(1,367,574,328)	(773,299,653)
Depreciation		(142,440,650)	(95,809,801)
Central Bank of Sudan penalties			-
Provision for Investment & Finance		<u>(2,600,000,000)</u>	<u>(2,906,873,662)</u>
Total expenses		<u>(6,869,971,960)</u>	<u>(6,735,259,707)</u>
Net (loss) profit from operations before Zakat and tax		4,561,483,369	(2,984,708,402)
Gains on valuation of foreign currencies		2,839,259,671	4,157,154,318
Loss resulted from war in cash, equipment and property	(29)	-	<u>(1,074,611,537)</u>
Profit before Zakah and Tax		7,400,743,040	97,834,379
Provision for Zakah		(799,208,024)	(484,494,259)
Provision for Business Profit Tax		<u>(1,275,172,545)</u>	-
Net (loss) profit for the period		<u>5,326,362,471</u>	<u>(386,659,880)</u>
 (loss) earnings per share	(30)	<u>43.92</u>	<u>(3.19)</u>

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


Mohamed Ahmed Alamin
Acting General Manager


Dr. Mohamed Ali Khanis Alhosani
Board member


Abdulrahman Ahmed Abdullah Senan
Board member

AL SALAM BANK

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 SDG	2023 SDG
<u>Cash flows from operating activities:</u>		
Net (loss) income for the period	5,326,362,471	(386,659,880)
<u>Adjustments to reconcile net income to net cash:</u>		
Provision for Zakah	799,208,024	484,494,259
Provision for Business Profit Tax	1,275,172,545	-
Provision for Investment & Finance	2,600,000,000	2,906,873,662
Gains on valuation of foreign currencies	(2,839,259,671)	(4,157,154,318)
Depreciation of fixed assets	142,440,650	95,809,801
Return on unrestricted investment accounts	<u>1,158,321,825</u>	<u>404,169,466</u>
	8,462,245,844	(652,467,010)
Changes in operating assets, liabilities:		
Provisions and accruals	<u>2,176,838,465</u>	<u>(93,039,649)</u>
Net cash from operating activities	<u>10,639,084,309</u>	<u>(745,506,659)</u>
<u>Cash flows from investing activities:</u>		
Deferred Sales receivables	10,098,848,838	(37,354,390,343)
Investments in Mudaraba	765,195,008	(1,687,348,821)
Musharaka financing	205,960,855	112,450,998
Investments available for sale	(826,162,636)	(187,607,886)
Projects in progress	175,479,777	(6,469,302)
Disposal of assets	-	144,189,826
Purchases of fixed assets	<u>(777,619,810)</u>	<u>(245,104,008)</u>
Net cash (used in) investing activities	<u>9,641,702,032</u>	<u>(39,224,279,536)</u>
<u>Cash flows from financing activities:</u>		
Other assets	(12,421,878,303)	(4,082,790,383)
Current accounts	1,339,724,461	(2,197,801,545)
Other liabilities	7,876,697,594	7,776,888,551
Amortization of capital expenses	2,680,750	-
Unrestricted investment accounts	<u>(15,811,471,310)</u>	<u>29,148,948,574</u>
Net cash from financing activities	<u>(19,014,246,808)</u>	<u>30,645,245,197</u>
Increase in cash and cash equivalents	1,266,539,533	(9,324,540,998)
Gains on valuation of foreign currencies	2,839,259,671	4,157,154,318
Cash and cash equivalents at the beginning of the year	<u>21,202,141,474</u>	<u>26,369,528,154</u>
Cash and cash equivalents at the end of the year	<u>25,307,940,678</u>	<u>21,202,141,474</u>

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

Mohamed Mohamed 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, 2024

	RESERVES							
	Paid in capital	Retained (loss) earnings	Statutory reserve	General reserve	Property revaluation reserve	Investment revaluation reserve	Foreign assets & Liab reserve	Total
	SDG	SDG	SDG	SDG	SDG	SDG	SDG	SDG
Balance as at Jan, 1, 2023	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	323,549,000	(2,111,700,193)	323,549,000	284,407,948	307,550,184	15,018,388,372	10,769,717,958	24,915,462,269
Net income for the year	-	5,326,362,471	-	-	-	-	-	5,326,362,471
Capital expenses	2,680,750	-	-	-	-	-	-	2,680,750
Reserves	-	(2,680,750)	2,680,750	-	-	-	-	-
Revaluation Diff	-	(2,839,259,671)	-	-	-	14,141,898,270	2,839,259,671	14,141,898,270
Balance as at Dec, 31, 2024	326,229,750	372,721,857	326,229,750	284,407,948	307,550,184	29,160,286,642	13,608,977,629	44,386,403,760

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

Mohamed Ahmed Alamin
Acting General Manager

Dr. Mohamed Ali Khamis Athosani
Board member

Abdulrahman Ahmed Abdullah Senan
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 Bort -Sudan and Bort -Sudan branch.

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 1,806.75 as at 31-12-2024 (963.6: 31-12-2023).

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:-

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 compliance with sharia rules and principles. This including issuing an annual report to the shareholders.

5/ Cash and Cash equivalents: -

	<u>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Cash on hand	1,217,902,825	-
Balances with central bank of Sudan - local	1,407,332,272	505,915,732
Balances with central bank of Sudan - foreign	18,963,559,291	11,390,503,813
Current account –local banks	28,009,250	91,990,570
Cash with foreign correspondent banks	356,675,399	3,115,416,396
Central bank of Sudan – Statutory cash reserve-local	863,648,086	3,093,318,823
Central bank of Sudan - Statutory cash reserve- foreign	2,470,813,555	3,004,996,140
	<u>25,307,940,678</u>	<u>21,202,141,474</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

6/ Deferred sales receivables-net:-

	<u>2024</u>	<u>2023</u>
	SDG	SDG
Murabahat	10,978,119,067	13,094,151,452
Istisnaa	462,466,128	1,023,485,706
Deferred sales	27,161,734,418	35,943,273,720
Ijarra	<u>17,121</u>	<u>17,121</u>
	38,602,336,734	50,060,927,999
Less: Deferred sales profit	<u>(2,271,516,491)</u>	<u>(3,087,039,210)</u>
Less: provision for doubtful debts (note 6/1/1)	<u>(5,049,942,576)</u>	<u>(2,994,162,284)</u>
Deferred sales receivable (net)	<u>31,280,877,667</u>	<u>43,979,726,505</u>

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

	<u>2024</u>	<u>2023</u>
	SDG	SDG
Balance at 1/1	3,158,534,996	190,588,129
Provision for the year	2,600,000,000	2,906,873,662
Revaluation difference of provision – foreign currencies	<u>311,976,155</u>	<u>61,073,205</u>
Balance at 31/12 (6/1/1)	<u>6,070,511,151</u>	<u>3,158,534,996</u>

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

	<u>2024</u>	<u>2023</u>
	SDG	SDG
Provision for doubtful deferred sales (note 6)	5,049,942,576	2,994,162,284
Provision for finance and investment – Mudaraba (note 8)	790,332,844	33,137,836
Provision for finance and investment – Musharaka (note 9)	<u>230,235,731</u>	<u>131,234,876</u>
	<u>6,070,511,151</u>	<u>3,158,534,996</u>

7/ Investments in securities held to maturity: -

	<u>2024</u>	<u>2023</u>
	SDG	SDG
Shahama securities (7/1)	<u>33,569,500</u>	<u>33,569,500</u>
	<u>33,569,500</u>	<u>33,569,500</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

7/1- 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>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Mudaraba with customers – Individuals and companies	690,000,000	690,000,000
Mudaraba with Hyper Deal Co	1,130,000,000	1,130,000,000
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>2,140,665,689</u>	<u>2,148,665,689</u>
	<u>4,266,885,689</u>	<u>4,274,885,689</u>
Less: Provision for finance and investment risk (note 6/1/1)	<u>(790,332,844)</u>	<u>(33,137,836)</u>
	<u>3,476,552,845</u>	<u>4,241,747,853</u>

8/1- Mudaraba with banks:-

	<u>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Subsidized housing portfolio - Bank of Khartoum	665,689	665,689
Al ebdaa Bank	430,000,000	438,000,000
Employee's 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	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>
	<u>2,140,665,689</u>	<u>2,148,665,689</u>

9/Musharaka Financing: -

	<u>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Musharaka	460,471,461	567,431,461
Less: provision for finance and losses (note6/1/1)	<u>(230,235,731)</u>	<u>(131,234,876)</u>
	<u>230,235,730</u>	<u>436,196,585</u>

10/ Investments available for sale:-

		<u>2024</u>	<u>2023</u>
		<u>SDG</u>	<u>SDG</u>
AL Salam bank- Bahrain	.0.98%	13,230,593,530	6,335,301,886
AL Salam bank- Algeria	3.6%	14,454,000,000	7,708,800,000
King Abdullah city	0.06%	2,857,077,558	1,529,508,296
Interbank liquidity management fund		232,800,892	232,800,892
AL Salam real estate company	50%	50,000	50,000
		<u>30,774,521,980</u>	<u>15,806,461,074</u>

AL SALAM BANK
NOTES TO THE FINANCIAL STATEMENTS
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11/ Property investments: -

Property investments on December 31, 2024 represent 5 plots of land of different sizes fully owned by the bank in carefully selected locations in Khartoum and Khartoum North, with the aim of supporting the bank's financial position against erosion in light of the decline in the value of the Sudanese pound. The cost of these lands when purchased amounted to SDG 127.3 million, while their market value on December 31, 2014 was SDG 442.5 million, as they have not been evaluated since 2015 due to the absence of significant differences. The bank is currently conducting studies to establish investment projects on these lands, but they have been temporarily halted due to the current war, and work will resume on them after the end of the war so that maximum benefit can be gained from them within the bank's productive and income-generating assets in the future.

12/ Other assets: -

	<u>2024</u> <u>SDG</u>	<u>2023</u> <u>SDG</u>
Debtors (note 12/1)	19,125,894,819	10,217,855,713
Accrued income of investments	4,249,656,889	1,467,751,518
Staff loans	543,626,391	293,637,444
Prepayments	122,908,120	93,253,158
Financing assets owned by the bank	10,650,000	10,650,000
Mugawala in progress	-	27,537,000
Exchange dealing room accounts - local	2,857,476,554	-
Sales of mobile balances & electricity	80,923,614	80,950,114
Total	26,991,136,387	12,191,634,947
Less: provision of doubtful debts	(5,132,146,314)	(2,754,523,177)
	<u>21,858,990,073</u>	<u>9,437,111,770</u>

12/1- Debtors:-

	<u>2024</u> <u>SDG</u>	<u>2023</u> <u>SDG</u>
Shares in AL Salam bank/ Algeria- under allotment	12,647,250,000	6,745,200,000
Hussein Mohamed Salim Almiza	5,094,906,721	2,717,283,584
Loans under re-numeration of Board of directors and Shari'a board (2019-2022)	1,346,498,505	718,132,536
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	25,915,273	25,915,273
	<u>19,125,894,819</u>	<u>10,217,855,713</u>

13/ Projects in progress:-

	<u>2024</u> <u>SDG</u>	<u>2023</u> <u>SDG</u>
Equipment and software	=	175,479,777
	=	<u>175,479,777</u>

AL SALAM BANK
NOTES TO THE FINANCIAL STATEMENTS
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14/ Fixed assets:-

Particulars	Motor Vehicles	Furniture and fixture	Office equipment	IT equipment	Freehold land and building	Total
	SDG	SDG	SDG	SDG	SDG	SDG
Cost at :						
Jan ,1,2024	122,345,192	138,729,241	192,223,616	250,334,741	541,009,988	1,244,642,778
Additions	-	99,581,443	161,603,760	516,434,607	-	777,619,810
Disposals	-	-	-	-	-	-
Dec,31,2024	122,345,192	238,310,684	353,827,376	766,769,348	541,009,988	2,022,262,588
Depreciation:						
Jan ,1,2024	31,060,291	11,336,914	25,218,848	97,467,885	20,718,342	185,802,280
For the year	13,543,848	14,172,254	22,704,247	87,376,446	4,643,855	142,440,650
disposals	-	-	-	-	-	-
Dec,31,2024	44,604,139	25,509,168	47,923,095	184,844,331	25,362,197	328,242,930
Net book value:						
Dec,31,2024	77,741,053	212,801,516	305,904,281	581,925,017	515,647,791	1,694,019,658
Dec,31,2023	91,284,901	127,392,327	167,004,768	152,866,856	520,291,646	1,058,840,498

AL SALAM BANK
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FOR THE YEAR ENDED DECEMBER 31, 2024

15/ Current accounts: -

	<u>2024</u> <u>SDG</u>	<u>2023</u> <u>SDG</u>
Current accounts – local	5,769,783,095	10,066,463,018
Current accounts – foreign	10,093,737,665	4,457,333,281
	<u>15,863,520,760</u>	<u>14,523,796,299</u>

16/ Other liabilities: -

	<u>2024</u> <u>SDG</u>	<u>2023</u> <u>SDG</u>
Other creditors (note 16/1)	12,942,317,894	5,138,060,711
Outstanding cheques	1,027,726,512	931,331,297
letters of credit cash margin	6,783,244,949	6,822,425,386
Other payable (note 16/2)	34,799,139	34,799,140
letters of guarantee cash margin	5,705,210	4,018,910
Mudaraba profit under liquidation	33,301,393	59,108,271
Accrued expenses	107,088,487	67,742,275
	<u>20,934,183,584</u>	<u>13,057,485,990</u>

16/1- Other creditors: -

	<u>2024</u> <u>SDG</u>	<u>2023</u> <u>SDG</u>
Albokhary corporation	5,420,250,000	2,890,800,000
National clearance account	204,026,345	613,641,040
Export proceed account	600,920,544	801,629,289
Exchange dealing room accounts – foreign	2,392,223,454	-
Accrued commissions	258,088,187	138,165,182
Stamps	209,192,844	195,686,003
Outgoing transfer - customers	-	183,572,000
Clients import accounts	3,857,616,520	314,567,197
	<u>12,942,317,894</u>	<u>5,138,060,711</u>

16/2- Other payable: -

A major part of this amount represents shareholders unpaid dividends.

17/ Provisions and accrual: -

	<u>2024</u> <u>SDG</u>	<u>2023</u> <u>SDG</u>
Provision of social insurance	165,763,037	87,997,248
End of service provision	500,000,000	-
Board of directors' remuneration 2019-2024	1,507,007,250	700,567,836
Provision for staff bonus	656,000,000	135,000
Shari'a supervisory board remuneration 2019-2024	121,752,655	49,170,780
Personal Income tax and Zakah	226,291,692	132,900,745
Provision for Zakah (Prior years)	743,621,925	309,127,666
Provision for business profit tax (Prior years)	549,408,679	549,408,679
Provision for Zakah	799,208,024	484,494,259
Provision for Business profit tax	1,275,172,545	-
Provision for deposits guarantee fund	50,723,295	29,927,855
	<u>6,594,949,102</u>	<u>2,343,730,068</u>

AL SALAM BANK
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18/ Unrestricted investment accounts holders: -

	<u>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Unrestricted investment account balances*	26,699,328,042	41,773,992,880
Return on unrestricted investment accounts (note 23)	681,993,509	659,125,760
Advance payment to investment holders	(35,389,597)	(434,037,201)
	<u>27,345,931,954</u>	<u>41,999,081,439</u>

* 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>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Authorized and paid-up capital	326,229,750	326,229,750
Capital increase fees	(2,680,750)	(2,680,750)
Amortization of capital expenses	2,680,750	-
	<u>326,229,750</u>	<u>323,549,000</u>

The authorized share capital of the bank comprises of 200 million shares 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>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Property revaluation reserve (note 20/1)	307,550,184	307,550,184
Foreign investments revaluation reserve (note 20/2)	29,160,286,642	15,018,388,372
Foreign assets and liabilities revaluation reserve (note 20/3)	13,608,977,629	10,769,717,958
General reserve (note 20/4)	284,407,948	284,407,948
Statutory reserve (note 20/5)	326,229,750	323,549,000
	<u>43,687,452,153</u>	<u>26,703,613,462</u>

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 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.

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NOTES TO THE FINANCIAL STATEMENTS
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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>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Murabaha income	1,140,329,719	720,651,320
Deferred sales income	491,996,828	281,041,068
	<u>1,632,326,547</u>	<u>1,001,692,388</u>

22/ Income from investments: -

	<u>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Interbank liquidity management fund	-	56,974,045
Income from portfolios	-	32,850,000
Mudaraba income	7,206,087	209,679
Musharaka income	-	10,920,000
Investment accounts	-	8,395,000
	<u>7,206,087</u>	<u>109,348,724</u>

23/ Return on unrestricted investments accounts: -

	<u>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Share of profit before Mudarib share	1,639,532,634	1,111,041,112
Mudarib share of profit	(481,210,809)	(706,871,646)
Net return after mudarib share	<u>1,158,321,825</u>	<u>404,169,466</u>

* 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>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Dividends from AL Salam bank- Bahrain	2,954,337,713	607,414,545
Dividends from Al Salam- Algeria	904,824,150	858,206,250
	<u>3,859,161,863</u>	<u>1,465,620,795</u>

AL SALAM BANK
NOTES TO THE FINANCIAL STATEMENTS
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25/ income from banking services: -

	<u>2024</u>	<u>2023</u>
	SDG	SDG
Ledger and cheques issuance commission	1,996,000	5,367,686
Letters of credit commission	516,450,367	1,220,217,819
Letters of guarantee commission	-	70,052
Transfers and acceptances commission	21,013,548	550,000
Administrative commission	-	12,775,452
Other bank services	8,170,971	12,355,448
SMS commission	-	2,519,700
Transfers	7,542,754	-
Income from mail and communications (SWIFT)	1,350,000	4,234,000
Save box income	-	3,196,843
Mobile services income	-	2,938,028
	<u>556,523,640</u>	<u>1,264,225,028</u>

26/ Other income: -

	<u>2024</u>	<u>2023</u>
	SDG	SDG
Miscellaneous	12,126,188	1,782,749
Income from insurance	-	3,300,527
Income from sales of electricity and communications services	10,820	4,237,652
	<u>12,137,008</u>	<u>9,320,928</u>

27/ Staff cost:-

	<u>2024</u>	<u>2023</u>
	SDG	SDG
Basic salary	357,154,395	727,356,935
Bonus	392,785,936	983,123,777
Emergency allowance	253,425,000	-
Nature of work allowance	-	8,061,064
Uniform allowance	136,299,853	293,420,991
End of service benefit	701,755,260	340,203,340
Training	-	3,554,981
Annual bonus	656,000,000	-
Incentives	1,200,000	4,215,916
Health insurance	77,772,482	204,303,110
Social insurance	53,665,573	118,255,416
Overtime	-	834,197
Other staff cash and in kind benefits	22,333,172	44,076,647
Annual leave allowances	107,565,311	231,870,217
	<u>2,759,956,982</u>	<u>2,959,276,591</u>

AL SALAM BANK
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28/ Operations expenses: -

	<u>2024</u>	<u>2023</u>
	SDG	SDG
Stationery and printings	49,417,510	11,638,167
Maintenance and repair	72,102,579	153,214,191
Telecommunications	24,323,305	16,512,687
Vehicles running expenses	14,156,201	36,298,139
Electricity and water	12,244,533	17,666,013
Insurance	4,483,190	34,231,873
Security expenses	7,211,580	13,508,000
Rent	189,952,637	77,160,300
Legal consultants' expenses	14,851,941	25,737,650
Audit fees	14,250,600	6,669,000
Board of directors meeting expenses	471,953,238	143,759,410
Shari'a supervisory board expenses	10,081,781	4,147,696
Subscriptions	26,592,075	27,675,574
Entertainment	22,566,182	8,036,447
Board of directors' remuneration 5% Of net profit	193,500,000	-
Shari'a supervisory board remuneration	29,500,000	-
Cash sorting expenses	150,000	1,060,450
Cleaning	11,936,449	29,064,977
Transportations	19,376,300	10,528,970
Travelling expenses	54,952,390	67,417,209
Banks charges	30,747,452	18,370,111
Donations	-	280,000
Swift	63,643,675	1,950,000
Advertising	8,678,000	30,100,117
Deposits guarantee fund	20,795,440	29,927,855
National clearing expenses	92,270	3,532,817
Services expenses	-	2,150,000
Stamp expenses	15,000	136,000
Electronic clearing expenses	-	2,526,000
	<u>1,367,574,328</u>	<u>773,299,653</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>2024</u>	<u>2023</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>

AL SALAM BANK
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30/ Earning per share:-

	<u>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Net(loss) profit for the year	5,326,362,471	(386,659,880)
Number of shares	121,275,000	121,275,000
(Loss) earnings per share	<u>43.92</u>	<u>(3.19)</u>

31/ Contra accounts:-

	<u>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Letters of credit	6,770,110,615	32,481,493,080
Letters of guarantee	10,231,725	8,545,425
Restricted investments accounts- Elneelein bank- Abu Dhabi	45,150,003,504	9,823,708,460
Bad debts	<u>3,000,920,392</u>	<u>1,601,291,923</u>
	<u>54,931,266,236</u>	<u>43,915,038,888</u>

32/ Concentration of investments – Economic sector: -

	<u>2024</u>	<u>2023</u>
Export & Import	75.40%	23.47%
Industry	10.00%	33.78%
Transportation	4.00%	28.4%
Agriculture	1.00%	0.88%
Services	1.70%	5.38%
Micro financing	7.00%	0.02%
Other sectors	<u>0.90%</u>	<u>8.07%</u>
Total	<u>100.%</u>	<u>%100</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 2024 amounting to SDG 799.2 million (SDG 484 million: 2023),

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.

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NOTES TO THE FINANCIAL STATEMENTS
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31, Dec ,2024					
SDG					
	Principal shareholders &board of directors and their companies and Shari'a supervisory board		Key managers		Total at 31 Dec 2024
	SDG	\$	SDG	\$	
<u>Balance sheet</u>					
<u>items:</u>					
Murabaha	-	-	-	-	-
Loans \$	1,346,498,505	745,260	-	-	1,346,498,505
Loans SDG	-	-	105,446,073	-	105,446,073
Current accounts foreign	587,194	325	43,848,016	24,269	44,435,210
Current account local	-	-	9,547	-	9,547
<u>Income statement</u>					
<u>items</u>					
Murabaha income	-	-	-	-	-
<u>Top management: -</u>					
Remuneration end of service			84,265,839		84,265,839

31, Dec ,2023				
SDG				
	Principal shareholders & board of directors and their companies and Shari'a supervisory board		Key managers	Total at 31 Dec 2023
	SDG	\$	SDG	\$
<u>Balance sheet</u>				
<u>items:</u>				
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
<u>Income statement</u>				
<u>items</u>				
Murabaha income			12,544,850	12,544,850
<u>Top management:-</u>				
Remuneration end of service			126,398,755	126,398,755

35/ distribution of unrestricted investment accounts: -

The balance of unrestricted investment accounts as at 31 Dec 2024 was SDG 27,345,931,954 (31 Dec 2023: SDG 41,999,081,439).

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 monitor 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 perform 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.

AL SALAM BANK
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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>2024</u>	<u>2023</u>
	<u>USD</u>	<u>USD</u>
Assets	57,564,530	84,089,727
Liabilities	<u>(31,448,247)</u>	<u>(56,041,435)</u>
Net foreign currency position	<u><u>26,116,283</u></u>	<u><u>28,048,292</u></u>

42/ Capital adequacy:-

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

	<u>2024</u>	<u>2023</u>
	<u>SDG</u>	<u>SDG</u>
Core capital	<u>(9,102,988,000)</u>	<u>(4,605,915,000)</u>
Total risk weighted assets	80,175,228,000	62,996,120,000
The banks' capital adequacy ratio	<u><u>%(11.4)</u></u>	<u><u>%(7.3)</u></u>
Minimum capital adequacy ratio required	<u><u>%12</u></u>	<u><u>%12</u></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 43.1 million SDG and representing 37.4 of the total bank assets.

43/ Zakat:-

The bank paid its Zakat liabilities up to 2021 and provided for 2024.

44/ Business profit tax:-

The bank paid its business profit tax up to 2021 and gets clearance and provided for 2024.