AL Salam Bank- Sudan
(Limited liability Company)
Financial Statements Dec, 31, 2022
With
Independent Auditors' Report

Allied Accountants
Bannaga & Co.
Certified Public Accountants

Atbara Street
Al Taka Building – 2nd Floor
P. O. Box 1603 Khartoum
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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, 2022, 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, 2022, 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 and investments (Murabaha, Mudaraba, Musharaka and Other)

Financing assets represent 40.7% of the total assets of the bank at year end, therefore it represent key part of the financial information. We applied the following audit procedures:

- Obtained lists of financing provided to the bank's client and investments at December 31, 2022.
- 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

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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 .

Adam Abdalla Hussein (CPA)

For Allied Accountants, Bannaga & CO.

Date: February 5, 2023

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022 SDG	2021 SDG
Assets:-			
Cash and cash equivalents	(5)	26,369,528,154	12,861,665,764
Deferred sales receivables (net)	(6)	9,532,209,824	7,264,381,206
Investments held to maturity	(7)	33,569,500	27,435,500
Investments in Mudaraba	(8)	2,554,399,032	1,838,113,893
Musharaka financing	(9)	548,647,583	1,055,467,046
Investments available for sale	(10)	9,440,275,859	7,331,918,576
Investments in property	(11)	468,281,029	468,281,029
Other assets	(12)	5,354,321,387	3,593,384,398
Projects in progress	(13)	169,010,475	66,637,612
Fixed assets (net)	(14)	1,053,736,117	591,207,318
Total Assets		**55,523,978,960**	**35,098,492,342**
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Accounts	(15)	16,721,597,844	9,766,649,107
Other liabilities	(16)	5,280,597,439	4,845,594,920
Provisions	(17)	1,952,275,458	1,167,330,827
Total Liabilities		**23,954,470,741**	**15,779,574,854**
Unrestricted investment accounts holders	(18)	12,445,963,399	4,802,351,694
Owners' Equity:-			
Paid in capital	(19)	323,549,000	323,549,000
Reserves	(20)	16,367,881,815	13,112,228,326
Retained earnings		2,432,114,005	1,080,788,468
Total Owners' equity		**19,123,544,820**	**14,516,565,794**
Total Liabilities, Unrestricted investment accounts and Owners' equity		**55,523,978,960**	**35,098,492,342**
Contra accounts:-	(30)	**32,937,808,853**	**19,526,315,167**

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

Mr. / Mohamed Ahmed Alamin
Acting General Manager

Mr. /Abbas Elbakhit Musa
Board member

Mr. / Abdulrahman Ahmed Senan
Board member

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 SDG	2021 SDG
Income:-			
Income from deferred sales	(21)	2,432,432,053	877,081,144
Income from investments	(22)	919,833,997	661,019,467
Total income from financing and investments		**3,352,266,050**	**1,538,100,611**
Less: Return on unrestricted investment accounts		(630,378,151)	(324,911,652)
Bank's share in income from investments (as Mudarib and as fund owner)	(23)	**2,721,887,899**	**1,213,188,959**
Income from bank's own investments	(24)	267,015,683	57,321,593
Income from banking services	(25)	1,814,879,187	458,123,091
Gain(loss) on foreign currency transaction		1,017,007,383	735,425,798
Other income	(26)	51,469,490	6,860,528
Total income		**5,872,259,642**	**2,470,919,969**
Expenses:-			
Staff cost	(27)	(2,386,713,544)	(683,850,044)
Operations expenses	(28)	(820,009,875)	(275,379,349)
Depreciation		(47,949,777)	(22,210,622)
Central Bank of Sudan penalties		(4,511,591)	(3,423,000)
Provision for Investment & Finance		(103,543,752)	(64,906,047)
Provision for doubtful debts		-	(25,915,273)
Total expenses		**(3,362,728,539)**	**(1,075,684,335)**
Net income from operations		**2,509,531,103**	**1,395,235,634**
Gains on valuation of foreign currencies		1,075,888,295	4,492,659,181
Profit before Zakah and Tax		**3,585,419,398**	**5,887,894,815**
Provision for Zakah		(359,127,666)	(344,709,440)
Provision for Business Profit Tax		(672,594,746)	(351,542,936)
Net income for the period		**2,553,696,986**	**5,191,642,439**
Earnings per share	(29)	**21.06**	**42.81**

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

Mr. / Mohamed Ahmed Alamin
Acting General Manager

Mr. / Abbas Elbakhit Musa
Board member

Mr. / Abdulrahman Ahmed Senan
Board member

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 SDG	2021 SDG
Cash flows from operating activities:		
Net income for the period	2,553,696,986	5,191,642,439
Adjustments to reconcile net income to net cash:		
Provision for Zakah	359,127,666	344,709,440
Provision for Business Profit Tax	672,594,746	351,542,936
Provision for Investment & Finance	103,543,752	64,906,047
Provision for doubtful debts	-	25,915,273
Gains on valuation of foreign currencies	(1,075,888,295)	(4,492,659,181)
Depreciation of fixed assets	47,949,777	22,210,622
Gains/loss from disposal of fixed assets	(39,218,588)	60,565
Return on unrestricted investment accounts	630,378,151	324,911,652
	3,252,184,195	**1,833,239,793**
Changes in operating assets, liabilities:		
Provisions	(246,777,781)	212,588,332
Net cash from operating activities	**3,005,406,414**	**2,045,828,125**
Cash flows from investing activities:		
Deferred Sales receivables	(2,371,372,370)	(5,529,084,572)
Investments held to maturity	(6,134,000)	643,380,500
Investments in Mudaraba	(716,285,139)	(1,150,043,717)
Musharaka financing	506,819,463	(765,122,109)
Investments available for sale	(55,075,243)	(156,583,905)
Projects in progress	(102,372,863)	156,943,463
Sale of fixed assets	116,675,327	-
Purchases of fixed assets	(587,935,315)	(445,929,425)
Net cash (used in) investing activities	**(3,215,680,140)**	**(7,246,439,765)**
Cash flows from financing activities:		
Other assets	(1,760,936,989)	(3,146,573,883)
Current accounts	6,954,948,737	7,457,287,670
Other liabilities	435,002,519	4,324,122,820
Unrestricted investment accounts	7,013,233,554	2,890,298,947
Net cash from financing activities	**12,642,247,821**	**11,525,135,554**
Increase in cash and cash equivalents	12,431,974,095	6,324,523,914
Gains on valuation of foreign currencies	1,075,888,295	4,492,659,181
Cash and cash equivalents at the beginning of the year	12,861,665,764	2,044,482,669
Cash and cash equivalents at the end of the year	**26,369,528,154**	**12,861,665,764**

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

Mr. / Mohamed Ahmed Alamin
Acting General Manager

Mr. /Abbas Elbakhit Musa
Board member

Mr. / Abdulrahman Ahmed Senan
Board member

AL SALAM BANK

STATEMENT OF CHANGES IN OWNERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	Paid in capital	Retained earnings	Statutory reserve	General reserve	RESERVES Property revaluation reserve	Investment revaluation reserve	Foreign assets &Liab reserve	Total
	SDG	SDG	SDG	SDG	SDG	SDG	SDG	SDG
Balance as at jan,1,2021	**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 the year	-	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**
Net income for the year	-	2,553,696,986	-	-	-	-	-	**2,553,696,986**
Reserves	-	(126,483,154)	126,483,154	-	-	-	-	-
Revaluation Diff		(1,075,888,295)	-	-	-	2,053,282,040	1,075,888,295	**2,053,282,040**
Balance as at Dec, 31, 2022	**323,549,000**	**2,432,114,005**	**323,549,000**	**284,407,948**	**307,550,184**	**8,839,811,043**	**6,612,563,640**	**19,123,544,820**

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

Mr. / Mohamed Ahmed Alamin
Acting General Manager

Mr. /Abbas Elbakhit Musa
Board member

Mr. / Abdulrahman Ahmed 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 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 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 581.17 as at 31-12-2022 (449.68: 31-12-2021).

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 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:-

	2022 SDG	2021 SDG
Cash on hand and in ATM	1,834,496,716	735,276,412
Balances with central bank of Sudan - local	8,177,889,615	2,401,627,635
Balances with central bank of Sudan - foreign	7,764,352,499	6,176,069,257
Cash with foreign correspondent banks	5,610,360,610	1,728,818,073
Central bank of Sudan – Statutory cash reserve-local	2,079,082,256	1,243,737,671
Central bank of Sudan - Statutory cash reserve- foreign	903,346,458	576,136,716
	26,369,528,154	**12,861,665,764**

6/ Deferred sales receivables-net:-

	2022 SDG	2021 SDG
Murabahat	11,022,999,493	8,879,653,072
Istisnaa	1,192,850,714	232,775,082
Ijarra	21,072	38,193
	12,215,871,279	**9,112,466,347**
Less: Deferred sales profit	(2,522,343,861)	(1,776,715,656)
Less: provision for doubtful debts (note 6/1/1)	(161,317,594)	(71,369,485)
Deferred sales receivable (net)	**9,532,209,824**	**7,264,381,206**

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

	2022 SDG	2021 SDG
Balance at 1/1	87,044,377	113,666,545
Provision for the year	103,543,752	64,906,047
Provision for foreign currencies balances	-	654,940,302
Write-off of foreign doubtful debts	-	(746,468,517)
Balance at 31/12 (6/1/1)	**190,588,129**	**87,044,377**

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

	2022 SDG	2021 SDG
Provision for doubtful deferred sales (note 6)	161,317,594	71,369,485
Provision for finance and investment – Mudaraba (note 8)	10,486,657	4,900,477
Provision for finance and investment – Musharaka (note 9)	18,783,878	10,774,415
	190,588,129	**87,044,377**

7/ Investments in securities held to maturity: -

	2022 SDG	2021 SDG
Shahama securities (7/1)	33,569,500	27,435,500
	33,569,500	**27,435,500**

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

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

8/ **Investments in Mudaraba:-**

	2022 SDG	2021 SDG
Mudaraba with customers – Individuals	250,000,000	23,000,000
Mudaraba with Dam securities Co	-	75,000,000
Mudaraba with Hyper Deal Co	810,000,000	850,000,000
Al Baraka forth fund for investment	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	1,198,665,689	603,794,370
	2,564,885,689	**1,843,014,370**
Less : Provision for finance and investment risk (note 6/1/1)	(10,486,657)	(4,900,477)
	2,554,399,032	**1,838,113,893**

8/1- Mudaraba with banks:-

	2022 SDG	2021 SDG
Subsidized housing portfolio - Bank of Khartoum	665,689	1,547,743
Al ebdaa Bank	338,000,000	48,000,000
Employees sustenance portfolio- Worker' s National Bank	50,000,000	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
white Nile sugar portfolio – United Capital Bank	-	1,746,627
Financial Investment Bank	400,000,000	100,000,000
Aljazeera Sudanese Jordanian Bank	-	35,000,000
Strategic commodities portfolio- Al Baraka Bank	400,000,000	400,000,000
	1,198,665,689	**603,794,370**

9/Musharaka Financing:-

	2022 SDG	2021 SDG
Musharaka	567,431,461	1,066,241,461
Less: provision for finance and losses (note6/1/1)	(18,783,878)	(10,774,415)
	548,647,583	**1,055,467,046**

10/ Investments available for sale:-

		2022 SDG	2021 SDG
AL Salam bank- Bahrain	.0.98%	3,639,027,911	2,733,679,808
AL Salam bank- Algeria	3.6%	4,649,370,400	3,597,440,000
King Abdullah city	0.06%	919,026,656	710,809,531
Interbank liquidity management fund		232,800,892	289,939,237
AL Salam real estate company	50%	50,000	50,000
		9,440,275,859	**7,331,918,576**

11/ Investments in property:-

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

12/ Other assets:-

	2021 SDG	2021 SDG
Debtors (note 12/1)	6,043,836,184	4,607,035,698
Accrued income of investments	263,024,944	59,287,850
Staff loans	338,944,638	114,152,609
Prepayments	92,120,628	97,413,507
Investment financing property	23,020,988	10,650,000
Mugawala in progress	27,537,000	10,150,000
Exchange dealing room accounts - local	183,833,329	-
Purchases of mobile balances & electricity	58,105,072	-
	7,030,422,783	4,898,689,664
Less: provision of doubtful debts	(1,676,101,396)	(1,305,305,266)
	5,354,321,387	**3,593,384,398**

12/1- Debtors:-

	2022 SDG	2021 SDG
Shares in AL Salam bank/ Algeria- under allotment	4,068,199,100	3,147,760,000
Hussein Mohamed Salim Almiza	1,638,861,803	1,268,065,673
Loans under re-numeration of Board of directors and Shari'a board (2019-2021)	299,535,688	153,970,432
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	17,290,269
Tax on litigation - Hussein Mohamed Salim Amiza	-	8,625,004
	6,043,836,184	**4,607,035,698**

13/ Projects in progress:-

	2022	2021
	SDG	**SDG**
Computer software and devices	169,010,475	66,637,612
	169,010,475	**66,637,612**

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 ,1,2022	**200,135,345**	**43,604,446**	**86,736,204**	**59,219,962**	**286,220,076**	**675,916,033**
Additions	937,000	41,824,866	124,389,503	165,994,034	254,789,912	587,935,315
disposals	(78,179,030)	(209,499)	(376,326)	(84,943)	-	(78,849,798)
Dec,31,2022	**122,893,315**	**85,219,813**	**210,749,381**	**225,129,053**	**541,009,988**	**1,185,001,550**
Depreciation:						
Jan ,1,2022	**10,646,531**	**14,102,696**	**11,989,934**	**34,617,906**	**13,351,648**	**84,708,715**
For the year	15,907,380	4,514,842	10,211,879	11,738,477	5,577,199	47,949,777
disposals	(752,312)	(203,747)	(352,083)	(84,917)	-	(1,393,059)
Dec,31,2022	**25,801,599**	**18,413,791**	**21,849,730**	**46,271,466**	**18,928,847**	**131,265,433**
Net book value:						
Dec,31,2022	**97,091,716**	**66,806,022**	**188,899,651**	**178,857,587**	**522,081,141**	**1,053,736,117**
Dec,31,2021	**189,488,814**	**29,501,750**	**74,746,270**	**24,602,056**	**272,868,428**	**591,207,318**

15/ Current accounts:-

	2022	2021
	SDG	SDG
Current accounts – local	14,569,166,062	8,725,151,761
Current accounts – foreign	2,152,431,782	1,041,497,346
	16,721,597,844	**9,766,649,107**

16/ Other liabilities:-

	2022	2021
	SDG	SDG
Other creditors (note 16/1)	2,235,939,249	1,773,136,923
Outstanding cheques	775,050,119	967,239,575
Cash margin against letters of credit	2,177,718,236	1,684,961,688
Other payable (note 16/2)	22,058,478	42,066,780
Cash margin against letters of guarantee	2,709,406	1,730,842
Accrued expenses	67,121,951	376,459,112
	5,280,597,439	**4,845,594,920**

16/1- Other creditors:-

	2022	2021
	SDG	SDG
Albokhary corporation	1,743,513,900	1,349,040,000
National clearance account	41,518,125	9,446,221
Export proceed account	57,456,034	78,194,608
Exchange dealing room accounts – foreign	183,833,329	-
Accrued commissions	83,018,341	-
Stamps	-	129,429,807
Clients import accounts	126,599,520	207,026,287
	2,235,939,249	**1,773,136,923**

16/2- Other payable:-

A major part of this amount represents shareholders unpaid dividends.

17/ Provisions:-

	2022	2021
	SDG	SDG
Board of directors remuneration 2019-2022	396,653,849	200,485,779
Provision for staff bonus	470,000,000	160,925,340
Shari'a supervisory board remuneration2019-2022	31,144,258	18,979,056
Provision for personal Income tax and Zakah	-	23,783,046
Provision for Zakah (Prior years)	-	473,537
Provision for tax (Prior years)	-	55,403,903
Provision for Zakah	359,127,666	344,709,440
Provision for Business profit tax	672,594,746	351,542,936
Provision for banking Deposits security fund	22,754,939	11,027,790
	1,952,275,458	**1,167,330,827**

18/ Unrestricted investment accounts holders:-

	2022 SDG	2021 SDG
Unrestricted investment account balances*	11,884,186,932	4,508,264,934
Return on unrestricted investment accounts (note 23)	703,372,278	324,911,652
Gains (losses) on valuation of Unrestricted investment account- foreign currencies	-	54,824,919
Advance payment	(141,595,811)	(85,649,811)
	12,445,963,399	4,802,351,694

* 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:-

	2022 SDG	2021 SDG
Authorized and paid up capital	326,229,750	326,229,750
Capital increase fees	(2,680,750)	(2,680,750)
	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:-

	2022 SDG	2021 SDG
Property revaluation reserve (note 20/1)	307,550,184	307,550,184
Foreign investments revaluation reserve(note 20/2)	8,839,811,043	6,786,529,003
Foreign assets and liabilities revaluation reserve (note 20/3)	6,612,563,640	5,536,675,345
General reserve (note 20/4)	284,407,948	284,407,948
Statutory reserve (note 20/5)	323,549,000	197,065,846
	16,367,881,815	13,112,228,326

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:-

	2022 SDG	2021 SDG
Murabaha income	2,126,441,244	877,081,144
Deferred sales income	305,990,809	-
	2,432,432,053	**877,081,144**

22/ Income from investments:-

	2022 SDG	2021 SDG
Securities (Shahama)	-	21,976,069
Interbank liquidity management fund	149,880,240	21,838,965
Income from portfolios	134,244,352	130,656,860
Mudaraba income	374,516,554	179,496,269
Musharaka income	229,169,982	256,795,903
Investment accounts	32,022,869	50,255,401
	919,833,997	**661,019,467**

23/ Return on unrestricted investments accounts:-

	2022 SDG	2021 SDG
Share of profit before Mudarib share	3,352,266,050	1,538,100,611
Mudarib share of profit	(2,721,887,899)	(1,213,188,959)
Net return after mudarib share	**630,378,151**	**324,911,652**

* 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:-

	2022 SDG	2021 SDG
Share profit of AL Salam bank- Bahrain	267,015,683	57,321,593
	267,015,683	**57,321,593**

25/ income from banking services:-

	2022 SDG	2021 SDG
Bookkeeping and cheques issuance commission	51,995,613	26,165,203
Letters of credit commission	1,670,008,022	380,113,798
Letters of guarantee commission	4,558,841	2,526,123
Transfers and acceptances commission	1,911,300	1,337,705
Administrative commission	37,955,722	35,769,699
Other bank services	14,845,572	1,819,316
SMS commission	7,638,380	955,940
Income from mail and communications (SWIFT)	8,218,000	858,492
Save box income	11,999,280	3,098,108
Mobile services income	5,748,457	5,478,707
	1,814,879,187	**458,123,091**

26/ Other income:-

	2022 SDG	2021 SDG
Miscellaneous	5,697,669	5,002,520
Income from insurance companies	-	96,789
Gains from disposal of fixed assets	39,218,588	-
Income from electricity purchase and other electronic	6,553,233	1,761,219
	51,469,490	**6,860,528**

27/ Staff cost:-

	2022 SDG	2021 SDG
Basic salary	481,361,477	137,008,775
Bonus	635,826,201	146,241,588
Nature of work allowance	18,500,261	4,949,470
Uniform allowance	167,636,237	45,930,668
End of service benefit	224,207,493	62,244,608
Training	15,599,851	3,951,764
Annual bonus	470,000,000	160,000,000
Incentives	4,179,746	246,496
Health insurance	117,520,000	44,303,000
Social insurance	78,514,202	23,205,495
Overtime	5,996,910	3,170,225
Other staff cash and in kind benefits	35,237,072	12,118,554
Annual leave allowances	132,134,094	40,479,401
	2,386,713,544	**683,850,044**

28/ Operations expenses:-

	2022 SDG	2021 SDG
Stationary and printings	17,563,923	10,052,773
Maintenance and repair	109,606,870	51,779,146
Telecommunications	19,976,241	9,793,058
Vehicles running expenses	93,670,932	37,554,932
Electricity and water	93,797,636	18,463,943
Insurance	63,968,839	3,483,083
Security expenses	31,240,780	6,052,581
Rent	4,238,000	2,586,088
Legal consultants expenses	9,356,924	5,441,125
Audit fees	3,893,804	1,354,544
Board of directors meeting expenses	119,787,929	16,199,188
Shari'a supervisory board expenses	2,230,718	303,256
Board of directors remuneration	102,000,000	45,400,000
Shari'a supervisory board remuneration	7,200,000	3,600,000
Subscriptions	7,402,549	6,000,661
Entertainment	20,686,799	11,261,703
Cash sorting expenses	3,217,357	195,000
Cleaning	35,454,920	11,684,442
Transportations	973,000	194,700
Travelling expenses	11,649,777	2,820,087
Banks charges	1,859,824	1,980,763
Donations	3,133,000	2,932,888
Swift	2,190,554	331,620
Advertising	25,066,981	13,077,174
Deposits guarantee fund	22,746,383	11,019,240
National clearing expenses	2,412,900	502,349
Services expenses	3,265,200	655,252
Stamp expenses	368,435	17,325
Electronic clearing expenses	900,000	513,173
Loss of sale of fixed assets	-	60,565
Newspapers & magazines	149,600	68,690
	820,009,875	**275,379,349**

29/ Earning per share:-

	2022 SDG	2021 SDG
Net profit for the year	2,553,696,986	5,191,642,439
Number of shares	121,275,000	121,275,000
Earnings per share	**21.06**	**42.81**

30/ Contra accounts:-

	2022 SDG	2021 SDG
Letters of credit	23,286,486,021	12,071,665,583
Letters of guarantee	12,795,190	810,025,143
Restricted investments accounts- Elneelein	8,672,067,120	5,896,439,394
Bad debts	966,460,522	748,185,047
	32,937,808,853	**19,526,315,167**

31/ Concentration of investments – Economic sector:-

	2022	2021
Export & Import	23.8 %	21.8 %
Industry	26.2 %	19.2 %
Transportation	22.8 %	22.1 %
Agriculture	4.4 %	13.2 %
Services	6.8 %	12.7 %
Small financing	6.6 %	3.2 %
Other sectors	9.4 %	7.8 %
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 2022amounting to SDG 359 million (SDG 345 million: 2021), 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 ,2022 SDG				
	Principal shareholders &board of directors and their companies and Shari'a supervisory board SDG	$	Key managers	Total at 31 Dec 2022
Balance sheet items:				
Murabaha			59,480,000	59,480,000
Mudaraba			-	-
Istisnaa			-	-
Loans $	299,535,688	515,400		299,535,688
Loans SDG			46,810,317	46,810,317
Unrestricted investment accounts holders:-		-	-	-
Current accounts-foreign	31,964	55	-	31,964
Current accounts- local			723,938	723,938
Income statement items				
Murabaha income			13,139,650	13,139,650
Mudaraba income				
Istisnaa income			-	-
Top management:-				
Remuneration			72,227,862	72,227,862

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

34/ distribution of unrestricted investment accounts:-

The balance of unrestricted investment accounts as at 31 Dec 2022was SDG 12,445,963,399 (31 Dec 2021: SDG 4.802,351,694). The investments accounts of the top ten clients represent 71 % 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:

	2022	2021
	USD	USD
Assets	52,646,934	46,047,262
Liabilities	(24,229,139)	(18,104,127)
Net foreign currency position	28,417,795	27,943,135

41/ Capital adequacy:-

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

	2022	2021
	SDG	SDG
Core capital	894,504,000	632,239,000
Total risk weighted assets	38,243,304,600	28,819,327,000
The banks' capital adequacy ratio	%2.3	%2.2
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 2021 and provided for 2022.

43/ Business profit tax:-

The bank paid its business profit tax up to 2021 and gets clearance up to 2021 and provided for 2022.

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