

بنك الخرطوم  
Bank of Khartoum  
— YOU FIRST —



بنك الخرطوم  
Bank of Khartoum  
— أنت أولاً —

## CONSOLIDATED STATEMENT

For the period ended June 30, 2013

# MUBARAK

For Accounting, Auditing & Financial Consultancy  
Certified Public Accountants

Independent Firm, Correspondent of  
*ERNST & YOUNG*

# مبارك

للمحاسبة والمراجعة والإستشارات المالية  
محاسبون قانونيون


مكتب مستقل ، مراسلون  
إرنست ويونغ

## REVIEW REPORT TO THE SHAREHOLDERS OF BANK OF KHARTOUM

We have reviewed the accompanying interim consolidated financial statements of Bank of Khartoum (*the Bank*) which include the consolidated statement of financial position as of June 30, 2013, and the related consolidated statement of income, consolidated cash flows and consolidated changes in equity for the quarter then ended. The Bank's management is responsible for the preparation and presentation of these financial statements in accordance with the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the International Accounting Standard No.34 which addresses the interim financial reporting in accordance with the Shariah requirements. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2410. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. Review is limited primarily to enquiries of the bank's personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not presented fairly, in all material respects, in accordance with the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the International Accounting Standard No.34.

  
**Mubarak Ali Ibrahim – CPA**  
**Partner**  
July 16, 2013



**BANK OF KHARTOUM****INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At June 30, 2013

		<i>June 30, 2013</i>	<i>December 31,</i> <i>2012</i>
	Notes	Unaudited	Audited
<u>Assets</u>		<i>SDG (000)</i>	<i>SDG (000)</i>
Cash and cash equivalents	5	1,119,804	908,245
Investment accounts with banks	6	33,633	21,828
Investment in trading securities	7	960,974	589,504
Sale receivables	8	3,328,507	3,234,582
Investment in Mudaraba and Musharaka	9	346,732	327,430
Available for sale investments	10	270,176	268,687
Other investments	11	101,336	58,176
Other assets	12	359,981	409,216
Intangible assets	13	92,393	92,623
Property, plant and equipment	14	957,861	891,012
<b>Total Assets</b>		<u>7,571,397</u>	<u>6,801,303</u>
 <u>Liabilities, Unrestricted Investment Accounts and Shareholders' Equity</u>			
<b>Liabilities</b>			
Current accounts		2,418,026	2,056,561
Cash margins	15	378,086	353,484
Other liabilities	16	310,445	278,536
Provisions	17	58,015	66,761
<b>Total Liabilities</b>		<u>3,164,572</u>	<u>2,755,342</u>
Equity of unrestricted investment account holders	18	<u>3,389,522</u>	<u>3,028,293</u>
 <b>Shareholders' Equity</b>			
Paid up capital	19	419,100	419,100
Share premium		50,473	50,473
Reserves	20	325,825	319,578
Retained earnings		185,435	191,144
<b>Equity attributable to equity holders of the parent</b>		<u>980,833</u>	<u>980,295</u>
Non-controlling interest		36,470	37,373
<b>Total shareholders' Equity</b>		<u>1,017,303</u>	<u>1,017,668</u>
 <u>Total Liabilities, Unrestricted Investment Accounts and Shareholders' Equity</u>			
		<u>7,571,397</u>	<u>6,801,303</u>



Ayman Al Badri  
Chief financial officer



Fadi Al Faqih  
General manager

The attached notes 1 to 31 form part of these consolidated financial statements.



# BANK OF KHARTOUM

## INTERIM CONSOLIDATED STATEMENT OF INCOME

For the period ended June 30, 2013

	Notes	3 Months period ended June 30, 2013 <i>SDG (000)</i>	3 Months period ended June 30, 2012 <i>SDG (000)</i>	Q June 2013 <i>SDG (000)</i>	A June 2012 <i>SDG (000)</i>
<b>Income</b>					
Income from deferred sales	21	74,271	54,249	155,949	103,334
Income from investments	22	50,953	15,090	58,018	43,232
Total income from finance and investments		125,224	69,339	213,967	146,566
Financing and investing risk provision		(22,500)	(12,722)	(35,075)	(20,307)
Less: Return on unrestricted investment accounts		(47,000)	(12,331)	(80,000)	(46,911)
Bank's share in income from investments (as Mudarib and fund owner)		55,724	44,286	98,892	79,348
Income from banking services	23	51,104	34,731	106,972	54,960
Other income	24	17,647	14,464	25,813	24,913
Total Bank's income		124,475	93,481	231,677	159,221
Foreign currency revaluation		(17,691)	80,562	(39,846)	83,945
<b>Total income</b>		<b>106,784</b>	<b>174,043</b>	<b>191,831</b>	<b>243,166</b>
<b>Expenses</b>					
Staff cost	25	(36,191)	(24,684)	(68,704)	(46,201)
General and administration expenses	26	(32,596)	(28,048)	(63,174)	(49,057)
<b>Total expenses</b>		<b>(68,787)</b>	<b>(52,732)</b>	<b>(131,878)</b>	<b>(95,258)</b>
Profit before Zakah and Tax		37,997	121,311	59,953	147,908
Zakah		1,496	(1,343)	(1,028)	(2,186)
Business profit tax		2,369	(15,580)	(2,906)	(17,390)
<b>Net profit for the year</b>		<b>41,862</b>	<b>104,388</b>	<b>56,019</b>	<b>128,332</b>
<b>Attributable to:</b>					
Equity holders of the parent		41,636	104,388	56,922	128,332
Non-controlling interests		226	-	(903)	-
		41,862	104,388	56,019	128,332
<b>Earning per share</b>	27	<b>0.132</b>	<b>0.362</b>	<b>0.176</b>	<b>0.445</b>

The attached notes 1 to 31 form part of these consolidated financial statements.



# BANK OF KHARTOUM

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended June 30, 2013 (Unaudited)

	a June 2013 <i>SDG (000)</i>	A June 2012 <i>SDG (000)</i>
<b>Operating activities</b>		
Profit before Tax and Zakat	<u>59,953</u>	<u>147,908</u>
<u>Adjustment for non cash items:</u>		
Shehama revaluation gains	(18,731)	(27,540)
Depreciation and amortization	11,797	8,351
End of service benefits	1,653	234
Provision for doubtful debts	35,075	20,307
Gain on assets disposal	<u>(1,146)</u>	<u>(376)</u>
	<u>88,601</u>	<u>148,884</u>
<b>Changes in operating assets, liabilities and unrestricted investment accounts</b>		
Investment accounts with banks	(11,805)	(33,202)
Sale receivables	(129,000)	(263,683)
Investment in trading securities	(352,739)	(198,095)
Investments available for sale	4,539	47,627
Investment in Mudaraba and Musharaka	(19,157)	(20,233)
Other investments	(43,160)	3,191
Other assets	49,235	(44,130)
Current accounts	361,465	609,383
Equity of unrestricted investment account holders	361,229	82,746
Cash margins	24,602	132,575
Other liabilities	31,909	(6,247)
Provisions paid	(14,333)	(7,765)
Prior year adjustments	308	(880)
Dividend distributions	<u>(62,865)</u>	<u>-</u>
Cash from operations	<u>200,228</u>	<u>301,287</u>
<b>Net cash from operating activities</b>	<u>288,829</u>	<u>450,171</u>
<b>Investing activities</b>		
Purchases of fixed assets	(81,749)	(76,893)
Disposal of fixed assets	4,479	22,067
<b>Net cash used in investing activities</b>	<u>(77,270)</u>	<u>(54,826)</u>
<b>Increase / (Decrease) in cash and cash equivalents for the period</b>	<u>211,559</u>	<u>395,345</u>
Cash and cash equivalents at the beginning of the period	<u>908,245</u>	<u>625,942</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>1,119,804</u></u>	<u><u>1,021,287</u></u>

The attached notes 1 to 31 form part of these consolidated financial statements.

## BANK OF KHARTOUM

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended June 30, 2013 (Unaudited)

	Capital	Share premium	Statuary reserve	Bank risk reserve	Fair value revaluation reserve	Property, plant and equipment revaluation reserve	Foreign currency translation reserve	General reserve	Accumulated profits and losses	Attributable to equity holders of the parent	Non-controlling interests	Total equity
	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>
Balance at January 1, 2012	381,000	50,473	37,354	37,711	15,169	80,487	(82)	17,861	34,499	654,472	36,723	691,195
Profit for the year	-	-	-	-	-	-	-	-	128,332	128,332	-	128,332
Unrealized losses	-	-	-	-	62,898	-	-	-	-	62,898	-	62,898
Prior year adjustments	-	-	-	-	-	-	739	-	(880)	(141)	-	(141)
<b>Balance at June 30, 2012</b>	<b>381,000</b>	<b>50,473</b>	<b>37,354</b>	<b>37,711</b>	<b>78,067</b>	<b>80,487</b>	<b>657</b>	<b>17,861</b>	<b>161,951</b>	<b>845,561</b>	<b>36,723</b>	<b>882,284</b>
Balance at January 1, 2013	419,100	50,473	53,699	48,864	67,325	112,847	-	36,843	191,144	980,295	37,373	1,017,668
Profit for the year	-	-	-	-	-	-	-	-	56,922	56,922	(903)	56,019
Transfer to reserves	-	-	-	-	-	-	-	74	(74)	-	-	-
Unrealized gains	-	-	-	-	6,173	-	-	-	-	6,173	-	6,173
Prior year adjustments	-	-	-	-	-	-	-	-	308	308	-	308
dividend distributions	-	-	-	-	-	-	-	-	(62,865)	(62,865)	-	(62,865)
<b>Balance at June 30, 2013</b>	<b>419,100</b>	<b>50,473</b>	<b>53,699</b>	<b>48,864</b>	<b>73,498</b>	<b>112,847</b>	<b>-</b>	<b>36,917</b>	<b>185,435</b>	<b>980,833</b>	<b>36,470</b>	<b>1,017,303</b>

The attached notes 1 to 31 form part of these consolidated financial statements.



## BANK OF KHARTOUM

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENTS

For the period ended June 30, 2013 (Unaudited)

	Sales receivable	Other investments	Cash	Total
	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>
Balance at January 1, 2013	137,331	46,732	16,550	200,613
Additions During the period	8,245	-	1,139	9,384
Investment profits	-	-	5,595	5,595
Balance at June 30, 2013	<u><u>145,576</u></u>	<u><u>46,732</u></u>	<u><u>23,284</u></u>	<u><u>215,592</u></u>

The restricted investments represent investments in Shehama securities and Elamaan funds based on Musharaka financing. The total capital of the fund is SDG 200 million. The bank's share of the fund is 5% of the capital fund. The bank manages the funds for 3 extendable years upon the agreement of the shareholders.

The attached notes 1 to 31 form part of these consolidated financial statements

# BANK OF KHARTOUM

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2013 (Unaudited)

### 1- Incorporation and activities

Bank of Khartoum (the Bank) was established in 1913 as Egyptian English bank. In 1975 the name of the bank was changed to Bank of Khartoum by presidential resolution. In 1983 the bank merged with Elshab Bank as result of presidential resolution. In 1993 the bank merged with Unity and Export and Import banks. On first of January the bank of Khartoum incorporated under the Companies law 1925. In 2005 the Sudanese government sold 60% of its share to Dubai Islamic bank. On January 31, 2008 Sudanese Emirates Bank merged with Bank of Khartoum.

The Bank is providing commercial, financial, investments, development projects financing and banking services according to Islamic rules and the Financial institutions requirements in Sudan.

The Bank is providing its services from the head office which is located at intersection of Al Jamhoria and Al Qasar street. The bank consists of 48 branches and six subsidiaries across the country.

The bank subsidiaries consist of the following :

Name of Subsidiary	Activity	Bank's share (%)
Suda Cash for exchange & financial transfers	Service	100
ATOZ Installment Company	Trading	100
National Trading and Services Company Limited	Trading	100
Senable for Financial Securities Company	Service	100
Khartoum Waha for Real Estate Development Company	Service	60

### 2- Basis of preparation

(a) The interim consolidated financial statements are prepared in accordance with the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as required by the Central Bank of Sudan, Shari' a Supervisory Board (SSB) requirements and in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012

(b) The financial statements have been presented in Sudanese pounds (SDG), the functional currency.

(c) The financial statements are prepared on the historical cost concept except for the re-measurement at fair value of securities classified as available for sale or trading and land and building.

(d) The Bank uses the accrual basis in recording its assets, liabilities, revenues and expenses.

(e) The financial results for the period ended June 30, 2013 are not necessarily an indication for the financial results for the year ended December 31, 2013.

(f) The basis of consolidation

The consolidated financial statements consist of the bank's financial statement and its subsidiaries as of June 30, 2013.

The attached notes 1 to 31 form part of these consolidated financial statements.





# **BANK OF KHARTOUM**

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## **NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the period ended June 30, 2013 (Unaudited)

### **2- Basis of preparation (continued)**

(f) The basis of consolidation (continued)

Subsidiaries are those enterprises controlled by Group. Control exists when the Group has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain economic benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control effectively ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All inter-company balances, transactions, income and expenses and profits and losses resulting from inter-company transactions that are recognized in assets, are eliminated in full.

Minority interests represent the portion of profit or loss and net assets not held by the Bank and are presented separately in the income statement and within equity in the consolidated statement of financial position, separate from parent shareholders' equity.

### **3- Significant accounting policies**

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2012.

### **4- Shari' a Supervisory Board (SSB)**

The Bank's business activities are subject to supervision of Shari' a Supervisory Board. The Shari' a Supervisory Board has been appointed by the shareholders. The Shari' a Supervisory Board has the power to directly review and supervise the activities of the Bank.



# BANK OF KHARTOUM

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2013 (Unaudited)

<b>5- <u>Cash and cash equivalents</u></b>	<b>June 2013</b> <i>SDG (000)</i>	December 2012 <i>SDG (000)</i>
Cash on hand and ATMs	238,859	225,928
Current accounts with central bank	308,617	110,040
Deposits with the central bank*	485,664	437,575
Cash with foreign correspondent banks	86,664	134,702
	<b>1,119,804</b>	<b>908,245</b>

\* Deposits with the Central Bank of Sudan represent mandatory reserve deposits and are not available for use in the bank's day-to-day operations

### **6- Investment accounts with banks**

Investment accounts with banks represent deposits with other banks invested based on unrestricted mudaraba and according to sharia laws.

### **7- Investment in trading securities**

Investment in trading securities represent shehama securities which are government bonds issued by ministry of finance and marketed by Sudanese Company for Financial services.

<b>8- <u>Sales receivables</u></b>	<b>June 2013</b> <i>SDG (000)</i>	December 2012 <i>SDG (000)</i>
Murabaha	1,756,698	1,705,416
Salam	96	96
Mugawala	1,441,730	1,409,564
Deferred sales	1,035,293	941,609
Ijara	23,101	15,160
	<b>4,256,918</b>	<b>4,071,845</b>
Less: Deferred profits	<b>(932,455)</b>	<b>(868,643)</b>
	<b>3,324,463</b>	<b>3,203,202</b>
Letters of guarantee	138,982	127,882
Letters of credit	108,351	111,712
	<b>3,571,796</b>	<b>3,442,796</b>
Less : provision for doubtful debts (note 8/1)	<b>(243,289)</b>	<b>(208,214)</b>
Sale receivables (net)	<b>3,328,507</b>	<b>3,234,582</b>

<b>9- <u>Investments in Mudaraba and Musharaka</u></b>	<b>June 2013</b> <i>SDG (000)</i>	December 2012 <i>SDG (000)</i>
Musharaka	242,926	242,350
Mudaraba	103,806	85,080
	<b>346,732</b>	<b>327,430</b>

The attached notes 1 to 31 form part of these consolidated financial statements.



# BANK OF KHARTOUM

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2013 (Unaudited)

	<b>June 2013</b>	December 2012
	<b><i>SDG (000)</i></b>	<i>SDG (000)</i>
<b>10- Available for sale investments</b>		
Sarah Sukuk (Note 10.1)	-	2,005
Investment funds (Note 10.2)	<b>11,183</b>	14,006
Khartoum refinery Musharaka Sukuk (Note 10.3)	<b>395</b>	395
Sudanese Electricity Distribution Company Lease Sukuk (Note 10.4)	<b>93,590</b>	93,590
	<b>105,168</b>	109,996
Listed shares	<b>7,528</b>	3,088
Unlisted shares	<b>157,480</b>	155,603
Total investments from bank's funds	<b>165,008</b>	158,691
Total available for sale investments	<b>270,176</b>	268,687

### 10.1 Sarah Sukuk

Sarah sukuk is a government bonds issued by Sudan Company for Financial services based on restricted mudaraba contract. This sukuk is invested in assets based on Ijara contract and profits of the sukuk is distributed every three months. The sukuk is traded in Khartoum Stock Exchange and it matures in 2 to 6 years.

### 10.2 Investment funds

Investment funds represent investments based on Mudaraba contract. These funds are administered by other parties and listed in Khartoum Stock Exchange.

### 10.3 Khartoum refinery Musharaka Sukuk (shama)

Shama represents investment sukuk on the assets of Khartoum Refinery. These sukuk are listed in Khartoum Stock Exchange, matures in 7 years and sukuk profit is paid every 3 months.

### 10.4 Sudanese Electricity Distribution Company Sukuk

Sudanese Electricity Distribution Company's Sukuk represents short-term investments funds issued by Sudanese Company for Financial Services. The Sukuk are financial instruments which represent investments in the assets of Electricity Distribution Company. these assets are purchased by the investment funds and leased back to the minster of finance. These sukuk are available for individuals, companies, and financial institutions. Profits of the sukuk are distributed monthly.

### 11- Other investments

Other investments represent merchandise and real estate under security liens for financing. These assets repossessed by the bank after clients' default.

The attached notes 1 to 31 form part of these consolidated financial statements.



# BANK OF KHARTOUM

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2013 (Unaudited)

	<b>June 2013</b>	December 2012
	<b><i>SDG (000)</i></b>	<i>SDG (000)</i>
<b>12- Other assets</b>		
Staff loans	23,411	26,881
Prepaid expenses	39,981	18,401
Accrued revenue	34,460	27,358
Receivables	6,658	36,538
Receivables from the Government	53,337	55,091
Transactions under settlement	84,322	67,081
Government bonds	33,650	91,140
Office supplies	3,735	3,868
Deferred tax assets	61,777	61,777
Other receivables	18,650	21,081
	<b>359,981</b>	<b>409,216</b>

### 13- Intangible assets

	<b>Goodwill</b>	<b>Computer Software</b>	<b>Total</b>
	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>
Book value at January 01, 2013	76,686	15,937	92,623
Additions	-	1,266	1,266
Amortization for the year	-	(1,496)	(1,496)
<b>Net book value at June 30, 2013</b>	<b>76,686</b>	<b>15,707</b>	<b>92,393</b>
Net book value at December 31 , 2012	76,686	15,937	92,623

## BANK OF KHARTOUM

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2013 (Unaudited)

<b>14 - <u>Propert, plant and equipment</u></b>	<b>Land and Buildings</b>	<b>Furniture &amp; equipment</b>	<b>Motor vehicles</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Cost</b>	<b>SDG (000)</b>	<b>SDG (000)</b>	<b>SDG (000)</b>	<b>SDG (000)</b>	<b>SDG (000)</b>
January 1, 2013	745,763	147,872	15,170	39,030	947,835
Additions	13,064	13,334	1,320	51,942	79,660
Disposals	-	(2,394)	(939)	-	(3,333)
Transfer from capital work in progress	-	21,421	-	(21,421)	-
As of June 30, 2013	<b>758,827</b>	<b>180,233</b>	<b>15,551</b>	<b>69,551</b>	<b>1,024,162</b>
<b>Depreciation</b>					
January 1, 2013	9,396	41,220	6,207	-	56,823
Charge for the year	1,533	7,719	1,049	-	10,301
Disposals	-	(408)	(415)	-	(823)
As of June 30, 2013	<b>10,929</b>	<b>48,531</b>	<b>6,841</b>	<b>-</b>	<b>66,301</b>
<b>Net Carrying Values</b>					
As of June 30, 2013	<b>747,898</b>	<b>131,702</b>	<b>8,710</b>	<b>69,551</b>	<b>957,861</b>
<b>Net Carrying Values</b>					
As of December 31, 2012	736 ,367	106 ,652	8 ,963	39 ,030	891 ,012

The attached notes 1 to 31 form part of these consolidated financial statements.

# BANK OF KHARTOUM

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2013 (Unaudited)

	a June 2013 <i>SDG (000)</i>	a December 2012 <i>SDG (000)</i>
<b>15- <u>Cash margins</u></b>		
Cash margin against letters of credit	361,827	344,434
Cash margin against letters of guarantee	16,259	9,050
	<u>378,086</u>	<u>353,484</u>
	a June 2013 <i>SDG (000)</i>	a December 2012 <i>SDG (000)</i>
<b>16- <u>Other liabilities</u></b>		
Accrued liabilities	165,902	108,966
Accrued expenses	8,883	14,200
Custodian deposits	18,343	58,295
Al Ammn funds liabilities	23,284	16,551
Other liabilities*	94,033	80,524
	<u>310,445</u>	<u>278,536</u>
	a June 2013 <i>SDG (000)</i>	a December 2012 <i>SDG (000)</i>
<b>17- <u>Provisions</u></b>		
Zakah provision	2,086	1,736
End of service benefits	10,386	7,777
Tax provision	45,543	57,248
	<u>58,015</u>	<u>66,761</u>
	a June 2013 <i>SDG (000)</i>	a December 2012 <i>SDG (000)</i>
<b>18- <u>Equity of unrestricted investment account holders</u></b>		
Savings account	1,845,865	1,484,236
Investments account	1,018,612	964,269
Mudaraba investments by central bank	320,000	320,000
Bank investments	127,265	131,000
	<u>3,311,742</u>	<u>2,899,505</u>
Unrestricted investment account holder's profit*	81,993	145,599
Profits paid during the year	(4,213)	(16,811)
	<u>3,389,522</u>	<u>3,028,293</u>
	a June 2013 <i>SDG (000)</i>	a December 2012 <i>SDG (000)</i>
<b>19- <u>Capital</u></b>		
Authorized capital	1,000,000	1,000,000
Paid up capital	<u>419,100</u>	<u>419,100</u>

The authorized share capital of the Bank comprises 317,499,998 shares of nominal value of SDG 1.32 each.

The attached notes 1 to 31 form part of these consolidated financial statements.



# BANK OF KHARTOUM

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2013 (Unaudited)

	a June 2013 <i>SDG (000)</i>	a December 2012 <i>SDG (000)</i>
<b>20- Reserves</b>		
Statutory reserve	53,699	53,699
General bank risk reserve	48,864	48,864
Fair value reserve	73,498	67,325
Fixed assets revaluation reserve	112,847	112,847
General reserve	36,917	36,843
	<b>325,825</b>	<b>319,578</b>

	3 Months period ended June 30, 2013 <i>SDG (000)</i>	3 Months period ended June 30, 2012 <i>SDG (000)</i>	Q June 2013 <i>SDG (000)</i>	A June 2012 <i>SDG (000)</i>
<b>21- Income from deferred sales</b>				
Murabaha income	35,137	28,317	77,739	55,508
Deferred sales income	22,802	14,452	45,671	25,733
Mugawala income	15,747	11,480	31,620	22,093
Ijara income	585	-	919	-
	<b>74,271</b>	<b>54,249</b>	<b>155,949</b>	<b>103,334</b>

	3 Months period ended June 30, 2013 <i>SDG (000)</i>	3 Months period ended June 30, 2012 <i>SDG (000)</i>	Q June 2013 <i>SDG (000)</i>	A June 2012 <i>SDG (000)</i>
<b>22- Income from investments</b>				
Shehama	42,355	14,739	44,846	34,118
Portfolio investment income	2,587	(5,112)	4,042	(4,512)
Shama income	26	2,279	26	5,419
Sarah income	-	(22)	-	2,458
Mudaraba income	3,410	485	7,388	1,792
Musharaka income	1,607	1,720	2,199	1,720
Deposit investments income	875	74	1,042	1,310
Other investments	93	927	(1,525)	927
	<b>50,953</b>	<b>15,090</b>	<b>58,018</b>	<b>43,232</b>

The attached notes 1 to 31 form part of these consolidated financial statements.



# BANK OF KHARTOUM

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2013 (Unaudited)

	<b>3 Months period ended June 30, 2013</b>	3 Months period ended June 30, 2012	<b>Q June 2013</b>	<b>A June 2012</b>
	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>
<b>23- <u>Income from banking services</u></b>				
Cash management	<b>7,189</b>	10,716	<b>15,678</b>	13,941
Transfers	<b>9,273</b>	4,809	<b>15,673</b>	8,063
Cheque collection	<b>11</b>	15	<b>17</b>	35
Letters of credit	<b>30,951</b>	15,089	<b>64,433</b>	22,363
Letters of guarantee	<b>747</b>	561	<b>3,856</b>	2,319
Current accounts	<b>505</b>	469	<b>856</b>	848
Communications	<b>221</b>	335	<b>428</b>	584
Insurance and agencies	<b>449</b>	641	<b>876</b>	1,154
ATMs	<b>483</b>	430	<b>893</b>	855
Foreign exchange gains and losses	<b>332</b>	1,517	<b>796</b>	4,566
Other income	<b>943</b>	149	<b>3,466</b>	232
	<b>51,104</b>	34,731	<b>106,972</b>	54,960

	<b>3 Months period ended June 30, 2013</b>	3 Months period ended June 30, 2012	<b>Q June 2013</b>	<b>A June 2012</b>
	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>
<b>24- <u>Other income</u></b>				
Rent	<b>4,575</b>	85	<b>6,569</b>	219
Storage fee	<b>316</b>	277	<b>526</b>	372
Bank of Khartoum Ijara fund	-	1,120	-	2,266
Income from subsidiaries	-	12,442	-	20,690
Gains on assets sale	<b>1,059</b>	111	<b>1,146</b>	376
Miscellaneous income*	<b>11,697</b>	394	<b>17,210</b>	955
Gains from share's investments	-	35	<b>362</b>	35
	<b>17,647</b>	14,464	<b>25,813</b>	24,913

\* Miscellaneous income includes agency fees for sale of lands owned by the Khartoum State government. The bank promote and market the sales of these lands.





# BANK OF KHARTOUM

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2013 (Unaudited)

	3 Months period ended June 30, 2013	3 Months period ended June 30, 2012	Q June 2013	A June 2012
	SDG (000)	SDG (000)	SDG (000)	SDG (000)
<b>25- Staff cost</b>				
Salaries and allowances	20,605	17,766	41,143	32,426
Overtime	198	182	397	365
Travelling	1,928	1,419	3,655	2,835
Medical care	1,247	531	1,925	1,032
Employees bonus	7,209	2,636	13,792	5,261
Social insurance	1,557	1,539	3,023	2,980
Hospitality	570	270	985	602
End of service benefits	1,435	117	1,653	234
Training	1,442	224	2,131	466
	<b>36,191</b>	<b>24,684</b>	<b>68,704</b>	<b>46,201</b>

	3 Months period ended June 30, 2013	3 Months period ended June 30, 2012	Q June 2013	A June 2012
	SDG (000)	SDG (000)	SDG (000)	SDG (000)
<b>26- General and administration expenses</b>				
Rent	1,712	3,244	2,855	6,105
Building insurance	2,095	226	3,651	438
Electricity and Water	1,473	729	2,411	1,178
Maintenance and Cleaning	6,630	2,964	13,879	5,228
Office supplies	1,303	965	2,414	1,566
Communications	1,699	1,508	3,039	2,266
Hospitality	325	125	539	256
Subscriptions	123	162	611	332
Legal consultancy fees	175	707	615	869
Car and transportation	1,136	3,582	1,888	4,933
Amortization and depreciation	5,955	3,903	11,797	8,351
ATMs	2,173	1,046	3,477	1,653
Consultancy	2,041	1,057	4,168	1,965
Marketing	3,026	1,561	5,919	2,761
Board of Directors' expenses	2,000	358	4,059	693
Donations	171	289	324	445
Share in Deposit Guaranteed fund	-	812	-	1,625
Paid fees	65	112	273	218
Service company expenses	92	3,157	453	5,436
Miscellaneous expenses	402	1,541	802	2,739
	<b>32,596</b>	<b>28,048</b>	<b>63,174</b>	<b>49,057</b>

The attached notes 1 to 31 form part of these consolidated financial statements.



# BANK OF KHARTOUM

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2013 (Unaudited)

	<b>3 Months period ended June 30, 2013</b>	3 Months period ended June 30, 2012	<b>Q June 2013</b>	A June 2012
	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>
<b>27- Earning per Share</b>				
Net income for the year	<b>41,862</b>	<b>104,388</b>	<b>56,019</b>	128,332
Number of shares	<b>317,499,998</b>	<b>288,636,362</b>	<b>317,499,998</b>	288,636,362
Earning per Share	<b>0.132</b>	<b>0.362</b>	<b>0.176</b>	0.445

<b>28- Concentration of investments – Economic sector</b>	<b>Q June 2013</b>	A June 2012
	<b>100%</b>	<b>100%</b>
Agricultural sector	<b>5.93%</b>	<b>3.79%</b>
Industrial sector	<b>4.58%</b>	<b>4.49%</b>
Construction	<b>45.29%</b>	<b>47.66%</b>
Transportation	<b>7.06%</b>	<b>5.93%</b>
Exportation	<b>2.45%</b>	<b>0.67%</b>
Importation	<b>12.62%</b>	<b>16.27%</b>
Local trade	<b>6.50%</b>	<b>8.02%</b>
Micor finance	<b>2.15%</b>	<b>2.29%</b>
Real estate	<b>10.04%</b>	<b>9.05%</b>
Minning	<b>0.04%</b>	<b>0.13%</b>
Others	<b>3.34%</b>	<b>1.71%</b>
	<b>100%</b>	<b>100%</b>

	<b>a June 2013</b>	a December 2012
	<i>SDG (000)</i>	<i>SDG (000)</i>
<b>29- Contingent liabilities</b>		
Letters of credit	<b>1,873,135</b>	1,900,182
Letters of guarantee	<b>412,994</b>	579,411
	<b>2,286,129</b>	2,479,593

The attached notes 1 to 31 form part of these consolidated financial statements.

# BANK OF KHARTOUM

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended June 30, 2013 (Unaudited)

### 30- 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 an arm length basis. Balances with related parties included in the balance sheet are as follows:

	<b>Subsidiaries</b>	<b>Top Management and employees</b>	<b>Other</b>	<b>Total</b>
	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>	<i>SDG (000)</i>
Sale receivable	70,769	93,874	-	164,643
Mudaraba and Musharaka	508,052	-	-	508,052
Staff financing	-	-	1,913	1,913
Board of directors compensations	-	6,775	-	6,775
Current accounts	43,442	5,326	-	48,768
Letters of credit	-	12,328	-	12,328
Quarantees	-	14	-	14
	<u>622,263</u>	<u>118,317</u>	<u>1,913</u>	<u>742,493</u>

### 31- Comparative figures

Certain of the prior year amounts have been reclassified in order to conform with the current year presentation. These reclassifications do not affect the consolidated income statement and consolidated statement of changes in equity.



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