

Bank of Khartoum

(Public Limited Liability Company)

Consolidated Financial Statements

for the year ended 31 December 2020

Bank of Khartoum

Consolidated Financial Statements

31 December 2020

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bank of Khartoum (Public Limited Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Bank of Khartoum (the "Bank") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of income, changes in equity, cash flows and changes in restricted investments for the year then ended, and notes to the financial statements, including summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as well as International Financial Reporting Standards (IFRS) for matters not covered by (AAOIFI) standards and comply with the applicable laws, regulations and Central Bank of Sudan directives.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and we have fulfilled our ethical responsibilities in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is a description of the key audit matters that we considered and how we addressed each matter in the context of our audit:

Impairment of financing assets

Financing assets comprise 10% of the total assets of the Group at December 31, 2020 thus it forms a significant component of the Group's financial position and the determination of provisions for impairment related thereto is considered a key audit matter.

Guidelines set by the Central Bank of Sudan (CBOS) require recognition of general provision for impairment calculated at 1% of the total financing assets that are not subject to specific provision. Past due financing accounts are subject to specific provision at varying rates based on the mode of finance and default period. Collaterals are deducted from the assets based on the types of collaterals at varying rates specified by the CBOS.

Our audit procedures included understanding the nature of finance transactions. In addition, we assessed and tested the internal controls followed in granting and controlling the financing operations. We also reviewed management assessment of the risk and risk mitigants associated with the financing operations with respect to collection procedures, follow-up of past due accounts and assessment of future cashflows that may require recognition of specific provisions in accordance with CBOS guidelines.

We tested samples of the financing portfolio and the calculations of the provision for finance losses according to the relevant AAOIFI standards and the Central Bank of Sudan guidelines. Audit procedures also included assessing the adequacy of disclosures in the consolidated financial statements as at December 31, 2020.

INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matters (continued)

Foreign currency exchange differences

Foreign currency exchange differences have been considered key audit matter due to their material impact on the consolidated financial statements at and for the years ended December 31, 2020 and 2019.

Our audit procedures focused on reviewing management assessment of foreign exchange risk and the adequacy of the policies and measures implemented to monitor the Group's exposure and any related possible losses.

Our procedures also included verification of the Group's compliance to relevant AAOIFI and IFRS standards as well as the directives of the Central Bank of Sudan especially the directives that obligate the Group to deduct the foreign currency revaluation gains from retained earnings and be disclosed separately in the statement of financial position.

We have also examined reclassification of certain material account balances resulting from foreign currency differences during 2020 and the related 2019 comparative figures, to ensure that these matters have been brought to the attention of the relevant regulatory authority and the concurrence this authority with the Bank's treatment of those differences.

Other Information Included in the Group's Annual Report for year 2020

The directors are responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the other information, if we conclude that there is a material misstatement therein, we are required to report the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Financial Accounting Standards issued by the AAOIFI as well as IFRSs in matters that are not covered by the AAOIFI standards and comply with the applicable laws, regulations and Central Bank of Sudan directives, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Elmamoun Hamid, CPA, CGMA
Elmamoun Hamid & Co.
Certified Accountants and Consultants

Khartoum: March 30, 2021



Bank of Khartoum**Consolidated Statement of Financial Position****As at 31 December 2020**

	Note	31 Dec 20 SDG' 000	31 Dec 19 SDG' 000
ASSETS			
Cash and balances with banks and financial institutions	5	175,270,180	54,693,989
Investment accounts with banks and financial institutions	6	10,910,287	4,264,768
Deferred sales receivables, net	7	27,947,612	23,138,087
Investment in Sukuk and financial securities	8	11,207,753	5,683,663
Investment in Mudaraba and Musharaka, net	9	180,185	688,715
Investment property	10	14,177,396	2,810,082
Assets available for sale	11	426,532	378,381
Other assets	12	8,811,807	7,583,760
Intangible assets, net	13	1,407,772	292,469
Property and equipment, net	14	5,726,337	3,828,054
TOTAL ASSETS		256,065,861	103,361,968
<u>LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND SHAREHOLDERS' EQUITY</u>			
LIABILITIES			
Current accounts	15	70,292,705	38,441,527
Margins on letters of credit & guarantee	16	582,452	720,175
Other liabilities	17	8,625,579	3,210,343
Provisions	18	693,211	433,299
Total liabilities		80,193,947	42,805,344
EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS	19	157,002,301	55,006,174
SHAREHOLDERS' EQUITY			
Share capital	20	1,016,645	1,016,645
Share premium		50,473	50,473
Reserves	21	12,434,787	2,649,761
Retained earnings		423,839	1,411,637
Total shareholders' equity of the parent company		13,925,744	5,128,516
Non-controlling interest		4,943,868	421,934
Total shareholders' equity		18,869,613	5,550,451
TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND SHAREHOLDERS' EQUITY		256,065,861	103,361,968



Dr. Moustafa Abdalla El Hassan
Chief Executive Officer



Mohamed Elmurtada Abdelrahem
Board Member



Mohamed Saeed Alsharif
Chairman

Bank of Khartoum**Consolidated Income Statement****For the year ended 31 December 2020**

	Note	31 Dec 20 SDG' 000	31 Dec 19 SDG' 000
Income from:			
Deferred sales	22	3,342,823	3,852,372
Investments:-	23		
Investments with banks and financial institutions	23/1	299,382	90,488
Investment in Sukuk and financial securities	23/2	1,646,015	791,816
Investment in Mudaraba and Musharaka	23/3	142,692	253,647
		2,088,089	1,135,951
Total income from deferred sales and investments		5,430,912	4,988,323
Less: Return to unrestricted investment account holders	24	(1,938,300)	(1,620,325)
Net income from deferred sales and investments		3,492,612	3,367,998
Net (loss) profit from foreign exchange transactions	25	(413,338)	8,839
Income from banking services	26	1,622,163	1,311,606
Other income	27	708,916	366,856
Total revenue		5,410,353	5,055,299
Net profit (loss) from foreign currency revaluation		1,722,443	(241,435)
Total operating income		7,132,796	4,813,864
Expenses:			
Staff cost	28	(2,403,414)	(1,585,519)
General and administrative expenses	29	(2,376,854)	(1,669,412)
Provision for finance and investment risk	7/1 & 7/2	(719,482)	(1,281,779)
Bank of Sudan penalties		(640)	(63)
Total expenses		(5,500,390)	(4,536,773)
Net profit before zakat and tax provisions		1,632,406	277,091
Zakat provision	18	(54,955)	(29,816)
Tax provision	12/7	(394,325)	(211,283)
Net profit for the year		1,183,126	35,992
Attributable to:			
Equity holders of the parent company		1,119,377	44,314
Non-controlling interest		63,749	(8,322)
Net profit for the year		1,183,126	35,992
Earnings per share (SDG)	30	1.54	0.05




Dr. Moustafa Abdalla El Hassan Mohamed Elmurtada Abdelrahem Mohamed Saeed Alsharif**Chief Executive Officer****Board Member****Chairman**

Bank of Khartoum
Consolidated Statement of Changes in Equity
For the year ended 31 December 2020


	Share Capital	Share Premium	Statutory Reserves	General Banking Risk Reserve (a)	Fair Value Revaluation reserve	Fixed assets revaluation reserve	General reserve	Foreign currency revaluation reserve	Foreign currencies translation reserve (b)	Retained earnings	Attributable to equity holders of the parent Company	Non-controlling interest	Total Equity
	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000
At 01 January, 2020	1,016,645	50,473	277,400	253,382	76,196	1,906,079	377,318	(87,887)	(152,726)	1,411,637	5,128,516	421,934	5,550,451
Prior year adjustments (c)	-	-	10	1,220	(9,649)	-	-	16,232	154,526	(178,697)	(16,358)	15,688	(670)
Profit for the year	-	-	-	-	-	-	-	-	-	1,119,377	1,119,377	63,749	1,183,126
Net changes in fair value	-	-	-	-	46,930	7,846,487	-	(192,600)	(6,608)	-	7,694,209	4,442,497	12,136,706
Transfer to reserves	-	-	123,890	-	-	-	185,834	1,618,754	-	(1,928,478)	-	-	-
At 31 December 2020	1,016,645	50,473	401,300	254,602	113,477	9,752,566	563,152	1,354,499	(4,808)	423,839	13,925,744	4,943,868	18,869,613

	Share Capital	Share Premium	Statutory Reserves	General Banking Risk Reserve (a)	Fair Value Revaluation reserve	Fixed assets revaluation reserve	General reserve	Foreign currency revaluation reserve	Foreign currencies translation reserve (b)	Retained earnings	Attributable to equity holders of the parent Company	Non-controlling interest	Total Equity
	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000
At 01 January 2019	1,016,645	50,473	267,886	442,372	57,546	1,892,420	363,056	230,421	(157,148)	885,602	5,049,273	438,591	5,487,864
Prior year adjustments	-	-	(26,975)	(202,307)	-	-	(40,463)	-	-	269,745	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	44,313	44,313	(8,322)	35,991
Net changes in Fair value	-	-	-	-	18,650	13,659	-	-	4,422	-	36,731	(8,335)	28,396
Foreign currency revaluation	-	-	-	-	-	-	-	(1,800)	-	-	(1,800)	-	(1,800)
Transfer to reserves	-	-	36,489	13,317	-	-	54,725	(316,508)	-	211,977	-	-	-
At 31 December 2019	1,016,645	50,473	277,400	253,382	76,196	1,906,079	377,318	(87,887)	(152,726)	1,411,637	5,128,516	421,934	5,550,451

(a) It is prohibited to dispose of the General Banking Risk Reserve without the prior approval from the Central Bank of Sudan

(b) Foreign currency translation differences arising from the consolidation of the financial statements of the Bank's foreign branches whose financial statements are presented in US. Dollars and UAE Dirham.

(c) The opening balances of statement of changes in equity have been adjusted as "prior year adjustments" in the consolidated statement of changes in equity to correct the aggregate balances of consolidated retained earnings and reserves in the consolidated financial statements



Dr. Moustafa Abdalla El Hassan
Chief Executive Officer



Mohamed Elmurtada Abdelrahem
Board Member



Mohamed Saeed Alsharif
Chairman

Bank of Khartoum**Consolidated Statement of Cash Flows****For the year ended 31 December 2020**

	Note	31 Dec 20 SDG'000	31 Dec 19 SDG'000
Cash flows from operating activities			
Net profit for the year		1,183,126	35,992
Adjustments for non-cash items:			
Depreciation and amortization	29	342,107	244,106
Provision for end of service benefits	18	29,482	31,095
Zakat provision	18	54,955	29,816
Tax provision	18	394,325	211,283
Provision for finance and investment risk	7/1 & 7/2	719,482	1,281,779
Net fair value changes in reserves		7,694,209	34,931
Prior year adjustment		(670)	-
Gain on revaluation of shahama certificates		(719,133)	(491,761)
Gain on disposal of fixed assets	27	(57,576)	(25,754)
		9,640,306	1,351,487
Changes in operating assets, liabilities and unrestricted investment account holders			
Movement in end of service benefits	18	6,943	(78,135)
Zakat paid	18	(14,735)	(39,045)
Tax paid	12/7	(211,057)	(309,242)
Net cash flows from operating activities		9,421,457	925,064
Cash flows from investing activities			
Net movement in investment accounts with banks and financial institutions		(6,645,519)	(3,409,717)
Net movement in investment in Sukuk and financial securities		(4,845,582)	(1,628,361)
Net movement in investment in Musharaka and Mudaraba		496,617	(284,031)
Deferred sales receivable		(5,476,469)	3,188,637
Investment property		(11,367,314)	9,082
Net movement in non controlling interest		4,442,497	(8,335)
Assets available for sale		(48,151)	(131,065)
Purchase of tangible and intangible assets		(3,298,116)	(1,012,146)
Net cash used in investing activities		(26,742,037)	(3,275,937)
Cash flows from financing activities:			
Other assets		(1,228,047)	(848,778)
Current accounts		31,851,178	9,113,448
Net charge in unrestricted investment account holders		101,996,127	15,721,389
Margins on letters of guarantee and credit		(137,723)	(5,166,967)
Other Liabilities		5,415,236	940,051
Net cash flows from financing activities		137,896,771	19,759,143
Net increase in cash and cash equivalents		120,576,191	17,408,272
Cash and cash equivalents at beginning of the year		54,693,989	37,285,717
Cash and cash equivalents at end of the year	5	175,270,180	54,693,989




Dr. Moustafa Abdalla El Hassan Mohamed Elmurtada Abdelrahem Mohamed Saeed Alsharif
Chief Executive Officer**Board Member****Chairman**

The attached notes from 1 to 38 form part of these consolidated financial statements.

Bank of Khartoum**Statement of Changes in Restricted Investments****For the year ended 31 December 2020**

	Note	Financial Portfolios SDG' 000	Restricted Deposits for Banks SDG' 000	Total Restricted investments SDG' 000
Balance at 1 January 2020		127,812	1,640,000	1,767,812
Additions during the year		-	1,000,000	1,000,000
Withdrawal during the year		(25,330)	(1,570,000)	(1,595,330)
Total profit for the year		21,275	-	21,275
Bank's share as Mudarib		(2,128)	-	(2,128)
Profit distributions		(19,148)	-	(19,148)
Management expenses		-	-	-
Balance at 31 December 2020	32	102,481	1,070,000	1,172,481

For the year ended 31 December 2019

		Financial Portfolios SDG' 000	Restricted Deposits For Banks SDG' 000	Total Restricted investments SDG' 000
Balance at 1 January 2019		131,592	50,000	181,592
Additions during the year		-	1,590,000	1,590,000
Withdrawal during the year		(3,780)	-	(3,780)
Total profit for the year		2,652	-	2,652
Bank's share as Mudarib		(204)	-	(204)
Profit distributions		(2,203)	-	(2,203)
Management expenses		(245)	-	(245)
Balance at 31 December, 2019	32	127,812	1,640,000	1,767,812



Dr. Moustafa Abdalla El Hassan
Chief Executive Officer



Mohamed Elmurtada Abdelrahem
Board Member



Mohamed Saeed Alsharif
Chairman

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1- Incorporation and activities

Bank of Khartoum (the “Bank”) was established in the year 1913 under the name of Anglo Egyptian Bank. Over the years, the Bank held many names and eventually in 1975 a presidential decree was issued by which the Bank was named as Bank of Khartoum. In 1983, the Bank merged with ELshab Bank as a result of a presidential decree. In 1993 the Bank merged with Unity Bank and National Export and Import Bank. On 1 January 2002, the Bank was converted to a public limited liability company under the Companies' Act of 1925 (now replaced by the Companies Act, 2015). In 2005, the Government of Sudan sold 60% of its shareholding in the Bank to Dubai Islamic Bank. In 2008 Emirates and Sudan Bank merged with Bank of Khartoum.

The accompanying consolidated financial statements include the activities of the Bank and its subsidiaries (together referred to as "the Group").

The Group provides financial and banking services, investment and other related economic activities in accordance with the Islamic Sharia’a Principles, laws and regulatory requirements for banking and finance in Sudan.

The Bank carries its operations from its head office which is located at the intersection of Alqasar Avenue with Al-Gamhoria avenue in Khartoum and through its 120 local branches (31 December 2019: 122) (covering Khartoum and main cities Sudan) and two international branches in Bahrain and United Arab Emirates.

The Group includes the Bank, the international branches and the following subsidiaries:

Name	Nature of business	Effective ownership
A2Z for Company for Sale by Installment Ltd.	Trading	100%
National Trading and Services Company Ltd.	Trading	100%
Sanabil for Financial Securities Company Ltd.	Financial services	100%
Canar Telecommunication Company. Ltd.	Telecommunication	98%
WahatAlKhartoum Urban Development Co. Ltd.	Real Estate	60%
Irada Microfinance Company. Ltd.	Financial Services	80%
Alfahad Valuable Assets in Transit Company. Ltd.	Services	50%

2- Basis of preparation

2/1- Statement of compliance

The consolidated financial statements have been prepared in accordance with the Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (“AAOIFI”), the Sharia’a rules and principles as determined by the Sharia’a Supervisory Committee of the Group and the applicable regulations of the Central Bank of Sudan and the Sudanese Companies’ Act of 2015. In accordance with the requirement of AAOIFI, for matters where no AAOIFI standards exist, the Group applies the relevant International Financial Reporting Standards (“IFRS”).

2/2- Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for securities classified as investments at fair value through income statement and investments at fair value through equity which have been measured at fair value. The Group uses the accrual basis in recording its revenues and expenses.

2/3- Functional and presentation currency

The consolidated financial statements are presented in the Sudanese Pound (“SDG”) which is the functional currency of the Group and all values are rounded to nearest SDG'000 except when otherwise indicated.

2/4- Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and continue to be consolidated until the date when such control ceases. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate. A change in the Group’s ownership of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Share of non-controlling interest represents the portion of net income and net assets not held by the Group and are presented separately in the consolidated statement of income and within owners’ equity in the consolidated statement of financial position, separately from the equity attributable to shareholders of the Parent. Transactions with the non-controlling interest are handled in the same way as transactions with external parties.

2/4/1- Liquidation of a subsidiary

During the year ended 31 December 2020, the Group liquidated its wholly owned subsidiary, SudaCash. Details of the liquidation are as follows:

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

2- Basis of preparation (continued)

2/4- Basis of consolidation (continued)

2/4/1- Liquidation of a subsidiary (continued)

Carrying amounts of net assets at the time of liquidation:

	01 Jan 20 SDG 000's
Assets	
Cash and balances with banks and financial institutions	2,403
Investment accounts with banks and financial institutions	12,445
Investments	40
Other assets	166
Property and equipment	81
Total assets	15,135
Liabilities	
Other liabilities	200
Provisions	408
Total liabilities	608
Consideration received	14,620
Net assets derecognized	(14,527)
Gain on liquidation	93
The gain on liquidation is recorded as part of other income in the consolidated income statement.	

2/5- Judgments and significant accounting estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements. The most significant uses of judgments and estimates are as follows:

2/5/1- Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

2/5/2- Estimates and assumptions

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. A continuous assessment of estimates and judgments is made based on historical experience and other factors including future expectations that are reasonable under the circumstances.

2/5/3- Provision for finance and investment risk

Assets measured at historical cost are valued to determine whether there is any impairment in value when individually assessed to determine whether there is any impairment in value that requires a specific provision to be recorded and based on management's best estimate of the present value of the cash flows expected to be received.

2- Basis of preparation (continued)

2/5- Judgments and significant accounting estimates (continued)

2/5/3- Provision for finance and investment risk (continued)

In estimating these cash flows, management determines the financial position of the counterparty and the net realizable value of any related collateral. Each asset is assessed for impairment according to its characteristics. The credit risk management of the Group independently approves the exit strategy and estimates the recoverable cash flows from that asset. Accordingly, a provision is recorded and the amount of the provision is determined in accordance with the directives of the Central Bank of Sudan.

In addition, in accordance with the instructions of the Central Bank of Sudan, a general provision is calculated at 1% of the total outstanding finance portfolio that is not subject to a specific provision, without regard to the guarantees provided.

2/5/4- Determination of fair values

The fair value of financial assets and liabilities which are not traded in an active market is determined using alternative valuation techniques based on:

- Recent market transactions on purely commercial terms.
- The current fair value of another instrument that is substantially the same.
- Expected discounted cash flows are applied to instruments with similar terms and risk characteristics.

The determination of cash flows and discount factors for investments in unquoted equity securities requires significant estimates. There are a number of investments that cannot be reliably estimated and, as a result, these investments are carried at cost less provision for impairment, if any.

3- Summary of significant accounting policies

3/1- Transactions in foreign currencies

Transactions in foreign currencies are recorded at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies, are translated at the exchange rates prevailing on the date of the consolidated financial position. Realized and unrealized gains or losses on foreign exchange transactions are recorded as profit or loss on foreign exchange transactions in the consolidated income statement.

According to the directives of the Central Bank of Sudan unrealized gains recognized by the Bank in the consolidated income statement, are transferred to equity and held under foreign currencies revaluation reserve account.

3/2- Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with banks and financial institutions.

3/3- Investments in Sukuk and financial securities

Based on FAS 30, investment in sukuk and financial securities are generally classified as debt instruments that are managed on a contractual basis, and equity instruments which comprise instruments that give the investor rights in the remaining net assets of the investee. Accordingly, all the investment in Sukuk and financial securities of the Group are classified as equity instruments under FAS 25 and are subject to the following policies:

3- Summary of significant accounting policies (continued)

3/3- Investments in Sukuk and financial securities (continued)

3/3/1- Investments at fair value through consolidated income statement

Comprise investments which are recognized at cost on acquisition, including the cost of acquisition. At the end of the financial period, these instruments are revalued at fair value and unrealized gains or losses arising on revaluation are recognized in the consolidated income statement. As for securities that do not have active financial markets, the related revenues are estimated based on the profits distributed during the previous years.

3/3/2- Investments at fair value through equity

Comprise investments held for an indefinite period with the possibility of selling them for liquidity purposes. These investments are recognized at cost on acquisition, including the cost of acquisition. At the end of the financial period these investments are revalued and any unrealized gains or losses arising from revaluation are recognized at fair value through equity under fair value reserve. When such investments are derecognized or disposed off, the cumulative gain or loss recognized in equity is transferred to the consolidated income statement.

3/3/3- Investments at cost

Comprise investment in securities for which fair value cannot be determined at market prices or other appropriate methods. Such securities are recognized at cost less impairment in value, if any. Gains or losses from such investments are recognized in the consolidated income statement upon disposal or impairment of such investments.

3/4- Deferred sales receivable

Deferred sales receivable comprise Murabaha, Deferred Sales, Salam, Mugawala and Ijara.

3/4/1- Murabaha, Deferred Sales and Ijara

Assets acquired for the purpose of selling by murabaha or murabaha for the purchase ordered or deferred sales are measured and recognized at historical cost at the date of acquisition. Assets are measured at the expected cash value and the cost that was used to measure the asset at the time of acquisition is reduced by an impairment allowance that reflects the difference between the cost of acquisition and the expected net realizable value.

3/4/2- Salam

Salam is recognized when the capital is paid (in cash, or in kind) to the Group's customer or put at the customer's disposal. The capital is measured at the amount paid or at the fair value of the asset provided from the Group.

If the Group's customer fails to deliver whole or part of the goods or if the goods are defective, the Bank recognizes an allowance for impairment.

3/4/3- Mugawala

Mugawala is recognized upon signing of the contract at the nominal value and revenue is recognized based on the percentage of the completion of the contract.

3- Summary of significant accounting policies (continued)

3/5- Investment in Mudaraba and Musharaka

3/5/1- Mudaraba

Mudaraba investments are stated at the end of the period / year at the amount paid or put at the disposal of the mudarib. This amount is reduced by the amounts recovered from the mudaraba capital and any provision for impairment, if any.

3/5/2- Musharaka

Musharaka investments are shown in the consolidated statement of financial position at the historical cost less liquidation or identified investment risk, if any.

3/6- Other investments

Other investments are recognized at cost less any permanent impairment in the value of these investments.

3/7- Investment property

Investment property comprise properties that are held either to earn rental income and / or for capital appreciation (including properties under construction for such purpose). The initial recognition is carried at cost and subsequently measured at fair value.

The fair value of the investment properties is determined by valuers with appropriate and recognized professional qualifications and experience in property valuation.

The change in fair value is included in the fair value reserve within equity, and the recognition of the asset is ceased when it is derecognized or when it is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising from the reversal of recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated income statement in the year in which the recognition of the asset ceases.

Transfers are made to investment properties only when there has been a change in use evidenced by the end of the occupancy of the property by the owner, the commencement of an operating lease to another party or the completion of the construction or development work.

3/8- Other assets

Other assets are measured at cost net of impairment, if any. Allowance for impairment is estimated when collection of the asset is not probable. The amounts are written off when the management of the Group believes that collection is not possible.

3/9- Intangible assets (except for good will)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement.

3- Summary of significant accounting policies (continued)

3/9- Intangible assets (except for good will) (continued)

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

3/10- Goodwill

Goodwill arising on the acquisition of a business combination is initially measured at historical cost, which represents the excess of the cost of acquisition over the net fair value of the identifiable assets and liabilities acquired. Following initial recognition, goodwill is measured at cost less any impairment loss. Goodwill is reviewed for the purpose of determining impairment annually or more frequently if events or changes in circumstances indicate a potential for impairment.

3/11- Property and equipment

Property and equipment are recorded at historical cost less accumulated depreciation and any impairment in value.

Land and buildings that were subject to revaluation are stated in the consolidated statement of financial position at fair value less accumulated depreciation or any permanent impairment in value at date of revaluation. Revaluation is carried out periodically to ensure that carrying values of land and buildings do not differ significantly from fair values.

Property and equipment are depreciated on the straight-line basis over their useful lives taking in to consideration the rates determined by the Tax Chamber authorities as follows:

Freehold Land	not depreciated
Building	15 - 40 years
Furniture and equipment	3 – 10 years
Vehicles	6 – 7 years

The carrying amounts of the Property and Equipment are reviewed at each reporting date to determine if there is any indication or objective evidence of impairment. If the recoverable values are less than the carrying values, then the difference is charged to the consolidated income statement.

3/12/1 Profit or losses from Murabaha, Deferred sales and Mugawala

Revenue from murabaha and deferred sales is capitalized as deferred revenue and is recognized in the consolidated income statement on a time – apportioned basis over the period of the contract based on the outstanding balance.

Mugawala profits from contracts beginning and ending in the same financial period are recognized on the basis of the final liquidation. Deferred income on Mugawala contracts carried at future financial periods is recognized on an accrual basis at a fixed rate of return, so that each financial period is allocated with its share of profits.

3- Summary of significant accounting policies (continued)

3/12- Income from financing and investing activities

3/12/1 Profit or losses from Murabaha, Deferred sales and Mugawala

Revenue from murabaha and deferred sales is capitalized as deferred revenue and is recognized in the consolidated income statement on a time – apportioned basis over the period of the contract based on the outstanding balance.

Mugawala profits from contracts beginning and ending in the same financial period are recognized on the basis of the final liquidation. Deferred income on Mugawala contracts carried at future financial periods is recognized on an accrual basis at a fixed rate of return, so that each financial period is allocated with its share of profits.

3/12/2- Profits or losses from Salam

Profits or losses on Salam operations are recognized when the risks and rewards of ownership of the goods have been transferred to the buyer and the amount of profit is reliably measurable.

The value of Salam at the end of the financial period is measured at the expected realizable cash value. Losses are recognized when goods are received and sold. The difference between the amount of the salam and the net selling price of the goods is recognized as a gain or loss in the consolidated income statement.

3/12/3- Profit or losses from Mudaraba

Mudaraba profits / losses are recognized in the consolidated 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 losses are recognized by reducing the capital amount of mudaraba.

3/12/4- Profit or losses from Musharaka

Profits and losses from Musharaka transactions that are completed in the same financial period are recognized at the time of liquidation. In the case when Musharaka is continued for more than one financial period, the Bank recognizes its full share of profit when realized upon final liquidation or partially to the limit of distributed profit. Losses are recognized by reducing the capital amount of musharaka.

3/12/5- Contribution in Mudaraba contracts

The income is recognized according to Mudaraba contract on the accrual basis.

3/12/6- Profit for deposits with banks and financial institutions

Profit from investment deposits with banks and financial institutions based on the Mudaraba contract is recognized on accrual basis.

3/12/7- Income from investment in sukuk and financial securities

Income from investment in Sukuk and financial securities held at cost is recognized on accrual basis.

The Group recognizes its share of profit from investment in shares of companies, when dividends are declared.

3/12/8- Income from banking services

Income from banking services is recognized when related services are provided to the customer.

3- Summary of significant accounting policies (continued)

3/13- Provision for finance and investment risk

Provision for finance and investment risk is based on the assessment of collectability of each debt and in accordance with the directives of the Central Bank of Sudan and the Group's policy. Changes in provision for doubtful debts is recognized in the consolidated income statement. General provision for banking risks is recognized in equity based on approval by the Central Bank of Sudan.

3/14- Zakat

The Group is subject to Zakat, which is a religious tax, in accordance with laws and regulations of the Chamber of Zakat in Sudan. The Chamber is a government agency entrusted with the collection and disbursement of Zakat. The Group pays its Zakat obligation in full to the Chamber of Zakat.

3/15- Taxation

The Group is subject to income tax as prescribed by the Chamber of taxation which is 30% of taxable income. Zakat is an allowable deduction for tax purposes.

3/16- Return on unrestricted investment accounts holders

Unrestricted investment accounts participate in revenue from investments which are distributed to investors (depositors and shareholders) according to their contribution in invested funds and profit distribution ratios of each account holder based on the terms of the investment contract. Profit distribution rates generally range as follows:

- 65% - 80% for average of saving accounts.
- 70% on the average for investment accounts.

Investment profits subject to distribution are charged with cost and expenses specifically related to these investments.

3/17- Impairment and non-collectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, an impairment loss is recognized in the consolidated income statement.

3/18- End of service benefits

The Group provides for post service benefits payable to staff using the agreement with the employees' union as the basis for calculations and in accordance with the Sudanese social security regulations.

3/19- Liabilities

Liabilities are recognized for the amounts payable in future for goods or services delivered, whether invoices are issued by suppliers or not.

4- Sharia'a Supervisory Board

The Group's business activities are subject to the supervision of a Sharia'a Supervisory Board (the "Board") appointed by the general assembly. The Board has the power to review all activities of the Bank to ensure compliance with the Sharia'a regulations. The Board also issues an annual report to the shareholders.

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

5- Cash and balances with banks and financial institutions

		31 Dec 20	31 Dec 19
	<u>Note</u>	<u>SDG'000</u>	<u>SDG'000</u>
Cash in hand and ATMs /Local Currency		5,449,004	1,484,046
Cash in hand and ATMs /Foreign Currency		2,016,054	1,127,176
Current Accounts with the Central Banks /Local Currency		104,041,502	24,190,072
Current Accounts with the Central Banks /Foreign Currency		2,121,433	1,991,808
The Central Bank of Sudan window Account	5/1	3,023,119	6,371,930
The Central Bank of Sudan Receivables	5/2	3,677,853	3,008,214
Cash with foreign correspondent banks		14,951,610	3,121,675
Subtotal		135,280,575	41,294,921
Local Cash reserve with the Central Bank of Sudan	5/3	31,103,430	10,867,548
Foreign Cash reserve with the Central Bank of Sudan	5/3	2,293,959	1,698,895
Cash reserve with the Central Bank of Emirates		6,592,216	832,625
		175,270,180	54,693,989

5/1- Central Bank of Sudan window Account

These represent balances due to the Bank for opening letters of credit for importation of wheat, petroleum products and hajj based on explicit guarantee provided by the Central Bank of Sudan. The Central Bank of Sudan pays through its share of the Bank's purchases of foreign currency.

5/2- The Central Bank of Sudan Receivables

These receivables are obligations guaranteed by the Central Bank of Sudan.

5/3- Cash reserve with the Central Bank of Sudan

These represent balances of the reserve held by the Central Bank of Sudan.

6- Investment accounts with banks

	31 Dec 20	31 Dec 19
	<u>SDG'000</u>	<u>SDG'000</u>
Investment accounts with local banks and financial institutions	4,823,170	4,039,216
Investment accounts with foreign banks and financial institutions	6,087,117	225,552
	10,910,287	4,264,768

These represent investment accounts with banks and financial institutions that are invested on the basis of unrestricted Mudaraba in accordance with the requirements of Islamic Sharia'a.

Bank of Khartoum**Notes to the Consolidated Financial Statements****For the year ended 31 December 2020****7- Deferred Sales Receivables**

	Note	31 Dec 20 SDG'000	31 Dec 19 SDG'000
Murabaha		25,960,786	17,490,201
Deferred sales		3,012,449	2,921,494
Salam		98,123	98,123
Mugawala		6,631,884	9,306,822
Ijarah		24,629	8,751
		35,727,871	29,825,391
Less: Deferred profit	7/3	(5,656,047)	(5,139,000)
		30,071,824	24,686,391
Less: Provision for finance & investment risks, net	7/1	(2,124,212)	(1,548,304)
Deferred Sales receivables, net	7/3	27,947,612	23,138,087
Other finances			
Defaulted letters of guarantee		6,382	13,856
Defaulted letters of credit		101,710	50,282
		108,092	64,138
Provision for other finance	7/1	(108,092)	(64,138)
Other Finance, net		-	-
Deferred Sales Receivables and other Finance, net	7/3	27,947,612	23,138,087

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

7. Deferred Sales Receivables (continued)

7/1- Provision for finance & investments

	Other Provision SDG'000	General Provision for Sales receivables SDG'000	Provision for other finance SDG'000	Provision for Mudaraba and Musharaka SDG'000	Total SDG'000
2020					
Balance at beginning of the year	-	1,548,303	64,138	18,496	1,630,937
Provision during the year	-	678,857	7,050	11,913	697,820
Differences of translation of foreign currencies	-	(55,867)	36,904	-	(18,963)
	-	622,990	43,954	11,913	678,857
Bad debts write off during the year	-	(47,081)	-	-	(47,081)
At 31 December 2020	-	2,124,212	108,092	30,409	2,262,713
		Note 7	Note 7	Note 9	
	Other Provision SDG'000	General Provision for Sales receivables SDG'000	Provision for other finance SDG'000	Provision for Mudaraba and Musharaka 'SDG'000	Total SDG'000
2019					
Balance at beginning of the year	-	783,742	76,686	6,588	867,016
Provision during the year	20,988	850,577	-	11,908	883,473
Differences of translation of foreign currencies	-	(78,044)	(6,000)	-	(84,044)
Bad debts write off during the year	(20,988)	(7,972)	(6,548)	-	(35,508)
At 31 December 2019	-	1,548,303	64,138	18,496	1,630,937
		Note 7	Note 7	Note 9	

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

7. Deferred Sales Receivables (continued)

7/2- Provision for finance & investment risks, net

	Provision for impairment in share value	Provision for impairment in share value(white Nile sugar company)	Inventory available for sale provision (salam)	Impairment in the value of other assets	Total
	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000
2020					
Balance at 01 January 2020	502	158,585	67,820	804,875	1,031,782
Provision during the year	40,625	-	-	-	40,625
At 31 December 2020	41,127	158,585	67,820	804,875	1,072,407
	Note 8/10/3	Note 8/10/1	Note 11/1	Note 12/8	Total
	Provision for impairment in share value	Provision for impairment in share value(white Nile sugar company)	Inventory available for sale provision (salam)	Impairment in the value of other assets	Total
	SDG'000	SDG'000	'SDG'000	'SDG'000	SDG'000
2019					
Balance at beginning of the year	502	158,585	67,820	406,567	633,474
Provision during the year	-	-	-	398,308	398,308
At 31 December 2019	502	158,585	67,820	804,875	1,031,782
	Note 8/10/3	Note 8/10/1	Note 11/1	Note 12/8	

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

7. Deferred Sales Receivables (continued)

7/3 Deferred sales receivables by sector

	Murabaha SDG'000	Deferred sales SDG'000	Salam SDG'000	Mugawala SDG'000	Other SDG'000	Total SDG'000
2020						
Governments and quasi-government	789,062	-	82,976	4,675,065	-	5,547,103
Non-Banking financial institutions	-	-	-	233,920	-	233,920
Agricultural	1,331,867	-	3,508	883,702	-	2,219,077
Industrial	7,442,875	84,666	-	234,197	-	7,761,738
Transportation	380,458	249,510	-	-	103	630,071
Export & Import	3,094,554	314,193	-	5,142	-	3,413,889
Local Trade	104,385	-	-	-	-	104,385
Real Estate (Building & construction)	4,789	2,092,396	-	-	-	2,097,185
Other	12,812,796	271,684	11,639	599,858	24,526	13,720,503
Total Deferred sales receivable	25,960,786	3,012,449	98,123	6,631,884	24,629	35,727,871
Less: Deferred Profit	(3,080,803)	(1,097,365)	-	(1,455,491)	(22,388)	(5,656,047)
Less: provision for finance & investment risks	(839,580)	(4,359)	(98,123)	(1,181,941)	(209)	(2,124,212)
	22,040,403	1,910,725	-	3,994,452	2,032	27,947,612
2019						
Governments and quasi-government	1,574,427	-	82,976	7,575,314	-	9,232,716
Non-Banking financial institutions	-	-	-	654,458	-	654,458
Agricultural	1,439,522	-	3,508	425,679	-	1,868,709
Industrial	5,572,936	84,666	-	174,736	-	5,832,337
Transportation	262,932	329,974	-	-	103	593,009
Export & Import	2,911,250	296,923	-	8,390	-	3,216,563
Local Trade	920,080	-	-	-	-	920,080
Real Estate (Building & construction)	91,798	1,963,091	670	318,106	-	2,373,665
Other	4,704,233	246,841	10,969	163,163	8,648	5,133,854
Total Deferred sales receivable	17,477,178	2,921,495	98,123	9,319,846	8,751	29,825,391
Less: Deferred Profit	(2,157,804)	(1,149,168)	-	(1,830,752)	(1,276)	(5,139,000)
Less: provision for finance & investment risks	(528,167)	(5,236)	(98,123)	(916,577)	(200)	(1,548,304)
	14,791,207	1,767,091	(0)	6,572,517	7,274	23,138,087

Bank of Khartoum**Notes to the Consolidated Financial Statements****For the year ended 31 December 2020****8- Investment in Sukuk and financial securities**

Comprise the following instruments :

	Note	31 Dec 20 SDG'000	31 Dec 19 SDG'000
Securities at fair value through income statement:			
Shahama certificates	8/1	8,563,385	3,812,331
Securities at fair value through equity:			
Sukuk Ijarah / Mico Investment fund	8/2	20,200	20,200
Ijarah certificates Sudatel	8/5	30,000	30,000
Liquidity management fund	8/3	731,721	1,124,523
		781,921	1,174,723
Securities carried at cost:			
Ijarah certificates of the Central Bank of Sudan assets (Shihab 2)	8/4	850,000	450,000
Musharaka certificates of Khartoum Refinery (Shama)	8/6	395	395
Central Bank of Bahrain Sukuk		552,868	-
Ijarah certificates of Sudanese Electricity Distribution Company (Shasha)	8/7	114,113	114,113
Sukuk Ijarah of Ministry of Finance (Sarh)	8/8	204,692	-
		1,722,068	564,508
Shares in companies listed on the stock market	8/9	49,251	44,001
Shares in companies not listed on the stock market	8/10	91,128	88,100
Total of investments in shares - Self finance		140,379	132,101
Total of Investment in Sukuk and financial securities		11,207,753	5,683,663

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

8- Investment in Sukuk and financial securities (continued)

8/1- Shahama certificates

These represent government certificates (Shahama), which are issued by the Ministry of Finance on behalf of the Government of Sudan and are marketed through Sudan Financial Services Company according to Musharaka contract which is traded on Khartoum Stock Exchange.

8/2- Sukuk Ijarah / Mico Investment fund

MICO Ijarah Investment Fund is a closed-ended medium-term investment fund (determined by age and capital) based on Securitization (Taskiek) of productive assets using Ijara mode. It is not registered on the Khartoum Stock Exchange and is presented in the financial statements at cost.

8/3- Liquidity management fund

This represents Sukuk issued by the Liquidity Fund ("Fund"), which was established on the instructions of the Central Bank of Sudan. It is an open-ended fund with a variable capital determined in coordination with the Central Bank of Sudan and the Board of Directors of the Fund. This Sukuk is traded between banks operating in Sudan and the Fund. The Fund aims to develop the management of interbank liquidity and stimulate the interbank market.

8/4- Ijarah certificates of Central Bank Sudan assets (Shihab 2)

Ijarah certificates of assets of the Central Bank of Sudan (Shahab 2) represent an investment in a medium term investment fund issued by the Sudanese Financial Services Company. These certificates are financial instruments invested in buying the assets of the Bank of Sudan and renting for them as operating Ijarah. Investment in these fund certificates is exclusively for banks operating in Sudan. Income from rent is distributed on a monthly basis.

8/5- Ijarah certificates (Sudatel)

These represent Ijarah certificates of Sudatel Building for a period of five years starting from July 2019, and are listed on the Khartoum Stock Exchange. The related rental income will be distributed

8/6- Musharaka certificates of Khartoum Refinery (Shama)

These represent Ijarah certificates of leased assets of Khartoum Petroleum Refinery which is traded on Khartoum Stock Exchange and distributes profits every 3 months. The initial tenor of the issue is 7 years starting from the date of issue October 2010. The certificates were renewed in October 2018.

8/7- Ijarah certificates of Sudanese Electricity Distribution Company (Shasha)

These represent Ijarah certificates of the Sudanese Electricity Distribution Company assets (SHASHA), represent an investment in a medium term investment fund issued by the Sudanese Financial Services Company. These certificates are financial instruments that are invested in the purchase of the assets of Sudanese Company for the Distribution of Electricity and its lease to the Ministry of Finance. The investments on this fund certificates are traded for individuals, companies and financial institutions with the related rental income distributed on annual basis.

8/8- Sukuk Ijarah of Ministry of Finance (Sarh)

These represent government certificates issued by the Sudan Financial Services Company on the basis of the restricted Mudaraba contract in favor of the Ministry of Finance and National Economy and are invested in the assets based on Ijarah contract. The profit of certificates are distributed every three months and are traded on Khartoum Stock Exchange.

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

8- Investment in Sukuk and financial securities (continued)

8/9- Shares in companies listed on the Khartoum Stock Exchange

Represents contributions in shares of the following companies listed on Khartoum Stock Exchange:

		31 Dec 20	31 Dec 19
	%	SDG'000	SDG'000
National Petroleum Company	4.60%	21,490	19,663
Tawuniya Insurance Company	25.10%	3,783	2,680
Al Tadamon Islamic Bank	0.00%	42	35
Al Nile Bank for Commerce and Development	0.00%	5	4
Animal Resources Bank	0.00%	1	1
Faisal Islamic Bank	0.13%	10,095	9,177
Sudanese Free Zones and Markets Company	0.04%	13,688	11,703
National Labor Bank	0.03%	39	39
Gum Arabic Company	1.10%	88	88
Others		20	-
		49,251	43,389

8/10- Shares in unlisted companies on the Stock Exchange:

These represents investment in shares of the following unlisted companies:

			31 Dec 20	31 Dec 19
		%	SDG'000	SDG'000
White Nile Sugar Company	(8/10/1)	5.62%	1	1
Kenana Sugar Company		1.00%	12,000	12,000
Alnakheel for Food industry Ltd. Co.		25.00%	61,741	61,741
Islamic international Rating Agency		1.50%	13,819	11,278
Microfinance Guarantee Agency (TAYSEER)	(8/10/2)	2.60%	1,316	1,316
Ivory Bank		10.20%	612	612
Sudan academy for banking & financial sciences		9.00%	932	932
Electronic banking services co.,ltd.		1.00%	217	217
Wafra modern storage co.,		11.00%	13	13
Sudan Rural Development Co. Ltd.		7.50%	476	476
Other investments	(8/10/3)	6.80%	1	126
			91,128	88,712

Bank of Khartoum**Notes to the Consolidated Financial Statements****For the year ended 31 December 2020****8- Investment in Sukuk and financial securities (continued)****(8/10/1) Shares white Nile sugar company**

		31 Dec 20	31 Dec 19
	Note	SDG'000	SDG'000
Cost		158,586	158,586
Less: provision for Impairment	7/2	(158,585)	(158,585)
Shares value, net		1	1

(8/10/2) Microfinance Guarantee Agency (TAYSEER)

Microfinance Guarantee Agency (TAYSEER), has been established to support the country's horizontal spread and expansion of microfinance services. The contribution of all banks amounts to 100 million payable on four equal installments, the value of each installment is 25 million. The first two installments were contributed by the Banks of SDG 658 million, constituting 2.6% of the capital.

(8/10/3) Other investments

		31 Dec 20	31 Dec 19
	Note	SDG'000	SDG'000
Shares of other companies		41,128	628
Less: provision for impairment in share value	7/2	(41,127)	(502)
Shares of other companies - net		1	126

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

9- Investment in Mudaraba and Musharaka

	<u>Note</u>	31 Dec 20 SDG'000	31 Dec 19 SDG'000
Mudaraba		189,524	156,656
Musharaka		21,070	550,555
		210,594	707,211
Provision for finance & investment risks	7/1	(30,409)	(18,496)
Investment in Mudaraba and Musharaka, net		180,185	688,715

10- Investment property

	31 Dec 20 SDG'000	31 Dec 19 SDG'000
Balance at beginning of the year	2,810,082	2,819,164
Reclassified to property and equipment	-	(9,082)
Changes in fair value	11,367,314	-
Balance at end of the year	14,177,396	2,810,082

11- Assets available for sale

	<u>Note</u>	31 Dec 20 SDG'000	31 Dec 19 SDG'000
Assets acquired *		241,238	241,238
Inventory of products for sale	11/1	185,294	137,143
		426,532	378,381

* These represent various lands and assets acquired by the Group from clients in settlement of obligation towards the Group and are available for sale .

11/1- Inventory available for sale

	31 Dec 20 SDG'000	31 Dec 19 SDG'000
Inventory of products offered for sale	253,114	204,963
Less: Impairment provision	(67,820)	(67,820)
	185,294	137,143

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

12- Other assets

		31 Dec 20	31 Dec 19
	Note	SDG'000	SDG'000
Staff loans		618,442	153,392
Prepaid expenses	12/1	402,920	261,326
Accrued income	12/2	1,832,915	555,641
Mobile telephone payment service	12/3	21,034	75,120
Debtors		36,669	23,992
Receivable to subsidiaries	12/4	412,016	397,265
Receivable from the government	12/5	12,104	10,911
Stationery and other stocks		292,323	247,808
Foreign Exchange Suspense Account	12/6	4,531,660	5,035,180
Deferred Tax Assets	12/7	413,200	413,651
Accounts under settlement, net	12/8	238,524	409,474
		8,811,807	7,583,760

12/1- Prepaid expenses

These mostly represent rental payments for branches and ATM locations paid in advance which will be amortized to the income statement on accrual basis according to respective maturity dates.

12/2- Accrued income

These represent accrued (uncollected) profits from investment in securities (Shahama + Sarh), in addition to the revenues of the investment in Irada company (Mudaraba).

12/3- Mobile telephone payment service

This represent the portion paid by the Bank to purchase balances within the Bank's electronic payment system.

12/4- Receivable to subsidiaries

Represent receivable accounts in the subsidiaries' records.

12/5- Receivable from the government

Represent claims on the Government arising from the purchase of Bank of Khartoum, which are reconciled periodically.

12/6- Foreign Exchange Difference Account

These represent temporary FX differences on foreign currencies that have been utilized to import strategic commodities and financing Hajj and Omrah operations upon requirement from and in favor of government authorities.

	31 Dec 20	31 Dec 19
	SDG'000	SDG'000
Suspended FX differences	5,035,179	-
Recognition of FX differences*	(503,519)	-
Net foreign currency differences	4,531,660	-

*Recognition of foreign currency differences as approved by the Central Bank of Sudan.

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

12- Other assets (continued)

12/7- Deferred Tax Assets

Represent a temporary tax differences between accounting profit and taxable profit for items of expenses and provisions that are not taxable during the year ended, are added or modified at the end of each year.

	Tax provision	Deferred Tax	Provision
	SDG'000	Assets	Expense
		SDG'000	SDG'000
Balance at 01 January 2020	(270,276)	413,651	-
Taxes calculated during the year	(394,325)	-	394,325
Utilized during the year	211,057	-	-
Transferred to deferred tax assets	-	(451)	-
Balance at 31 Dec 2020	(453,544)	413,200	394,325
	note 18	note 12	

12/8- Accounts under settlement, net

		31 Dec 20	31 Dec 19
		SDG'000	SDG'000
Accounts under settlement, net		1,043,399	1,214,349
Less: Impairment in the value of other assets	7/2	(804,875)	(804,875)
		238,524	409,474

12/8/1- This amount includes accounts under settlement and amounts covered by lawsuits filed by the Bank against third parties who failed to meet their contractual obligations towards the Bank. Impairment provision has been made based on merits and legal status of each case as at 31 December 2020.

13- Intangible assets, net

	Computer	Goodwill	Total
	Software		
	SDG'000	SDG'000	SDG'000
Details as follows:			
01 January 2020	109,864	182,605	292,469
Additions during the year	1,194,045	-	1,194,045
Disposals during the year	(545)	-	(545)
Amortization of the year	(78,197)	-	(78,197)
31 December 2020	1,225,167	182,605	1,407,772
01 January 2019	117,326	182,605	299,931
Additions during the year	17,411	-	17,411
Amortization of the year	(24,873)	-	(24,873)
31 December 2019	109,864	182,605	292,469

Bank of Khartoum**Notes to the Consolidated Financial Statements****For the year ended 31 December 2020****14- Property and equipment, net**

	Land and Buildings SDG'000	Furniture and Equipment SDG'000	Motor Vehicles SDG'000	Capital work in Progress SDG'000	Total SDG'000
Cost:					
At 01 January 2020	885,249	2,389,902	107,923	1,429,923	4,812,997
Liquidation of a subsidiary (note 2/4/1)	-	(256)	-	-	(256)
Additions	104,059	173,507	15,182	899,408	1,192,156
Disposals	-	(1,039)	(1,760)	(24,694)	(27,493)
Revaluations	996,215	-	-	-	996,215
Transfer from capital work in progress *	3,233	376,307	56,600	(436,140)	-
At 31 December 2020	1,988,756	2,938,421	177,945	1,868,497	6,973,619
Depreciation:					
At 01 January 2020	30,448	903,092	51,403	-	984,943
Liquidation of a subsidiary (note 2/4/1)	-	(175)	-	-	(175)
Charge for the year	18,356	226,681	18,873	-	263,910
Disposal	-	(743)	(653)	-	(1,396)
At 31 December 2020	48,804	1,128,855	69,623	-	1,247,282
Net book value					
At 31 December 2020	1,939,952	1,809,566	108,322	1,868,497	5,726,337

* Represents additions to capital work in progress at branches, ATMs and other which is capitalized when the project is finalized and put to intended use.

Bank of Khartoum**Notes to the Consolidated Financial Statements****For the year ended 31 December 2020**14- Property and equipment, net (continued)

	Land and Buildings SDG'000	Furniture and Equipment SDG'000	Motor Vehicles SDG'000	Capital work in Progress SDG'000	Total SDG'000
Cost:					
At 01 January 2019	894,758	1,904,134	105,717	901,635	3,806,244
Additions	2,526	227,850	3,932	831,606	1,065,913
Disposal	(13,835)	(43,599)	(1,726)	-	(59,160)
Transfer from capital work in progress *	1,800	301,518	-	(303,318)	-
At 31 December 2019	885,249	2,389,902	107,923	1,429,923	4,812,997
Depreciation:					
At 01 January 2019	27,154	714,470	37,822	-	779,446
Charge for the year	3,294	194,704	14,343	-	212,341
Disposal	-	(6,082)	(762)	-	(6,844)
At 31 December 2019	30,448	903,092	51,403	-	984,943
Net book value					
At 31 December 2019	854,801	1,486,810	56,520	1,429,923	3,828,054

* Represents additions to capital work in progress at branches, ATMs and other which is capitalized when the project is finalized and put to intended use.

Bank of Khartoum**Notes to the Consolidated Financial Statements
For the year ended 31 December 2020****15- Current accounts**

	31 Dec 20	31 Dec 19
	SDG'000	SDG'000
Current accounts - local	44,822,176	26,167,143
Current accounts - foreign	25,470,529	12,274,384
	70,292,705	38,441,527

16- Margins of letters of credit & guarantee

	31 Dec 20	31 Dec 19
	SDG'000	SDG'000
Cash margins against letters of credit	525,301	433,870
Cash margins against letters of guarantee	57,151	286,305
	582,452	720,175

17- Other liabilities

		31 Dec 20	31 Dec 19
	Note	SDG'000	SDG'000
Bills payable	17/1	4,240,215	1,793,408
Accrued expenses		1,220,392	497,850
Balances under custody	17/2	600,162	108,041
Electronic channel payables	17/3	846,319	151,445
Accrued liabilities to insurance companies		15,669	11,720
Creditors on subsidiaries records	17/4	1,123,039	595,321
Other liabilities	17/5	579,783	52,558
		8,625,579	3,210,343

17/1- Bills payable

This includes the following:

	31 Dec 20	31 Dec 19
	SDG'000	SDG'000
Demand draft	4,161,469	1,749,291
Others	78,851	44,117
	4,240,320	1,793,408

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

17- Other liabilities (continued)

17/2- Balances under custody

This includes the following:

	31 Dec 20	31 Dec 19
	SDG'000	SDG'000
Miscellaneous custodians	388,287	8,590
Stamp accounts	89,932	20
Dividends	59,240	63,432
Others	62,703	35,999
	600,162	108,041

17/3- Electronic channel payables

These comprise settlement of mobile electronic payment accounts, cards, settlement of accounts of the national switch and points of sale, shortage and surpluses, increase / decrease in ATMs and safes and

17/4- Creditors on subsidiaries records

These represent creditors balances on subsidiaries records.

17/5- Other liabilities

It is the adjustments of e-payment accounts via mobile and cards and settlements of national converter and point of sale accounts in addition to the economic housing portfolio and the money of the interests of citizens and the increase and decrease in ATMs and storage.

18- Provisions

	31 Dec19	Charged during the year	Paid during the year	Foreign currency difference	31 Dec 20
	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000
Zakat provision	45,374	54,955	(14,735)	-	85,594
Provision for end of service benefits	117,129	29,481	(13,359)	20,302	153,553
Provision for court cases	520	-	-	-	520
Tax Provision 7/12	270,276	394,325	(211,057)	-	453,544
	433,299	478,761	(239,151)	20,302	693,211

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

19- Equity of unrestricted investment accounts holders

	31 Dec 20 SDG'000	31 Dec 19 SDG'000
Savings accounts- local	138,132,545	42,659,560
Savings accounts- foreign	5,502,956	1,793,100
Customer investment accounts	9,937,179	8,546,104
Investment accounts - Central Bank of Sudan	120,000	170,000
Investment accounts - Other Banks	1,461,279	825,950
	155,153,959	53,994,714
Share of profit	1,848,342	1,011,460
	157,002,301	55,006,174

20- Share capital

	31 Dec 20 SDG'000	31 Dec 19 SDG'000
Authorized share capital	2,000,000	2,000,000
Paid up share capital	1,016,645	1,016,645

Paid up share capital is divided into 770,185,543 ordinary shares of SDG 1.32 each.

	31 Dec 20 %	31 Dec 19 %
<u>Shareholders' structure</u>		
Dubai Islamic Bank	29.49%	29.49%
Mr. Fadl Mohammed Khair Mohammed*	22.76%	22.76%
The Islamic Development Bank	4.41%	4.41%
Abu Dhabi Islamic Bank	3.21%	3.21%
Mr. Salah bin Rashid bin Abdulrahman Al Rashed	2.47%	2.47%
The Sharjah Islamic Bank	2.22%	2.22%
Shares less than 2%	35.44%	35.44%
	100.00%	100.00%

* During the year ended 31 December 2020, Ministry of Finance has taken over all shares of Mr. Fadl Mohammed Khair Mohammed (22.76% of the bank's total shares) legal action are underway in this regard.

21- Reserves

Represents the following reserves:

	31 Dec 20 SDG'000	31 Dec 19 SDG'000
Legal reserve	401,300	277,400
General banking risk reserve	254,602	253,382
Fair value reserve	113,477	76,196
Fixed assets revaluation reserve	9,752,566	1,906,079
General reserve	563,152	377,318
Foreign currency revaluation reserve	1,354,499	(87,887)
Foreign currency translation reserve	(4,808)	(152,726)
	12,434,787	2,649,761

Bank of Khartoum**Notes to the Consolidated Financial Statements****For the year ended 31 December 2020****22- Income from Deferred sales receivables**

	31 Dec 20	31 Dec 19
	SDG'000	SDG'000
Murabaha Income	2,644,750	2,125,880
Mugawala income	538,619	1,610,353
Deferred sales income	157,035	114,715
Ijara income	2,419	1,424
	3,342,823	3,852,372

23- Income from investments

	Note	31 Dec 20	31 Dec 19
		SDG'000	SDG'000
Income from Investments with banks and financial institutions	23/1	299,382	90,488
Income from Investment in Sukuk and financial securities	23/2	1,646,015	791,816
Income from Investment in Mudaraba and Musharaka	23/3	142,692	253,647
		2,088,089	1,135,951

23/1- Income from investment accounts with banks and financial institutions

	31 Dec 20	31 Dec 19
	SDG'000	SDG'000
Profit from investment accounts with Banks	299,382	90,488
	299,382	90,488

23/2- Income from investment in Sukuk and financial securities

	31 Dec 20	31 Dec 19
	SDG'000	SDG'000
Shahama revenue	1,387,226	608,083
Shihab revenue	89,300	34,200
Sudatel revenue	5,580	-
Shasha revenue	5,706	-
Shama revenue	53	2,715
Sarh revenue	47,078	-
Sukuk of Ijarah Investment Fund	46,501	3,200
Investment portfolio return	36,763	93,359
Liquidity management fund return	27,808	50,259
	1,646,015	791,816

Bank of Khartoum**Notes to the Consolidated Financial Statements****For the year ended 31 December 2020****23- Income from investments (continued)****23/3- Income from investment in Mudaraba and Musharaka**

	31 Dec 20	31 Dec 19
	SDG'000	SDG'000
Mudaraba income	100,780	247,529
Musharaka income	41,912	6,118
	142,692	253,647

24- Return to unrestricted investment account holders

	31 Dec 20	31 Dec 19
	SDG'000	SDG'000
Unrestricted investment account holders share of profit before deduction of the Bank's fee as Mudarib	3,670,710	2,222,478
Bank's fee as Mudarib	(1,734,721)	(612,868)
Unrestricted share of investment account holders in profit after deduction of the Bank's fee as Mudarib	1,935,989	1,609,610
Support provided by the Bank's shareholders from their share as Mudarib	2,311	10,715
Share of unrestricted investment account holders after the shareholders' support	1,938,300	1,620,325

Profit distribution rates:

	2020	2019
Savings accounts	3.99%-4.91%	5.09% - 6.27%
Annual deposit accounts - Sudanese pound	14.91%	15.25%
Annual deposit accounts - Foreign currency	1.97%	1.84%

25- Net profit (loss) from foreign exchange transactions

	Note	31 Dec 20	31 Dec 20
		SDG'000	SDG'000
Net gain from fx transactions		90,181	21,636
Recognition of FX differences	12/6	(503,519)	-
Net (loss) / gain		(413,338)	21,636

Bank of Khartoum**Notes to the Consolidated Financial Statements****For the year ended 31 December 2020****26 - Income from banking services**

	31 Dec 20	31 Dec 19
	SDG'000	SDG'000
Commission Affiliate Communications	-	299,896
Commissions on letters of credit	864,422	794,538
Commissions on letters of guarantee	24,707	17,385
Cash management fees	20,140	80,729
Commissions on transfers	176,566	95,665
Commission from current accounts	53,253	16,929
Commission of electronic channels	52,290	4,663
Communication commissions	391,008	772
Commission from insurance companies and agencies	25,730	1,020
Commission from cheque collections	10	9
Other commissions	14,037	-
	1,622,163	1,311,606

27- Other income

	31 Dec 20	31 Dec 19
Note	SDG'000	SDG'000
Rent received	103,955	90,371
Insurance and storage fee	1,858	1,055
Gain on disposal of fixed assets	57,576	25,754
Dividends from subsidiaries	3,580	1,503
Miscellaneous income	540,077	248,173
Gain / loss from equity investments	(3,155)	-
Bad debts recovery	4,932	-
Loss on liquidation / disposal of a subsidiary	93	-
	708,916	366,856

Bank of Khartoum**Notes to the Consolidated Financial Statements****For the year ended 31 December 2020****28- Staff costs**

	Note	31 Dec 20 SDG'000	31 Dec 19 SDG'000
Salaries and wages		1,292,491	820,352
Overtime		18,054	19,450
Travelling		92,135	66,319
Medical care		122,456	58,324
Staff bonus		696,805	468,247
Social insurance		110,895	71,229
Hospitality		54,090	29,225
End of service benefits	18	29,481	31,095
Training		(12,993)	21,279
		2,403,414	1,585,520

29- General and administrative expenses

	31 Dec 20 SDG'000	31 Dec 19 SDG'000
Rent	167,058	126,031
Insurance	63,798	44,545
Government dues	22,845	19,938
Electricity, water and fuel	54,095	37,230
Maintenance and cleaning	389,559	233,410
Services	234,427	109,544
Postage	6,321	3,660
Cash management expenses	19,330	4,834
Travel expenses	44,753	40,981
Consulting and professional services	71,279	38,612
Legal fees	18,796	14,345
Board of Directors and Sharia'a expenses	67,192	29,984
Archive expenses	624	111
Printing & stationery	53,924	49,332
Newspapers & magazines	1,904	1,161
Communication & internet	222,654	201,119
Hospitality expenses	30,474	23,750
Marketing and advertising	111,655	126,818
Donations	10,603	8,160
Subscriptions	10,101	11,399
Electronic channels expenses	102,113	71,138
Bank Deposit Security Fund fees	90,306	36,368
Operating losses and other expenses	15,526	19,845
Miscellaneous expenses	142,100	156,960
Commission paid	83,310	16,031
Depreciation & amortization	342,107	244,106
	2,376,854	1,669,412

Bank of Khartoum**Notes to the Consolidated Financial Statements****For the year ended 31 December 2020****30- Earnings per share**

Earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year (excluding bonus shares).

	31 Dec 20	31 Dec 19
Net income for the year (SDG'000)	1,183,126	35,992
Earnings per one share		
Weighted average number of shares outstanding during the year	770,185,543	770,185,543
Earnings per share (Sudanese pound)	1.54	0.05

*The Bank has not issued any financial instruments that have an impact on the earnings per share when used, and therefore there is no need to calculate diluted earnings per share.

31- Contingent liabilities

	Note	31 Dec 20 SDG' 000	31 Dec 19 SDG' 000
Contingent liabilities related to financing	31/1	5,726,604	3,263,705
Contingent liabilities not related to financing	31/2	1,172,481	1,767,812
Total contingent liabilities		6,899,085	5,031,517

31/1- Contingent liabilities related to financing

	31 Dec 20 SDG' 000	31 Dec 19 SDG' 000
Letters of credit	3,584,968	2,692,934
Letters of guarantee	2,141,636	570,771
Total	5,726,604	3,263,705

31/2- Contingent liabilities not related to financing

	31 Dec 20 SDG' 000	31 Dec 19 SDG' 000
Restricted investment accounts	1,172,481	1,767,812
Total	1,172,481	1,767,812

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

32- Restricted Investment Accounts

The Bank manages restricted investment accounts on a fiduciary basis as a mudarib.

These transactions are regulated by the Central Bank of Sudan. The financial statements of these accounts and the assets related to them are not included in the financial statements.

The maximum risk exposure is limited to the Bank's share of profit as Mudarib in return for the management of the accounts. The Bank does not guarantee the account holders equities and liabilities other than operational risk represented by non-compliance with investment terms and restrictions.

The Bank manages an investment portfolio named "Economic Housing Portfolio" as the lead bank with a number of banks participating under Mudaraba contract. The balance of the portfolio at 31 December 2020 amounted to SDG 102,481 thousand (31 December 2019: SDG 127,812 thousand).

The Bank also manages an investment deposit for the term of 365 days restricted to investment in financial securities through Sanabil for Financial Securities company (subsidiary). The balance at 31 December 2020 amounted to SDG 1,020 million (31 December 2019: 1,590 million). In addition, the Bank manages another deposit amounting SDG 50 million (31 December 2019: 50 million) restricted to investment through Irada Microfinance Company (subsidiary).

Changes in the restricted investment accounts above are shown in the Statement of Changes in Restricted Investments, which is part of the basic set of financial statements as per AAOIFI standards.

Assets that these funds are invested in as well as classification by sector at 31 December are as follows:

a- Assets invested in restricted investment accounts

	31 Dec 20 SDG' 000	31 Dec 19 SDG' 000
Mugawala	92,163	117,494
Salam	10,318	10,318
Mudaraba	1,070,000	1,640,000
Total	1,172,481	1,767,812

b- Classification of restricted investment accounts holders by sector

	31 Dec 20 SDG' 000	31 Dec 19 SDG' 000
Banks and financial institutions	1,172,481	1,767,812
	1,172,481	1,767,812

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

33- Related party balances and transactions

Related parties comprise the major shareholders, members of the Board of Directors, entities controlled by them or under their joint control, associates, key management personnel and their first degree family members and relatives. The following table details the balances and transactions of related parties as at and during the year ended 31 December 2020.

Nature of the relationship	31 December 2020				
	Subsidiaries	Shareholders	Board of Directors	Senior Management	Total
	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000
Balances:					
Deferred sales receivables	63,370	55,627	-	-	118,997
Mudaraba and Musharaka	3,580,525	-	-	-	3,580,525
Staff finance	-	-	-	-	-
Total	3,643,895	55,627	-	-	3,699,522
Current accounts, deposits and insurance	730,729	18,053		-	748,782
Credits and Guarantees	1,901	1,083	331,761	-	334,745
Transactions:					
Income from finance and investments	87,156	-	-	-	87,156
Board of Directors meetings allowance	-	-	55,000	-	55,000
Total	87,156	-	55,000	-	142,156

Bank of Khartoum**Notes to the Consolidated Financial Statements****For the year ended 31 December 2020****33- Related party balances and transactions (continued)**

Nature of the relationship	31 December 2019				
	Subsidiaries	Shareholders	Board of Directors	Senior Management	Total
Balances:	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000
Deferred sales receivables	63,370	55,627	-	-	118,997
Mudaraba and Musharaka	3,300,966	-	-	-	3,300,966
Staff finance	-	-	-	33,019	33,019
Total	3,364,336	55,627	-	33,019	3,452,982
Current accounts, deposits and insurance	571,476	21,396	305,290	-	898,162
Credits and Guarantees	-	704	-	-	704
Income from finance and investments	48,287	-	-	-	48,287
Board of Directors meetings allowance	-	-	(25,160)	-	(25,160)
Total	48,287	-	(25,160)	-	23,127

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

34- Capital adequacy

The Bank monitors capital adequacy using the rates and weights set by the Central Bank of Sudan , the Islamic Financial Services Board and Basel Committee guidelines. These ratios measure capital adequacy by comparing eligible capital with risk weighted assets.

	Eligible Capital (SDG'000)		Capital adequacy ratio (%)	
	2020	2019	2020	2019
Core capital	2,295,985	2,789,239	7.31%	15.05%
Core and supplementary capital	4,143,640	3,626,397	12.87%	19.56%

The Central Bank of the Sudan Circular No. 6/2009 issued at March 11, 2009 requires all banks operating in the Sudan to maintain a Risk Weighted Asset Ratio (the 'Basel Ratio') at a minimum of 12% (Basel II : 8 %).

Tier 1 Capital comprises share capital and premium, statutory reserve and retained earnings at the year end, less prescribed deductions.

Tier 2 Capital comprises the elements of Tier 1 in addition to fair value and fixed assets revaluation reserves and a prescribed amount of eligible portfolio provisions less prescribed deductions.

Investments in financial institutions' equities are not deducted from the Bank's regulatory capital as this poses minimum systemic risk to the Bank. This treatment is in conformity to Basel II and IFSB rules on eligible capital.

The Bank has implemented the capital adequacy standard issued by the Islamic Financial Services Board (IFSB) (which is in line with Basel II) as required by the Central Bank of Sudan. The Bank uses the standardized approach of Basel II, as stipulated by the IFSB standard and the Central Bank of Sudan to calculate the Risk Weighted Assets and required Regulatory Capital for Pillar 1 (including credit risk, market risk and operational risk). Quarterly prudential returns are submitted to the Central Bank of Sudan showing the Capital Adequacy Ratio.

	Risk weighted assets	
	31 Dec 20 'SDG'000	31 Dec 19 'SDG'000
Credit risk	24,661,816	12,730,978
Market risk	9,803,408	6,478,333
Operational risk	5,734,255	4,128,450
Total pillar 1 - Risk Weighted Assets	40,199,479	23,337,762

Capital management objectives

The Bank's objectives of capital management, which is a more comprehensive concept than that described in the "Equity" in the statement of financial position:

- Compliance with capital adequacy requirements set by the Central Bank of Sudan;
- Maintain the Bank's ability to continue and increase returns to shareholders and provide necessary assurance on the going concern principle;
- Maintain a strong capital base to support the development of the Bank's business.

35- Financial Risk management

35/1- Introduction

The risk management process is important for the Bank's continued profitability and each individual within the Bank is responsible for managing risks related to their responsibilities.

The Bank is exposed to a variety of risks including:

Credit risk

Liquidity risk

Market risk

Operational risk

External risks such as changes in environment, technology, business, regulations and laws are monitored through the Bank's strategic planning process.

35/1/1- Risk Management Structure

The Board of Directors is responsible for the identification and control of risks through the Risk Management Committee of the Board and the Risk Department, as well as the responsibility of all relevant units and departments for independent risk management and control.

Board of Directors

The Board of Directors is responsible for developing the overall risk management framework as well as adopting risk management strategies, methods and policies.

The Risk Management Committee

The Risk Management Committee is formed by the Board of Directors and is generally responsible for the development of risk management strategies, mechanisms, policies and limits, as well as to provide assurance to the Board of Directors on the application of those strategies and policies. It is also responsible for managing core risks as well as managing and monitoring risk decisions.

Risk Management Department

The Risk Management Department is responsible for applying and following risk management procedures to ensure that risks remain within their acceptable limits as authorized by the Board of Directors and the Risk Management Committee. The department is responsible for ensuring compliance with all risk limits, monitoring risk exposures and implementing controls issued by the supervisory authorities (the Central Bank of Sudan). It is also responsible for recommending, approving credit facilities, managing credit portfolios and their risks, credit risk, market risk, operational risk and overall risk control.

Asset and Liability Management Committee

The Asset and Liability Management Committee is responsible for managing the Bank's assets and liabilities and the overall financial structure. It is also primarily responsible for the management of market risk and liquidity risk to which the Bank is exposed.

Internal Audit Department

The Group's risk management operations are reviewed periodically by the Internal Audit Department whose responsible for monitoring and reviewing the adequacy of the procedures and the extent of the Group's compliance. The Internal Audit Department discusses the results of all evaluations with management and reports on all findings and recommendations to the Audit Committee of the Board.

35- Financial Risk management (continued)

35/1- Introduction (continued)

35/1/2- Risk assessment and reporting systems

The Bank measures risk using conventional and quantitative methods of credit risk, liquidity risk, market risk and operational risk. The Bank also applies stress testing procedures to measure and analyze the results of events expected to occur.

Risk exposures are monitored in accordance with periodic reports submitted to the Board of Directors that reflect the level of risk that the Bank can accept, with a greater focus on selected sectors.

The information collected from the relevant units is reviewed for analysis and identification of potential risks. This information is provided and explained to the Executive Management and Risk Management Committee of the Board of Directors. Specialized reports are submitted to the managers of the concerned departments and are presented on a regular basis commensurate with the fluctuations and events that may affect those risks. The report includes total exposure to credit risk, exceptions to limits, liquidity risk, operational loss and changes in other risks. A detailed report is prepared on a monthly basis on the business sector, customers and geographic risks that may occur. Senior management assesses on monthly basis the provision for financing portfolio and the capital adequacy ratio.

35/1/3- Risk mitigation

Within the overall risk management framework, the Group uses different methods to manage exposures arising from changes in credit risk, liquidity risk, market risk (including foreign currency risk and equity price risk) and operational risk.

The Group seeks to manage its exposure to credit risk through diversification of its financing and investment activities to avoid concentrations of unwarranted risks relating to individuals and groups of customers in specific business locations or segments. The Group relies on good assessment of the financing transaction and the customer benefiting from the finance as well as collaterals that are obtained in order to mitigate the credit risk that the Group is exposed to.

In order to mitigate liquidity risk, management has diversified its funding sources as well as managing assets through liquidity available at the Bank, taking into consideration maintaining an adequate balance of liquid assets (cash and cash equivalents).

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, continuous appraisal of market conditions with respect to movements and changes in foreign exchange rates, reference profit rates and equity prices.

In order to manage all other risks, the Group has formulated a detailed risk management framework for the identification and optimum use of resources to mitigate risks.

35/1/4- Risk concentrations

Concentrations arise when a number of different parties engage in similar activities or activities in the same geographical area or when they have similar economic characteristics making their ability to meet their contractual obligations directly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments that may affect a particular business segment or geographical region.

35- Financial Risk management (continued)**35/2- Credit Risk (continued)****Credit risk measurement**

In order to avoid excessive concentration of risks, as indicated in policies and procedures and in compliance with the regulations of the Central Bank of Sudan, the Group maintains diversified portfolios, and the concentration risk in a specific finance portfolio is monitored and managed accordingly.

The Group assesses the probability of default of counterparties using different assessment tools: In the corporate sector, the analysis are based on historical data, customer reputation, business environment and sector as well as referring to a credit rating agency to obtain the customer's credit position in the banking sector; and assessment of their financial position using financial ratio analysis of the financial statements of the last three years according to the internally developed analysis form and estimation of future cash flows. For the financing of individuals, funding is granted to the various segments according to approved criteria of: age, type of activity, work period, credit history, monthly income of the customer and the maximum deduction of the monthly installment.

Collaterals

The Bank uses a range of policies and procedures to mitigate credit risk. Collaterals are one of the most traditional methods of granting credit facilities in order to mitigate the risk of default. The Group is committed to applying the regulations issued by the Central Bank regarding the acceptance and fulfillment of collaterals. The following are the main types of collaterals for financing assets:

- Financial instruments such as deposits and traded investment securities
- Mortgage assets such as real estate, equipment, vehicles and inventory
- Mortgage residential, commercial and industrial properties.
- Commercial guarantees.

Risks of credit commitments

The Bank provides letters of credit to its customers in which the Group is obliged to make specific payments when the customer fails to meet their obligations to third parties. The Group is therefore exposed to similar risks associated with Islamic financing and investment assets, which are mitigated through the aforementioned monitoring processes and policies

35/2/1- Collaterals and other credit enhancements

The amount and type of collateral required depends on the credit risk assessment of the counterparty where the controls issued by the central bank are applied to accept the type of collateral and the relevant valuation criteria.

The following are the main types of collateral obtained:

- Corporate Islamic financing and investment facilities: mortgage on real estate, inventory, leased assets and trade receivables.
- Individuals Islamic financing and investment facilities: mortgage on assets and mortgages on real

The Bank also accepts collaterals from the holding companies in exchange for the Islamic financing and investment assets provided to their subsidiaries.

35/2/2- Evaluation of impairment

The main considerations for assessing impairment are attributed to the period of time for the customer to default on the post-maturity financing as the financing is classified and the proportion of provisions is calculated based on the period of default in accordance with the Central Bank regulations. Finance collaterals has major importance when calculating provisions where provisions are reduced based on the type and value of the collateral.

35- Financial Risk management (continued)

35/2- Credit Risk (continued)

35/2/2- Evaluation of impairment (continued)

The extent to which an allowance for impairment of Islamic financing and investment assets is required, is assessed on a monthly basis and reviewed separately for each portfolio.

35/3- Liquidity risk and financing management

Liquidity risk is the risk that the Group will be unable to meet its financial obligations when due under normal and critical circumstances. To mitigate these risks, the Bank has provided a variety of financing sources as well as its core deposit base and asset management with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The procedure includes the assessment of the expected cash flows and the existence of a high quality assurance that may be used to ensure additional funding when needed.

The Group maintains a portfolio of highly diversified and liquid assets that can be easily liquidated in the event of a sudden drop in cash flows. The Group also has limits on committed credit facilities that can be used to meet its liquidity needs. In addition, the Group maintains necessary deposits with central bank. The liquidity position is assessed and managed according to multiple scenarios, taking into consideration concentration on exceptional factors related to the market in general and the Group in particular.

The high quality of the asset portfolio ensures the availability of liquidity as well as Group funds and fixed customer deposits that help to form a stable source of funding so that the Group will be able to obtain the necessary funds to cover the needs of the customers and meet its funding requirements.

35/3/1- Liquidity risk management procedures

The main instrument (as well as other means) used to monitor liquidity is the analysis of the maturity profile of assets and liabilities, which are monitored over successive time periods for all types of currencies used. Whereby recommendations are made on the management of accumulated negative cash over successive time periods (as presented in the report denominated in Sudanese pound).

The Group's liquidity risk management procedures, which are monitored by the various risk management teams, include:

- The position of daily financing, which is managed by monitoring future cash flows to ensure that the obligations can be met. This includes the provision of funds when they are due or financed by customers.
- Maintaining a highly liquid asset portfolio that can easily be liquidated as a guarantee in the event of a sudden drop in cash flows.
- Monitoring the liquidity of the financial position against internal and regulatory requirements.
- Managing the concentrations of maturity dates of Islamic financial and investment portfolios.
- Monitoring the position of daily liquidity rates under daily reports and review ratios according to the controls of the Central Bank

35/3/2- Funding Methodology

Liquidity sources are regularly reviewed by management to maintain a wide variety of currencies, geographical areas, service providers, products and conditions.

The following table shows the contractual maturities of assets and liabilities of the Group which have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Management monitors the maturity profile to ensure that adequate liquidity is maintained.

Bank of Khartoum**Notes to the Consolidated Financial Statements****For the year ended 31 December 2020****35-Financial Risk management (continued)****35/3-Liquidity risk and financing management (continued)****35/3/2 -Funding Methodology (continued)****Maturities of assets and liabilities as of 31 December 2020**

	within 3 months	3-6 months	6 months to one year	Over one year	Total
	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000
ASSETS					
Cash and balances with banks and financial institutions	175,270,180	-	-	-	175,270,180
Investment accounts with banks and financial institutions	7,396,177	882,284	2,631,826	-	10,910,287
Deferred sales receivables, net	2,839,275	5,214,712	9,710,608	10,183,017	27,947,612
Investment in Sukuk and financial securities	3,053,043	3,962,708	2,645,585	1,546,417	11,207,753
Investment in mudaraba and musharaka	-	-	21,000	159,185	180,185
Investment property	-	-	-	14,177,396	14,177,396
Available for sale investments	-	-	185,293	241,239	426,532
Other assets	131,882	161,042	6,927,301	1,591,582	8,811,807
Intangible fixed assets	-	-	-	1,407,772	1,407,772
Property and equipment	-	-	-	5,726,337	5,726,337
Total assets	188,690,557	10,220,746	22,121,613	35,032,945	256,065,861
LIABILITIES					
Current accounts	34,406,054	10,070,374	13,427,165	12,389,112	70,292,705
Margins on letter of credits & letter of guarantee	293,262	204,275	5,177	79,738	582,452
Other liabilities	5,646,436	493,056	730,298	1,755,789	8,625,579
Provisions	-	-	692,691	520	693,211
Total liabilities	40,345,752	10,767,705	14,855,331	14,225,159	80,193,947
Unrestricted investment accounts holders	57,546,557	36,183,143	34,084,287	29,188,314	157,002,301
Total equity attributable to shareholders of the Group	-	-	-	13,925,745	13,925,745
Non-controlling interest	-	-	-	4,943,868	4,943,868
Total liabilities, unrestricted investment account holders' equity and equity	97,892,309	46,950,848	48,939,618	62,283,086	256,065,861

Bank of Khartoum**Notes to the Consolidated Financial Statements****For the year ended 31 December 2020**

35-Financial Risk management (continued)

35/3-Liquidity risk and financing management (continued)

35/3/2 -Funding Methodology (continued)

Maturities of assets and liabilities as of 31 December 2019

	within 3 months	3-6 months	6 months to one year	Over one year	Total
	SDG' 000	SDG' 000	SDG' 000	SDG' 000	SDG' 000
ASSETS					
Cash, balances with banks and CBOS	54,693,989	-	-	-	54,693,989
Investment accounts with banks and financial institutions	543,946	439,737	35,467	3,245,618	4,264,768
Deferred sales receivables	6,076,534	1,045,641	8,390,472	7,625,440	23,138,087
Investment in Sukuk and financial securities	3,638,265	-	-	2,045,398	5,683,663
Investment in mudaraba and musharaka	159,021	272,758	210,530	46,406	688,715
Investment property	-	-	-	2,810,082	2,810,082
Available for sale investments	-	-	-	378,381	378,381
Other assets	262,351	-	112,140	7,209,270	7,583,760
Intangible fixed assets	-	-	-	292,469	292,469
Property and equipment	-	-	-	3,828,054	3,828,054
Total assets	65,374,106	1,758,136	8,748,609	27,481,118	103,361,968
LIABILITIES					
Current accounts	17,298,687	5,766,229	7,688,306	7,688,306	38,441,527
Margins on letter of credits & letter of guarantee	65,757	40,044	570,370	44,004	720,175
Other liabilities	2,354,517	23,987	408,284	423,555	3,210,343
Provisions	107,052	-	204,170	122,077	433,299
Total liabilities	19,826,013	5,830,260	8,871,130	8,277,942	42,805,343
Unrestricted investment accounts holders	20,161,590	12,676,861	11,941,521	10,226,204	55,006,175
Total equity attributable to shareholders of the Group	-	-	-	5,128,516	5,128,516
Non-controlling interest	-	-	-	421,934	421,934
Total liabilities, unrestricted investment account holders' equity and equity	39,987,603	18,507,121	20,812,651	24,054,596	103,361,968

35- Financial Risk management (continued)

35/4- Market risk

Market risk arises from changes in market prices such as profit rates, foreign exchange rates, equity prices and associated fluctuation. The objective of market risk management is to limit the value of potential losses in respect of open positions that may result from unexpected changes in profit rates, foreign exchange rates or equity prices. The Bank is exposed to the risk of using a variety of financial instruments including securities, foreign currencies, equities and commodities.

The Group uses flexible special models that help keep pace with current market practices in order to assess its position and obtain market-specific information to monitor market risk

The market risk management framework includes the following elements:

- setting limits to ensure that acceptable risks do not exceed the total value of risk and concentration criteria established by senior management;
- Conducting an independent evaluation based on market prices, settlement of the centers and monitoring the timely reduction of losses related to the commercial centers.

Policies, procedures and limits have been established to ensure that the Bank's market risk management policy is applied in day-to-day operations. These procedures are reviewed periodically to ensure consistency with the Bank's overall market risk management policy. In addition to the procedures and internal regulations adopted, the Bank shall comply with the rules and regulations issued by the Central Bank of Sudan issued in this regard.

35/4/1- Profit margin risk

The Bank is not exposed to material risk in terms of the re-pricing of its liabilities since, in accordance with Islamic Sharia'a, the Bank does not provide a guaranteed contractual rate of return to its depositors or investment account holders. The return due to depositors and investment account holders is based on the Mudaraba principle whereby depositors and investment account holders agree to participate in profit and bear losses (as capital provider) of the Bank's Mudaraba assets portfolio within a certain period.

35/4/2- Profit rate risk

Profit rate risk arises from the possibility that changes will affect profit rate, which in turn affects future earnings or fair values of financial instruments. The Bank is exposed to profit rate risk as a result of gaps between the amounts of assets and liabilities and off-balance sheet financial instruments at their maturity date or re-pricing within a given period of time. The Bank manages these risks through risk management strategies.

The effective profit rate (effective yield) of a financial instrument that is of a economic nature is the rate used to calculate the present value to determine the carrying amount of the financial instrument. This is the current rate of a variable-rate financial instrument or instrument recorded at fair value. The historical rate of a financial instrument is the rate at which a fixed rate is recorded at amortized cost.

35/4/3- Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will change due to changes in foreign exchange rates. The Bank is also exposed to foreign exchange risk in transactions denominated in currencies other than the Sudanese pound. The Bank monitors the level of exposure to these risks as a whole for each currency on a daily basis.

The Bank has significant revenues in its overseas branches and is therefore exposed to the risk of fluctuations in foreign exchange rates used to transfer revenues.

Bank of Khartoum

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

35- Financial Risk management (continued)

35/4- Market risk (continued)

35/4/3- Foreign exchange risk (continued)

The following table summarizes the foreign exchange risk in accordance with the foreign currency balances of the major currencies at December 31:

	Credit (debit) position		
	Dollars	Euro	UAE Dirham
Assets	168,951,329	250,830,539	1,294,802,031
Liabilities	(132,211,648)	(249,749,125)	(362,360,852)
31 December 2020	36,739,681	1,081,414	932,441,180
Assets	160,683,206	109,887,606	1,315,527,064
Liabilities	(107,207,692)	(119,417,657)	(536,119,505)
31 December 2019	53,475,514	(9,530,051)	779,407,559

The following are the exchange rates prevailing for the major currencies during the year:

	31 December 2020		31 December 2019	
	Closing price	Average price	Closing price	Average price
US Dollar	55.1375	54.5778	45.1125	45.5659
Euro	67.7546	62.6081	50.5355	51.0273
UAE Dirham	15.0124	14.8613	12.2833	12.4530

35/4/4- Equity price risk

Equity price risk is the risk that the fair values of equities will decline due to changes in equity indices and the value of individual equity prices. Non-commercial equity price risk arises from the investment portfolio.

35/5- Operational risk

Operational risk is the potential exposure to financial or other damage resulting from the inefficiency or failure of internal processes, persons and systems or from external events.

The Bank has developed a detailed operational risk framework. This framework clearly defines the functions and responsibilities of individuals / units in the various departments of the Bank that perform the various tasks related to operational risk management. The Operational Risk Management Framework ensures that operational risks are identified, monitored, managed and reported properly. Key elements of this framework include the development of a loss database, identification of key risk indicators, risk analysis and reporting on operational risk management.

Each new product is subject to risk review and approval procedures where all related risks are identified and evaluated by divisions independent of the unit presenting the product. Adjustments to existing products are also subject to similar processes as business and support units are responsible for operational risk management in their functional areas.

Regular risk management practices include identification and analysis of potential risk areas by monitoring operational risk losses in the various divisions reported by the coordinators, key risk indicators, self-assessment of risk control and risk-related events in general. These are used to adopt and apply recommendations for mitigation and finally prepare materials for periodic awareness of operational risks in order to enhance the general culture of the Bank's environment.

35- Financial Risk management (continued)**35/5- Operational risk (continued)**

In addition to the responsibility of the department to develop and update the policies and procedures of the business continuity plan, the department performs an assessment and analysis of the risks resulting after each test periodically through monitoring during the implementation of the plan by the business continuity plan team.

36- Comparative figures

The comparative figures presented for 2019 have been reclassified where necessary to preserve consistency with the 2020 figures. Such reclassifications did not however have any effect on the consolidated net profit or the total consolidated equity for the comparative year.

37- Subsequent Events

Central Bank of Sudan Issued a circular to all local Banks unifying the official rate of exchange with the parallel rates commencing 22nd February 2021. The official rate of the foreign currencies have been changed as follows :-

Currency	31-Dec-20 Closing rate	21-Feb-21 New Rate	31-Dec-19 Closing rate
US Dollars	55.1375	375.0000	45.1125
Euro	67.7547	455.8248	50.5355
Emirate Dirhams	15.0125	102.3575	12.2833

38- Approval of consolidated financial statements

These consolidated financial statements were approved and authorized for issue by resolution from the Board of Directors on May 4, 2021.