AL Salam Bank- Sudan

(Limited liability Company)
Financial Statements Dec, 31, 2021
With
Independent Auditors' Report

Allied Accountants
Bannaga & Co.
Certified Public Accountants

Atbara Street
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Republic of Sudan

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Independent Auditor's Report

To: The Shareholders

AL-Salam Bank

Opinion:

We have audited the financial statements of AL-Salam Bank" public limited Liability company" (the bank) which comprise statement of financial position as at December 31, 2021, income statement, statement of cash flows and statement of changes in equity for the year then ended, and the notes attached represent an integral part of these financial statement, including significant accounting policies and other explanatory information.
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Al-Salam Bank as at December 31, 2021, and its financial performance and cash flows for the year then ended in conformity with accounting standard of (AAOIFI) and international reporting standards if a transaction is not referred to by (AAOIFI) standard.

Basis for Opinion:

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

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Our audit procedures relating to these matters were designed in the context of audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.
The following are the key audit matters identified

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

Financing assets represent 49.9 % of the total assets of the bank at year end, therefore it represent key part of the financial information. We applied the following audit procedures:

- Obtained lists of financing provided to the bank's client at December 31, 2021
- Tested the correctness of the procedures applied for financing.
- Tested collaterals against financing provided by the bank's client to reduce risks of financing

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Auditors, Report (continued)

-Tested accuracy and correctness of the returns from such financing.
- Tested compliance with Central Bank regulations and circulars and Accounting and Auditing Organization for Islamic financial institutions standards.
- Overall presentation and disclosure of financing assets in the financial statements

2- Allowance for doubtful Financing:

It is a contra account to financing assets which represents 49.9% of the bank total assets at the end of year 2021. Total allowance for the year amounted to SDG 719.8 million and write-off SDG 746.5 during the year. The following procedures were applied.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of Accounting and Auditing Organization for Islamic Financial Institutions and International Auditing standards . This responsibility include designing and implementing internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, section and application of accounting policies and making accounting estimates 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.

Auditors' Responsibilities for the Audit of the Financial Statements:

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

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Auditors, Report (continued)

As part of an audit in accordance with (AAOIFI) standards and International Auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. Also we make statement to those charged with corporate governance

Other Legal and Regulatory Requirements:

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

Date: February 10, 2022

Adam Abdalla Hussein (CPA)

For Allied Accountants,Bannaga & CO.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	2021 SDG	2020 SDG
Assets:-			
Cash and cash equivalents	(5)	12,861,665,764	2,044,482,669
Deferred sales receivables (net)	(6)	7,264,381,206	1,800,202,681
Investments held to maturity	(7)	27,435,500	670,816,000
Investments in Mudaraba	(8)	1,838,113,893	688,070,176
Musharaka financing	(9)	1,055,467,046	290,344,937
Investments available for sale	(10)	7,331,918,576	1,163,486,065
Investments in property	(11)	468,281,029	468,281,029
Other assets	(12)	3,593,384,398	472,725,788
Projects in progress	(13)	66,637,612	223,581,075
Fixed assets (net)	(14)	591,207,318	167,549,080
Total Assets		**35,098,492,342**	**7,989,539,500**
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Account	(15)	9,766,649,107	2,309,361,437
Other liabilities	(16)	4,845,594,920	521,472,100
Provisions	(17)	1,167,330,827	258,490,119
Total Liabilities		**15,779,574,854**	**3,089,323,656**
Unrestricted investment accounts holders	(18)	4,802,351,694	1,587,141,095
Total Liabilities, Unrestricted investment accounts		**20,581,926,548**	**4,676,464,751**
Owners' Equity:-			
Paid in capital	(19)	323,549,000	323,549,000
Reserves	(20)	13,112,228,326	2,537,822,213
Retained earnings		1,080,788,468	451,703,536
Total Owners' equity		**14,516,565,794**	**3,313,074,749**
		35,098,492,342	**7,989,539,500**
Total Liabilities, Unrestricted investment accounts and Owners' equity			
Contra accounts:-	(30)	**19,526,315,167**	**231,092,252**

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

Mohamed Ahmed Alamin	Dr. Mohamed Ali Khamis Alhosani	Abdulrahman Ahmed Abdullah Senan
Acting General Manager	Board member	Board member

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 SDG	2020 SDG
Income:-			
Income from deferred sales	(21)	877,081,144	294,572,864
Income from investments	(22)	661,019,467	355,728,311
Total income from financing and investments		**1,538,100,611**	**650,301,175**
		(324,911,652)	(142,357,480)
Less: Return on unrestricted investment accounts	(23)	**1,213,188,959**	**507,943,695**
Bank's share in income from investments (as Mudarib and as fund owner)			
Income from bank's own investments	(24)	57,321,593	159,451,314
Income from banking services	(25)	458,123,091	34,560,082
Gain(loss) on foreign currency transaction		735,425,798	461,909
Other income	(26)	6,860,528	1,306,734
Total income		**2,470,919,969**	**703,723,734**
Expenses:-			
Staff cost	(27)	(683,850,044)	(206,947,260)
Operations expenses	(28)	(275,379,349)	(74,439,100)
Depreciation		(22,210,622)	(13,375,231)
Central Bank of Sudan penalties		(3,423,000)	(63,889,400)
Provision for Investment & Finance		(64,906,047)	(2,520,484)
Provision for doubtful debts		(25,915,273)	(101,018)
Total expenses		**(1,075,684,335)**	**(361,272,493)**
Net income from operations		**1,395,235,634**	**342,451,241**
Gains (losses) on valuation of foreign currencies		4,492,659,181	145,161,390
Profit before Zakah and Tax		**5,887,894,815**	**487,612,631**
Provision for Zakah		(344,709,440)	(53,749,121)
Provision for Business Profit Tax		(351,542,936)	(107,059,373)
Net income for the period		**5,191,642,439**	**326,804,137**
Earnings per share	(29)	**42.81**	**2.69**

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

Mohamed Ahmed Alamin Acting General Manager	Dr. Mohamed Ali Khamis Alhosani Board member	Abdulrahman Ahmed Abdullah Senan Board member

AL SALAM BANK

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 SDG	2020 SDG
Cash flows from operating activities:		
Net income for the period	5,191,642,439	326,804,137
Adjustments to reconcile net income to net cash:		
Provision for Zakah	344,709,440	53,749,121
Provision for Business Profit Tax	351,542,936	107,059,373
Provision for Investment & Finance	64,906,047	2,520,484
Provision for doubtful debts	25,915,273	101,018
Depreciation of fixed assets	22,210,622	13,375,231
loss from disposal of fixed assets	60,565	-
Return on unrestricted investment accounts	324,911,652	142,357,480
	6,325,898,974	**645,966,844**
Changes in operating assets, liabilities:		
Provisions	212,588,332	25,833,972
Net cash from operating activities	**6,538,487,306**	**671,800,816**
Cash flows from investing activities:		
Deferred Sales receivables	(5,529,084,572)	(615,497,689)
Investments held to maturity	643,380,500	(252,932,445)
Investments in Mudaraba	(1,150,043,717)	27,657,696
Musharaka financing	(765,122,109)	(31,391,376)
Investments available for sale	(6,168,432,511)	(388,561,436)
Projects in progress	156,943,463	(26,783,856)
Purchases of fixed assets	(445,929,425)	(14,486,820)
Net cash (used in) investing activities	**(13,258,288,371)**	**(1,301,995,926)**
Cash flows from financing activities:		
Other assets	(3,146,573,883)	(293,690,286)
Current accounts	7,457,287,670	1,015,634,107
Other liabilities	4,324,122,820	127,966,397
Unrestricted investment accounts	2,890,298,947	413,081,688
Investment revaluation reserve	6,011,848,606	149,903,768
Net cash from financing activities	**17,536,984,160**	**1,412,895,674**
Increase in cash and cash equivalents	10,817,183,095	782,700,564
Cash and cash equivalents at the beginning of the year	2,044,482,669	1,261,782,105
Cash and cash equivalents at the end of the year	**12,861,665,764**	**2,044,482,669**

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

Mohamed Ahmed Alamin Acting General Manager	Dr. Mohamed Ali Khamis Alhosani Board member	Abdulrahman Ahmed Abdullah Senan Board member

AL SALAM BANK

STATEMENT OF CHANGES IN OWNERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

	Paid in capital	Retained earnings	RESERVES: 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,1,2020	**323,549,000**	**288,225,064**	**109,003,245**	**284,407,948**	**307,550,184**	**624,776,629**	**898,854,774**	**2,836,366,844**
Net income for the year	-	326,804,137	-	-	-	-	-	**326,804,137**
Reserves		(18,164,275)	18,164,275	-	-	-	-	-
Revaluation Diff	-	(145,161,390)	-	-	-	149,903,768	145,161,390	**149,903,768**
Balance as at Dec, 31, 2020	**323,549,000**	**451,703,536**	**127,167,520**	**284,407,948**	**307,550,184**	**774,680,397**	**1,044,016,164**	**3,313,074,749**
Net income for	-	5,191,642,439	-	-	-	-	-	**5,191,642,439**
Reserves	-	(69,898,326)	69,898,326	-	-	-	-	-
Revaluation Diff		(4,492,659,181)	-	-	-	6,011,848,606	4,492,659,181	**6,011,848,606**
Balance as at Dec, 31, 2021	**323,549,000**	**1,080,788,468**	**197,065,846**	**284,407,948**	**307,550,184**	**6,786,529,003**	**5,536,675,345**	**14,516,565,794**

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

Mohamed Ahmed Alamin
Acting General Manager

Dr. Mohamed Ali Khamis Alhosani
Board member

Abdulrahman Ahmed Abdullah Senan
Board member

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1) Incorporation and activities:-

Al Salam Bank (the Bank) was established as a public limited liability company in Khartoum in December 28, 2004 under companies' law 1925 with registration certificate No. 23335. The bank provides commercial banking services according to Islamic rules and principles.
The bank started its commercial operations on May 2005, Providing its services from the head office, which is located at Aljamhoria street and Alhuria street junction, Alsalam Africa street branch (Africa street), Omdorman branch which is located at Almawrada street , al sajana branch and al suq alshabie branch Omdurman .

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 change 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 incurred. Assets and liabilities which were recorded in foreign currency are translated to Sudanese Geneih at the rate of exchange at the financial statements date.

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 Muadraba capital recovered from the Mudarib(if any).

c\ Musharaka :-

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

d\ Available for sale investments:-

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

g\ Investment in securities held to maturity:-

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

xi\ Zakah and Tax treatment:-

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

xii\ Return on unrestricted investment account holders:-

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

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

3/ Supervisory body:

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

4/ Shari'a Supervisory Board(SSB)

The bank's business activities are subject to the supervision of Shari'a Supervision 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 shari'a rules and principles .This including issuing an annual report to the shareholders.

5/ Cash and Cash equivalents:-

	2021 SDG	2020 SDG
Cash in hand and in ATM	735,276,412	127,848,635
Balances with central bank of Sudan - local	2,401,627,635	388,300,197
Balances with central bank of Sudan - foreign	6,176,069,257	937,403,818
Cash with foreign correspondent banks	1,728,818,073	157,827,284
Central bank of Sudan – Statutory cash reserve-local	1,243,737,671	370,694,093
Central bank of Sudan - Statutory cash reserve- foreign	576,136,716	62,408,642
	12,861,665,764	**2,044,482,669**

6/ Deferred sales receivables-net:-

	2021 SDG	2020 SDG
Murabahat	8,879,653,072	2,008,205,927
Istisnaa	232,775,082	142,473,158
Ijarra	38,193	48,729
	9,112,466,347	**2,150,727,814**
Less: Deferred sales profit	(1,776,715,656)	(332,799,532)
Less: provision for doubtful debts (note 6/1/1)	(71,369,485)	(17,725,601)
Deferred sales receivable (net)	**7,264,381,206**	**1,800,202,681**

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

	2021 SDG	2020 SDG
Balance at 1/1	113,666,545	94,458,453
Provision for the year	64,906,047	2,520,484
Provision for foreign currencies balances	654,940,302	16,687,608
Write-off of foreign doubtful debts	(746,468,517)	-
Balance at 31/12 (6/1/1)	**87,044,377**	**113,666,545**

6/1/1- **Total Provisions for doubtful finance and investment (General +Specific) :-**

	2021 SDG	2020 SDG
Provision for doubtful deferred sales (note 6)	71,369,485	17,725,601
Provision for finance and investment – Mudaraba (note 8)	4,900,477	92,976,349
Provision for finance and investment – Musharaka (note 9)	10,774,415	2,964,595
	87,044,377	**113,666,545**

7/ Investments in securities held to maturity: -

	2021	2020
	SDG	SDG
Shahama securities	27,435,500	670,816,000
	27,435,500	**670,816,000**

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 exchangable at Khartoum stock market and the average expected net return is 21%

8/ **Investments in Mudaraba:-**

	2021	2020
	SDG	SDG
Mudaraba with customers – Individuals	23,000,000	119,528,216
Mudaraba with Dam securities Co	75,000,000	210,000,000
Mudaraba with Hyper Deal Co	850,000,000	220,000,000
Second investment fund - Hyper Deal Co	41,220,000	-
The animal production fund - Hyper Deal Co	250,000,000	-
Mudaraba with banks 8/1	603,794,370	231,518,309
	1,843,014,370	**781,046,525**
Less : Provision for finance and investment risk (note 6/1/1)	(4,900,477)	(92,976,349)
	1,838,113,893	**688,070,176**

8/1- Mudaraba with banks:-

	2021	2020
	SDG	SDG
Subsidized housing portfolio - Bank of Khartoum	1,547,743	1,839,129
Al ebdaa Bank	48,000,000	25,000,000
Employees sustenance portfolio- Worker' s National Bank	5,000,000	5,000,000
Oil seeds portfolio - Industrial Development Bank	10,000,000	10,000,000
Graduates financing portfolio- Savings and industrial Development Bank	2,500,000	2,500,000
white Nile sugar portfolio − United Capital Bank	1,746,627	1,956,537
Financial Investment Bank	100,000,000	100,000,000
Aljazeera Sudanese Jordanian Bank	35,000,000	35,000,000
al hadiee portfolio – Animal Resource Bank	-	222,643
Strategic commodities portfolio- Al Baraka Bank	400,000,000	50,000,000
	603,794,370	**231,518,309**

9/Musharaka Financing:-

	2021	2020
	SDG	**SDG**
Musharaka	1,066,241,461	293,309,532
Less: provision for finance and losses (note6/1/1)	(10,774,415)	(2,964,595)
	1,055,467,046	**290,344,937**

10/ Investments available for sale:-

		2021	2020
		SDG	**SDG**
AL Salam bank- Bahrain	.0.98%	2,733,679,808	428,339,279
AL Salam bank- Algeria	3.6%	3,597,440,000	441,100,000
King Abdullah city	0.06%	710,809,531	101,519,786
Interbank liquidity management fund		289,939,237	192,477,000
AL Salam real estate company	50%	50,000	50,000
		7,331,918,576	**1,163,486,065**

11/ Investments in property:-

Investment in property at December 31, 2021 comprises 5 plots of land owned by the bank in Khartoum and Khartoum north. The purpose of owning these land is to support the bank financial position against the economic turn down, the cost of the plots of land was SDG 127,3 million and revalued at December 31, 2014 to SDG 442,5 million, since that date the plots of land have not been revalued , the bank is planning to establish investment projects on these land to supporting its income .

12/ Other assets:-

	2021	2020
	SDG	SDG
Debtors (note 12/1)	4,607,035,698	552,770,655
Accrued income of investments	59,287,850	27,157,522
Staff loans	114,152,609	31,482,778
Prepayments	97,413,507	16,008,158
Investment financing property	10,650,000	10,650,000
Mugawala in progress	10,150,000	1,150,000
Exchange dealing room accounts - local	-	314,830
	4,898,689,664	639,533,943
Less: provision of doubtful debts	(1,305,305,266)	(166,808,155)
	3,593,384,398	**472,725,788**

12/1- Debtors:-

	2021	2020
	SDG	SDG
Shares in AL Salam bank/ Algeria- under allotment	3,147,760,000	385,962,500
Hussein Mohamed Salim Almiza	1,268,065,673	155,483,835
Loans under re-numeration Board of directors and Shari'a board	153,970,432	-
Hussein Mohamed Salim Almiza- Ajman plots of land not transferred to bank	9,000,490	9,000,490
Hussein Mohamed Salim Almiza and leader company (owned by Hussein Mohamed Salim Almiza and mohammed rashid ali alabbar)	2,222,812	2,222,812
Fatah ALrahman Hassan heirs	101,018	101,018
court fee- litigation against Hussein Mohamed Salim Almiza	17,290,269	-
Tax on litigation - Hussein Mohamed Salim Amiza	8,625,004	-
	4,607,035,698	**552,770,655**

13/ Projects in progress:-

	2021	2020
	SDG	SDG
Alsajana branch	-	88,089,749
Al suq alshabie branch	-	98,837,198
Computer software and devices	66,637,612	36,654,128
	66,637,612	**223,581,075**

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 ,1,2021	**17,833,254**	**19,636,787**	**21,950,052**	**39,111,407**	**131,562,108**	**230,093,608**
Additions	182,302,091	23,967,659	64,786,152	20,215,555	154,657,968	445,929,425
disposals	-	-	-	(107,000)	-	(107,000)
Dec,31,2021	**200,135,345**	**43,604,446**	**86,736,204**	**59,219,962**	**286,220,076**	**675,916,033**
Depreciation:						
Jan ,1,2021	**7,536,346**	**11,771,917**	**7,382,260**	**25,824,982**	**10,029,023**	**62,544,528**
For the year	3,110,185	2,330,779	4,607,674	8,839,359	3,322,625	22,210,622
disposals	-	-	-	(46,435)	-	(46,435)
Dec,31,2021	**10,646,531**	**14,102,696**	**11,989,934**	**34,617,906**	**13,351,648**	**84,708,715**
Net book value:						
Dec,31,2021	**189,488,814**	**29,501,750**	**74,746,270**	**24,602,056**	**272,868,428**	**591,207,318**
Dec,31,2020	**10,296,908**	**7,864,870**	**14,567,792**	**13,286,425**	**121,533,085**	**167,549,080**

15/ Current accounts:-

	2021	2020
	SDG	SDG
Current accounts – local	8,725,151,761	2,210,383,180
Current accounts – foreign	1,041,497,346	98,978,257
	9,766,649,107	**2,309,361,437**

16/ Other liabilities:-

	2021	2020
	SDG	SDG
Other creditors (note 16/1)	1,773,136,923	171,493,056
Outstanding cheques	967,239,575	110,170,497
Cash margin against letters of credit	1,684,961,688	206,590,213
Other payable (note 16/2)	42,066,780	25,334,231
Cash margin against letters of guarantee	1,730,842	1,800,114
Accrued expenses	376,459,112	6,083,989
	4,845,594,920	**521,472,100**

16/1- Other creditors:-

	2021	2020
	SDG	SDG
Albokhary corporation	1,349,040,000	165,412,500
National clearance account	9,446,221	4,023,774
Export proceed account	78,194,608	1,512,541
Exchange dealing room accounts – foreign	-	411,781
Stamps	129,429,807	-
Clients import accounts	207,026,287	132,460
	1,773,136,923	**171,493,056**

16/2- Other payable:-

A major part of this amount represents shareholders unpaid dividends.

17/ Provisions:-

	2021 SDG	2020 SDG
Board of directors remuneration 2019-021	200,485,779	22,736,063
Provision for staff bonus	160,925,340	61,925,341
Shari'a supervisory board remuneration2019-2021	18,979,056	2,136,363
Provision for personal Income tax and Zakah	23,783,046	6,727,323
Provision for Zakah (Prior years)	473,537	473,537
Provision for tax (Prior years)	55,403,903	-
Provision for Zakah	344,709,440	53,749,121
Provision for Business profit tax	351,542,936	107,059,373
Provision for banking Deposits security fund	11,027,790	3,682,998
	1,167,330,827	**258,490,119**

18/ Unrestricted investment accounts holders:-

	2021 SDG	2020 SDG
Unrestricted investment account balances	4,508,264,934	1,513,913,665
Return on unrestricted investment accounts (note 23)	324,911,652	142,357,480
Gains (losses) on valuation of Unrestricted investment account- foreign currencies	54,824,919	786,111
Advance payment	(85,649,811)	(69,916,161)
	4,802,351,694	**1,587,141,095**

* Unrestricted investment accounts include both local and foreign currency, investment for a period of one year.
* The bank has not subsidized the returns on these investments.

19/Paid in capital:-

	2021 SDG	2020 SDG
Authorized and paid up capital	323,549,000	323,549,000
	323,549,000	**323,549,000**

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

20/ Reserves:-

	2021	2020
	SDG	**SDG**
Property revaluation reserve (note 20/1)	307,550,184	307,550,184
Foreign investments revaluation reserve(note 20/2)	6,786,529,003	774,680,397
Foreign assets and liabilities revaluation reserve (note 20/3)	5,536,675,345	1,044,016,164
General reserve (note 20/4)	284,407,948	284,407,948
Statutory reserve (note 20/5)	197,065,846	127,167,520
	13,112,228,326	**2,537,822,213**

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.

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:-

	2021	2020
	SDG	**SDG**
Murabaha income	877,081,144	294,572,864
	877,081,144	**294,572,864**

22/ Income from investments:-

	2021	2020
	SDG	**SDG**
Securities (Shahama)	21,976,069	85,952,056
Interbank liquidity management fund	21,838,965	3,304,850
Income from portfolios	130,656,860	-
Mudaraba income	179,496,269	57,188,746
Musharaka income	256,795,903	180,648,079
Investment accounts-foreign banks	18,454,462	-
Investment accounts-local banks	31,800,939	28,634,580
	661,019,467	**355,728,311**

23/ Return on unrestricted investments accounts:-

	2021	2020
	SDG	**SDG**
Share of profit before Mudarib share	1,538,100,611	188,231,827
Mudarib share of profit	(1,213,188,959)	(45,874,347)
Net return after mudarib share	**324,911,652**	**142,357,480**

* 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 40%-75% .

24/ Income from bank's own investments:-

	2021	2020
	SDG	**SDG**
Share profit of AL Salam bank- Bahrain	57,321,593	21,607,564
Share profit of AL Salam bank- Algeria	-	137,843,750
	57,321,593	**159,451,314**

25/ income from banking services:-

	2021	2020
	SDG	SDG
Bookkeeping and cheques issuance commission	26,165,203	9,368,007
Letters of credit commission	380,113,798	14,787,432
Letters of guarantee commission	2,526,123	1,546,454
Transfers and acceptances commission	1,337,705	203,066
Administrative commission	35,769,699	6,516,825
Other bank services	1,819,316	238,236
SMS commission	955,940	260,790
Income from mail and communications (SWIFT)	858,492	67,000
Save box income	3,098,108	76,232
Mobile services income	5,478,707	1,496,040
	458,123,091	**34,560,082**

26/ Other income:-

	2021	2020
	SDG	SDG
Miscellaneous	5,002,520	631,640
Income from insurance companies	96,789	211,598
Income from electricity purchase and other electronic	1,761,219	463,496
	6,860,528	**1,306,734**

27/ Staff cost:-

	2021	2020
	SDG	SDG
Basic salary	137,008,775	47,256,159
Bonus	146,241,588	34,201,257
Nature of work allowance	4,949,470	1,405,532
Uniform allowance	45,930,668	14,024,104
End of service benefit	62,244,608	13,454,115
Training	3,951,764	1,133,745
Annual bonus	160,000,000	61,000,000
Incentives	246,496	1,310,188
Health insurance	44,303,000	8,650,000
Social insurance	23,205,495	9,011,963
Overtime	3,170,225	272,876
Other staff cash and in kind benefits	12,118,554	4,395,611
Annual leave allowances	40,479,401	10,831,710
	683,850,044	**206,947,260**

28/ Operations expenses:-

	2021	2020
	SDG	SDG
Stationary and printings	10,052,773	2,061,432
Maintenance and repair	51,779,146	12,720,778
Telecommunications	9,793,058	2,113,294
Vehicles running expenses	37,554,932	2,393,002
Electricity and water	18,463,943	2,496,792
Insurance	3,483,083	3,061,293
Security expenses	6,052,581	2,603,075
Rent	2,586,088	1,487,000
Gardening	836,845	185,390
Legal consultants expenses	5,441,125	904,871
Audit fees	1,354,544	394,420
Board of directors meeting expenses	16,199,188	7,077,895
Shari'a supervisory board expenses	303,256	524,247
Board of directors remuneration	45,400,000	12,800,000
Shari'a supervisory board remuneration	3,600,000	1,000,000
Subscriptions	6,000,661	4,008,203
Entertainment	11,261,703	2,552,618
Cash sorting expenses	195,000	26,600
Cleaning	10,847,597	4,766,490
Transportations	194,700	40,360
Travelling expenses	2,820,087	1,494,315
Banks charges	1,980,763	869,243
Donations	2,932,888	1,651,555
Swift	331,620	127,286
Advertising	13,077,174	2,585,352
Deposits guarantee fund	11,019,240	3,639,305
National clearing expenses	502,349	585,891
Services expenses	655,252	162,517
Miscellaneous	530,498	23,716
Loss of sale of fixed assets	60,565	-
Newspapers magazines and books	68,690	82,160
	275,379,349	**74,439,100**

29/ Earning per share:-

	2021	2020
	SDG	SDG
Net profit for the year	5,191,642,439	326,804,137
Number of shares	121,275,000	121,275,000
Earnings per share	**42.81**	**2.69**

30/ Contra accounts:-

	2021	2020
	SDG	SDG
Letters of credit	12,071,665,583	206,590,213
Letters of guarantee	810,025,143	22,785,509
Restricted investments accounts- Elneelein	5,896,439,394	-
Bad debts	748,185,047	1,716,530
	19,526,315,167	**231,092,252**

31/ Concentration of investments – Economic sector:-

	2021	2020
Industry	%19.2	%13.3
Transportation	%23.5	%14.7
Commercial	%3.2	%18.2
Agriculture	%13.2	%11.3
Building	%1.1	%2.5
Other sectors	%39.8	%40.1
Total	**%100**	**%100**

32/ Social responsibility:-

With regard to the banks role in supporting the needy and poor people, the bank has allocated Zakah for this year 2021 amounting to SDG 344.7 million (SDG 53.7 million: 2020), moreover during the year the bank has discharged its social responsibilities by training the employees and by donations payments.

33/ Related party transactions:-

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.

31,Dec ,2021 SDG				
	Principal shareholders &board of directors and their companies and Shari'a supervisory board SDG	**$**	**Key managers**	**Total at 31 Dec 2021**
Balance sheet items:				
Murabaha			9,976,351	9,976,351
Mudaraba			-	-
Istisnaa			-	-
Loans	153,970,432	342,400	20,560,040	174,530,472
Unrestricted investment accounts holders:-			2,024,585	2,024,585
Current accounts-foreign	24,732	55		24,732
Current accounts- local			310,407	310,407
Income statement items				
Murabaha income			382,800	382,800
Mudaraba income			-	-
Istisnaa income			-	-
Top management:-				
Remuneration			13,757,688	13,757,688

31,Dec ,2020 SDG			
	Principal shareholders &board of directors and their companies and Shari'a supervisory board **SDG $**	**Key managers**	**Total at 31 Dec 2020**
Balance sheet items:			
Murabaha		16,266,459	16,266,459
Musharka		-	-
Mudaraba		-	-
Unrestricted investment accounts holders:-	2,423,000		2,423,000
Current accounts	1,079,517	1,829,771	2,909,288
Income statement items			
Murabaha income		609,740	609,740
Mudaraba income		-	-
Istisnaa income	48,495,968	-	48,495,968
Top management:-			
Remuneration		6,851,000	6,851,000

34/ distribution of unrestricted investment accounts:-

The balance of unrestricted investment accounts as at 31 Dec 2021was SDG 4,821,273,421 (31 Dec 2020:SDG 1,587,141,095), The investments accounts of the top ten clients represent 55 % of the total unrestricted investments accounts ..

35/ 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).

36/ 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.

37/ 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.

38/ Share price risk:-

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

39/ Profit rate risk:-

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

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

40/ 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:

	2021	2020
	USD	USD
Assets	46,047,262	50,782,529
Liabilities	(18,104,127)	(18,072,562)
Net foreign currency position	**27,943,135**	**32,709,967**

41/ Capital adequacy:-

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

	2021	2020
	SDG	SDG
Core capital	632,239,000	1,028,039,000
Total risk weighted assets	28,819,327,000	4,909,080,000
The banks' capital adequacy ratio	**%2.2**	**%21**
Minimum capital adequacy ratio required	**%12**	**%12**

* Capital adequacy declined as 55% of revaluation reserve due to translation of foreign assets and liabilities not accounted for in calculating adequacy of capital.

42/ Zakah:-

The bank paid its Zakah liabilities up to 2020 and provided for 2021.

43/ Business profit tax:-

The bank paid its business profit tax up to 2020and get clearance up to 2015 and provided for 2021.

44/ Comparative figures:-

Some comparative figures have been re- classified to be in line with the current year classification. The re- classification does not affect profit or owner equity