



STATEMENT OF FINANCIAL POSITION AS AT 31st DECEMBER, 2020

Particulars	Note	Thousand Sudanese Pounds	
		2020	2019
Assets:			
Cash and cash equivalent	(3)	2,666,716	1,520,972
Deferred sales Receivables	(4)	3,376,116	1,860,769
Investments:			
Musharaka & Mudaraba Financing	(5)	2,868,868	1,426,498
Securities	(6)	281,664	523,034
Investment in Portfolios & Other Investments	(7)	114,923	73,923
Total Investments:		3,265,455	2,023,455
Capital Participations	(8)	2,359	2,059
Other Assets	(9)	115,597	82,919
Under-Construction Projects	(10)	100,445	2,715
Net Fixed Assets	(11)	396,467	252,988
Total Assets		9,923,155	5,745,877
Liabilities, Unrestricted Investment Accounts & Owners' Equity:-			
Liabilities:			
Current & Saving Accounts	(12)	7,499,524	4,355,985
Other Liabilities	(13)	540,762	179,889
Provisions	(14)	298,891	139,601
Total Liabilities		8,339,177	4,675,475
Equity of Unrestricted Investment Accounts		554,631	360,812
Total Liabilities & Unrestricted Investment Accounts		8,893,808	5,036,287
Owners' Equity:			
Paid-up Capital	(15)	401,213	322,510
Reserves	(16)	109,896	70,514
Gains in foreign currency revaluation		5,020	1,753
Retained Earnings		513,218	314,813
Total Owners' Equity		1,029,347	709,590
Total Liabilities, Unrestricted Investment Accounts and Owners' Equity		9,923,155	5,745,877
Contingent Liab. & Memo Accounts	(17)	150,282	106,513

Mr. Malik Hamid Khesha
Member, Board of Directors

Mr. Osama Ali Ibrahim
Acting General Manager

Mr. Elamin Elsheikh Mustafa
Chairman, Board of Directors

The attached notes from (1)-(28) form an integral part of these Financial Statements.



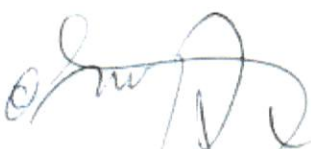


INCOME STATEMENT
FOR THE YEAR ENDED AT 31st DECEMBER, 2020

Particulars	Note	Thousand Sudanese Pounds	
		2020	2019
Income from:			
Deferred sales	(18)	507,305	253,777
Investments	(19)	865,868	326,827
Total Income from Def. sales and investments		1,373,173	580,604
Less:-			
Returns on unrestricted investment accounts before Bank's share, as Mudarib:	(17/ب /2)	104,076	55,266
Less:- Bank's share, as Mudarib:		(30,651)	(14,266)
Returns on unrestricted investment A/Cs		73,425	41,000
The bank's share in investments Profits in its capacity as mudarib and as capital owner		1,299,748	539,604
The bank's share in restricted investments Profits in its capacity as Mudarib	(17/ب /2)	435	-
Income from banking Services	(20)	87,169	76,639
Gains from F. Currency Revaluation		3,267	1,753
Other earnings	(21)	15,143	14,650
Total Income		1,405,762	632,646
Less expenses:			
Staff Costs	(22)	673,436	197,299
General & Administrative expenses	(23)	160,910	114,542
Depreciation of Fixed Assets		31,226	17,668
Bank of Sudan's Penalties		-	3
Total expenses		865,572	329,512
Net Profit before Zakat & Tax		540,190	303,134
Zakat		(15,292)	(19,774)
Tax		(131,080)	(51,721)
Net Profit after Zakat & Tax		393,818	231,639
Earnings per share		0.98	0.72
Share per value		1	1




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CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER, 2020

Thousand Sudanese Pounds

Particulars:-	Note	2020	2019
Net Income		393,818	231,639
Add (Deduct) Items to Reconcile Net income			
Adjust Income with Cash Generated from:			
Operating Activities:			
Depreciation of Fixed Assets		31,226	17,669
Provision for employees' promotions		20,000	-
Provision for Zakat		15,292	19,773
Provision for Tax		131,080	51,721
Provision for Doubtful Debts		13,841	29,161
Provision for Employees' incentive		109,701	45,600
Provision for Board of Directors' remuneration		3,126	12,192
Provision for Deposit Guarantee Fund		14,054	9,995
payments for Zakat		(19,857)	(11,548)
payments for Tax		(47,538)	(14,722)
payments for Employees' incentive		(45,600)	(26,410)
Payment for Deposit Guarantee Fund		(9,995)	-
Payments for Board of Directors' remuneration		(10,972)	(6,914)
Return on unrestricted investment A/Cs		73,425	41,000
Gains from Sale of Fixed Assets		(1,960)	(9,932)
Prior years Adjustments	(26)	4,642	2,915
Net Cash Flow Provided from Operating Activities		674,283	392,139
(Increase) Decrease in Cash Flows from Investment:			
Purchase of Fixed Assets		(174,746)	(140,236)
Sale of fixed assets		2,001	9,186
(Increase) Decrease in Under-Construction Projects		(97,730)	9,425
(Increase) Decrease in Deferred sales Receivables		(1,527,273)	(1,024,297)
(Increase) Decrease in Musharakah & Mudaraba Financing		(1,444,286)	(353,391)
(Increase) Decrease in Investment in Securities		241,370	657,574
(Increase) Decrease in Investment Portfolios & Other Investments		(41,000)	264,923
Increase in Capital Participations		(300)	(658)
Net Cash Generated from Investments		(3,041,964)	(577,474)
Increase (Decrease) in Cash & Cash Flow from Financing:-			
Increase (Decrease) in Unrestricted A/C		193,819	(5,647)
Increase in Current & Saving Accounts		3,143,539	170,537
Increase (Decrease) in Other liabilities		287,448	(136,557)
Increase in Other Assets		(32,678)	(65,641)
Distribution of Dividends		(78,703)	(28,795)
Net Cash from Financing		3,513,425	(66,103)
Increase (Decrease) in Cash & Cash equivalent		1,145,744	(251,438)
Cash & Cash equivalent at the beginning of the year		1,520,972	1,772,410
Cash & Cash equivalent at the end of the year		2,666,716	1,520,972

Mr. Malik Hamid Khesha
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Chairman, Board of Directors

The attached notes from (1) - (28) form an integral part of these Financial Statements.



SAUDI SUDANESE BANK

Head Office

البنك السعودي السوداني
المركز الرئيسي



Statement of Changes in Owners' Equity for the year ended at 31st December 2020

Particulars:-	Thousand Sudanese Pounds						
	Note	Paid Up Share Capital	Legal Reserve	Fixed Assets Revaluation Reserve	Gains from F. Currency Revaluation	Retained Earnings	Total
Balance as at 31st Dec. 2018.	(-26)	287,955	30,934	16,416	-	168,526	503,831
Prior years Adjustments	-	-	-	-	-	2,915	2,915
Distribution of Dividends	-	-	-	-	-	(28,795)	(28,795)
Increase in Capital	-	34,555	-	-	-	(34,555)	-
Net Income	-	-	-	-	-	231,639	231,639
Transferred to Reserves	-	-	23,164	-	-	(23,164)	-
Transferred to Gains from F. Curr. Reval.	-	-	-	-	1,753	(1,753)	-
Balance as at 31st Dec. 2019.		322,510	54,098	16,416	1,753	314,813	709,590
Prior years Adjustments	(-26)	-	-	-	-	4,642	4,642
Distribution Of Dividends	-	-	-	-	-	(78,703)	(78,703)
Increase in Capital	-	78,703	-	-	-	(78,703)	-
Net Income	-	-	-	-	-	393,818	393,818
Transferred to Reserves	-	-	39,382	-	-	(39,382)	-
Transferred to Gains from F. Curr. Reval.	-	-	-	-	3,267	(3,267)	-
Balance as at 31st Dec. 2020		401,213	93,480	16,416	5,020	512,218	1,029,347

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(4)



(Note No. 1)

Establishment and Major Activities

1-a: Establishment:

Saudi Sudanese Bank is a limited public company registered in the Republic of Sudan on the first of February 1984 in accordance with the Companies' Ordinance of 1925 for the purpose of carrying out all banking, financial, commercial and investment activities.

The bank operates through (17) branches as at the end of 2020, of which (11) branches are located in Khartoum State.

The bank's registered office is located in Khartoum 2- Al-Mack Nimir Street South, PO Box: 1773, Tel: 00249-183485674/5. The bank's shares are listed for trading in Khartoum Stock Exchange, Stock Symbol: SSBA.

The Total Owners' Equity of the bank, as at 12/31/2020, amounted to 1,029,348 Thousands SDG. The ownership structure is as follows:

Shareholder	Rate(%) of ownership
Central Bank of Sudan	12.47%
National Social Insurance Fund	15.63%
National Pension Fund	15.63%
Investment Authority of Social Ins. Fund	15.63%
Carawan Holding Company	15.63%
Mustafa Elsheikh Mustafa Elamin	5.00
Elnilein Insurance Company	5.00
Others	15.01%

The attached notes from (1) – (28) form an integral part of these Financial Statements.

The bank was assigned the Credit Rating of (Satisfactory) from Central Bank of Sudan for its banking performance during the year 2020. It is the third rating among five descending rates based on the Standards of the Prudential Control Requirements (CAEL).

1-b: Subsidiary Companies:

The bank has two subsidiaries with a 99.99% shareholding in each, the Saudi Sudanese Solidarity Trading Company and the Saudi Sudanese Solidarity Company for Agricultural Investment. Both companies' activities were frozen since June 2001 and they do not possess any assets or liabilities at the present time.

The bank has created a 100% write-off provision for their capital of (100&10Thousands SDG respectively), as shown in (Note No. 8).

1-c: Major Activities:

- 1) Opening of current and saving accounts
- 2) Providing financing to the bank's customers according to the different modes of Islamic financing
- 3) Outward and Inward remittances, issuing of letters of credit and letters of guarantee, and other Trade Finance services.
- 4) Accepting Unrestricted Investment accounts, commingling them with the bank's own resources and investing them on Mudaraba basis, for an agreed ratio in the profits.

The attached notes from (1) – (28) form an integral part of these Financial Statements.

- 5) Accepting Restricted Investment accounts and investing them separately; as an agent against agreed investment fees or as Mudarib against an agreed ratio in the profit.
- 6) Foreign exchange dealing in tradable currencies.
- 7) Carrying out industrial, commercial, agricultural, and other business, either directly or through companies established or participated in by the bank, according to Central Bank of Sudan regulations.
- 8) Purchase land, construct and sell/rent buildings.

(Note No. 2)

Basis of Financial Statements Preparation

2-a: Statement of compliance with the Accounting Standards:

The bank's financial statements have been prepared in accordance with the accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions – Bahrain (AAOIFI) and in accordance with the principles and provisions of Islamic Sharia defined by the Sharia Supervisory Board of the bank along with the directives of the Central Bank of Sudan.

The International Financial Reporting Standards (IFRS) are applied in all matters that are not covered by the standards of the Accounting and Auditing Organization for Islamic Financial Institutions.

2-b: Accounting policies:

2-b-1 / Basis of accounting measurement:

The Statement of Financial Position has been prepared in accordance with the principle of the historical cost for all assets and liabilities, with the exception of the revaluation of financial investments that are valued on a fair value basis.

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The bank reduces the value of its assets in the event that there is a material and continuous decrease in the value of any of the assets, and that decrease is charged as losses in the income statement.

2-b-2 / Functional and presentation currency:

The functional and presentation currency used to prepare and present the bank's financial statements is the Sudanese pound (SDG). The amounts were rounded to the nearest thousand SDG.

2-b-3 / Use of estimates and assumptions:

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the value of assets, liabilities, revenues, expenses, gains and losses. Actual results may differ from these estimates or assumptions if they are not realised. Therefore, these estimates and assumptions are reviewed on a continuous basis to reduce the effect of the differences. The effect of the adjustments on accounting estimates is included in the year in which these estimates and assumptions are reviewed and in any future periods affected by this.

2-b-4 / Foreign currency transactions and translation of outstanding balances:

Transactions in foreign currencies are translated into SDG at the exchange rate prevailing on the transaction date. The outstanding balances of assets and liabilities in foreign currencies are translated into Sudanese Pound at the prevailing mid-rate at the date of the Statement of Financial Position (the mid-rate of the US dollar against the Sudanese pound on 31/12/2020 was \$ 1 equals 55.1375 Sudanese pound) and resulting gain or loss is recognised in the income statement.

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In the case of investments in foreign currency, the difference arising from the translation is recognized as unrealized gain or loss in the owners' equity and is recognized later on in the income statement at the date of sale.

2-b-5 / Revenue recognition:

Revenue is recognized as follows:

a. Deferred sale Receivables: (Murabahah, on-credit sale, Mugawala, and Salam):

Definitions:

Murabaha – is sale of goods with an agreed upon profit mark-up on the cost. This could be on a spot basis or deferred payment basis. On credit sale is a sale of goods without the condition of disclosure of its cost price as the case in Murabaha i.e. it is a bargaining sale. Mugawala on the other side is a sale of services;

Salam – purchase of a commodity for deferred delivery in exchange for immediate payment according to specified conditions or sale of a commodity for deferred delivery in exchange for immediate payment.

Profits are recognized on a cash basis, upon final settlement of the deals that are settled in one instalment. As for deals that are settled in different instalments, the profits are recognized in proportion to any instalment that is actually paid.

b. Salam Financing:

Profits from Salam are recognized when the received Salam commodity is sold and settled.

c. Musharaka and Mudaraba Financing:

Definitions:

Musharaka – a form of partnership between the Islamic bank and its clients whereby each party contributes to the capital of partnership in equal or varying degrees to establish a new project or share in an existing one, and whereby each of the parties becomes an owner of the capital on a permanent or declining basis and shall have his due share of profits. 11 However, losses are shared in proportion to the contributed capital. It is not permissible to stipulate otherwise;

Mudaraba – is a profit-oriented participation between capital and work. [Explanation: Generally, in the context of an institution, it is conducted between investment account holders as owners of capital and the institution as a Mudarib. The institution announces its willingness to accept the funds of investment amount holders, the sharing of profits being as agreed upon between the two parties, and the losses being borne by the owner of funds except if they were due to misconduct, negligence or violation of the conditions agreed upon by the institution. In the latter cases such losses would be borne by the institution. A Mudaraba contract may also be concluded between the institution, as a provider of capital on behalf of itself or on behalf of investment account holders, and business owners and other craftsmen, including farmers, traders etc.];

Profits in Musharaka and Mudaraba are recognized on a cash basis, when settled by the final liquidation of the deal.

d. Investment in Securities and Capital Participations:

Profits on securities are recognized when sold. In capital contributions profits are recognized when dividends are received.

e. **The returns on banking services** are recognized on the date at which transactions are executed.

2-b-6 / Recognition of expenses:

All human resources, general and administrative expenses, including unpaid accrued expenses, are recognized and included in the Income Statement for the financial period to which those expenses are related.

2-b-7 / Deferred sale Receivables:

Deferred sale Receivables are shown in the Statement of Financial Position with balances due from debtors, net of both provision for bad debts and deferred profit. Sudan adopts the non-binding promise-to-purchase option in the Murabahah sale.

2-b-8 / Components and evaluation of Securities held for trading:

Securities held for trading purpose consist of equity certificates issued as securitization of the government of Sudan's shares in designated industrial, agricultural and services companies. Sudan Financial Services Company acts as the independent third party/SPV; issuing and managing those certificates. The list of the outstanding securities is represented in the following certificates: Shahama, Shama, Shihab, Sarh and Shasha. All securities are listed for trading in Khartoum Stock Exchange.

The profits are represented in the government's share of profit in those companies comprising the specific certificate portfolio of companies or the rentals for using assets owned by the security. The nature of these securities is defined as follows.

Definitions:

Shahama: (Certificate of Participation with the Government of Sudan), represents securitization of a portion of the government shares in the companies included in the portfolio of each type of Shahama certificates (Shahama 1, Shahama 2 ...etc).

Sarh Sukuk: (Government investment Certificate), which is an equity instrument to purchase assets or establish infrastructure projects and sell/rent them to the Ministry of Finance. Sukuk – are certificates of equal value representing undivided shares in ownership of tangible assets, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity, however, this is true after receipt of the value of Sukuk, closing of subscription and employment of funds received for the purpose for which the Sukuk were issued;

Shama: (Certificate of leasing the assets of the Khartoum Petroleum Refinery), which is a securitization of the assets and an operating lease to the Ministry of Finance. **Shihab:** (Certificate of leasing the Central Bank of Sudan's building), which is a securitization of the building and an operating lease to Central Bank of Sudan.

Shasha: (Certificate of leasing the assets of the Sudanese Electricity Transmission Company), which is a securitization of the assets and an operating lease to the Ministry of Finance.

- Securities held for trading are valued at the end of the financial period at fair value.

- Securities held for trading that have lost one of the criteria for classifying them as such are reclassified as Securities Available for Sale and are carried at their book value and any difference is recognized in the income statement.

2-b-9 / Components and evaluation of Securities held to maturity:

Securities held to maturity consist of the mandatory part of the Sukuk in the Sudanese banks' Liquidity Management Fund, and they represent the minimum amount of Sukuk that must be held for membership purpose and re-subscribing to it after the need to liquidate them to cover the overdrawn current account with the Central Bank. The surplus resources in that Fund are used for investment in the securities available in the stock market and investment deposits with banks. Additional Sukuk, above the mandatory limit – if any, are classified as securities held for trading.

Securities held to maturity are valued at the end of the financial period at fair value. In the event of deterioration in the fair value compared to the book value, the book value is lowered by recognizing a loss in the income statement. In the event of any future increase in the fair value the gain is recognized in the income statement up to the value of what was previously charged as a loss in the income statement.

2-b-10 / Components and evaluation of Securities available for sale:

Securities other than those classified as held-to-maturity or as held-for-trading, are classified as Securities available for Sale.

Securities available for sale are valued at fair value. Unrealized gains or losses are recognized in the owners' equity until the actual sale and recognition of the gains or losses in the income statement.

The outstanding **Investment in Securities**, as at the end of the year, is shown in (Note No. 6).

2-b-11 / Fair value of Securities:

According to the prices in the Stock Market and the prevailing selling conditions, the fair value of the above securities are **not** materially different from their book value on the date of the Statement of Financial Position.

2-b-12 / Fixed Assets:

Fixed assets are stated at cost, and routine maintenance and repairs are charged as expenses when incurred. The bank follows the fixed instalment method in the depreciation of its fixed assets according to the useful life for each category; and assets acquired during the year are depreciated according to the number of days since date of purchase, as per the following schedule (and as shown in Notes No. 11 – a & b):

Item	Dep. Rate %
Land	0.00
Buildings	5.00
Furniture, equipment and other items	7.50
Coolers, W. Tanks and generators	10.00
Cars, Motorcycles and IT equipment	15.00

- The capital expenditures for establishing branches are amortized over five years (at a rate of 20% p. a), given that the period of leasing is not less than the amortization period, for the leased premises branches.

The attached notes from (1) – (28) form an integral part of these Financial Statements.

2-b-13 / Provision for bad & doubtful debts:

Provisions are made for bad, doubtful debts and investment risks on all forms of financing which include: Deferred sale receivables, Musharaka and Mudaraba and all other modes of financing and investments (as shown in No. 4/5/7-a).

Provision for bad debts is based on a percentage of the balance, after excluding ratios of the debt covered by deposits, real estate, commodity stocks, and other tangible collaterals (Haircut), and according to the rates determined by the directions of Central Bank of Sudan, as follows:

Classification	Nature	Provision %
Regular Financing	Un-due	1
Irregular Financing	Due for less than 3 months	2
Substandard financing	Due for 3-6 months	20
Doubtful financing	Due for 6-12 months	50
Bad financing	Due for 12 months or more	100

- Debts are written off in the event that the actions taken towards its collection are not feasible; by debiting this provision.

2-b-14 / Indicators of bad debts due to write-off:

Debt is considered lost or non-existent according to the following cases:

- If it remains past due for a period of not less than five years.
- If the company is liquidated or its bankruptcy is declared.
- Death of the debtor without a legacy that can be claimed.
- The debtor escaped and could not be prosecuted.
- Any other features that require the write-off of the debt according to the discretion of the bank's management.

Approvals of the Board of Directors and the Central Bank of Sudan must be obtained before a debt is written off.

2-b-15 / Contingent Liabilities and Memorandum accounts:

Contingent liabilities and memorandum accounts which include: (letters of credit – letters of guarantee – restricted investment accounts – overseas bills for collection and written off bad debts) appear off the Statement of Financial Position; as they do not represent actual assets or liabilities on the date of the Statement of Financial Position. The balances of the outstanding items as at the end of the year are shown in (Note No. 17).

2-b-16 / Cash & cash equivalent:

For the purposes of the Cash Flow Statement, the Cash & cash equivalent item includes: cash balances in vaults in all currencies, bank's account balances with Central Bank of Sudan (current and statutory cash reserves) and balances of current and cash margin accounts with correspondent banks.

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2-b-17 / Principles and controls for distributing profit between holders of the unrestricted investment accounts and shareholders:

The profit that is distributed between the holders of the unrestricted investment accounts and shareholders is the profit resulting from all financing and investment activities, after deducting the expenses that are directly related to those investment activities.

The distribution is based on the contribution of each party to the total average funds invested during the year. No preference or priority in the utilization of funds or in profits is given to any party.

The bank's share as Mudarib is deducted from the share of the investment accounts holders share according to the contracted ratio of 30%, unless the bank relinquishes some of its share to support the profits of the account holders, with a disclosure to that effect.

Profit rates of the SDG investment account holders for the year 2020 reached 17.03% without any subsidy from the bank's side. For Foreign currency Investment accounts, a sum of 1,910 Thousands SDG at a rate of 4% p.a. was distributed in subsidy for them due to Lack of investment opportunities in foreign currency or any other lucrative utilization.

The bank does not collect or pay zakat on the investment accounts and their share of profit, so it is the responsibility of each individual account holder to pay his own Zakat since he is the owner of the fund.

2-b-18 / Zakat and Tax Treatment:

Zakat – is a right (a religious responsibility on a Muslim) which becomes due in certain types of wealth, and disbursable to specific categories of recipients in the current annual period.

The bank is subject, on the zakat side, to the laws of the Zakat Bureau and from the tax side; it is subject to the laws of the Tax Bureau; in Sudan. The bank pays its zakat to the Zakat Bureau and it is the sole authorized body to disburse it.

2-b-19 / Sharia Supervisory Board:

The bank's activity is subject to the supervision of a Sharia Supervisory Board that is formed by the General Assembly, consisting of four members who perform the independent oversight role on the various transactions of the bank and submit their report at the end of each year to the General Assembly Meeting. Their report is attached as part of the Financial Statements.

2-b-20 / Transactions with Related Parties:

The bank subjects the transactions with its related parties to the controls and provisions issued by the Central Bank of Sudan to ensure its establishment on commercial and fair basis. Related parties include the major shareholders who own, for each, 5% of the bank's issued capital or the right to vote, members of the board of directors, executive management, the external auditor, members of the Sharia Supervisory Board and the direct family members of those parties alongside the bank's subsidiary companies. Related parties' deals in 2020 are limited to deals with the parties related to the board of directors' members as shown in note (No. 27). There were no past due or delinquent obligations.

The attached notes from (1) – (28) form an integral part of these Financial Statements.

2-b-21 / Corporate Social Responsibility:

The social responsibility of the bank is defined as all activities that serve the society as a whole in its basic social, economic and cultural sectors and helping those in need as well as the environment preservation and protection of natural resources.

Those factors are considered as one of the preference factors for choosing the bank's activities and financed projects. It also includes upgrading the services provided by the bank and targeting financial inclusion, along with employment opportunities that are made available to all citizens and caring for employees and their families as well. The bank's contributions as **donations**, amounted to 105 Thousand SDG in the year 2020, compared to 552 Thousand SDG in the year 2019, as shown in (Note No. 23) and the bank's Zakat represent a major role in the same field.

2-b-22 / Risk Management for Financial Instruments: –

a- Credit risk: –

The bank facilities granted to customers in the form of direct and indirect financing, current accounts and cash margins and deposits with other banks and correspondents; are exposed to credit risk represented by the inability of those parties to pay back part or all of their due amounts and/or on the due dates.

The bank adopts several procedures which lead to reducing and mitigating credit risk to the minimum.

Examples of which include:–

- Sound credit origination, approval, administration and control processes, determination and measurement of credit risks and identification of suitable collaterals.

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- Follow-up and periodic study of clients and banks with a view to assessing their financial and credit positions, estimating and creating the required loss provisions for irregular balances.
- Diversifying and distributing the finance portfolio and bank deposits to different sectors, customers and banks using pre-set single customer credit exposure in order to avoid risk concentration.

b- Market risk:

Market risk is the risk of negative fluctuation in the value of an asset as a result of changes in market conditions and prices. Market risk at the bank is managed by distributing the assets into various types, avoiding concentration in its all forms, continuous evaluation of market conditions and trends; and estimating the impact of this on the fair value of the assets in the short and long term.

The bank is not exposed to significant market risk on the side of liabilities, as in accordance with the provisions of Islamic Sharia; the bank does not provide any contractual/pre-determined rates of return loss bearing to the investment account holders besides the non-payment of returns to the current accounts; which are classified as benevolent loans.

c- Foreign currency exchange rate fluctuations:

As the bank is dealings in a number of foreign currencies depending on the nature of its activity, it is exposed to the risks of fluctuations in foreign exchange rates, as one of the major market risks. For the purpose of minimizing those risks to the minimum, the bank takes into account the Net Foreign Currency Position/Exposure limits according to the instructions issued by the Central Bank of Sudan to avoid any material exposure.

The bank's net foreign exchange position/exposure, as at 31/12/2020, showed a long net position of USD117 Thousands in purpose of protection against the continuous escalation of foreign currencies rates against the Sudanese Pound over the past years and future expectations.

d- Operational risks:

Operational risks are mainly represented in the failure of systems banking processes and the human element, in addition to other risks such as legal reputational and other risks that affect the operational aspects of the bank.

The bank controls these risks by planning and implementing many policies and procedures through which these risks are identified, evaluated, and then managed and controlled through a continuous development and oversight to fix all the deficiencies that may appear besides the continuous development, upgrade and excellence in above mentioned fields.

Notes (No. 2.b.13 and 4/5/7-a) – Bad, doubtful debts and investment risks provisions) give detailed ratios for the bank's provisioning policies and the actual provisions created in mitigation of all above risks.

Thousand Sudanese Pounds

3- Cash & cash equivalent:	2020	2019
Cash and Central Bank - SDG (Note 3-a)	2,230,283	1,111,740
Cash, Central Bank and Correspondents - FC (3-b)	436,433	409,232
Total	2,666,716	1,520,972

(3-a) Cash and Central Bank of Sudan - SDG:	2020	2019
Cash in Hand	345,009	94,825
Current account with Central Bank	540,191	424,226
Statutory reserve with Central Bank	1,345,083	592,689
Total	2,230,283	1,111,740

(3-b) Cash, Central Bank and Correspondents - FC:	2020	2019
Cash in hand	60,349	45,698
Current accounts with Central Bank	49,664	103,701
Statutory reserve with Central Bank (\$ 1,103K)	60,827	46,681
Current accounts with Foreign Correspondents	265,593	213,152
Total	436,433	409,232

4- Deferred sales Receivables:	2020	2019
Murabaha	3,963,891	2,213,244
Salam	20,700	700
Sales on credit	177,948	29,688
Mugawala	2,671	26,927
Less: Deferred Murabaha Profits	-734,845	-359,057
Less: Deferred Mugawala Profits	-1,231	-9,641
Less: Provision for Bad & D. Debts (Note 4/5/7-a)	-53,018	-41,092
Total	3,376,116	1,860,769

5- Musharakah & Mudaraba Financing:	2020	2019
Musharaka	2,796,207	1,380,503
Mudarba	110,000	81,000
Less: Provision for Bad & D. Debts (Note 4/5/7-a)	-37,339	-35,005
Total	2,868,868	1,426,498

The attached notes from (1) - (28) form an integral part of these Financial Statements.

Thousand Sudanese Pounds

6- Securities :	2020	2019
Securities held for trade:		
Government Certificates:		
Shahama	110,664	363,681
Shama	542	542
Sarh	20,700	20,700
Shihab2	100,000	100,000
Shasha	3,424	3,424
Securities held to maturity:		
Banks Liquidity Management Fund (Mandatory)	46,334	34,687
Total	281,664	523,034

7- Investment Portfolios & Other investments:	2020	2019
Strategic Commodities Portfolio	50,000	0
Vegetable Oils' Portfolio	10,000	10,000
Sudan Financial Sciences Academy's Portfolio	1,000	0
Graduates' Portfolio	2,500	2,500
Baraka Bank's Portfolio	5,000	5,000
African Ginning Factory's Portfolio	31,423	31,423
Workers' Food Portfolio	15,000	15,000
Assets acquired for Murabaha	0	10,000
Unpaid over-due LCs	346,506	283,923
Unpaid claimed LGs	46,089	37,710
Less: Provision for Bad & D. Debts (Note 4/5/7-a)	-392,595	-321,633
Total	114,923	73,923

(Note 4/5/7-a): Provision for bad debts:	2020	2019
Opening balance	397,730	63,626
Provision during the year	13,841	29,161
Provision for Over-due LCs Revaluation	71,381	306,632
Less: Debt write-off during the year	0	-1,689
Closing balance	482,952	397,730

* Provision is divided among the diff. financing modes as shown in Notes: 4, 5 & 7 above.

The attached notes from (1) - (28) form an integral part of these Financial Statements.

Thousand Sudanese Pounds

8- Capital Participations:	2020	2019	Ratio (%)
Saudi Sudanese Solidarity Trading Co.	100	100	99.99%
Saudi Sudanese Solidarity Agri.Inves. Co.	10	10	99.95%
Wataniya Petroleum Co.	171	25	0.10%
Electronic Banking Services Co.	372	218	0.60%
Export Financing & Insurance Agency	500	500	0.25%
Micro Finance Guarantee Agency	1,316	1,316	0.58%
Less: Prov. for Tadamon Companies Cap. Write - off	-110	-110	
Total	2,359	2,059	

9- Other Assets:	2020	2019
Advance on profit to investment accounts	1,125	915
Saff Loans (Note 9-a)	42,632	49,148
Advance Payments (Note 9-b)	34,226	24,956
Inventories (Note 9-c)	18,132	4,408
Maamoura Branch establishment Capex*	5,462	3,353
Niyala Branch establishment Capex*	2,826	683
Electronic payment Claims	9,944	-544
Under Litigation Indemnity Cheque	1,250	0
Total	115,597	82,919

* Maamoura & Niyala branches establishment Capex consists of banking counters, glass and aluminum partitions, strong room, computer network, electrical network, sanitary network and other building improvement and banking customization.

(Note 9-a) Saff Loans:	2020	2019
Personal loans	639	241
Housing Loans	30,248	34,307
Car Loans	9,081	11,195
Motorcycles Loans	2,664	3,405
Total	42,632	49,148

(Note 9-b) Advance Payments:	2020	2019
Rentals	17,535	23,101
Executives Terminated Contracts Dues	13,045	0
Insurance	133	101
Eid Allowance	0	100
Elevator Maintenance	0	35
Next year's gifts	3,513	1,619
Total	34,226	24,956

The attached notes from (1) - (28) form an integral part of these Financial Statements.

Thousand Sudanese Pounds

(Note 9-c) Inventories:	2020	2019
Printed Cheques	8,791	520
Stationery	7,031	3,885
ATM Cards	511	3
Fuel Stock	1,779	0
Spare parts Stock	20	0
Total	18,132	4,408

10- Under-construction Projects:	2020	2019	Ratio from project
HO. building	100,445	2,715	2%
Total	100,445	2,715	

11- Net Fixed Assets:	2020	2019
Tangible Fixed Assets (Note 11-a)	387,901	252,023
Intangible Fixed Assets, IT Software, (11-b)	8,566	965
Total	396,467	252,988

The attached notes from (1) - (28) form an integral part of these Financial Statements.

(11-a)

Fixed Assets

Particulars:-	Thousand Sudanese Pounds										
	Cost at 1.1.2020.	Additions	Disposals	Cost at 31.12.2020	Rate	Accm. 1.1.2020	Dep'n for the year	Dep'n of Add.	Dep'n of Disposal	Accm Dep'n 31.12.2020	Net Book Value
Cars	81,043	8,522	345	89,220	15%	16,070	11,762	287	345	27,774	61,101
Air Conditioners	12,837	12,845	-	25,682	7.5%	1,468	963	26	-	2,457	23,225
Computers	43,306	32,969	-	76,275	15%	12,625	6,496	1,461	-	20,582	55,693
Generators	19,894	5,689	-	25,583	10%	2,138	1,989	61	-	4,188	21,394
Water Tanks	238	224	-	462	10%	43	24	11	-	78	384
Machineries & Equipments	20,828	10,850	-	31,678	7.5%	3,702	1,562	47	-	5,311	26,367
Furniture & Fittings	25,504	25,982	41	51,445	7.5%	3,425	1,913	372	-	5,710	45,735
Motorcycles	1,380	-	-	1,380	15%	242	196	-	-	438	942
Land	39,908	49,052	-	88,960	0%	-	-	-	-	-	88,960
Buildings	28,577	8,410	-	36,987	5%	627	1,429	388	-	2,444	34,543
Point of Sales	6,723	11,300	-	18,023	7.5%	303	504	9	-	816	17,207
Coolers	1,087	748	-	1,835	10%	171	109	14	-	294	1,541
ATMs	11,050	-	-	11,050	7.5%	2,950	829	-	-	3,779	7,271
Containers	802	-	-	802	7.5%	26	60	-	-	86	716
ATM Cameras	3,045	74	-	3,119	7.5%	409	228	5	-	642	2,477
Total	296,222	166,665	386	462,500		44,199	28,063	2,681	345	74,598	387,901

The attached notes from (1) -(28) form an integral part of these Financial Statements.

(27)

Note (11-b)

Intangible Fixed Assets, IT Software

1/ Intangible fixed assets:-

Thousand Sudanese Pounds

Particulars:-	Assets			Amortization					
	Cost at 1.1.2020	Disposal	Cost at 31.12.2020.	Rate	Acc 1.1.2020.	Dep'n for the year	Dep'n of Add.	Total Dep'n 31.12.2020	Net Book 31.12.2020
System Upgrade Programs	1,097	8,082	9,179	10%	132	110	371	613	8,566
Total	1,097	8,082	9,179	10%	132	110	371	613	8,566

2/ Amortization of the capital expenditure (Capex) to establish the branches:-

Capex of Maamoura branch of 6,828 thousand SDG is amortized over five years at 1,366 thousand SDG per year starting from 2020 at a rate of 20% for the year.

The attached notes from (1) -(28) form an integral part of these Financial Statements.
(28)

Thousand Sudanese Pounds

12- Current and Saving Accounts:	2020	2019
Current Accounts	7,174,542	4,168,914
Saving Accounts	324,982	187,071
Total	7,499,524	4,355,985

13- Other Liabilities:	2020	2019
Drafts & Bills Payable	284,717	97,225
Doc. Coll. Cash Margins	2,454	5,668
Letter of Guarantee Cash Margins	13,829	12,566
Import & Export Customers' Accounts	51,797	0
Unclaimed Draft Cheques	7,066	3,987
Un-allocated inward Transfers	283	141
Investment Accounts' Profit Share	73,425	41,000
Annual Audit Fees	400	343
Dormant Accounts	12,099	8,373
Other Creditors (Note 13-a)	94,692	10,586
Total	540,762	179,889

(13-a)- Other Creditors:	2020	2019
Share dividends - in SDG	82,892	4,797
Share dividends - in USD	4,591	3,756
Closed accounts balances	403	1,343
Return Recv. on Accounts with Correspondents	749	625
Over in ATM	10	43
Accrued expenses	5,238	22
On demand credit balances - SDG	168	0
H.O & Interbranch A/C	504	0
Siraj Payment System-EBS's fees	137	0
Total	94,692	10,586

14- Provisions:	2020	2019
Provision for Tax	135,499	51,957
Provision for Zakat	15,292	19,857
Provision for BoDs' remuneration	4,345	12,192
Employees' incentive	109,701	45,600
Provision for Deposits Insurance Fund	14,054	9,995
Provision for Staff Promotion 2020	20,000	0
Total	298,891	139,601

The attached notes from (1) - (28) form an integral part of these Financial Statements.

15- Capital:**Authorized Capital: SDG 500,000,000****Issued Capital: SDG 500,000,000****Subscribed and paid-up: SDG 401,213,548**

Thousand Sudanese Pounds

	2020	2019	Ratio (%)
Bank of Sudan	50,033	40,218	12.47%
National Pension Fund	62,699	50,400	15.63%
Social Insurance Fund	62,699	50,400	15.63%
Investment Authority of the Social Ins. Fund	62,699	50,400	15.63%
Carawan Holding Company	62,699	50,400	15.63%
Mustafa Elamin Elsheikh Mustafa	20,061	16,126	5.00%
Elnilein Insurance Company Ltd.	20,061	16,126	5.00%
Others	60,262	48,440	15.01%
Total	401,213	322,510	100.00%

16- Reserves:	2020	2019
Legal reserve	93,480	54,098
Fixed Assets Revaluation reserve	16,416	16,416
Total	109,896	70,514

17- Contingent Liab. & Contra Accounts:	2020	2019
Liabilities on letters of guarantee	117,506	75,748
Written-off Bad debts	28,347	28,393
Overseas Cheques under collection	4,429	2,372
Total	150,282	106,513

18- Income from Deferred sales:	2020	2019
Income from Murabaha	486,495	238,993
Income from Mugawala	8,761	8,005
Income from Salam	358	2,531
Income from Sales on Credit	11,691	4,248
Total	507,305	253,777

19- Income from Musharaka & Mudaraba Financing:	2020	2019
Income from Musharaka	758,711	194,375
Income from Mudaraba	20,165	8,657
Income from Securities	77,470	83,685
Income from Investment Portfolios	9,199	40,110
Income from Capital Participations	323	0
Total	865,868	326,827

The attached notes from (1) - (28) form an integral part of these Financial Statements.

Thousand Sudanese Pounds

20- Income from Banking Services:	2020	2019
Commissions from Letters of Credit	41	4,990
Commissions from Letters of Guarantee	3,381	4,987
Commissions from Current Accounts	10,466	5,530
Commissions from Cheques and Transfers	8,621	8,429
Commissions from Bills for Collection	54,674	47,149
Commissions from ATM Cards	24	1,539
Revenue from Purchase and Sale of FC	9,962	4,015
Total	87,169	76,639

21- Other earnings:	2020	2019
Commission received on P. T. & T.	662	582
Revenues from Sale of Fixed Assets	1,960	9,932
Commission received on Insurance	597	371
Income from rent of Stores	2,628	1,140
Bad Debt Collection	46	790
Investment operations Supervision comm.	7,789	1,645
Rent Recv. From Bank's own buildings	1,130	0
Employees Transportation Subscription fees	308	67
Branches construction Tender fees	22	0
Refunded penalties	1	0
Miscellaneous rev.	0	123
Total	15,143	14,650

22- Cost of Human Resources:	2020	2019
Salaries & Wages	178,222	48,775
Bank's contribution in Social Insurance	23,369	6,971
Overtime	6,427	2,553
Medical expenses	55,663	10,918
Workers'uniform	7,332	2,485
Staff Promotion exp. 2020	20,000	0
Travelling & Leave allowances	107,129	28125
Training expenses	975	3,776
Eids Allowances	83,711	25,305
Transportation & Per diem expenses	1,212	1,437
Employees'Uniform allowance	72,788	18,378
Service benefits of Contractors	1,883	415
Incentives of Counselors	404	460
Cost of Voluntary Resignation	0	2,101
Employees' Annual incentive	109,701	45,600
GM designation allowance	4,620	0
Total	673,436	197,299

The attached notes from (1) - (28) form an integral part of these Financial Statements.

Thousand Sudanese Pounds

23- General & Administrative Expenses:	2020	2019
Rent & Rates	22,429	16,565
Cars Running & Maintenance expenses	15,459	5,242
Equipment Maintenance	2,613	2,561
Generators expenses	3,422	1,038
Electricity & Water	2,235	2,111
Insurance expenses	2,797	1,651
Police & Security expenses	3,354	2,039
P. T. &T.	3,969	3,067
Computer expenses	5,607	2,356
Printing & Stationery	7,399	3,953
Cleaning	5,396	2,479
Entertainment	1,799	863
Building & Furniture Maintenance	4,416	1,270
Legal expenses	103	261
Board of Directors'expenses	3,364	1,915
Cash Sorting	2,584	379
Advertising & Public Relations	9,213	6,718
Magazines & Newspapers	153	196
Swift Subscription & expenses	1,119	872
Subscriptions	1,290	1,125
Commission paid to Central Bank of Sudan	84	299
ATM expenses	2,460	1,442
Donations	105	552
Write -off of Correspondents Outstandings	21,748	0
Amortization of New Branches Capex	1,366	0
Bank's Shares expenses	0	65
Staff Annual Entertainment	2,565	1,844
Provision for Bad & Doubtful Debts & Investment Risk	13,841	29,161
Provision for Deposits Insurance Fund	14,054	9,995
External Audit Fees	400	343
Audit expenses	607	157
Provision for Board of Directors' remuneration	3,126	12,192
Electronic Archiving	0	315
Governmental fees	537	662
Garden expenses	21	7
Other expenses	1,275	847
Total General & Administrative expenses	160,910	114,542

The attached notes from (1) - (28) form an integral part of these Financial Statements.

Thousand Sudanese Pounds

24- Sectoral Distribution of Financing (D. Sale, Mush&Mud):	2020	2019
Industry	1,509,936	951,832
Agriculture	489,958	185,131
Transport	438,477	262,721
Petroleum & Mining	208,934	223,476
Export	2,576,955	1,323,249
Local Governments	1,840	26,913
Services	116,425	53,888
Local Trade	1,466,579	364,784
Real estates	831	648
Professionals & Craftsmen	94,934	138,764
Employees'cars Murabaha	281,471	233,155
Total	7,186,340	3,764,561

	2020	2019
25- Distribution of Unrestricted Investment Accounts:		
a- Sources:		
Governmental Entities	87,673	162,165
Private Companies and Enterprises	340,840	107,617
Individuals	126,118	91,030
Total	554,631	360,812
b- Geographical Distribution:		
Khartoum State	542,874	349,631
Other States	11,757	11,181
Total	554,631	360,812

26- Prior years Adjustments:-	2020	2019
Distribution Of Dividends	-78,703	-28,796
Retained Earnings (26- a)	4,642	2,915
Total	-74,061	-25,881

The attached notes from (1) - (28) form an integral part of these Financial Statements.

Thousand Sudanese Pounds

(26-a)- Retained Earnings:-	2020	2019
Remaining Inves. Deposits profits of Last year	1,744	29
Remaining Employees' incentive prov.	2,425	0
Remaining Aduit Exp. prov	4	0
Refund of BoD's exp.	66	0
Refund of Training exp.	320	0
Remaining Zakat prov. 2017	83	0
Depreciation of Cars	0	1,023
Depreciation of Buildings	0	254
Depreciation of Motorcycles	0	129
Maintenance of Buildings	0	1,500
Rent Differnce	0	28
Annual incentive difference,General Manager	0	-48
Total	4,642	2,915

27- Transactions with Related Parties:	2020	2019
Financing to BoD's Related Parties:		
Direct Financing	32,027	29,906
Indirect Financing (LCs/LGs)	675	675
Guarantee from their side to other debtors	0	6,713
Total	32,702	37,294
Per annum profit rate for Direct Financing	18%	18%

All financing during the year 2020 was settled during the year and the only outstanding finance is the renewed LG of SDG 675K.

28- Head Count:-	2020	2019
Employees	391	384
Workers	115	118
Special Contracts	4	5
Seconded Employees	2	2
Total	512	509

The Bank pays 17% and worker 8% from total monthly salary as Social Insurance and no other end of service benefits are paid.

The attached notes from (1) - (28) form an integral part of these Financial Statements.