

NATIONAL BANK OF SUDAN
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR 31 DECEMBER 2019

**Independent Auditors Report to Shareholders of
National Bank of Sudan
Report on the audited financial statements**

Opinion

We have audited the financial statements of **National Bank of Sudan (The Bank)**, which comprise the statements of financial position as at 31 December 2019, statements of income, changes in equity and cash flows for year then ended, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with Accounting Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Basis for Opinion

We conducted our audit in accordance with Accounting Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Bank's financial statements in *the Republic of the Sudan*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

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 of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors responsibilities for the audit of the financial statements section of our audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material statement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion of the accompanying financial statements.

Deferred sales receivables

There is an increase of 14 (Fourteen times) approx. in deferred sales receivables resulting from an increase in Murabaha financing and we ensured that these were recorded appropriately and calculation of provisions according to Central Bank of Sudan requirements, we also ensured the correct accounting treatment of such balances and their presentation and disclosure in the financial statements.

Cash balances in foreign currencies

The Bank has some cash balances at the end of 2019, which consist of AED, US\$ and Euro. We ascertained that the Bank has used the official exchange rates of the Central Bank of the Sudan in converting these cash balances into SDG. We also ensured the correct accounting treatment of exchange differences balances and their presentation in equity in the financial statements instead of statement of income as in 2018 as approved by the Central Bank of Sudan.

Other Information

Management is responsible for other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of financial statements, our responsibility is to read the other information identified above and in so doing, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Accounting Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and appropriate requirements of the Companies Act 2015 and for such 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.

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 Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Accounting Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of the Bank as of 31 December 2019, are met all the essential aspects of the legal, regulatory and other local requirements which are as follows:

- Appropriate requirements of the Companies Act 2015.
- Sharia Supervisory Board.
- Central Bank of Sudan requirements

Mubarak Elawad & Co.

20 FEB 2020

Chartered Certified Accountants

Mubarak El-Awad Mohamed - Partner

Mubarak El-Awad & Co.

Khartoum

20 February 2020

NATIONAL BANK OF SUDAN

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		2019	2018
ASSETS	Notes	SDG	SDG
Cash and cash equivalents	3	501,084,302	443,823,747
Deferred sales receivables	4	377,381,413	52,383,333
Investment accounts	5	1,906,423,830	2,118,221,282
Mudaraba financing (Net)	6	10,297,260	3,224,973
Muasharka financing (Net)	7	385,374,151	-
Investments held to maturity-Shahama	8	108,906,000	108,906,000
Investments available for sale	9	8,226,753	6,710,080
Other assets	10	30,743,569	24,183,458
Intangible assets	11	8,661,304	9,429,114
Fixed assets	12	26,743,342	18,111,772
TOTAL ASSETS		3,363,841,924	2,784,993,760
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY			
LIABILITIES			
Customers' current and saving accounts	13	396,430,048	203,189,970
Provisions	14	34,175,369	4,298,234
Other liabilities	15	409,450,734	475,416,296
		840,056,151	682,904,500
EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS	16	520,361,590	46,141,590
EQUITY			
Paid Capital	17	150,000,000	150,000,000
Statutory reserve	18	49,775,554	39,078,236
Fixed assets revaluation reserve		4,082,357	4,082,357
Fair value reserve		8,100	8,100
Retained earnings		67,205,133	29,586,996
Revaluation of assets and liabilities in foreign currency reserves		1,732,353,039	1,833,191,981
TOTAL EQUITY		2,003,424,183	2,055,947,670
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS AND EQUITY		3,363,841,924	2,784,993,760
CONTRA ACCOUNTS	30	1,098,364,785	1,007,127,092

Chairman

Board Member

General Manager

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN**STATEMENT OF INCOME**

AT 31 DECEMBER 2019

	Notes	2019 <u>SDG</u>	2018 <u>SDG</u>
Income			
Income from deferred sales receivables	19	81,750,207	2,883,333
Income from investments	20	109,402,497	56,551,416
		<u>191,152,704</u>	<u>59,434,749</u>
Less: return on unrestricted investment accounts	16	(35,840,484)	(2,314,626)
BANK'S SHARE OF INCOME		<u>155,312,220</u>	<u>57,120,123</u>
Fees and commission income from banking services	21	41,507,907	14,154,892
Gain from foreign currencies revaluation		-	1,551,060,916
Other revenue	22	1,663,046	5,661,550
Total other income		<u>43,170,954</u>	<u>1,570,877,358</u>
TOTAL OPERATING INCOME		<u>198,483,174</u>	<u>1,627,997,482</u>
EXPENSES			
Staff expenses	23	(27,364,681)	(10,085,596)
Depreciation and amortisation	24	(3,805,404)	(1,907,165)
General and administrative expense	25	(11,347,979)	(7,771,409)
Finance and investment provision	26	(17,240,000)	(500,000)
Fines paid to Central Bank of Sudan		-	(4,250)
TOTAL EXPENSES		<u>(59,758,064)</u>	<u>(20,268,421)</u>
NET INCOME FOR THE YEAR BEFORE TAX AND ZAKAT		<u>138,725,110</u>	<u>1,607,729,061</u>
Tax	27	(27,549,142)	(2,806,796)
Zakat	27	(39,860,512)	(26,676,017)
NET INCOME FOR THE YEAR		<u>71,315,456</u>	<u>1,578,246,249</u>
EARNINGS PER SHARE	28	<u>237.72</u>	<u>5,260.82</u>

Chairman

Board Member

General Manager

The attached notes from 1 to 39 form part of these financial statements.

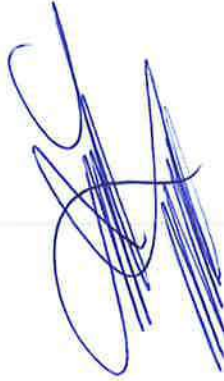
NATIONAL BANK OF SUDAN

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>
	Paid Capital	Statutory reserve	Fixed assets revaluation reserve	Fair value reserve	Retained earnings	Assets and liabilities in foreign currency revaluation reserves	Total		
Balance at 1 January 2019	150,000,000	39,078,236	4,082,357	8,100	29,586,996	1,833,191,981	2,055,947,670		
Net income for the year	-	-	-	-	71,315,456	(100,838,942)	71,315,456		
Assets and liabilities in foreign currency revaluation reserves	-	-	-	-	(23,000,000)	-	(100,838,942)		
Dividends paid - 2018	-	-	-	-	(10,697,318)	-	(23,000,000)		
Transfers to statutory reserve	-	10,697,318	-	-	(10,697,318)	-	(23,000,000)		
Balance at 31 December 2019	150,000,000	49,775,554	4,082,357	8,100	67,205,133	1,732,353,039	2,003,424,184		
Balance at 1 January 2018	150,000,000	35,000,436	4,082,357	8,100	6,479,463	282,131,065	477,701,421		
Net income for the year	-	-	-	-	1,578,246,249	-	1,578,246,249		
Gain from foreign currencies revaluation	-	-	-	-	(1,551,060,916)	1,551,060,916	-		
Transfers to statutory reserve	-	4,077,800	-	-	(4,077,800)	-	-		
Balance at 31 December 2018	150,000,000	39,078,236	4,082,357	8,100	29,586,996	1,833,191,981	2,055,947,670		
Notes	17	18							

Chairman 



Board Member

General Manager 

NATIONAL BANK OF SUDAN

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

CASH FLOWS FROM OPERATIONS		2019	2018
	Notes	<u>SDG</u>	<u>SDG</u>
Net income		71,315,456	1,578,246,249
<u>ADJUSTMENT OF NET INCOME WITH NET INCREASE IN CASH GENERATED FROM OPERATIONS</u>			
Depreciation of fixed assets and amortisation of Intangible assets	11+1 2	3,805,404	1,907,165
Tax Provision		27,549,142	2,806,795
Change in other provisions	14	2,327,993	466,439
Dividends paid to unrestricted investment accounts holders		35,840,485	2,314,626
NET CASH FLOWS FROM OPERATIONS		140,838,479	1,585,741,274
<u>CASH FLOW FROM INVESTING</u>			
Purchase of fixed assets and intangible assets	11+1	(11,669,164)	(8,847,937)
Purchase of securities	9	(1,516,672)	(1,014,642)
Increase in Muasharka	7	(385,374,151)	-
Increase in Mudaraba	6	(7,072,287)	(240,220)
Decrease\ increase in Investment accounts	5	211,797,452	(1,874,837,108)
Net increase in deferred sales receivables	4	(324,998,080)	(52,383,333)
NET CASH FLOW (USED IN) INVESTING		(518,832,902)	(1,937,323,241)
<u>CASH FLOW FROM FINANCING</u>			
Net increase in unrestricted investment accounts	16	438,379,515	33,018,374
Net increase in customers' current and saving accounts	13	193,240,078	135,788,846
Dividends paid 2018		(23,000,000)	-
Assets and liabilities in foreign currency revaluation reserves		(100,838,942)	-
Decrease\increase in other liabilities	15	(65,965,562)	403,045,441
Increase in other assets	10	(6,560,111)	(2,705,994)
NET CASH FLOW FROM FINANCING		435,254,978	569,146,667
INCREASE IN CASH & CASH EQUIVALENT		57,260,555	217,564,700
CASH AT THE BEGINNING OF THE YEAR		443,823,747	226,259,047
CASH AT THE END OF THE YEAR		501,084,302	443,823,747


Chairman


Board Member


General Manager

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 - INCORPORATION AND ACTIVITIES

National Bank of Sudan (NBS) was established in 1981, under license No. 1931 issued by the Registrar of Companies in accordance with the Companies Act 1925, as private limited liability company. The Central Bank of Sudan has licensed the bank to engage in all banking, finance, commercial and investment activities. In addition to establish of commercial enterprises, economic development, construction and shares acquisition inside and outside Sudan in accordance with Islamic Shari'a.

During 2011, NBS has been registered with Khartoum Stock Exchange .

The bank's activities include:

- i) Opening current accounts
- ii) Accepting unrestricted investment accounts and commingle the same with those of the bank and investing them in accordance with Islamic Shari'a
- iii) Managing the investment of other parties' funds as an agent for fixed fee or as a Mudarib and any other banking activities not contravening the provisions of the noble Islamic Shari'a
- iv) Industrial, commercial and agricultural business activities ,etc. either directly or through companies it may establish , or in which the bank may acquire shares
- v) Leasing and purchasing lands and constructing building and renting out thereof
- vi) Spot foreign exchange dealings

The bank employs about 55 employees as at 31 December 2019 (31 December, 2018 :49)

At the period end the Bank have two branches (2018: two)

Ownership :-

At 31 December 2018 and 31 December 2019 the ownership of the bank is as follows:-

<u>Shareholder</u>	<u>2019</u>	<u>2018</u>
	<u>SDG</u>	<u>SDG</u>
UAE'S Shareholders	76.56%	76.56%
Other shareholders (local)	23.44%	23.44%
Total	100.00%	100.00%

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2 - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the bank's financial statements are set out below:

a. Basis of preparation

The financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (the "AAOIFI"), International Financial Reporting Standards (IFRSs), the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the bank and the Sudan Companies Act 2015.

The financial statements are prepared under the historical cost convention except revaluation of fixed assets and the re-measurement at fair value of investments in Shahama.

The financial statements are presented in Sudanese Geneih (SDG) which represents the functional currency of the bank.

The accounting policies adopted are consistent with those of the previous financial year.

b. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks with maturity of ninety days or less.

c. Measurement of financial assets and investments

Deferred sales receivables

Sales receivable consist, mainly, of Murabaha which are stated at face value net of deferred profits and provisions for impairment.

Mudaraba financing

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

Investments

All investments are, initially, recorded at cost equivalent to fair value including acquisition cost.

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Fixed and intangible assets

Fixed assets are stated at cost or revalued amounts less accumulated depreciation and any impairment in value. The cost of additions and major improvements are capitalised; maintenance and repairs are charged to the income statement as incurred. Gains or losses on disposal are reflected in other operating income. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets other than freehold land, which is deemed to have an indefinite life.

The rates of depreciation is as follows:

Buildings	10%
Office furniture and equipment	10 - 15%
Vehicles	20%
Computers	15%

Depreciation of revalued fixed assets is calculated on straight line basis over the estimated useful life of the revalued assets starting from the date of the revaluation.

Intangible assets which are carried at cost are amortized over ten years on straight line method, except for goodwill which has an indefinite useful life and is tested for impairment by comparing its recoverable amount with its carrying amount annually, and/or whenever there is an indication that the intangible asset may be impaired and recognising any excess of the carrying amount over the recoverable amount as an impairment loss.

e. Unrestricted investment accounts holders (UIAH)

The equity of the unrestricted investment is calculated on a quarterly/half yearly basis. Advances on expected profits are paid on monthly basis. The Bank allows the investment accounts holders to withdraw or add funds to their investment accounts. Profits are allocated between the unrestricted investment account holders and the owners' equity according to the contribution of each of the two parties. Then, the Bank will take its Murabaha fees from UIAH as agreed upon.

f. Impairment and uncollectibility of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised in the income statement.

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment value was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement.

Also, the Bank maintains general provisions to reflect a potential loss that may occur as a result of currently unidentifiable risks in relation to receivables, financings or investment assets.

g. Taxation

The Bank is subject to business profit tax (BPT) at the rate of 30% (2018: 30%) of the taxable income. Taxation is calculated and provided for in accordance with the regulations of the Chamber of Taxation.

h. Zakat

Zakat is calculated and provided for in accordance with the regulations of the Chamber of Zakat and Zakat standard.

i. Earnings prohibited by Shari'a

The Bank is committed to avoid recognising any income generated from non-Islamic source. Accordingly, all non-Islamic income is credited to a charity account where the bank uses these funds for various social and welfare activities.

j. Revenue recognition

Sales receivable

Profit from Murabaha is recognised when the income is both contractually determinable and quantifiable at the commencement of the transaction. Such income is recognised on time-apportioned basis over the period of the transaction. Where the income from a contract is not contractually determinable or quantifiable, it is recognised when the realisation is reasonably certain or when actually realised

Mudaraba financing

Mudaraba financing is recognized in the Income Statement at the time of liquidation or to extent of profits being distributed or at declaration date or when such profits can reasonably be estimated

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income from banking services

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

Shahama income

Profit is recognized upon declaration or when reasonably determinable.

Other income

Other income on investments is recognized when the right to receive payment is established.

k. Investments 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.

l. Investments in securities available for sale

Investments which are classified as available for sale are initially recognized at cost. These investments are subsequently measured at fair value unless value cannot be determined. Available for sale investments where fair value cannot be reliably measured are carried at cost less impairment in value, if any. Measurement gain and losses on available for sales investments are recognized as fair value reserve under shareholder as' equity until the investments are sold or impaired, at which time the cumulative gain or loss previously recognized in equity is included in the income statement.

m. Intangible assets

Intangible assets include goodwill, software and branches re-novation cost. Intangible assets are carried at cost less amortization and any accumulated impairment losses. Intangible assets with definite life are amortized on straight line basis over the estimated useful life.

n. Liabilities

Liabilities are recognised for amounts to be paid in the future for materials and services received, whether billed by the supplier or not. These are carried at cost, which is the fair value of the consideration to be paid in the future for amounts payable.

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Employees' end of service benefits

The Bank provides for end of service benefits to its employees. Entitlement to these benefits is based upon the employees' length of service and the completion of a minimum service period. The expected costs of these benefits are accrued for over the period of employment.

p. Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

q. Foreign currency transactions

Transactions in foreign currencies are recorded at the official rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date which was one USD equal SDG 45.1125 approx as at the end of 31 Decemper 2019(2018 : one USD equal SDG 47.6188). All differences are taken to statement of changes in equity instead of income statement.after the approval of the Central Bank of Sudan because

r.Bank investment deposit

Is the investment deposits of other banks ranging from 6 to 12 months .

s. Use of estimates in preparation of the financial statements

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities at the date of the financial statements. The use of estimates is used, primarily, to the determination of provisions for sales receivable, non-trading investments and other assets.

u. Regulatory and supervisory agency

The bank's activities are subject to the Central Bank of Sudan Law for 2002 and the banking regulations law for 2004. The Bank complies with the rules and circulars issued by the Central Bank of Sudan.

NATIONAL BANK OF SUDAN**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>3 - CASH AND CASH EQUIVALENTS</u>		
Balances with Central Bank of Sudan (note 3/1)	329,098,885	362,742,168
Legal reserve at the Central Bank of Sudan (note 3/2)	73,802,745	58,137,690
Balances with other banks (note 3/3)	69,247,323	15,615,723
Cash	28,935,349	7,328,166
	<u>501,084,302</u>	<u>443,823,747</u>
	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>3/1 -BALANCES WITH CENTRAL BANK OF SUDAN</u>		
Balances with Central Bank of Sudan(SDG)	131,235,395	77,256,685
Balances with Central Bank of Sudan(Foreign)	197,863,490	285,485,483
	<u>329,098,885</u>	<u>362,742,168</u>
	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>3/2 -LEGAL RESERVE AT THE CENTRAL BANK OF SUDAN</u>		
Legal reserve at the Central Bank of Sudan (SDG)	48,730,100	27,522,611
Legal reserve at the Central Bank of Sudan (Foreign)	25,072,645	30,615,079
	<u>73,802,745</u>	<u>58,137,690</u>
	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>3/3 -BALANCES WITH OTHER BANKS</u>		
Abu Dhabi Islamic Bank	6,031	880,198
Albaraka Bank S.A.L Lebonon-Beirut	2,522,707	4,619,462
BOK International Bank - Abu Dhabi	7,737,114	8,173,839
Bank Audi S.A.L - Jordan	267,973	1,942,224
Elnilein Bank - Abu-Dhabi	56,256,858	-
AL Baraka Bank S.A.L Egypt	2,456,640	-
	<u>69,247,323</u>	<u>15,615,723</u>
	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>4 - DEFERRED SALES RECEIVABLES</u>		
Murabaha (note 4/1)	377,381,413	52,383,333
	<u>377,381,413</u>	<u>52,383,333</u>

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>4/1 - MURABAHA</u>		
Gross sales receivables	438,629,715	79,922,222
Deferred profit	(50,848,709)	(27,038,889)
Provisions (note 26)	(10,399,593)	(500,000)
	<u>377,381,413</u>	<u>52,383,333</u>

	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>5-INVESTMENT ACCOUNTS</u>		
Bank investment deposits (note 5/1)	1,897,754,400	2,100,427,200
Accrued profits (note 5/2)	8,669,430	17,794,081
	<u>1,906,423,830</u>	<u>2,118,221,282</u>

	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>5/1 -BANK INVESTMENT DEPOSITS</u>		
Abu Dhabi Islamic Bank	6,141,600	19,448,400
BOK International Bank - Abu Dhabi	970,372,800	907,592,000
Albaraka Bank S.A.L Lebonon-Beirut	675,576,000	713,108,000
El-Nilein Bank Abu Dhabi	122,832,000	460,278,800
AAFAQ Islamic finance	122,832,000	-
	<u>1,897,754,400</u>	<u>2,100,427,200</u>

	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>5/2 - ACCRUED PROFITS</u>		
Abu Dhabi Islamic Bank	8,770	24,194
BOK International Bank - Abu Dhabi	-	3,468,752
Albaraka Bank S.A.L Lebonon-Beirut	4,968,778	9,791,597
El-Nilein Bank Abu Dhabi	3,480,978	4,509,538
AAFAQ Islamic finance	210,904	-
	<u>8,669,430</u>	<u>17,794,081</u>

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>6 - MUDARABA FINANCING (Net)</u>		
Gross Mudaraba financing	10,000,000	3,000,000
Deferred profit	397,260	284,973
Provisions (note 26)	(100,000)	(60,000)
	<u>10,297,260</u>	<u>3,224,973</u>

	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>7 - MUSHARKA FINANCING (Net)</u>		
Gross Muasharka financing	365,020,350	-
Deferred profit	27,654,208	-
Provisions (note 26)	(7,300,407)	-
	<u>385,374,151</u>	<u>-</u>

	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>8 - INVESTMENTS HELD TO MATURITY</u>		
Available for sale investments - Shahama *	108,906,000	108,906,000
	<u>108,906,000</u>	<u>108,906,000</u>

* Represent investments in government's Sukuk "Shahama". Shahama securities are, normally, with one year maturity. The Bank hold them to maturity.

	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>9 - INVESTMENTS AVAILABLE FOR SALE</u>		
Inter Bank Liquidity Management Fund (note 9/1)	7,539,415	6,022,742
Investments in Shares (note 9/2)	687,338	687,338
	<u>8,226,753</u>	<u>6,710,080</u>

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

9/1 - INTER BANK LIQUIDITY MANAGEMENT FUND

Represents 7,437 stocks in Inter-Bank Liquidity Management Fund. The fund is used as a clearing house between the local banks. The fund is managed by Financial Investment Bank under the supervision of Central Bank of Sudan. Central Bank of Sudan is lender of last resort when banks fail to fulfil their obligations to the fund. The bank invested in Inter-Bank Liquidity Management Fund in accordance with the directives of Central Bank of Sudan. Investments in Inter-Bank Liquidity Management Fund are stated at fair value at the date of financial position.

	2019	2018
<u>9/2 - INVESTMENTS IN SHARE</u>	<u>SDG</u>	<u>SDG</u>
Microfinance Guarantee Agency	658,000	658,000
Electronic Banking Services Company Ltd	29,338	29,338
	<u>687,338</u>	<u>687,338</u>

	2019	2018
<u>10 - OTHER ASSETS</u>	<u>SDG</u>	<u>SDG</u>
Shahama accrued profit	28,549,198	23,284,070
Prepayments	17,691	4,530
Staff loans	1,310,160	817,444
Inventory	126,609	77,414
Other receivables(Cairo branch settlement)	479,910	-
Others Debtors (note 10/1)	260,000	-
	<u>30,743,569</u>	<u>24,183,458</u>

	2019	2018
<u>10/1 - OTHERS DEBATERS</u>	<u>SDG</u>	<u>SDG</u>
Court cases	318,624	58,624
Provision for Court cases	(58,624)	(58,624)
	<u>260,000</u>	<u>-</u>

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

11 - INTANGIBLE ASSETS

	Good will	Computer Software	Total
<u>Cost at:</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>
1 January 2019	10,714,250	1,952,168	12,666,418
Additions	-	536,196	536,196
31 Decemper 2019	10,714,250	2,488,364	13,202,614
 <u>Amortisation at:</u>			
1 January 2019	2,139,915	1,097,389	3,237,304
Charge for the year	1,071,425	232,581	1,304,006
31 Decemper 2019	3,211,340	1,329,970	4,541,310
 <u>Net book values at:</u>			
31 Decemper 2019	7,502,910	1,158,394	8,661,304
31 Decemper 2018	8,574,335	854,779	9,429,114

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

12 - FIXED ASSETS

	Land and buildings	Office furniture and equipment	Vehicles	Total
<u>Cost at:</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>
1 January 2019	19,047,949	6,836,019	4,290,686	30,174,654
Additions	2,283,320	7,205,647	1,644,000	11,132,968
Disposals	-	-	(79,280)	(79,280)
31 December 2019	<u>21,331,269</u>	<u>14,041,666</u>	<u>5,855,406</u>	<u>41,228,342</u>
 <u>Depreciation at:</u>				
1 January 2019	7,066,474	4,432,707	563,701	12,062,882
Charge for the year	636,304	909,333	955,761	2,501,398
Disposals	-	-	(79,280)	(79,280)
31 December 2019	<u>7,702,778</u>	<u>5,342,040</u>	<u>1,440,182</u>	<u>14,485,000</u>
 <u>Net book values at:</u>				
31 December 2019	<u>13,628,491</u>	<u>8,699,626</u>	<u>4,415,224</u>	<u>26,743,342</u>
31 December 2018	<u>11,981,475</u>	<u>2,403,312</u>	<u>3,726,985</u>	<u>18,111,772</u>

Land and buildings were revalued in December 2006 by an expert, approved by the Central Bank of Sudan, resulting in a net revaluation surplus of SDG approximately 7.84 million .

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
<u>13 - CUSTOMERS' CURRENT AND SAVING ACCOUNTS</u>	<u>SDG</u>	<u>SDG</u>
Customers' current accounts	391,887,446	198,433,163
Customers' saving accounts	4,542,602	4,756,806
	<u>396,430,048</u>	<u>203,189,970</u>
	2019	2018
<u>14 - PROVISION</u>	<u>SDG</u>	<u>SDG</u>
Tax Provision (note 27)	27,549,142	2,806,795
End of Service Benefit	500,000	500,000
General Provision	-	210,000
Profits of due investment deposits	6,126,227	781,439
	<u>34,175,369</u>	<u>4,298,234</u>
	2019	2018
<u>15 - OTHER LIABILITIES</u>	<u>SDG</u>	<u>SDG</u>
Cash margins	100,537,894	136,203,628
Bank checks	26,537,982	7,407,379
Bill payable under transfer (note 15/1)	177,866,216	281,043,305
Bonus payables (employees)	5,000,000	1,000,000
Audit fees	660,500	214,500
Accrued Zakat (note 27)	39,860,512	26,676,017
Cairo branch liquidation due to shareholders (note 15/2)	1,898,484	2,003,956
Advance commissions	23,094,823	5,312,791
Government dues	2,001,600	122,864
Other (note 15/3)	31,992,723	15,431,857
	<u>409,450,734</u>	<u>475,416,296</u>

15/1 - BILLS PAYABLE

These include the residual balance of unsettled documents sent to the supplier for collection to Wheata Industrial Company (Wheata) amounted to AED 22.80 M. Wheata Company has settled the amounts in the local currency during period of 2012-2013, the Central Bank of Sudan has transferred AED 6 M during 2019(2 M-2018) and the rest AED 14.3 M.

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

15/2 - CAIRO BRANCH ACCOUNT UNDER LIQUIDATION

Represents the remaining balance of Cairo branch liquidation and not received by shareholders.

	2019	2018
	<u>SDG</u>	<u>SDG</u>
<u>15/3 - OTHERS</u>		
Dormant accounts	10,723,942	11,515,210
Accrued expenses	1,556,933	1,603,872
Creditors	558,359	606,225
Interbranch	-	41,372
Dividends	1,122,281	975,741
Bill payable under transfer before 2011	194,526	194,526
New Investors Group	17,056,320	328,907
National converter	119,126	106,064
The increase in the treasury	33,544	22,834
Due in installments sale	37,106	37,107
Customs receivables	575,274	-
Foreign postal receivables	15,314	-
	<u>31,992,723</u>	<u>15,431,857</u>
	2019	2018

16 - EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

	<u>SDG</u>	<u>SDG</u>
Capital of unrestricted investment accounts	520,361,590	46,141,590
Profits earned	34,171,169	2,204,430
The contribution of the Bank to their profits	1,760,918	144,196
	<u>556,293,677</u>	<u>48,490,216</u>
Contribution payable to deposits security fund	(91,602)	(34,000)
Dividends paid during the year	(35,840,485)	(2,314,626)
	<u>520,361,590</u>	<u>46,141,590</u>
Elkhaleej Bank	485,000,000	25,000,000
Liquidity Management Fund Bank	34,000,000	10,000,000
Others	1,361,590	11,141,590
	<u>520,361,590</u>	<u>46,141,590</u>

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

<u>17 -PAID CAPITAL</u>	2019	2018
<u>17.1- AUTHORISED SHARE CAPITAL</u>	<u>SDG</u>	<u>SDG</u>
Authorised 300,000 ordinary shares of SDG500 each	150,000,000	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
<u>17.2 - ISSUED AND FULLY PAID CAPITAL</u>	<u>SDG</u>	<u>SDG</u>
300,000 ordinary shares of SDG500 each	150,000,000	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>

18 - STATUTORY RESERVE

In accordance with the Central Bank of Sudan (CBOS) circular dated 21 June 2010, 15% of the net income for the period is transferred to the statutory reserve until such time as the reserve reaches 100% of the Bank's paid-up share capital.

<u>19 -INCOME FROM DEFERRED SALES RECEIVABLES</u>	2019	2018
	<u>SDG</u>	<u>SDG</u>
Income from sales receiveable(Note 19/1)	81,750,207	2,883,333
	<u>81,750,207</u>	<u>2,883,333</u>

<u>19/1 - INCOME FROM SALES RECEIVEABLE</u>	2019	2018
	<u>SDG</u>	<u>SDG</u>
Income from Murabaha	54,095,999	2,883,333
Income from Muasharka	27,654,208	-
	<u>81,750,207</u>	<u>2,883,333</u>

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

20 - INCOME FROM INVESTMENTS

	2019	2018
	<u>SDG</u>	<u>SDG</u>
Income from Mudaraba	607,298	240,220
Profits from Shahama Sukuk	19,734,986	19,766,888
Income from investment accounts	88,349,941	36,262,250
Profits from Liquidity Management Fund	710,272	282,058
	<u>109,402,497</u>	<u>56,551,416</u>

21 - FEES AND COMMISSION INCOME FROM BANKING SERVICES

	2019	2018
	<u>SDG</u>	<u>SDG</u>
Documents collection commissions and other banking fees	12,080,719	4,463,625
Return from trading of foreign currencies	1,543,050	5,410,798
Commissions from bank services	10,259,942	500,000
Commissions from letters of credit and guarantees	17,624,196	3,780,469
	<u>41,507,907</u>	<u>14,154,892</u>

22 - OTHER REVENUE

	2019	2018
	<u>SDG</u>	<u>SDG</u>
Gain from current accounts	1,153,746	5,661,550
Gain on disposal of fixed assets	509,300	-
	<u>1,663,046</u>	<u>5,661,550</u>

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

<u>23 - STAFF EXPENSES</u>	2019	2018
	<u>SDG</u>	<u>SDG</u>
Salaries and wages	13,171,061	4,820,790
Meal allowance	1,000	65,250
Travel expenses	1,823,828	1,077,997
Medical expenses	1,983,700	1,099,600
Employee bonus	5,000,000	1,000,000
End of service benefits	88,068	113,911
Training expenses	64,069	13,782
Social insurance	1,979,938	774,612
Other allowances	3,253,017	1,119,654
	<u>27,364,681</u>	<u>10,085,596</u>
<u>24 - DEPRECIATION AND AMORTIZATION</u>	2019	2018
	<u>SDG</u>	<u>SDG</u>
Amortization (Note 11)	1,304,006	1,267,570
Depreciation (Note 12)	2,501,398	639,595
	<u>3,805,404</u>	<u>1,907,165</u>

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

25 - GENERAL AND ADMINISTRATION EXPENSES

	2019	2018
	<u>SDG</u>	<u>SDG</u>
Awayid and rents	693,230	253,816
Stationary and computer printing	596,046	302,429
Transportation and car running expenses	832,379	732,148
Government dues	167,030	178,544
Water and electricity	695,328	732,122
Communication expenses	1,708,590	1,036,070
Repairs and maintenance	965,649	552,429
Hospitality	506,595	365,873
Cleaning expenses	795,304	451,561
Security expenses	867,107	494,295
Advertising	950,270	19,264
Central Bank of Sudan commission and charges	98,345	48,120
Audit fees	660,500	409,500
Professional associations membership/ subscriptions	548,581	407,166
Legal fees	78,150	124,432
Contribution to Deposit Security Fund	452,619	303,158
General provision	-	390,000
Commissions paid to foreign banks	715,258	960,482
Donations	17,000	10,000
	<u>11,347,979</u>	<u>7,771,409</u>

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

26 - FINANCE AND INVESTMENT RISK PROVISION

	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>
	Murabaha	Mudaraka financing	Musharaka financing	Total
Balance as at 1 January 2019	500,000	60,000	-	560,000
Charged during the year	9,899,593	40,000	7,300,407	17,240,000
Balance at 31 December 2019	10,399,593	100,000	7,300,407	17,800,000
Balance as at 1 January 2018	-	60,000	-	60,000
Charged during the year	500,000	-	-	500,000
Balance at 31 December 2018	500,000	60,000	-	560,000
Notes	4	6	7	

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

27 - TAXATION AND ZAKAT

TAXATION

The Bank has obtained final tax clearance certificates for business profits taxes up to 31 December 2018. And provided the Tax liability for year ended 31 December 2019

ZAKAT

The Bank has obtained final tax clearance certificates for Zakat up to 31 December 2018. And provided the zakat liability for year ended 31 December 2019 .

28 - EARNING PER SHARE

	2019	2018
	<u>SDG</u>	<u>SDG</u>
Net income for the year	71,315,456	1,578,246,249
Number of shares	300,000	300,000
EPS (SDG)	<u>237.72</u>	<u>5,260.82</u>

Earnings per share in 2018 without revaluation of assets and liabilities in foreign currency reserves is equivalent to 90.62 SDG

29 - RELATED PARTY TRANSACTIONS

Related parties comprise shareholders, directors of the Bank, close members of their families, entities owned or controlled by them and companies affiliated by virtue of shareholding in common with that of the Bank.

The year end balances with related parties are disclosed in the relevant notes.

The significant balances with related parties at 31 December 2019 were as follows:

	2019	2018
	Shareholders	Shareholders
	<u>SDG</u>	<u>SDG</u>
Statement of financial position		
Current and saving accounts	91,491,649	10,860,915
Financing	87,400,000	-
Clearing checks and documents under collection	175,515,455	280,514,742
Statement of Income		
Income from financing	6,342,680	-
Documents under collection	11,230	-

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

30 - CONTRA ACCOUNTS

The following are the Bank's credit related commitments.

	2019	2018
	<u>SDG</u>	<u>SDG</u>
Letters of credit- Import	9,776,322	-
Guarantees	491,328,000	-
Acceptances	384,746,489	713,756,280
Clearing checks and documents under collection	212,513,974	293,370,812
	<u>1,098,364,785</u>	<u>1,007,127,092</u>

31 - CONCENTRATION OF INVESTMENTS – ECONOMIC SECTOR

The total Investments for the year were distributed approximately according to economic sector as at 31 December 2019 and 31 December 2018 as follows:

		2019		2018
	%	<u>SDG</u>	%	<u>SDG</u>
Securities and shares	12.83%	116,437,315	57.87%	113,906,000
Investments accounts	0.00%	-	0.00%	-
Real Estate	0.00%	-	0.00%	-
Industry	14.44%	131,056,795	0.00%	-
Trade	43.98%	399,071,512	0.00%	-
Agricultural	26.14%	237,166,351	40.61%	79,922,222
Others	2.60%	23,558,166	1.52%	3,000,000
Total	100.00%	907,290,139	100%	196,828,222

The attached notes from 1 to 39 form part of these financial statements.

32 - SOCIAL RESPONSIBILITY

During the year the Bank has discharged its social responsibilities by training the employees (in house) and by participating in the sponsorship of the National Conferences.

With regard to the Bank's role in supporting the needy and poor people, the Bank has provided SDG 104,000 for the year ended 31 December 2019 (2018 : SDG 880,068).

33 - CREDIT RISK

Credit risk is the risk that one party to a 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 financing and investment activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or business. It also takes security when appropriate. The credit risk management is under supervision and follow up of Parent Bank.

Analysis of investments concentration by economic sector is provided in (note 31).

34 - 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 market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management has diversified funding sources and assets are managed with liquidity risk in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Management monitors the maturity profile to ensure that adequate liquidity is maintained.

The maturity profile of the Bank's assets and liabilities is as follows:-

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

34 - LIQUIDITY RISK (Continued)

For year 2019

Assets	Within 3	3 to 6	6 to 12	Over 1	Total
	Months	Months	Months	Year	
	SDG	SDG	SDG	SDG	
Cash and cash equivalents	501,084,302	-	-	-	501,084,302
Sales receivable and others (net)	-	-	-	377,381,413	377,381,413
Investment Accounts	-	-	1,906,423,830	-	1,906,423,830
Mudaraba financing (net)	-	-	-	10,297,260	10,297,260
Muasharka financing (net)	-	-	-	385,374,151	385,374,151
Investments held to maturity	-	-	108,906,000	-	108,906,000
Investments available for sale	-	-	-	8,226,753	8,226,753
Other assets	144,300	-	30,599,269	-	30,743,569
Intangible assets (net)	-	-	-	8,661,304	8,661,304
Fixed assets (net)	-	-	-	26,743,342	26,743,342
Total Assets	501,228,602	-	2,045,929,099	816,684,223	3,363,841,924

Owner's equity and Liabilities					Total
Customers' current and saving accounts	396,430,048	-	-	-	396,430,048
Provisions	34,175,368	-	-	-	34,175,368
Other liabilities	409,450,734	-	-	-	409,450,734
Unrestricted investments equity	519,066,650	9,000	1,285,940	-	520,361,590
Equity	-	-	-	2,003,424,183	2,003,424,183
Total liabilities and shareholders' equity	1,359,122,800	9,000	1,285,940	2,003,424,183	3,363,841,924

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

34 - LIQUIDITY RISK (Continued)

For year 2018

Assets	Within 3	3 to 6	6 to 12	Over 1	Total
	Months	Months	Months	Year	
	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	
Cash and cash equivalents	443,823,747	-	-	-	443,823,747
Sales receivable and others (net)	-	-	-	52,383,333	52,383,333
Mudaraba financing (net)	-	-	2,118,221,282	-	2,118,221,282
Investment Accounts	-	-	-	3,224,973	3,224,973
Investments held to maturity	-	-	108,906,000	-	108,906,000
Investments available for sale	-	-	-	6,710,080	6,710,080
Other assets	81,944	-	24,101,514	-	24,183,458
Intangible assets (net)	-	-	-	9,429,114	9,429,114
Fixed assets (net)	-	-	-	18,111,772	18,111,772
Total Assets	443,905,691	-	2,251,228,796	89,859,273	2,784,993,760

Owner's equity and Liabilities					Total
Customers' current and saving accounts	203,189,970	-	-	-	203,189,970
Other liabilities	4,298,234	-	-	-	4,298,234
Provisions	475,416,296	-	-	-	475,416,296
Unrestricted investments equity	35,566,650	9,000	10,565,940	-	46,141,590
Equity	-	-	-	2,055,947,670	2,055,947,670
Total liabilities and shareholders' equity	718,471,150	9,000	10,565,940	2,055,947,670	2,784,993,760

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

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FOR THE YEAR ENDED 31 DECEMBER 2019

35 - MARKET RISK

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the 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 management's estimate of long and short term changes in fair value.

36 - CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk is managed on the basis of limits determined by the Bank's Board of Directors. These limits are monitored continuously to ensure that the net exposure is kept to an acceptable level. Assets and liabilities in foreign currency are mainly denominated in US Dollar and UAE Dirham.

The Bank had the following net foreign currency exposures at 31 December

For the year 2019

<u>Currency</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Net position in foreign currency</u>
USD	945,800	1,828,369	(882,569)
EUR	72,212	88,964	(16,752)
AED	174,087,099	22,823,641	151,263,458
SAR	999,394	1,263,443	(264,049)

The attached notes from 1 to 39 form part of these financial statements.

NATIONAL BANK OF SUDAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

For year 2018

<u>Currency</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Net position in foreign currency</u>
USD	918,484	1,837,873	(919,389)
EUR	82,509	91,160	(8,651)
AED	183,419,257	32,359,723	151,059,534
SAR	1,129,294	1,263,480	(134,186)

This net position is to cover the off-balance sheet commitments in letters of credit and acceptances.

37 - CAPITAL ADEQUACY

The Bank monitors the adequacy of its capital using the ratios established by Central Bank of Sudan as follows :-

	2019	2018
	%	%
The Bank's capital adequacy ratio	25%	12%
Minimum capital adequacy ratio required	12%	12%

38 - SHARI'A SUPERVISORY BOARD

The Bank's business activities are subject to supervision of a three members Shari'a Supervisory Board. The Shari'a Supervisory Board has been appointed by the shareholders for three years term commencing 2019. The Shari'a Supervisory Board has the power to direct, review and supervise the activities of the Bank to ensure that they are in compliance with Shari'a rules and principles. This includes issuing an annual report to the shareholders.

39 - COMPARATIVE FIGURES

Certain comparative figures for 2018 have been reclassified to conform to current period presentation. This classification does not have a material impact on the net profit, equity or cash flows for the previous year.

The attached notes from 1 to 39 form part of these financial statements.